

*City of Napa, California*

---

COMPREHENSIVE  
ANNUAL  
FINANCIAL  
REPORT

***FOR THE FISCAL YEAR ENDED JUNE 30, 2020***

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**CITY OF NAPA, CALIFORNIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

*Prepared by:*

*Finance Department, City of Napa*

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**CITY OF NAPA, CALIFORNIA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
for the Fiscal Year Ended June 30, 2020**

**ATTACHMENT 1**

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# *Introductory Section*

Transmittal letter, Organization Chart, Principal  
Officials, City Map, GFOA award

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December 20, 2020

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

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of Napa for the fiscal year ended June 30, 2020. This report is published in accordance with local ordinance and state law requirements that financial statements be presented in conformity with Generally Accepted Accounting Principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

Management is responsible for the completeness and reliability of the information contained in this report, based on a comprehensive framework of internal control that has been established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The City of Napa's financial statements have been audited by The Pun Group, LLP, Certified Public Accountants, a public accounting firm fully licensed and qualified to perform audits of state and local governments within the State of California. The Pun Group has issued an unmodified opinion on the City of Napa's financial statements for the fiscal year ended June 30, 2020. The independent auditor's report is presented as the first component of the financial section of the audit.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

### **Profile of the Government**

The City of Napa was founded in 1847 and incorporated in 1872. The City is located in the northern part of California, about 50 miles north of San Francisco and is the largest city in Napa County. California State Highway 29 runs through Napa, connecting it to Vallejo and the East Bay Area to the south and the Napa Wine Country to the north. California State Highway 12 runs to the south of the City, connecting it to Fairfield and Interstate 80 to the east and Sonoma and US-101 to the west. The Napa River traverses the City on its journey to the San Pablo Bay. The City of Napa currently occupies 18.1 square miles, 17.8 square miles of which is land and 0.3 square miles of which is water. The City serves a population of 79,404 residents and receives property taxes levied on real and personal property located within its boundaries.

The City of Napa operates under the Council-Manager form of government. Policy-making and legislative authority are vested in a City Council consisting of a Mayor elected at large and four Council members elected by district. All four Council members are elected to four-year overlapping terms. The Mayor, who sits on the Council, is elected directly by the people and serves a term of four years. The City Council is responsible for, among other duties, passing ordinances, adopting the budget, appointing committees and hiring the City Manager, City Attorney and City Clerk. The City Manager serves as the administrative head of the City of Napa government and is responsible for carrying out the policies and ordinances of the City Council and all management functions of the City, including the budget, delivery of services, hiring all department directors and implementation of capital projects.

The City of Napa provides a wide range of municipal services including police and fire protection; recreational activities; community and economic development; street improvement and maintenance services; parks maintenance; water; materials diversion; general administrative and support services.

The biennial budget serves as the foundation of the City of Napa's financial planning and control. All departments of the City are required to submit requests for appropriations to the City Manager by April 1. The City Manager uses these requests as the starting point for developing a proposed two-year budget. The City Manager then presents the proposed budget to the City Council for review prior to June 30. The City Council is required to hold public hearings on the proposed budget and to adopt a final budget by no later than June 30, the close of the City's fiscal year. Throughout each fiscal year, the City Council reviews the budget and makes adjustments as needed.

The budget is prepared by fund and by program within each department. Department managers may make transfers of appropriations within a department, with the exception of personnel-related budgets, which require City Manager approval. Budget adjustments between funds or for CIP projects require City Council approval. The level of budgetary control, the level at which expenditures cannot legally exceed the appropriated amount, is established at the fund level. The budgets are adopted on a basis substantially consistent with generally accepted accounting principles (GAAP). Expenditures above the appropriated amount require approval by the City Council.

### **Economic Conditions and Outlook**

The City of Napa benefits from a diverse revenue base shared among Property Taxes (45% of General Fund revenues), Transient Occupancy Taxes (18% of General Fund revenues), and Sales Taxes (19% of General Fund revenues). Other revenues include permits, business license fees, charges for services and various Public Safety grants (18% of General Fund revenues). The City is within a world renowned wine region, and has developed into a strong destination community.

The City has been in a state of emergency due to the COVID-19 pandemic since March, 2020. Tourism in the Napa Valley is a major source of both Sales Tax and Transient Occupancy Taxes; since all businesses have been forced to significantly reduce operations, General Fund revenues for fiscal 2020 were down \$9.0 million from original estimates. Specifically, Transient Occupancy Tax revenues decreased by \$22.7 million or 26.07% over fiscal 2019 revenues and sales tax receipts decreased by \$2.40 million or 13.23%. Departments put forth great effort in the last quarter of the fiscal year to reduce expenses resulting in actual expenditures of \$2.6 million less than originally budgeted.

In spite of declining revenues the City continues to maintain General Fund reserves above the City Council's established level of 16-20%. In June the City received from PG&E in settlement of litigation arising from damage to the City from the 2017 North Bay Wildfire of \$6.3 million. \$4.0 million was placed in the Water Capital Improvement Reserve and \$2.3 million was transferred into the General Fund Emergency Reserve bringing the Emergency Reserve balance to \$15.4 million. The Operating Reserve remains at \$4.7 million and the Contingency Reserve remains at \$0.9 million. Total reserves are \$21.0 million or 22.5% of General Fund budgeted operating expenditures. In addition, the City maintains a CIP General Reserve and a CIP Facilities Reserve.



In fiscal 2020, the City continued recovery activities related to three FEMA declared emergencies:

- In August 2014, a 6.0 earthquake hit the Napa Valley. A September 2014 presidential declaration authorized Public Assistance through FEMA for local government structures and infrastructure damaged by the earthquake. Eligible project costs are approximately \$11 million. The Federal share is 75% of the eligible costs, the state share is 75% of the non-federal share, or 18.75%, and the City of Napa contributes the remaining 6.25%.
- In January and February 2017, the City sustained damage at various Napa River and tributary creek banks and adjacent top-of-bank assets from severe winter storms, flooding and mudslides. FEMA and the State of California through CalOES have made disaster assistance available for these storms. At this time, eligible project costs are \$0.2 million.
- In October 2017, the City was impacted by two large wildfires. On October 8 the Atlas Fire started near Atlas Peak and burned over 70,000 acres in Napa and Sonoma Counties. Also on October 8 the Tubbs Fire started in the City of Calistoga in north Napa County and burned over 35,000 acres in Napa, Sonoma and Lake Counties. While the fires did not cross into the City limits, City water distribution and treatment facilities located within Napa county sustained significant damage. Project costs are approximately \$2.6 million. The City has received \$1.4 million in reimbursement from insurance and continues to work with Federal and State agencies to receive reimbursements for damages.

### **Long-Term Financial Planning**

The City updates a Long Term Financial Forecast (LTFF) on an annual basis to provide a forward look at the City's General Fund operating revenues and expenditures. Its purpose is to identify financial trends, shortfalls, opportunities and issues so the City can proactively address them. It does so by projecting the future fiscal results of continuing the City's current service levels and policies. The LTFF lays the foundation for the budget, aiding both the City Manager and City Council in establishing priorities and allocating resources appropriately.

### **Awards**

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 Napa for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2019. This was the sixth consecutive year that the City achieved this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. The City submitted a Popular Annual Financial Report (PAFR) to GFOA for the first time in fiscal year 2019 and received an award for Outstanding Achievement in Popular Annual Financial Reporting. The GFOA also awarded the Distinguished Budget Award to the City for the 2018/2019 Biennial Budget. This award is the highest form of recognition in governmental budgeting.

### **Acknowledgments**

The preparation of this report would not have been possible without the hard work and dedication of the entire Finance Department staff including Finance Manager Elizabeth Cabell, Senior Accountant Anette Heun, Accountants Prapti Aryal and Michele Huang and Accounting Technician Donna Lee Lawrence, as well as many other departments' personnel who made substantial contributions to the completion of this report. We would also like to express our appreciation to the Mayor and City Council for their unfailing support for maintaining the highest standards of professionalism in the financial management of the City of Napa.



Steve Potter  
City Manager

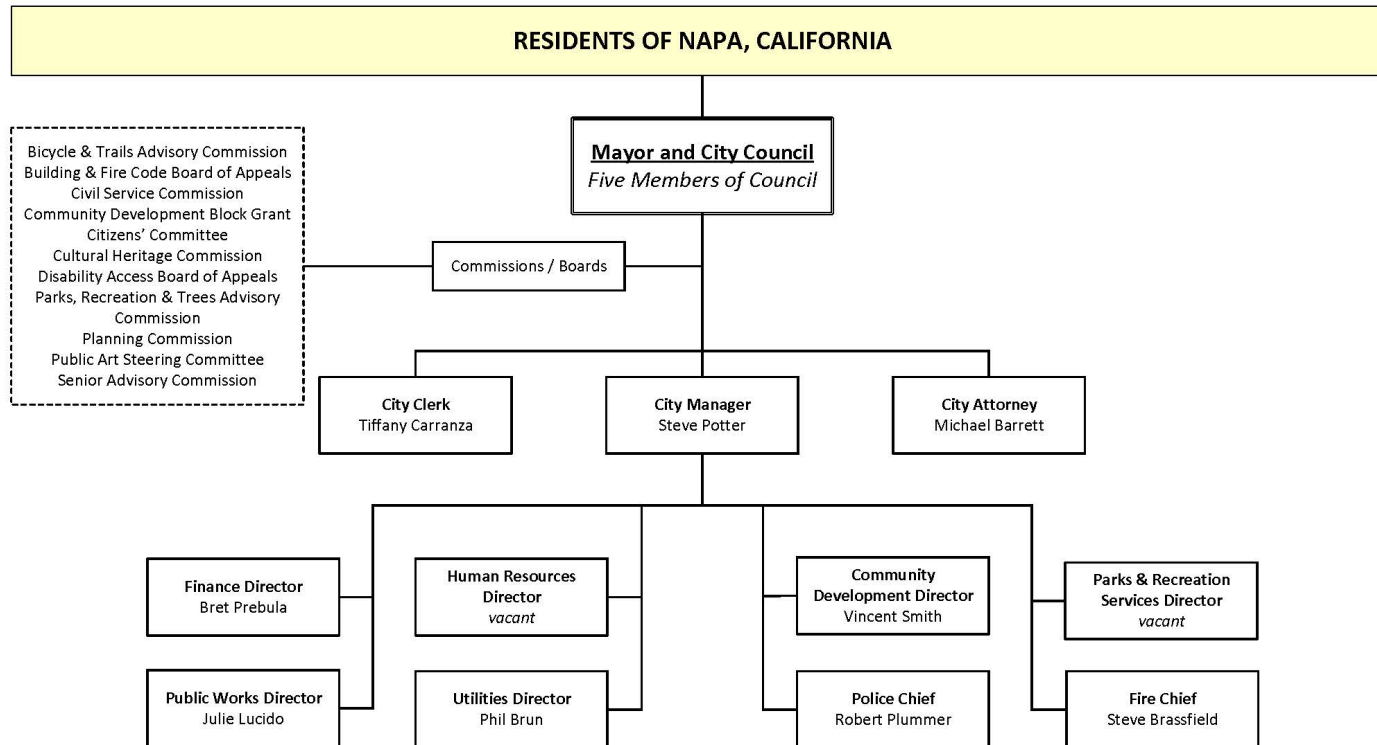


Bret Prebola  
Finance Director

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## CITY OF NAPA

## ORGANIZATIONAL CHART







## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

### **June 30, 2020**

#### ***Mission Statement***

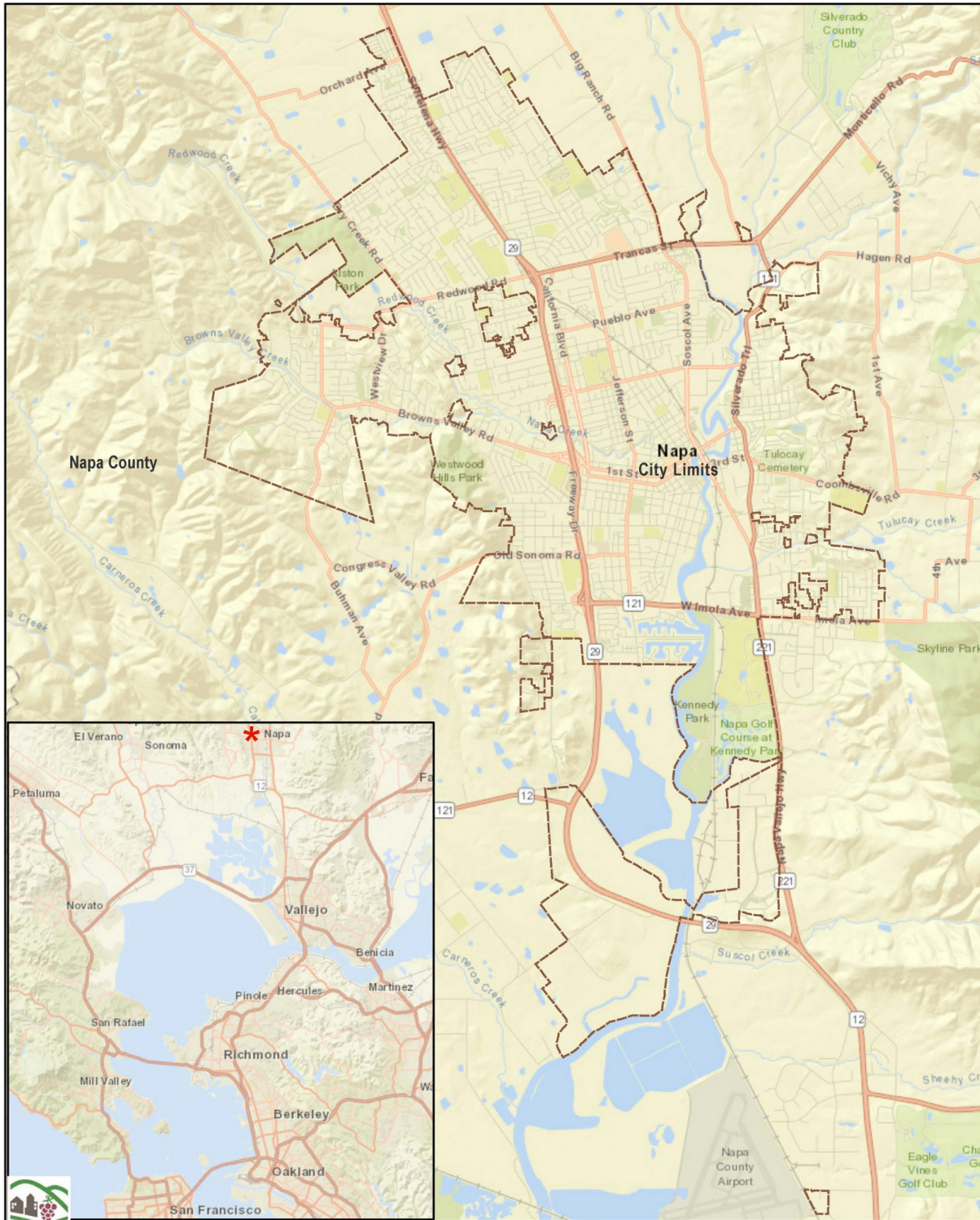
*"Preserve and promote the unique quality of life that is Napa"*

#### **CITY COUNCIL**

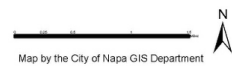
Jill Techel, Mayor  
Doris Gentry, Vice-Mayor  
Liz Alessio, Council Member  
Mary Luros, Council Member  
Scott Sedgley, Council Member

#### **CITY STAFF**

Steve Potter, City Manager  
Michael Barrett, City Attorney  
Tiffany Carranza, City Clerk  
Steve Brassfield, Fire Chief  
MJ Tueros, Acting Human Resources Director  
Phil Brun, Utilities Director  
Julie Lucido, Public Works Director  
Robert Plummer, Police Chief  
Bret Prebula, Finance Director  
Vincent Smith, Community Development Director  
Vacant, Parks and Recreation Director



City of Napa, CA





Government Finance Officers Association

Certificate of  
Achievement  
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Reporting

Presented to

**City of Napa  
California**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

June 30, 2019

*Christopher P. Morill*

Executive Director/CEO





# *Financial Section*

Auditors Report, MD&A, Financial Statements

## **INDEPENDENT AUDITORS' REPORT**

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

### **Report on 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 Napa, California (the "City"), as of and for the year ended June 30, 2020, and the related notes to the basic 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.

### **Auditors' 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 of 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 City'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 City'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.

To the Honorable Mayor and Members of the City Council  
of the City of Napa  
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## **Opinions**

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows, and the budgetary comparison statement – major governmental fund, thereof 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, Schedules of Pension Contributions, Schedule of Changes in the Net OPEB Liability and Related Ratios, and Schedule of OPEB Contributions, 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 basic financial statements. The Introductory Section, Combining and Individual Nonmajor Fund Financial Statements and Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual, and Statistical Section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Combining and Individual Nonmajor Fund Financial Statements and Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual 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 Schedules 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.

To the Honorable Mayor and Members of the City Council  
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**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2020, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 the City's internal control over financial reporting and compliance.

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

Walnut Creek, California  
December 30, 2020



**MANAGEMENT'S DISCUSSION AND  
ANALYSIS (MD&A)**  
*(Unaudited)*

## INTRODUCTION

This narrative is presented to provide readers of this *Comprehensive Annual Financial Report* with an overview and analysis of the financial activities of the City of Napa for the fiscal year ended June 30, 2020.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This report is presented in the following sections:

- 1) This introductory commentary, *Management's Discussion and Analysis*
- 2) Basic Financial Statements, including:
  - a. Government-wide financial statements
  - b. Fund financial statements
  - c. Notes to the basic financial statements
- 3) Supplemental Information
  - a. Non-major governmental funds
  - b. Internal service funds
  - c. Agency funds

## **The Financial Statements**

The *Basic Financial Statements* are comprised of the *Government-wide Financial Statements* and the *Fund Financial Statements*. These two sets of financial statements provide two different perspectives of the City's financial activities and financial position. The accompanying *Notes to the Basic Financial Statements* are an integral part of these financial statements.

The ***Government-wide Financial Statements*** provide a long-term view of the City's activities as a whole. The *Statement of Net Position* provides information about financial position, including capital assets and long-term liabilities on the full accrual basis, similar to that used by commercial enterprises. The *Statement of Activities* provides information about the City's revenues and expenses, also on the full accrual basis, with the emphasis on measuring the net revenues or expenses of City programs. Information is presented both in total and separately for governmental activities, which are generally tax and grant supported and business-type activities which are typically supported by user fees.

The ***Fund Financial Statements*** report the City's operations in more detail than the government-wide statements. The City, like other state and local governments, uses fund accounting to ensure and demonstrate finance-related legal compliance. All of the funds of the City can be divided into three categories: *governmental funds*, *proprietary funds* and *fiduciary funds*:

- *Governmental funds* account for most of the City's basic services and focus primarily on short-term activities by measuring current revenues and expenditures and excluding capital assets and long-term obligations. The City maintains several individual governmental funds organized according to their type

(special revenue and capital projects). Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General Fund, Development Fees Fund, Home Program Fund, Measure T Fund, Housing Authority Programs, Housing Inclusionary Program, and City Capital Projects, which are considered to be major funds. Data from the remaining non-major governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements beginning on page 113.

- *Proprietary funds* are generally used to account for services for which the City charges customers – either outside customers, or internal departments or programs of the City. Proprietary funds provide the same type of information as shown in the government-wide financial statements, only in more detail. The City maintains the following two types of proprietary funds:
  - *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for the water utility and solid waste utility. All of the proprietary funds are major funds.
  - *Internal service funds* are used to report activities that provide supplies and services for certain City programs and activities. The City uses internal service funds to account for fleet services, information technology equipment maintenance and replacement, capital equipment maintenance and replacement, post-employment benefits for current and past employees, and insurance programs on a cost-reimbursement basis. Because these services predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements. The internal service funds are combined into a single, aggregated presentation in the proprietary funds financial statement. Individual fund data for the internal service funds is provided in the form of combining statements beginning on page 130.
- *Fiduciary funds* are used to report assets held in a trust or agency capacity for others. The City currently has three fiduciary funds; a Payroll fund to hold employee payroll deductions withheld and monies collected from retirees for their share of health insurance premiums, the Gasser Community Facilities District (CFD) to account for debt-related activities and the Private Purpose Trust Fund used to account for resources held for the benefit of winding down the activities of the former Redevelopment Agency. These fiduciary funds cannot be used to support the City's programs and therefore are not reflected in the government-wide financial statements.

### **FINANCIAL HIGHLIGHTS**

The City provides services to the citizens of Napa by leveraging property, sales, and other taxes with user fees and federal, state, and local grants to finance its operations. The City's sales and transient occupancy tax revenues decreased in fiscal 2020 due to the COVID-19 pandemic and resulting business slowdowns throughout the City.

The governmental activities total assets increased by \$29.8 million (to \$579.9 million) and business-type activities total assets increased by \$10.8 million (to \$190.3 million). The increase in the governmental activity assets was due to an increase in cash and investments as well as a \$20 million increase in capital assets. The increase in business-type assets was primarily due to an increase in cash and investments as well as receivables and other assets. The decrease in deferred outflows in both the governmental activities and business-type activities is the result of the June 30, 2019 measurements of the net pension liability and the net other post-employment benefits liability.

Overall, the City increased liabilities in fiscal 2020 by \$8.5 million (to \$275.9 million). Long-term liabilities increased by \$6.4 million primarily due to increased pension and other post-employment benefits (OPEB) liabilities. Deferred inflows increased by \$1.9 million (to \$5.3 million).

Overall, the City's net position increased by \$27.3 million (to \$517.5 million).

**FINANCIAL ANALYSIS OF THE CITY AS A WHOLE**

The total net position of the City as of June 30, 2019 and 2020 are summarized in Table 1 below and are followed by a discussion of the balances by category.

**Table 1**  
**Summary of Net Position**

	Governmental Activities		Business-type Activities		Total	
	June 30, 2019	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019	June 30, 2020
Assets:						
Cash and investments	\$ 139,932,459	\$ 148,273,755	\$ 47,872,857	\$ 52,458,806	\$ 187,805,316	\$ 200,732,561
Receivables and other assets	49,523,833	51,186,032	12,983,891	18,137,194	62,507,724	69,323,226
Capital assets	360,629,536	380,433,578	118,593,045	119,699,685	479,222,581	500,133,263
Total assets	550,085,828	579,893,365	179,449,793	190,295,685	729,535,621	770,189,050
Deferred outflows of resources:						
Deferred outflows	27,988,896	25,488,700	3,451,832	3,003,689	31,440,728	28,492,389
Total deferred outflows of resources	27,988,896	25,488,700	3,451,832	3,003,689	31,440,728	28,492,389
Liabilities:						
Long-term liabilities	171,902,159	179,863,093	68,426,406	66,837,581	240,328,565	246,700,674
Current and other liabilities	16,809,407	17,592,792	10,226,981	11,568,215	27,036,388	29,161,007
Total liabilities	188,711,566	197,455,885	78,653,387	78,405,796	267,364,953	275,861,681
Deferred inflows of resources:						
Deferred inflows	3,144,292	5,078,526	275,566	208,309	3,419,858	5,286,835
Total deferred inflows of resources	3,144,292	5,078,526	275,566	208,309	3,419,858	5,286,835
Net position:						
Net investment in capital assets	358,506,621	378,521,225	70,081,725	70,385,204	428,588,346	448,906,429
Restricted	82,877,662	78,781,299	—	—	82,877,662	78,781,299
Unrestricted (deficit)	(55,165,417)	(54,454,870)	33,890,947	44,300,065	(21,274,470)	(10,154,805)
Total net position	\$ 386,218,866	\$ 402,847,654	\$ 103,972,672	\$ 114,685,269	\$ 490,191,538	\$ 517,532,923

**Current and other assets** - The City's cash and investment portfolio increased by \$12.9 million during the year primarily as a result of the \$6.24 million PG&E settlement (\$4.00 million to the Water Utility and \$2.43 million to the General Fund Emergency Reserve), and increases in cash in the two tax revenue funds, Measure T and Measure F of \$2.61 million and \$1.67 million respectively. Due to the economic hardship created by the pandemic, the City continues to provide Water and Refuse service regardless of a customers' ability to pay. This, along with a \$3 million increase in loans to support affordable housing, has resulted in an increase in the City's receivables and other assets of \$6.8 million.

**Capital assets** - The City's capital assets increased by \$20.9 million during the year to \$500.1 million. This is primarily due to the transfer of \$19.5 million of assets (infrastructure improvements) from the Gasser Community Facilities District (CFD) to the City. While under construction the assets were held in the Gasser CFD Fiduciary Fund. Construction was completed in July 2019 at which time the assets became the property of the City. Additional activity includes depreciation (\$23.7 million) and the addition of new capital, most notably the water system projects (\$1.9 million); materials diversion facility compost and stormwater improvements (\$4.1 million); and various street and sidewalk improvements (\$3.9 million).

**Deferred outflow of resources** - The City's deferred outflow of resources (\$25.5 million in governmental activities and \$3.0 million in business-type activities) relate to the net pension liability and the net OPEB liability, and the impact of refunding the 2007 Water Revenue bonds (\$0.9 million) in business-type activities.

***Long-term liabilities*** - The long-term liabilities of \$246.7 million includes reporting of the net pension liability of \$181.5 million as required by GASB 68, and reporting of the net other post-employment benefits liability of \$3.8 million as required by GASB 75, as well as the City's revenue bonds issued for the water utility fund in 2016 and revenue bonds issued for the solid waste fund in 2017. Finally, we continue the reduction of long-term debt in both governmental activities and business-type activities through the timely payment on outstanding issues.

***Current and other liabilities*** - The City's current and other liabilities increased by \$2.1 million to total \$29.2 million. This change is due to a increase of accounts payable, deposit payables and accrued liabilities in both governmental and business type activities.

***Deferred inflow of resources*** - The City's deferred inflow of resources (\$5.1 million in governmental activities and \$0.2 million in business-type activities) is related to changes in the net pension liability and net other post-employment benefits liability as required by GASB 68 and 75.

***Net position*** - The City's total net position increased by \$27.3 million during the fiscal year to \$517.5 million. The governmental activities net position balance of \$402.8 million includes \$378.5 million of net investment in capital assets, \$78.8 million restricted funds available for capital projects and other programs, and a remaining deficit balance of \$54.5 million to be offset by future revenues and reduction of non-capital related debt. This deficit is due to the inclusion of the net pension liability of \$181.5 million per GASB 68 as well as the net other post-employment benefits liability of \$3.8 million per GASB 75. The City's business-type activities reported a net position balance of \$114.7 million, which includes \$70.4 million of net investment in capital assets, and \$44.3 million available for future needs including capital projects.

## Government-wide Statement of Activities

The changes in the City's government-wide net position for the year ended June 30, 2020 result from its activities during the fiscal year. The City's government-wide activities for the current and prior fiscal years are summarized in Table 2 below.

**Table 2**  
**Changes in Net Position**

	Governmental Activities		Business-type Activities		Total	
	June 30, 2019	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019	June 30, 2020
Revenues:						
Program revenues:						
Charges for services	\$ 28,578,910	\$ 37,416,219	\$ 61,792,789	\$ 76,030,461	\$ 90,371,699	\$ 113,446,680
Operating grants and contributions	15,822,130	15,858,085	3,199,985	1,261,512	19,022,115	17,119,597
Capital grants and contributions	14,387,503	8,582,892	803,136	1,374,695	15,190,639	9,957,587
General revenues:						
Property taxes	35,256,177	35,815,692	—	—	35,256,177	35,815,692
Franchise taxes	2,018,853	1,991,319	—	—	2,018,853	1,991,319
Sales taxes	18,152,539	15,750,834	—	—	18,152,539	15,750,834
Transient occupancy taxes	23,530,281	18,097,583	—	—	23,530,281	18,097,583
Other	2,146,021	4,533,720	1,893,344	1,933,624	4,039,365	6,467,344
Total revenues	139,892,414	138,046,344	67,689,254	80,600,292	207,581,668	218,646,636
Expenses:						
Governmental activities:						
General government	12,251,031	19,194,701	—	—	12,251,031	19,194,701
Public safety	57,304,253	60,966,537	—	—	57,304,253	60,966,537
Public works	32,575,700	8,454,913	—	—	32,575,700	8,454,913
Park and recreation	8,634,261	8,927,814	—	—	8,634,261	8,927,814
Community development	24,738,109	27,095,314	—	—	24,738,109	27,095,314
Business-type activities:						
Water	—	—	28,060,067	32,327,293	28,060,067	32,327,293
Solid Waste	—	—	30,475,329	34,338,679	30,475,329	34,338,679
Total expenses	135,503,354	124,639,279	58,535,396	66,665,972	194,038,750	191,305,251
Excess (Deficiency) before special items and transfers	4,389,060	13,407,065	9,153,858	13,934,320	13,542,918	27,341,385
Transfers	3,950,800	3,221,723	(3,950,800)	(3,221,723)	—	—
Changes in net position	8,339,860	16,628,788	5,203,058	10,712,597	13,542,918	27,341,385
Net position - beginning	377,879,006	386,218,866	98,769,614	103,972,672	476,648,620	490,191,538
Net position - ending	\$ 386,218,866	\$ 402,847,654	\$ 103,972,672	\$ 114,685,269	\$ 490,191,538	\$ 517,532,923

The governmental activities net position increased to \$402.8 million during the year, as measured on the accrual basis of accounting. Governmental activities fiscal 2020 revenues decreased by 1.3% (to \$138.0 million). Charges for Services revenues increased by \$8.8 million. Capital grants and contributions, a function of capital project activity funded by grants decreased over fiscal 2019. General tax revenues (property, sales and other taxes) decreased by \$7.3 million due to the impacts of the COVID-19 pandemic on the economy in the Napa Valley (most notably sales tax and transient occupancy tax). Business-type activities experienced an increase in charges for services of \$14.2 million, due to services provided by the water and solid waste utility funds. Operating grants decreased by \$1.9 million while capital grants increased by \$0.6 million. The capital grants were provided by FEMA and CalOES to help support repairs to the water system caused by the August 2014 South Napa earthquake, the January 2017 floods and the October 2017 California wildfires.

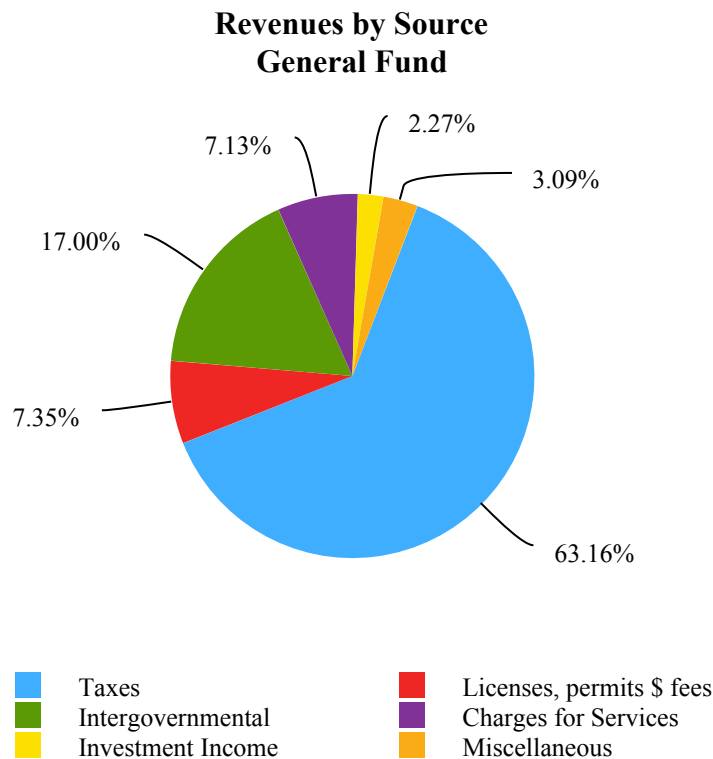
City expenses decreased by \$2.7 million overall, with governmental activities expenses decreasing by \$10.9 million, and business-type activities increasing by \$8.1 million.

### FINANCIAL ANALYSIS OF THE CITY'S FUNDS

In addition to the accrual-basis government-wide statements described above, the City also maintains financial records at the fund level for budgetary control. Individual funds are generally established to track the resources and operating results for the general fund and specific restricted programs. The results for governmental funds as shown below differ from the results reported above in the government-wide statements since the focus here is on current, available resources. The following are financial highlights from the City's most significant funds:

#### Governmental Funds

**General Fund** - The City's General Fund budgeted operating revenues of \$90.9 million, and realized \$90.7 million (100% of budget). This is a decrease of \$10.7 million (approximately 11%) from the previous year. This decrease is attributed to the global COVID-19 pandemic, as substantial revenues were lost, most notably in transient occupancy tax, and licenses and permits categories.



General Fund operating expenditures were budgeted at \$102.4 million and recognized at \$93.6 million (91% of budget). Fiscal 2020 operating expenditures increased over the prior year by \$4.6 million (approximately 5%).

The significant variances with budget in the General Fund are as follows:

- Miscellaneous revenue was over budget by 2.5 million which was due to a settlement received from PG&E for the 2017 North Bay wildfires.
- Tax revenues ended the year \$2.1 million over the final budget but \$6.2 million under the original budget as a result of the pandemic.
- Departmental expenditure variances are as follows:
  - Finance under budget by \$1.2 million due to vacancy savings and encumbered and unspent professional services funds.

- Public Works under budget by \$2.5 million due to vacancy savings, encumbered and unspent professional services, repairs and maintenance, fleet service charges and general supplies funds.
- Police under budget by \$1.8 million due to vacancy savings, unspent professional services and ongoing activities (e.g. grant or developer funded studies) that will continue into future fiscal years.
- Community Development under budget by \$2.2 million due to ongoing activities (e.g. grant or developer funded studies) that will continue into future fiscal years.

**Development Fees Fund** - The sources of revenue for this fund are the various development impact fees collected from developers which are used for the installation or expansion of related infrastructure and affordable housing. Fiscal 2020 operating revenues were \$3.1 million, an increase of \$0.9 million from the prior year. This is due to increased new development activity. Development Fees Fund operating expenditures totaled \$0.1 million with an additional \$2.7 million in transfers out to fund Capital projects.

**HOME Fund** – This fund accounts for Federal grants received under the HOME Investment Partnership Program that is administered by the State of California and program income received from the repayment of previous loans. These funds are used to provide down payment assistance to low-income first-time home buyers. The total revenue for fiscal 2020 was \$0.9 million, an increase of \$0.6 million over the prior year, due to a large number of principal repayments as well as interest on loans, and investment income. The total operating expenditures for the year were \$0.6 million, which is an increase of \$0.3 million over last fiscal year and is due to increased operating costs and down payment assistance to first time home buyers.

**Measure T Fund** – This fund accounts for the tax proceeds received by the City as a result of the 1/2 cent sales tax increase approved by the voters on November 6, 2012 and implemented July 1, 2018. Total revenues of \$7.6 million represents a decrease of \$0.3 million over last fiscal year. In fiscal 2020 as in fiscal 2019, \$5.06 million in Measure T funds were transferred out to the Capital Improvement Projects fund to be used for city wide road maintenance.

**Housing Fund** – The Housing Authority administers Federal funds including Section 8 Housing Vouchers, Mainstream Vouchers, and Continuum of Care funds within Napa. The total operating revenue for fiscal 2020 was \$15.2 million, which is 7% more than last fiscal year. The increase is due to funding received for Section 8 administrative costs, investment earnings, services charges and miscellaneous revenue for local Housing. Due to the global pandemic, the City received an additional \$0.2 million from HUD for administrative support to help the local community. The total operating expenditures for fiscal 2020 were \$14.6 million, an increase of \$0.9 million over last fiscal year, which is primarily due to increased administrative costs and housing assistance payments for Section 8 tenants.

**Housing Inclusionary Fund** – This fund accounts for the impact fees collected from both residential and non-residential (e.g., office, hotel, retail, industrial, etc.) development. The total operating revenue for fiscal 2020 was \$1.2 million, which includes affordable housing impact fees of \$0.6 million and \$0.3 million for residential and commercial development respectively. A property on Soscol Avenue was sold for \$2.4 million to Manzanita L.P., for development of an apartment complex; as part of the project's financing, the City provided two loans, a construction/permanent financing note of \$1.5 million and a seller carryback loan of \$1.2 million.

**City Capital Projects Fund** - This fund accounts for the City's current construction projects, including streets, park and recreation facilities, and other major City projects. In total, \$17.8 million in capital outlay was expended during fiscal 2020. In addition to the revenues received (capital grants), transfers of \$19.0 million from the various special revenue funds and the General Fund provided funding for the capital activity. All resources in this fund are restricted or committed for specific capital improvement programs.

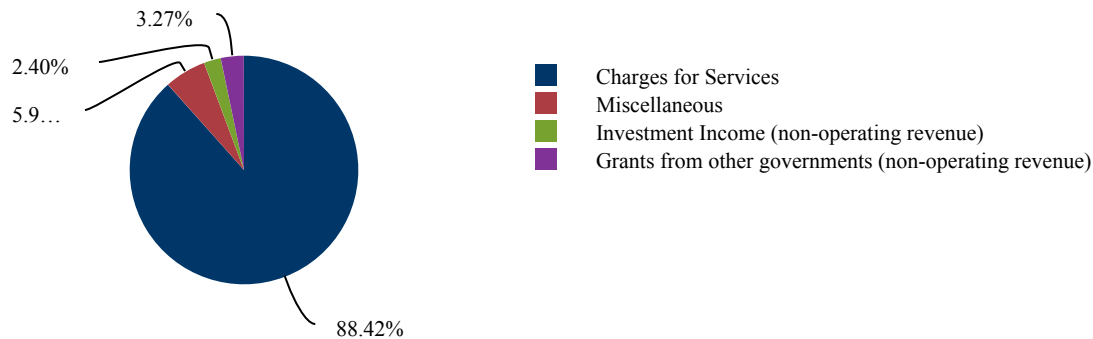
## **Enterprise Funds**

**Water Utility Fund** – This fund is a fully self-supported enterprise providing water service to the City and adjacent areas. Charges for water and connection fees have consistently been set appropriately to cover both operating and planned maintenance, replacement and expansion costs. The fund issued bonds in 2007 to expand the Jamieson



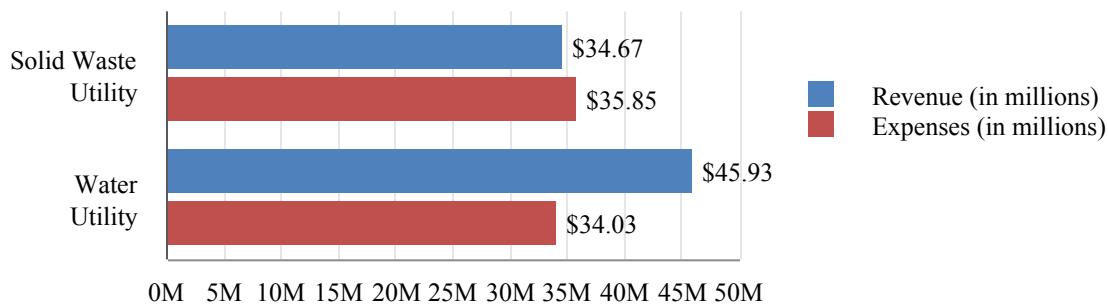
Canyon Treatment Facility. Net position (unrestricted) includes reserves for capital replacement (\$5.6 million) and water supply (\$1.3 million) as well as a rate stabilization reserve (\$2.7 million), an operating reserve (\$6.2 million) and an emergency reserve (\$2.5 million).

### Revenue by Source Enterprise Funds



**Solid Waste Utility Fund** - The solid waste utility fund is also a fully self-supported enterprise which provides for local solid waste operations and operation of the materials diversion facility. The fund issued bonds in 2017 to make improvements to the covered compost facility.

### Total Revenues & Expenditures Enterprise Funds



### CAPITAL ASSETS

As of June 30, 2020, the City had invested \$500.1 million in capital assets, net of accumulated depreciation; an increase of 4.4% from the prior year. Governmental activities capital assets increased \$19.8 million as a result of the transfer of \$19.5 million in assets from the Gasser CFD as well as ongoing projects offset by \$18.0 million in depreciation. Business-type activities capital assets increased by \$1.1 million. A summary of the City's capital assets net of depreciation at June 30, 2019 and 2020 is presented in Table 3. Additional information on Capital Assets can be found in Note 6.

**Table 3**  
**Capital Assets, net of accumulated depreciation**

	Governmental Activities		Business-type Activities		Total	
	June 30, 2019	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019	June 30, 2020
Capital assets not subject to depreciation:						
Land	\$ 32,150,883	\$ 30,941,332	\$ 3,511,270	\$ 3,515,018	\$ 35,662,153	\$ 34,456,350
Construction in progress	26,852,741	39,596,724	12,700,904	16,110,672	39,553,645	55,707,396
Other capital assets:						
Building and improvements	28,708,755	28,480,521	51,385,447	48,986,792	80,094,202	77,467,313
Equipment	3,155,218	2,873,796	3,706,936	3,687,448	6,862,154	6,561,244
Vehicles and rentals	9,680,673	8,912,094	170,296	157,196	9,850,969	9,069,290
Infrastructure:						
Transmission and distribution systems	—	—	47,118,192	46,740,084	47,118,192	46,740,084
Bridges	64,296,654	69,299,624	—	—	64,296,654	69,299,624
Roads	152,802,057	150,607,929	—	—	152,802,057	150,607,929
Curb/gutter/sidewalks	15,536,397	22,068,236	—	—	15,536,397	22,068,236
Traffic signals	4,287,718	4,195,255	—	—	4,287,718	4,195,255
Stormwater	6,277,344	7,166,982	—	502,475	6,277,344	7,669,457
Park improvements	13,333,482	12,707,195	—	—	13,333,482	12,707,195
Underground utilities	1,263,592	1,229,054	—	—	1,263,592	1,229,054
Street lights	2,284,022	2,354,836	—	—	2,284,022	2,354,836
Total capital assets, net	\$ 360,629,536	\$ 380,433,578	\$ 118,593,045	\$ 119,699,685	\$ 479,222,581	\$500,133,263

### **DEBT ADMINISTRATION**

The City uses a variety of indebtedness to finance various capital acquisitions and improvements. At June 30, 2020, the City's long-term debt outstanding was \$53.0 million.

The following table provides a schedule of the City's long-term debt obligations at June 30, 2019 and 2020.

**Table 4**  
**Long-Term Debt**

	Governmental Activities		Business-type Activities		Total	
	June 30, 2019	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019	June 30, 2020
Solid waste revenue bonds	\$ —	\$ —	\$ 11,895,167	\$ 11,348,906	\$ 11,895,167	\$ 11,348,906
Water revenue bonds	—	—	41,947,257	39,753,108	41,947,257	39,753,108
Notes payable	2,122,915	1,912,353	—	—	2,122,915	1,912,353
Total long-term debt	\$ 2,122,915	\$ 1,912,353	\$ 53,842,424	\$ 51,102,014	\$ 55,965,339	\$ 53,014,367

Additional information on Long-Term Debt can be found in Note 7.

### **ECONOMIC OUTLOOK**

The City annually prepares a multi-year financial forecast, which focuses on long-term financial viability for the City's General Fund and allows decision makers to better understand the impact of policy decisions. Budget development adheres to a series of policies adopted by the City Council, which guide long-term planning, minimum reserve levels, employee compensation, cash and debt management, information technology and utility rates. The long-term financial forecast is based on these key assumptions:

**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 assessed value of a property is reset to the current market

value (sales price). Property taxes are the largest source of revenue to the General Fund. Property taxes are approximately 37% of the City's total General Fund revenues for FY 19/20. The collection of secured property taxes is expected to increase by approximately 4.0% for FY 20/21 resulting from the increase in assessed values for properties within the City.

**Transient Occupancy Tax** - The Transient Occupancy Tax (TOT) has been the second largest revenue source for the City in recent years, however the COVID-19 pandemic caused these revenues to dip below Sales Tax in FY 19/20. Transient Occupancy Tax is estimated to be less than sales tax for the next few fiscal years, as the nation slowly recovers from the pandemic. Two hotel projects are currently under construction and plan to open in calendar year 2021; these projects will bring additional Transient Occupancy Tax revenues to the City's General Fund.

**Sales Tax** - HdL provides estimates for sales and use tax as part of their contract with the City. Their estimates are based on current economic projections and predict growth for these revenues as the pandemic ends; although not at the historical levels observed as we recovered from the last recession.

**Personnel Costs** - These are based on the current staffing plan, a vacancy savings rate of 2.5%, annual increases for cost of living and merit increases of 3.5%, and no changes to employee contributions to their pensions or city contributions to insurances. The forecast does not include new positions or new programs/initiatives.

## CONTACTING THE CITY

This financial report is designed to provide a general overview of the City's finances for all of its citizens, taxpayers, investors, and creditors. Questions concerning any information provided in this report or requests for additional information should be addressed to the Finance Department at 955 School Street, Napa, California. The mailing address is Post Office Box 660, Napa, California, 94559-0660.

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CITY OF NAPA  
STATEMENT OF NET POSITION  
JUNE 30, 2020

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and investments (Note 3)	\$ 143,444,537	\$ 51,527,969	\$ 194,972,506
Restricted cash and investments (Note 3)	4,829,218	930,837	5,760,055
Receivables			
Accounts	12,712,770	12,779,844	25,492,614
Federal, state and other governments	4,584,048	5,125,718	9,709,766
Interest receivable	17,076	5,803	22,879
Service concession arrangement (Note 17)	503,333	—	503,333
Loans receivable (Note 5)	32,848,720	185,034	33,033,754
Prepaid items	518,608	40,795	559,403
Inventory	1,477	—	1,477
Capital assets (Note 6)			
Nondepreciable	70,538,056	19,625,690	90,163,746
Depreciable, net	309,895,522	100,073,995	409,969,517
Total Assets	<u>579,893,365</u>	<u>190,295,685</u>	<u>770,189,050</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charge on refunding	—	856,696	856,696
Deferred outflows related to pensions (Note 10)	24,138,829	2,146,993	26,285,822
Deferred outflows related to OPEB (Note 11)	1,349,871	—	1,349,871
Total Deferred Outflows of Resources	<u>25,488,700</u>	<u>3,003,689</u>	<u>28,492,389</u>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	7,826,058	7,493,230	15,319,288
Interest payable	—	359,681	359,681
Deposits payable	3,138,095	904,342	4,042,437
Unearned revenue	903,067	81,493	984,560
Compensated absences (Note 1K)			
Due within one year	285,138	129,469	414,607
Due in more than one year	3,235,089	475,064	3,710,153
Claims payable (Note 12)			
Due within one year	5,225,100	—	5,225,100
Due in more than one year	7,477,900	—	7,477,900
Long-term debt (Note 7)			
Due within one year	215,334	2,600,000	2,815,334
Due in more than one year	1,697,019	48,502,014	50,199,033
Other non current liabilities due in more than one year			
Net OPEB liability (Note 11)	3,792,142	—	3,792,142
Net pension liability (Note 10)	163,660,943	17,860,503	181,521,446
Total Liabilities	<u>197,455,885</u>	<u>78,405,796</u>	<u>275,861,681</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions (Note 10)	2,777,194	208,309	2,985,503
Deferred inflows related to OPEB (Note 11)	1,797,999	—	1,797,999
Deferred inflows related to service concession (Note 17)	503,333	—	503,333
Total Deferred Inflows of Resources	<u>5,078,526</u>	<u>208,309</u>	<u>5,286,835</u>
<b>NET POSITION</b>			
Net investment in capital assets	378,521,225	70,385,204	448,906,429
Restricted for:			
Capital projects	67,780,547	—	67,780,547
Public safety	53,403	—	53,403
Housing	10,053,881	—	10,053,881
Community and economic development	893,468	—	893,468
Unrestricted (deficit)	(54,454,870)	44,300,065	(10,154,805)
Total Net Position	<u>\$ 402,847,654</u>	<u>\$ 114,685,269</u>	<u>\$ 517,532,923</u>

See accompanying notes to the basic financial statements

# ATTACHMENT 1

## CITY OF NAPA STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2020

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
General government	\$ 19,194,701	\$ 14,604,313	\$ 146,567	\$ —	\$ (4,443,821)	\$ —	\$ (4,443,821)
Public safety	60,966,537	8,514,549	891,420	—	(51,560,568)	—	(51,560,568)
Public works	8,454,913	3,140,563	612,453	8,582,892	3,880,995	—	3,880,995
Parks and recreation	8,927,814	2,065,022	233,931	—	(6,628,861)	—	(6,628,861)
Community development	27,095,314	9,091,772	13,973,714	—	(4,029,828)	—	(4,029,828)
Total Governmental Activities	124,639,279	37,416,219	15,858,085	8,582,892	(62,782,083)	—	(62,782,083)
Business-type Activities:							
Water Utility	32,327,293	41,558,560	1,220,362	1,374,695	—	11,826,324	11,826,324
Solid Waste	34,338,679	34,471,901	41,150	—	—	174,372	174,372
Total Business-type Activities	66,665,972	76,030,461	1,261,512	1,374,695	—	12,000,696	12,000,696
Total Primary Government	\$ 191,305,251	\$ 113,446,680	\$ 17,119,597	\$ 9,957,587	(62,782,083)	12,000,696	(50,781,387)
General revenues:							
Taxes							
Property					35,815,692	—	35,815,692
Franchises					1,991,319	—	1,991,319
Sales taxes					15,750,834	—	15,750,834
Transient occupancy					18,097,583	—	18,097,583
Investment earnings					2,057,901	1,933,624	3,991,525
Gain on sale of capital assets					2,475,819	—	2,475,819
Transfers (Note 4)					3,221,723	(3,221,723)	—
Total General Revenues and Transfers					79,410,871	(1,288,099)	78,122,772
Change in Net Position					16,628,788	10,712,597	27,341,385
Net Position - Beginning					386,218,866	103,972,672	490,191,538
Net Position - Ending					\$ 402,847,654	\$ 114,685,269	\$ 517,532,923

See accompanying notes to the basic financial statements

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## FUND FINANCIAL STATEMENTS

In the Fund Financial Statements only individual major funds are presented, while non-major funds are combined in a single column. Major funds are defined generally as having significant activities or balances in the current year. The funds described below were determined to be Major Funds by the City for fiscal 2020. Individual non-major funds may be found in the Other Supplementary Information section.

### **GENERAL FUND**

The General Fund is the general operating fund of the City. It is used to account for all financial resources except those that are required to be accounted for in another fund. The General Fund is always a major fund.

### **DEVELOPMENT FEES FUND**

The Development Fees Special Revenue Fund accounts for development fees levied by the City on new construction. State law and City ordinance restricts these revenues for use in construction, major maintenance, and debt service for park, street, drainage, and public safety facilities.

### **HOME PROGRAM FUND**

The City has been awarded grants under the State of California Federal Home Investments Partnership Program (HOME) for administration of the following activities: ownership rehabilitation, rental rehabilitation augmenting the Community Development Block Grant Rehabilitation Program, a silent second down payment assistance program; and a rental assistance program.

### **MEASURE T FUND**

At the General Election held on November 6, 2012, the voters of Napa County approved a ½-cent sales tax increase known as Measure T, the Napa Countywide Road Maintenance Act of 2012. The Measure T County-wide sales tax began July 1, 2018 implemented by the Napa Valley Transportation Authority – Taxing Authority (“NVTa-TA”), with the tax proceeds allocated among all local agencies within the County. Measure T funding is to be used for maintenance, reconstruction, and/or rehabilitation of streets, roads, and transportation infrastructure within the public right-of-way.

### **HOUSING FUND**

The Housing Fund accounts for activities of the Housing Authority which provides and administers affordable housing programs and services to qualified residents. The Housing Authority administers Federal funds including Section 8 Housing Vouchers county-wide; Mainstream Vouchers county-wide; Continuum of Care Funds; the Local Housing Fund; the Operating Reserve Fund and the Management of Housing Authority owned properties.

### **HOUSING INCLUSIONARY FUND**

Housing Inclusionary Fund is locally funded from affordable housing impact fees on both residential and non-residential (e.g., office, hotel, retail, industrial, etc.) development. The programs utilizing these funds include affordable housing development, acquisition, rehabilitation, assistance to first-time homebuyers, and other community development activities.

### **CITY CAPITAL PROJECTS FUND**

The City Capital Projects Fund accounts for the City’s current construction projects, including streets, park and recreation facilities, and other major City projects. The primary sources of funds include City-levied development fees, the state gas tax, Measure T and federal and state grants.

CITY OF NAPA  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2020

	General	Development Fees	Home Program	Measure T
<b>ASSETS</b>				
Cash and investments	\$ 26,782,015	\$ 26,755,151	\$ 1,405,864	\$ 2,612,050
Receivables, net:				
Accounts	7,898,354	943,412	—	2,631,325
Federal, state and other governments	3,769,069	—	—	—
Interest receivable	6,018	3,396	157	339
Loans receivable (Note 5)	764,745	—	8,258,626	—
Due from other funds (Note 4)	240,976	—	—	—
Prepaid items	251,257	—	—	—
Inventory	1,477	—	—	—
Advances due from other funds (Note 4)	2,972,733	183,600	—	—
	<u>42,686,644</u>	<u>27,885,559</u>	<u>9,664,647</u>	<u>5,243,714</u>
Total Assets				
	\$ 42,686,644	\$ 27,885,559	\$ 9,664,647	\$ 5,243,714
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 5,157,452	\$ —	\$ 9,927	\$ —
Deposits payable	1,872,932	1,029,239	—	—
Due to other funds (Note 4)	—	—	—	—
Unearned revenue	694,524	—	—	—
Advances other funds (Note 4)	—	3,835,983	—	—
	<u>7,724,908</u>	<u>4,865,222</u>	<u>9,927</u>	<u>—</u>
Total Liabilities				
	7,724,908	4,865,222	9,927	—
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue				
Revolving loans	764,745	—	8,258,626	—
Capital grants, contributions and charges for services	3,463,803	837,512	—	—
	<u>4,228,548</u>	<u>837,512</u>	<u>8,258,626</u>	<u>—</u>
Total Deferred Inflows of Resources				
	4,228,548	837,512	8,258,626	—
<b>FUND BALANCES (Note 9)</b>				
Nonspendable	3,466,443	—	—	—
Restricted	262,576	22,182,825	1,396,094	5,243,714
Committed	15,396,259	—	—	—
Assigned	4,600,000	—	—	—
Unassigned	7,007,910	—	—	—
	<u>30,733,188</u>	<u>22,182,825</u>	<u>1,396,094</u>	<u>5,243,714</u>
Total Fund Balances				
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 42,686,644	\$ 27,885,559	\$ 9,664,647	\$ 5,243,714

See accompanying notes to the basic financial statements

CITY OF NAPA  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2020

	Housing	Housing Inclusionary	City Capital Projects	Total Non- Major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and investments	\$ 6,322,700	\$ 7,176,876	\$22,029,394	\$ 21,271,594	\$ 114,355,644
Receivables, net:					
Accounts	37,475	14,482	—	244,504	11,769,552
Federal, state and other governments	48,963	—	653,074	112,942	4,584,048
Interest receivable	632	855	—	2,526	13,923
Loans receivable (Note 5)	9,891,508	8,191,135	—	5,742,706	32,848,720
Due from other funds (Note 4)	—	—	—	—	240,976
Prepaid items	11,181	—	—	—	262,438
Inventory	—	—	—	—	1,477
Advances due from other funds (Note 4)	—	—	2,021,100	—	5,177,433
Total Assets	<u>\$16,312,459</u>	<u>\$15,383,348</u>	<u>\$24,703,568</u>	<u>\$ 27,374,272</u>	<u>\$ 169,254,211</u>
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	\$ 207,528	\$ 4,855	\$ 1,722,648	\$ 218,244	\$ 7,320,654
Deposits payable	171,304	—	—	64,620	3,138,095
Due to other funds (Note 4)	—	—	—	240,976	240,976
Unearned revenue	159,621	—	29,621	19,301	903,067
Advances other funds (Note 4)	—	—	—	1,341,450	5,177,433
Total Liabilities	<u>538,453</u>	<u>4,855</u>	<u>1,752,269</u>	<u>1,884,591</u>	<u>16,780,225</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue					
Revolving loans	9,891,508	8,191,135	—	5,742,706	32,848,720
Capital grants, contributions and charges for services	—	8,511	214,982	125	4,524,933
Total Deferred Inflows of Resources	<u>9,891,508</u>	<u>8,199,646</u>	<u>214,982</u>	<u>5,742,831</u>	<u>37,373,653</u>
<b>FUND BALANCES (Note 9)</b>					
Nonspendable	11,181	—	—	—	3,477,624
Restricted	5,871,317	7,178,847	270,173	21,339,851	63,745,397
Committed	—	—	22,466,144	—	37,862,403
Assigned	—	—	—	—	4,600,000
Unassigned	—	—	—	(1,593,001)	5,414,909
Total Fund Balances	<u>5,882,498</u>	<u>7,178,847</u>	<u>22,736,317</u>	<u>19,746,850</u>	<u>115,100,333</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$16,312,459</u>	<u>\$15,383,348</u>	<u>\$24,703,568</u>	<u>\$ 27,374,272</u>	<u>\$ 169,254,211</u>

See accompanying notes to the basic financial statements

CITY OF NAPA  
Reconciliation of the  
GOVERNMENTAL FUNDS - BALANCE SHEET  
to the  
GOVERNMENT-WIDE STATEMENT OF NET POSITION  
JUNE 30, 2020

Fund balances, as reported on the Governmental Funds Balance Sheet \$ 115,100,333

	Govt. Wide Statement of Net Position	Internal Service Funds	
Amounts reported for Governmental Activities on the Statement of Net Position are different from those reported on the Governmental Funds Balance Sheet because of the following:			
Capital assets:			
Capital assets used in Governmental Activities are not current assets or financial resources and therefore are not reported in the Governmental Funds.			
Non-depreciable	70,538,056	(501,667)	70,036,389
Depreciable, net	309,895,522	(9,058,599)	300,836,923
Service concession receivable:			
Service concession receivable reported in Governmental Activities are not current assets or financial resources and therefore, are not reported in the Governmental Funds			503,333
Non-current revenues:			
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.			
Loans and grants			37,373,653
Deferred outflows of resources:			
Deferred outflows related to pensions are only reported in the Statement of Net Position.			
Deferred outflows related to pensions	24,138,829	(310,431)	23,828,398
Long-term liabilities:			
The liabilities below are not due and payable in the current period and therefore are not reported on the Governmental Funds Balance Sheet.			
Compensated absences	(3,520,227)	37,968	(3,482,259)
Net pension liability	(163,660,943)	2,609,517	(161,051,426)
Notes payable	(1,912,353)	—	(1,912,353)
Deferred inflows of resources:			
Deferred inflows related to pensions are only reported in the Statement of Net Position.			
Deferred inflows related to pensions	(2,777,194)	37,886	(2,739,308)
Service concession-related deferred inflows of resources			(503,333)
Internal service fund net position:			
Internal service funds are not governmental funds. However, they are used by management to charge the costs of certain centralized activities, such as insurance and vehicle maintenance to individual governmental funds. The net position of the Internal Service Funds is therefore included as Governmental Activities on the Statement of Net Position.			<u>24,857,304</u>
Net position of Governmental Activities, as reported on the Statement of Net Position			<u><u>\$ 402,847,654</u></u>

See accompanying notes to the basic financial statements

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CITY OF NAPA  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2020

	General	Development Fees	Home Program	Measure T
REVENUES				
Taxes	\$ 57,309,388	\$ —	\$ —	\$ —
Licenses, permits and fees	6,667,194	—	—	—
Intergovernmental	15,429,332	—	—	7,492,856
Charges for services	6,470,856	1,991,379	808,260	—
Investment income	2,057,901	1,098,015	50,400	87,127
Miscellaneous revenues	2,799,521	—	—	—
Total Revenues	90,734,192	3,089,394	858,660	7,579,983
EXPENDITURES				
Current:				
General government:				
City Council	375,003	—	—	—
City Clerk	950,266	—	—	—
City Manager	1,728,112	—	—	—
Finance	7,032,493	—	—	—
City Attorney	1,196,801	—	—	—
Human Resources	1,255,148	—	—	—
General Services	2,722,817	41,957	—	—
Public safety:				
Police	31,920,410	—	—	—
Fire	19,495,616	56,415	—	—
Public works	11,943,432	11,090	—	1,421
Parks and recreation	8,405,499	7,618	—	—
Community development	5,835,493	2,097	593,555	—
Capital outlay	626,928	—	—	—
Debt service:				
Principal	118,914	—	—	—
Interest and fiscal charges	9,585	—	—	—
Total Expenditures	93,616,517	119,177	593,555	1,421
Excess (Deficiency) of Revenues over (under) Expenditures	(2,882,325)	2,970,217	265,105	7,578,562
OTHER FINANCING SOURCES (USES)				
Transfers in (Note 4)	8,134,700	—	—	—
Transfers out (Note 4)	(10,500,098)	(2,670,341)	(13,100)	(5,056,688)
Total Other Financing Sources (Uses)	(2,365,398)	(2,670,341)	(13,100)	(5,056,688)
Net Change in Fund Balances	(5,247,723)	299,876	252,005	2,521,874
Beginning Fund Balances	35,980,911	21,882,949	1,144,089	2,721,840
Ending Fund Balances	\$ 30,733,188	\$ 22,182,825	\$ 1,396,094	\$ 5,243,714

See accompanying notes to the basic financial statements

CITY OF NAPA  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2020

	Housing	Housing Inclusionary	City Capital Projects	Total Non- Major Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ —	\$ —	\$ —	\$ 2,048,217	\$ 59,357,605
Licenses, permits and fees	—	—	—	—	6,667,194
Intergovernmental	13,688,164	—	368,611	3,563,030	40,541,993
Charges for services	1,257,559	895,997	—	2,041,196	13,465,247
Investment income	186,503	280,024	—	804,955	4,564,925
Miscellaneous revenues	60,690	—	10,519	32,579	2,903,309
Total Revenues	15,192,916	1,176,021	379,130	8,489,977	127,500,273
EXPENDITURES					
Current:					
General government:					
City council	—	—	—	—	375,003
City clerk	—	—	—	—	950,266
City manager	—	—	—	—	1,728,112
Finance	—	—	—	—	7,032,493
City attorney	—	—	—	—	1,196,801
Human resources	—	—	—	—	1,255,148
General services	—	—	—	—	2,764,774
Public safety:					
Police	—	—	—	323,671	32,244,081
Fire	—	—	—	614	19,552,645
Public works	—	—	—	17,907	11,973,850
Parks and recreation	—	—	—	81,687	8,494,804
Community development	14,511,812	3,334,019	—	1,879,939	26,156,915
Capital outlay	—	—	17,825,868	20,649	18,473,445
Debt service:					
Principal	91,648	—	—	—	210,562
Interest and fiscal charges	44,525	—	—	—	54,110
Total Expenditures	14,647,985	3,334,019	17,825,868	2,324,467	132,463,009
Excess (Deficiency) of Revenues over (under) Expenditures	544,931	(2,157,998)	(17,446,738)	6,165,510	(4,962,736)
OTHER FINANCING SOURCES (USES)					
Transfers in (Note 4)	37,000	—	19,003,902	35,000	27,210,602
Transfers out (Note 4)	(251,500)	(78,800)	(5,087,900)	(3,128,876)	(26,787,303)
Sale of capital assets	—	2,392,000	—	—	2,392,000
Total Other Financing Sources (Uses)	(214,500)	2,313,200	13,916,002	(3,093,876)	2,815,299
Net Change in Fund Balances	330,431	155,202	(3,530,736)	3,071,634	(2,147,437)
Beginning Fund Balances	5,552,067	7,023,645	26,267,053	16,675,216	117,247,770
Ending Fund Balances	\$ 5,882,498	\$ 7,178,847	\$ 22,736,317	\$ 19,746,850	\$ 115,100,333

See accompanying notes to the basic financial statements

CITY OF NAPA  
Reconciliation of the  
GOVERNMENTAL FUNDS STATEMENT  
OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
to the  
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2020

Net change in fund balances as reported on the Statement of Revenues, Expenditures and Changes in Fund Balance	\$ (2,147,437)
--	----------------

Amounts reported for Governmental Activities on the Statement of Activities are different from those reported on the Statement of Revenues, Expenditures and Changes in Fund Balance because of the following:

Capital asset transactions:

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

Capitalized expenditures are added back to net position	38,032,913
Net retirements are deducted from fund balance	(1,209,551)
Depreciation expense is deducted from net position (net of \$1,468,280 reported in Internal Service Funds)	(16,578,662)
	20,244,700

Accrual of non-current revenues and expenditures:

The amounts below included in the Statement of Activities do not provide or require the use of current financial resources and therefore are not reported as revenue or expenditures in governmental funds (net change).

Repayment of principal on Notes	210,562
Changes in long term compensated absences (net of \$7,332 reported in Internal Service Funds)	(233,391)
Changes in unavailable revenue	5,800,844
Change in net pension liability and related deferred outflows/inflows of resources	(12,342,981)
	(6,564,966)

Internal service fund activities:

Internal service funds are used by management to allocate the costs of certain centralized activities, such as self-insurance, central stores, and vehicle maintenance, to individual funds and programs. Because these funds serve mostly governmental activities, their net revenue (expense) is reported with governmental activities on the Statement of Activities.

Internal service funds	5,096,491
Change in Net Position of Governmental Activities, as reported on the Statement of Activities	\$16,628,788

See accompanying notes to the basic financial statements



CITY OF NAPA  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final Budget	Actual	
Beginning Fund Balance			\$ 35,980,911	
Revenues:				
Taxes	\$ 63,521,000	\$ 55,221,000	57,309,388	\$ 2,088,388
Licenses, permits and fees	7,220,500	7,220,500	6,667,194	(553,306)
Intergovernmental	20,811,000	20,990,437	15,429,332	(5,561,105)
Charges for services	6,612,200	6,792,838	6,470,856	(321,982)
Investment income	404,000	404,000	2,057,901	1,653,901
Miscellaneous revenues	189,500	293,500	2,799,521	2,506,021
Total Revenues	98,758,200	90,922,275	90,734,192	(188,083)
Expenditures:				
Current:				
General government:				
City Council	313,300	365,900	375,003	(9,103)
City Clerk	1,108,100	1,135,834	950,266	185,568
City Manager	1,678,400	1,843,962	1,728,112	115,850
Finance	7,471,000	8,188,641	7,032,493	1,156,148
City Attorney	1,208,600	1,275,993	1,196,801	79,192
Human Resources	1,346,500	1,323,500	1,255,148	68,352
General Services	2,521,200	2,823,030	2,722,817	100,213
Public safety:				
Police	31,387,400	33,713,412	31,920,410	1,793,002
Fire	19,333,600	19,510,635	19,495,616	15,019
Public works	14,322,100	14,396,233	11,943,432	2,452,801
Parks and recreation	8,281,000	8,716,573	8,405,499	311,074
Community development	6,449,900	8,026,244	5,835,493	2,190,751
Debt Service:				
Principal repayment	119,000	119,000	118,914	86
Interest and fiscal charges	10,000	10,000	9,585	415
Capital outlay	625,700	944,710	626,928	317,782
Total Expenditures	96,175,800	102,393,667	93,616,517	8,777,150
Other Financing Sources (Uses):				
Transfers in	3,538,000	8,138,000	8,134,700	(3,300)
Transfers out	(4,721,000)	(8,649,241)	(10,500,098)	(1,850,857)
Total Other Financing Sources (Uses)	(1,183,000)	(511,241)	(2,365,398)	(1,854,157)
Net Change in Fund Balances	\$ 1,399,400	\$ (11,982,633)	(5,247,723)	\$ 6,734,910
Ending Fund Balance			\$ 30,733,188	

See accompanying notes to the basic financial statements

CITY OF NAPA  
 DEVELOPMENT FEES SPECIAL REVENUE FUND  
 STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final Budget		
Beginning Fund Balance			\$ 21,882,949	
Revenues:				
Charges for services	\$ 1,307,000	\$ 1,397,000	1,991,379	\$ 594,379
Investment income	217,500	217,500	1,098,015	880,515
Total Revenues	<u>1,524,500</u>	<u>1,614,500</u>	<u>3,089,394</u>	<u>1,474,894</u>
Expenditures:				
Current:				
General government:				
General Services	50,000	50,000	41,957	8,043
Public safety:				
Fire	145,000	145,000	56,415	88,585
Parks and recreation	64,000	49,000	7,618	41,382
Public works	14,000	14,000	11,090	2,910
Community development	1,000	1,000	2,097	(1,097)
Total Expenditures	<u>274,000</u>	<u>259,000</u>	<u>119,177</u>	<u>139,823</u>
Other Financing Sources (Uses):				
Transfers out	(2,079,300)	(11,969,879)	(2,670,341)	9,299,538
Total Other Financing Sources (Uses)	<u>(2,079,300)</u>	<u>(11,969,879)</u>	<u>(2,670,341)</u>	<u>9,299,538</u>
Net Change in Fund Balances	<u>\$ (828,800)</u>	<u>\$ (10,614,379)</u>	<u>299,876</u>	<u>\$ (7,964,467)</u>
Ending Fund Balance			<u>\$ 22,182,825</u>	

See accompanying notes to the basic financial statements

CITY OF NAPA  
HOME PROGRAM SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final Budget		
Beginning Fund Balance			\$ 1,144,089	
Revenues:				
Intergovernmental	\$ —	\$ 1,000,000	—	\$ (1,000,000)
Charges for services	269,000	269,000	808,260	539,260
Investment income	3,000	3,000	50,400	47,400
Total Revenues	272,000	1,272,000	858,660	(413,340)
Expenditures:				
Current:				
Community development	1,292,000	2,637,604	593,555	2,044,049
Total Expenditures	1,292,000	2,637,604	593,555	2,044,049
Other Financing Sources (Uses):				
Transfers out	(13,100)	(13,100)	(13,100)	—
Total Other Financing Sources (Uses)	(13,100)	(13,100)	(13,100)	—
Net Change in Fund Balances	\$ (1,033,100)	\$ (1,378,704)	252,005	\$ 1,630,709
Ending Fund Balance			\$ 1,396,094	

See accompanying notes to the basic financial statements

CITY OF NAPA  
 MEASURE T SPECIAL REVENUE FUND  
 STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final Budget		
Beginning Fund Balance			\$ 2,721,840	
Revenues:				
Intergovernmental	\$ 8,000,000	\$ 8,000,000	7,492,856	\$ (507,144)
Investment income	5,000	5,000	87,127	82,127
Total Revenues	8,005,000	8,005,000	7,579,983	(425,017)
Expenditures:				
Current:				
Public works	500	500	1,421	(921)
Total Expenditures	500	500	1,421	(921)
Other Financing Sources (Uses):				
Transfers out	(8,000,000)	(9,060,411)	(5,056,688)	(4,003,723)
Total Other Financing Sources (Uses)	(8,000,000)	(9,060,411)	(5,056,688)	(4,003,723)
Net Change in Fund Balances	\$ 4,500	\$ (1,055,911)	2,521,874	\$ (4,429,661)
Ending Fund Balance			\$ 5,243,714	

See accompanying notes to the basic financial statements

CITY OF NAPA  
HOUSING SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final Budget	Actual	
Beginning Fund Balance			\$ 5,552,067	
Revenues:				
Intergovernmental	\$ 13,456,300	\$ 13,456,300	13,688,164	\$ 231,864
Charges for services	1,020,500	1,020,500	1,257,559	237,059
Investment income	15,500	15,500	186,503	171,003
Miscellaneous income	21,500	21,500	60,690	39,190
Total Revenues	14,513,800	14,513,800	15,192,916	679,116
Expenditures:				
Current:				
Community development	14,696,800	14,886,714	14,511,812	374,902
Debt Service:				
Principal repayment	92,000	92,000	91,648	352
Interest and fiscal charges	46,000	46,000	44,525	1,475
Total Expenditures	14,834,800	15,024,714	14,647,985	376,729
Other Financing Sources (Uses):				
Transfers in	37,000	53,940	37,000	16,940
Transfers out	(251,500)	(251,500)	(251,500)	—
Total Other Financing Sources (Uses)	(251,500)	(197,560)	(214,500)	16,940
Net Change in Fund Balances	\$ (572,500)	\$ (708,474)	330,431	\$ 319,327
Ending Fund Balance			\$ 5,882,498	

See accompanying notes to the basic financial statements

CITY OF NAPA  
HOUSING INCLUSIONARY SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final Budget		
Beginning Fund Balance			\$ 7,023,645	
Revenues:				
Charges for services	\$ 1,090,000	\$ 1,090,000	895,997	(194,003)
Investment income	35,000	35,000	280,024	245,024
Total Revenues	1,125,000	1,125,000	1,176,021	51,021
Expenditures:				
Current:				
Community development	224,000	3,250,749	3,334,019	(83,270)
Total Expenditures	224,000	3,250,749	3,334,019	(83,270)
Other Financing Sources (Uses):				
Transfers out	(78,800)	(95,740)	(78,800)	(16,940)
Sale of capital assets	—	—	2,392,000	—
Total Other Financing Sources (Uses)	(78,800)	(95,740)	2,313,200	(16,940)
Net Change in Fund Balances	\$ 822,200	\$ (2,221,489)	155,202	\$ (49,189)
Ending Fund Balance			\$ 7,178,847	

See accompanying notes to the basic financial statements

<b>MAJOR PROPRIETARY FUNDS</b>
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Proprietary funds account for City operations financed and operated in a manner similar to a private business enterprise. The intent of the City is that the cost of providing goods and services be financed primarily through user charges.

Internal Service funds are used to account for the financing of goods or services provided by one department to other departments of the City on a cost reimbursement basis. The Combining Statement for the Internal Service Funds can be found on page 130.

**WATER UTILITY FUND**

The Water Utility Fund supports the operation, maintenance and improvement of the municipal water system serving the City and adjacent areas. The City provides an uninterrupted supply of high-quality and low-cost water to the community for consumption and fire protection.

**SOLID WASTE UTILITY FUND**

The Solid Waste Utility Fund is responsible for the collection, processing, public education and long-term planning related to solid waste materials generated in the City of Napa.

CITY OF NAPA  
 PROPRIETARY FUNDS  
 STATEMENT OF NET POSITION  
 JUNE 30, 2020

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Water Utility	Solid Waste Utility	Total	
<b>ASSETS</b>				
Current Assets:				
Cash and investments (Note 3)	\$ 47,303,213	\$ 4,224,756	\$ 51,527,969	\$ 29,088,893
Receivables, net:				
Accounts	10,113,425	2,666,419	12,779,844	943,218
Federal, state and other governments	5,125,526	192	5,125,718	—
Interest receivable	5,447	356	5,803	3,153
Prepaid items	36,758	4,037	40,795	256,170
Total Current Assets	62,584,369	6,895,760	69,480,129	30,291,434
Noncurrent Assets:				
Restricted cash and investments (Note 3)	—	930,837	930,837	4,829,218
Loans receivable (Note 5)	185,034	—	185,034	—
Capital assets (Note 6):				
Nondepreciable	2,019,040	17,606,650	19,625,690	501,667
Depreciable, net	90,551,542	9,522,453	100,073,995	9,058,599
Total Noncurrent Assets	92,755,616	28,059,940	120,815,556	14,389,484
<b>TOTAL ASSETS</b>	<b>155,339,985</b>	<b>34,955,700</b>	<b>190,295,685</b>	<b>44,680,918</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charge on refunding of debt	856,696	—	856,696	—
Deferred outflows related to pensions (Note 10)	1,900,855	246,138	2,146,993	310,431
Deferred outflows related to OPEB (Note 11)	—	—	—	1,349,871
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>2,757,551</b>	<b>246,138</b>	<b>3,003,689</b>	<b>1,660,302</b>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts payable and accrued liabilities	4,798,532	2,694,698	7,493,230	505,404
Compensated absences (Note 1K)	122,773	6,696	129,469	—
Claims payable (Note 12)	—	—	—	5,225,100
Accrued interest	229,008	130,673	359,681	—
Deposits payable	369,017	535,325	904,342	—
Unearned revenue	81,493	—	81,493	—
Long-term debt (Note 7):				
Revenue bonds	2,045,000	555,000	2,600,000	—
Total Current Liabilities	7,645,823	3,922,392	11,568,215	5,730,504
Long-term Liabilities:				
Net OPEB Liability (Note 11)	—	—	—	3,792,142
Net Pension Liability (Note 10)	15,845,254	2,015,249	17,860,503	2,609,517
Compensated absences - noncurrent	405,919	69,145	475,064	37,968
Claims payable - noncurrent	—	—	—	7,477,900
Long-term debt, net of current portion (Note 7):				
Revenue bonds, net of unamortized premiums	37,708,108	10,793,906	48,502,014	—
Total Long-term Liabilities	53,959,281	12,878,300	66,837,581	13,917,527
<b>TOTAL LIABILITIES</b>	<b>61,605,104</b>	<b>16,800,692</b>	<b>78,405,796</b>	<b>19,648,031</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows related to pensions (Note 10)	192,130	16,179	208,309	37,886
Deferred inflows related to OPEB (Note 11)	—	—	—	1,797,999
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>192,130</b>	<b>16,179</b>	<b>208,309</b>	<b>1,835,885</b>
<b>NET POSITION</b>				
Net investment in capital assets	53,674,170	16,711,034	70,385,204	9,560,266
Unrestricted	42,626,132	1,673,933	44,300,065	15,297,038
<b>TOTAL NET POSITION</b>	<b>\$ 96,300,302</b>	<b>\$ 18,384,967</b>	<b>\$ 114,685,269</b>	<b>\$ 24,857,304</b>

See accompanying notes to the basic financial statements



CITY OF NAPA  
 PROPRIETARY FUNDS  
 STATEMENT OF REVENUES, EXPENSES  
 AND CHANGES IN FUND NET POSITION  
 FOR THE YEAR ENDED JUNE 30, 2020

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Water Utility	Solid Waste Utility	Total	
OPERATING REVENUES				
Charges for services	\$ 36,880,659	\$ 34,390,007	\$ 71,270,666	\$ 15,094,375
Miscellaneous	4,677,901	81,894	4,759,795	—
Total Operating Revenues	41,558,560	34,471,901	76,030,461	15,094,375
OPERATING EXPENSES				
Employee services and benefits	10,639,313	1,497,413	12,136,726	1,504,016
Materials and services	15,505,907	31,791,225	47,297,132	4,185,488
Insurance premiums	—	—	—	6,836,673
Depreciation and amortization	4,724,226	734,317	5,458,543	1,468,280
Total Operating Expenses	30,869,446	34,022,955	64,892,401	13,994,457
Operating Income (Loss)	10,689,114	448,946	11,138,060	1,099,918
NON-OPERATING REVENUES (EXPENSES)				
Investment income	1,777,207	156,417	1,933,624	1,204,332
Grants from other governments	1,220,362	41,150	1,261,512	—
Interest expense and fiscal charges	(1,457,847)	(315,724)	(1,773,571)	—
Gain (loss) from sales of capital assets	—	—	—	(6,182)
Total Non-operating Revenues (Expenses)	1,539,722	(118,157)	1,421,565	1,198,150
Income Before Capital Contributions and Transfers	12,228,836	330,789	12,559,625	2,298,068
Connection fees and capital grants	1,374,695	—	1,374,695	—
Transfers in (Note 4)	—	—	—	3,363,923
Transfers out (Note 4)	(1,706,723)	(1,515,000)	(3,221,723)	(565,500)
Change in Net Position	11,896,808	(1,184,211)	10,712,597	5,096,491
Beginning Net Position	84,403,494	19,569,178	103,972,672	19,760,813
Ending Net Position	\$ 96,300,302	\$ 18,384,967	\$ 114,685,269	\$ 24,857,304

See accompanying notes to the basic financial statements

CITY OF NAPA  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED JUNE 30, 2020

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Water Utility	Solid Waste Utility	Total	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 36,595,254	\$ 34,251,551	\$ 70,846,805	\$ 15,036,471
Payments to suppliers	(14,072,390)	(32,054,355)	(46,126,745)	(8,192,121)
Payments to or on behalf of employees	(9,241,621)	(1,300,477)	(10,542,098)	(2,257,041)
Net cash provided by Operating Activities	13,281,243	896,719	14,177,962	4,587,309
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>				
Grants received	1,220,362	41,150	1,261,512	—
Interfund receipts	96,622	—	96,622	—
Transfers in	—	—	—	3,363,923
Transfers (out)	(1,706,723)	(1,515,000)	(3,221,723)	(565,500)
Net cash provided (used) by Non-capital Financing Activities	(389,739)	(1,473,850)	(1,863,589)	2,798,423
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Connection fees and capital grants	1,374,695	—	1,374,695	—
Acquisition of capital assets	(2,829,173)	(3,920,227)	(6,749,400)	(1,027,622)
Disposition of capital assets	—	—	—	(6,182)
Principal payments on capital debt	(1,945,000)	(550,000)	(2,495,000)	—
Interest paid on capital debt	(1,474,056)	(318,496)	(1,792,552)	—
Net cash provided (used) by Capital and Related Financing Activities	(4,873,534)	(4,788,723)	(9,662,257)	(1,033,804)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received	1,777,130	156,703	1,933,833	1,203,795
Net cash provided by Investing Activities	1,777,130	156,703	1,933,833	1,203,795
Net increase (decrease) in cash and cash equivalents	9,795,100	(5,209,151)	4,585,949	7,555,723
Cash and cash equivalents at beginning of period	37,508,113	10,364,744	47,872,857	26,362,388
Cash and cash equivalents at end of period	\$ 47,303,213	\$ 5,155,593	\$ 52,458,806	\$ 33,918,111
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</b>				
Operating income (loss)	\$ 10,689,114	\$ 448,946	\$ 11,138,060	\$ 1,099,918
Adjustments to reconcile operating income to cash flows from operating activities:				
Depreciation and amortization	4,724,226	734,317	5,458,543	1,468,280
Change in assets, deferred outflow, liabilities and deferred inflows:				
Receivables, net - (increase)/decrease	(4,971,230)	(244,901)	(5,216,131)	(57,904)
Prepaid items & inventory - (increase)/decrease	(35,971)	1,968	(34,003)	(156,170)
Deferred Outflows of Resources - pension	338,646	48,304	386,950	46,509
Deferred Outflows of Resources - OPEB	—	—	—	(61,513)
Accounts payable & other accrued expenses - increase/(decrease)	1,469,488	(265,098)	1,204,390	208,210
Net Pension Liability - increase /(decrease)	1,068,109	152,353	1,220,462	146,694
Net OPEB Liability increase/(decrease)	—	—	—	(2,550,813)
Deposits payable - increase/(decrease)	5,609	24,551	30,160	—
Deferred inflows related to pensions - increase/(decrease)	(58,861)	(8,396)	(67,257)	(8,084)
Deferred inflows related to OPEB - increase/(decrease)	—	—	—	1,695,869
Unearned revenue - increase/(decrease)	2,315	—	2,315	—
Claims payable - increase/(decrease)	—	—	—	2,778,000
Vacation and sick leave payable - increase/(decrease)	49,798	4,675	54,473	(21,687)
Cash Flows from Operating Activities	\$ 13,281,243	\$ 896,719	\$ 14,177,962	\$ 4,587,309

See accompanying notes to the basic financial statements

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

These funds are used to account for assets held by the City as an agent for individuals, private organizations, and other governments. The financial activities of these funds are excluded from the government-wide financial statements, but are presented in separate Fiduciary Fund financial statements.

The Combining Statement for the Agency Funds can be found on page 134. Additional information regarding the Successor Agency to the Napa Community Redevelopment Agency can be found in Note 15.

**AGENCY FUND****Payroll Fund**

To account for the collection and payment of all payroll deductions made from the City employees.

**Gasser Community Facilities District**

To account for the bond activities of the Gasser Community Facilities District (CFD) established September 5, 2017 for the purpose of constructing public roads, bridges, water quality improvements, drainage improvements, and water system improvements along Soscol Canyon Road. The CFD will levy an annual special tax for repayment of the bond.

**PRIVATE PURPOSE TRUST FUND****Successor Agency to the Napa Community Redevelopment Agency**

To account for the activities of the Successor Agency to the Napa Community Redevelopment Agency, established as a result of the dissolution of the Redevelopment Agency on February 1, 2012.

CITY OF NAPA  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2020

	Successor Agency Trust Funds	Agency Funds
ASSETS		
Cash and investments (Note 3)	\$ —	\$ 859,263
Restricted cash and investments (Note 3)	1,365,416	1,276,668
Accounts receivable	271	48,624
Interest receivable	186	—
Capital Assets (Note 15)		
Depreciable	7,238	—
Less: Accumulated depreciation	(6,460)	—
Total Assets	<u>1,366,651</u>	<u>\$ 2,184,555</u>
LIABILITIES		
Accounts payable	—	\$ 57,216
Accrued interest payable	3,784	—
Unearned revenue	44,311	—
Long-term debt (Note 15)		
Due within one year	90,625	—
Due in more than one year	90,625	—
Due to Bondholders	—	2,127,339
Total Liabilities	<u>229,345</u>	<u>\$ 2,184,555</u>
NET POSITION (DEFICIT)		
Held in Trust	<u>\$ 1,137,306</u>	

See accompanying notes to the basic financial statements

CITY OF NAPA  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Successor Agency Trust Funds</u>
ADDITIONS:	
Intergovernmental revenue	\$ 1,470,168
Investment income	38,116
Total Additions	<u>1,508,284</u>
DEDUCTIONS:	
Community development	25,512
Depreciation	603
Debt service:	
Principal	90,625
Interest and fiscal charges	<u>18,117</u>
Total Deductions	<u>134,857</u>
CHANGE IN NET POSITION	1,373,427
BEGINNING NET POSITION (DEFICIT)	<u>(236,121)</u>
ENDING NET POSITION (DEFICIT)	<u><u>\$ 1,137,306</u></u>

See accompanying notes to the basic financial statements

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**CITY OF NAPA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

<b>NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</b>
--

**A. Reporting Entity**

The City of Napa, California (the City) was incorporated on March 23, 1872, under the laws of the State of California. The City's Charter was filed on October 27, 1914. The City operates under a Council-Manager form of government. As required by generally accepted accounting principles, these financial statements present the City of Napa and its component units. The following component units are included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

Blended component units, although legally separate entities are, in substance, part of the City's operations and so data from these units are combined with that of the City.

***The Housing Authority of the City of Napa (the Housing Authority)*** was established on May 8, 1942. On July 7, 1969, the City Council declared itself to be the Board of Commissioners of the Housing Authority in accordance with Section 34920 of the Health and Safety Code of the State of California. The City of Napa has operational responsibility for the component unit.

***The Parking Authority of the City of Napa (the Parking Authority)*** was established pursuant to the Streets and Highways Code of the State of California. The City Council established the Parking Authority on April 27, 1970 and designated itself as the governing body. The primary purpose of the Authority is to acquire, maintain and operate off-street parking facilities within the City. The Parking Authority reported no financial transactions during the year ended June 30, 2020.

**B. Basis of Presentation**

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

The City's financial position and results of operations are presented from two perspectives in the following two sets of financial statements:

**Government-wide Statements** include the *Statement of Net Position* and the *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 full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred regardless of when the related cash flows take place. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

CITY OF NAPA  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2020

**ATTACHMENT 1**

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

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.

The *Statement of Activities* presents a comparison between direct expenses and program revenues for each function of the City. Direct expenses are those that are specifically associated with a program or function. Certain indirect costs are included in program expenses reported for individual functions and activities. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) operating grants and contributions that are restricted to meeting the operational needs of a particular program, and (c) capital fees, grants and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues are presented as general revenues.

The City may pay for its programs with a combination of cost-reimbursement grants, categorical block grants, and general revenues. Thus, both restricted and unrestricted resources may be available to finance program expenditures. The City's policy is to first apply restricted resources to such programs, followed by general revenues if necessary.

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

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

**C. Major Funds**

GASB Statement 34 defines major funds and requires that the City's major governmental and enterprise funds be identified and presented separately in the fund financial statements. All other funds, called non-major funds, are combined and reported in a single column as "Non-major governmental funds."

Major funds are defined as funds whose revenues, expenditures/expenses, assets, or liabilities (including deferred inflows and deferred outflows) are at least 10 percent of corresponding totals for all governmental or enterprise funds and at least 5 percent of the aggregate amount for all governmental and enterprise funds. The General Fund is always a major fund. The City may select other funds it believes should be presented as major funds.

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

The **General Fund** is the general operating fund of the City. It is used to account for all financial resources except those that are required to be accounted for in another fund.



**CITY OF NAPA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

**ATTACHMENT 1**

<b>NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)</b>
--

The **Development Fees Fund** accounts for development fees levied by the City on new construction. City ordinance restricts these revenues for use in construction, major maintenance, and debt service for park, street, drainage, and public safety facilities.

The **Home Program Fund** - The City has been awarded grants under the State of California Federal Home Investment Partnerships Program (HOME) for administration of the following activities: ownership rehabilitation, rental rehabilitation augmenting the Community Development Block Grant Rehabilitation Program, a silent second down payment assistance program; and a rental assistance program.

The **Measure T Fund** accounts for the tax proceeds that are allocated to the City through the Measure T 1/2 cent sales tax increase that was approved by the voters on November 6, 2012. The Measure T County-wide sales tax began July 1, 2018 and is implemented by the Napa Valley Transportation Authority - Taxing Authority. Measure T funding is to be used for maintenance, reconstruction and/or rehabilitation of street, roads, and transportation infrastructure within the public right-of-way.

The **Housing Fund** accounts for activities of the Housing Authority which provides and administers affordable housing programs and services to qualified residents. The Housing Authority administers Federal funds including Section 8 Housing Vouchers county-wide; Mainstream Vouchers county-wide; Continuum of Care Funds; the Local Housing Fund; the Operating Reserve Fund and the Management of Housing Authority owned properties.

The **Housing Inclusionary Fund** is locally funded from affordable housing impact fees on most non-residential and commercial development. In 1999, the City of Napa adopted an Inclusionary Housing ordinance, requiring that affordable housing be included in new housing development. And in 2012, this ordinance was converted to an affordable housing impact fee. Both residential and commercial developments pay fees which is used to support affordable housing development, acquisition, rehabilitation, assistance to first-time homebuyers, and other community development activities.

The **City Capital Projects Fund** accounts for the City's current construction projects, including streets, park and recreation facilities, and other major City projects. The primary sources of funds include City-levied development fees, the state gas tax, and federal and state grants.

The City reports all its enterprise funds as major funds in the accompanying financial statements:

The **Water Utility Fund** accounts for the operations and management of the City's water system.

The **Solid Waste Utility Fund** accounts for administration of the City's garbage franchise, including tipping fees, a rate stabilization fund, and other specialized services. The fund does not report the financial position or activities of the City's franchise operator.

The City also reports the following fund types:

**Internal Service Funds** – These funds account for post-employment benefits expense and liabilities, workers' compensation and general liability coverage, management information system maintenance and replacement, and vehicle and equipment maintenance and replacement; all of which are provided to other departments on a cost-reimbursement basis.

**CITY OF NAPA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

**ATTACHMENT 1**

<b>NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)</b>
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The City also reports the following fiduciary fund types:

**Private Purpose Trust Fund** – This fund accounts for assets held by the City in trust for The Successor Agency to the Napa Community Redevelopment Agency Private Purpose Trust Fund which accounts for the collections and disbursements of the Successor Agency to the Napa Community Redevelopment Agency’s approved payments (ROPS) and reimbursements.

**Agency Fund** – This fund accounts for assets held by the City for the collection and payment of all payroll deductions made from the City employees. This fund is custodial in nature and does not involve measurement of the results of operations. In addition, this fund accounts for the bond activities of the Gasser Community Facilities District (CFD). The CFD was established September 5, 2017 for the purpose of constructing public roads, bridge, water quality improvements, drainage improvements, and water system improvements along Soscol Canyon Road. The CFD levies an annual special tax for repayment of the bond.

***D. Basis of Accounting***

**Governmental Funds** are used to report the majority of the City’s programs. These funds are reported in the *Fund Financial Statements* on the modified accrual basis of accounting, with a focus on current financial resources. This basis differs from the accrual basis of accounting used to report the government-wide financial statements and the business-type fund financial statements.

Revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Revenues susceptible to accrual include taxes, intergovernmental revenues, charges for services and interest revenue. Non-exchange transactions, in which the City gives or receives value without directly receiving or giving equal value in exchange, include taxes, grants, entitlements, and donations. Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

In the *Fund Financial Statements*, unearned revenues arise when resources are received by the government before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for unearned revenue is removed from the combined balance sheet and revenue is recognized.

Expenditures are recorded when the related fund liability is incurred, except for un-matured 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 to the extent that they are matured. Governmental capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of governmental long-term debt and acquisitions under capital leases are reported as other financing sources.

**Proprietary Funds** of the City are reported on the accrual basis of accounting in the *Fund Financial Statements*. Proprietary funds account for City operations financed and operated in a manner similar to a private business enterprise. The intent of the City is that the cost of providing goods and services be financed primarily through user charges.

**CITY OF NAPA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

**ATTACHMENT 1**

<b>NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)</b>
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***E. Cash and Investments***

The City maintains a cash and investment pool, which includes unrestricted cash balances and authorized investments for all funds. Highly liquid market investments with maturities of one year or less at time of purchase are carried at amortized cost. All other investments are carried at fair value. The fair value of pooled investments is determined annually and is based on current market prices. The fair value of the funds' position in the pool is the same as the value of the pool shares. The method used to determine the value of a fund's equity withdrawn is based on the book value of the fund's percentage participation at the date of such withdrawal. In the event that a certain fund overdraws its share of pooled cash, a short-term inter-fund loan transaction is recorded to offset the overdraft.

For purposes of the statement of cash flows, cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. With respect to cash and investments with fiscal agents, all investments have an original maturity of less than three months and are considered to be cash equivalents.

Cash and investments restricted by various long-term debt bond covenants are reported as restricted cash and investments in the enterprise funds. Cash and investments held in a Pension Stabilization Trust are reported as restricted cash and investments in the internal service fund.

GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements. The City categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

***F. Property Taxes***

The County is permitted by State Law (Proposition 13) to levy taxes at 1% of the full market value of the property (at the time of purchase) and can increase the assessed property valuation by no more than 2% per year. Napa County levies property taxes limited to \$1 per \$100 of assessed valuation for county, cities, schools and special districts' operating expenditures. This 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 3%, 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 the City and Napa County in the 1993 – 1994 tax year and remains in effect until the County Board of Supervisors orders its discontinuance.

City property tax revenues are recognized when levied to the extent that the measurable and available criteria have been met. Property taxes become an enforceable lien on property as of March 1; taxes are levied on July 1; taxes are payable in two installments on November 1 and February 1; taxes become delinquent on December 10 and April 10. The County bills and collects the property taxes and remits them to the City.

**CITY OF NAPA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

**ATTACHMENT 1**

<b>NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)</b>
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***G. Inventories***

Inventory in the governmental funds are for resale and stated at the lower of its weighted average cost or market value.

***H. Long-Term Loan Receivable***

Long-Term loan receivable, which consist of the principal amount of the loan plus the accrued borrower's deferred interest is reported in the Governmental Fund statements with offsetting unavailable revenue as resources are not available for expenditure. Long-term loans receivable report in the governmental activities on the Government-Wide Statement of Net Position is not offset by unavailable revenue as it is recorded on an accrual basis at its net realizable value based on an estimate of uncollectible amounts for loan losses.

The Governmental Funds report unavailable revenues from notes and loans receivable as a deferred inflow of resources. These amounts are recognized or reported as revenues in the period that the amounts become available.

***I. Prepaid Expenses / Items***

Payments made to vendors for services that will benefit periods beyond June 30, are recorded as prepaid items, and in governmental fund financial statements are offset equally by nonspendable fund balance, which indicates that they are not in spendable form. Prepaid items are reported under the consumption method, which recognizes the expenditure/expense in the period associated with the goods consumed or the services rendered.

***J. Capital Assets***

Capital assets, which include land, buildings, improvements, equipment, and infrastructure (e.g. roads, bridges, sidewalks, and similar items), are reported on the government-wide *Statement of Net Position*. Capital assets used in enterprise and internal service funds are also reported on those *Fund Financial Statements*. Since the governmental funds report only current, available resources on their *Fund Financial Statements*, capital outlay in those funds is reported as an expenditure and not as an asset on the balance sheet.

Capital assets are recorded at cost. The City has set the capitalization threshold for reporting general capital assets at \$5,000 and infrastructure at \$25,000 with a useful life of more than one year. Donated assets are recorded at acquisition value at the date of donation. Capital assets acquired under capital leases are recorded at the net present value of the future minimum lease payments.

Major outlays for capital assets are capitalized as projects are constructed. Interest incurred during the construction phase is reflected in the capitalized value of the asset constructed, net of interest earned on the invested debt funds, if any, over the same period.

Depreciation on recorded capital assets is expensed on the straight line method over the following estimated useful lives:

**CITY OF NAPA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

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

Asset Classification	Years
Buildings and improvements	15 – 60
Vehicles and equipment	3 – 7
Roads	20 – 40
Bridges	75
Curbs/gutters/sidewalks	30 – 50
Traffic signals	40
Park improvements	20 – 30
Transmission and distribution systems	20 – 60
Street lights	30 - 40
Underground utilities	30 - 40
Stormwater	30 - 40

***K. Compensated Absences***

City employees may accumulate earned but unused vacation (up to a certain amount) and sick pay benefits. In the proprietary funds, vacation and vested sick leave pay is accrued when incurred and reported as a fund liability. In the governmental funds, leave pay for terminated employees is reported as expenditure and a current fund liability. The full value of non-current accrued leave liabilities, for all funds, is reported on the government-wide Statement of Net Position.

	Governmental Activities	Business-type Activities	Total
Beginning balance	\$ 3,315,666	\$ 550,060	\$ 3,865,726
Additions	534,514	107,073	641,587
Payments	(329,953)	(52,600)	(382,553)
Ending balance	<u>\$ 3,520,227</u>	<u>\$ 604,533</u>	<u>\$ 4,124,760</u>
Current portion	<u>\$ 285,138</u>	<u>\$ 129,469</u>	<u>\$ 414,607</u>

***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 Napa's California Public Employee's Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

**CITY OF NAPA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

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

***M. Other Postemployment Benefits Other Than Pensions (OPEB)***

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense information about the fiduciary net position of the City Retiree Benefits Plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined time frames. For this report, the following time frames are used:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2019
Measurement Period	July 1, 2018 to June 30, 2019

***N. Use of Estimates***

The accompanying basic financial statements have been prepared in accordance with generally accepted accounting principles. This requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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

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

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

***P. Implementation of New GASB Pronouncements***

In fiscal year 2019-2020, GASB issued Statement No. 95 *Postponement of the Effective Dates of Certain Authoritative Guidance* to provide temporary relief to governments in light of the COVID-19 pandemic. This statement postponed effective dates of certain Statements that first became effective or are scheduled to become effective for periods beginning after June 15, 2018. Therefore, no new GASB statements were implemented by the City in fiscal year 2019-2020.

The City is currently evaluating the potential impact on its financial statements of the following Governmental Accounting Standards Board Statements:

**CITY OF NAPA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

**ATTACHMENT 1**

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

GASB Statement No 84 - In January 2017, GASB issued Statement No 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The provisions in statement 84 are effective for reporting periods beginning after December 15, 2019 (originally December 15, 2018).

GASB Statement No 87 - In June 2017, GASB issued statement No 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The provisions in statement 87 are effective for reporting periods beginning after June 15, 2021 (originally December 15, 2019).

GASB Statement No 89 - In June 2018, GASB issued statement No 89, *Accounting for Interest Cost Incurred before the end of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020 (originally December 15, 2019).

GASB Statement No 90 - In August 2018, GASB issued statement No 90, *Majority Equity Interests-An Amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019 (originally December 15, 2018).

GASB Statement No 91 - In May 2019, GASB issued statement No 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021 (originally December 15, 2020).

GASB Statement No 93 - In March 2020, GASB issued statement No 93, *Replacement of Interbank Offered Rates (IBOR)*. The primary objectives of this Statement are to address accounting and financial reporting implications resulting from the replacement of an IBOR - most notably, the London Interbank Offered Rate (LIBOR) which is expected to cease in its current

**CITY OF NAPA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

**ATTACHMENT 1**

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

form at the end of 2021. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021.

GASB Statement No 94 - In March 2020, GASB issued statement No 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to address issues related to the financial reporting of public-private and public-public partnership arrangements (PPPs) in which a government contracts with a governmental or nongovernmental entity to provide public services by conveying control of the right to operate or use a non-financial asset, such as infrastructure, for a period of time in an exchange or exchange-like transaction. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs), an arrangement in which a government compensates an operator for services such as designing, constructing, financing, maintaining or operating an underlying non-financial asset for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

GASB Statement No 96 - In May 2020, GASB issued statement No 96, *Subscription-Based Information Technology Arrangements*. The primary objective of this Statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for governments. The requirement of this Statement are effective for reporting periods beginning after June 15, 2022.

GASB Statement No 97 - In June 2020, GASB issued statement No 97, *Accounting and Financial Reporting for Internal Revenue Code (IRC) Section 457 Deferred Compensation Plans*. The primary objectives of this Statement are to increase consistency and comparability related to the reporting of fiduciary component units in which the primary government performs the duties of a governing board, and to enhance the consistency and comparability of financial reporting for IRC Section 457 deferred compensation plans. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

**NOTE 2 – BUDGETARY INFORMATION**

The City biennially adopts an annual budget. Debt service fund budgets are adopted when the authorization of the debt issuance is authorized. All annual appropriations lapse at fiscal year-end, unless special approval is granted by the Finance Director and City Manager for carryover to the subsequent year.

Budgets are also adopted and controlled for the proprietary funds. Budget comparisons for these funds are not legally mandated and thus are not presented in these financial statements. The City does not adopt a budget for the Public Infrastructure In Lieu fund and therefore this fund is not presented with the other non-major governmental fund budget to actual statements.

In approximately February of every other year, all City departments submit requests for appropriations to the City Manager so that a budget may be prepared. In May, the proposed budget is presented to the City Council for review. The Council holds public hearings and a final budget is prepared and adopted on or before June 30.



**CITY OF NAPA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

**NOTE 2 – BUDGETARY INFORMATION (Continued)**

The budget is prepared at the fund, program and department levels. The City's department heads may make transfers of appropriations within a department. The City Manager is authorized to make transfers between the departments within a single fund. All other adjustments or changes require City Council approval. The legal level of budgetary control is the fund level. Budget amounts shown in these financial statements include all supplemental appropriations made during the year.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the governmental fund types. Encumbrances outstanding at year-end do not constitute expenditures or liabilities, and re-appropriations in the subsequent year provide authority to complete these transactions as expenditures.

**NOTE 3 – CASH AND INVESTMENTS**

The City maintains a cash and investment pool, which includes cash balances and authorized investments of all funds. This pooled cash is invested in an effort to enhance interest earnings while minimizing exposure to risk. The pooled interest earned is allocated to the funds based on cash and investment balances in these funds at the end of each monthly accounting period.

**A. Deposits**

The California Government Code requires California financial institutions to secure the City's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the City's name. The market value of pledged securities must equal at least 110% of the City's cash deposits. California law also allows institutions to secure city deposits by pledging first trust deed mortgage notes having a value of 150% of the City's total cash deposits.

The City follows the practice of pooling cash and investments of all funds, except for funds required to be held by fiscal agents under the provisions of bond indentures. Interest income from cash and investments with fiscal agents is credited directly to the related fund.

Cash and investments as of June 30, 2020, are classified in the accompanying financial statements as follows:

Cash and investments - Governmental and Business-type activities	\$ 194,972,506
Restricted cash and investments	<u>5,760,055</u>
Total City cash and investments	200,732,561
Cash and investments available for operations in:	
Fiduciary Funds	859,263
Restricted cash and investments in:	
Fiduciary Funds	<u>2,642,084</u>
Total cash and investments	<u><u>\$ 204,233,908</u></u>

**CITY OF NAPA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

**NOTE 3 – CASH AND INVESTMENTS (Continued)**

***B. Investments Authorized by the California Government Code and Investment Policy***

The table below identifies the investment types authorized under the provisions of the City's investment policy, and in accordance with the California Government Code. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of the debt agreements of the City.

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum in Portfolio	Maximum Investment In One Issuer
U.S. Treasury Bonds, Notes and Bills	5 Years	N/A	None	None
U.S. Government Agency and U. S. Government-Sponsored Enterprise Obligations	5 Years	N/A	None	None
State of California or other Local Agency	5 Years	N/A	None	5%
Registered Treasury Notes or Bonds	5 Years	N/A	None	5%
Bankers' Acceptances	180 Days	A-1, P-1	30%	Lesser of \$2,000,000 or 5% (whichever is lower)
Certificates of Deposit	2 years	*	None	\$250,000
Negotiable Certificates of Deposit	5 Years	A, A-1	30%	5% regardless of sector
Commercial Paper	270 Days	A	25%	5% regardless of sector
Medium-Term Notes	5 Years	A	30%	5% regardless of sector
State of California Local Agency Investment Fund (LAIF Pool)	Upon Demand	N/A	Maximum Amount permitted by LAIF Advisory Board	N/A
Repurchase Agreements	30 Days	N/A	20%	20%
Money Market Mutual Funds	N/A	**	20%	10%
California Asset Management Program	N/A	N/A	None	None
Asset-Backed Securities	5 Years	AA	20%	5% regardless of sector
Supranationals	5 Years	AA	30%	5% regardless of sector

\* Collateralization must comply with statutory requirements

\*\* Highest rating provided by not less than two nationally recognized rating services

**CITY OF NAPA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

**NOTE 3 – CASH AND INVESTMENTS (Continued)**

***C. Investments Authorized by Debt Agreements***

Investments of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy.

The table below identifies the investment types that are authorized for investments held by the bond trustee.

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality
U.S. Treasury Bonds, Notes and Bills	None	N/A
U.S. Government Agency Obligations	None	Aaa or AAA for Senior Debt obligations issued by Fannie Mae or FHLMC
Federal Securities	None	N/A
Bankers' Acceptances	No more than 360 days	A-1, P-1
Commercial Paper	No more than 270 days	A-1+, P-1
Certificates of Deposit	No more than 1 year	N/A
Repurchase Agreements	30 days or less	A
Local Agency Investment Fund	N/A	Not rated
Money Market Funds	N/A	AAAm, AAAm-G
Bonds or Notes issued by State or Municipal Governments	None	One of the two highest rating categories by S&P
Shares in a California Common Law Trust	N/A	N/A
Pre-funded Municipal Obligations	None	AAA

**CITY OF NAPA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

**NOTE 3 – CASH AND INVESTMENTS (Continued)**

***D. Disclosures Relating to Interest Rate Risk***

Interest rate risk is the risk that changes in market interest rates may adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to change in market interest rates. The City manages its exposure to interest rate risk by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments as of June 30, 2020, by maturity:

Type of Investments	Less Than One Year	One to Three Years	Three to Five Years	Total
Local Agency Investment Fund	\$ 8,050,358	\$ —	\$ —	\$ 8,050,358
Certificates of Deposit	1,541,879	5,964,314	—	7,506,193
U.S. Treasury Notes	—	33,043,931	9,332,961	42,376,892
Supranational Agency Bonds/Notes	—	1,444,421	—	1,444,421
Municipal Bonds/Notes	646,855	—	3,474,290	4,121,145
Corporate Notes	5,885,523	11,305,029	13,860,217	31,050,769
Money Market Funds	57,732,260	—	—	57,732,260
Federal Agency Securities	—	10,549,107	20,379,599	30,928,706
Asset-Backed Securities	182,930	3,292,250	852,443	4,327,623
Total Investments	<u>\$ 74,039,805</u>	<u>\$65,599,052</u>	<u>\$47,899,510</u>	187,538,367
Cash and investments with fiscal agent*				7,036,722
Cash in banks and on hand				9,658,819
Total Cash and Investments				<u>\$ 204,233,908</u>

\*Cash and investments with fiscal agent represents MDF Bond (\$4.4 million), Gasser CFD (\$2 million) and PARS IRC Section 115 Trust (\$3.5 million)

**CITY OF NAPA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

**NOTE 3 – CASH AND INVESTMENTS (Continued)**

***E. Disclosures Relating to Credit Risk***

Credit risk is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City's investments are rated as follows:

Investment Type	AAA/AAAm	AA+/AA/AA-	A+/A/A-/A1/A1+	Total
Certificates of Deposit	\$ —	\$ 1,860,946	\$ 5,645,247	\$ 7,506,193
Supranational Agency Bonds/Notes	1,444,421	—	—	1,444,421
Municipal Bonds/Notes	333,201	2,760,732	196,156	3,290,089
Corporate Notes	—	1,592,602	29,158,359	30,750,961
Money Market Funds	57,732,260	—	—	57,732,260
Federal Agency Securities	—	30,928,706	—	30,928,706
Asset-Backed Securities	3,784,459	—	—	3,784,459
<b>Total</b>	<b>\$ 63,294,341</b>	<b>\$ 37,142,986</b>	<b>\$ 34,999,762</b>	<b>135,437,089</b>
<i>Not Rated:</i>				
Local Agency Investment Fund				8,050,358
Corporate Notes				299,808
Asset-Backed Securities				543,164
Municipal Bonds/Notes				831,056
<i>Exempt from credit rating disclosure:</i>				
U.S. Treasury Notes				42,376,892
<i>Cash and investments with fiscal agent*</i>				7,036,722
<i>Cash in banks and on hand</i>				9,658,819
<b>Total Cash and Investments</b>				<b>\$204,233,908</b>

\*Cash and investments with fiscal agent represents MDF Bond (\$4.4 million), Gasser CFD (\$2 million) and PARS IRC Section 115 Trust (\$3.5 million)

***F. Investments in Local Agency Investment Funds***

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. LAIF is not registered with the SEC and is not rated. The fair value of the City's investment in the LAIF pool is reported in the statements provided at amounts based on the City's pro-rata share of the fair value provided by LAIF, for the entire LAIF portfolio (in relation to the amortized cost of that portfolio).

The City's investments with LAIF at June 30, 2020, include a portion of the pool funds invested in Structured Notes and Asset-Backed Securities. These investments include the following:

Structured Notes are debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

**CITY OF NAPA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

**NOTE 3 – CASH AND INVESTMENTS (Continued)**

Asset-Backed Securities, the bulk of which are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as Collateralized Mortgage Obligations) or credit card receivables.

**G. Fair Value Hierarchy**

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure 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 are unadjusted, quoted prices for identical assets or liabilities in active markets at the measurement date.

Level 2 – Inputs, other than quoted prices included in Level 1, which are observable for the assets or liabilities through corroboration with market data at the measurement date.

Level 3 – Unobservable inputs that reflect management's best estimate of what market participants would use in pricing the assets or liabilities at the measurement date.

The City had the following recurring fair value measurements as of June 30, 2020:

		Level		
		1	2	Uncategorized
Local Agency Investment Fund	\$ 8,050,358	\$ —	\$ —	\$ 8,050,358
Certificates of Deposit	7,506,193	—	7,506,193	—
U.S. Treasury Notes	42,376,892	42,376,892	—	—
Supranational Agency Bonds/Notes	1,444,421	—	1,444,421	—
Municipal Bonds/Notes	4,121,145	—	4,121,145	—
Corporate Notes	31,050,769	—	31,050,769	—
Money Market Funds	57,732,260	—	—	57,732,260
Federal Agency Securities	30,928,706	—	30,928,706	—
Asset-Backed Securities	4,327,623	—	4,327,623	—
Cash Held With Fiscal Agent*	7,036,722	—	—	7,036,722
Cash and Deposits	9,658,819	—	—	9,658,819
	<u>\$204,233,908</u>	<u>\$42,376,892</u>	<u>\$79,378,857</u>	<u>\$ 82,478,159</u>

\*Cash and investments with fiscal agent represents MDF Bond (\$4.4 million), Gasser CFD (\$2 million) and PARS IRC Section 115 Trust (\$3.5 million)

**CITY OF NAPA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

**NOTE 3 – CASH AND INVESTMENTS (Continued)**

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. Debt and equity securities classified in Level 2 are valued using the following approaches:

- Certificates of Deposit: quoted market prices for identical securities in markets that are not active; and
- Federal Government Agency Securities, Supranational Agency Bonds/Notes, Municipal Bonds/Notes, Corporate Notes, and Asset-Backed Securities: matrix pricing model.

Investments in LAIF are uncategorized as deposits and withdrawals are made on the basis of \$1 and fair value.

**CITY OF NAPA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

**NOTE 4 – INTERFUND TRANSACTIONS**

**A. Transfers**

Transfers report the contribution of resources from one fund to another. The following is a summary of transfers for the year ended June 30, 2020:

<b>Transfers In (fund receiving transfer):</b>						
<b>Governmental Activities</b>						
<b>Transfers Out (fund making transfer):</b>	<b>General Fund</b>	<b>City Capital Projects Fund</b>	<b>Housing</b>	<b>Non Major Governmental Funds</b>	<b>Internal Service Funds</b>	<b>Total</b>
<b>Governmental Funds:</b>						
General Fund	\$ —	\$ 7,140,098 B	\$ —	\$ 35,000 G	\$ 3,325,000 F	\$ 10,500,098
Non-Major Governmental Funds	68,400 A	3,023,476 B	37,000 D	—	—	3,128,876
City Capital Projects Fund	5,087,900 A	—	—	—	—	5,087,900
Development Fees Fund	300 A	2,670,041 B	—	—	—	2,670,341
Housing Fund	251,500 A	—	—	—	—	251,500
Home Program Fund	13,100 A	—	—	—	—	13,100
Measure T Fund	—	5,056,688 B	—	—	—	5,056,688
Housing Inclusionary	78,800 A	—	—	—	—	78,800
<b>Governmental Funds total</b>	<b>5,500,000</b>	<b>17,890,303</b>	<b>37,000</b>	<b>35,000</b>	<b>3,325,000</b>	<b>26,787,303</b>
<b>Proprietary Funds:</b>						
Water Utility Fund	1,667,800 A	—	—	—	38,923 E	1,706,723
Solid Waste Utility Fund	401,400 A	1,113,600 C	—	—	—	1,515,000
<b>Proprietary Funds Total</b>	<b>2,069,200</b>	<b>1,113,600</b>	<b>—</b>	<b>—</b>	<b>38,923</b>	<b>3,221,723</b>
<b>Internal Service Funds</b>	<b>565,500 A</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>565,500</b>
<b>Totals:</b>	<b>\$ 8,134,700</b>	<b>\$ 19,003,903</b>	<b>\$ 37,000</b>	<b>\$ 35,000</b>	<b>\$ 3,363,923</b>	<b>\$ 30,574,526</b>

[A] To fund citywide overhead as well as \$4.6 million for revenue shortage due to COVID-19

[B] To fund capital outlay

[C] To fund street resurfacing program

[D] To fund Housing Authority programs

[E] To fund vehicle purchases

[F] To fund ERP, Risk Mgmt, & Equipment Replacement

[G] To fund Parking Special Revenue Fund



**CITY OF NAPA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

**NOTE 4 – INTERFUND TRANSACTIONS (Continued)**

***Interfund Balances***

Interfund balances are loans between funds to provide either short-term cash flow or funding for longer-term projects. The following is a summary of interfund balances as of June 30, 2020:

<b>Asset</b>	<b>Liability</b>	<b>Amount</b>	
Lending Fund:	Borrowing Fund:		
Due to/from other funds:			
General Fund	Golf Course Fund	\$ 240,976	
		<u>\$ 240,976</u>	
Advances to/from other funds:			
Development Fees Fund	Golf Course Fund	\$ 183,600	[A]
General Fund	Golf Course Fund	482,850	[B]
City Capital Projects Fund	Golf Course Fund	675,000	[B]
City Capital Projects Fund	Development Fees Fund	1,346,100	[C]
General Fund	Development Fees Fund	2,489,883	[C]
		<u>\$ 5,177,433</u>	

[A] Quadrant Development Fee advance used to fund Golf Course water irrigation surcharge

[B] To fund capital improvements at the City's golf course

[C] To fund capital improvement project of Fire Station #5

**CITY OF NAPA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

**NOTE 5 – LOANS RECEIVABLE**

The City has extended long-term loans to support affordable housing and economic development. All loans are secured by real estate. Since some of these loans are secured by trust deeds which are subordinated to other debt on the associated projects or are only repayable from residual cash receipts on the projects, collectability of some of the outstanding balances may not be realized. As a result, a portion of the outstanding balances of the loans has been offset by a valuation allowance. These long-term loans receivable consisted of the following at June 30, 2020:

Description	Term (Years)	Rate %	Outstanding Balance at June 30, 2020
Governmental Funds:			
General Fund	15-30	0-4%	\$ 764,745
Home Program	20-30	3%	8,258,626
Housing Authority:			
Laurel Manor	35	3.5%	377,561
Local Housing Fund:	various	7%	86,399
20% Low- and Moderate Income Housing	30-60	0-4%	9,270,360
RDA Supplemental - McBain, Thomas	30	—%	157,188
Other Governmental Funds:			
CDBG Housing Rehabilitation Program	20	2-10%	4,186,940
Housing and Inclusionary Fund	10-55	0-3.5%	8,191,135
Cal Home Grant	5	3%	1,555,766
Total Governmental Funds			<u>32,848,720</u>
Proprietary Funds:			
Water Utility Fund	9	Applicable LAIF rate	185,034
Total Proprietary Funds			<u>185,034</u>
<b>Total Primary Government</b>			<u><u>\$ 33,033,754</u></u>

**CITY OF NAPA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

**NOTE 6 – CAPITAL ASSETS**

**A. Additions and Retirements**

Governmental activities capital assets activity for the year ended June 30, 2020 was as follows:

	<u>Balance at July 1, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balance at June 30, 2020</u>
<b>Governmental Activities</b>					
Capital assets not being depreciated:					
Land	\$ 32,150,883	\$ —	\$ (1,209,551)	\$ —	\$ 30,941,332
Construction in progress, as restated (Note 18)	26,852,741	14,470,495	—	(1,726,512)	39,596,724
Total capital assets not being depreciated	59,003,624	14,470,495	(1,209,551)	(1,726,512)	70,538,056
Capital assets being depreciated:					
Building and improvements	55,484,129	65,582	—	1,372,816	56,922,527
Equipment	13,208,912	502,218	(11,464)	240,483	13,940,149
Vehicles and rentals	20,547,877	601,451	(622,338)	92,202	20,619,192
Bridges	78,551,121	6,133,871	—	—	84,684,992
Roads	444,397,368	9,076,990	—	—	453,474,358
Curb/gutter/sidewalks	18,246,014	6,940,128	—	—	25,186,142
Traffic signals	5,954,095	50,000	—	21,011	6,025,106
Stormwater	7,768,672	1,082,983	—	—	8,851,655
Park improvements	17,870,605	—	—	—	17,870,605
Underground utilities	1,381,533	—	—	—	1,381,533
Street lights	2,850,438	143,000	—	—	2,993,438
Water rights	306,000	—	—	—	306,000
Total capital assets being depreciated	666,566,764	24,596,223	(633,802)	1,726,512	692,255,697
Less accumulated depreciation for:					
Building and improvements	(26,775,374)	(1,666,632)	—	—	(28,442,006)
Equipment	(10,053,694)	(1,024,123)	11,464	—	(11,066,353)
Vehicles and rentals	(10,867,204)	(1,456,049)	616,155	—	(11,707,098)
Bridges	(14,254,467)	(1,130,901)	—	—	(15,385,368)
Roads	(291,595,311)	(11,271,118)	—	—	(302,866,429)
Curb/gutter/sidewalks	(2,709,617)	(408,289)	—	—	(3,117,906)
Traffic signals	(1,666,377)	(163,474)	—	—	(1,829,851)
Stormwater	(1,491,328)	(193,345)	—	—	(1,684,673)
Park improvements	(4,537,123)	(626,287)	—	—	(5,163,410)
Underground utilities	(117,941)	(34,538)	—	—	(152,479)
Street lights	(566,416)	(72,186)	—	—	(638,602)
Water rights	(306,000)	—	—	—	(306,000)
Total accumulated depreciation	(364,940,852)	(18,046,942)	627,619	—	(382,360,175)
Net capital assets being depreciated	301,625,912	6,549,282	(6,183)	1,726,512	309,895,522
Governmental activities capital assets, net	<u>\$ 360,629,536</u>	<u>\$ 21,019,777</u>	<u>\$ (1,215,734)</u>	<u>\$ —</u>	<u>\$ 380,433,578</u>

**CITY OF NAPA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

**NOTE 6 – CAPITAL ASSETS (Continued)**

Business-type activities capital assets activity for the year ended June 30, 2020 was as follows:

	<u>Balance at July 1, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balance at June 30, 2020</u>
<b><i>Business-type Activities</i></b>					
Capital assets not being depreciated:					
Land and improvements	\$ 3,511,270	\$ 3,748	\$ —	\$ —	\$ 3,515,018
Construction in progress	12,700,904	5,885,186	—	(2,475,418)	16,110,672
Total capital assets not being depreciated	16,212,174	5,888,934	—	(2,475,418)	19,625,690
Capital assets being depreciated:					
Building and improvements	89,021,374	35,890	—	952,891	90,010,155
Equipment	7,613,253	326,529	(197,392)	—	7,742,390
Vehicles	196,496	—	—	—	196,496
Infrastructure	—	502,475	—	—	502,475
Transmission and distribution	101,964,246	(4,429)	—	1,522,527	103,482,344
Total capital assets being depreciated	198,795,369	860,465	(197,392)	2,475,418	201,933,860
Less accumulated depreciation for:					
Building and improvements	(37,635,927)	(3,387,436)	—	—	(41,023,363)
Equipment	(3,906,317)	(346,017)	197,392	—	(4,054,942)
Vehicles	(26,200)	(13,100)	—	—	(39,300)
Transmission and distribution	(54,846,054)	(1,896,206)	—	—	(56,742,260)
Total accumulated depreciation	(96,414,498)	(5,642,759)	197,392	—	(101,859,865)
Net capital assets being depreciated	102,380,871	(4,782,294)	—	2,475,418	100,073,995
Business-type activities capital assets, net	<u>\$ 118,593,045</u>	<u>\$ 1,106,640</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 119,699,685</u>

***B. Depreciation and Amortization Allocation***

Depreciation and amortization expense is charged to functions and programs on the government-wide *Statement of Activities* based on their usage of the related assets. The amounts allocated to each function or program is as follows:

Governmental activities		Business-type activities	Depreciation	Amortization	Total
General government	\$ 1,259,688	Water utility	\$ 4,912,182	\$ (187,956)	\$ 4,724,226
Public safety	852,232	Solid waste	730,577	3,740	734,317
Public works	14,084,248	Total	<u>\$ 5,642,759</u>	<u>\$ (184,216)</u>	<u>\$ 5,458,543</u>
Parks and recreation	357,393				
Community development	25,101				
Internal service funds	1,468,280				
Total	<u>\$ 18,046,942</u>				

**CITY OF NAPA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

**NOTE 7 – LONG-TERM DEBT**

**A. Current Year Transactions and Balances**

The following table summarizes the changes in the City's long-term debt and other non-current liabilities during the year ended June 30, 2020:

	Original Issue Amount	Balance 7/1/2019	Additions	Retirements	Balance 6/30/2020	Current Portion
<b>Governmental Activity Debt:</b>						
California Energy Commission (LED Streetlights) due 6/01/2027	\$ 1,442,767	\$ 985,540	\$ —	\$ (118,914)	\$ 866,626	\$ 120,132
Seminary Street, 5.5%, due 7/31/2027	1,244,000	599,733	—	(59,664)	540,069	62,560
CDBG Laurel Manor Rehab Loan, 2.04% due 1/01/2034	700,000	537,642	—	(31,984)	505,658	32,642
Total Governmental Activities Debt		<u>\$ 2,122,915</u>	<u>\$ —</u>	<u>\$ (210,562)</u>	<u>\$ 1,912,353</u>	<u>\$ 215,334</u>
	Original Issue Amount	Balance 7/1/2019	Additions	Retirements	Balance 6/30/2020	Current Portion
<b>Business-type Activity Debt:</b>						
2016 Solid Waste Revenue Bonds due 8/1/2036	\$ 12,500,000	\$ 11,955,000	\$ —	\$ (550,000)	\$ 11,405,000	\$ 555,000
Plus Unamortized Discount on Bond		(59,833)	—	3,739	(56,094)	—
2016 Water Refunding Bond due 5/1/2035	43,505,000	38,210,000	—	(1,945,000)	36,265,000	2,045,000
Plus Unamortized Premium on Bond		3,737,257	—	(249,149)	3,488,108	—
Total Business-type Activities Debt		<u>\$ 53,842,424</u>	<u>\$ —</u>	<u>\$ (2,740,410)</u>	<u>\$ 51,102,014</u>	<u>\$ 2,600,000</u>

**B. California Energy Commission Loan**

The City received a State Loan of \$1.4 million at an interest rate of 1.0%, to be repaid in semi-annual payments over 12 years. The note proceeds were applied towards upgrading the street lights to energy efficient LED streetlights. The replacement of the streetlights was completed in October 2014 and disbursement was received by the City in December 2014. In the event of any default or breach, the Promissory Note states that the loan is immediately due and payable.

Fiscal year ending	Governmental Activities		
	Principal	Interest	Total
2021	\$ 120,132	\$ 8,368	\$ 128,500
2022	121,336	7,163	128,499
2023	122,552	5,947	128,499
2024	123,769	4,730	128,499
2025	125,022	3,478	128,500
2026-2027	253,815	3,182	256,997
Total	<u>\$ 866,626</u>	<u>\$ 32,868</u>	<u>\$ 899,494</u>

**CITY OF NAPA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

**NOTE 7 – LONG-TERM DEBT (Continued)**

***C. Housing Authority Note Payable***

***Seminary Street*** – In September 1998, the City of Napa Housing Authority borrowed \$714,000 from a local bank to finance the acquisition of a commercial office building to house the Authority and another tenant. During the year ended June 30, 2003, additional bank credit was extended to finance major renovations to the building for a net increase of \$530,000. The loan was converted to permanent financing with a monthly amortization schedule through 2027. In the event of default, the variable interest rate on this note will increase by 4% points, also the entire unpaid principal balance and all accrued unpaid interest is due immediately.

Fiscal year ending	Governmental Activities		
	Principal	Interest	Total
2021	\$ 62,560	\$ 30,438	\$ 92,998
2022	66,347	26,652	92,999
2023	70,363	22,636	92,999
2024	75,213	17,786	92,999
2025	79,940	13,059	92,999
2026-2028	185,646	12,213	197,859
Total	<u>\$ 540,069</u>	<u>\$ 122,784</u>	<u>\$ 662,853</u>

***Laurel Manor Rehabilitation Loan*** – In November 2012, the City of Napa Housing Authority borrowed \$700,000, payable over 20 years, from the City of Napa CDBG Housing Rehabilitation Program to help finance \$2.7 million in improvements to the Laurel Manor senior housing complex. In the event that the property rehabilitated with the assistance of this loan, is sold, conveyed or alienated, the entire remaining principal and accrued interest balance is immediately due and payable.

Fiscal year ending	Governmental Activities		
	Principal	Interest	Total
2021	\$ 32,642	\$ 10,011	\$ 42,653
2022	33,314	9,339	42,653
2023	34,000	8,653	42,653
2024	34,700	7,953	42,653
2025	35,415	7,239	42,654
2026-2030	188,319	24,948	213,267
2031-2034	147,268	5,573	152,841
Total	<u>\$ 505,658</u>	<u>\$ 73,716</u>	<u>\$ 579,374</u>

***D. Solid Waste Revenue Bonds***

In October 2016, the City issued Series 2016 Solid Waste Revenue Bonds for the principal amount of \$12,500,000. The proceeds of the sale of the bond were used to provide funding to finance the costs of acquisition and construction of capital improvements at the City's Materials Diversion Facility. The 2016 Bonds bear interest payable bi-annually on February 1 and August 1 of each year commencing on February 1, 2017 until maturity in August 2036. Debt service is secured by a pledge of net revenues of the City's Solid Waste System. The first principal

**CITY OF NAPA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

**NOTE 7 – LONG-TERM DEBT (Continued)**

payment on the Series 2016 Solid Waste Revenue Bonds was due August 1, 2018. Interest paid in the current fiscal year and the net customer revenues were \$314,169 and \$34,390,007 respectively. The total principal and interest remaining to be paid on the bonds is \$11,405,000 and \$3,200,992, respectively. 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 Series 2016 Bonds, together with accrued interest, to be immediately due and payable.

The pledge of future Solid Waste System Revenues ends upon repayment of the original issue amount of \$12.5 million which is scheduled to occur in 2036.

Fiscal year ending	Business-type Activities		
	Principal	Interest	Total
2021	\$ 555,000	\$ 309,590	\$ 864,590
2022	565,000	300,962	865,962
2023	570,000	291,028	861,028
2024	585,000	279,643	864,643
2025	595,000	267,043	862,043
2026-2030	3,195,000	1,101,559	4,296,559
2031-2035	3,690,000	594,558	4,284,558
2036-2037	1,650,000	56,610	1,706,610
Total	<u>\$ 11,405,000</u>	<u>\$ 3,200,993</u>	<u>\$ 14,605,993</u>

***E. Water Fund Obligations***

In April 2007, the City issued Series 2007 Water Revenue Bonds for the principal amount of \$47,350,000. The proceeds of the sale of the bond were used to provide funding to finance improvements to the City's water system. In February 2016 the City refunded the Series 2007 Water Revenue Bonds, and paid off other debt obligations of the Water Enterprise, through the issue of the Series 2016 Water Revenue Bonds for the principal amount of \$43,505,000. The issuance of these refunding bonds resulted in cash flow savings over the life of the bonds of \$8,687,419 and an economic gain (difference between the present value of the old and new debt service payments) of \$6,988,512. The issuance premium is reported in long-term debt due on the balance sheet and will be amortized over 14 years (the remaining life of the bonds). As of June 30, 2020, the balance of the premium is \$3,488,108. The 2016 Bonds bear interest payable bi-annually on May 1 and November 1 of each year commencing on May 1, 2016 until maturity in May 2035. Debt service is secured by a pledge of net revenues of the City's Water System. Interest paid in the current fiscal year and the net customer revenues were \$1,455,092 and \$36,880,659, respectively. The total principal and interest remaining to be paid on the bonds is \$36,265,000 and \$10,348,300, respectively. 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 Series 2016 Bonds, together with accrued interest, to be immediately due and payable.

The pledge of future Water System Revenues ends upon repayment of the original issue amount of \$43.5 million which is scheduled to occur in 2035.

**CITY OF NAPA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

**NOTE 7 – LONG-TERM DEBT (Continued)**

Fiscal year ending	Business-type Activities		
	Principal	Interest	Total
2021	\$ 2,045,000	\$ 1,374,050	\$ 3,419,050
2022	2,140,000	1,271,800	3,411,800
2023	2,160,000	1,164,800	3,324,800
2024	2,180,000	1,056,800	3,236,800
2025	2,285,000	947,800	3,232,800
2026-2030	11,845,000	3,284,150	15,129,150
2031-2035	13,610,000	1,248,900	14,858,900
Total	<u>\$ 36,265,000</u>	<u>\$ 10,348,300</u>	<u>\$ 46,613,300</u>

**NOTE 8 – DEBT WITH NO CITY COMMITMENT**

**A. Mortgage Revenue Bonds**

The Housing Authority has issued the following mortgage revenue bonds to provide funds for the construction and permanent financing of multi-family housing projects. Twenty percent of units developed will be held and made available for occupancy by persons of low income. The bonds are secured by the land and housing projects. The bonds do not constitute or create a debt or pledge of the general credit or taxing power of the City and, accordingly, they are not recorded in the accompanying financial statements. The Reserve at Napa and Charter Oaks Apartments were paid in full in 2018.

Year of Issue	Project	Original Principal	Maturity Date	Principal at June 30, 2020
Housing Authority				
1999	Silverado Creek A	\$ 3,125,000	June 1, 2031	\$ 1,817,434
2004	Magnolia Park Series 2004A	4,500,000	December 1, 2035	940,614
	Total	<u>\$ 17,840,000</u>		<u>\$ 2,758,048</u>

**NOTE 9 – NET POSITION AND FUND BALANCES**

**A. Net Position**

Net position is the excess of the City's assets and deferred outflows over all its liabilities and deferred inflow. Net position is divided into three captions on the Statement of Net Position.

These captions apply only to net position, which is determined at the government-wide level and proprietary funds and are described below:

**Net Investment in Capital Assets** describes the portion of net position which is represented by the current net book value of the City's capital assets, less the outstanding balance of any debt issued to finance these assets.



**CITY OF NAPA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

**NOTE 9 – NET POSITION AND FUND BALANCES (Continued)**

*Restricted* describes the portion of net position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the City cannot unilaterally alter. These principally include bond proceeds received for use on capital projects, debt service requirements, and special revenue programs subject to limitations regulations and laws underlying such programs.

*Unrestricted* describes the portion of net position which is not restricted as to use.

**B. Fund Balance**

The City's fund balances are classified based on spending constraints imposed on the use of resources. For programs with multiple funding sources, the City prioritizes and expends funds in the following order: Restricted, Committed, Assigned, and Unassigned. The General Fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to these purposes, it may be necessary to report a negative unassigned fund balance. Each category in the following hierarchy is ranked according to the degree of spending constraint:

*Nonspendable* represents balances set aside to indicate items that do not represent available, or spendable resources even though they are a component of assets. Fund balances required to be maintained intact, such as Permanent Funds, and assets not expected to be converted to cash, such as prepaids, notes receivable, and land held for redevelopment are included. However, if proceeds realized from the sale or collection of nonspendable assets are restricted, committed or assigned, then Nonspendable amounts are required to be presented as a component of the applicable category.

*Restricted* fund balances have external restrictions imposed by creditors, grantors, contributors, laws, regulations, or enabling legislation which requires the resources to be used only for a specific purpose.

*Committed* fund balances have constraints imposed by formal action (i.e. resolution) of the City Council which may be altered only by the same formal action of the City Council.

*Assigned* fund balances are amounts constrained by the City's intent to be used for a specific purpose, but are neither restricted nor committed. The Finance Director is designated the authority by the Council adopted Fiscal Policy to "assign" amounts to be used for specific purposes.

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

**CITY OF NAPA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

**NOTE 9 – NET POSITION AND FUND BALANCES (Continued)**

Detailed classifications of the City's Fund Balances, as of June 30, 2020, follow:

	General Fund	Development Fees	HOME Program	Measure T	Housing	Housing Inclusionary	City Capital Projects	Other Governmental Funds	Total
<b>Nonspendables:</b>									
Items not in spendable form:									
Prepaid items	\$ 251,257	\$ —	\$ —	\$ —	\$ 11,181	\$ —	\$ —	\$ —	\$ 262,438
Advances due from other funds	2,972,733	—	—	—	—	—	—	—	2,972,733
Inventory	1,476	—	—	—	—	—	—	—	1,476
<b>Total Nonspendable Fund Balances</b>	<b>3,225,466</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>11,181</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>3,236,647</b>
<b>Restricted for:</b>									
Grants	—	—	1,396,094	—	—	7,178,847	—	450,194	9,025,135
PEG Reserve	73,333	—	—	—	—	—	—	—	73,333
Tourism Improvement District	—	—	—	—	—	—	—	893,468	893,468
SB1186 Reserve	189,243	—	—	—	—	—	—	—	189,243
Red Light Camera	—	—	—	—	—	—	—	855,153	855,153
Housing Programs	—	—	—	—	5,871,317	—	—	—	5,871,317
Designated Projects and Programs (including Parking)	—	22,182,825	—	5,243,714	—	—	—	10,495,223	37,921,762
Federal Urban Aide	—	—	—	—	—	—	270,173	—	270,173
Assessment Districts	—	—	—	—	—	—	—	6,257,495	6,257,495
Gas Tax	—	—	—	—	—	—	—	2,388,318	2,388,318
<b>Total Restricted Fund Balances</b>	<b>262,576</b>	<b>22,182,825</b>	<b>1,396,094</b>	<b>5,243,714</b>	<b>5,871,317</b>	<b>7,178,847</b>	<b>270,173</b>	<b>21,339,851</b>	<b>63,745,397</b>
<b>Committed to:</b>									
Housing Grant Match	—	—	—	—	—	—	—	—	—
Capital Projects	—	—	—	—	—	—	15,524,952	—	15,524,952
Building Reserve	—	—	—	—	—	—	4,920,092	—	4,920,092
Advances due from other funds	—	—	—	—	—	—	2,021,100	—	2,021,100
Earthquake / Flood events	15,396,259	—	—	—	—	—	—	—	15,396,259
Corp Yard Expansion	—	—	—	—	—	—	—	—	—
Low Flow Channel	—	—	—	—	—	—	—	—	—
<b>Total Committed Fund Balances</b>	<b>15,396,259</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>22,466,144</b>	<b>—</b>	<b>37,862,403</b>
<b>Assigned to:</b>									
Ongoing Projects & Programs	885,157	—	—	—	—	—	—	—	885,157
Public Safety Overstaffing	—	—	—	—	—	—	—	—	—
Non Recurring Projects	3,714,843	—	—	—	—	—	—	—	3,714,843
<b>Total Assigned Fund Balances</b>	<b>4,600,000</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>4,600,000</b>
<b>Unassigned</b>	<b>7,248,887</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(1,593,001)</b>	<b>5,655,886</b>
<b>Total Fund Balances</b>	<b>\$30,733,188</b>	<b>\$22,182,825</b>	<b>\$1,396,094</b>	<b>\$5,243,714</b>	<b>\$5,882,498</b>	<b>\$7,178,847</b>	<b>\$22,736,317</b>	<b>\$19,746,850</b>	<b>\$115,100,333</b>

**CITY OF NAPA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

**NOTE 9 – NET POSITION AND FUND BALANCES (Continued)**

***C. Commitments***

The City uses an encumbrance system as an extension of normal budgetary accounting for governmental funds. Under this system, purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to encumber that portion of applicable appropriations. Encumbrances outstanding at year-end are recorded as assigned fund balance in the General Fund since they do not constitute expenditures or liabilities. Resources in other governmental funds are classified as restricted and encumbrances are included in those restricted fund balances. Re-appropriations in the subsequent year provide authority to complete these transactions as expenditures. Encumbrances outstanding in governmental funds as of June 30, 2020, were as listed below:

***Governmental Funds***

General	\$ 885,157
Other Governmental Funds	4,977,844
Total	<u>\$ 5,863,001</u>

***D. Deficit Net Position and Fund Balance***

As of June 30, 2020, the Golf Course Special Revenue Fund had a fund/net position deficit amounting to \$1,593,001. The deficits will be eliminated with future revenue.

***E. Excess of Expenditures over Appropriations***

1. Expenditures exceeded appropriations by \$921 in the Measure T Fund, which was offset by an increase in Investment revenue.
2. Expenditures exceeded appropriations by \$83,270 in the Housing Inclusionary fund which was offset by an increase in Investment revenue.
3. Expenditures exceeded appropriations by \$147,428 for the Assessment Districts which was offset by an increase in charges for services.

**CITY OF NAPA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

**NOTE 10 – EMPLOYEE RETIREMENT SYSTEM**

As of June 30, 2020 the City of Napa had a net pension liability, deferred inflows and deferred outflows as follows:

	<u>Miscellaneous</u>		<u>Safety</u>		<u>Total</u>
Net Pension Liability	\$ 94,061,658	\$	87,459,788	\$	181,521,446
Deferred Inflows	\$ (1,540,495)	\$	(1,445,008)	\$	(2,985,503)
Deferred Outflows	\$ 11,052,681		15,233,141	\$	26,285,822

**A. Plan Description**

The City of Napa's defined benefit pension plans provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to all qualified permanent and probationary employees and their beneficiaries eligible to participate in either the Safety (Police and Fire) or Miscellaneous (all other) plan. It is part of the Public Agency portion of the California Public Employees Retirement System (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions, as well as other requirements, is established by State statutes within the Public Employee's Retirement Law. The City of Napa selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local resolutions. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office at 400 Q Street, Sacramento, CA 95811 or on the CalPERS website at [www.calpers.ca.gov](http://www.calpers.ca.gov).

Assembly Bill (AB) 340 pension reform created the Public Employees' Pension Reform Act (PEPRA) that implemented new benefit formulas and final compensation period, as well as new contribution requirements for new employees hired on or after January 1, 2013 who meet the definition of new member under PEPRA.

The table below provides information on the benefit formula, final compensation period and the employer and member contribution rates effective June 30, 2020 for any safety and miscellaneous employees that meet the definition of a new member under PEPRA.

<b>Benefit Formula</b>	<b>Miscellaneous (2% at age 62)</b>	<b>Safety (2.7% at age 57)</b>
Final compensation period	3 year average	3 year average
Employer contribution rate as a percentage of payroll	32.429% of reportable compensation	50.376% of reportable compensation
Member contribution rate as a percentage of payroll	6.75% of reportable compensation	11.75% of reportable compensation

CITY OF NAPA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2020

<b>NOTE 10 – EMPLOYEE RETIREMENT SYSTEM (Continued)</b>
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*a. Benefits Provided*

CalPERS provides service retirement and disability benefits, annual costs 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. A classic CalPERS member or Public Employees' Pension Reform Act of 2013 (PEPRA) Safety member becomes eligible for service retirement upon attainment of age 50 with at least 5 years of credited service (total service across all CalPERS employers, and with certain other Retirement Systems with which CalPERS has reciprocity agreements). PEPRA miscellaneous members become eligible for service retirement upon attainment of age 52 with at least 5 years of service. All members are eligible for non-duty disability benefits after 5 years of credited service. The death benefit is one of the following: the Basic Death Benefit, the Indexed Level of 1959 Survivor Benefits (for Miscellaneous and local Fire members only) or the Fourth Level of 1959 Survivor Benefits (for local Police members only). The standard cost of living adjustment (COLA) is 2 percent. Annual adjustments are calculated by first determining the lesser of 1) 2 percent compounded from the end of the year of retirement or 2) actual rate of inflation.

**CITY OF NAPA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

**NOTE 10 – EMPLOYEE RETIREMENT SYSTEM (Continued)**

The Plans' provisions and benefits in effect at June 30, 2020, are summarized as follows:

	<b>Miscellaneous</b>		
	Classic Members (prior to 12/21/2012)	Tier 2 (between 12/21/2012 and 1/1/2013)	PEPRA (on or after January 1, 2013)
Hire date			
Benefit formula	2.7% @ 55	2% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 55	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	2% to 2.7%	1.092% to 2.418%	1.0% to 2.5%
Required employee contribution rates	8%	7%	6.75%
Required employee cost share	4.5%	4.5%	4.5%
Required City Council cost share	3%	3%	3%
Required employer contribution rates	32.429%	32.429%	32.429%

	<b>Safety - Police</b>		
	Classic Members (prior to 1/7/2012)	Tier 2 (between 1/7/2012 and 1/1/2013)	PEPRA (on or after January 1, 2013)
Hire date			
Benefit formula	3% @ 50	3% @ 55	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50	50 - 55	50 - 57
Monthly benefits, as a % of eligible compensation	3%	2.4% to 3.0%	2.0% to 2.7%
Required employee contribution rates	9%	9%	11.75%
Required employee cost share NPOA	5.5%	5.5%	5.5%
Required employee cost share PMU	5.5%	4%	3%
Required employer contribution rates	50.376%	50.376%	50.376%

	<b>Safety - Fire</b>		
	Classic Members (prior to 8/11/2012)	Tier 2 (between 8/11/2012 and 1/1/2013)	PEPRA (on or after January 1, 2013)
Hire date			
Benefit formula	3% @ 50	3% @ 55	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50	50 - 55	50 - 57
Monthly benefits, as a % of eligible compensation	3%	2.4% to 3.0%	2.0% to 2.7%
Required employee contribution rates	9%	9%	11.75%
Required employee cost share NCFA	5.5%	4%	3%
Required employee cost share NCFO	5.5%	5.5%	5.5%
Required employer contribution rates	50.376%	50.376%	50.376%

**CITY OF NAPA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

**NOTE 10 – EMPLOYEE RETIREMENT SYSTEM (Continued)**

***b. Employees Covered***

At June 30, 2020 the following employees were covered by the benefit terms for each Plan:

	Miscellaneous	Safety
Inactive employees or beneficiaries currently receiving benefits	471	212
Inactive employees entitled to but not yet receiving benefits	286	52
Active employees	340	134
<b>Total</b>	<b>1,097</b>	<b>398</b>

***c. Contributions***

Active Classic members in the plans are required to contribute 8% for miscellaneous employees or 9% for public safety employees of their annual covered salary. Active Tier 2 members are required to contribute 7% of their annual covered salary. Active PEPRA plan members are required to contribute 50% of the total normal cost as actuarially calculated by CalPERS. The City of Napa is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for the year ended June 30, 2020 was 32.429% for miscellaneous employees and 50.376% for public safety employees. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS. For the year ended June 30, 2020, the City's current year pension contributions were \$15,931,543.

***d. Net Pension Liability***

The City of Napa's net pension liability for each Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2019, using an annual actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

**CITY OF NAPA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

**NOTE 10 – EMPLOYEE RETIREMENT SYSTEM (Continued)**

Actuarial Assumptions – The total pension liabilities in the June 30, 2019 actuarial valuations were determined using the following actuarial assumptions:

	<u>Miscellaneous</u>	<u>Safety</u>
Valuation Date	June 30, 2018	June 30, 2018
Measurement Date	June 30, 2019	June 30, 2019
Actuarial 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	Varies by entry age and service	Varies by entry age and service
- Investment Rate of Return (1)	7.375%	7.375%
- Mortality (2)	Derived using CalPERS Membership Data for all Funds	

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

(2) 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. ([www.calpers.ca.gov](http://www.calpers.ca.gov))

All other actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS website ([www.calpers.ca.gov](http://www.calpers.ca.gov)) under Forms and Publications.

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 all 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 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.



**CITY OF NAPA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

**NOTE 10 – EMPLOYEE RETIREMENT SYSTEM (Continued)**

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

Asset Class (a)	Assumed Asset Allocation	Real Return Years 1-10 (b)	Real Return Years 11+ (c)
Global Equity	50%	4.8%	5.98%
Fixed Income	28%	1%	2.62%
Inflation Assets	—%	0.77%	1.81%
Private Equity	8%	6.3%	7.23%
Real Assets	13%	3.75%	4.93%
Liquidity	1%	—%	(0.92)%
Total	100%		

(a) In CalPERS's CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

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

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

***Changes in Net Pension Liability***

The changes in the Net Pension Liability as of June 30, 2020 for each Plan follows:

**Miscellaneous Plan:**

	Increase / (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at June 30, 2018	\$ 249,730,771	\$ 161,576,330	\$ 88,154,441
Changes in the Year			
- Service cost	4,975,607	—	4,975,607
- Interest on total pension liability	17,819,000	—	17,819,000
- Differences between expected and actual experience	3,663,735	—	3,663,735
- Change of Assumptions	—	—	—
- Net Plan to Plan Resource Movement	—	—	—
- Contributions - employer	—	6,757,515	(6,757,515)
- Contributions - employees	—	3,302,773	(3,302,773)
- Net investment income	—	10,605,765	(10,605,765)
- Benefit payments, including refunds of employee contributions	(13,331,060)	(13,331,060)	—
- Administrative expense	—	(115,304)	115,304
- Other miscellaneous income/(expense)	—	376	(376)
Net changes during 2018-19	13,127,282	7,220,065	5,907,217
Balance at June 30, 2019	\$ 262,858,053	\$ 168,796,395	\$ 94,061,658

**CITY OF NAPA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

**NOTE 10 – EMPLOYEE RETIREMENT SYSTEM (Continued)**

Safety Plan	Increase / (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at June 30, 2018	\$ 246,376,396	\$ 163,946,212	\$ 82,430,184
Changes in the Year			
- Service cost	5,167,684	—	5,167,684
- Interest on total pension liability	17,540,129	—	17,540,129
- Differences between expected and actual experience	2,815,814	—	2,815,814
- Change of Assumptions	—	—	—
- Net Plan to Plan Resource Movement	—	—	—
- Contributions - employer	—	7,160,145	(7,160,145)
- Contributions - employees	—	2,714,537	(2,714,537)
- Net investment income	—	10,735,955	(10,735,955)
- Benefit payments, including refunds of employee contributions	(12,919,138)	(12,919,138)	—
- Administrative expense	—	(116,996)	116,996
- Other miscellaneous income/(expense)	—	382	(382)
Net changes during 2018-19	12,604,489	7,574,885	5,029,604
Balance at June 30, 2019	<u>\$ 258,980,885</u>	<u>\$ 171,521,097</u>	<u>\$ 87,459,788</u>

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

	Miscellaneous	Safety
1% Decrease	6.15 %	6.15 %
Net Pension Liability	\$ 127,641,649	\$ 120,963,312
Current Discount Rate	7.15 %	7.15 %
Net Pension Liability	\$ 94,061,658	\$ 87,459,788
1% Increase	8.15 %	8.15 %
Net Pension Liability	\$ 66,179,329	\$ 59,708,645

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

**CITY OF NAPA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

**NOTE 10 – EMPLOYEE RETIREMENT SYSTEM (Continued)**

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

For the year ended June 30, 2020, the City of Napa recognized pension expense of \$15,940,038. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Miscellaneous Plan</u>		<u>Safety Plan</u>		<u>Total</u>	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ —	\$ (557,834)	\$ 3,668,479	\$ (475,114)	\$ 3,668,479	\$ (1,032,948)
Differences between expected and actual experience	3,341,264	—	3,344,536	(122,199)	6,685,800	(122,199)
Pension contributions subsequent to measurement date	7,711,417	—	8,220,126	—	15,931,543	—
Net differences between projected and actual earnings on plan investments	—	(982,661)	—	(847,695)	—	(1,830,356)
<b>TOTAL</b>	<b><u>\$ 11,052,681</u></b>	<b><u>\$ (1,540,495)</u></b>	<b><u>\$ 15,233,141</u></b>	<b><u>\$ (1,445,008)</u></b>	<b><u>\$ 26,285,822</u></b>	<b><u>\$ (2,985,503)</u></b>

The amount of \$15,931,543 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021.

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

<u>Measurement Periods ended June 30</u>	<u>Deferred Outflows/(Inflows) of Resources</u>		
	<u>Miscellaneous</u>	<u>Safety</u>	<u>Total</u>
2020	\$ 1,948,546	\$ 4,659,119	\$ 6,607,665
2021	(256,156)	239,088	(17,068)
2022	(54,254)	427,876	373,622
2023	162,633	241,924	404,557
	<u>\$ 1,800,769</u>	<u>\$ 5,568,007</u>	<u>\$ 7,368,776</u>

***f. Defined Contribution Plans***

The City also provides defined contribution retirement benefits through IRS section 401(a) and 457 plans. The plans are administered by the International City Management Association Retirement Corporation and Nationwide Retirement Solutions. Plan provisions and contribution requirements are established and may be amended by City Council through negotiation with employee associations. The City contributes from \$50 to \$100 per month to its non-safety and management employees, depending upon employee group. In addition, the City contributes \$322 per month for executives and an additional \$1,250 per month for City Manager. City Clerk, City Attorney and Assistant City Manager receive an additional \$1,000 per month. During the year ended June 30, 2020, the City fully funded its required contributions of \$388,964 to these plans.

**CITY OF NAPA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

**NOTE 10 – EMPLOYEE RETIREMENT SYSTEM (Continued)**

***g. 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 Systems (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 5.0% and the City contributes 2.5% of the employee's salary each pay period. For the fiscal year ended June 30, 2020, total contribution of \$38,706 were based on a total amount of covered compensation of \$1,451,379.

**NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

***A. Plan Description and Eligibility***

The City participates in the California Employer's Retiree Benefit Fund (CERBT), an agent multiple-employer defined benefit health care plan which provides post-retirement benefits to retired employees in accordance with the various Memorandums of Understanding and their date of hire. Spouses and dependents are eligible to enroll. Benefits continue to surviving spouses for PEMHCA only.

Retirees are eligible for medical benefits if they retire at age 50+, with City service requirements that vary by hire date and bargaining group. A retiree is generally eligible for a fixed monthly payment or the number of payments is based on accrued sick-days at time of retirement.

***B. Employees covered by benefit terms***

As of June 30, 2020, the benefit terms covered the following employees:

<b>Category</b>	<b>Count</b>
Active employees	413
Inactive employees	169
<b>Total</b>	<b>582</b>

***C. Contributions***

The plan and its contribution requirements are established by memorandums of understanding with the applicable employee bargaining units and may be amended by agreements between the City and the bargaining units. The annual contribution is based on the actuarially determined contribution. Employees are not required to contribute to the plan. Contributions recognized by the plan from the employer for the year ended June 30, 2020 were \$1,332,792.

CITY OF NAPA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2020

<b>NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS (Continued)</b>
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***D. Net OPEB Liability***

The City's net OPEB liability for the health care plan was measured as the total OPEB liability, less the OPEB plan's fiduciary net position. The net OPEB liability of the plan was measured as of June 30, 2019, using an annual actuarial valuation as of June 30, 2019. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions - The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

**CITY OF NAPA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

**NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS (Continued)**

Valuation Date June 30, 2019  
 Measurement Date June 30, 2019  
 Actuarial Cost Method Entry age normal, level percent of pay  
 Amortization Method Closed period, level percent of pay  
 Amortization Period 20 years

**Actuarial Assumptions:**

- Discount Rate 7.46%. Expected long-term rate of return on City assets using strategy 1 within CERBT.  
 - Mortality Derived using CalPERS Membership Data for all Funds  
 - Termination Rates Derived using CalPERS Membership Data for all Funds  
 - Disability Derived using CalPERS Membership Data for all Funds  
 - Retirement Derived using CalPERS Membership Data for all Funds  
 - Premiums Premiums used to develop aged claims

Grouping	Employee	Two-Party
Pre-Medicare Plans	\$ 9,038	\$ 9,038
Medicare Plans	3,812	3,812

Annual Per Capital Claims Cost Developed using CalPERS experience to calculate age-related risk scores, but using the City's actual premiums for all other purposes. Assumed annual per capita claims costs follow:

Age	Males	Females
50	\$ 11,485	\$ 11,803
55	13,262	12,670
60-64	16,342	14,165

Average Per Capita Cost for Implicit Subsidy Calculation Developed based on premiums for the City's enrollment by plan, family demographics from CalPERS plans, and risk scores (both HMO and PPO) for the CalPERS population.

- Aging or Morbidity Factors Based on actual CalPERS HMO and PPO population data.

Participant Contributions Based on service at retirement and employee group.

Salary Increases Aggregate Payroll Growth: 2.75%  
 Individual Salary Increases: 2018 CalPERS Merit Salary Increases

Inflation Rate 2.50%

Marital Status Current & Future Retirees: 70% assumed to be married.

Spouse Gender Current & Future Retirees: Assumes spouse of opposite gender.

Spouse Age Difference Current retirees: actual spouse age is used  
 Future retirees: assumes males are three years older than females

Implicit Subsidy NPOA and PMU only.

Participation Current Retirees: Assume current elections continue until decrement.  
 Future Retirees: Election assumptions summarized below:

Benefit Type	Service Retirement	Disability Retirement
Police Chief	100.0%	100.0%
Elected/Executive	75.0%	75.0%
Other	70.0%	70.0%

ACA Excise Tax Assumed that the City will pass the ACA Excise Tax onto the retirees.

Sick-Leave Accrual Current Retirees: Benefit period end provided by City.  
 Future Retirees: Current sick-leave accrual provided by City, assumed 5 unused sick days accrued each future year.

Life Insurance For eligible retirees, assumed \$2,500 life insurance premium reimbursement per year.

Trend Rates Medical Long-Term Trends from Society of Actuaries "Long Term Healthcare Cost Trends Model v2018\_c" using baseline assumptions. Applied to both claims and premiums.

PEMHCA Information The NPOA and PMU are the only groups that participate in CalPERS plans. The PEMHCA minimum is assumed to trend at 3% per year. PEMHCA administration fees not material to valuation and excluded.

**CITY OF NAPA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

**NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS (Continued)**

***E. Changes in the Net OPEB Liability***

	<b>Increase (Decrease)</b>		
	<b>Total OPEB Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net OPEB Liability</b>
<b>Balance as of Report Date June 30, 2019</b>	<b>\$ 12,568,580</b>	<b>\$ 6,225,625</b>	<b>\$ 6,342,955</b>
<b>Changes in the year:</b>			
Service Cost	371,113	—	371,113
Interest on the total OPEB liability	908,149	—	908,149
Differences between expected and actual experience	(1,892,659)	—	(1,892,659)
Change of Assumptions	(93,590)	—	(93,590)
Employer - City's Contribution	—	1,261,435	(1,261,435)
Employer - Implicit Subsidy	—	116,007	(116,007)
Net investment income	—	467,868	(467,868)
Differences between projected and actual earning on plan investments	—	—	—
Benefit payments, including refunds of employee contributions	(814,230)	(814,230)	—
Implicit Rate Subsidy Fulfilled	(116,007)	(116,007)	—
Administrative expenses	—	(1,484)	1,484
<b>Net changes</b>	<b>(1,637,224)</b>	<b>913,589</b>	<b>(2,550,813)</b>
<b>Balance as of Report Date June 30, 2020</b>	<b>\$ 10,931,356</b>	<b>\$ 7,139,214</b>	<b>\$ 3,792,142</b>

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate The net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.46%) or one percentage point higher (8.46%) follows:

	<b><u>1% Decrease</u></b>	<b><u>Discount Rate</u></b>	<b><u>1% Increase</u></b>
	6.46%	7.46%	8.46%
<b>Net OPEB Liability</b>	<b>\$4,766,776</b>	<b>\$3,792,142</b>	<b>\$2,950,409</b>

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates The net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (5.50%) or one percentage point higher (7.50%) than current healthcare cost trend rates follows:

	<b><u>1% Decrease</u></b>	<b><u>Trend Rate</u></b>	<b><u>1% Increase</u></b>
	5.50% Decreasing to 2.84%	6.50% Decreasing to 3.84%	7.50% Decreasing to 4.84%
<b>Net OPEB Liability</b>	<b>\$3,460,619</b>	<b>\$3,792,142</b>	<b>\$4,190,004</b>

**CITY OF NAPA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

**NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS (Continued)**

***F. OPEB Expense and Deferred Inflows and Outflows of Resources Related to OPEB***

For the report year ended June 30, 2020, the City recognized an OPEB expense of \$525,126. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Actual and Expected Experience	\$ —	\$ (1,672,582)
Changes of Assumptions	17,079	(82,707)
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	—	(42,710)
Contributions Subsequent to the Measurement Date	1,332,792	—
Total	<u>\$ 1,349,871</u>	<u>\$ (1,797,999)</u>

The deferred outflows of resources related to OPEB resulting from City's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Report Year Ending June 30:</u>	<u>Amount</u>
2021 \$	(256,532)
2022	(256,531)
2023	(220,887)
2024	(222,088)
2025	(228,332)
remaining	(596,550)
	<u>\$ (1,780,920)</u>

***G. Substantive Plan***

A summary of the substantive plan used as the basis of the valuation follows:



**CITY OF NAPA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

**NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS (Continued)**

<b>Administrative, Managerial, and Professional Employees</b>	
<b>All Tiers</b>	
Eligibility	On attainment of age 50, 10 years City of Napa Service time, and by either service retirement status or qualifying disability retirement status.
Duration of coverage	Retiree's lifetime.
Spouse coverage	Spouses and dependents are eligible to enroll, but the retiree pays 100% of the cost.
Medical plan choices	The retiree may choose a City plan with either Kaiser Permanente or Western Health. After Medicare age, plans are only available through Kaiser Permanente.
Core benefit	All retirees may convert their unused sick leave to CalPERS service time.  If the retiree meets eligibility, they receive up to \$274 per month.  If the retiree was hired before July 1, 1984, the City will also pay life insurance premiums up to \$2,500, until the retiree is age 70.

<b>Napa City Employee's Association</b>	
<b>Tier 1 - Hired before July 1, 1983</b>	
Eligibility	If the retiree was hired before 7/1/1983 and on attainment of age 50, 15 years City of Napa service time, service retirement status and actually draw a PERS pension within 90 days of separation from the City
Duration of coverage	Until the retiree runs out of unused sick leave converted to Retiree Single Party Health reimbursement.
Spouse coverage	Spouses and dependents are eligible to enroll, but the retiree pays 100% of the cost.
Medical plan choices	The retiree may choose a City plan with either Kaiser Permanente or Western Health. After Medicare age, plans are only available through Kaiser Permanente.
Core benefit	The retiree may make a one time, irrevocable choice at retirement.  The retiree may choose to convert their unused sick leave into retiree health premiums, where 8 hours is equivalent to 1 month of paid premiums up to the single party active employee monthly premium at the Kaiser health insurance rate. Otherwise, the retiree may convert their unused sick leave to CalPERS service time and opt into Tier 4 supplemental benefits.  If the retiree was hired before July 1, 1984, the City will also pay life insurance premiums up to \$2,500 until the retiree is age 70.
<b>Tier 4 - Hired after July 1, 1983</b>	
Eligibility	If the retiree was hired before 1/1/2013 and on attainment of age 50, 15 years City of Napa service time, and by either service retirement status or qualifying disability retirement status. If the retiree was hired after 1/1/2013 and on attainment of age 50, 10 years City of Napa Service time, and by either service retirement status or qualifying disability retirement status.
Duration of coverage	Retiree's Lifetime
Core benefit	All retirees may convert their unused sick leave to CalPERS service time.  If the retiree meets eligibility, they receive up to \$244 per month.  If the retiree was hired before July 1, 1984, the City will also pay life insurance premiums up to \$2,500 until the retiree is age 70.

**CITY OF NAPA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

<b>NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS (Continued)</b>
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<b>Executives - Department Heads</b>	
<b>Tier 4</b>	
Eligibility	On attainment of age 50, 10 years City of Napa Service time, and by either service retirement status or qualifying disability retirement status.
Duration of coverage	Retiree's lifetime.
Spouse coverage	Spouses and dependents are eligible to enroll, but the retiree pays 100% of the cost.
Medical plan choices	The retiree may choose a City plan with either Kaiser Permanente or Western Health. After Medicare age, plans are only available through Kaiser Permanente.
Core benefit	All retirees may convert their unused sick leave to CalPERS service time. If the retiree meets eligibility, they receive up to \$347 per month.
<b>Police Chief Only</b>	
Eligibility	Hired between July 1, 1984 and July 1, 1987, PMU member before July 1, 2007 and either service retirement status or qualifying disability retirement status.
Core benefit	The City contributes the single party retiree monthly premium at the Kaiser health insurance rate.

**CITY OF NAPA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

<b>NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS (Continued)</b>
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<b>Elected Officials</b>	
<b>All Tiers</b>	
Eligibility	On attainment of age 50, 8 years City of Napa Service time, and by either service retirement status or qualifying disability retirement status.
Duration of coverage	Retiree's lifetime.
Spouse coverage	Spouses and dependents are eligible to enroll, but the retiree pays 100% of the cost.
Medical plan choices	The retiree may choose a City plan with either Kaiser Permanente or Western Health. After Medicare age, plans are only available through Kaiser Permanente.
Core benefit	If the retiree meets eligibility, they receive up to \$347 per month.

<b>Napa City Firefighters Association</b>	
<b>Tier 2 - Hired after August 1, 1982</b>	
Eligibility	The retiree must opt out of the HRA in order to receive this benefit and also attain either service retirement status or qualifying disability status.
Duration of coverage	Until the retiree runs out of unused sick leave converted to Retiree Single Party Health reimbursement (maximum of 180 months).
Spouse coverage	Spouses and dependents are eligible to enroll, but the retiree pays 100% of the cost.
Medical plan choices	The retiree may choose a city plan with either Kaiser Permanente or Western Health. After Medicare age, plans are only available through Kaiser Permanente.
Core benefit	The retiree may make a one time, irrevocable choice at retirement. The retiree may choose to convert their unused sick leave up to 180 months into retiree single party health reimbursement, where 8 hours is equivalent to 1 month of paid premiums. If employee is currently on a 56 hour schedule then sick leave hours are converted back to the 40 hours accrual before the using 8 hours is equivalent to 1 month. Otherwise, the retiree may choose convert their unused sick leave to CalPERS service time and opt for Tier 4 supplemental benefits.
<b>Tier 4 - Supplemental Benefit</b>	
Eligibility	On attainment of age 50 and by either service retirement status or qualifying disability retirement status.
Core benefit	50% of sick leave balance converted to HRA at 100% of the retiree's hourly pay rate. If employee is currently on a 56 hour schedule then sick leave hours are converted back to the 40 hours accrual before conversion to HRA. Remaining 50% of sick leave balance converted to CalPERS service time.

**CITY OF NAPA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

**NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS (Continued)**

<b>Napa City Fire Officers</b>	
<b>All Tiers</b>	
Eligibility	On attainment of age 50, 10 years City of Napa Service time, and by either service retirement status or qualifying disability retirement status.
Duration of coverage	Retiree's lifetime if supplemental payments.
Spouse coverage	Spouses and dependents are eligible to enroll, but the retiree pays 100% of the cost.
Medical plan choices	The retiree may choose a City plan with either Kaiser Permanente or Western Health. After Medicare age, plans are only available through Kaiser Permanente.
Core benefit	<p>If the retiree meets eligibility and is not eligible for HRA, they receive up to \$246 per month for retiree's lifetime. Option to convert unused sick leave to service credit.</p> <p>If the retiree meets eligibility and is not eligible for HRA, convert up to 180 days of unused sick leave into single-part health insurance at the rate of one day for one month's premium based on a 40 hour week. Otherwise, they have the option of converting unused sick leave to service credit.</p> <p>50% of sick leave balance converted to HRA at 100% of the retiree's hourly pay rate. If employee is currently on a 56 hour schedule then sick leave hours are converted back to the 40 hour accrual before conversion to HRA. Remaining 50% of sick leave balance converted to CalPERS service time.</p>

<b>Napa Police Officers Association</b>	
<b>Tier 1 - Eligible for retirement by July 1, 2012</b>	
Eligibility	On attainment of the sum of age and years of service equal to at least 61, by either service retirement or qualifying disability retirement status.
Duration of coverage	Until the retiree runs out of unused sick leave converted to Retiree Single Party Health reimbursement. After the sick leave runs out, the PEMHCA minimum is paid for the retiree's lifetime.
Spouse coverage	Spouses and dependents are eligible to enroll, but the retiree pays 100% of the cost. Surviving spouse receives PEMHCA minimum, if applicable.
Medical plan choices	Retiree may choose one of any medical plan provided through CalPERS.
Core benefit	<p>The retiree may make a one time, irrevocable choice at retirement.</p> <p>The retiree may choose to convert their unused sick leave into retiree health premiums, where 8 hours is equivalent to 1 month of paid premiums at the single party rate set by Kaiser Permanente, up to a maximum of 180 months.</p> <p>Otherwise, the retiree may convert their unused sick leave to CalPERS service time and opt into Tier 4 supplemental benefits.</p> <p>Regardless of choice, the retiree receives at least the PEMHCA minimum from the City, as well as a contribution from the PORAC trust. The City of Napa is not a party to the agreement between the NPOA and the PORAC trust.</p>
<b>Tier 4</b>	
Eligibility	On attainment of 50 years of age and by either service retirement status or qualifying disability retirement status.
Core benefit	All retirees may convert their unused sick leave to CalPERS service time. The retiree receives at least the PEMHCA minimum from the City.

**CITY OF NAPA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

**NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS (Continued)**

<b>Police Management Unit</b>	
<b>Tier 1 - Hired between July 1, 1984 and July 1, 1987, and in Bargaining Group by July 1, 2007</b>	
Eligibility	Attainment of either service retirement status or by qualifying disability retirement.
Duration of coverage	Retiree's lifetime.
Spouse coverage	Spouses and dependents are eligible to enroll, but the retiree pays 100% of the cost. Surviving spouse receives PEMHCA minimum, if applicable.
Medical plan choices	Retiree may choose one of any medical plan provided through CalPERS.
Core benefit	The City contributes the single party retiree monthly premium at the Kaiser health insurance rate.
<b>Tier 2 - Hired after July 1, 1987, and in Bargaining Group by June 30, 2011</b>	
Eligibility	Attainment of either service retirement status or by qualifying disability retirement.
Duration of coverage	Until the retiree runs out of unused sick leave converted to Retiree Single Party Health reimbursement (maximum of 180 months). The retiree receives the PEMHCA minimum for life after the sick leave runs out.
Core benefit	The retiree may make a one time, irrevocable choice at retirement. The retiree may choose to convert their unused sick leave into retiree single party health reimbursement, where 8 hours is equivalent to 1 month of paid single party medical premiums up to a maximum of 180 months. Otherwise, the retiree may choose to convert their unused sick leave to CalPERS service time and opt for Tier 4 supplemental benefits.  The retiree receives at least the PEMHCA minimum from the City.
<b>Tier 3 - Member of Bargaining Group as of June 30, 2012, or promoted from NPOA on or after June 1, 2013</b>	
Eligibility	Attainment of either service retirement status or by qualifying disability retirement.
Core benefit	The retiree may make a one time, irrevocable choice at retirement. The retiree may choose to convert their unused sick leave into retiree single party health reimbursement, where 8 hours is equivalent to 1 month of paid single party medical premiums up to a maximum of 180 months. Otherwise, the retiree may choose to convert their unused sick leave to CalPERS service time and opt for Tier 4 supplemental benefits.  The retiree receives at least the PEMHCA minimum from the City.
<b>Tier 4</b>	
Eligibility	On attainment of age 50, 10 years City of Napa Service time and by either service retirement status or qualifying disability retirement status.
Duration of coverage	Retiree's lifetime
Core benefit	All retirees may covert their unused sick leave to CalPERS service time.  If the retiree meets eligibility, they receive up to \$237 per month.

**NOTE 12 – RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. The City has established a limited risk management program for these types of risks. Premiums are paid into the internal service fund by all other funds and are available to pay claims, claim reserves and administrative costs of the program.

**CITY OF NAPA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

**NOTE 12 – RISK MANAGEMENT (Continued)**

Under this program the City is completely self-insured for unemployment insurance and is self-insured for workers' compensation and general liability insurance claims up to \$300,000 per occurrence and \$150,000 per occurrence, respectively. Claims in excess of these amounts are insured through CSAC Excess Insurance Authority up to the statutory limit and \$25,000,000, respectively. There were no settlements that exceeded coverage for each of the past three fiscal years. In addition the City has also put in place an insurance policy covering them from earthquakes in the amount of \$40,000,000 per occurrence, with a deductible of 7.5%.

The City has retained an independent actuary to perform an analysis of the City's potential liability for the City's self-insured portions of the general liability and workers' compensation programs. The amount recorded as a liability represents the specific reserves for individual known claims or lawsuits not covered under the general liability or the workers' compensation insurance program and estimates for incurred but not reported claims. The actuarial analysis uses a rate of 5% for general liability and workers' compensation to discount future investment earnings. Claims liability has been recorded at an 80% confidence level.

Below is a reconciliation of changes in the aggregate liabilities for claims for the fiscal years beginning and ending June 30, 2019 and 2020:

	2020	2019
Claims liability - beginning	\$ 9,925,000	\$ 7,726,000
Changes in estimates for claims in prior years	5,653,347	4,722,408
Payments on claims	(2,875,347)	(2,523,408)
Claims liability - ending	<u>\$ 12,703,000</u>	<u>\$ 9,925,000</u>
Current portion	<u>\$ 5,225,100</u>	<u>\$ 3,503,000</u>

**CITY OF NAPA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

**NOTE 13 – JOINT POWERS AGREEMENT**

On March 16, 1993, the City of Vallejo and the County of Napa formed the South Napa Waste Management Authority (the “Authority”), a separate legal entity, for the purpose of collectively managing the waste disposal needs of the communities they represent. The City of Napa resolved to join the Authority on March 18, 1993. In August, 1993, the City of Napa officially became a member of the Authority. The Authority has purchased the American Canyon Landfill site and accepted responsibility for its closure. State and federal laws and regulations require the Authority to place a final cover on this landfill site and to perform certain maintenance and monitoring functions at the site for 30 years after closure.

The City has no ongoing financial interest in the Authority. Closure and related costs will be paid through tipping fees assessed by the Authority at its Waste Transfer Facility. This Transfer Facility serves the waste disposal needs of the communities represented by the Authority. The tipping fees are paid by the citizens of these communities through rate assessments for waste pickup and disposal.

Financial information related to the Authority can be obtained from the South Napa Waste Management Authority located in Napa, California.

**NOTE 14 – CONTINGENT LIABILITIES**

*Claims and Litigation* - The City is involved in several claims and lawsuits. In the opinion of the City’s management, it is unlikely that these claims and lawsuits will have a material adverse effect on the accompanying financial statements.

*Federal and State Grants* - The City has received federal and state grants for specific purposes that are subject to reviews by the grantor agencies. Such reviews could lead to requests for reimbursements to the grantor agency 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 management expects such amounts, if any, to be immaterial.

*Tax Sharing Agreements* - The City has entered into a Sales Tax Revenue Sharing Agreement with Town Center Shops, LLC. The agreement calls for the City to share Incremental Sales Tax Revenue in exchange for capital improvements to the common area. Payments will be made to Town Center Shops, LLC in an amount not to exceed the lesser of \$5,000,000 or the amount of capital expenditures made by the Developer on Common Area Improvements. Incremental Sales Tax Revenue is defined as the Sales Tax generated by the sale of taxable items within the project site that exceeds the Base Sales Tax (defined as the Sales Tax received by the City for taxable sales within the project site for the 12-month period ending June 30, 2012 and increased by 3% each year after FY12). No payments were made on this agreement in FY20 due to the Sales Tax Revenue not exceeding the Base Sales Tax amount.

*Construction Contracts*- The City has a number of material construction contracts that are in process or are in production. The total of these contracts as of June 30, 2020, is \$2,418,805.

*North Bay Aqueduct* - The City has a water supply contract with the Napa County Flood Control and Water Conservation District (NCFWCWD) that is linked to a master contract between the

**CITY OF NAPA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

**ATTACHMENT 1**

**NOTE 14 – CONTINGENT LIABILITIES (Continued)**

NCFCWCD and the State of California Department of Water Resources (DWR). Under these contracts, the State of California built the North Bay Aqueduct and peripheral infrastructure and allocated the costs to the benefiting municipalities. The contract calls for an annual payment that includes capital and operating components as well as a charge for water that varies widely each year based on the amount of consumption which is a function of climate, availability of other water supplies and pumping. The contract is non-cancelable and expires in the year 2035.

The components of the payments are as follows:

1. *Capital Cost Component* contains the conservation and transportation capital cost components for the use of the infrastructure and water rights and related debt obligation.
2. *Conservation and transportation minimum Operation, Maintenance, Power & Replacement (OMP&R) components.* Additionally, there is an obligation to pay an OMP&R component based on the water entitlement, which is not dependent on the quantity of water actually delivered.
3. *Transportation variable OMP&R component* is dependent upon the quantities of water actually delivered to the City.
4. *Delta Water Charge* is split into two components; (a) a capital piece for the initial conservation facilities, and (b) a minimum OMP&R component.
  - a. The capital cost component of the Delta Water Charge became applicable in 2013, and is paid in two semi-annual installments due January 1 and July 1 of each year. These payments are used to fund the initial conservation facilities and are partially offset by a rate management credit provided to agencies (including NCFCWCD) who have executed the Monterey Amendment which focuses on water shortage issues.
  - b. The minimum OMP&R component of the Delta Water Charge is paid monthly in 12 equal installments.

The total obligation of the City of Napa Water Fund for fiscal year 2020 was \$7,116,036. The total estimated obligation of the City of Napa Water Fund over the next five years and thereafter, are presented in the table below:

Calendar Year	Estimated Total Payment
2021	\$ 7,703,545
2022	8,053,590
2023	8,419,541
2024	8,802,121
2025	9,202,085
2026-2030	52,675,688
2031-2035	65,781,652

*COVID19* - In December 2019, a novel strain of coronavirus spread around the world resulting in business and social disruption. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020. The operations and business results of the City could potentially be adversely affected by this global pandemic. The extent to which the coronavirus may impact business activity or investment results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions required to contain the coronavirus. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. However, the related financial impact on the City and the duration cannot be estimated at this time.



**CITY OF NAPA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

**NOTE 15 – SUCCESSOR AGENCY ACTIVITIES**

The Successor Agency to the Napa Community Redevelopment Agency was established as a result of the dissolution of the Redevelopment Agency February 1, 2012.

**A. Cash and Investments**

The Successor Agency pools cash from all sources and all funds with the City so that it can be invested at the maximum yield, consistent with safety and liquidity, while individual funds can make expenditures at any time. The details of the City's investment pool can be found in Note 3 – Cash and Investments.

The Successor Agency's cash and investments are classified in the financial statements, based on whether or not their use is restricted under the terms of debt instruments or agreements.

**B. Capital Assets**

The Successor Agency transferred all its public domain (infrastructure) capital assets, which include landscape, storm, street, and traffic systems to the City of Napa pursuant to the Long Range Property Management Plan approval from Department of Finance on March 20, 2014.

**1. Capital Asset Additions, Retirements, and Balances**

	Balance at June 30, 2019	Additions	Decreases	Balance at June 30, 2020
Capital assets being depreciated:				
Furniture and Equipment	\$ 7,238	\$ —	\$ —	\$ 7,238
Total capital assets being depreciated	7,238	—	—	7,238
Less accumulated depreciation for:				
Furniture and Equipment	(5,857)	(603)	—	(6,460)
Total accumulated depreciation	(5,857)	(603)	—	(6,460)
Net capital assets being depreciated	1,381	(603)	—	778
Net, Capital Assets, Private Purpose Trust Fund	\$ 1,381	\$ (603)	\$ —	\$ 778

**C. Long-Term Debt**

The Successor Agency assumed the long-term debt of the Redevelopment Agency as of February 2012.

**1. Current Year Transactions and Balances**

The Successor Agency's debt issues and transactions are summarized below and discussed in detail thereafter.

**CITY OF NAPA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

**NOTE 15 – SUCCESSOR AGENCY ACTIVITIES (Continued)**

	Original Issue Amount	Balance 6/30/2019	Retirements	Balance 06/30/2020	Current Portion
<b>Trust Fund:</b>					
<b>Successor Agency (Redevelopment) Tax Allocation Bonds</b>					
2003B Parkway Plaza Redevelopment					
Project, 3.1-5.8%, due 9/1/2019	\$ 2,475,000	\$ 225,000	\$ (225,000)	\$ —	\$ —
2015A Tax Allocation Refunding Bond					
Redevelopment Project, due 9/1/2019	8,145,000	1,950,000	(1,950,000)	—	—
Total Tax Allocation Bonds	10,620,000	2,175,000	(2,175,000)	—	—
<b>Notes &amp; Loans</b>					
Water Fund for Drainage Improvements					
Project, LAIF Interest %, due 2024	735,063	271,875	(90,625)	181,250	90,625
<b>Total Notes and Loans</b>	<b>\$ 11,355,063</b>	<b>\$ 2,446,875</b>	<b>\$ (2,265,625)</b>	<b>\$ 181,250</b>	<b>\$ 90,625</b>

**2. Redevelopment Tax Allocation Bonds**

In August, 2003, the Agency issued \$27 million in tax allocation bonds including: Series A Bonds were issued to provide \$12 million for redevelopment projects, \$2 million for a debt reserve fund and \$9 million to refund the outstanding 1993 Bonds. The 1993 Bonds were subsequently redeemed in full. Series B and C Bonds were issued to provide \$2.1 million for affordable housing projects and \$1.8 million for the refunding of the Housing Authority's 1999 revenue bonds. These bonds were secured by the Agency's 20% low & moderate housing set-aside of tax increment revenues. Upon dissolution of the Agency, the Successor Agency assumed this debt, which will be paid from distributions from the Redevelopment Property Tax Trust Fund. In January 2015 the Successor Agency refunded the 2003 Series A and C Bonds, through the issue of the 2015 Tax Allocation Refunding Bonds, Series A and B. Interest payments on the 2015 Series A is payable bi-annually on March 1 and September 1 beginning March 1, 2015. Principal payments on the 2015 Series A bonds begin September 1, 2016 until maturity in September 2019. Principal and interest payments on the 2015 Series B bonds begins March 1, 2015 until maturity in September 2016.

With the dissolution of the Redevelopment Agency discussed above, Tax Increment is no longer distributed, and instead the Successor Agency receives payments from the County's Redevelopment Property Tax Trust Fund (RPTTF) that are to be used to fund debt service on the Bonds, with no distinction between housing and non-housing revenues. In addition, under the provisions of the laws dissolving the Napa Community Redevelopment Agency, the Successor Agency only receives the funds necessary to fulfill its approved obligations.

At June 30, 2020, the 2003 B Series and the 2015 Series A bonds were paid in full.

**CITY OF NAPA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

**NOTE 15 – SUCCESSOR AGENCY ACTIVITIES (Continued)**

**3. *Redevelopment Notes and Loans***

In July, 2008, the Redevelopment Agency borrowed \$735,063 from the City of Napa Water Fund to help initiate vital Project Area activities and to amend the Cooperative Agreement. The loan carries a LAIF interest rate of 0.23% and payable annual on March 1 of each year commencing on March 1, 2014 through March 1, 2022.

Fiscal year ending June 30	Principal	Interest	Total
2021	90,625	1,892	92,517
2022	90,625	1,892	92,517
Total	\$ 181,250	\$ 3,784	\$ 185,034

**D. *State Approval of Enforceable Obligations***

The Successor Agency prepares a Recognized Obligation Payment Schedule (ROPS) annually that contains all proposed expenditures for the subsequent fiscal year. The ROPS is subject to the review and approval of the Oversight Board as well as the State Department of Finance. Although the State Department of Finance may not question items included on the ROPS in one period, they may question the same items in a future period and disallow associated activities. The amount, if any, of current obligations that may be denied by the State Department of Finance cannot be determined at this time. The City expects such amounts, if any, to be immaterial. The City is in the process of preparing the final ROPS and expects the Successor Agency to dissolved in fiscal year 2021.

**NOTE 16 – COMMUNITY FACILITIES DISTRICT ACTIVITIES**

The Community Facilities District was formed and established by the City Council, as legislative body of the Community Facilities District, under the Mello-Roos Community Facilities Act of 1982, as amended, pursuant to a resolution adopted by the City Council following a public hearing, and a landowner election held on the same date at which the qualified electors of the Community Facilities District authorized the Community Facilities District to incur bonded indebtedness and approved the levy of special taxes. The bonds do not constitute or create a debt or pledge of the general credit or taxing power of the City.

The Community Facilities District is located just south of the downtown area of the City, consisting of 23 parcels west of Soscol Avenue, north of Imola Avenue and south of Oil Company Road/Sousa Lane.

**A. *Long-Term Debt***

The Community Facilities District issued debt on September 5, 2017 in the amount of \$19,950,000 for the purpose of acquisition, construction, and completion of certain facilities and improvements to be owned and operated by the City.

**CITY OF NAPA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

**NOTE 16 – COMMUNITY FACILITIES DISTRICT (Continued)**

***B. Current Year Transactions and Balances***

The Community Facilities District's debt issues and transactions are summarized below:

	Original Issue Amount	Balance 6/30/2019	Additions	Retirements	Balance 06/30/2020	Current Portion
<b>Trust Fund:</b>						
<b>Community Facilities District No. 2017-1</b>						
Community Facilities District Bond	\$ 19,950,000	\$ 19,950,000	\$ —	\$ (410,000)	\$ 19,540,000	\$ 420,000
<b>Total Debt</b>	19,950,000	19,950,000	—	(410,000)	19,540,000	420,000
Unamortized Premiums/ (discounts)	—	152,511	—	(5,259)	147,252	—
Total Notes & Loans	<u>\$ 19,950,000</u>	<u>\$ 20,102,511</u>	<u>\$ —</u>	<u>\$ (415,259)</u>	<u>\$ 19,687,252</u>	<u>\$ 420,000</u>

**NOTE 17 – PUBLIC-PRIVATE SERVICE CONCESSION ARRANGEMENT -  
CITY GOLF COURSE**

During the year ended June 30, 2013, the City entered into an agreement with Napa Golf Course, LLC under which the company will operate and collect user fees from the Napa Municipal Golf Course for the next ten (10) years. The company will pay the City of Napa installment payments over the course of the arrangement; the present value of these installment payments is estimated to be \$503,333. The company will also pay the City a percentage of the revenues it earns from the operation of the golf course (percentage rent based on tiers set forth in the agreement). The company is required to operate and maintain the golf course in accordance with the Agreement. The City plans to use the proceeds from the installment payments to offset the deficit net position of the golf course fund, with any additional revenues to be used to fund golf course improvements. The City reports the golf course and related equipment as a capital asset with a carrying amount of \$448,698 at June 30, 2020, and reports a receivable and deferred inflow of resources in the amount of \$503,333 at June 30, 2020, pursuant to the service concession arrangement.

**CITY OF NAPA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

<b>NOTE 18 – SUBSEQUENT EVENTS</b>
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**Tax and Revenue Anticipation Note (TRAN)**

To mitigate potential impacts of COVID-19 on City revenue, on August 4, 2020, the City Council of the City of Napa approved the borrowing of funds to pay general fund obligations for fiscal year 2020-21, the issuance and sale of a note (which may be referred to as a Tax and Revenue anticipation note, or “TRAN”) in an amount not to exceed \$15,000,000, the execution and delivery of a note purchase agreement, and other related documents and actions. The note would be repaid by the City with taxes, income, revenue, cash receipts and other moneys to be received by the City beginning July 1, 2020 and ending June 30, 2021.

**Coronavirus Relief Funds Allocation**

On June 29, 2020, the State approved the budget and authorized the Department of Finance to allocate \$1,289,065,000 to address the public health and public safety impacts of COVID-19 including homelessness. Pursuant to the provisions of Control Section 11.90, cities with populations between 300,000 and 500,000 were allocated \$225 million and cities with populations of less than 300,000 were allocated \$275 million. Based on the City’s population, the City is allocated \$978,856 and will be received in six installments starting July 2020.

<b>REQUIRED SUPPLEMENTARY INFORMATION</b>
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**Miscellaneous Plan**  
**Agent Multiple-Employer Defined Benefit Pension Plan**  
**Last 10 years\***  
**Schedule of Changes in the Net Pension Liability and Related Ratios**

	2020	2019	2018	2017	2016	2015
	Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous
<b>Total Pension Liability</b>						
Service Cost	\$ 4,975,607	\$ 4,920,518	\$ 4,826,160	\$ 4,213,795	\$ 4,112,737	\$ 4,179,121
Interest on total pension liability	17,819,000	16,908,565	16,196,594	15,821,321	15,200,893	14,604,950
Changes in assumptions	—	(1,572,075)	12,983,137	—	(3,558,449)	—
Difference between expected and actual experience	3,663,735	2,317,801	(2,352,965)	(519,311)	(1,074,702)	—
Benefit payments, including refunds of employee contributions	(13,331,060)	(12,242,939)	(11,473,139)	(11,047,519)	(10,421,831)	(9,870,003)
<b>Net change in total pension liability</b>	<b>13,127,282</b>	<b>10,331,870</b>	<b>20,179,787</b>	<b>8,468,286</b>	<b>4,258,648</b>	<b>8,914,068</b>
<b>Total Pension Liability - beginning</b>	<b>249,730,771</b>	<b>239,398,901</b>	<b>219,219,114</b>	<b>210,750,828</b>	<b>206,492,180</b>	<b>197,578,112</b>
<b>Total Pension Liability - ending (a)</b>	<b>\$262,858,053</b>	<b>\$249,730,771</b>	<b>\$239,398,901</b>	<b>\$219,219,114</b>	<b>\$210,750,828</b>	<b>\$206,492,180</b>
<b>Plan fiduciary net position</b>						
Contributions - employer	\$ 6,757,515	\$ 5,945,310	\$ 6,213,552	\$ 6,130,369	\$ 5,512,619	\$ 5,372,508
Contributions - employee	3,302,773	3,213,934	2,799,363	1,862,326	1,795,051	1,730,126
Net investment income	10,605,765	12,968,924	15,559,671	756,491	3,179,657	21,295,817
Benefit payments	(13,331,060)	(12,242,939)	(11,473,139)	(11,047,519)	(10,421,831)	(9,870,003)
Net Plan to Plan Movement	—	(376)	—	162	—	—
Administrative Expense	(115,304)	(237,450)	(205,942)	(86,463)	(159,717)	—
Other Miscellaneous Income/ (Expense)	376	(450,921)	—	—	—	—
<b>Net change in fiduciary net position - beginning</b>	<b>7,220,065</b>	<b>9,196,482</b>	<b>12,893,505</b>	<b>(2,384,634)</b>	<b>(94,221)</b>	<b>18,528,448</b>
<b>Plan fiduciary net position - beginning</b>	<b>161,576,330</b>	<b>152,379,848</b>	<b>139,486,343</b>	<b>141,870,977</b>	<b>141,965,198</b>	<b>123,436,750</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$168,796,395</b>	<b>\$161,576,330</b>	<b>\$152,379,848</b>	<b>\$139,486,343</b>	<b>\$141,870,977</b>	<b>\$141,965,198</b>
<b>Net pension liability - ending (a) - (b)</b>	<b>\$94,061,658</b>	<b>\$88,154,441</b>	<b>\$87,019,053</b>	<b>\$79,732,771</b>	<b>\$68,879,851</b>	<b>\$64,526,982</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>64.22 %</b>	<b>64.70 %</b>	<b>63.65 %</b>	<b>63.63 %</b>	<b>67.32 %</b>	<b>68.75 %</b>
<b>Measurement Date</b>	<b>6/30/2019</b>	<b>6/30/2018</b>	<b>6/30/2017</b>	<b>6/30/2016</b>	<b>6/30/2015</b>	<b>6/30/2014</b>
<b>Covered payroll (from prior year)</b>	<b>\$26,369,336</b>	<b>\$25,097,036</b>	<b>\$23,856,617</b>	<b>\$24,366,054</b>	<b>\$23,161,764</b>	<b>\$22,195,380</b>
<b>Net pension liability as a percentage of covered payroll</b>	<b>356.71 %</b>	<b>351.25 %</b>	<b>364.76 %</b>	<b>327.23 %</b>	<b>297.39 %</b>	<b>290.72 %</b>

\*Fiscal year 2014/15 was the 1st year of implementation, therefore only six years are shown.

<b>REQUIRED SUPPLEMENTARY INFORMATION (Continued)</b>
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**Safety Plan**  
**Agent Multiple-Employer Defined Benefit Pension Plan**  
**Last 10 years\***  
**Schedule of Changes in the Net Pension Liability and Related Ratios**

	2020 Safety	2019 Safety	2018 Safety	2017 Safety	2016 Safety	2015 Safety
<b>Total Pension Liability</b>						
Service Cost	\$ 5,167,684	\$ 4,965,402	\$ 4,799,141	\$ 4,178,301	\$ 3,960,625	\$ 4,089,713
Interest on total pension liability	17,540,129	16,689,850	15,961,113	15,474,590	14,805,107	14,300,336
Changes in assumptions	—	(950,228)	12,839,680	—	(3,500,073)	—
Difference between expected and actual experience	2,815,814	2,402,452	(427,692)	585,472	(1,927,286)	—
Benefit payments, including refunds of employee contributions	(12,919,138)	(12,441,282)	(11,765,683)	(11,084,633)	(10,332,611)	(9,744,388)
<b>Net change in total pension liability</b>	<b>12,604,489</b>	<b>10,666,194</b>	<b>21,406,559</b>	<b>9,153,730</b>	<b>3,005,762</b>	<b>8,645,661</b>
<b>Total Pension Liability - beginning</b>	<b>246,376,396</b>	<b>235,710,202</b>	<b>214,303,643</b>	<b>205,149,913</b>	<b>202,144,151</b>	<b>193,498,490</b>
<b>Total Pension Liability - ending (a)</b>	<b>\$258,980,885</b>	<b>\$246,376,396</b>	<b>\$235,710,202</b>	<b>\$214,303,643</b>	<b>\$205,149,913</b>	<b>\$202,144,151</b>
<b>Plan fiduciary net position</b>						
Contributions - employer	\$ 7,160,145	\$ 6,391,405	\$ 6,839,074	\$ 6,305,994	\$ 5,843,451	\$ 5,112,297
Contributions - employee	2,714,537	2,470,596	2,118,901	1,625,840	1,676,253	1,753,345
Net investment income	10,735,955	13,091,025	15,775,920	737,312	3,233,619	21,739,681
Benefit payments	(12,919,138)	(12,441,282)	(11,765,683)	(11,084,633)	(10,332,611)	(9,744,388)
Net Plan to Plan Movement	—	(382)	—	—	—	—
Administrative Expense	(116,996)	(241,744)	(210,211)	(88,298)	(163,038)	—
Other Miscellaneous Income/(Expense)	382	(459,076)	—	—	—	—
<b>Net change in fiduciary net position - beginning</b>	<b>7,574,885</b>	<b>8,810,542</b>	<b>12,758,001</b>	<b>(2,503,785)</b>	<b>257,674</b>	<b>18,860,935</b>
<b>Plan fiduciary net position - beginning</b>	<b>163,946,212</b>	<b>155,135,670</b>	<b>142,377,669</b>	<b>144,881,454</b>	<b>144,623,780</b>	<b>125,762,845</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$171,521,097</b>	<b>\$163,946,212</b>	<b>\$155,135,670</b>	<b>\$142,377,669</b>	<b>\$144,881,454</b>	<b>\$144,623,780</b>
<b>Net pension liability - ending (a) - (b)</b>	<b>\$ 87,459,788</b>	<b>\$ 82,430,184</b>	<b>\$ 80,574,532</b>	<b>\$ 71,925,974</b>	<b>\$ 60,268,459</b>	<b>\$ 57,520,371</b>
Plan fiduciary net position as a percentage of the total pension liability	66.23 %	66.54 %	65.82 %	66.44 %	70.62 %	71.54 %
Measurement Date	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
Covered payroll (from prior year)	\$ 17,135,667	\$ 16,493,027	\$ 16,916,562	\$ 16,012,648	\$ 15,433,149	\$ 14,428,768
Net pension liability as a percentage of covered payroll	510.40 %	499.79 %	476.31 %	449.18 %	390.51 %	398.65 %

\*Fiscal year 2014/15 was the 1st year of implementation, therefore only six years are shown.

<b>REQUIRED SUPPLEMENTARY INFORMATION (Continued)</b>
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**Miscellaneous and Safety Plans  
Schedule of Contributions  
Last 10 years\***

**Miscellaneous Plan**

	2020	2019	2018	2017	2016	2015
	Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous
Actuarially determined contributions	\$ 7,711,417	\$ 6,757,515	\$ 8,769,871	\$ 6,213,552	\$ 6,130,369	\$ 5,512,619
Contributions in relation to the actuarially determined contribution	(7,711,417)	(6,757,515)	(8,769,871)	(6,213,552)	(6,130,369)	(5,512,619)
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Covered payroll (from current year)	\$ 27,545,846	\$ 26,369,336	\$ 25,097,036	\$ 23,856,617	\$ 24,366,054	\$ 23,161,764
Contributions as a percentage of covered payroll	27.99 %	25.63 %	34.94 %	26.05 %	25.16 %	23.80 %

**Safety Plan**

	2020	2019	2018	2017	2016	2015
	Safety	Safety	Safety	Safety	Safety	Safety
Actuarially determined contributions	\$ 8,220,126	\$ 7,160,145	\$ 8,497,880	\$ 6,839,074	\$ 6,305,994	\$ 5,843,451
Contributions in relation to the actuarially determined contribution	(8,220,126)	(7,160,145)	(8,497,880)	(6,839,074)	(6,305,994)	(5,843,451)
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Covered payroll (from current year)	\$ 18,097,296	\$ 17,135,667	\$ 16,493,027	\$ 16,916,562	\$ 16,012,648	\$ 15,433,149
Contributions as a percentage of covered payroll	45.42 %	41.79 %	51.52 %	40.43 %	39.38 %	37.86 %

\*Fiscal year 2014/15 was the 1st year of implementation, therefore only six years are shown.



## REQUIRED SUPPLEMENTARY INFORMATION (Continued)

**Notes to Schedule**

	<b>Miscellaneous</b>	<b>Safety</b>
Valuation Date	June 30, 2018	June 30, 2018
Measurement Date	June 30, 2019	June 30, 2019
Actuarial Cost Method	Entry Age Normal cost method	
Actuarial Assumptions:		
- Discount Rate	7.15%	7.15%
- Inflation	2.75%	2.75%
- Payroll Growth	3%	3%
- Projected Salary Increase	Varies by entry age and service	Varies by entry age and service
- Investment Rate of Return (1)	7.375%	7.375%
- Mortality (2)	Derived using CalPERS Membership Data for all Funds	

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

(2) 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. ([www.calpers.ca.gov](http://www.calpers.ca.gov))

REQUIRED SUPPLEMENTARY INFORMATION (Continued)
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**Agent Multiple-Employer Defined OPEB Plan**  
**Schedule of Changes in the Net OPEB Liability**  
**Last 10 years\***

	Measurement period ending June 30,		
	2019	2018	2017
<b>Total OPEB Liability</b>			
Service Cost	\$ 371,113	\$ 362,272	\$ 352,148
Interest on total OPEB liability	908,149	884,055	860,289
Difference between expected and actual experience	(1,892,659)	—	—
Changes of assumptions	(93,590)	22,335	—
Benefit payments, including refunds of employee contributions	(814,230)	(773,360)	(767,891)
Implicit rate subsidy fulfilled	(116,007)	(144,803)	(134,977)
<b>Net change in total OPEB liability</b>	<b>(1,637,224)</b>	<b>350,499</b>	<b>309,569</b>
<b>Total OPEB Liability - beginning</b>	<b>12,568,580</b>	<b>12,218,081</b>	<b>11,908,512</b>
<b>Total OPEB Liability - ending (a)</b>	<b>\$ 10,931,356</b>	<b>\$ 12,568,580</b>	<b>\$ 12,218,081</b>
<b>Plan fiduciary net position</b>			
Contributions - employer	\$ 1,261,435	\$ 1,299,596	\$ 1,043,887
Contributions - implicit subsidy	116,007	—	—
Net investment income	467,868	430,264	554,574
Benefit payments	(814,230)	(773,360)	(767,891)
Implicit Rate Subsidy Fulfilled	(116,007)	(144,803)	(134,977)
Administrative Expense	(1,484)	(3,194)	(2,680)
<b>Net change in fiduciary net position - beginning</b>	<b>913,589</b>	<b>808,503</b>	<b>692,913</b>
<b>Plan fiduciary net position - beginning</b>	<b>6,225,625</b>	<b>5,417,122</b>	<b>4,724,209</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 7,139,214</b>	<b>\$ 6,225,625</b>	<b>\$ 5,417,122</b>
<b>Net OPEB liability - ending (a) - (b)</b>	<b>\$ 3,792,142</b>	<b>\$ 6,342,955</b>	<b>\$ 6,800,959</b>
 Plan fiduciary net position as a percentage of the total OPEB liability	 65.31 %	 49.53 %	 44.34 %
 Covered payroll	 \$ 37,565,896	 \$ 42,081,119	 \$ 40,954,860
 Net OPEB liability as a percentage of covered payroll	 10.09 %	 15.07 %	 16.61 %

\*Fiscal year 2017/18 was the 1st year of implementation, therefore only three years are shown.

REQUIRED SUPPLEMENTARY INFORMATION (Continued)
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**Other Post-Employment Benefits Plan**  
**Schedule of Contributions**  
**Last 10 years\***

	Fiscal Year ended June 30,		
	2020	2019	2018
Actuarially determined contributions	\$ 930,210	\$ 968,028	\$ 935,278
Contributions in relation to the actuarially determined contribution	(1,332,792)	(1,377,442)	(1,204,094)
Contribution deficiency (excess)	<u>\$ (402,582)</u>	<u>\$ (409,414)</u>	<u>\$ (268,816)</u>
Covered payroll	\$ 37,565,896	\$ 42,081,119	\$ 40,954,860
Contributions as a percentage of covered payroll	2.48 %	2.30 %	2.28 %

*\*Fiscal year 2017/18 was the 1st year of implementation, therefore only three years are shown.*

**REQUIRED SUPPLEMENTARY INFORMATION (Continued)****Notes to Schedule**

Valuation Date	June 30, 2019												
Measurement Date	June 30, 2019												
Actuarial Cost Method	Entry age normal, level percent of pay												
Amortization Method	Closed period, level percent of pay												
Amortization Period	20 years												
Actuarial Assumptions:													
- Discount Rate	7.46%. Expected long-term rate of return on City assets using strategy 1 within CERBT.												
- Mortality	Derived using CalPERS Membership Data for all Funds												
- Termination Rates	Derived using CalPERS Membership Data for all Funds												
- Disability	Derived using CalPERS Membership Data for all Funds												
- Retirement	Derived using CalPERS Membership Data for all Funds												
- Premiums	Premiums used to develop aged claims												
	<table><tr><th>Grouping</th><th>Employee</th><th>Two-Party</th></tr><tr><td>Pre-Medicare Plans</td><td>\$ 9,038</td><td>\$ 9,038</td></tr><tr><td>Medicare Plans</td><td>3,812</td><td>3,812</td></tr></table>	Grouping	Employee	Two-Party	Pre-Medicare Plans	\$ 9,038	\$ 9,038	Medicare Plans	3,812	3,812			
Grouping	Employee	Two-Party											
Pre-Medicare Plans	\$ 9,038	\$ 9,038											
Medicare Plans	3,812	3,812											
Annual Per Capital Claims Cost	Developed using CalPERS experience to calculate age-related risk scores, but using the City's actual premiums for all other purposes. Assumed annual per capita claims costs follow:												
	<table><tr><th>Age</th><th>Males</th><th>Females</th></tr><tr><td>50</td><td>\$ 11,485</td><td>\$ 11,803</td></tr><tr><td>55</td><td>13,262</td><td>12,670</td></tr><tr><td>60-64</td><td>16,342</td><td>14,165</td></tr></table>	Age	Males	Females	50	\$ 11,485	\$ 11,803	55	13,262	12,670	60-64	16,342	14,165
Age	Males	Females											
50	\$ 11,485	\$ 11,803											
55	13,262	12,670											
60-64	16,342	14,165											
Average Per Capita Cost for Implicit Subsidy Calculation	Developed based on premiums for the City's enrollment by plan, family demographics from CalPERS plans, and risk scores (both HMO and PPO) for the CalPERS population.												
- Aging or Morbidity Factors	Based on actual CalPERS HMO and PPO population data.												
Participant Contributions	Based on service at retirement and employee group.												
Salary Increases	Aggregate Payroll Growth: 2.75% Individual Salary Increases: 2018 CalPERS Merit Salary Increases												
Inflation Rate	2.50%												
Marital Status	Current & Future Retirees: 70% assumed to be married.												
Spouse Gender	Current & Future Retirees: Assumes spouse of opposite gender.												
Spouse Age Difference	Current retirees: actual spouse age is used Future retirees: assumes males are three years older than females												
Implicit Subsidy	NPOA and PMU only.												
Participation	Current Retirees: Assume current elections continue until decrement. Future Retirees: Election assumptions summarized below:												
	<table><tr><th>Benefit Type</th><th>Service Retirement</th><th>Disability Retirement</th></tr><tr><td>Police Chief</td><td>100.0%</td><td>100.0%</td></tr><tr><td>Elected/Executive</td><td>75.0%</td><td>75.0%</td></tr><tr><td>Other</td><td>70.0%</td><td>70.0%</td></tr></table>	Benefit Type	Service Retirement	Disability Retirement	Police Chief	100.0%	100.0%	Elected/Executive	75.0%	75.0%	Other	70.0%	70.0%
Benefit Type	Service Retirement	Disability Retirement											
Police Chief	100.0%	100.0%											
Elected/Executive	75.0%	75.0%											
Other	70.0%	70.0%											
ACA Excise Tax	Assumed that the City will pass the ACA Excise Tax onto the retirees.												
Sick-Leave Accrual	Current Retirees: Benefit period end provided by City. Future Retirees: Current sick-leave accrual provided by City, assumed 5 unused sick days accrued each future year.												
Life Insurance	For eligible retirees, assumed \$2,500 life insurance premium reimbursement per year.												
Trend Rates	Medical Long-Term Trends from Society of Actuaries "Long Term Healthcare Cost Trends Model v2018_c" using baseline assumptions. Applied to both claims and premiums.												
PEMHCA Information	The NPOA and PMU are the only groups that participate in CalPERS plans. The PEMHCA minimum is assumed to trend at 3% per year. PEMHCA administration fees not material to valuation and excluded.												

CITY OF NAPA  
CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final Budget	Actual	
Beginning Fund Balance			\$ 26,267,053	
Revenues:				
Intergovernmental	\$ 531,000	\$ 2,392,513	368,611	\$ (2,023,902)
Miscellaneous revenues	200,000	247,964	10,519	(237,445)
Total Revenues	731,000	2,640,477	379,130	(2,261,347)
Expenditures:				
Capital outlay	21,580,700	49,196,278	17,825,868	31,370,410
Total Expenditures	21,580,700	49,196,278	17,825,868	31,370,410
Other Financing Sources (Uses):				
Transfers in	18,582,100	33,596,145	19,003,902	(14,592,243)
Transfers (out)	(487,900)	(5,087,900)	(5,087,900)	—
Total Other Financing Sources (Uses)	18,094,200	28,508,245	13,916,002	(14,592,243)
Net Change in Fund Balances	\$ (2,755,500)	\$ (18,047,556)	(3,530,736)	\$ 14,516,820
Ending Fund Balance			\$ 22,736,317	

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<b>NON-MAJOR GOVERNMENTAL FUNDS</b>
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All governmental funds not defined as major funds for the Fund Financial Statements are consolidated in one column entitled “Other Governmental Funds”. These non-major funds are identified and included in this supplemental section and includes all the City’s Special Revenue Funds and non-major Capital Project Funds.

The Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

**Assessment Districts**

**Tourism Improvement District (TID)**

**Community Development Block Grant**

**Traffic Fund**

**Parking Fund**

**CALHome Grant**

**Public Safety Programs**

**Parks & Recreation Trust**

**Public Infrastructure Program**

**Successor Agency Low/Mod Set Aside**

**Measure F Fund**

**Golf Fund**

CITY OF NAPA  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2020

SPECIAL REVENUE FUNDS						
	Assessment Districts	Tourism Improvement District	Community Development Block Grant	Traffic	Parking	CAL Home Grant
<b>ASSETS</b>						
Cash and investments	\$ 6,343,716	\$ 940,870	\$ 164,200	\$ 3,143,962	\$ 7,853,271	\$ 232,610
Receivables:						
Accounts receivable	26,918	—	—	99,126	25,342	—
Federal, state and other governments	—	—	112,942	—	—	—
Interest receivable	744	109	26	383	940	25
Loans receivable	—	—	4,186,940	—	—	1,555,766
Total Assets	<u>\$ 6,371,378</u>	<u>\$ 940,979</u>	<u>\$ 4,464,108</u>	<u>\$ 3,243,471</u>	<u>\$ 7,879,553</u>	<u>\$ 1,788,401</u>
<b>LIABILITIES</b>						
Accounts payable and accrued liabilities	\$ 59,138	\$ 47,511	\$ 61,723	\$ —	\$ 48,785	\$ 9.00
Deposits payable	54,620	—	—	—	—	—
Due to other funds	—	—	—	—	—	—
Unearned Revenue	—	—	—	—	—	—
Advances from other funds	—	—	—	—	—	—
Total Liabilities	<u>113,758</u>	<u>47,511</u>	<u>61,723</u>	<u>—</u>	<u>48,785</u>	<u>9.00</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue						
Charges for services	125	—	—	—	—	—
Unavailable revenue						
Revolving loans	—	—	4,186,940	—	—	1,555,766
Total Deferred Inflows	<u>125</u>	<u>—</u>	<u>4,186,940</u>	<u>—</u>	<u>—</u>	<u>1,555,766</u>
<b>FUND BALANCES (DEFICIT)</b>						
Restricted	6,257,495	893,468	215,445	3,243,471	7,830,768	232,626
Unassigned	—	—	—	—	—	—
Total Fund Balances (Deficit)	<u>6,257,495</u>	<u>893,468</u>	<u>215,445</u>	<u>3,243,471</u>	<u>7,830,768</u>	<u>232,626</u>
Total Liabilities and Deferred Inflows of Resources and Fund Balances	<u>\$ 6,371,378</u>	<u>\$ 940,979</u>	<u>\$ 4,464,108</u>	<u>\$ 3,243,471</u>	<u>\$ 7,879,553</u>	<u>\$ 1,788,401</u>



CITY OF NAPA  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2020

	SPECIAL REVENUE FUNDS						Total Nonmajor Governmental Funds
	Public Safety Programs	Parks & Recreation Trust Programs	Public Infrastructure Program	SA Low/ Mod Set Aside	Measure F	Golf	
ASSETS							
Cash and investments	\$ 53,397	\$ 88,556	\$ 197,368	\$ 2,121	\$ 2,251,523	\$ —	\$ 21,271,594
Receivables:							
Accounts receivable	—	—	—	—	73,817	19,301	244,504
Federal, state and other governments	—	—	—	—	—	—	112,942
Interest receivable	6	10	23	2	258	—	2,526
Loans receivable	—	—	—	—	—	—	5,742,706
Total Assets	<u>\$ 53,403</u>	<u>\$ 88,566</u>	<u>\$ 197,391</u>	<u>\$ 2,123</u>	<u>\$ 2,325,598</u>	<u>\$ 19,301</u>	<u>\$ 27,374,272</u>
LIABILITIES							
Accounts payable and accrued liabilities	\$ —	\$ —	\$ —	\$ —	\$ 503	\$ 575	\$ 218,244
Deposits payable	—	—	—	—	—	10,000	64,620
Due to other funds	—	—	—	—	—	240,976	240,976
Unearned Revenue	—	—	—	—	—	19,301	19,301
Advances from other funds	—	—	—	—	—	1,341,450	1,341,450
Total Liabilities	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>503</u>	<u>1,612,302</u>	<u>1,884,591</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue - Charges for services	—	—	—	—	—	—	125
Unavailable revenue - Housing loans	—	—	—	—	—	—	5,742,706
Total Deferred Inflows	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>5,742,831</u>
FUND BALANCES (DEFICIT)							
Restricted	53,403	88,566	197,391	2,123	2,325,095	—	21,339,851
Unassigned	—	—	—	—	—	(1,593,001)	(1,593,001)
Total Fund Balances (Deficit)	<u>53,403</u>	<u>88,566</u>	<u>197,391</u>	<u>2,123</u>	<u>2,325,095</u>	<u>(1,593,001)</u>	<u>19,746,850</u>
Total Liabilities and Deferred Inflows of Resources and Fund Balances	<u>\$ 53,403</u>	<u>\$ 88,566</u>	<u>\$ 197,391</u>	<u>\$ 2,123</u>	<u>\$ 2,325,598</u>	<u>\$ 19,301</u>	<u>\$ 27,374,272</u>

CITY OF NAPA  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2020

	SPECIAL REVENUE FUNDS					
	Assessment Districts	Tourism Improvement District	Community Development Block Grant	Traffic	Parking	CAL Home Grant
REVENUES						
Taxes	\$ —	\$ 668,798	\$ —	\$ —	\$ —	\$ —
Intergovernmental	—	—	285,550	3,147,226	—	130,254
Charges for services	1,281,793	—	78,106	—	496,565	—
Investment income	237,393	34,868	—	110,945	322,421	6,899
Miscellaneous revenues	—	—	9,976	—	—	—
Total Revenues	<u>1,519,186</u>	<u>703,666</u>	<u>373,632</u>	<u>3,258,171</u>	<u>818,986</u>	<u>137,153</u>
EXPENDITURES						
Current:						
Public safety:						
Police	—	—	—	668	322,948	—
Fire	—	—	—	—	—	—
Public works	16,400	—	—	1,363	—	—
Parks and recreation	81,029	—	—	—	—	—
Community development	609,798	488,877	585,962	—	134,662	44,500
Capital outlay	—	—	—	—	—	—
Total Expenditures	<u>707,227</u>	<u>488,877</u>	<u>585,962</u>	<u>2,031</u>	<u>457,610</u>	<u>44,500</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>811,959</u>	<u>214,789</u>	<u>(212,330)</u>	<u>3,256,140</u>	<u>361,376</u>	<u>92,653</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	—	—	—	—	35,000	—
Transfers (out)	(13,422)	(7,400)	(25,200)	(1,969,071)	(1,071,583)	—
Sale of capital assets	—	—	—	—	—	—
Total Other Financing Sources (Uses)	<u>(13,422)</u>	<u>(7,400)</u>	<u>(25,200)</u>	<u>(1,969,071)</u>	<u>(1,036,583)</u>	<u>—</u>
Net Change in Fund Balances	798,537	207,389	(237,530)	1,287,069	(675,207)	92,653
Beginning Fund Balances	<u>5,458,958</u>	<u>686,079</u>	<u>452,975</u>	<u>1,956,402</u>	<u>8,505,975</u>	<u>139,973</u>
Ending Fund Balances (Deficit)	<u>\$ 6,257,495</u>	<u>\$ 893,468</u>	<u>\$ 215,445</u>	<u>\$ 3,243,471</u>	<u>\$ 7,830,768</u>	<u>\$ 232,626</u>

CITY OF NAPA  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2020

	SPECIAL REVENUE FUNDS						Total Nonmajor Governmental Funds
	Public Safety Programs	Parks & Recreation Trust Programs	Public Infrastructure Program	SA Low/ Mod Set Aside	Measure F	Golf	
REVENUES							
Taxes	\$ —	\$ —	\$ —	\$ —	\$ 1,379,419	\$ —	\$ 2,048,217
Intergovernmental	—	—	—	—	—	—	3,563,030
Charges for services	—	—	127,118	18,567	—	39,047	2,041,196
Investment income	1,985	3,382	7,562	825	78,675	—	804,955
Miscellaneous revenues	3,050	19,553	—	—	—	—	32,579
Total Revenues	5,035	22,935	134,680	19,392	1,458,094	39,047	8,489,977
EXPENDITURES							
Current:							
Public safety:							
Police	55	—	—	—	—	—	323,671
Fire	614	—	—	—	—	—	614
Public works	—	—	144	—	—	—	17,907
Parks and recreation	—	62	—	—	—	596	81,687
Community development	—	—	—	17	16,123	—	1,879,939
Capital outlay	—	—	—	—	—	20,649	20,649
Total Expenditures	669	62	144	17	16,123	21,245	2,324,467
Excess (Deficiency) of Revenues over (under) Expenditures	4,366	22,873	134,536	19,375	1,441,971	17,802	6,165,510
OTHER FINANCING SOURCES (USES)							
Transfers in	—	—	—	—	—	—	35,000
Transfers (out)	—	—	—	(37,000)	(5,200)	—	(3,128,876)
Sale of capital assets	—	—	—	—	—	—	—
Total Other Financing Sources (Uses)	—	—	—	(37,000)	(5,200)	—	(3,093,876)
Net Change in Fund Balances	4,366	22,873	134,536	(17,625)	1,436,771	17,802	3,071,634
Beginning Fund Balances	49,037	65,693	62,855	19,748	888,324	(1,610,803)	16,675,216
Ending Fund Balances (Deficit)	\$ 53,403	\$ 88,566	\$ 197,391	\$ 2,123	\$ 2,325,095	\$ (1,593,001)	\$ 19,746,850

CITY OF NAPA  
ASSESSMENT DISTRICTS  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final Budget	Actual	
Beginning Fund Balance			\$ 5,458,958	
Revenues:				
Charges for services	\$ 930,000	\$ 930,000	1,281,793	\$ 351,793
Investment income	44,100	44,100	237,393	193,293
Total Revenues	974,100	974,100	1,519,186	545,086
Expenditures:				
Current:				
Public works	11,100	14,850	16,400	(1,550)
Parks and recreation	104,940	104,949	81,029	23,920
Community development	440,000	440,000	609,798	(169,798)
Total Expenditures	556,040	559,799	707,227	(147,428)
Other Financing Sources (Uses):				
Transfers (out)	(60,100)	(217,151)	(13,422)	203,729
Total Other Financing Sources (Uses)	(60,100)	(217,151)	(13,422)	203,729
Net Change in Fund Balances	\$ 357,960	\$ 197,150	798,537	\$ 601,387
Ending Fund Balance			\$ 6,257,495	

CITY OF NAPA  
 TOURISM IMPROVEMENT DISTRICT  
 SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final Budget		
Beginning Fund Balance			\$ 686,079	
Revenues:				
Taxes	\$ 964,000	\$ 964,000	668,798	\$ (295,202)
Investment income	5,000	5,000	34,868	29,868
Total Revenues	<u>969,000</u>	<u>969,000</u>	<u>703,666</u>	<u>(265,334)</u>
Expenditures:				
Current:				
Community development	949,900	949,900	488,877	461,023
Total Expenditures	<u>949,900</u>	<u>949,900</u>	<u>488,877</u>	<u>461,023</u>
Other Financing Sources (Uses):				
Transfers (out)	(7,400)	(7,400)	(7,400)	—
Total Other Financing Sources (Uses)	<u>(7,400)</u>	<u>(7,400)</u>	<u>(7,400)</u>	<u>—</u>
Net Change in Fund Balances	<u>\$ 11,700</u>	<u>\$ 11,700</u>	<u>207,389</u>	<u>\$ 195,689</u>
Ending Fund Balance			<u>\$ 893,468</u>	

CITY OF NAPA  
COMMUNITY DEVELOPMENT BLOCK GRANT  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final Budget		
Beginning Fund Balance			\$ 452,975	
Revenues:				
Intergovernmental	\$ 639,500	\$ 787,343	285,550	\$ (501,793)
Charges for services	57,000	57,000	78,106	21,106
Miscellaneous revenues	—	—	9,976	9,976
Total Revenues	696,500	844,343	373,632	(470,711)
Expenditures:				
Current:				
Community development	696,700	1,009,102	585,962	423,140
Total Expenditures	696,700	1,009,102	585,962	423,140
Other Financing Sources (Uses):				
Transfers (out)	(228,700)	(239,505)	(25,200)	214,305
Total Other Financing Sources (Uses)	(228,700)	(239,505)	(25,200)	214,305
Net Change in Fund Balances	\$ (228,900)	\$ (404,264)	(237,530)	\$ 166,734
Ending Fund Balance			\$ 215,445	

CITY OF NAPA  
TRAFFIC FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final Budget		
Beginning Fund Balance			\$ 1,956,402	
Revenues:				
Intergovernmental	\$ 3,365,700	\$ 3,365,700	3,147,226	\$ (218,474)
Investment income	24,000	24,000	110,945	86,945
Total Revenues	3,389,700	3,389,700	3,258,171	(131,529)
Expenditures:				
Current:				
Public safety:				
Police	37,500	37,500	668	36,832
Public works	1,000	1,000	1,363	(363)
Total Expenditures	38,500	38,500	2,031	36,469
Other Financing Sources (Uses):				
Transfers (out)	(2,931,100)	(4,138,122)	(1,969,071)	2,169,051
Total Other Financing Sources (Uses)	(2,931,100)	(4,138,122)	(1,969,071)	2,169,051
Net Change in Fund Balances	\$ 420,100	\$ (786,922)	1,287,069	\$ 2,073,991
Ending Fund Balance			\$ 3,243,471	

CITY OF NAPA  
PARKING FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final Budget		
Beginning Fund Balance			\$ 8,505,975	
Revenues:				
Charges for services	\$ 599,000	\$ 599,000	496,565	\$ (102,435)
Investment income	87,000	87,000	322,421	235,421
Total Revenues	686,000	686,000	818,986	132,986
Expenditures:				
Current:				
Public safety:				
Police	351,900	351,900	322,948	28,952
Community development	188,800	188,800	134,662	54,138
Total Expenditures	540,700	540,700	457,610	83,090
Other Financing Sources (Uses):				
Transfers in	35,000	35,000	35,000	—
Transfers (out)	(439,400)	(1,624,336)	(1,071,583)	552,753
Total Other Financing Sources (Uses)	(404,400)	(1,589,336)	(1,036,583)	552,753
Net Change in Fund Balances	\$ (259,100)	\$ (1,444,036)	(675,207)	\$ 768,829
Ending Fund Balance			\$ 7,830,768	



CITY OF NAPA  
 CALHOME GRANT  
 SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final Budget		
Beginning Fund Balance			\$ 139,973	
Revenues:				
Intergovernmental	\$ 2,000	\$ 2,000	130,254	\$ 128,254
Investment income	2,500	2,500	6,899	4,399
Total Revenues	4,500	4,500	137,153	132,653
Expenditures:				
Current:				
Community development	99,000	236,245	44,500	191,745
Total Expenditures	99,000	236,245	44,500	191,745
Net Change in Fund Balances	\$ (94,500)	\$ (231,745)	92,653	\$ 324,398
Ending Fund Balance			\$ 232,626	

CITY OF NAPA  
PUBLIC SAFETY PROGRAMS  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final Budget		
Beginning Fund Balance			\$ 49,037	
Revenues:				
Investment income	\$ 500	\$ 500	1,985	\$ 1,485
Miscellaneous revenues	2,000	2,000	3,050	1,050
Total Revenues	2,500	2,500	5,035	2,535
Expenditures:				
Current:				
Public safety:				
Police	5,000	5,000	55	4,945
Fire	2,000	2,000	614	1,386
Total Expenditures	7,000	7,000	669	6,331
Net Change in Fund Balances	\$ (4,500)	\$ (4,500)	4,366	\$ 8,866
Ending Fund Balance			\$ 53,403	

CITY OF NAPA  
 PARKS & RECREATION TRUST PROGRAMS  
 SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final Budget		
Beginning Fund Balance			\$ 65,693	
Revenues:				
Investment income	\$ 500	\$ 500	3,382	\$ 2,882
Miscellaneous revenues	19,500	19,500	19,553	53
Total Revenues	20,000	20,000	22,935	2,935
Expenditures:				
Current:				
Parks and recreation	19,495	23,493	62	23,431
Total Expenditures	19,495	23,493	62	23,431
Net Change in Fund Balances	\$ 505	\$ (3,493)	22,873	\$ 26,366
Ending Fund Balance			\$ 88,566	

CITY OF NAPA  
 SUCCESSOR AGENCY LOW/MOD SET ASIDE  
 SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final Budget	Actual	
Beginning Fund Balance			\$ 19,748	
Revenues:				
Charges for services	\$ 18,500	\$ 18,500	18,567	\$ 67
Investment income	—	—	825	825
Total Revenues	18,500	18,500	19,392	892
Expenditures:				
Current:				
Community development	—	—	17	(17)
Total Expenditures	—	—	17	(17)
Other Financing Sources (Uses):				
Transfers (out)	(37,000)	(37,000)	(37,000)	—
Total Other Financing Sources (Uses)	(37,000)	(37,000)	(37,000)	—
Net Change in Fund Balances	\$ (18,500)	\$ (18,500)	(17,625)	\$ 875
Ending Fund Balance			\$ 2,123	

CITY OF NAPA  
 MEASURE F  
 SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final Budget	Actual	
Beginning Fund Balance			\$ 888,324	
Revenues:				
Taxes	\$ 1,968,000	\$ 1,968,000	1,379,419	\$ (588,581)
Investment income	1,000	1,000	78,675	77,675
Total Revenues	1,969,000	1,969,000	1,458,094	(510,906)
Expenditures:				
Current:				
Community development	72,400	72,400	16,123	56,277
Total Expenditures	72,400	72,400	16,123	56,277
Other Financing Sources (Uses):				
Transfers (out)	(5,200)	(5,200)	(5,200)	—
Total Other Financing Sources (Uses)	(5,200)	(5,200)	(5,200)	—
Net Change in Fund Balances	\$ 1,891,400	\$ 1,891,400	1,436,771	\$ (454,629)
Ending Fund Balance			\$ 2,325,095	

CITY OF NAPA  
GOLF FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final Budget	Actual	
Beginning Fund Balance (Deficit)			\$ (1,610,803)	
Revenues:				
Charges for services	\$ 50,000	\$ 50,000	39,047	\$ (10,953)
Total Revenues	50,000	50,000	39,047	(10,953)
Expenditures:				
Current:				
Parks and recreation	—	—	596	(596)
Capital outlay	27,000	27,000	20,649	6,351
Total Expenditures	27,000	27,000	21,245	5,755
Other Financing Sources (Uses):				
Transfers (out)	(3,300)	(3,300)	—	3,300
Total Other Financing Sources (Uses)	(3,300)	(3,300)	—	(3,300)
Net Change in Fund Balances	\$ 19,700	\$ 19,700	17,802	\$ (8,498)
Ending Fund Balance (Deficit)			\$ (1,593,001)	

## INTERNAL SERVICE FUNDS

The Internal Service Funds are used to account for the financing of goods or services provided by one department to other departments of the City on a cost reimbursement basis.

The concept of major funds does not extend to internal service funds. For the Statement of Activities, the net revenues and expenses of each internal service fund are eliminated by netting them against the operations of the City departments that generated them. The remaining balance sheet items are consolidated with these same funds in the Governmental Activities Statement of Net Position. However, internal service funds are still presented separately in the Fund Financial Statements.

### **Risk Management Fund**

The Risk Management Fund is an internal service fund established to account for resources and uses related to the City's self-insurance program. The City's self-insurance retention amounts are \$150,000 for general liability claims, \$300,000 for workers' compensation claims and 100% of unemployment claims. The risk management function is funded by charges to the various City departments.

### **Fleet Fund**

The Fleet Management Fund provides full-service, lifetime management of the vehicles and equipment used by all City operations. This begins with specification development and replacement scheduling, transitioning to in-service preparation, then performing regular repairs and scheduled maintenance and inspections. Also included in Fleet services are regulatory compliance, fuel data capture, decommissioning, and ultimately the disposal of said assets. The Fleet Management Division also administers the two City motor pools.

### **Information Technology Replacement Fund**

The Information Technology (IT) Replacement Fund provides for the replacement of IT and telephone infrastructure throughout General Fund departments as necessary to maintain staff productivity.

### **Post-Employment Benefit Fund**

The Post-Employment Benefits Fund is established to collect contributions to cover the cost of retiree benefits for current and past employees. Expenditures from this fund includes payments for current retirees' benefits earned in prior years and contributions to an irrevocable trust to provide resources from which future retiree benefits will be paid.

### **Equipment Replacement Fund**

The Equipment Replacement Fund was established for the replacement of capital equipment as it becomes unserviceable, obsolete, or reaches a predetermined service life.

CITY OF NAPA  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2020

	Risk Management	Fleet	Information Technology Replacement	Post- Employment Benefit	Equipment Replacement	Total
<b>ASSETS</b>						
Current Assets:						
Cash and investments	\$ 14,794,389	\$ 8,558,143	\$ 4,352,994	\$ 889,254	\$ 494,113	\$ 29,088,893
Accounts receivable	1,392	49,034	—	892,792	—	943,218
Interest receivable	1,613	965	519	—	56	3,153
Prepaid items	250,415	—	—	5,755	—	256,170
Total Current Assets	15,047,809	8,608,142	4,353,513	1,787,801	494,169	30,291,434
Noncurrent Assets:						
Cash and Investments held in Trust	—	—	—	4,829,218	—	4,829,218
Capital assets:						
Nondepreciable	—	501,667	—	—	—	501,667
Depreciable, net	—	9,058,599	—	—	—	9,058,599
Total Noncurrent Assets	—	9,560,266	—	4,829,218	—	14,389,484
Total Assets	15,047,809	18,168,408	4,353,513	6,617,019	494,169	44,680,918
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred outflows related to pension	58,884	251,547	—	—	—	310,431
Deferred outflows related to post employment benefits	—	—	—	1,349,871	—	1,349,871
Total Deferred Outflows of Resources	58,884	251,547	—	1,349,871	—	1,660,302
<b>LIABILITIES</b>						
Current Liabilities:						
Accounts payable and accrued liabilities	313,340	173,203	18,861	—	—	505,404
Compensated absences	—	—	—	—	—	—
Claims payable	5,225,100	—	—	—	—	5,225,100
Total Current Liabilities	5,538,440	173,203	18,861	—	—	5,730,504
Long-Term Obligations:						
Net OPEB liability	—	—	—	3,792,142	—	3,792,142
Net pension liability	489,659	2,119,858	—	—	—	2,609,517
Compensated absences	7,817	30,151	—	—	—	37,968
Claims payable	7,477,900	—	—	—	—	7,477,900
Total Long-Term Obligations	7,975,376	2,150,009	—	3,792,142	—	13,917,527
Total Liabilities	13,513,816	2,323,212	18,861	3,792,142	—	19,648,031
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred inflows related to pensions	3,806	34,080	—	—	—	37,886
Deferred inflows related to post employment benefits	—	—	—	1,797,999	—	1,797,999
Total Deferred Inflows of Resources	3,806	34,080	—	1,797,999	—	1,835,885
<b>NET POSITION</b>						
Investment in capital assets	—	9,560,266	—	—	—	9,560,266
Unrestricted	1,589,071	6,502,397	4,334,652	2,376,749	494,169	15,297,038
Total Net Position (Deficit)	\$ 1,589,071	\$16,062,663	\$ 4,334,652	\$ 2,376,749	\$ 494,169	\$ 24,857,304



CITY OF NAPA  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2020

	Risk Management	Fleet	Information Technology Replacement	Post- Employment Benefit	Equipment Replacement	Total
OPERATING REVENUES						
Charges for services	\$ 7,134,474	\$ 5,144,049	\$ 205,600	\$ 2,610,252	\$ —	\$ 15,094,375
Total Operating Revenues	<u>7,134,474</u>	<u>5,144,049</u>	<u>205,600</u>	<u>2,610,252</u>	<u>—</u>	<u>15,094,375</u>
OPERATING EXPENSES						
Employee services and benefits	371,730	1,126,177	6,109	—	—	1,504,016
Materials and services	828,838	1,221,651	442,589	1,604,286	88,124	4,185,488
Insurance premiums and claims	6,836,673	—	—	—	—	6,836,673
Depreciation	—	1,468,280	—	—	—	1,468,280
Total Operating Expenses	<u>8,037,241</u>	<u>3,816,108</u>	<u>448,698</u>	<u>1,604,286</u>	<u>88,124</u>	<u>13,994,457</u>
Operating Income (Loss)	<u>(902,767)</u>	<u>1,327,941</u>	<u>(243,098)</u>	<u>1,005,966</u>	<u>(88,124)</u>	<u>1,099,918</u>
NONOPERATING REVENUES (EXPENSES)						
Investment income	487,464	305,433	112,827	281,308	17,300	1,204,332
Gain (loss) on sale of capital assets	—	(6,182)	—	—	—	(6,182)
Total Nonoperating Revenues (Expenses)	<u>487,464</u>	<u>299,251</u>	<u>112,827</u>	<u>281,308</u>	<u>17,300</u>	<u>1,198,150</u>
Income (loss) before transfers	<u>(415,303)</u>	<u>1,627,192</u>	<u>(130,271)</u>	<u>1,287,274</u>	<u>(70,824)</u>	<u>2,298,068</u>
TRANSFERS						
Transfers in	750,000	38,923	2,425,000	—	150,000	3,363,923
Transfers (out)	<u>(414,700)</u>	<u>(133,400)</u>	<u>(7,600)</u>	<u>(9,800)</u>	<u>—</u>	<u>(565,500)</u>
Change in Net Position	<u>(80,003)</u>	<u>1,532,715</u>	<u>2,287,129</u>	<u>1,277,474</u>	<u>79,176</u>	<u>5,096,491</u>
Beginning Net Position	<u>1,669,074</u>	<u>14,529,948</u>	<u>2,047,523</u>	<u>1,099,275</u>	<u>414,993</u>	<u>19,760,813</u>
Ending Net Position	<u>\$ 1,589,071</u>	<u>\$ 16,062,663</u>	<u>\$ 4,334,652</u>	<u>\$ 2,376,749</u>	<u>\$ 494,169</u>	<u>\$ 24,857,304</u>

CITY OF NAPA  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2020

	Risk Management	Fleet	Information Technology Replacement	Post- Employment Benefit	Equipment Replacement	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Receipts from customers	\$ 7,154,905	\$ 5,095,015	\$ 205,600	\$ 2,580,947	\$ 4	\$ 15,036,471
Payments to suppliers	(4,740,395)	(1,327,204)	(426,351)	(1,610,041)	(88,130)	(8,192,121)
Payments to/or on behalf of employees	(338,408)	(996,067)	(6,109)	(916,457)	—	(2,257,041)
Net cash provided (used) by Operating Activities	2,076,102	2,771,744	(226,860)	54,449	(88,126)	4,587,309
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Transfers in	750,000.00	38,923	2,425,000	—	150,000	3,363,923
Transfers out	(414,700)	(133,400)	(7,600)	(9,800)	—	(565,500)
Net cash provided (used) by Noncapital Financing Activities	335,300	(94,477)	2,417,400	(9,800)	150,000	2,798,423
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Disposition of capital assets	—	(6,182)	—	—	—	(6,182)
Acquisition of capital assets	—	(1,027,622)	—	—	—	(1,027,622)
Net cash provided (used) by Capital and Related Financing Activities	—	(1,033,804)	—	—	—	(1,033,804)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Interest	487,399	305,378	112,313	281,406	17,299	1,203,795
Net cash provided (used) by Investing Activities	487,399	305,378	112,313	281,406	17,299	1,203,795
Net Cash Increase (Decrease) in cash and cash equivalents	2,898,801	1,948,841	2,302,853	326,055	79,173	7,555,723
Cash and cash equivalents at beginning of period	11,895,588	6,609,302	2,050,141	5,392,417	414,940	26,362,388
Cash and cash equivalents at end of period	\$ 14,794,389	\$ 8,558,143	\$ 4,352,994	\$ 5,718,472	\$ 494,113	\$ 33,918,111
<b>Reconciliation of operating income (loss) to net cash flows from operating activities</b>						
Operating income (loss)	\$ (902,767)	\$ 1,327,941	\$ (243,098)	\$ 1,005,966	\$ (88,124)	\$ 1,099,918
Adjustments to reconcile operating income to net cash flows from operating activities						
Depreciation	—	1,468,280	—	—	—	1,468,280
Change in assets and liabilities:						
Receivables, net	20,431	(49,034)	—	(29,305)	4	(57,904)
Prepaid items	(150,415)	—	—	(5,755)	—	(156,170)
Deferred outflows of resources, pension	9,872	36,637	—	—	—	46,509
Deferred outflows of resources, OPEB	—	—	—	(61,513)	—	(61,513)
Accounts payable and other accrued expenses	297,531	(105,553)	16,238	—	(6)	208,210
Net Pension liability	31,139	115,555	—	—	—	146,694
Net OPEB liability	—	—	—	(2,550,813)	—	(2,550,813)
Deferred inflows of resources, pension	(1,716)	(6,368)	—	—	—	(8,084)
Deferred inflows of resources, OPEB	—	—	—	1,695,869	—	1,695,869
Claims payable	2,778,000	—	—	—	—	2,778,000
Vacation and sick leave payable	(5,973)	(15,714)	—	—	—	(21,687)
Net cash provided (used) by Operating Activities	\$ 2,076,102	\$ 2,771,744	\$ (226,860)	\$ 54,449	\$ (88,126)	\$ 4,587,309

<b>AGENCY FUNDS</b>
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These funds are used to account for assets held by the city as an agent for individuals, private organizations, and other governments. The financial activities of these funds are excluded from the City-wide financial statements, but are presented in separate Fiduciary Fund financial statements.

**Agency Funds****Payroll Fund**

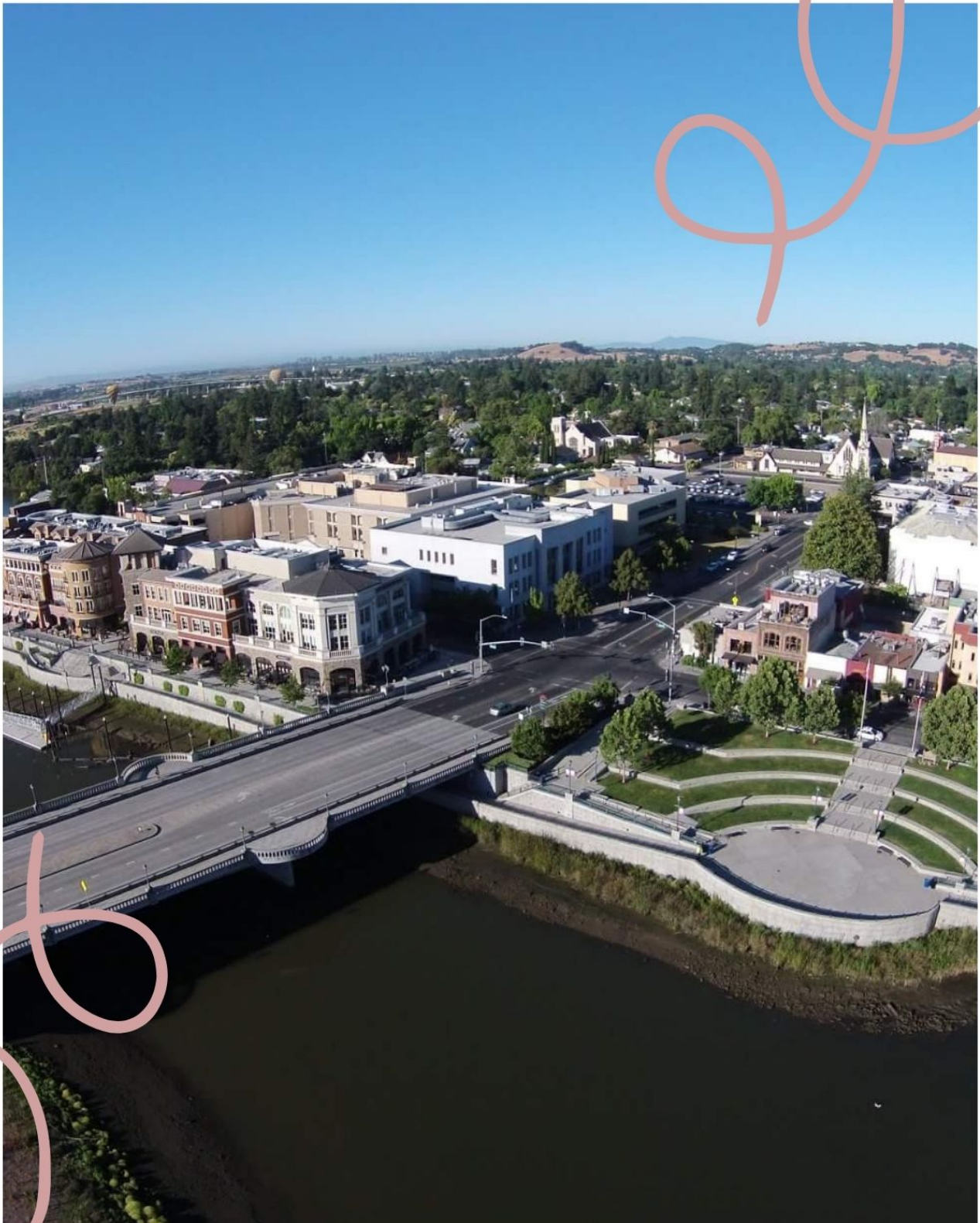
To account for the collection and payment of all payroll deductions made from the City employees and for monies collected from retirees to reimburse the City for their share of their health insurance premiums.

**Gasser Community Facilities District**

To account for the bond activities of the Gasser Community Facilities District (CFD) established September 5, 2017 for the purpose of constructing public roads, bridges, water quality improvements, drainage improvements, and water system improvements along Soscol Canyon Road. The CFD will levy an annual special tax for repayment of the bond.

CITY OF NAPA  
AGENCY FUNDS  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE YEAR ENDED JUNE 30, 2020

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
<b>PAYROLL</b>				
<b>Assets</b>				
Cash and investments	\$ 199,870	\$ 47,895,097	\$ (48,044,154)	\$ 50,813
Accounts receivable	6,404	4,471	(4,472)	6,403
Total Assets	<u>\$ 206,274</u>	<u>\$ 47,899,568</u>	<u>\$ (48,048,626)</u>	<u>\$ 57,216</u>
<b>Liabilities</b>				
Accounts payable	<u>\$ 206,274</u>	<u>\$ 103,564,791</u>	<u>\$ (103,713,849)</u>	<u>\$ 57,216</u>
<b>GASSER COMMUNITY FACILITIES DISTRICT</b>				
<b>Assets</b>				
Cash and investments	\$ 796,602	\$ 1,160,427	\$ (1,148,579)	\$ 808,450
Restricted cash	2,033,462	1,150,732	(1,907,526)	1,276,668
Accounts receivable	2,483	39,822	(84)	42,221
Total Assets	<u>\$ 2,832,547</u>	<u>\$ 2,350,981</u>	<u>\$ (3,056,189)</u>	<u>\$ 2,127,339</u>
<b>Liabilities</b>				
Accounts Payable	\$ 12	—	(12)	—
Due to Bondholders	2,832,535	57,638,832	(58,344,028)	2,127,339
Total Liabilities	<u>\$ 2,832,547</u>	<u>\$ 57,638,832</u>	<u>\$ (58,344,040)</u>	<u>\$ 2,127,339</u>
<b>TOTAL AGENCY FUNDS</b>				
<b>Assets</b>				
Cash and investments	\$ 996,472	\$ 49,055,524	\$ (49,192,733)	\$ 859,263
Restricted cash	2,033,462	1,150,732	(1,907,526)	1,276,668
Accounts receivable	8,887	44,293	(4,556)	48,624
Total Assets	<u>\$ 3,038,821</u>	<u>\$ 50,250,549</u>	<u>\$ (51,104,815)</u>	<u>\$ 2,184,555</u>
<b>Liabilities</b>				
Accounts payable	\$ 206,286	\$ 103,564,791	\$ (103,713,861)	\$ 57,216
Due to Bondholders	2,832,535	57,638,832	(58,344,028)	2,127,339
Total Liabilities	<u>\$ 3,038,821</u>	<u>\$ 161,203,623</u>	<u>\$ (162,057,889)</u>	<u>\$ 2,184,555</u>



# Statistical Section

Financial Trends, Revenue and Debt Capacity,  
Demographic, Economic, Operating Information

<b>STATISTICAL SECTION (UNAUDITED)</b>
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This part of the City's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

**Contents:**

**Financial Trends Information**

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

**Revenue Capacity Information**

These schedules contain trend information to help the reader understand the City's most significant local revenue source, property taxes.

**Debt Capacity Information**

These schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.

**Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

**Operating Information**

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

**City of Napa - Financial Trends Information**  
**Net Position by Component**  
**Last Ten Fiscal Years**  
*(Accrual basis accounting, in thousands)*

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Governmental Activities</b>										
Net investment in capital assets	\$338,198	\$356,311	\$356,406	\$365,826	\$357,559	\$351,129	\$351,563	\$369,603	\$358,507	\$378,521
Restricted	33,576	34,398	38,205	37,699	37,848	41,722	43,100	83,834	82,878	78,781
Unrestricted	49,287	47,907	40,475	49,510	(55,768)	(41,524)	(33,037)	(57,495)	(55,165)	(54,455)
<b>Total governmental activities net position</b>	<b><u>\$421,061</u></b>	<b><u>\$438,616</u></b>	<b><u>\$435,086</u></b>	<b><u>\$453,035</u></b>	<b><u>\$339,639</u></b>	<b><u>\$351,327</u></b>	<b><u>\$361,626</u></b>	<b><u>\$395,942</u></b>	<b><u>\$386,220</u></b>	<b><u>\$402,847</u></b>
<b>Business-type Activities</b>										
Net investment in capital assets	\$ 60,887	\$ 62,435	\$ 63,898	\$ 72,262	\$ 75,160	\$ 75,328	\$ 73,653	\$ 71,873	\$ 70,082	\$ 70,385
Restricted	—	1,077	799	534	169	724	12,667	12,398	—	—
Unrestricted	46,648	42,933	45,474	47,189	31,439	37,519	25,684	14,499	33,891	44,300
<b>Total business-type activities net position</b>	<b><u>\$107,535</u></b>	<b><u>\$106,445</u></b>	<b><u>\$110,171</u></b>	<b><u>\$119,985</u></b>	<b><u>\$106,768</u></b>	<b><u>\$113,571</u></b>	<b><u>\$112,004</u></b>	<b><u>\$ 98,770</u></b>	<b><u>\$103,973</u></b>	<b><u>\$114,685</u></b>
<b>Primary Government</b>										
Net investment in capital assets	\$399,085	\$418,746	\$420,304	\$438,088	\$432,719	\$426,457	\$425,216	\$441,476	\$428,589	\$448,906
Restricted	33,576	35,475	39,004	38,233	38,017	42,446	55,767	96,232	82,878	78,781
Unrestricted	95,935	90,840	85,949	96,699	(24,329)	(4,005)	(7,354)	(42,996)	(21,274)	(10,155)
<b>Total primary government activities net position</b>	<b><u>\$528,596</u></b>	<b><u>\$545,061</u></b>	<b><u>\$545,257</u></b>	<b><u>\$573,020</u></b>	<b><u>\$446,407</u></b>	<b><u>\$464,898</u></b>	<b><u>\$473,629</u></b>	<b><u>\$494,712</u></b>	<b><u>\$490,193</u></b>	<b><u>\$517,532</u></b>

Source: City of Napa - Audited Financials

## City of Napa - Financial Trends Information

## Changes in Net Position

## Last Ten Fiscal Years

(Accrual basis accounting, in thousands)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Expenses</b>										
Governmental activities										
General Government	\$ 16,605	\$ 19,664	\$ 19,452	\$ 10,614	\$ 21,312	\$ 15,519	\$ 14,341	\$ 15,239	\$ 12,251	\$ 19,195
Public Safety	29,081	32,266	34,946	36,764	38,299	39,402	44,774	49,743	57,304	60,967
Public Works	20,431	18,201	22,914	27,223	17,370	19,689	23,840	30,825	32,576	8,455
Parks & Recreation	7,241	6,734	6,765	7,269	7,598	8,874	9,378	10,576	8,634	8,928
Community Development	1,119	492	3,418	6,246	7,970	8,538	5,809	25,322	24,738	27,095
Redevelopment	1,363	580	—	—	—	—	—	—	—	—
Interest on long term debt	986	937	—	—	—	—	—	—	—	—
<b>Total Governmental activities expenses</b>	<b>\$ 76,826</b>	<b>\$ 78,874</b>	<b>\$ 87,495</b>	<b>\$ 88,116</b>	<b>\$ 92,549</b>	<b>\$ 92,022</b>	<b>\$ 98,142</b>	<b>\$ 131,704</b>	<b>\$ 135,502</b>	<b>\$ 124,640</b>
Business-type activities										
Water	\$ 19,494	\$ 21,627	\$ 21,173	\$ 23,801	\$ 25,699	\$ 25,133	\$ 27,553	\$ 27,174	\$ 28,060	\$ 32,327
Solid Waste	19,747	20,505	21,277	21,078	22,563	21,425	23,373	27,328	30,475	34,339
Golf	1,778	1,783	1,459	—	—	—	—	—	—	—
Housing	11,368	13,626	13,291	12,169	12,571	12,623	14,846	—	—	—
<b>Total business-type activities expenses</b>	<b>\$ 52,387</b>	<b>\$ 57,541</b>	<b>\$ 57,200</b>	<b>\$ 57,048</b>	<b>\$ 60,833</b>	<b>\$ 59,181</b>	<b>\$ 65,772</b>	<b>\$ 54,502</b>	<b>\$ 58,535</b>	<b>\$ 66,666</b>
<b>Total Primary government expenses</b>	<b>\$ 129,213</b>	<b>\$ 136,415</b>	<b>\$ 144,695</b>	<b>\$ 145,164</b>	<b>\$ 153,382</b>	<b>\$ 151,203</b>	<b>\$ 163,914</b>	<b>\$ 186,206</b>	<b>\$ 194,037</b>	<b>\$ 191,306</b>
<b>Program Revenues</b>										
Governmental activities										
Charges for Services										
General Government	\$ 2,975	\$ 1,876	\$ 3,230	\$ 10,156	\$ 6,300	\$ 7,129	\$ 10,303	\$ 9,387	\$ 8,237	\$ 14,604
Public Safety	4,076	2,953	4,722	4,487	5,155	7,617	7,587	8,530	8,153	8,515
Public Works	1,953	418	2,352	4,558	5,042	1,378	1,407	1,840	2,059	3,141
Parks & Recreation	1,470	1,257	1,966	1,659	2,670	1,323	2,008	1,423	2,300	2,065
Community Development	—	—	2,579	2,930	5,175	5,959	8,962	14,334	7,829	9,092
Redevelopment	20	1	—	—	—	—	—	—	—	—
Operating grants and contributions	4,776	5,152	2,448	2,329	1,948	4,652	3,264	16,222	15,822	15,858
Capital grants and contributions	9,322	5,785	2,116	12,765	2,293	5,359	3,950	28,028	14,388	8,583
<b>Total governmental activities program revenues</b>	<b>\$ 24,592</b>	<b>\$ 17,442</b>	<b>\$ 19,413</b>	<b>\$ 38,884</b>	<b>\$ 28,583</b>	<b>\$ 33,417</b>	<b>\$ 37,481</b>	<b>\$ 79,764</b>	<b>\$ 58,788</b>	<b>\$ 61,858</b>
Business type activities										
Charges for Services										
Water	\$ 19,422	\$ 22,166	\$ 25,454	\$ 28,510	\$ 24,946	\$ 26,980	\$ 26,849	\$ 30,687	\$ 33,209	\$ 41,559
Solid Waste	23,285	24,609	24,461	24,117	24,249	26,487	26,963	28,625	28,584	34,472
Golf	1,394	1,580	1,260	—	—	—	—	—	—	—
Housing	5,167	1,163	1,160	1,116	1,415	1,236	1,337	—	—	—
Operating grants and contributions	11,611	10,221	11,501	10,543	11,539	11,860	12,298	365	3,200	1,262
Capital grants and contributions	322	352	462	729	2,450	3,195	1,072	2,189	803	1,375
<b>Total business-type activities program revenues</b>	<b>\$ 61,201</b>	<b>\$ 60,091</b>	<b>\$ 64,298</b>	<b>\$ 65,015</b>	<b>\$ 64,599</b>	<b>\$ 69,758</b>	<b>\$ 68,519</b>	<b>\$ 61,867</b>	<b>\$ 65,797</b>	<b>\$ 78,669</b>
<b>Total primary government revenues</b>	<b>\$ 85,793</b>	<b>\$ 77,533</b>	<b>\$ 83,711</b>	<b>\$ 103,899</b>	<b>\$ 93,182</b>	<b>\$ 103,175</b>	<b>\$ 106,000</b>	<b>\$ 141,631</b>	<b>\$ 124,585</b>	<b>\$ 140,527</b>
<b>Net (expense)/revenue</b>										
Governmental activities	\$ (52,233)	\$ (61,430)	\$ (68,081)	\$ (49,232)	\$ (63,966)	\$ (58,606)	\$ (58,606)	\$ (51,942)	\$ (76,715)	\$ (62,782)
Business-type activities	8,814	2,551	7,097	7,967	3,767	10,577	10,577	7,365	7,261	12,001
<b>Total Primary government net expense</b>	<b>\$ (43,419)</b>	<b>\$ (58,879)</b>	<b>\$ (60,984)</b>	<b>\$ (41,265)</b>	<b>\$ (60,199)</b>	<b>\$ (48,029)</b>	<b>\$ (48,029)</b>	<b>\$ (44,577)</b>	<b>\$ (69,454)</b>	<b>\$ (50,781)</b>
<b>General Revenues and other changes in net position</b>										
Governmental activities										
Taxes										
Property taxes	\$ 27,452	\$ 25,399	\$ 25,419	\$ 26,785	\$ 27,915	\$ 28,431	\$ 28,684	\$ 31,478	\$ 35,256	\$ 35,816
Property tax increment	6,235	3,057	—	—	—	—	—	—	—	—
Franchise taxes	1,685	1,748	1,818	1,871	1,981	2,014	2,057	2,070	2,019	1,991
Sales taxes	12,192	13,019	14,267	15,150	16,184	15,947	16,059	16,778	18,153	15,751
Transient Occupancy	9,872	11,817	14,032	15,803	15,869	18,233	19,460	20,076	23,530	18,098
Motor vehicle license fees	358	39	40	**	**	**	**	**	**	**
Business license	2,572	2,661	2,766	**	**	**	**	**	**	**
Investment earnings	1,368	849	93	531	686	574	99	(158)	2,085	2,058
Miscellaneous	—	—	—	—	—	—	—	—	—	—
Sale of Capital Assets	—	—	—	—	—	743	190	268	61	2,476
Transfers	3,504	4,178	4,128	4,299	4,304	4,334	4,408	4,149	3,951	3,222
<b>Total governmental activities</b>	<b>\$ 65,238</b>	<b>\$ 62,767</b>	<b>\$ 62,563</b>	<b>\$ 64,439</b>	<b>\$ 66,939</b>	<b>\$ 70,276</b>	<b>\$ 70,957</b>	<b>\$ 74,662</b>	<b>\$ 85,054</b>	<b>\$ 79,411</b>
Business -type activities										
Investment earnings	\$ 841	\$ 537	\$ 11	\$ 364	\$ 172	\$ 544	\$ 93	\$ 318	\$ 1,853	\$ 1,934
Sale of Capital Assets	—	—	—	—	—	16	—	—	40	—
Miscellaneous	—	—	—	—	—	—	—	—	—	—
Transfers	(3,504)	(4,178)	(4,128)	(4,299)	(4,304)	(4,334)	(4,408)	(4,149)	(3,951)	(3,222)
<b>Total business-type activities</b>	<b>(2,663)</b>	<b>(3,641)</b>	<b>(4,117)</b>	<b>(3,935)</b>	<b>(4,132)</b>	<b>(3,774)</b>	<b>(4,315)</b>	<b>(3,831)</b>	<b>(2,058)</b>	<b>(1,288)</b>
<b>Total primary government</b>	<b>\$ 62,575</b>	<b>\$ 59,126</b>	<b>\$ 58,446</b>	<b>\$ 60,504</b>	<b>\$ 62,807</b>	<b>\$ 66,502</b>	<b>\$ 66,642</b>	<b>\$ 70,831</b>	<b>\$ 82,996</b>	<b>\$ 78,123</b>
<i>Special Items (Transfer to Successor Agency Trust)</i>	\$ —	\$ 16,327	\$ —	\$ —	\$ —	\$ 19	\$ —	\$ —	\$ —	\$ —
<i>Extraordinary Items - Governmental activities</i>	—	—	3,995	3,415	2,173	—	—	—	—	—
<i>Extraordinary Items - Business-type activities</i>	—	—	747	—	—	—	—	—	—	—
<b>Change in Net Position</b>										
Governmental activities	13,005	17,664	(1,524)	18,622	5,145	11,688	10,298	22,718	8,340	16,629
Business-type activities	6,152	(1,090)	3,727	4,033	(365)	6,803	(1,567)	3,534	5,203	10,713
<b>Total primary government</b>	<b>\$ 19,157</b>	<b>\$ 16,574</b>	<b>\$ 2,203</b>	<b>\$ 22,655</b>	<b>\$ 4,780</b>	<b>\$ 18,491</b>	<b>\$ 8,731</b>	<b>\$ 26,252</b>	<b>\$ 13,543</b>	<b>\$ 27,342</b>

Source: City of Napa Audited Financial Statements

\*\*In fiscal years 2014 and later Business License and Motor Vehicle fees are reflected in Charges for Services.



**City of Napa - Financial Trends Information**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
*(Accrual basis accounting, in thousands)*

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>General Fund</b>										
Nonspendable	\$ 483	\$ 2,009	\$ 483	\$ 54	\$ 523	\$ 537	\$ 1,275	\$ 3,411	\$ 4,002	\$ 3,225
Restricted	38	20	20	13	28	51	73	125	195	263
Committed	2,290	—	—	500	500	500	2,422	13,004	13,554	15,396
Assigned	11,048	9,048	15,401	15,418	13,968	18,874	21,043	7,771	12,114	4,600
Unassigned	4,342	9,347	3,748	8,704	6,224	3,051	1,724	4,107	6,116	7,249
Total general fund	<u>\$18,201</u>	<u>\$20,424</u>	<u>\$19,652</u>	<u>\$24,689</u>	<u>\$21,243</u>	<u>\$23,013</u>	<u>\$26,537</u>	<u>\$28,418</u>	<u>\$35,981</u>	<u>\$30,733</u>
<b>All other governmental funds</b>										
Nonspendable	\$ 675	\$ 984	\$ 801	\$ —	\$ 859	\$ —	\$ 675	\$ —	\$ 11	\$ 253
Restricted	9,750	21,905	21,971	\$25,157	25,886	\$38,181	43,465	\$51,282	56,870	63,482
Committed	32,895	16,957	2,988	22,127	31,474	31,698	28,057	32,552	25,997	22,466
Assigned	2,885	—	19,844	1,580	3,313	1,589	208	—	—	—
Unassigned	(5,126)	—	(1,768)	(1,721)	(1,721)	(1,662)	(1,609)	(1,615)	(1,611)	(1,834)
Total all other governmental funds	<u>\$41,079</u>	<u>\$39,846</u>	<u>\$43,836</u>	<u>\$47,143</u>	<u>\$59,811</u>	<u>\$69,806</u>	<u>\$70,796</u>	<u>\$82,219</u>	<u>\$81,267</u>	<u>\$84,367</u>

Source: City of Napa

**City of Napa - Financial Trends Information**  
**Changes in Fund Balances, Government Funds**  
**Last Ten Fiscal Years**

(Modified accrual basis accounting, in thousands)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Revenues</b>										
Taxes	\$ 43,717	\$ 42,483	\$ 41,269	\$ 44,459	\$ 46,861	\$ 51,555	\$ 53,173	\$ 56,992	\$ 64,379	\$ 59,358
Licenses and permits	3,618	4,084	3,945	4,198	4,766	5,753	6,082	6,462	6,350	6,667
Intergovernmental	24,550	21,551	23,394	26,268	23,344	24,078	20,693	37,860	48,581	40,542
Charges for services	9,297	9,226	11,711	12,238	12,030	11,651	13,961	24,272	11,184	13,465
Investment earnings	1,003	726	93	531	632	1,238	173	97	4,317	4,565
Loan repayments	—	—	155	—	—	—	—	—	—	—
Miscellaneous	466	777	124	514	504	681	3,196	1,094	554	2,903
Contribution from owners (Gasser CFD)	—	—	—	—	—	—	—	18,005	—	—
<b>Total Revenues</b>	<b>82,651</b>	<b>78,847</b>	<b>80,691</b>	<b>88,208</b>	<b>88,137</b>	<b>94,956</b>	<b>97,278</b>	<b>144,782</b>	<b>135,365</b>	<b>127,500</b>
<b>Expenditures</b>										
General government	16,588	16,538	12,691	—	—	—	—	—	—	—
City Council	—	—	—	279	307	317	307	291	311	375
City Clerk	—	—	—	623	829	795	983	824	1,012	950
City Manager	—	—	—	1,213	1,174	1,185	1,228	1,217	1,236	1,728
Finance	—	—	—	4,697	5,203	5,351	6,168	6,285	6,561	7,032
City Attorney	—	—	—	876	867	928	1,038	1,100	1,037	1,197
Human Resources	—	—	—	1,071	1,034	1,146	1,154	1,200	1,121	1,255
General Services	—	—	—	2,234	6,260	1,907	1,960	3,274	2,960	2,765
Public safety	33,268	34,009	34,946	—	—	—	—	—	—	—
Police	—	—	—	22,911	23,741	25,786	27,061	28,797	30,124	32,244
Fire	—	—	—	13,755	14,560	15,818	17,113	18,248	19,327	19,553
Public Works	6,752	6,773	7,257	7,252	7,675	10,047	9,443	12,411	11,209	11,974
Parks & Recreation	6,813	6,580	6,765	7,269	7,565	8,855	9,373	10,210	8,291	8,495
Community Development	392	3,849	3,418	6,246	7,976	7,203	7,536	25,123	23,790	26,157
Housing	—	—	—	—	—	—	—	—	—	—
Redevelopment	974	—	—	—	—	—	—	—	—	—
County Fees and pass-through	116	124	—	—	—	—	—	—	—	—
Capital Outlay	15,663	10,793	15,657	16,469	9,267	10,900	13,987	32,006	18,064	18,473
Debt Service	—	—	—	—	—	—	—	—	—	—
Principal	3,365	1,730	—	328	473	320	373	200	206	211
Interest and fiscal charges	1,216	801	—	5	3	23	13	64	59	54
<b>Total Expenditures</b>	<b>85,147</b>	<b>85,147</b>	<b>81,197</b>	<b>80,733</b>	<b>85,228</b>	<b>86,934</b>	<b>90,581</b>	<b>141,247</b>	<b>125,307</b>	<b>132,462</b>
Excess of revenues over/(under) expenditures	<b>(8,088)</b>	<b>(2,495)</b>	<b>(2,351)</b>	<b>(42)</b>	<b>2,980</b>	<b>1,202</b>	<b>4,375</b>	<b>3,535</b>	<b>10,059</b>	<b>(4,961)</b>
<b>Other financing sources (uses)</b>										
Transfer in	30,927	11,822	22,210	17,369	21,237	21,936	12,902	23,770	21,679	27,211
Transfer out	(27,185)	(7,280)	(17,274)	(13,224)	(16,163)	(17,495)	(8,010)	(19,574)	(19,354)	(26,787)
Sale of capital assets	—	—	4	—	772	2,933	79	155	—	2,392
<b>Total Other Financing Sources</b>	<b>2,999</b>	<b>3,743</b>	<b>4,542</b>	<b>4,940</b>	<b>4,145</b>	<b>5,846</b>	<b>7,373</b>	<b>4,351</b>	<b>2,325</b>	<b>2,816</b>
Extraordinary Items (Transfer to/from Successor Agency Trust)	—	—	(1,199)	—	1,220	2,173	19	—	—	—
<b>Net Change in fund balances</b>	<b>\$ (5,089)</b>	<b>\$ 1,248</b>	<b>\$ 991</b>	<b>\$ 4,899</b>	<b>\$ 8,345</b>	<b>\$ 9,220</b>	<b>\$ 11,767</b>	<b>\$ 7,886</b>	<b>\$ 12,384</b>	<b>\$ (2,145)</b>
<b>Debt service as a percentage of non-capital expenditures</b>	5 %	3 %	— %	— %	1 %	— %	— %	— %	— %	— %

Source: City of Napa - Audited Financials

**City of Napa - Revenue Capacity**  
**Assessed Value and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**  
*(in millions)*

<u>Fiscal Year</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Total Taxable Assessed Value</u>	<u>Net Increase / (Decrease) Amount</u>	<u>Net Increase %</u>	<u>Direct Tax Rate</u>
2011	\$ 8,382	259	8,641	(70)	(1)%	0.015%
2012	8,414	251	8,665	24	0%	0.015%
2013	8,509	254	8,763	98	1%	0.015%
2014	9,241	248	9,489	726	8%	0.015%
2015	9,456	247	9,703	214	2%	0.015%
2016	10,056	265	10,321	618	6%	0.015%
2017	10,696	297	10,993	672	7%	0.015%
2018	11,403	308	11,711	718	7%	0.015%
2019	12,044	321	12,365	654	6%	0.015%
2020	12,964	337	13,301	936	8%	0.015%

Source: Napa County Assessor 2019/20 Combined Tax Rolls

Table has been restated from previous years to comply with GASB No. 44

**City of Napa - Revenue Capacity  
Direct and Overlapping Property Tax Rates  
Last Ten Fiscal Years**

<b><u>Fiscal Year</u></b>	<b><u>County</u></b>	<b><u>City</u></b>	<b><u>Education</u></b>	<b><u>Lake Park Maintenance District</u></b>	<b><u>River Park Maintenance District</u></b>	<b><u>Total</u></b>
2010/11	1.0000%	0.0150%	0.0779%	0.1125%	0.1688%	1.3742%
2011/12	1.0000%	0.0150%	0.0973%	0.1125%	0.1688%	1.3936%
2012/13	1.0000%	0.0150%	0.0904%	0.1125%	0.1688%	1.3867%
2013/14	1.0000%	0.0150%	0.0986%	0.1125%	0.1688%	1.3949%
2014/15	1.0000%	0.0150%	0.0954%	0.1125%	0.1688%	1.3917%
2015/16	1.0000%	0.0150%	0.0889%	0.1125%	0.1688%	1.3852%
2016/17	1.0000%	0.0150%	0.1396%	0.1125%	0.1688%	1.4359%
2017/18	1.0000%	0.0150%	0.1261%	0.1125%	0.1688%	1.4224%
2018/19	1.0000%	0.0150%	0.1217%	0.1125%	0.1688%	1.4180%
2019/20	1.0000%	0.0150%	0.1103%	0.1125%	0.1688%	1.4066%

Source: Napa County Auditor/Controller

**City of Napa - Revenue Capacity  
Principal Property Taxpayers  
Current Year and Ten Years Ago**

<u>Taxpayer</u>	<u>Type of Business</u>	2020			2011		
		<u>Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Assessed Valuation</u>	<u>Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Assessed Valuation</u>
Meritage Resort LLC	Hotels	\$ 98,277,921	1	0.74 %	\$ 39,390,970	8	0.46 %
Mani NVR Napa (DE) LLC		97,112,140	2	0.73 %	—		
Napa LW Hotel Associates LP	Hotels	84,185,293	3	0.63 %	—		
Inland American Lodging Napa Solano LLC	Apartments	82,496,564	4	0.62 %	—		
Meritage Commons		81,023,384	5	0.61 %	—		
CG Hawthorn LLC	Hotels	74,966,284	6	0.56 %	—		
IA Lodging Napa First LLC		66,188,080	7	0.50 %	—		
South Napa Fee LLC		62,750,247	8	0.47 %	—		
Peter A and Vernice H Gasser Foundation		58,406,508	9	0.44 %	64,484,686	3	0.75 %
Prime Spain Glen Drive LLC ET AL		58,141,169	10	0.44 %	—		

Source: MuniServices

**City of Napa - Revenue Capacity  
Property Tax Levies and Collections  
Last Ten Fiscal Years**

<u>Fiscal Year ended June 30</u>	<u>Total Tax Levy for Fiscal Year<sup>2</sup></u>	<u>Collected within the Fiscal Year of the Levy</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>
2011	14,378,036	14,378,036	100%
2012	14,922,304	14,922,304	100%
2013	15,207,190	15,207,190	100%
2014	15,334,229	15,334,229	100%
2015	16,558,128	16,558,128	100%
2016	17,253,718	17,253,718	100%
2017	17,959,034	17,959,034	100%
2018	19,708,417	19,708,417	100%
2019	22,306,678	22,306,678	100%
2020	22,930,519 <sup>1</sup>	22,930,519	100%

Source: Napa County Auditor Controller's Office

<sup>1</sup> Information from IFAS GL5003.

<sup>2</sup> Levy does not include ERAF, VLF or RDA pass through.

**City of Napa - Debt Capacity**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

<b>Fiscal Year Ended</b> <b>June 30</b>	<b>Governmental Activities</b>			
	<b><u>Housing</u></b> <b><u>Authority</u></b> <b><u>Debt</u><sup>2</sup></b>	<b><u>Redevelopment</u></b> <b><u>Bonds</u><sup>1</sup></b>	<b><u>Capital Debt</u></b>	<b><u>Total</u></b> <b><u>Governmental</u></b> <b><u>Activities</u></b>
2011	\$ —	\$ 19,020,000	\$ 329,190	\$ 19,349,190
2012	—	—	240,944	240,944
2013	—	—	106,236	106,236
2014	—	—	44,112	44,112
2015	—	—	1,442,767	1,442,767
2016	—	—	1,335,322	1,335,322
2017	—	—	1,219,889	1,788,870
2018	1,225,210	—	1,103,299	2,328,509
2019	1,137,375	—	985,540	2,122,915
2020	1,045,727	—	866,626	1,912,353

<sup>1</sup> Redevelopment Bonds were previously classified as governmental. With the dissolution of Redevelopment in fiscal year 2012 they are now presented under a separate fiduciary fund.

<sup>2</sup> Housing Authority has been added to Governmental Activities as of FY18

**City of Napa - Debt Capacity**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

Business Type Activities							
<u>Fiscal Year</u> <u>Ended</u> <u>June 30</u>	<u>Water</u> <u>Revenue</u> <u>Bonds</u>	<u>Solid Waste</u> <u>Revenue</u> <u>Bonds</u>	<u>Loans &amp; Notes</u> <u>Payable</u>	<u>Total</u> <u>Business</u> <u>Type</u> <u>Activities</u>	<u>Total</u> <u>Primary</u> <u>Government</u>	<u>Percentage</u> <u>of Personal</u> <u>Income</u>	<u>Debt Per</u> <u>Capita</u>
2011	\$ 46,300,000	\$ 4,665,000	\$ 6,535,107	\$ 57,500,107	\$ 76,849,297	3.46%	1,046
2012	45,205,000	4,235,000	6,154,139	55,594,139	55,835,083	2.44%	999
2013	44,065,000	3,785,000	5,760,697	53,610,697	53,716,933	2.28%	720
2014	42,880,000	—	7,623,965	50,503,965	50,548,077	2.12%	690
2015	43,140,673	—	5,599,244	48,739,917	50,182,684	2.11%	645
2016	47,989,710	—	1,389,321	49,379,031	50,714,353	2.07%	635
2017	44,060,559	12,432,687	1,309,114	57,802,360	6,102,249	2.29%	629
2018	44,046,408	12,436,427	—	56,482,835	58,811,344	2.13%	757
2019	41,947,257	11,895,167	—	53,842,424	55,965,339	1.92%	731
2020	39,753,108	11,348,906	—	51,102,014	53,014,367	1.73%	669

Loans & Notes Payable are \$0 this year due Housing being converted to a Special Revenue Fund that is now reported with Governmental Activities. Water and Solid Waste debt is net of unamortized premium and discounts.



**City of Napa - Debt Capacity  
Direct and Overlapping Debt  
As of June 30, 2020**

City Assessed Valuation

\$ 13,301,265,029

	<b>Total Debt at June 30, 2020</b>	<b>Percentage Applicable<sup>1</sup></b>	<b>Estimated Share of Overlapping Debt</b>
<u>Direct and Overlapping Tax and Assessment Debt</u>			
Napa Joint Community College District	\$ 89,759,699	31.50 %	\$ 28,274,305
Napa Valley Unified School District	469,574,855	47.69 %	223,940,248
City of Napa Community Facilities District No. 2017-1	19,540,000	100.00 %	19,540,000
California Statewide Development Authority 1915 Act Bonds	1,904,972	100.00 %	1,904,972
Seminary Street Loan	540,069	100.00 %	540,069
Laurel Manor Rehabilitation Loan	505,659	100.00 %	505,659
<b>Total Direct and Overlapping Tax and Assessment Debt</b>			<u>274,705,253</u>
<u>Direct and Overlapping General Fund Obligation Debt</u>			
City of Napa Capital Lease	866,626	100.00 %	866,626
Napa County Certificates of Participation	14,255,000	31.77 %	4,528,814
Napa County Board of Education Certificates of Participation	2,180,000	31.77 %	692,586
Napa Valley Unified School District General Fund Obligations	2,710,000	47.69 %	1,292,399
<b>Total Overlapping General Fund Obligation Debt</b>			<u>7,380,425</u>
<i>Total Direct Debt</i>			1,912,354
<i>Total Overlapping Debt</i>			278,880,925
<b>Total Direct and Overlapping Debt <sup>2</sup></b>			<u><u>\$ 280,793,279</u></u>

Source: California Municipal Statistics, Inc

<sup>1</sup> Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that if within the boundaries of the city divided by the district's total taxable assessed value.

<sup>2</sup> Excludes tax and revenue anticipation notes, revenue, mortgage revenue and non-bonded capital lease

**City of Napa - Debt Capacity**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**  
*(in thousands)*

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Assessed valuation	\$ 8,641,413	\$ 8,664,661	\$ 8,762,995	\$ 9,218,761	\$ 9,787,994	\$ 10,406,262	\$11,078,940	\$ 11,775,669	\$ 12,450,453	\$ 13,301,265
Conversion percentage	25 %	25 %	25 %	25 %	25 %	25 %	25 %	25 %	25 %	25 %
Adjusted assessed valuation	2,160,353	2,166,165	2,190,749	2,304,690	2,446,999	2,601,566	2,769,735	2,943,917	3,112,613	3,325,316
Debt limit percentage	15 %	15 %	15 %	15 %	15 %	15 %	15 %	15 %	15 %	15 %
Debt limit	324,053	324,925	328,612	345,704	367,050	390,235	415,460	441,588	466,892	498,797
Total net debt applicable to limit:										
General obligation bonds	—	—	—	—	—	—	—	—	—	—
Legal debt margin	\$ 324,053	\$ 324,925	\$ 328,612	\$ 345,704	\$ 367,049,789	\$ 390,235	\$ 415,460	\$ 441,588	\$ 466,892	\$ 498,797
Total debt applicable to the limit as percentage of debt limit	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %

**City of Napa - Debt Capacity  
Pledged Revenue Capacity  
Last Ten Fiscal Years**

Water								
<u>Fiscal Year Ended June 30</u>	<u>Net Water Revenues</u>	<u>Less Expenses</u>	<u>Net Available Revenues</u>	<u>Debt Service</u>			<u>City System Coverage</u>	
				<u>Principal</u>	<u>Interest</u>	<u>Notes Payable</u>		
2011	\$ 19,422,077	\$ 14,022,037	\$ 5,400,040	\$ 1,050,000	\$ 2,246,044	\$ 391,537	1.46	
2012	22,160,235	15,389,343	6,770,892	1,095,000	2,204,044	391,537	1.83	
2013	25,454,220	15,452,198	10,002,022	1,140,000	2,160,244	391,537	2.71	
2014	28,510,172	14,339,154	14,171,018	1,541,062	5,313,787	391,537	1.96	
2015	24,945,963	19,254,164	5,691,799	1,245,000	2,052,894	391,537	1.54	
2016	30,174,654	25,132,975	5,041,679	—	419,545	391,537	12.02	
2017	28,051,071	24,095,608	3,955,463	1,680,000	1,736,050	391,537	1.16	
2018	30,686,645	25,535,076	5,151,569	1,765,000	1,637,342	—	1.51	
2019	37,725,405	26,718,269	11,007,136	1,850,000	1,568,380	—	3.22	
2020	45,930,824	34,034,016	11,896,808	1,945,000	1,455,092	—	3.50	

Solid Waste Revenue Bonds								
<u>Fiscal Year Ended June 30</u>	<u>Net Solid Waste Revenues</u>	<u>Less Expenses</u>	<u>Net Available Revenues</u>	<u>Debt Service</u>			<u>City System Coverage</u>	
				<u>Principal</u>	<u>Interest</u>	<u>Notes Payable</u>		
2011	\$ 15,986,299	\$ 13,015,485	\$ 2,970,813	\$ 410,000	\$ 265,289	—	4.40	
2012	16,538,005	14,061,154	2,476,851	430,000	244,037	—	3.67	
2013	24,461,038	20,763,495	3,697,543	450,000	221,773	—	5.50	
2014	24,117,179	20,464,194	3,652,985	3,552,784	278,931	—	0.95	
2015	24,248,868	22,297,405	1,951,463	—	—	—	—	
2016	26,536,033	21,425,404	5,110,629	—	—	—	—	
2017	27,070,203	22,789,573	4,280,630	—	91,520	—	46.77	
2018	28,624,734	26,758,912	1,865,822	—	567,544	—	3.29	
2019	30,935,739	29,848,450	1,087,289	545,000	323,239	—	1.25	
2020	34,669,468	35,853,679	(1,184,211)	550,000	314,169	—	(1.37)	

Net revenues include transfers from the Rate Stabilization and Operating reserves.

**City of Napa - Demographic and Economic Information**  
**Demographic and Economic Information**  
**Last Ten Years**

<u>Year</u>	<u>Population (1)</u>	<u>Personal Income (in thousands) (2)</u>	<u>Per Capita Income (2)</u>	<u>School Enrollment **</u>	<u>Unemployment Rate (3)</u>
2011	78,791	\$ 2,223,955	\$ 28,226	20,582	9.1 %
2012	77,805	2,288,323	29,411	20,593	7.8 %
2013	77,881	2,356,679	30,260	20,725	6.3 %
2014	78,358	2,379,184	30,363	20,868	5.4 %
2015	78,242	2,382,782	30,454	21,002	4.4 %
2016	80,576	2,448,373	30,385	20,817	4.1 %
2017	80,628	2,572,773	31,909	20,562	4.0 %
2018	80,403	2,710,863	33,715	18,093	3.2 %
2019	79,490	2,914,797	36,668	17,849	2.3 %
2020	79,278	3,061,788	38,620	17,666	12.6 %

Source: HdL Coren & Cone

1) Population Projections are provided by the California Department of Finance Projections. Numbers have been restated to match Calendar Year data given to us by HdL Coren & Cone.

2) Income Data is derived from previous income adjusted for inflation. Numbers have been restated to match Calendar Year data given to us by HdL Coren & Cone.

3) Unemployment Data is provided by the EDD's Bureau of Labor Statistics Department.

\*\* Student Enrollment reflects the total number of students enrolled in the Napa Valley Unified School District.

Other school districts within the City are not accounted for in this statistic.

**City of Napa - Demographic and Economic Information**  
**Principal Employers**  
**Current Year and Nine Years Ago**

Employer	2020		2011	
	Number of Employees	Percent of Total Employment	Number of Employees <sup>1</sup>	Percent of Total Employment <sup>1</sup>
Napa Valley Unified School District	1,735	4.01 %	—	— %
County of Napa	1,507	3.48 %	—	— %
Queen of the Valley Medical Center	1,209	2.79 %	—	— %
City of Napa	434	1.00 %	—	— %
Wal-Mart #2925	300	0.69 %	—	— %
Napa Valley College	290	0.67 %	—	— %
Kaiser Permanente*	262	0.61 %	—	— %
The Meadows of Napa Valley Assisted Living	193	0.45 %	—	— %
Napa Valley Wine Train	193	0.45 %	—	— %
The Westin Versa Napa	168	0.39 %	—	— %
Napa Valley Marriott Hotel & Spa	164	0.38 %	—	— %
Home Depot	150	0.35 %	—	— %
Piners Nursing Home	138	0.32 %	—	— %
Napa Valley Hospice & Adult Day Service	132	0.30 %	—	— %
Clinic Ole Foundation	124	0.29 %	—	— %
Kohl's Department Store	122	0.28 %	—	— %

Source: Economic Development Division of the City of Napa and United States Census Bureau.

<sup>1</sup> Information prior to 2013 is not readily available.

<sup>2</sup> Includes four retail locations.

\* FY19 numbers since FY20 were not available

**City of Napa - Demographic and Economic Information**  
**Full Time Equivalent City Government Employees by Function / Program**  
**Last Ten Fiscal Years**

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b><i>Governmental Activities</i></b>										
General Government	57.62	57.35	54.88	55.43	54.43	57.06	56.94	59.2	58.96	63.00
Public Safety										
Police	126.28	125.18	128.53	129.03	131.03	132.42	132.42	137.97	138.97	131.50
Fire	65.36	65.57	65.60	65.51	68.01	69.01	69.51	73.79	75.79	73.50
Public Works	59.22	58.70	63.70	64.30	64.00	72.58	77.08	78.92	85.89	83.00
Parks and recreation	57.89	59.12	59.41	63.59	67.01	64.38	65.41	70.42	62.09	39.00
Community development and Housing	38.71	38.98	37.71	34.71	35.29	38.36	38.29	38.46	40.14	41.00
<b><i>Business type Activities</i></b>										
Water Utility	52.57	53.23	54.17	54.16	59.66	60.23	61.23	63.23	67.23	68.00
Solid Waste Utility	6.36	7.26	6.26	7.00	7.38	7.38	7.38	8.42	8.42	7.00
<b>TOTAL</b>	464.01	465.39	470.26	473.73	486.81	501.42	508.26	530.42	537.50	506.00

Source: Budget Document, City of Napa

**City of Napa - Operating Information**  
**Operating Indicators by Function/Program**  
**Last Ten Fiscal Years**

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Police										
Physical arrests	3,752	3,505	3,205	3,440	3,803	3,803	2,933	2,493	2,414	2,305
Parking violations	6,551	6,408	7,683	8,683	2,953	2,953	5,367	5,184	5,970	4,787
Traffic violations	3,054	3,332	3,078	3,668	4,835	4,835	5,152	3,095	2,933	3,156
Fire										
Number of calls answered	6,941	7,197	7,646	7,897	8,802	8,969	8,996	9,894	9,987	10,347
Inspections	1,425	1,425	1,464	1,379	1,401	1,598	1,689	1,275	2,045	1,650
Highways and streets										
Street resurfacing (miles)	7.32	8.95	8.97	9.02	6.11	10.01	10.25	5.12	3.63	9.16
Potholes repairs	211	326	300	358	383	320	467	363	2,348	1,903
Solid Waste Utility										
Refuse collected (tons/day)	98	94	92	90	94	89	93	95	93	94
Recyclables collected (tons/day)	68	60	64	64	72	76	76	71	71	78
Green Waste collected (tons/day)	64.65	62.69	69.2	71	69	72	75	74	72	71
Culture and recreation										
Athletic field permits issued	30	25	10	17	18	8	12	15	12	9
Water										
New connections	—	326	—	238	98	62	62	115	49	55
Water Main breaks <sup>1</sup>	64	93	63	38	272	68	57	40	51	51
Average daily consumption (per thousand gallons)	13.35	13.79	14.27	14.12	12.27	11.24	11.32	12.05	12.16	12.96

Source: City of Napa

<sup>1</sup> 233 of the 272 water main breaks in 2015 were related to the August 24, 2014 South Napa Earthquake

**City of Napa - Operating Information**  
**Capital Asset Statistics by Function**  
**Last Ten Fiscal Years**

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Police										
Police Stations	1	1	1	1	1	1	1	1	1	1
Police Vehicles	22	24	27	27	27	46	37	39	42	45
Police Motorcycles	5	5	5	5	5	4	4	4	4	4
Fire										
Fire stations	4	4	4	4	4	4	4	5	5	5
Fire Apparatus	9	9	10	10	10	9	11	11	11	11
Highways and Streets										
Streets (miles)	—	—	234.4	237.3	237.3	237.3	239.1	239.8	242.6	242.8
Parks & Recreation										
Parks	51	52	53	53	54	54	55	55	55	55
Parks (acreage)	798	804	804	804	810	814	815	816	816	816
Tennis Courts	2	2	2	2	2	2	2	2	2	2
Community Centers	3	3	3	3	3	3	3	3	3	3
Wastewater										
Storm Drain (miles)	152	152	152	152	152	152	152	153	346	346
Water										
Reservoirs	2	2	2	2	2	2	2	2	2	2
Solid Waste Utility										
Facility	1	1	1	1	1	1	1	1	1	1
Golf Course:										
Napa Golf Course	1	1	1	1	1	1	1	1	1	1

Source: City of Napa

<sup>1</sup> Information prior to 2014 is not readily available.

<sup>2</sup> Street miles within the City jurisdiction, excludes private-owned

<sup>3</sup> Storm Drain miles prior to FY19 was looking only at large diameter pipes (greater than 24")