

CITY OF VICTORVILLE

Victorville, California

Comprehensive Annual Financial Report

Year ended June 30, 2020



CITY OF VICTORVILLE, CALIFORNIA
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2020
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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

To the Honorable City Council
of the City of Victorville
Victorville, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Victorville, 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 auditors consider 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2020 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Report on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, General Fund Budgetary Comparison Schedule, Housing Asset Successor Special Revenue Fund Budgetary Comparison Schedule, Notes to the Required Supplementary Information, Agent Plan Schedule of Changes in Net Pension Liability and Related Ratios and Schedule of Plan Contributions, Cost Sharing Plan Schedule of the Proportionate Share of the Net Pension Liability and Schedule of Plan Contributions, and Schedule of Changes in the Total OPEB Liability and Related Ratios, identified as Required Supplementary Information (RSI) in the accompanying 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 RSI 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 RSI 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, Capital Impact Facilities - Major Fund Budget and Actual Schedule, combining and individual non-major fund financial statements and schedules (supplementary information), and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Matters (Continued)

Other Information (Continued)

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 express no opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Irvine, California
February 23, 2021

City of Victorville
Management's Discussion and Analysis
For the year ended June 30, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Victorville, we offer readers of Victorville's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the accompanying table of contents.

Using the Accompanying Financial Statements

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities by the City as a whole and present a longer-term view of the City's finances. Also included in the accompanying report are fund financial statements. For governmental activities, the fund financial statements tell how these services were financed in the short term, as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as trustee or agent for the benefit of those outside of the government.

OVERVIEW OF THE FINANCIAL STATEMENTS

The annual report consists of four parts – *management's discussion and analysis* (this section), the *basic financial statements*, *required supplementary information*, and supplementary information that presents *combining statements* for non-major governmental funds and internal service funds. The basic financial statements include two kinds of statements that present different views of the City:

The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the City's overall financial status. The remaining statements are *fund financial statements* that focus on *individual parts* of the City government, reporting the City's operations in *more detail* than the government-wide statements.

- The *governmental funds* statements tell how *general government* services like public safety were financed in the *short term* as well as what remains for future spending.
- *Proprietary fund* statements offer *short-term* and *long-term* financial information about the activities the government operates like businesses: such as airport, water, and sanitation activities.
- *Fiduciary fund* statements provide information about the fiduciary relationships – like the agency funds of the City – in which the City acts solely as *agent* or *trustee* for the benefit of others, to whom the resources in question belong.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that provides additional financial and budgetary information.

City of Victorville
Management's Discussion and Analysis
For the year ended June 30, 2020

The figure below summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain.

	<i>Government-wide Statements</i>	<i>Fund Statements</i>		
		<i>Governmental Funds</i>	<i>Proprietary Funds</i>	<i>Fiduciary Funds</i>
<i>Scope</i>	Entire City government (except fiduciary funds) and the City's component units	The activities of the City that are not proprietary or fiduciary	Activities the City operates similar to private businesses	Instances in which the City is the trustee or agent for someone else's resources
<i>Required financial statements</i>	Statement of Net Position, Statement of Activities	Balance sheet, Reconciliation of the balance sheet to the statement of net position, Statement of revenues, expenditures and changes in fund balances, Reconciliation of the statement of revenues, expenditures and changes in fund balance to the statement of activities	Statement of Net Position, Statement of Revenues, expenses, and changes in net position, Statement of cash flows	Statement of Fiduciary Net Position, Statement of Changes in Fiduciary Net Position
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and no measurement focus
<i>Type of asset/liability information</i>	All assets, liabilities, and deferred outflows and inflows of resources, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term debt included	All assets, liabilities, and deferred outflows and inflows of resources, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the City's fiduciary funds do not currently contain capital assets, although they can
<i>Type of inflow/outflow information</i>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid.

City of Victorville
Management's Discussion and Analysis
For the year ended June 30, 2020

Reporting the City as a Whole

The accompanying **government-wide financial statements** include two statements that present financial data for the City as a whole. One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include *all* assets, liabilities, and deferred outflows and inflows of resources using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net position and changes within. You can think of the City's net position – the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources – as one way to measure the City's financial health, or *financial position*. Over time, *increases and decreases* in the City's net position is one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the City's property tax base and the condition of the City's roads, in order to assess the *overall health* of the City.

In the Statement of Net Position and the Statement of Activities, we divide the City into three kinds of activities:

Governmental activities – Most of the City's basic services are reported here. Sales taxes, property taxes, state subventions, and other revenues finance most of these activities.

Business-type activities – The City charges a fee to customers to help it cover all, or most, of the cost of the services accounted for in these funds.

Component units – The City includes two separate legal entities in its report: Southern California Logistics Airport Authority and Victorville Water District. Although legally separate, these "blended component units" are important because they are part of the City's operations and so data from these units are reported with the interfund data of the primary government.

Reporting the City's Major Funds

The **fund financial statements** provide detailed information about the City's most significant funds – not the City as a whole. Some funds are required to be established by State law, or by bond covenants. However, City Council establishes many other funds to help it control and manage money for particular purposes, or to show that it is meeting administrative responsibilities for using certain taxes, grants, or other money (like grants received). The City's two kinds of funds – *governmental* and *proprietary* – use different accounting approaches.

Governmental funds – Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds as well as the balances that are left at year end which are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *current financial* assets that can be readily converted to cash. The governmental fund statements provide a detailed *short-term view* of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship or differences between *governmental activities* (reported in the Statement of Net Position and the Statement of Activities) and *governmental funds* in a reconciliation at the bottom of the fund financial statements.

City of Victorville
Management's Discussion and Analysis
For the year ended June 30, 2020

Proprietary funds – When the City charges customers for the services it provides, whether to outside customers or to other units of the City, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements, but provide more detail and additional information, such as cash flows, for proprietary funds. The internal service funds (the other component of proprietary funds) report activities that provide supplies and services for the City's other programs and activities.

Reporting the City's Fiduciary Responsibilities

The City is an agent for certain assets held for, and under the control of, other organizations and individuals. All of the City's fiduciary activities are reported in a separate Statement of Fiduciary Net Position. We exclude these activities from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purpose.

City of Victorville
Management's Discussion and Analysis
For the year ended June 30, 2020

GOVERNMENT-WIDE FINANCIAL ANALYSIS

A summary of the government-wide statement of net position follows:

City of Victorville's Net Position (table 1)
(In Thousands)

	Governmental		Business-Type		Total	
	Activities		Activities			
	2020	2019	2020	2019	2020	2019
Cash and Investments	\$ 54,959	\$ 42,246	\$ 128,948	\$ 109,753	\$ 183,907	\$ 151,999
Other Assets	43,636	49,162	12,888	11,432	56,524	60,594
Interfund Balances	5,897	(2,913)	(5,897)	2,913	-	-
Capital Assets	<u>467,902</u>	<u>480,005</u>	<u>362,658</u>	<u>374,472</u>	<u>830,560</u>	<u>854,477</u>
Total assets	<u>572,394</u>	<u>568,500</u>	<u>498,597</u>	<u>498,570</u>	<u>1,070,991</u>	<u>1,067,070</u>
Deferred outflows - pension	7,588	7,918	4,370	4,764	11,958	12,682
Deferred outflows - OPEB	1,527	270	1,039	273	2,566	542
Deferred charge on refunding	-	-	1,801	1,936	1,801	1,936
Total deferred outflows of resources	<u>9,115</u>	<u>8,188</u>	<u>7,210</u>	<u>6,973</u>	<u>16,325</u>	<u>15,161</u>
Short-Term Liabilities	6,090	6,363	11,900	13,012	17,990	19,375
Total OPEB Liability	20,358	17,384	15,487	13,770	35,845	31,154
Net Pension Liability	42,026	38,645	21,694	19,192	63,720	57,837
Other Long-Term Liabilities	<u>7,966</u>	<u>7,766</u>	<u>366,467</u>	<u>370,987</u>	<u>374,433</u>	<u>378,753</u>
Total Liabilities	<u>76,439</u>	<u>70,158</u>	<u>415,549</u>	<u>416,961</u>	<u>491,988</u>	<u>487,119</u>
Deferred inflows - pension	1,179	1,528	920	1,004	2,099	2,532
Deferred inflows - OPEB	<u>4,328</u>	<u>5,022</u>	<u>3,798</u>	<u>4,433</u>	<u>8,126</u>	<u>9,456</u>
Total deferred inflows of resources	<u>5,507</u>	<u>6,550</u>	<u>4,717</u>	<u>5,438</u>	<u>10,224</u>	<u>11,988</u>
Net Position:						
Invested in Capital Assets, Net of Related Debt	466,516	480,006	42,900	49,262	509,416	529,267
Restricted	77,665	63,733	-	-	77,665	63,733
Unrestricted	<u>(44,619)</u>	<u>(43,759)</u>	<u>42,641</u>	<u>33,883</u>	<u>(1,978)</u>	<u>(9,876)</u>
Total Net Position	<u>499,563</u>	<u>499,980</u>	<u>85,541</u>	<u>83,145</u>	<u>585,104</u>	<u>583,124</u>

Net Position serves as a useful indicator of a government's financial position. In the case of the City of Victorville, the total net position increased by \$1.98 million primarily due to the increase in cash and investments. Cash and investments increased by \$32 million, however, it was offset by the decrease in value of capital assets and the increases in the pension and OPEB liabilities. The restricted portion of the net position represents resources that are subject to external restrictions on how they may be used.

City of Victorville
Management's Discussion and Analysis
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Brief explanations for the other changes shown in Table 1 are as follows:

Total Assets:

- Total Governmental assets increased by \$3.9 million primarily due to an increase in cash and investments of \$16.8 million.
- A total decrease of \$23.9 million in capital assets for both Governmental and Business-Type Activities (a \$12.1 million decrease for governmental activities and a \$11.8 million decrease for business-type activities) was largely due to recorded depreciation of \$38.5 million for the fiscal year.

Total Liabilities:

- Governmental total liabilities increased by \$6.3 million primarily due to an increase in Total OPEB liability of \$3.0 million and net pension liability of \$3.4 million.
- Business-type total liabilities decreased by \$1.4 million due to the reduction of bonds payable resulting from the annual principal debt service payments. Principal debt service payments totaled \$7.6 million for the Business-type (Enterprise) Funds. The reduction of these liabilities was offset by the increase in OPEB and pension liabilities.

GOVERNMENTAL ACTIVITIES

During the year ended June 30, 2020, the City's governmental activities had an decrease of \$417 thousand in the total net position as compared to fiscal year 2019. Significant changes in the revenue and expenses within the City's governmental activities presented are as follows:

- Charges for services increased by \$2.1 million from the prior year and capital contributions and grants revenue increased by \$1.6 million over the prior year; however, operating contributions and grants revenue decreased by \$2.4 million from the prior year.
- Property tax revenue increased by \$1 million from the prior year, however, sales tax revenue decreased by \$2.1 million due to the impact of the State shutdowns and restrictions during the last quarter of the fiscal year. There was not a significant change in franchise tax, with an increase of only \$172 thousand, or transient occupancy tax revenue, with an increase of \$52 thousand.
- Investment income decreased by half compared to fiscal year 2019 due to the decrease in interest rates during the last two quarters of the fiscal year.
- Total governmental expenses increased by only \$1.2 million as compared to fiscal year 2019. The increase is primarily due to the increase in General Government and Public Works functions. Effective July 1, 2019, the City eliminated the eight hour per pay period furlough placed on full time employees several years ago, increasing personnel costs by approximately 10% city-wide.
- Public Safety expenditures decreased from the prior year by \$3.1 million. The higher expenditures in the prior fiscal year were due to the start-up costs for the transition to City Fire services.

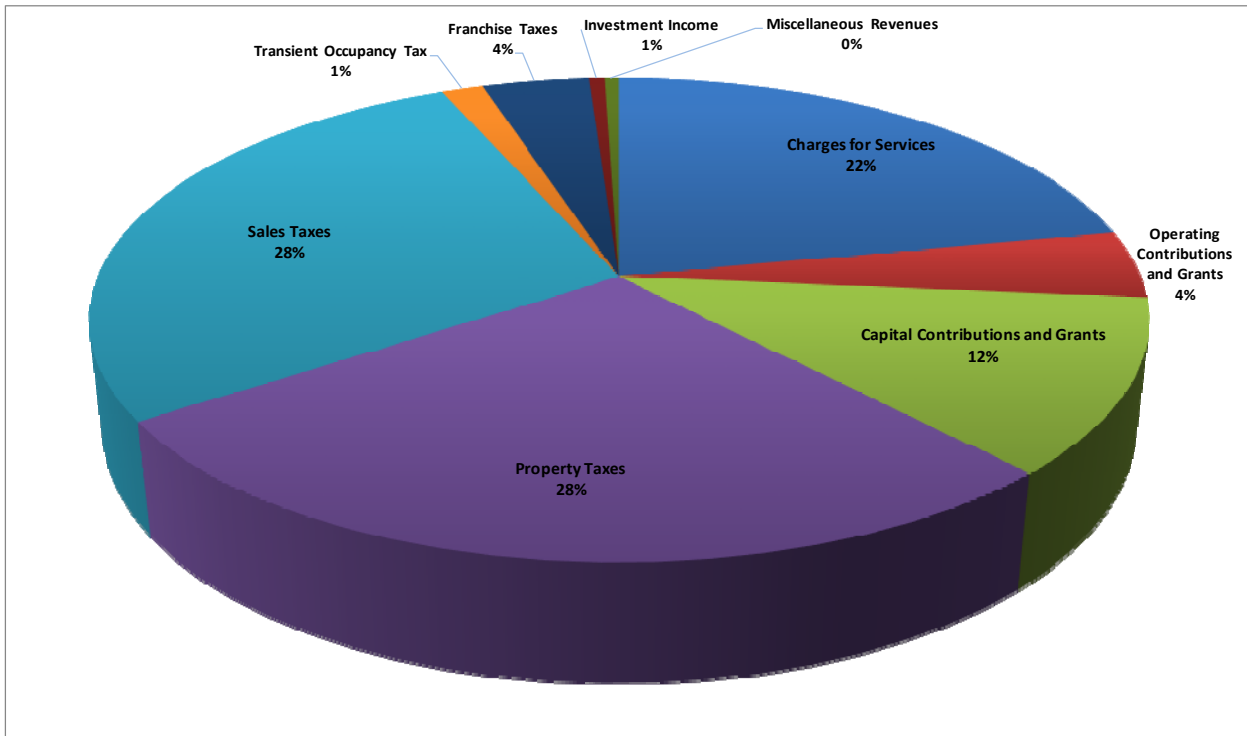
City of Victorville
Management's Discussion and Analysis
For the year ended June 30, 2020

City of Victorville's Change in Net Position (table 2)
(In Thousands)

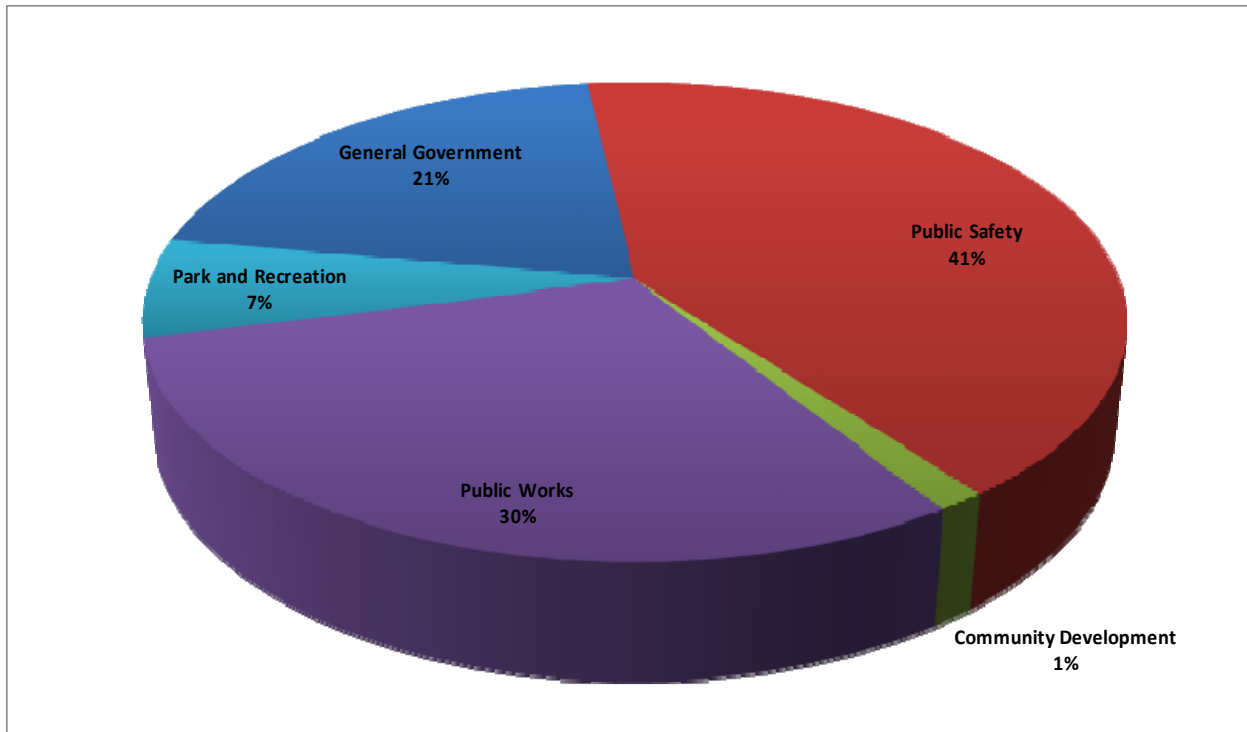
	Governmental		Business-Type		Total	
	Activities		Activities			
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Revenues:						
Program Revenues:						
Charges for Services	\$ 22,402	\$ 20,325	\$ 96,215	\$ 86,759	\$ 118,617	\$ 107,084
Operating Contributions and Grants	4,555	6,947	-	-	4,555	6,947
Capital Contributions and Grants	11,916	10,312	6,393	12,688	18,309	22,999
General Revenues:						
Property Taxes	28,211	27,202	20,772	24,659	48,983	51,861
Sales Taxes	28,566	30,629	-	-	28,566	30,629
Transient Occupancy Tax	1,539	1,487	-	-	1,539	1,487
Franchise Taxes	3,988	3,816	-	-	3,988	3,816
Investment Income	574	1,148	1,918	2,374	2,492	3,522
Miscellaneous Revenues	515	384	630	190	1,145	574
Total Revenues	<u>102,267</u>	<u>102,250</u>	<u>125,928</u>	<u>126,670</u>	<u>228,195</u>	<u>228,920</u>
Expenses:						
General Government	20,924	19,256	-	-	20,924	19,256
Public Safety	42,413	45,498	-	-	42,413	45,498
Community Development	1,314	1,552	-	-	1,314	1,552
Public Works	31,103	28,971	-	-	31,103	28,971
Park and Recreation	6,826	6,090	-	-	6,826	6,090
Sanitary	-	-	17,314	14,994	17,314	14,994
Airport	-	-	34,860	32,756	34,860	32,756
Golf Courses	-	-	-	439	-	439
Solid Waste Management	-	-	17,850	16,516	17,850	16,516
Water	-	-	39,439	41,110	39,439	41,110
Municipal Utility - Gas	-	-	2,353	2,223	2,353	2,223
Municipal Utility - Electric	-	-	11,717	11,346	11,717	11,346
Interest on Long-Term Debt	104	112	-	-	104	112
Total Expenses	<u>102,685</u>	<u>101,481</u>	<u>123,533</u>	<u>119,383</u>	<u>226,217</u>	<u>220,864</u>
Change in Net Assets before Transfers	(418)	770	2,396	7,287	1,978	8,056
Transfers	-	26,795	-	(26,795)	-	-
Change in net position	(418)	27,564	2,396	(19,508)	1,978	8,056
Net Position - Beginning of Year (as restated)	499,980	472,415	83,145	102,653	583,124	575,068

City of Victorville
Management's Discussion and Analysis
For the year ended June 30, 2020

Revenues by Source - Governmental Activities

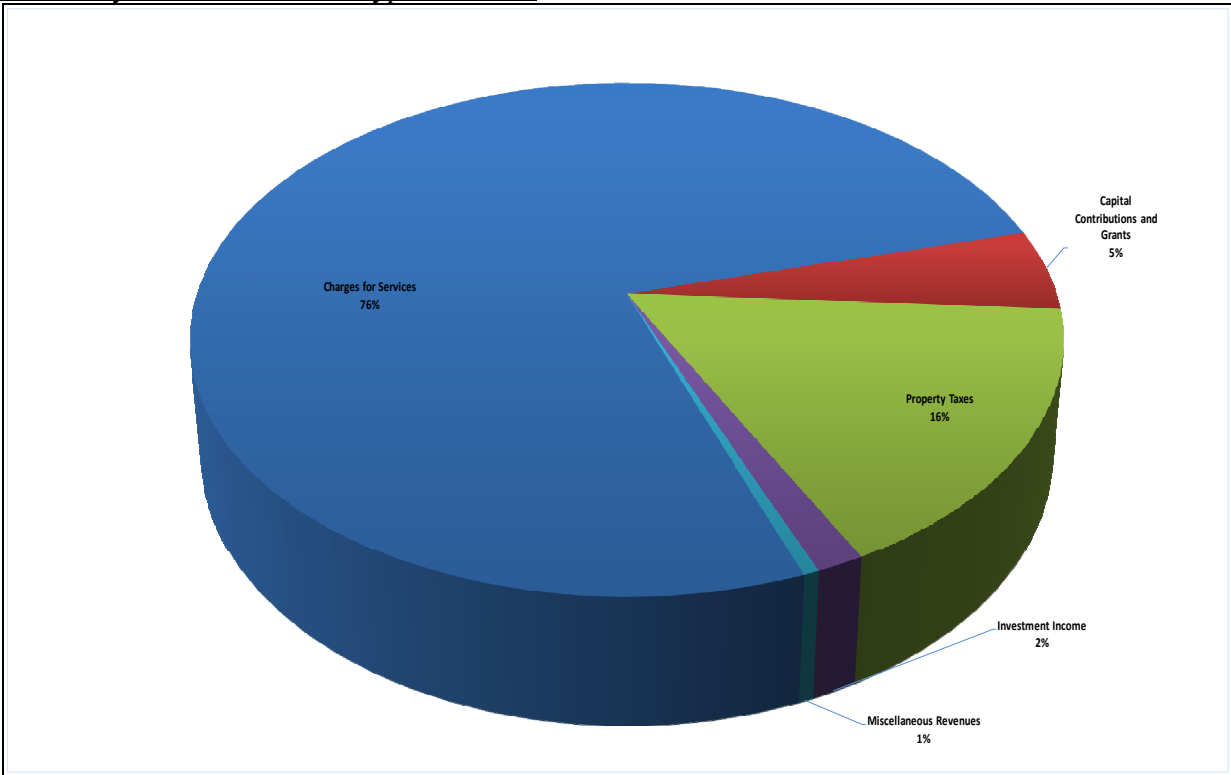


Expenses by Function - Governmental Activities

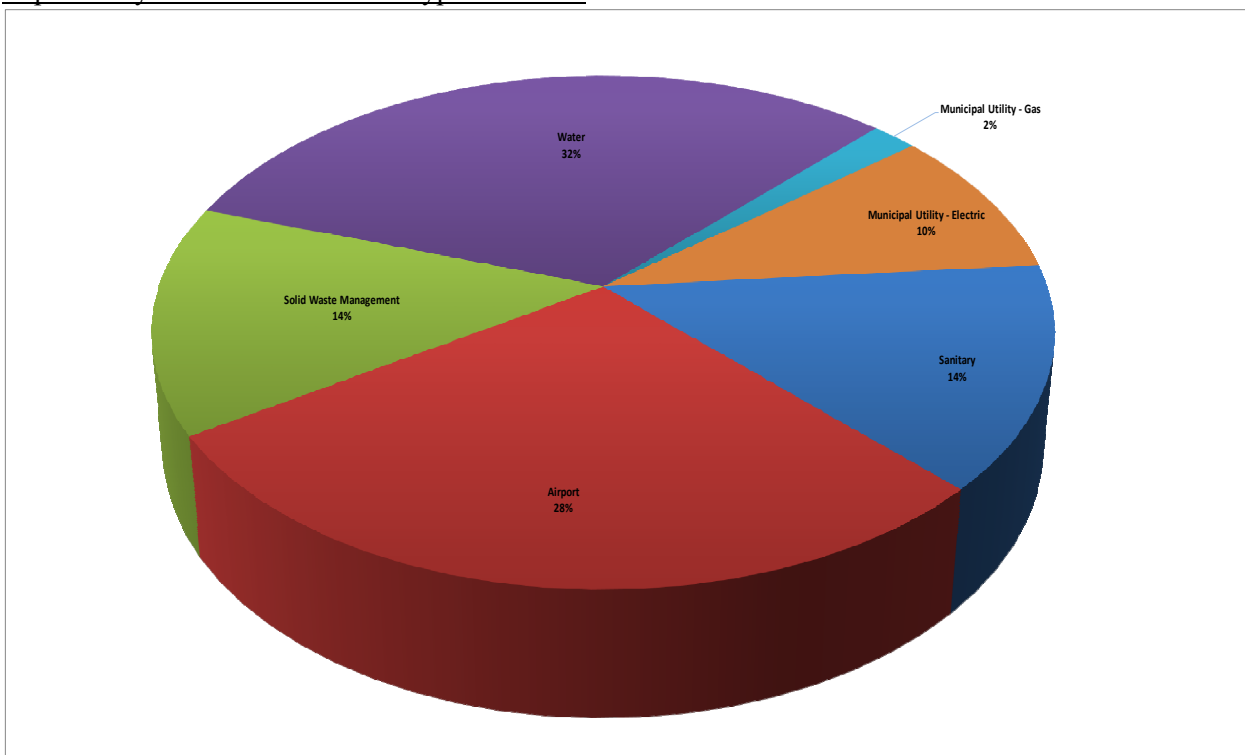


City of Victorville
Management's Discussion and Analysis
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Revenue by Source - Business-Type Activities



Expenses by Function – Business-Type Activities



City of Victorville
Management's Discussion and Analysis
For the year ended June 30, 2020

BUSINESS TYPE ACTIVITIES

During the year ended June 30, 2020, the City's business-type activities had an increase of \$2.4 million in the total net position as compared to fiscal year 2019.

Significant changes in the revenue and expenses within the business-type activities are as follows:

- Overall revenues decreased by \$742 thousand from the prior year.
- Charges for services increased \$9.5 million, mainly due to increases for the Water District and Solid Waste Management revenues.
- Property taxes decreased \$3.9 million due to the decrease in tax increment revenue receipts for SCLAA. Capital contributions and grants also decreased by \$6.3 million.
- Overall expenditures for business-type activities increased by \$4.2 million. Only the Water District had a decrease in expenditures in the amount of \$1.7 million.

As noted earlier, the City uses fund accounting to provide proper financial management of the City's resources and to demonstrate compliance with finance-related legal requirements.

MAJOR GOVERNMENTAL FUNDS

General Fund

The General Fund is the chief operating fund of the City of Victorville. At the end of the current fiscal year, the unrestricted fund balance of the General Fund was \$18.1 million, while the total fund balance was \$24.3 million. This is an increase of \$4.3 million in total fund balance from fiscal year 2019. As a measure of the General Fund's liquidity, the unrestricted fund balance represents 28.5% of the total General Fund expenditures and the total fund balance represents 38.3% of the General Fund expenditures. The General Fund reserve policy requires that the unrestricted fund balance represents 15% of the total GF expenditures.

General Fund revenue increased by \$1.6 million during this fiscal year over the last fiscal year, mainly due to the increase in revenue generated from charges for services of \$1.2 million. There was a minor decrease in tax revenue in the amount of \$53 thousand due to the decrease in sales tax revenue, with an offsetting increase in property tax revenue.

General Fund expenditures decreased by \$2.2 million as compared to last fiscal year, mostly because of the initial cost to transition the Victorville Fire Department realized in the previous fiscal year. Public safety expenditures decreased by \$4.9 million while all other general fund function expenditures increased.

City of Victorville
Management's Discussion and Analysis
For the year ended June 30, 2020

Budget vs. Actual – The General Fund revenue original budget was \$64.8 million, and the final budget was adjusted throughout the year to \$64.3 million. Actual revenue at the end of the year totaled \$67.8 million, which was \$3.5 million over revised budgeted amount. This variance was primarily related to adjustments to tax revenue that decreased the budget for expected shortfalls, however, realized amounts came in better than expected. Charges for services and investment income were also better than expected by \$764 thousand.

The General Fund expenditures original budget was \$65.1 million and was adjusted throughout the year to \$65.4 million. This increase was primarily for public safety and capital outlay expenditures, with a decrease in parks and recreation expenditures. Actual expenditures were only \$63.6 million with most of the cost savings realized in public safety and public works. Capital expenditure actuals were \$1.6 million with the balance rolled forward to the Fiscal Year 2020-21 budget for projects that were not completed in the current fiscal year.

City as Housing Asset Successor

The City Housing Asset Successor (CHAS) fund is a special revenue fund relating to the housing aspect of the dissolved Redevelopment Agency of the City. The assets of this fund primarily consist of properties allocated to it in the Dissolution Housing Asset Transfer (HAT) and the Mortgage Assistance Program loans that were outstanding that were previously accounted for in the low and moderate housing redevelopment agency fund. At the end of the current fiscal year, fund balance increased from \$31.99 million to \$32.36 million. This was primarily due to an increase in investment income of \$389 thousand.

Capital Impact Fees

This fund accounts for the acquisition or construction of major capital facilities related to public improvements needed as population increases. Fund balance increase of just over \$7 million resulted from charges for services revenue of \$9.4 million and total expenditures of only \$2.6 million. The Capital Impact Facilities has a fund balance of \$12.3 million.

MAJOR ENTERPRISE FUNDS

The major enterprise funds of the City of Victorville are the Victorville Water District, Southern California Logistic Airport Authority (SCLAA), Municipal Electric Utility, Solid Waste Management, and Sanitary. The Municipal Gas Utility is reported as a nonmajor enterprise fund. All enterprise funds reported an increase in net position for fiscal year 2020, except for the Southern California Logistics Airport Authority with a net position decrease of \$2.5 million and Sanitary, also with a decrease of \$2.5 million. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

City of Victorville
Management's Discussion and Analysis
For the year ended June 30, 2020

CAPITAL ASSETS AND DEBT ADMINISTRATION

City of Victorville's Capital Assets
(Net of depreciation)
(In Thousands)

	Governmental		Business-Type		Total	
	Activities		Activities			
	2020	2019	2020	2019	2020	2019
Land	\$ 59,460	\$ 59,460	\$ 25,153	\$ 25,502	\$ 84,614	\$ 84,962
Land Right of Way	180,002	180,002	-	-	180,002	180,002
Buildings and Improvements	45,510	47,523	97,144	102,383	142,654	149,906
Furniture and Equipment	2,766	3,038	12,442	14,406	15,208	17,444
Computer and Communication	630	353	124	132	754	485
Vehicles	3,400	1,157	2,232	1,229	5,632	2,387
Infrastructure	158,394	153,745	195,548	206,359	353,943	360,104
Land Improvement	7,277	8,769	552	565	7,830	9,334
Water Rights	-	-	12,678	12,678	12,678	12,678
Intangible Assets	565	848	3,996	4,024	4,561	4,873
Idle Assets	-	-	3,018	3,018	3,018	3,018
Construction in Progress	9,899	25,110	9,770	4,175	19,669	29,285
Total	467,903	480,006	362,658	374,472	830,561	854,477

Capital assets: The City of Victorville's investment in capital assets for its governmental and business-type activities as of June 30, 2020 amounted to \$831 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, furniture and equipment, computers and communications, vehicles, roads, streets, storm drain, sewer, water and gas lines, intangible assets and construction in progress. The total decrease in the City of Victorville's investment in capital assets for the current fiscal year is \$24 million (a \$12.1 million decrease for governmental activities and a \$11.8 million decrease for business-type activities). The decrease is primarily due to annual depreciation.

Additional information on the City of Victorville's capital assets can be found in Note 4 of the Notes to the Basic Financial Statements.

City of Victorville
Management's Discussion and Analysis
For the year ended June 30, 2020

City of Victorville's Outstanding Debt
(In Thousands)

	Governmental		Business-Type		Total	
	Activities		Activities			
	2020	2019	2020	2019	2020	2018
Compensated Absences	\$ 4,343	\$ 4,037	\$ 771	\$ 684	\$ 5,114	\$ 4,721
Capital Lease	1,048	1,201	-	-	1,048	1,201
OPEB Liability	20,358	17,384	15,487	13,770	35,845	31,154
Net Pension Liability	42,026	38,645	21,694	19,192	63,720	57,837
Claim Payable	1,327	1,070	2,950	1,500	4,277	2,570
Pollution Remediation Obligation	1,248	1,458	-	-	1,248	1,458
Tax Allocation Bond	-	-	296,558	300,964	296,558	300,964
Lease Revenue Bond	-	-	48,115	49,450	48,115	49,450
Revenue Refunding Bond	-	-	-	253	-	253
Certificate of Participation	-	-	9,310	9,675	9,310	9,675
Refunding Charges & Unamortized						
Discount/Premiums	-	-	(2,177)	(2,272)	(2,177)	(2,272)
Total	70,349	63,795	392,709	393,216	463,059	457,011

Long-term debt: At the end of the current fiscal year, the City of Victorville had a total outstanding debt of \$463 million, an increase of \$6 million as compared to the prior fiscal year. This increase is primarily due to the increase in the City's Pension and OPEB liabilities.

Additional information on the City of Victorville's long-term debt can be found in Notes 7 and 8 of the Notes to the Basic Financial Statements.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

These Basic Financial Statements are intended to provide citizens, taxpayers, investors, and creditors with a general overview of the City's finances. Questions about this report should be directed to the Finance Department, at 14343 Civic Drive, Victorville, CA 92392.

BASIC FINANCIAL STATEMENTS

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CITY OF VICTORVILLE
Statement of Net Position
June 30, 2020

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 54,958,822	\$ 98,048,835	\$ 153,007,657
Cash with fiscal agent	-	30,898,903	30,898,903
Receivables:			
Accounts, net	2,061,320	10,183,142	12,244,462
Interest	328,055	112,417	440,472
Due from other governments	8,756,940	946,998	9,703,938
Due from Successor Agency	10,421,726	-	10,421,726
Deposits and prepaid items	77,016	441,663	518,679
Inventory and other assets	188,738	767,391	956,129
Interfund balances	5,896,799	(5,896,799)	-
Investment in joint venture	-	436,647	436,647
Land held for resale	8,470,041	-	8,470,041
Capital assets, net			
Nondepreciable	249,360,635	55,111,090	304,471,725
Depreciable, net	218,541,776	307,546,695	526,088,471
Long-term notes receivable	13,332,043	-	13,332,043
Total Assets	<u>572,393,911</u>	<u>498,596,982</u>	<u>1,070,990,893</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows - OPEB related	1,527,019	1,038,534	2,565,553
Deferred outflows - pension related	7,588,068	4,369,931	11,957,999
Deferred charge on refunding	-	1,801,443	1,801,443
Total Deferred Outflows of Resources	<u>9,115,087</u>	<u>7,209,908</u>	<u>16,324,995</u>
LIABILITIES			
Liabilities:			
Accounts payable	3,735,951	6,368,017	10,103,968
Accrued liabilities	2,146,087	-	2,146,087
Interest payable	33,111	1,495,609	1,528,720
Deposits payable	38,742	2,689,501	2,728,243
Prepaid water connection fees	-	715,533	715,533
Unearned revenue	135,611	46,410	182,021
Accrued rent credit payable	-	585,416	585,416
Noncurrent liabilities:			
Advances from other governments	-	10,939,517	10,939,517
Total OPEB liability	20,357,598	15,487,239	35,844,837
Net pension liability	42,025,702	21,694,436	63,720,138
Long-term liabilities:			
Due within one year	2,879,936	9,430,903	12,310,839
Due in more than one year	5,086,193	346,096,343	351,182,536
Total Liabilities	<u>76,438,931</u>	<u>415,548,924</u>	<u>491,987,855</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows - OPEB related	4,328,181	3,797,732	8,125,913
Deferred inflows - pension related	1,178,927	919,618	2,098,545
Total Deferred Inflows of Resources	<u>5,507,108</u>	<u>4,717,350</u>	<u>10,224,458</u>
NET POSITION			
Net Position:			
Net investment in capital assets	466,516,196	42,900,251	509,416,447
Restricted for:			
Public safety	221,234	-	221,234
Community development	34,797,583	-	34,797,583
Public works	42,646,471	-	42,646,471
Unrestricted	(44,618,525)	42,640,365	(1,978,160)
Total Net Position	<u>\$ 499,562,959</u>	<u>\$ 85,540,616</u>	<u>\$ 585,103,575</u>

See accompanying notes to basic financial statements.

CITY OF VICTORVILLE
Statement of Activities
Year ended June 30, 2020

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General government	\$ 20,924,445	\$ 10,239,648	\$ 106,777	\$ -
Public safety	42,412,522	887,497	397,349	406,598
Community development	1,314,259	5,800,388	2,516,694	8,556,790
Public works	31,102,550	4,905,225	1,534,183	2,952,742
Parks and recreation	6,825,983	568,978	-	-
Interest expense	103,791	-	-	-
Total Governmental Activities	102,683,550	22,401,736	4,555,003	11,916,130
Business-Type Activities:				
Water	39,438,834	35,606,620	-	5,302,680
Airport	34,859,967	11,198,327	-	843,148
Gas utility	2,352,772	2,673,537	-	-
Electric utility	11,717,236	13,207,128	-	247,119
Solid waste management	17,850,032	18,866,713	-	-
Sanitary	17,313,754	14,662,945	-	-
Total Business-Type Activities	123,532,595	96,215,270	-	6,392,947
Total Primary Government	\$ 226,216,145	\$ 118,617,006	\$ 4,555,003	\$ 18,309,077

General Revenues:

Taxes:

Property taxes

Sales taxes

Transient occupancy tax

Franchise taxes

Investment income

Miscellaneous revenues

Total General Revenues and Transfers

Change in Net Position

Net Position, Beginning of Year

Net Position, End of Year

Net Revenue (Expense)
and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (10,578,020)	\$ -	\$ (10,578,020)
(40,721,078)	-	(40,721,078)
15,559,613	-	15,559,613
(21,710,400)	-	(21,710,400)
(6,257,005)	-	(6,257,005)
(103,791)	-	(103,791)
<u>(63,810,681)</u>	<u>-</u>	<u>(63,810,681)</u>
-	1,470,466	1,470,466
-	(22,818,492)	(22,818,492)
-	320,765	320,765
-	1,737,011	1,737,011
-	1,016,681	1,016,681
-	(2,650,809)	(2,650,809)
<u>-</u>	<u>(20,924,378)</u>	<u>(20,924,378)</u>
<u>(63,810,681)</u>	<u>(20,924,378)</u>	<u>(84,735,059)</u>
28,211,354	20,771,730	48,983,084
28,566,008	-	28,566,008
1,539,332	-	1,539,332
3,988,140	-	3,988,140
574,138	1,918,050	2,492,188
515,166	630,271	1,145,437
<u>63,394,138</u>	<u>23,320,051</u>	<u>86,714,189</u>
(416,543)	2,395,673	1,979,130
<u>499,979,502</u>	<u>83,144,943</u>	<u>583,124,445</u>
<u>\$ 499,562,959</u>	<u>\$ 85,540,616</u>	<u>\$ 585,103,575</u>

See accompanying notes to basic financial statements.

MAJOR GOVERNMENTAL FUNDS

General Fund

The chief operating fund of a local government. The general fund is used to account for all financial resources except those required to be accounted for in another fund.

Housing Asset Successor Special Revenue Fund

This fund accounts for the housing activities of the City that were previously accounted for in the low and moderate housing redevelopment agency fund. Funding sources consists primarily of loan repayments and corresponding interest that are used to increase, improve, and preserve the community's supply of low- and moderate-income housing.

Capital Impact Facilities Fund

This capital projects fund accounts for the acquisition or construction of major capital facilities related to public improvements needed as population increases.

CITY OF VICTORVILLE
Governmental Funds
Balance Sheet
June 30, 2020

	General	Special Revenue Housing Asset Successor	Capital Projects Capital Impact Facilities	Nonmajor Governmental Funds	Totals
ASSETS					
Cash and investments	\$ 11,959,396	\$ 238,437	\$ 15,689,153	\$ 27,071,836	\$ 54,958,822
Accounts receivable	1,030,036	-	-	1,031,284	2,061,320
Interest receivable	328,055	-	-	-	328,055
Notes receivable	-	11,392,996	-	1,939,047	13,332,043
Due from other funds	4,108,196	-	-	-	4,108,196
Advances to other funds	5,970,656	1,855,412	-	1,161,503	8,987,571
Due from other governments	5,062,063	-	-	3,694,877	8,756,940
Due from the Successor Agency	-	10,421,726	-	-	10,421,726
Inventories	188,738	-	-	-	188,738
Prepaid items	65,958	30	6,667	4,361	77,016
Land held for resale	-	8,470,041	-	-	8,470,041
	<u>\$ 28,713,098</u>	<u>\$ 32,378,642</u>	<u>\$ 15,695,820</u>	<u>\$ 34,902,908</u>	<u>\$ 111,690,468</u>
Total Assets					
	<u>\$ 28,713,098</u>	<u>\$ 32,378,642</u>	<u>\$ 15,695,820</u>	<u>\$ 34,902,908</u>	<u>\$ 111,690,468</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 2,195,608	\$ 13,659	\$ 273,991	\$ 1,252,693	\$ 3,735,951
Accrued liabilities	2,146,087	-	-	-	2,146,087
Deposits payable	35,412	-	-	3,330	38,742
Due to other funds	-	-	-	4,108,196	4,108,196
Unearned revenue	901	-	-	134,710	135,611
Advances from other funds	-	-	3,090,772	-	3,090,772
	<u>4,378,008</u>	<u>13,659</u>	<u>3,364,763</u>	<u>5,498,929</u>	<u>13,255,359</u>
Total Liabilities					
	<u>4,378,008</u>	<u>13,659</u>	<u>3,364,763</u>	<u>5,498,929</u>	<u>13,255,359</u>
Deferred Inflows of Resources:					
Unavailable revenue	-	-	-	2,246,935	2,246,935
	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,246,935</u>	<u>2,246,935</u>
Total Deferred Inflows of Resources					
	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,246,935</u>	<u>2,246,935</u>
Fund Balances:					
Non-spendable:					
Advances to other funds	5,970,656	-	-	-	5,970,656
Prepaid items	65,958	30	6,667	4,361	77,016
Inventories	188,738	-	-	-	188,738
Spendable:					
Restricted:					
Public safety	-	-	-	70,229	70,229
Highways and street projects	-	-	12,324,390	29,203,991	41,528,381
Community development	-	32,364,953	-	1,998,154	34,363,107
Unassigned	18,109,738	-	-	(4,119,691)	13,990,047
	<u>24,335,090</u>	<u>32,364,983</u>	<u>12,331,057</u>	<u>27,157,044</u>	<u>96,188,174</u>
Total Fund Balances					
	<u>24,335,090</u>	<u>32,364,983</u>	<u>12,331,057</u>	<u>27,157,044</u>	<u>96,188,174</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances					
	<u>\$ 28,713,098</u>	<u>\$ 32,378,642</u>	<u>\$ 15,695,820</u>	<u>\$ 34,902,908</u>	<u>\$ 111,690,468</u>

See accompanying notes to basic financial statements.

CITY OF VICTORVILLE
Governmental Funds
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2020

Fund balances - governmental funds	\$ 96,188,174
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets, net of depreciation, used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.	
Capital assets	913,020,081
Accumulated depreciation	(445,117,670)
Accrued interest on long-term debt is not due and payable in the current period and is not reported in the governmental funds.	
	(33,111)
Claims payable did not require current financial resources. Therefore, claims payable were not reported as a liability in the governmental funds.	
	(1,327,049)
Long-term liabilities applicable to the City governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the Statement of Net Position.	
Capital lease	(1,048,362)
Compensated absences	(4,342,843)
Pollution remediation	(1,247,875)
Pension and OPEB related debt applicable to the City governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. Deferred outflows of resources and deferred inflows of resources related to pension and OPEB are only reported in the Statement of Net Position as the changes in these amounts effect only the government-wide statements for governmental activities:	
Deferred outflows - OPEB related	1,527,019
Deferred inflows - OPEB related	(4,328,181)
Total OPEB liability	(20,357,598)
Deferred outflows - pension related	7,588,068
Deferred inflows - pension related	(1,178,927)
Net pension liability	(42,025,702)
Certain revenues in the governmental funds are unavailable because they are not collected within the prescribed time period after year-end. Those revenues are recognized on the accrual basis in the government-wide statements.	
	2,246,935
Net position of governmental activities	\$ 499,562,959

See accompanying notes to basic financial statements.

CITY OF VICTORVILLE
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
Year ended June 30, 2020

	General	Special Revenue Housing Asset Successor	Capital Projects Capital Impact Facilities	Nonmajor Governmental Funds	Totals
Revenues:					
Taxes and assessments	\$ 51,293,277	\$ -	\$ -	\$ 12,799,026	\$ 64,092,303
Licenses and permits	2,786,279	-	-	-	2,786,279
Intergovernmental	101,449	-	-	14,549,601	14,651,050
Charges for services	12,217,920	-	9,446,081	1,641,610	23,305,611
Fines and forfeitures	348,399	-	-	69,571	417,970
Investment income	430,847	515,364	135,268	355,028	1,436,507
Other	652,872	-	-	196,264	849,136
Total Revenues	67,831,043	515,364	9,581,349	29,611,100	107,538,856
Expenditures:					
Current:					
General government	11,649,680	-	-	-	11,649,680
Public safety	39,921,786	-	-	1,809,042	41,730,828
Community development	-	141,716	-	986,230	1,127,946
Public works	6,014,189	-	10,468	12,901,589	18,926,246
Parks and recreation	4,237,666	-	-	-	4,237,666
Capital outlay	1,563,895	-	2,486,549	4,017,201	8,067,645
Debt service:					
Principal	153,088	-	-	-	153,088
Interest on advances	45,535	-	63,091	-	108,626
Total Expenditures	63,585,839	141,716	2,560,108	19,714,062	86,001,725
Excess of Revenues Over Expenditures	4,245,204	373,648	7,021,241	9,897,038	21,537,131
Other Financing Sources (Uses):					
Transfers in	41,164	-	-	-	41,164
Transfers out	-	-	-	(41,164)	(41,164)
Total Other Financing Sources (Uses)	41,164	-	-	(41,164)	-
Net Change in Fund Balances	4,286,368	373,648	7,021,241	9,855,874	21,537,131
Fund Balances, Beginning of year	20,048,722	31,991,335	5,309,816	17,301,170	74,651,043
Fund Balances, End of Year	\$ 24,335,090	\$ 32,364,983	\$ 12,331,057	\$ 27,157,044	\$ 96,188,174

See accompanying notes to basic financial statements.

CITY OF VICTORVILLE
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year ended June 30, 2020

Net changes in fund balances - total governmental funds	\$ 21,537,131
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	
Capital outlay	7,050,486
Depreciation expense	(19,153,646)
Certain revenues in the governmental funds are unavailable if they are not collected within the prescribed time period after year-end. Those revenues are recognized on the accrual basis in the government-wide statements.	
	(5,271,849)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Issuance of loan proceeds is an other financing source and repayment of loan principal is an expenditure in the governmental funds, but issuance increases long-term liabilities and the repayment reduces long-term liabilities in the statement of net position.	
Repayment of principal	153,088
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	
Change in accrued interest on long-term debt	4,835
Change in compensated absences	(305,457)
Change in claims payable	(257,413)
Change in pollution remediation payable	209,723
OPEB expense reported in the governmental funds includes the insurance premiums paid. In the statement of activities, OPEB expense includes the change in the OPEB liability, and related change in OPEB amounts for deferred outflows of resources and deferred inflows of resources.	
	(1,022,342)
Pension expense reported in the governmental funds includes the annual required contributions. In the statement of activities, pension expense includes the change in the net pension liability, and related change in pension amounts for deferred outflows of resources and deferred inflows of resources.	
	<u>(3,361,099)</u>
Change in net position of governmental activities	<u><u>\$ (416,543)</u></u>

See accompanying notes to basic financial statements.

PROPRIETARY FUNDS

Major Proprietary Funds

Victorville Water District Fund

The Victorville Water District is a subsidiary district of the City of Victorville that was created by LAFCO to account for the consolidated operation and maintenance of the City's Water Department, Baldy Mesa Water District, and Victor Valley Water District. This fund is supported by user charges and other fees. The City includes the Industrial Wastewater Treatment Plant asset within the scope of the Victorville Water District Fund because of its importance in providing reclaimed and recycled water for public and private uses. The Victorville Water District has imposed connection fees to finance the acquisition and replacement costs of this plant.

Southern California Logistics Airport Authority Fund (SCLAA)

Accounts for both operation and capital acquisition of the activities surrounding the airport. The former George Air Force Base now known as Southern California Logistics Airport Authority is a joint powers authority formed by the City of Victorville and the Victorville Redevelopment Agency. In 2012, the Victorville Water District was added as a member of the JPA, shortly thereafter, the Victorville Redevelopment Agency was removed as a result of the dissolution of all Redevelopment Agencies.

The authority was created to effectuate the redevelopment of the former base and certain properties within an eight mile radius of the boundaries of the airport.

The airport funding sources comprised of federal grants, charges for services, and tax increment revenues passed through from the Victor Valley Economic Development Authority (VVEDA).

Electric Utility Fund

Accounts for the operation, maintenance, and capital assets of the City's electric utility, which is funded by user charges, other fees and loans.

Solid Waste Management Fund

Accounts for activities in the following programs: Solid Waste Management, Source Reduction and Recycling, Landfill Mitigation, Household Hazardous Waste, and the California Department of Conservation Grants.

Sanitary Fund

The City has defined the Sanitary Fund to account for the collection of sewage from the point of origin to be conveyed to the point of treatment or disposal. This fund includes infrastructure of pipes, pumps, and channels to collect and convey sewage to treatment or disposal. The fund provides for collection of revenues from customers and provides payment for maintenance of infrastructure and payment of contractors for disposal. Revenue received is comprised of sewer user fees and connection fees.

Nonmajor Proprietary Fund

Gas Utility Fund

Accounts for the operation and maintenance, and capital assets of the City's gas utility, which is funded by user charges, other fees and loans.

CITY OF VICTORVILLE
Proprietary Funds
Statement of Net Position
June 30, 2020

ASSETS	Victorville Water District	Southern California Logistics Airport Authority	Electric Utility Fund	Solid Waste Management
Current Assets:				
Cash and investments	\$ 51,805,262	\$ 18,656,468	\$ 8,993,784	\$ 4,131,399
Cash with fiscal agent	836,634	23,950,333	6,111,936	-
Accounts receivable, net	4,667,426	486,993	1,131,151	2,034,731
Interest receivable	112,417	-	-	-
Due from other governments	15,761	849,543	-	81,694
Inventory and other assets	755,791	11,600	-	-
Total Current Assets	58,193,291	43,954,937	16,236,871	6,247,824
Noncurrent Assets:				
Prepaid deposits	282,402	53,817	103,857	625
Advances to other funds	-	1,929,269	-	-
Investment in joint venture	-	-	-	436,647
Capital assets:				
Not being depreciated	31,941,407	13,871,003	473,126	348,278
Being depreciated, net	128,706,533	125,242,176	12,132,727	1,178,485
Total Noncurrent Assets	160,930,342	141,096,265	12,709,710	1,964,035
Total Assets	219,123,633	185,051,202	28,946,581	8,211,859
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows - OPEB related	753,397	106,556	27,428	44,425
Deferred outflow - pension related	2,548,508	745,881	159,402	313,511
Deferred charges on refunding	-	1,801,443	-	-
Total Deferred Outflows of Resources	3,301,905	2,653,880	186,830	357,936

See accompanying notes to basic financial statements.

Sanitary Fund	Nonmajor Gas Utility Fund	Totals
\$ 12,380,700	\$ 2,081,222	\$ 98,048,835
-	-	30,898,903
1,729,864	132,977	10,183,142
-	-	112,417
-	-	946,998
-	-	767,391
<u>14,110,564</u>	<u>2,214,199</u>	<u>140,957,686</u>
962	-	441,663
-	-	1,929,269
-	-	436,647
8,447,222	30,054	55,111,090
<u>38,433,372</u>	<u>1,853,402</u>	<u>307,546,695</u>
<u>46,881,556</u>	<u>1,883,456</u>	<u>365,465,364</u>
<u>60,992,120</u>	<u>4,097,655</u>	<u>506,423,050</u>
100,608	6,120	1,038,534
565,688	36,941	4,369,931
-	-	1,801,443
<u>666,296</u>	<u>43,061</u>	<u>7,209,908</u>

(Continued)

CITY OF VICTORVILLE
Proprietary Funds
Statement of Net Position
June 30, 2020
(Continued)

	Victorville Water District	Southern California Logistics Airport Authority	Electric Utility Fund	Solid Waste Management
LIABILITIES				
Current Liabilities:				
Accounts payable	\$ 1,531,948	\$ 246,438	\$ 1,075,498	\$ 1,336,488
Interest payable	181,621	1,308,493	5,495	-
Prepaid water connection fees	715,533	-	-	-
Deposits payable	2,557,971	-	131,530	-
Unearned revenue	-	46,410	-	-
Long-term debt - due within one year	761,824	6,074,079	1,405,000	-
Total Current Liabilities	<u>5,748,897</u>	<u>7,675,420</u>	<u>2,617,523</u>	<u>1,336,488</u>
Noncurrent Liabilities:				
Accrued rent credit payable	-	585,416	-	-
Advances from other funds	-	1,855,412	5,970,656	-
Advances from other governments	-	10,939,517	-	-
Total OPEB liability	10,288,735	2,093,649	554,173	884,599
Net pension liability	12,996,097	3,546,936	909,693	1,508,529
Long-term debt - due beyond one year	9,134,380	288,491,963	46,710,000	-
Total Noncurrent Liabilities	<u>32,419,212</u>	<u>307,512,893</u>	<u>54,144,522</u>	<u>2,393,128</u>
Total Liabilities	<u>38,168,109</u>	<u>315,188,313</u>	<u>56,762,045</u>	<u>3,729,616</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows - OPEB related	2,748,733	413,856	114,054	172,682
Deferred inflows - pension related	555,753	150,938	25,597	72,463
Total Deferred Inflows of Resources	<u>3,304,486</u>	<u>564,794</u>	<u>139,651</u>	<u>245,145</u>
NET POSITION				
Net investment in capital assets	151,694,293	(129,417,584)	(29,407,346)	1,526,763
Unrestricted	29,258,650	1,369,559	1,639,061	3,068,271
Total Net Position	<u>\$ 180,952,943</u>	<u>\$ (128,048,025)</u>	<u>\$ (27,768,285)</u>	<u>\$ 4,595,034</u>

See accompanying notes to basic financial statements.

Sanitary Fund	Nonmajor Gas Utility Fund	Totals
\$ 2,030,335	\$ 147,310	\$ 6,368,017
-	-	1,495,609
-	-	715,533
-	-	2,689,501
-	-	46,410
1,190,000	-	9,430,903
<u>3,220,335</u>	<u>147,310</u>	<u>20,745,973</u>
-	-	585,416
-	-	7,826,068
-	-	10,939,517
1,559,785	106,298	15,487,239
2,660,299	72,882	21,694,436
1,760,000	-	346,096,343
<u>5,980,084</u>	<u>179,180</u>	<u>402,629,019</u>
<u>9,200,419</u>	<u>326,490</u>	<u>423,374,992</u>
325,953	22,454	3,797,732
106,948	7,919	919,618
<u>432,901</u>	<u>30,373</u>	<u>4,717,350</u>
46,620,669	1,883,456	42,900,251
5,404,427	1,900,397	42,640,365
<u>\$ 52,025,096</u>	<u>\$ 3,783,853</u>	<u>\$ 85,540,616</u>

CITY OF VICTORVILLE
Proprietary Funds
Statement of Revenues, Expenses and Changes in Fund Net Position
Year ended June 30, 2020

	Victorville Water District	Southern California Logistics Airport Authority	Electric Utility Fund	Solid Waste Management
Operating Revenues:				
Charges for services	\$ 34,887,159	\$ 10,352,737	\$ 13,130,939	\$ 17,937,443
Pass-thru charges for services	289,000	-	-	-
Fines and forfeitures	231,994	121,180	-	171,516
Other	198,467	724,410	76,189	757,754
Total Operating Revenues	35,606,620	11,198,327	13,207,128	18,866,713
Operating expenses:				
Personnel services	11,689,745	2,812,135	1,124,862	1,605,347
Maintenance and operations	15,718,657	4,827,337	2,162,275	16,005,867
Production costs	4,034,055	-	6,344,497	-
Pass-thru production costs	289,000	-	-	-
Depreciation	7,276,463	9,097,915	1,363,594	216,811
Total Operating Expenses	39,007,920	16,737,387	10,995,228	17,828,025
Operating Income (Loss)	(3,401,300)	(5,539,060)	2,211,900	1,038,688
Nonoperating Revenues (Expenses):				
Change in investment in joint ventures	-	-	-	375,903
Property taxes	912,768	19,858,962	-	-
Investment income	998,042	519,981	176,668	45,920
Interest expense	(430,914)	(17,518,436)	(722,008)	(22,007)
Loss on disposal of assets	-	(604,144)	-	-
Other nonoperating revenues (expenses)	292,774	(19,537)	-	(18,979)
Total Nonoperating Revenues (Expenses)	1,772,670	2,236,826	(545,340)	380,837
Income (Loss) before Transfers and Contributions	(1,628,630)	(3,302,234)	1,666,560	1,419,525
Capital Contributions:				
Connection fees	3,619,685	-	247,119	-
Alternate water source fees	574,233	-	-	-
Capital restricted use fees	1,048,742	-	-	-
Capital grants	60,020	843,148	-	-
Total Capital Contributions	5,302,680	843,148	247,119	-
Change in Net Position	3,674,050	(2,459,086)	1,913,679	1,419,525
Net Position, Beginning of Year	177,278,893	(125,588,939)	(29,681,964)	3,175,509
Net Position, End of Year	\$ 180,952,943	\$ (128,048,025)	\$ (27,768,285)	\$ 4,595,034

See accompanying notes to basic financial statements.

Sanitary Fund	Nonmajor Gas Utility Fund	Totals
\$ 14,485,507	\$ 2,615,874	\$ 93,409,659
-	-	289,000
160,449	-	685,139
16,989	57,663	1,831,472
<u>14,662,945</u>	<u>2,673,537</u>	<u>96,215,270</u>
3,183,796	272,107	20,687,992
12,878,540	1,245,220	52,837,896
-	709,871	11,088,423
-	-	289,000
1,251,418	125,574	19,331,775
<u>17,313,754</u>	<u>2,352,772</u>	<u>104,235,086</u>
<u>(2,650,809)</u>	<u>320,765</u>	<u>(8,019,816)</u>
-	-	375,903
-	-	20,771,730
157,312	20,127	1,918,050
-	-	(18,693,365)
-	-	(604,144)
110	-	254,368
<u>157,422</u>	<u>20,127</u>	<u>4,022,542</u>
(2,493,387)	340,892	(3,997,274)
-	-	3,866,804
-	-	574,233
-	-	1,048,742
-	-	903,168
<u>-</u>	<u>-</u>	<u>6,392,947</u>
(2,493,387)	340,892	2,395,673
54,518,483	3,442,961	83,144,943
<u>\$ 52,025,096</u>	<u>\$ 3,783,853</u>	<u>\$ 85,540,616</u>

CITY OF VICTORVILLE
Proprietary Funds
Statement of Cash Flows
Year ended June 30, 2020

	Victorville Water District	Southern California Logistics Airport Authority	Electric Utility Fund	Solid Waste Management
Cash Flows from Operating Activities:				
Cash received from customers	\$ 35,062,940	\$ 10,894,428	\$ 12,698,108	\$ 18,757,231
Cash payments to employees for services	(9,848,593)	(2,318,965)	(991,675)	(1,394,338)
Cash payments to suppliers for goods and services	(15,557,548)	(5,638,483)	(8,362,913)	(15,929,291)
Net Cash Provided by Operating Activities	9,656,799	2,936,980	3,343,520	1,433,602
Cash Flows from Noncapital Financing Activities:				
Cash received from other governments	912,768	20,108,992	-	-
Cash received from other funds	-	15,369	-	-
Cash paid to other funds	-	-	(1,045,260)	-
Net Cash Provided by (Used for) Noncapital Financing Activities	912,768	20,124,361	(1,045,260)	-
Cash flows from capital and related financing activities:				
Cash received from sale of capital assets	-	14,874	-	-
Capital grants	60,020	843,148	-	-
Cash payments to acquire capital and other assets	(4,191,451)	(36,297)	(742,446)	-
Principal paid on capital-related debt	(365,000)	(5,635,000)	(1,335,000)	(252,500)
Interest paid on capital-related debt	(443,190)	(15,845,328)	(661,748)	(12,878)
Interest paid on interfund advance	-	-	(120,513)	-
Net Cash Used for Capital and Related Financing Activities	(4,939,621)	(20,658,603)	(2,859,707)	(265,378)
Cash flows from investing activities:				
Interest received on investments	1,077,974	313,981	176,668	45,920
Net Cash Provided by Investing Activities	1,077,974	313,981	176,668	45,920
Net Increase (Decrease) in Cash and Cash Equivalents	6,707,920	2,716,719	(384,779)	1,214,144
Cash and Cash Equivalents, Beginning of Year	45,933,976	39,890,082	15,490,499	2,917,255
Cash and Cash Equivalents, End of Year	<u>\$ 52,641,896</u>	<u>\$ 42,606,801</u>	<u>\$ 15,105,720</u>	<u>\$ 4,131,399</u>
Reconciliation of Cash and Cash Equivalents to Statement of Net Position:				
Cash and Investments	\$ 51,805,262	\$ 18,656,468	\$ 8,993,784	\$ 4,131,399
Cash with Fiscal Agent	836,634	23,950,333	6,111,936	-
Cash and Cash Equivalents	<u>\$ 52,641,896</u>	<u>\$ 42,606,801</u>	<u>\$ 15,105,720</u>	<u>\$ 4,131,399</u>

See accompanying notes to basic financial statements.

Sanitary Fund	Nonmajor Gas Utility Fund	Totals
\$ 14,463,306	\$ 2,652,950	\$ 94,528,963
(2,679,292)	(240,063)	(17,472,926)
<u>(10,128,510)</u>	<u>(1,943,194)</u>	<u>(57,559,939)</u>
1,655,504	469,693	19,496,098
-	-	21,021,760
9,804,994	-	9,820,363
<u>-</u>	<u>-</u>	<u>(1,045,260)</u>
9,804,994	-	29,796,863
-	-	14,874
-	-	903,168
(3,152,081)	(14,454)	(8,136,729)
-	-	(7,587,500)
-	-	(16,963,144)
<u>-</u>	<u>-</u>	<u>(120,513)</u>
<u>(3,152,081)</u>	<u>(14,454)</u>	<u>(31,889,844)</u>
157,312	20,127	1,791,982
157,312	20,127	1,791,982
8,465,729	475,366	19,195,099
3,914,971	1,605,856	109,752,639
<u>\$ 12,380,700</u>	<u>\$ 2,081,222</u>	<u>\$ 128,947,738</u>
\$ 12,380,700	\$ 2,081,222	\$ 98,048,835
-	-	30,898,903
<u>\$ 12,380,700</u>	<u>\$ 2,081,222</u>	<u>\$ 128,947,738</u>

(Continued)

CITY OF VICTORVILLE
Proprietary Funds
Statement of Cash Flows
Year ended June 30, 2020
(Continued)

	Victorville Water District	Southern California Logistics Airport Authority	Electric Utility Fund	Solid Waste Management
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Operating income (loss)	\$ (3,401,300)	\$ (5,539,060)	\$ 2,211,900	\$ 1,038,688
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	7,276,463	9,097,915	1,363,594	216,811
Nonoperating miscellaneous revenue (expense)	5,535,434	(19,537)	247,119	(18,979)
(Increase) decrease in accounts receivable, net	(588,476)	(294,741)	(49,550)	(102,742)
(Increase) decrease in due from other governments	(2,905)	-	-	(6,740)
(Increase) decrease in inventory and other assets	(64,468)	5,019	-	-
(Increase) decrease in prepaid deposits	255,504	(51,410)	(99,996)	(327)
(Increase) decrease in deferred outflows - OPEB	(536,508)	(85,499)	(21,470)	(35,784)
(Increase) decrease in deferred outflows - pension	230,521	54,589	18,121	28,780
Increase (decrease) in accounts payable	(1,063,831)	(764,755)	(3,264)	95,882
Increase (decrease) in prepaid water connection fees	(897,936)	-	-	-
Increase (decrease) in deposits payable	767,162	-	(459,470)	-
Increase (decrease) in unearned revenue	-	14,709	-	-
Increase (decrease) in accrued rent credits payable	-	(4,330)	-	-
Increase (decrease) in compensated absences	65,542	21,477	-	-
Increase (decrease) in claims payable	-	-	-	-
Increase (decrease) in total OPEB liability	1,167,438	205,277	52,302	85,722
Increase (decrease) in net pension liability	1,469,663	357,481	100,593	158,663
Increase (decrease) in deferred inflows - OPEB	(506,029)	(48,438)	(12,470)	(20,195)
Increase (decrease) in deferred inflows - pension	(49,475)	(11,717)	(3,889)	(6,177)
 Total Adjustments	 <u>13,058,099</u>	 <u>8,476,040</u>	 <u>1,131,620</u>	 <u>394,914</u>
 Net Cash Provided by Operating Activities	 <u>\$ 9,656,799</u>	 <u>\$ 2,936,980</u>	 <u>\$ 3,343,520</u>	 <u>\$ 1,433,602</u>
 NONCASH CAPITAL, FINANCING AND INVESTING ACTIVITIES:				
Interest accretion expenses	\$ -	\$ 1,229,608	\$ -	\$ -
Loss on disposal of capital assets	-	(619,018)	-	-
 TOTAL	 <u>\$ -</u>	 <u>\$ 610,590</u>	 <u>\$ -</u>	 <u>\$ -</u>

See accompanying notes to basic financial statements.

Sanitary Fund	Nonmajor Gas Utility Fund	Totals
\$ (2,650,809)	\$ 320,765	\$ (8,019,816)
1,251,418	125,574	19,331,775
110	-	5,744,147
(182,652)	(20,587)	(1,238,748)
-	-	(9,645)
-	-	(59,449)
2	-	103,773
(81,676)	(4,859)	(765,796)
58,375	4,155	394,541
1,282,931	11,897	(441,140)
-	-	(897,936)
-	-	307,692
-	-	14,709
-	-	(4,330)
-	-	87,019
1,450,000	-	1,450,000
194,767	11,738	1,717,244
391,300	24,683	2,502,383
(45,734)	(2,781)	(635,647)
(12,528)	(892)	(84,678)
4,306,313	148,928	27,515,914
\$ 1,655,504	\$ 469,693	\$ 19,496,098
\$ -	\$ -	\$ 1,229,608
-	-	(619,018)
\$ -	\$ -	\$ 610,590

CITY OF VICTORVILLE
Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2020

	<u>Agency Funds</u>	<u>Successor Agency to the Victorville RDA</u>
ASSETS		
Cash and investments	\$ 3,955,588	\$ 6,730,563
Restricted assets:		
Cash and investments with fiscal agent	1,712,591	1,866,520
Accounts receivable, net	16,412	-
Prepaid items	-	76
Land held for resale	-	4,014,190
	<u>5,684,591</u>	<u>12,611,349</u>
Total Assets		
LIABILITIES		
Accounts payable	\$ 990,484	250,034
Interest payable	-	147,238
Deposits payable	4,694,107	-
Due to the City	-	10,421,726
Current portion of long-term liabilities:		
Bonds payable	-	1,420,000
	<u>5,684,591</u>	<u>12,238,998</u>
Total Current Liabilities		
Long-term liabilities:		
Bonds payable	-	30,880,000
	<u>5,684,591</u>	<u>43,118,998</u>
Total Liabilities		
NET POSITION		
Held in trust for other taxing entities		<u>(30,507,649)</u>
Total Net Position		<u>\$ (30,507,649)</u>

See accompanying notes to basic financial statements.

CITY OF VICTORVILLE
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
Year ended June 30, 2020

	<u>Successor Agency to the Victorville RDA</u>
Additions:	
RPTTF distributions	\$ 3,255,258
Investment income	<u>300,314</u>
Total Additions	<u>3,555,572</u>
Deductions:	
Current:	
Community development	654,389
Debt service:	
Interest	<u>2,032,551</u>
Total Deductions	<u>2,686,940</u>
Change in Net Position	868,632
Net Position, Beginning of Year	<u>(31,376,281)</u>
Net Position, End of Year	<u><u>\$ (30,507,649)</u></u>

See accompanying notes to basic financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Victorville, California (City), have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. Reporting Entity

The City of Victorville is situated approximately 97 miles northeast of Los Angeles in Southern California's Mojave Desert. The City was incorporated in 1962 and had an estimated population at June 30, 2020 of 126,543.

On July 26, 2008, the City became a charter City that operates under the Council-Manager form of government, with five elected Council members served by a full time City Manager and staff. At June 30, 2020, the City's staff comprised of 386 full and 101 part time employees who were responsible for the City-provided services.

The accounting policies of the City conform to accounting principles generally accepted in the United States as applicable to governments.

These financial statements present the City of Victorville and its component units, entities for which the City is considered to be financially accountable. The City is considered to be financially accountable for an organization if the City appoints a voting majority of that organization's governing body and the City is able to impose its will on that organization or there is a potential for that organization to provide specific financial benefits to or impose specific financial burdens on the City. The City is also considered to be financially accountable for an organization if that organization is fiscally dependent (i.e., it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval from the City). In certain cases, other organizations are included as component units if the nature and significance of their relationship with the City are such that their exclusion would cause the City's financial statements to be misleading or incomplete.

Based upon the above criteria, the component units of the City include the Southern California Logistics Airport Authority (SCLAA) and the Victorville Water District.

Since City Council serves as the governing board for the SCLAA and Victorville Water District the component units are considered to be blended component units. Blended component units, although legally separate entities, are in substance, part of the City's operations and so data from these units are reported with the interfund data of the primary government. The SCLAA and the Victorville Water District issue separate component unit financial statements. Upon completion, the financial statements of these component units can be obtained at the City of Victorville, located at 14343 Civic Drive, Victorville, CA 92392.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

A brief description of the component units follows:

Southern California Logistics Airport Authority (SCLAA)

The SCLAA is a joint powers authority (JPA) formed in 1997 between the City of Victorville and the former Redevelopment Agency of Victorville to provide for the coordination of long range planning of the territory of George Air Force Base. In 2012, the Victorville Water District was added as a member of the JPA. SCLAA has a financial benefit/burden relationship with the City and the financial data and transactions are included as an enterprise fund of the City. SCLAA prepares a budget in sufficient detail to constitute an operating outline for the source and amount of funds available to SCLAA and expenditures to be made during the ensuing fiscal year. SCLAA revenues consist primarily of grants and loans received by SCLAA and from profits, income, sales proceeds, interest earnings from leases and land sales, and tax increment revenues passed through from the Victor Valley Economic Development Authority (VVEDA). SCLAA has a financial benefit/burden relationship with the City and the financial data and transactions are included as an enterprise fund of the City.

Victorville Water District

On August 15, 2007, the Victor Valley Water District and the Baldy Mesa Water District were approved to be consolidated into a subsidiary district of the City of Victorville (City), known as the Victorville Water District (District, per Resolution No. 2977 of the Executive Officer of the Local Agency formation Commission (LAFCO) of San Bernardino County, which adopted a change of organization without election. All of the liabilities including debt obligations of the Victor Valley Water District and the Baldy Mesa Water District were assumed by this subsidiary district and the City effective July 1, 2007 upon consolidation.

Upon consolidation July 1, 2007 of the two districts the City consolidated the operations and activities of its Water Department and Water Funds into the district to serve all of the water customers of the City of Victorville under this District. The basic operations of the District are financed by user charges plus capital contributions to finance growth of the water delivery system. The District is governed by a five-member Board of Directors (City Council), each holding staggered four-year terms.

On December 21, 2011, Local Agency Formation Commission approved Resolution No. 3154 that ordered the change of organization for the Victorville Water District. The Commission approved the activation of sewer function and services within the boundaries of the Victorville Water District and determined, pursuant to Government Code Section 56824.14 that the service will be repaid for its costs in operating the SCLA Industrial Waste Water Treatment Plant and that the mechanism for repayment of the funds expended in the construction and development of the facility will be returned to the District. Victorville Water District's has a financial benefit/burden relationship with the City and the financial data and transactions are included as an enterprise fund of the City.

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

The basic financial statements of the City are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the basic financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. In the government-wide financial statements, the governmental activities column incorporates data from governmental funds while business-type activities incorporate data from the government's enterprise funds.

Government-wide financial statements are presented using the *economic resources measurement focus* and the *accrual basis of accounting*. Under the *economic resources measurement focus*, all (both current and long-term) economic resources and obligations of the reporting government are reported in the government-wide financial statements. Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Under the *accrual basis of accounting*, revenues are recorded when earned and expenses are recorded when a liability takes place, regardless of the timing of related cash flows. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenue from property taxes is recognized in the fiscal year in which the taxes are levied. Grants and similar items are recognized as revenue as soon as the eligibility requirements imposed by the provider have been satisfied. Unbilled receivables are recorded as revenues when the services are provided.

Government-wide financial statements display information about the reporting government as a whole, except for its fiduciary activities. These statements include separate columns for the governmental and business-type activities of the primary government (including its blended component units), as well as its discretely presented component units. The City has no discretely presented component units. Eliminations have been made in the Statement of Activities so that certain allocated expenses are recorded only once (by the function to which they were allocated). However, general government expenses have not been allocated as indirect expenses to the various functions of the City.

The statement of activities demonstrates the degree to which direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The types of transactions reported as program revenues of the City are reported in three categories:

- Charges for services,
- Operating grants and contributions, and
- Capital grants and contributions

Charges for services include revenues from the reporting government's citizenry who purchase, use, or directly benefit from goods, services, or privileges provided by a given function. Grants and contributions include revenues restricted to meeting the operational or capital requirements of a particular function. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program. Taxes and other items not included among program revenues are reported instead as general revenues.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Government-wide Financial Statements (Continued)

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt and acquisitions of capital leases are recorded as a liability in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenses.

Fund Financial Statements

The underlying accounting system of the City is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements for the primary government's governmental, proprietary, and fiduciary funds are presented after the government-wide financial statements. These statements display information about major funds individually and nonmajor funds in the aggregate for governmental and enterprise funds. Fiduciary statements include financial information for the City's fiduciary activities. Fiduciary funds of the City primarily represent assets held by the City in a custodial capacity for other individuals or organizations.

Governmental Funds

In the fund financial statements, governmental funds are presented using the *modified-accrual basis of accounting*. Their revenues are recognized when they become *measurable* and *available* as net current assets. *Measurable* means that the amounts can be estimated, or otherwise determined. *Available* means that the amounts were collected during the reporting period or soon enough thereafter to be available to finance the expenditures accrued for the reporting period. The City uses a 60-day availability period. The City accrues the following revenue types: taxes, licenses, intergovernmental revenues, fines and forfeitures, and other miscellaneous revenues. *Exchange transactions* are recognized as revenues in the period in which they are earned (i.e., the related goods or services are provided). *Locally imposed derived tax revenues* are recognized as revenues in the period in which the underlying exchange transaction upon which they are based takes place. *Imposed non-exchange* transactions are recognized as revenues in the period for which they were imposed. If the period of use is not specified, they are recognized as revenues when an enforceable legal claim to the revenues arises or when they are received, whichever occurs first. *Government-mandated and voluntary non-exchange transactions* are recognized as revenues when all applicable eligibility requirements have been met.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

Governmental Funds (Continued)

Amounts expended to acquire capital assets are recorded as *expenditures* in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt and acquisitions under capital leases are recorded as an *other financing sources* rather than as a fund liability. Amounts paid to reduce long-term indebtedness are reported as fund expenditures.

In the fund financial statements, governmental funds are presented using the *current financial resources measurement focus*. This means that only current assets, liabilities, and deferred inflows of resources are generally included on their balance sheets. The reported fund balance is considered to be a measure of “available spendable resources.” Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balance. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period.

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by noncurrent liabilities. Since they do not affect fund balance, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities. Noncurrent portions of long-term receivables are reported on their balance sheets in spite of their spending measurement focus.

Governmental Fund Balances

Fund balances are reported in the fund statements in the following classifications:

Nonspendable Fund Balance

Nonspendable Fund Balance - This includes amounts that cannot be spent because they are either not physically held in spendable form (such as prepaid items and inventory for all governmental funds, and advances to other funds for the general fund only) or are legally or contractually required to be maintained intact (such as endowments).

Spendable Fund Balance

Restricted Fund Balance - This includes amounts that can be spent only for specific purposes stipulated by legal requirements imposed by other governments, external resource providers, or creditors. City Council imposed restrictions do not create restricted fund balance unless the legal document that initially authorized the revenue (associated with that portion of fund balance) also included language that specified the limited use for which the authorized revenues were to be expended.

Committed Fund Balance - This includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council. Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action (for example, resolution, ordinance, minutes action, etc.) that it employed to previously commit those amounts. If the Council action that limits the use of the funds was separate from the action that initially created the revenues that form the basis for the fund balance, then the resultant fund balance is considered to be committed, not restricted. The City considers a resolution to constitute a formal action of the City Council for the purposes of establishing committed fund balance.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Governmental Fund Balances (Continued)

Spendable Fund Balance (Continued)

Assigned Fund Balance - This includes amounts that are intended to be used for specific purposes as indicated either by the Council or by persons to whom has delegated the authority to assign amounts for specific purposes. The City Council has not delegated such authority as of the date of this report.

Unassigned Fund Balance - This includes the remaining spendable amounts which are not included in one of the other classifications. In other funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned. Only the General Fund shows a positive unassigned fund balance.

It is the City's policy that restricted resources will be applied first, followed by (in order of application) committed, assigned, and unassigned resources, in the absence of a formal policy adopted by the City Council.

Proprietary and Fiduciary Funds

The City's enterprise funds are proprietary funds. In the fund financial statements, proprietary funds are presented using the *accrual basis of accounting*. Revenues are recognized when they are earned and expenses are recognized when the related goods or services are delivered. In the fund financial statements, proprietary funds are presented using the *economic resources measurement focus*. This means that all assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or noncurrent) associated with their activity are included on their balance sheets. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net position.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies, taxes, and investment earnings result from non-exchange transactions or ancillary activities. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets.

All revenues and expenses not meeting this definition are reported as nonoperating expenses. Amounts paid to acquire capital assets are capitalized as assets in the proprietary fund financial statements, rather than reported as an expense. Proceeds of long-term debt and acquisitions under capital leases are recorded as a liability in the proprietary fund financial statements, rather than as other financing source. Amounts paid to reduce long-term indebtedness of the proprietary funds are reported as a reduction of the related liability, rather than as expenditure. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenses.

Agency funds are custodial in nature (assets equal liabilities) and have no measurement focus but utilize the *accrual basis of accounting* for reporting its assets and liabilities. The private-purpose trust funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Fiduciary funds do not involve the recording of City revenue and expenses and, therefore, are not included in the government-wide financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Major Funds and Fiduciary Fund Types

The City reports the following major governmental funds:

General Fund - The chief operating fund of a local government. The general fund is used to account for all financial resources except those required to be accounted for in another fund.

Housing Asset Successor Special Revenue Fund - This fund accounts for the housing activities of the City that were previously accounted for in the low and moderate housing redevelopment agency fund. Funding sources consists primarily of loan repayments and corresponding interest that are used to increase, improve, and preserve the community's supply of low- and moderate-income housing.

Capital Impact Facilities Fund - This capital projects fund accounts for the acquisition or construction of major capital facilities related to public improvements needed as population increases.

The City reports the following major proprietary funds:

Victorville Water District - The Victorville Water District is a subsidiary district of the City of Victorville that was created by LAFCO to account for the consolidated operation and maintenance of the City's Water Department, Baldy Mesa Water District, and Victor Valley Water District. This fund is supported by user charges and other fees. The City includes the Industrial Wastewater Treatment Plant asset within the scope of the Victorville Water District Fund because of its importance in providing reclaimed and recycled water for public and private uses. The Victorville Water District has imposed connection fees to finance the acquisition and replacement costs of this plant.

Southern California Logistics Airport Authority Fund (SCLAA) - Accounts for both operation and capital acquisition of the activities surrounding the airport. The former George Air Force Base now known as Southern California Logistics Airport Authority is a joint powers authority formed by the City of Victorville and the Victorville Redevelopment Agency. In 2012, the Victorville Water District was added as a member of the JPA, shortly thereafter, the Victorville Redevelopment Agency was removed as a result of the dissolution of all Redevelopment Agencies.

The authority was created to effectuate the redevelopment of the former base and certain properties within an eight-mile radius of the boundaries of the airport. The airport funding sources are comprised of federal grants, charges for services, and tax increment revenues passed through from the Victor Valley Economic Development Authority (VVEDA).

Electric Utility Fund - Accounts for the operation, maintenance, and capital assets of the City's electric utility, which is funded by user charges, other fees and loans.

Solid Waste Management - Accounts for activities in the following programs: Solid Waste Management, Source Reduction and Recycling, Landfill Mitigation, Household Hazardous Waste, and the California Department of Conservation Grants.

Sanitary Fund - The City has defined the Sanitary Fund to account for the collection of sewage from the point of origin to be conveyed to the point of treatment or disposal. This fund includes infrastructure of pipes, pumps, and channels to collect and convey sewage to treatment or disposal. The fund provides for collection of revenues from customers and provides payment for maintenance of infrastructure and payment of contractors for disposal. Revenue received is comprised of sewer user fees and connection fees.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Major Funds and Fiduciary Fund Types (Continued)

Additionally, the City reports the following fiduciary fund types:

Agency Fiduciary Funds - Fiduciary fund used to account for assets held by the City as an agent for individuals, private organizations, other governments and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Private-Purpose Trust Fiduciary Funds - Used to account for the activities of the Redevelopment Obligation Retirement Funds, and other Successor Agency funds, which accumulates resources for obligations previously incurred by the former Victorville Redevelopment Agency.

The City reports the following fund types:

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

Enterprise Fund - is used to account for the operation, maintenance, and capital assets of the City's gas utility, which is funded by user charges, other fees and loans.

D. New Accounting Pronouncements

Current Year Standards

GASB No. 95

In May 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authority Guidance*, which was effective immediately. This Statement provided temporary relief to governments and other stakeholders in light of the COVID-19 pandemic and postponed the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

GASB No. 97

In June 2020, GASB issued Statement No. 97 – *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84*, and a supersession of GASB Statement No. 32. Paragraph 4 of this Statement requires that for purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution OPEB plan, or an other employee benefit plan (for example, certain Section 457 plans), the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. New Accounting Pronouncements (Continued)

Current Year Standards (Continued)

GASB No. 97 (Continued)

Paragraph 5 of this Statement also requires that the financial burden criterion in paragraph 7 of Statement No. 84, *Fiduciary Activities*, be applicable to only defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement No. 67, *Financial Reporting for Pension Plans*, or paragraph 3 of Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, respectively.

The requirements of these paragraphs did not impact the City.

Pending Accounting Standards

GASB has issued the following statements, which may impact the City's financial reporting requirements in the future:

GASB No. 84

In January 2017, GASB issued Statement No. 84 – *Fiduciary Activities*. 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. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements.

This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019, early application is encouraged.

GASB No. 87

In June 2017, GASB issued Statement No. 87 – *Leases*. This statement requires 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 for leases with a term of more than 12 months. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. For leases with a term of 12 months or less, lessees and lessors should recognize short-term lease payments as outflows of resources or inflows of resources, respectively, based on the payment provisions of the lease contract. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021, early application is encouraged.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. New Accounting Pronouncements (Continued)

Pending Accounting Standards (Continued)

GASB No. 89

In June 2018, GASB issued Statement No. 89 – *Accounting for Interest Cost Incurred before the End of a Construction Period*. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020, early application is encouraged. The requirements of this Statement should be applied prospectively.

GASB No. 90

In August 2018, GASB issued Statement No. 90 – *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*. This statement 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. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019, early application is encouraged. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis.

GASB No. 91

In May 2019, GASB issued Statement No. 91 – *Conduit Debt Obligations*. This Statement clarifies existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021, early application encouraged.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. New Accounting Pronouncements (Continued)

Pending Accounting Standards (Continued)

GASB No. 92

In January 2020, GASB issued Statement No. 92 – *Omnibus 2020*. This Statement addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to leases, fiduciary activities, measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition, reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers, reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature and terminology used to refer to derivative instruments.

The requirements of this Statement are effective as follows:

- The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.
- The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2021.
- The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2021.
- The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021.

GASB No. 96

In May 2020, GASB issued Statement No. 96 – *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Early application is encouraged. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which this Statement is implemented.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. New Accounting Pronouncements (Continued)

Pending Accounting Standards (Continued)

GASB No. 97

In June 2020, GASB issued Statement No. 97 – *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84*, and a supersession of GASB Statement No. 32. This Statement requires that a Section 457 plan be classified as either a pension plan or an other employee benefit plan depending on whether the plan meets the definition of a pension plan and clarifies that Statement 84, as amended, should be applied to all arrangements organized under IRC Section 457 to determine whether those arrangements should be reported as fiduciary activities.

This Statement supersedes the remaining provisions of Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, as amended, regarding investment valuation requirements for Section 457 plans. As a result, investments of all Section 457 plans should be measured as of the end of the plan’s reporting period in all circumstances.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted.

E. Cash and Investments

Cash includes demand deposits. The California Government Code and the City of Victorville’s investment policy permit the City of Victorville to invest in various instruments and pools.

Investments are reported in the accompanying balance sheet at fair value, except for certain investment contracts that are reported at cost because they are not transferable and they have terms that are not affected by changes in market interest rates. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Changes in fair value that occur during a fiscal year are recognized as *investment income* reported for that fiscal year. *Investment income* includes interest earnings, changes in fair value, any gains or losses realized upon the liquidation or sale of investments and rental income.

The City pools cash and investments of all funds, except for assets held by fiscal agents. Each fund’s share in this pool is displayed in the accompanying financial statements as *cash and investments*. Investment income earned by the pooled investments is allocated to the various funds based on each fund’s average cash and investment balance.

F. Cash and Cash Equivalents

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. Cash equivalents represent the proprietary funds’ share in the cash and investment pool of the City of Victorville, and the cash recorded in the proprietary funds held by a fiscal agent.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Loans Receivable

The accompanying financial statements reflect the recording of certain loans receivable that represent loans made to private developers and other parties. In certain cases, the amount of collection is dependent upon future residual receipts to be generated by the property or contingent upon the ability of the owner to sell the property at an amount sufficient to pay all liens against the property, including the obligation to the City. An estimate of the loss (if any) associated with non-repayment cannot be reasonably estimated at this time.

H. Due from Other Governments

The amounts recorded as a receivable due from other governments include sales taxes, state gas taxes, motor vehicle in-lieu taxes, property taxes, and grant revenues collected or provided by Federal, State, County and City Governments and unremitted to the City as of June 30, 2020.

I. Inventory and Prepaid Items

The City uses the consumption method of accounting for inventories. General Fund inventory consists of office supplies, hardware supplies, fuel and oil, which are valued at cost. Inventory in the proprietary funds consist primarily of water meters, pipe and pipe fittings for construction and repair. Materials and supplies items in the proprietary funds are valued at cost using the weighted average method.

Certain payments to vendors that reflect costs applicable to future accounting periods are recorded as prepaid items in both government-wide fund and proprietary financial statements utilizing the consumption method.

J. Land Held for Resale

Land held for resale consists of property intended to be sold or contributed to other parties. Land held for resale is valued at the lower of cost or realizable value once that value becomes determinable by entering into a contract for sale.

K. Capital Assets

Capital assets (including infrastructure) are reported in the applicable governmental or business-type activities column in the government-wide financial statements and the fund financial statements of proprietary funds.

Capital assets include public domain (“infrastructure”) capital assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems.

Capital assets are valued at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are valued at acquisition value on the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets (including infrastructure) are defined as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Capital Assets (Continued)

City construction of capital assets that are to be owned by other parties are accounted for as construction in progress during the construction phase of asset acquisition. Upon completion of the construction of the asset, the City records a contribution of the asset to the party identified as the owner of the asset at that time.

Depreciation has been provided using the straight-line method over the estimated useful life of the asset in the government-wide financial statements and in the fund financial statements of the proprietary funds.

A summary of the estimated useful lives of capital assets is as follows:

Buildings and improvements	10 - 50 years
Furniture and equipment	5 - 10 years
Computer and communications	5 years
Vehicles	5 - 10 years
Infrastructure	20 - 80 years
Water rights	10 - 25 years
Other intangible assets	5 - 25 years

L. Compensated Absences

A liability is recorded for unused vacation and similar compensatory leave balances since the employees' entitlement to these balances are attributable to services already rendered and it is probable that virtually all of these balances will be liquidated by either paid time off or payments upon termination or retirement.

A liability is recorded for unused sick leave balances only to the extent that it is probable that the unused balances will result in termination payments. This is estimated by including in the liability the unused balances of employees currently entitled to receive termination payments, as well as those who are expected to become eligible to receive termination benefits as a result of continuing their employment with the City. Other amounts of unused sick leave are excluded from the liability since their payment is contingent solely upon the occurrence of a future event (illness), which is outside the control of the City and the employee.

Compensated absences (unpaid vacation and sick leave) are recorded as expenditures in the year they are paid. The balance of unpaid vacation and vested sick leave at year end is recorded as a long-term liability in the government-wide financial statements and proprietary fund financial statements, as these amounts will be recorded as fund expenditures in the year in which they are paid or become due on demand to terminated employees.

M. Claims and Judgments

The City records a liability for litigation, judgments, and claims when it is probable that an asset has been impaired, or a liability has been incurred prior to year-end and the probable amount of loss can be reasonably estimated. Accordingly, such claims are recorded as liabilities in the government-wide financial statements and proprietary fund financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Property Taxes

Property taxes attach as an enforceable lien on property as of March 1. Taxes are levied on July 1 and are payable in two installments on December 10 and April 10. The County of San Bernardino, California bills and collects the property taxes and remits them to the City in installments during the year. City property tax revenues are recognized when levied to the extent that they result in current receivables within 60 days.

The County is permitted by State law (Proposition 13) to levy taxes at 1% of full market rate (at time of purchase) and can increase the property tax rate no more than 2% per year. As the City of Victorville did not receive property taxes during the period of 1976-1978, the City negotiated its relative 1% share of taxes.

O. Net Position

Net position is classified in the following categories:

Net Investment in Capital Assets - This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt (including premiums and discounts) and other capital related payables that attributed to the acquisition, construction, or improvement of the assets.

Restricted Net Position - This amount is restricted by enabling legislation (such as external creditors, grantors, contributors, or laws or regulations of other governments).

Unrestricted Net Position - This amount is the remaining net position that does not meet the definition of "net investment in capital assets" or "restricted net position."

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's practice to consider restricted net position to have been depleted before unrestricted net position is applied, unless otherwise directed by Council.

P. Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the statement of net position and proprietary funds balance sheet reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense) until that time. The City has the following items that qualify for reporting in this category:

- Unamortized loss on bond defeasance reported in the government-wide statement of net position and the proprietary funds financial statements. An unamortized loss on bond defeasance results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the life of the refunding debt.
- Deferred outflows related to pensions and OPEB equal to employer contributions made after the measurement date of the net pension liability and the total OPEB liability.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Deferred Outflows and Deferred Inflows of Resources (Continued)

The City has the following items that qualify for reporting in this category (continued):

- Deferred outflows related to pensions for differences between expected and actual experiences and changes in assumptions. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the plans.
- Deferred outflows related to OPEB for changes in assumptions. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with retiree healthcare benefits through the plans.

In addition to liabilities, the statement of net position, the governmental funds balance sheet, and the proprietary funds balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The City has the following items that qualify for reporting in this category:

- Deferred inflows from *unavailable revenues*, which arises only under a modified accrual basis of accounting and is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from three sources: grants, sales tax, and investment income. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
- Deferred inflows related to pensions and OPEB for differences between expected and actual experiences and changes in assumptions. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions or retiree healthcare benefits through the plans.
- Deferred inflows related to pension plans for the changes in proportion and differences between the employer's contributions and the employer's proportionate share of contributions. These amounts are amortized over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions through the plans.
- Deferred inflows related to pensions resulting from the net difference in projected and actual earnings on investments of the pension plan fiduciary net position. These amounts are amortized over five years.

Q. Pensions

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Estimates

The presentation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

2. CASH AND INVESTMENTS

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

Statement of net position:	
Cash and investments	\$ 153,007,657
Cash with fiscal agents	30,898,903
Fiduciary funds:	
Cash and investments	10,686,151
Cash with fiscal agents	<u>3,579,111</u>
Total cash and investments	<u>\$ 198,171,822</u>

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

Cash on hand	\$ 10,304
Deposits with financial institutions	40,067,097
Investments	<u>158,094,421</u>
Total cash and investments	<u>\$ 198,171,822</u>

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

The table on the following page identifies the investment types that are authorized for the City by the California Government Code and the City's investment policy. The table also identifies certain provisions of the California Government Code (or the City's investment policy, if more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

CITY OF VICTORVILLE, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2020

2. CASH AND INVESTMENTS (CONTINUED)

Investments Authorized by the California Government Code and the City's Investment Policy (Continued)

Investment Types Authorized by State Law	Authorized by Investment Policy	Maximum Maturity*	Maximum Percentage of Portfolio*	Maximum Investment In One Issuer*
Local Agency Bonds	Yes	5 years	70%	None
U.S. Treasury Obligations	Yes	5 years	70%	None
U.S. Agency Securities	Yes	5 years	75%**	None
Banker's Acceptances	No	180 days	40%	30%
Commercial Paper - Non-pooled Funds	No	270 days	25%	10%
Commercial Paper - Pooled Funds	No	270 days	40%	10%
Negotiable Certificates of Deposit	Yes	2 years	30%	None
Repurchase Agreements	No	1 year	None	None
Reverse Repurchase Agreements	No	92 days	20% of base value	None
Medium-Term Notes	No	5 years	30%	None
Mutual Funds***	No	5 years	20%*	10%*
Money Market Mutual Funds***	Yes	5 years	20%*	None
Mortgage Pass-Through Securities	No	5 years	20%	None
County Pooled Investment Funds	No	N/A	None	None
Local Agency Investment Fund (LAIF)	Yes	N/A	None	None
JPA Pools (other investment pools)	No	N/A	None	None

* Based on state law requirements or investment policy requirements, whichever is more restrictive.

** Ginnie Mae is not to exceed 20% of the total portfolio.

*** Fund must be an AAA rated Government or US Treasury money fund.

Investments Authorized by Debt Agreements

Investment 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 bond trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage Allowed	Maximum Investment In One Issuer
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	None	None
Banker's Acceptances	360 days	None	None
Commercial Paper	270 days	None	None
Money Market Mutual Funds	None	None	None
Repurchase Agreements	None	None	None
Investment Contracts	None	None	None
Federal Housing Admin Debentures	None	None	None
Certificates of Deposits	None	None	None
State Obligations	None	None	None
Local Agency Investment Fund (LAIF)	None	None	None
Pre-refunded Municipal Obligations	None	None	None

CITY OF VICTORVILLE, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2020

2. CASH AND INVESTMENTS (CONTINUED)

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

Investment Type	Total	Remaining Maturities (in Months)			
		Within 12	13 to 24	25 to 60	60+
LAIF	\$ 123,616,407	123,616,407	-	-	-
Held by bond trustee:					
Guaranteed Investment					
Contract (GIC)*	816,500	-	-	-	816,500
Money market mutual funds	33,661,514	33,661,514	-	-	-
Total	\$ 158,094,421	157,277,921	-	-	816,500

* The City's GIC is with Financial Security Assurance (FSA). The contract required FSA to deposit cash, governmental securities, or governmental bonds as collateral with Bank of New York, at a value of at least 100%, 104%, or 105%, respectfully, of the investment balance. The termination of the investment contract and release of collateral would occur in the event of default by FSA. As of June 30, 2020, FSA was not in default and the value of the collateral met the requirements.

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating by Standard & Poor's required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual Standard & Poor's rating as of year-end for each investment type.

Investment Type	Total	Minimum Legal Rating	Ratings as of Year End	
			AAA	Not Rated
LAIF	\$ 123,616,407	N/A	\$ -	\$ 123,616,407
Held by bond trustee:				
Guaranteed Investment				
Contract (GIC)	816,500	N/A	-	816,500
Money market mutual funds	33,661,514	Multiple*	33,661,514	-
Total	\$ 158,094,421		\$ 33,661,514	\$ 124,432,907

* Must receive highest ranking by not less than two nationally recognized statistical rating organizations or retain an investment advisor registered by the SEC or exempt from registration and who has not less than five years of experience investing in money market instruments with assets under management in excess of \$500 million.

2. CASH AND INVESTMENTS (CONTINUED)

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. The City has no investments in any one issuer (other than LAIF and money market mutual funds) that represent 5% or more of the City's investments.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit).

The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. At June 30, 2020, the City's deposits (bank balances) were insured by the federal depository insurance limits or collateralized as required under California Law.

For investments identified herein as held by bond trustee, the bond trustee selects the investment under the terms of the applicable trust agreement, acquires the investment, and holds the investment on behalf of the reporting government.

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon 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 balance available for withdrawal is based on the accounting records maintained by LAIF.

Fair Value Measurements

The City categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The fair value framework provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. 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 fair value hierarchy are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

2. CASH AND INVESTMENTS (CONTINUED)

Fair Value Measurements (Continued)

Level 2 - Inputs other than quoted prices included within the Level 1 that are observable for the asset or liability, either directly or indirectly and fair value is determined through the use of models or other valuation methodologies including:

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

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

The City’s investments in LAIF and money market mutual funds (held by bond trustee) are not subject to the fair value measurement hierarchy. The City’s investment in the GIC are included in Level 3 since they are not actively traded.

3. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2020 is as follows:

Due to/from other funds:

<u>Fund Reporting Receivable</u>	<u>Fund Reporting Payable</u>	<u>Amount</u>
General Fund	Nonmajor gov’t funds	<u>\$ 4,108,196 a)</u>

Advances to/from other funds:

<u>Fund Reporting Receivable</u>	<u>Fund Reporting Payable</u>	<u>Amount</u>
Nonmajor Governmental Funds	Capital Impact Facilities	\$ 1,161,503 b)
	Capital Projects Fund	
Housing Asset Successor		
Special Revenue Fund	SCLAA Enterprise Fund	1,855,412 c)
SCLAA Enterprise Fund	Capital Impact Facilities	1,929,269 d)
	Capital Projects Fund	
General Fund	Electric Utility Enterprise Fund	<u>5,970,656 e)</u>
	Total	<u>\$ 10,916,840</u>

Generally, the above balances result from:

- a) These represent short term borrowings to cover negative cash balances due to federal grant funds that must be paid out before reimbursement is received. It is anticipated these funds will come in from reimbursements received in FY 20-21.

3. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (CONTINUED)

Generally, the above balances result from (continued):

- b) Per a loan agreement approved on November 15, 2011 and renewed on August 9, 2016, the Nonmajor Storm Drain Utility Special Revenue Fund advanced to the Capital Impact Facilities Capital Projects Fund - Public Buildings \$1,200,000 for the City Hall Expansion Project. The advance has a term ending July 1, 2021, with the annualized Local Agency Investment Fund (“LAIF”) rate of return, as the interest rate. The outstanding balance of the advance as of June 30, 2020 is \$1,161,503.
- c) Per a loan agreement approved on October 20, 2009 by the Board of the Victorville RDA, a \$1,700,000 advance was made from the Low and Moderate Housing Fund to the SCLAA Enterprise Fund. The advance is to be used for SCLAA redevelopment activities. In accordance with the Housing Asset Transfer report approved by the California Department of finance this loan was transferred to the City Housing Asset Successor Agency fund. The advance has an interest rate equal to the annualized Local Agency Investment Fund (“LAIF”) rate of return. The loan had a repayment term of five years, which was due June 30, 2014, but has not yet been repaid due to funding issues with the SCLAA. There is no current payment schedule available for this advance. The outstanding balance of the advance as of June 30, 2020 is \$1,855,412.
- d) Per a loan agreement signed on September 21, 2010, by the board of the SCLAA, a \$1,895,000 advance was made from the SCLAA Enterprise Fund to the Capital Impact Facilities Fund. The advance was to be used for the purchase of land. The advance has a term of repayment to automatically renew the loan until there are sufficient funds to repay. The advance has an interest rate equal to the annualized Local Agency Investment Fund (“LAIF”) rate of return. The outstanding balance of the advance as of June 30, 2020 is \$1,929,269.
- e) A loan agreement was signed on July 1, 2018 by the City Council for a reimbursement of funds previously advanced from fiscal year 2003-2004 through 2007-2008 from the General Fund to the Municipal Utility Enterprise Fund for working capital, startup costs and operation funding shortfalls in the amount of \$17,850,143. This loan agreement was recorded in fiscal year 2018-2019 through transfers in and out of the respective funds. The loan has an interest rate equal to the annualized Local Agency Investment Fund (“LAIF”) rate of return. The advance will be repaid over a term of eight years with \$11,000,000 paid on July 1, 2018 and annual installments of \$1,000,000 over the following six years with \$850,143 due for the last year with each installment due on July 1 of each year. The outstanding balance of the advance as of June 30, 2020 is \$5,970,656.

Transfers in/out:

Transfer in	Transfer out	Amount
General Fund	Nonmajor Governmental Funds	\$ 41,164

- a) The transfer of \$41,164 from the Nonmajor Traffic Safety Special Revenue Fund to the General Fund was to support the engineering function of traffic safety.

CITY OF VICTORVILLE, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2020

4. CAPITAL ASSETS

Governmental Activities

The following is a summary of changes in capital assets for the year ended June 30, 2020:

	Balance at 7/1/2019	Additions	Deletions	Transfers	Balance at 6/30/2020
Non-depreciable assets:					
Land	\$ 59,460,387	\$ -	\$ -	\$ -	\$ 59,460,387
Right of way	180,001,603	-	-	-	180,001,603
Construction in progress	25,110,198	1,663,356	(16,874,909)	-	9,898,645
Total non-depreciable assets	264,572,188	1,663,356	(16,874,909)	-	249,360,635
Depreciable assets:					
Buildings and improvements	85,312,332	316,999	-	-	85,629,331
Furniture and equipment	15,232,620	254,042	-	-	15,486,662
Computer and communications	2,331,868	444,914	(5,468)	-	2,771,314
Land Improvements	14,775,383	-	-	-	14,775,383
Vehicles	4,165,465	2,522,718	(159,400)	89,511	6,618,294
Infrastructure	516,972,929	18,723,366	-	-	535,696,295
Intangible assets:					
Computer Software	2,672,167	-	-	-	2,672,167
Right-of-way easements	10,000	-	-	-	10,000
Total depreciable assets	641,472,764	22,262,039	(164,868)	89,511	663,659,446
Less accumulated depreciable:					
Buildings and improvements	(37,788,897)	(2,330,726)	-	-	(40,119,623)
Furniture and equipment	(12,194,818)	(526,257)	-	-	(12,721,075)
Computer and communications	(1,979,008)	(167,920)	5,468	-	(2,141,460)
Land Improvements	(6,006,567)	(1,491,347)	-	-	(7,497,914)
Vehicles	(3,008,097)	(280,728)	159,400	(89,511)	(3,218,936)
Infrastructure	(363,228,212)	(14,073,677)	-	-	(377,301,889)
Intangible assets:					
Computer Software	(1,823,782)	(282,991)	-	-	(2,106,773)
Right-of-way easements	(10,000)	-	-	-	(10,000)
Total accumulated depreciation	(426,039,381)	(19,153,646)	164,868	(89,511)	(445,117,670)
Total depreciable assets, net	215,433,383	3,108,393	-	-	218,541,776
Capital assets, net	\$ 480,005,571	\$ 4,771,749	\$ (16,874,909)	\$ -	\$ 467,902,411

Depreciation expense was charged in the following functions in the statement of activities:

General government	\$ 6,919,705
Public safety	478,866
Community development	12,916
Public works	9,810,236
Parks and recreation	1,931,923
Total	\$ 19,153,646

CITY OF VICTORVILLE, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2020

4. CAPITAL ASSETS (CONTINUED)

Business-Type Activities

The following is a summary of capital assets for enterprise funds at June 30, 2020:

	Balance at 7/1/2019	Additions	Deletions	Transfers*	Balance at 6/30/2020
Non-depreciable assets:					
Land and easements	\$ 25,502,152	\$ 270,309	\$ (619,018)	\$ -	\$ 25,153,443
Intangibles - service credit	3,954,891	-	-	-	3,954,891
Water rights	12,678,475	-	-	-	12,678,475
Idle assets	3,017,958	-	-	-	3,017,958
Land improvements	536,342	-	-	-	536,342
Construction in progress	4,174,760	6,294,809	(699,588)	-	9,769,981
Total non-depreciable assets	49,864,578	6,565,118	(1,318,606)	-	55,111,090
Depreciable assets:					
Buildings and improvements	218,416,290	41,025	-	-	218,457,315
Furniture and equipment	49,370,836	130,627	(158,329)	-	49,343,134
Computer and communication	915,758	56,783	-	-	972,541
Vehicles	5,049,937	1,278,009	-	(89,511)	6,238,435
Infrastructure	372,350,335	764,755	-	-	373,115,090
Intangibles	1,589,862	-	-	-	1,589,862
Land improvements	128,489	-	-	-	128,489
Total depreciable assets	647,821,507	2,271,199	(158,329)	(89,511)	649,844,866
Less accumulated depreciation:					
Buildings and improvements	(116,033,745)	(5,279,328)	-	-	(121,313,073)
Furniture and equipment	(34,964,686)	(2,094,924)	158,329	-	(36,901,281)
Computer and communication	(784,108)	(64,588)	-	-	(848,696)
Vehicles	(3,820,491)	(275,837)	-	89,511	(4,006,817)
Infrastructure	(165,991,297)	(11,575,422)	-	-	(177,566,719)
Intangibles	(1,520,330)	(28,827)	-	-	(1,549,157)
Land improvements	(99,579)	(12,849)	-	-	(112,428)
Total accumulated depreciation	(323,214,236)	(19,331,775)	158,329	89,511	(342,298,171)
Total depreciable assets, net	324,607,271	(17,060,576)	-	-	307,546,695
Capital assets, net	\$ 374,471,849	\$ (10,495,458)	\$ (1,318,606)	\$ -	\$ 362,657,785

* \$117,784 and \$28,273 of cost and accumulated depreciation was transferred from the Victorville Water District to governmental activities and from the governmental activities to the SCLAA, respectively, to reflect the fund that is responsible for maintenance.

4. CAPITAL ASSETS (CONTINUED)

Business-Type Activities (Continued)

Depreciation expense was charged in the following programs of the primary government:

Water	\$ 7,276,463
Airport	9,097,915
Electric utility	1,363,594
Solid waste management	216,811
Sanitary	1,251,418
Gas utility	<u>125,574</u>
Total	<u>\$ 19,331,775</u>

5. LAND HELD FOR RESALE

As of June 30, 2020, the Successor Agency to the Victorville Redevelopment Agency (RDA) and the City Housing Asset Successor Agency had acquired and developed parcels of land in the Bear Valley and Old Town/Midtown project areas. These parcels were purchased for the purpose of providing incentives to developers in order to construct future commercial projects on the property and are recorded as land held for resale at the recorded amounts of \$4,014,190 and \$8,470,041, respectively.

6. LONG-TERM NOTES RECEIVABLE

Affordable Housing Loans Receivable

The City has entered into agreements with developers to establish various affordable housing project loans, the significant loans are described below:

Pacific West Communities

In February 2010, the former RDA entered into an affordable housing loan agreement with Pacific West Communities to develop a housing project. The note accrues interest at 3% annual and repayments are based on earning of the housing facility. The expected payoff date is February 17, 2050. At June 30, 2020, the City Housing Asset Successor Special Revenue Fund has recorded outstanding loan receivable balance of \$4,993,390.

Southern California Housing Development Corporation

In December 2001, the former RDA entered into an affordable housing loan agreement with Southern California Housing Development Corporation to develop the Impressions at Valley Center housing project. The note accrues interest at 3% annual and repayments are based on earning of the housing facility. The expected payoff date is December 20, 2041. At June 30, 2020, the City Housing Asset Successor Special Revenue Fund has recorded outstanding loan receivable balance of \$1,081,127.

In December 2005, the former RDA entered into an affordable housing loan agreement with Southern California Housing Development Corporation to develop the Northgate Apartments housing project. The note accrues interest at 3% annual and repayments are based on earning of the housing facility. The expected payoff date is December 15, 2045. At June 30, 2020, the City Housing Asset Successor Special Revenue Fund has recorded outstanding loan receivable balance of \$5,156,813.

CITY OF VICTORVILLE, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2020

6. LONG-TERM NOTES RECEIVABLE (CONTINUED)

Housing Assistance Grants

In conjunction with the City’s Mortgage Assistance Program, the City provides loans up to \$55,000 to low-income first-time homebuyers. The loans act as down payment assistance and are deferred for up to 30 years as long as the eligible buyer occupies the property as its principal residence and is not in default under the affordability covenants and resale restrictions. The loans accrue simple interest at 3% per year. At June 30, 2020, the City Housing Asset Successor Special Revenue Fund has recorded outstanding loan receivable balance of \$161,666.

Desert Haven

In November 2019, the City entered into an affordable housing loan agreement in a total amount of \$1,509,505 with Desert Haven Victorville, LP, to repay the \$1,500,000 borrowed from the Housing Authority of the County of San Bernardino to purchase the property known as Desert Haven and \$9,505 for closing costs with the property acquisition. The note accrues simple interest at 1% annually and repayments are based on the earnings of the housing facility. The note is secured by a deed of trust against the property in the first priority position. The term of the note is 55 years and is expected to be paid off by October 1, 2074. At June 30, 2020, the City HUD Grants Special Revenue Fund has recorded an outstanding loan balance of \$1,510,763.

Other Loans

At June 30, 2020, the Nonmajor Governmental Funds report first time homebuyer loans, secured by a deed of trust, that are due upon the sale of the property in the amount of \$129,310. These loans are secured by a deed of trust. Also, at June 30, 2020, the Nonmajor Governmental Funds report residential curb appeal loans, which are 50% forgiven at five years and 100% forgiven at 10 years, that are due upon the sale of the property prior to the five or ten year time period in the amount of \$274,554. Other various loans reported in the Nonmajor Governmental Funds total \$24,420.

7. GOVERNMENTAL LONG-TERM LIABILITIES

Changes in Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2020 is as follows:

	Balance at 7/1/2019	Additions	Retirements	Balance at 6/30/2020	Due Within One Year
<i>Direct borrowing:</i>					
Capital Lease	\$ 1,201,450	\$ -	\$ (153,088)	\$ 1,048,362	\$ 158,890
<i>Other long-term liabilities:</i>					
Compensated Absences	4,037,386	2,719,573	(2,414,116)	4,342,843	2,109,077
Claims Payable (Note 16)	1,069,636	841,645	(584,232)	1,327,049	300,000
Pollution Remediation Obligation	1,457,598	-	(209,723)	1,247,875	311,969
Totals	<u>\$ 7,766,070</u>	<u>\$ 3,561,218</u>	<u>\$ (3,361,159)</u>	<u>\$ 7,966,129</u>	<u>\$ 2,879,936</u>

7. GOVERNMENTAL LONG-TERM LIABILITIES (CONTINUED)

Capital Lease

On September 6, 2018, the City entered into a financing agreement with Rev Financial Services, LLC to purchase two pumper trucks for the fire department in the amount of \$1,201,450. The financing agreement bears interest at 3.79% and installment payments of \$198,623 are due each September 6 over the next seven years with a final maturity date of September 6, 2025. The trucks are included in the City’s capital assets with a cost and accumulated depreciation of \$1,390,358 and \$(81,104), respectively, as of June 30, 2020. The outstanding balance on this capital lease, which will be liquidated by the General Fund, is \$1,048,362 as of June 30, 2020.

The annual requirements for debt service payments are as follows:

Year Ending June 30	Principal	Interest	Total
2021	\$ 158,890	\$ 39,733	\$ 198,623
2022	164,911	33,712	198,623
2023	171,162	27,461	198,623
2024	177,649	20,974	198,623
2025	184,382	14,241	198,623
2026	191,368	7,255	198,623
Total	<u>\$ 1,048,362</u>	<u>\$ 143,376</u>	<u>\$ 1,191,738</u>

Compensated Absences

The City’s policies relating to compensated absences are described in Note 1. This liability, amounting to \$4,432,843 at June 30, 2020 will be paid in future years from future resources, generally liquidated by the General Fund.

Pollution Remediation

In February 2007, the City acquired a property that was previously used as a dry-cleaning facility. In May 2010, the United States Environmental Protection Agency (“US EPA”) issued the Unilateral Administrative Order for the performance of a removal action to City and the prior owner, due to the presence of tetrachloroethylene (“PCE” aka dry cleaning solvent) contamination on site.

The UAO ordered the City to conduct the necessary environmental investigation related to the presence of PCE on the property and thereafter conduct the remediation necessary to remediate the soil and groundwater contamination found. The United States EPA has taken action against the City and the prior owner pursuant to its authority under CERCLA section 104, and in response to the UAO, City has undertaken the damages that the EPA has the right to assess for failure to comply an EPA order.

CITY OF VICTORVILLE, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2020

7. GOVERNMENTAL LONG-TERM LIABILITIES (CONTINUED)

Pollution Remediation (Continued)

The investigation was conducted under the supervision and guidance of the US EPA. In June 2011, the US EPA issued a “Notice of Completion” letter related to soil contamination at the Site.

The City has drafted a Project Execution Plan (PEP) for the remedial efforts of groundwater contamination. Based upon ground water monitoring reports, the PEP estimates that the total project costs associated with the groundwater contamination remediation to be \$1,457,598, and the duration of the efforts to be three years. This cost is anticipated to be covered with grant from the State Water Board in the amount of \$1,457,598.

The pollution remediation obligation is an estimate and subject to changes resulting from price increases or reductions, technology, or changes in applicable laws or regulations. As of June 30, 2020, the City is in the first year of the PEP and has spent \$209,723 with a remaining Pollution Remediation liability of \$1,247,875.

8. BUSINESS-TYPE LONG-TERM LIABILITIES

Changes in Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2020 is as follows:

	Balance at 7/1/2019	Additions	Retirements	Balance at 6/30/2020	Due Within One Year
<i>Other long-term liabilities:</i>					
Compensated Absences	\$ 683,656	\$ 636,988	\$ (549,969)	\$ 770,675	\$ 535,903
Claims Payable (Note 16)	1,500,000	2,200,000	(750,000)	2,950,000	1,190,000
<i>Other debt:</i>					
Tax Allocation Bonds:					
2005 Tax Allocation Bonds	16,390,000	-	(1,070,000)	15,320,000	1,115,000
2006 Tax Allocation Bonds (Non-Housing)	50,100,000	-	(1,105,000)	48,995,000	1,155,000
2006 Tax Allocation Bonds (Housing)	13,455,000	-	(295,000)	13,160,000	310,000
2006 Tax Allocation Parity Bonds	41,815,000	-	(140,000)	41,675,000	145,000
2006 Tax Allocation Revenue Parity Bonds	30,770,000	-	(540,000)	30,230,000	575,000
2006 Tax Allocation Revenue Bonds	55,820,000	-	(1,010,000)	54,810,000	1,070,000
2007 Tax Allocation Bonds (Housing)	34,745,000	-	(690,000)	34,055,000	720,000
2007 Tax Allocation Bonds (Non-Housing)	36,240,000	-	(690,000)	35,550,000	725,000
2008 Tax Allocation Bonds	21,628,812	1,229,608	(95,000)	22,763,420	105,000
Unamortized Discounts/Premiums	(2,367,800)	-	91,868	(2,275,932)	-
Tax Allocation Bonds Subtotal	298,596,012	1,229,608	(5,543,132)	294,282,488	5,920,000
Lease Revenue Bonds:					
2007A Variable Rate Lease Revenue Bond	49,450,000	-	(1,335,000)	48,115,000	1,405,000
Revenue Refunding Bonds:					
2004 Refunding Bonds	252,500	-	(252,500)	-	-
Certificates of Participation (COP):					
2006 COPs	9,675,000	-	(365,000)	9,310,000	380,000
Unamortized Discounts/Premiums	96,147	-	2,936	99,083	-
Total	\$ 360,253,315	\$ 4,066,596	\$ (8,792,665)	\$ 355,527,246	\$ 9,430,903

See Note 10 for pledged revenue information.

8. BUSINESS-TYPE LONG-TERM LIABILITIES (CONTINUED)

Compensated Absences

The City's policies relating to compensated absences are described in Note 1. This liability, amounting to \$770,675 at June 30, 2020, will be paid in future years from future resources, generally liquidated by the Victorville Water District, Victorville Municipal Utility and the SCLAA Enterprise Funds.

Tax Allocation Bonds

Tax Allocation Parity Bonds, Series 2005A

In June 2005, the SCLAA issued \$42,185,000 principal amount of Tax Allocation Parity Bonds, Series 2005A. This debt was issued to finance certain public capital improvements benefiting the SCLAA.

On February 8, 2006, \$1.8 million of bond proceeds was invested in land for the construction of a new City library. Prior to this purchase (on November 3, 2005), the Board of Directors of the SCLAA adopted a resolution with the intent of entering into a loan agreement between the SCLAA and the City with respect to this land purchase. On September 21, 2010 City Council approved this loan agreement. Legal counsel for the City has indicated that approval by the bond insurer is not required for the investment of proceeds not held by the bond trustee.

Bonds maturing on December 1, 2010, December 1, 2016, December 1, 2020, December 1, 2025, December 1, 2030, and December 1, 2035 in the amounts of \$2,765,000, \$3,365,000, \$5,140,000, \$6,335,000, \$7,870,000 and \$15,335,000 are term bonds. The outstanding bonds bear interest at 3.50% to 5.00% due June 1 and December 1 of each year.

The bonds are subject to redemption prior to maturity as described in the bond covenants. The bonds maturing on or after June 1, 2016 are subject to optional redemption in whole or in part by lot, without premium.

The bonds maturing on December 1, 2010, December 1, 2016, December 1, 2020, December 1, 2025, December 1, 2030, and December 1, 2035 are subject to mandatory redemption in part by lot, without premium, commencing December 1, 2007, December 1, 2012, December 1, 2016, December 1, 2021, December 1, 2026, and December 1, 2031, respectively, from sinking fund payments made by SCLAA.

In the fiscal year ended June 30, 2006 these bonds were partially defeased by the issuance of the Tax Allocation Revenue Parity Bonds, Refunding Series 2005 (Non-Housing). The required reserve for the Bonds is \$1,797,890. As of June 30, 2020 the reserve amount was \$1,871,477. The Bonds are a special obligation of the SCLAA payable from tax increment revenues. The amount of bonds outstanding at June 30, 2020 is \$15,320,000.

8. BUSINESS-TYPE LONG-TERM LIABILITIES (CONTINUED)

Tax Allocation Bonds (Continued)

Tax Allocation Revenue Parity Bonds, Refunding Series 2006 (Non-Housing)

In June 2006, the SCLAA issued \$62,780,000 principal amount of Tax Allocation Revenue Parity Bonds, Refunding Series 2006. The proceeds were used to refund the 2001 Tax Allocation Bonds, the 2003 Tax Allocation Bonds, and a portion of 2005 Tax Allocation Bonds. As a result, the 2001 and 2003 Tax Allocation Bonds are considered to be defeased, and the 2005 Tax Allocation Bonds are considered to be partially defeased. The respective liabilities have been removed from the statement of net position.

Bonds maturing on December 1, 2026, December 1, 2031, December 1, 2036 and December 1, 2043 in the amounts of \$6,895,000, \$8,595,000, \$10,810,000 and \$20,335,000 are term bonds. The outstanding bonds bear interest at 4.50% to 5.00% due June 1 and December 1 of each year.

The bonds are subject to redemption prior to maturity as described in the bond covenants. The bonds maturing on or after June 1, 2016 are subject to optional redemption in whole or in part by lot without premium.

The bonds maturing on December 1, 2026, December 1, 2031, December 1, 2036 and December 1, 2043 are subject to mandatory redemption in part by lot, without premium, commencing December 1, 2022, December 1, 2027, December 1, 2032 and December 1, 2037, respectively, from sinking fund payments made by SCLAA.

The required reserve for the bonds is \$3,519,300. As of June 30, 2020, the reserve amount was \$3,659,589. The bonds are a special obligation of the SCLAA payable from tax increment revenues. The amount of bonds outstanding at June 30, 2020 is \$48,995,000.

Tax Allocation Revenue Parity Bonds, Refunding Series 2006 (Housing Set-Aside)

In June 2006, the SCLAA issued \$16,855,000 principal amount of Housing Set-Aside Revenue Bonds, Refunding Series 2006. The proceeds were used to refund all of the 2003 Tax Allocation Bonds and a portion of the 2005 Tax Allocation Parity Bonds. As a result, the 2003 Tax Allocation Bond is considered to be defeased and the liability has been removed from the statement of net position.

Bonds maturing on December 1, 2026, December 1, 2031, December 1, 2036 and December 1, 2043 in the amounts of \$1,855,000, \$2,305,000, \$2,905,000 and \$5,460,000 are term bonds. The outstanding bonds bear interest at 4.50% to 5.00% due June 1 and December 1 of each year.

The bonds are subject to redemption prior to maturity as described in the bond covenants. The bonds maturing on or after June 1, 2016 are subject to optional redemption in whole or in part by lot without premium.

The bonds maturing on December 1, 2026, December 1, 2031, December 1, 2036 and December 1, 2043 are subject to mandatory redemption in part by lot, without premium, commencing December 1, 2022, December 1, 2027, December 1, 2032 and December 1, 2037, respectively, from sinking fund payments made by SCLAA.

The required reserve for the bonds is \$945,975. As of June 30, 2020, the reserve amount was \$983,696. The bonds are a special obligation of the SCLAA payable from tax increment revenues. The amount of bonds outstanding at June 30, 2020 is \$13,160,000.

8. ***BUSINESS-TYPE LONG-TERM LIABILITIES (CONTINUED)***

Tax Allocation Bonds (Continued)

Tax Allocation Revenue Parity Bonds, Taxable Series 2006

In June 2006, the SCLAA issued \$45,020,000 principal amount of Tax Allocation Revenue Parity Bonds, Taxable Series 2006. The proceeds were used to finance certain redevelopment activities benefiting the SCLAA.

Bonds maturing on December 1, 2036, and December 1, 2043 in the amounts of \$20,080,000, and \$24,940,000 are term bonds. The outstanding bonds bear interest at 6.10% due June 1 and December 1 of each year.

The bonds are subject to redemption prior to maturity as described in the bond covenants. The bonds are subject to optional redemption in whole or in part by lot, subject to a premium.

The bonds maturing on December 1, 2036, December 1, 2043 are subject to mandatory redemption in part by pro rata, without premium, commencing December 1, 2006, December 1, 2037, respectively, from sinking fund payments made by SCLAA.

The required reserve for the bonds is \$4,486,835. As of June 30, 2020, the reserve amount was \$4,627,581. The bonds are a special obligation of the SCLAA payable from tax increment revenues. The amount of bonds outstanding at June 30, 2020 is \$41,675,000.

Taxable Tax Allocation Revenue Parity Bonds, Forward Series 2006

In November 2006, SCLAA issued \$34,980,000 principal amount of Taxable Tax Allocation Revenue Parity Bonds, Forward Series 2006. The proceeds were used to finance and refinance certain redevelopment activities benefiting the SCLAA.

The bonds mature from December 1, 2007 to December 1, 2043 in varying amounts. Principal is payable in annual installments ranging from \$50,000 to \$2,320,000, commencing December 1, 2007. The bonds accrue interest at rates between 6.25% and 6.30%. Interest on the bonds is payable semiannually on each June 1 and December 1, commencing June 1, 2007.

The bonds are subject to optional and mandatory redemption prior to maturity.

The bonds are secured by pledged tax revenues - see Note 10. The required reserve for the Bonds is \$2,476,455. As of June 30, 2020, the reserve amount was \$2,575,135. The bonds are a special obligation of the SCLAA payable from tax increment revenues. The amount of bonds outstanding at June 30, 2020 is \$30,230,000.

8. BUSINESS-TYPE LONG-TERM LIABILITIES (CONTINUED)

Tax Allocation Bonds (Continued)

Taxable Subordinate Tax Allocation Revenue Bonds, Series 2006

In November 2006, the SCLAA issued \$64,165,000 principal amount of Taxable Subordinate Tax Allocation Revenue Bonds, Series 2006. The proceeds were used to finance certain redevelopment activities benefiting the SCLAA.

The bonds mature from December 1, 2007 to December 1, 2043 in varying amounts. Principal is payable in annual installments ranging from \$395,000 to \$4,135,000, commencing December 1, 2007. The bonds accrue interest at 6.05%. Interest on the bonds is payable semiannually on each June 1 and December 1, commencing June 1, 2007.

The bonds are subject to optional and mandatory redemption prior to maturity.

The bonds are secured by pledged tax revenues - see Note 10. The required reserve for the bonds is \$4,389,930. As of June 30, 2020, the reserve amount was \$4,564,630. The bonds are a special obligation of the SCLAA payable from tax increment revenues. The amount of bonds outstanding at June 30, 2020 is \$54,810,000.

Taxable Housing Set-Aside Revenue Parity Bonds, Series 2007

In March 2007, the SCLAA issued \$41,460,000 principal amount of Taxable Housing Set-Aside Revenue Parity Bonds, Series 2007. The proceeds were used to finance certain low- and moderate-income housing programs of the Authority. On July 7, 2009, \$20,000,000 of bond proceeds were invested in a loan to the Victorville Water District. Legal counsel for the City has indicated that approval by the bond insurer is not required for the investment of proceeds not held by the bond trustee. In February 2013 this loan was repaid in full with interest.

Bonds maturing on December 1, 2012, December 1, 2017, December 1, 2022, December 1, 2027, and December 1, 2043 in the amounts of \$3,265,000, \$2,800,000, \$3,620,000, \$4,685,000 and \$27,090,000 are term bonds. The outstanding bonds bear interest at 5.00%, 5.20%, 5.25%, 5.40% and 5.55% due June 1 and December 1 of each year.

The bonds are subject to optional redemption in whole or in part by lot, without premium.

As of June 30, 2020, the required reserve for the Bonds is \$2,600,910, which was met consisting of fiscal agent cash and an insurance policy. The bonds are a special obligation of the SCLAA payable from tax increment revenues. The amount of bonds outstanding at June 30, 2020 is \$34,055,000.

Subordinate Tax Allocation Revenue Bonds, Series 2007

In December 2007, the SCLAA issued \$42,000,000 principal amount Subordinate Tax Allocation Revenue Bonds, Series 2007. The proceeds were used to finance certain redevelopment activities benefiting the SCLAA.

8. BUSINESS-TYPE LONG-TERM LIABILITIES (CONTINUED)

Tax Allocation Bonds (Continued)

Subordinate Tax Allocation Revenue Bonds, Series 2007 (Continued)

Bonds maturing on December 1, 2008, December 1, 2009, December 1, 2012, December 1, 2017, December 1, 2022, December 1, 2027, December 1, 2032, December 1, 2032, December 1, 2037, December 1, 2037, December 1, 2043 and December 1, 2043 in the amounts of \$480,000, \$425,000, \$1,395,000, \$2,805,000, \$3,640,000, \$4,745,000, \$3,000,000, \$3,275,000, \$3,325,000, \$3,800,000, \$1,250,000, \$9,210,000 and \$4,650,000 are term bonds. The outstanding bonds bear interest at 4.000%, 4.200%, 4.375%, 5.250%, 5.375%, 5.600%, 5.900%, 6.000%, 5.900%, 6.000%, 6.100%, 5.900% and 6.150% due June 1 and December 1 of each year.

The bonds are subject to redemption prior to maturity at the option of the Authority, on or after December 1, 2017, in whole or in part by lot, without premium.

The bonds maturing on the dates described above are subject to mandatory redemption in part by lot, without premium, commencing December 1, 2010, December 1, 2013, December 1, 2018, December 1, 2023, December 1, 2028, December 1, 2028, December 1, 2033, December 1, 2033, December 1, 2033, December 1, 2038, and December 1, 2038, respectively, from sinking fund payments made by SCLAA.

The required reserve for the Bonds is \$2,824,473. As of June 30, 2020, the reserve amount was \$2,910,167. The bonds are a special obligation of the SCLAA payable from tax increment revenues. The amount of bonds outstanding at June 30, 2020 is \$35,550,000.

Subordinate Tax Allocation Revenue Bonds, Series 2008

In May 2008, the SCLAA issued \$13,334,925 principal amount of Subordinate Tax Allocation Revenue Bonds, Series 2008A. The proceeds were used to finance certain redevelopment activities benefiting the SCLAA and to partially refund the \$35,000,000 principal amount of Subordinate Tax Allocation Revenue Notes, Series 2008.

Bonds maturing on December 1, 2010, December 1, 2013, December 1, 2018, December 1, 2023, December 1, 2033, December 1, 2038, and December 1, 2043 in the amounts of \$130,000, \$215,000, \$340,000, \$530,000, \$1,675,000, \$1,285,000, and \$1,720,000 are Current Interest Bonds. The outstanding bonds bear interest at 4.25%, 4.50%, 5.00%, 5.25%, 6.00%, 6.00% and 6.00% due June 1 and December 1 of each year.

Bonds maturing on December 1 of each year beginning 2044 through 2050 in the initial principal amounts of \$1,316,266, \$1,216,397, \$1,123,621, \$1,037,536, \$957,600, \$883,633, and \$814,910 are Capital Appreciation Bonds. The outstanding bonds bear yields to maturity of 7.300%, 7.320%, 7.340%, 7.360%, 7.380%, 7.400% and 7.420%. All of the bonds have a future maturity value of \$131,805,000 at June 30, 2020.

The current interest bonds are subject to redemption prior to maturity at the option of the Authority, on or after December 1, 2018, in whole or in part by lot, without premium. The Capital Appreciation Bonds are subject to optional redemption in whole or in part by lot, without premium.

The required reserve for the Bonds is \$1,333,492. As of June 30, 2020, the reserve amount was \$1,365,835. The bonds are a special obligation of the SCLAA payable from tax increment revenues. The amount of bonds outstanding at June 30, 2020 is \$22,763,420, which includes an accretion balance of \$10,298,495.

8. ***BUSINESS-TYPE LONG-TERM LIABILITIES (CONTINUED)***

Tax Allocation Bonds (Continued)

Variable Rate Lease Revenue Bonds, Series 2007A

In May 2007, the Victorville Joint Powers Financing Authority issued \$83,770,000 principal amount of Variable Rate Lease Revenue Bonds, Series 2007A. The bonds were issued to refund the 2005 Variable Rate Lease Revenue Bonds, Series A (\$41,000,000) and 2006 Variable Rate Lease Revenue Bonds, Series A (\$23,645,000). The proceeds were used to assist the City of Victorville in financing a cogeneration power plant and other related facilities. The bonds are subject to optional redemption in whole or in part by lot, without premium. The payments of principal and interest are supported by an irrevocable letter of credit that will be utilized if other funds are not available to make the debt service payments. The letter of credit is applicable as long as the interest is at a variable rate. The Authority has pledged and placed a first and prior lien upon and granted a security interest in the leased properties to secure the obligation. Such lien is subject to no other liens other than the lien in favor of the trustee on behalf of the holders on the bonds.

The required reserve for the Bonds is \$5,872,900. As of June 30, 2020, the reserve amount was \$5,873,000. The bonds are a special obligation of the Victorville Joint Powers Financing Authority payable from revenues consisting primarily of base rental lease payments paid by the city and amount held in the funds and established under the indenture. The amount of bonds outstanding at June 30, 2020 is \$48,115,000.

2004 Project Revenue Bonds

In November 1994, the City entered into an installment purchase agreement to acquire a one-half undivided interest in the Victor Valley Materials Recovery Facility. The design and construction of the Facility was completed in October 1995 and was funded by the issuance of \$6,825,000 Project Revenue Bonds, Series 1994 through the Mojave Desert and Mountain Solid Waste Joint Powers Authority (Authority).

On May 1, 2004, the \$5,910,000 Project Revenue Refunding Bonds, Series 2004 were used to currently refund the 1994 bonds, which have no balance. The City is obligated to make monthly installment purchase payments to the Authority equal to the sum of (1) one-twelfth of the next principal payment and (2) one-sixth of the next interest payment. Interest on the installment purchase obligation ranges from 2.0% to 5.1% and total annual principal installments range from \$135,000 to \$252,500.

The City paid to the Authority the installment payments solely from service revenues, which consist primarily of rates and charges imposed by the City for Solid Waste Management services. These bonds have been fully repaid as of June 30, 2020.

2006 Certificates of Participation

On March 1, 2006, the City of Victorville's Baldy Mesa Water District issued 2006 Certificates of Participation. The proceeds were used to finance public improvements within the Baldy Mesa Water District service area.

The Certificates of Participation had a stated interest rates ranging from 3.20% to 5.00%. The annual debt service is a special limited obligation of the District payable from and secured by a pledge of and lien on the net revenues of the District - see Note 10. Principal and interest payments are due each August 1 and interest only payments are due each February 1. The required reserve for the Bonds is \$816,500. As of June 30, 2020, the reserve amount was \$836,333. The amount of Certificates of Participation outstanding at June 30, 2020 is \$9,310,000.

CITY OF VICTORVILLE, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2020

8. BUSINESS-TYPE LONG-TERM LIABILITIES (CONTINUED)

Rate Covenant

The 2006 Certificate of Participation require that the Baldy Mesa Water District to generate sufficient net revenues which are at least equal to 110% of the amount of the installment payments and Parity Obligation coming due and payable in each fiscal year. The 2006 Certificate of Participations were issued before Baldy Mesa and Victor Valley Water District were consolidated into Victorville Water District. The City performed the calculation that demonstrated compliance with rate covenant for the fiscal year ended June 30, 2020. The calculation was prepared using revenues and the proportionate expenses applicable to the Baldy Mesa Water District.

Debt Service Requirements to Maturity

The annual requirements to amortize outstanding proprietary funds debt of the City as of June 30, 2020, are as follows for each fiscal year ending June 30:

Year Ending June 30	Tax Allocation Bonds Principal *	Tax Allocation Bonds Interest	Certificate of Participation Principal	Certificate of Participation Interest	Lease Revenue Bonds Principal	Lease Revenue Bonds Interest
2021	\$ 5,920,000	\$ 15,550,720	\$ 380,000	\$ 428,195	\$ 1,405,000	\$ 719,969
2022	6,225,000	15,238,104	395,000	412,403	1,480,000	698,800
2023	6,550,000	14,906,577	410,000	395,388	1,560,000	676,500
2024	6,885,000	14,555,859	425,000	377,226	1,645,000	652,994
2025	7,245,000	14,184,559	445,000	358,304	1,730,000	628,212
2026-30	42,410,000	64,583,443	2,540,000	1,473,185	10,140,000	2,720,851
2031-35	55,280,000	51,278,030	3,200,000	794,500	13,135,000	1,871,556
2036-40	73,120,000	32,881,846	1,515,000	76,625	17,020,000	771,025
2041-45	76,591,226	34,240,983	-	-	-	-
2046-50	107,193,773	85,406,955	-	-	-	-
2051	18,085,001	8,635,045	-	-	-	-
Subtotal	405,505,000	351,462,121	9,310,000	4,315,826	48,115,000	8,739,907
Discounts / Premiums	(2,275,932)	-	99,083	-	-	-
Total	<u>\$403,229,068</u>	<u>\$351,462,121</u>	<u>\$ 9,409,083</u>	<u>\$ 4,315,826</u>	<u>\$ 48,115,000</u>	<u>\$ 8,739,907</u>

* This total includes capital appreciation of \$108,946,580 for tax allocation bonds that will be accrued in the future years.

Letter of Credit

The City, specifically the VMUS proprietary fund, has a service agreement with Southern California Gas Company for the daily transportation of up to 28,800 therms of natural gas. This agreement requires a letter of credit to secure the payment of all obligations that may become due for the construction of facilities to transport the natural gas. As of June 30, 2020, the letter of credit is with BNP Paribas and is for varying amounts considering the variable rate in the agreement and has not been drawn down upon.

CITY OF VICTORVILLE, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2020

9. SUCCESSOR AGENCY LONG-TERM LIABILITIES

Changes in Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2020 is as follows:

	Balance at July 1, 2019	Additions	Retirements	Balance at June 30, 2020	Due Within One Year
Redevelopment Agency Debt:					
<i>Other debt:</i>					
Tax Allocation Bonds:					
2002A Tax Allocation Bonds	\$ 6,010,000	\$ -	\$ (335,000)	\$ 5,675,000	\$ 350,000
2003A Tax Allocation Bonds	6,375,000	-	(360,000)	6,015,000	380,000
2003B Tax Allocation Bonds	3,135,000	-	(175,000)	2,960,000	190,000
2006A Tax Allocation Bonds	18,130,000	-	(480,000)	17,650,000	500,000
Totals	<u>\$ 33,650,000</u>	<u>\$ -</u>	<u>\$ (1,350,000)</u>	<u>\$ 32,300,000</u>	<u>\$ 1,420,000</u>

Tax Allocation Bonds

2002 Tax Allocation Bonds, Series A

In August 2002, the Redevelopment Agency issued \$9,710,000 principal amount of Tax Allocation Bonds, Series A. The proceeds were used to finance certain redevelopment activities within and of the benefit to the project area.

Bonds maturing in the years 2003 to 2021 are serial bonds payable December 1 in annual installments of \$80,000 to \$290,000. Bonds maturing on December 1, 2014, December 1, 2031 and December 1, 2031 in the amounts of \$455,000, \$1,545,000 and \$3,890,000 are term bonds. The outstanding bonds (serial and term) bear interest at 3.00% to 5.14% due December 1 of each year.

The bonds are subject to redemption prior to maturity as described in the bond covenants. The serial bonds maturing on December 1, 2013 are subject to optional redemption in whole or in part by lot, with premium of 2%, 1% and 0% for periods December 1, 2012 to November 30, 2013, December 1, 2013 to November 30, 2014 and December 1, 2014 and thereafter, respectively.

The term bonds maturing on December 1, 2014, December 1, 2031 and December 1, 2031 are subject to mandatory redemption in part by lot, without premium commencing December 1, 2005, December 1, 2015 and December 1, 2022 respectively, from sinking fund payments made by the Agency.

As of June 30, 2020, the required reserve for the Bonds is \$648,944, which was met with fiscal agent cash and an insurance policy. The bonds are payable solely from the tax revenues allocated and paid to the Victorville Redevelopment Agency with respect to the Redevelopment Project Area - see Note 10. The amount of bonds outstanding at June 30, 2020 is \$5,675,000.

9. SUCCESSOR AGENCY LONG-TERM LIABILITIES (CONTINUED)

Tax Allocation Bonds (Continued)

2003 Tax Allocation Bonds, Series A

In September 2003, the Redevelopment Agency issued \$10,195,000 principal amount of Tax Allocation Bonds, Series A. The proceeds were used to refund the 1994 Tax Allocation Bonds, Series A, as well as finance certain redevelopment activities within and of the benefit to the project area.

Bonds maturing in the years 2004 to 2020 are serial bonds payable December 1 in annual installments of \$95,000 to \$380,000. Bonds maturing on December 1, 2023, December 1, 2027 and December 1, 2031 in the amounts of \$1,250,000, \$1,975,000 and \$2,410,000 are term bonds. The outstanding bonds (serial and term) bear interest at 3.00% to 5.09% due December 1 of each year.

The term bonds maturing on December 1, 2023, December 1, 2027 and December 1, 2031 are subject to mandatory redemption in part by lot, without premium commencing December 1, 2021, December 1, 2024 and December 1, 2028 respectively, from sinking fund payments made by the Agency.

As of June 30, 2020, the required reserve for the Bonds is \$687,275, which was met with fiscal agent cash and an insurance policy. The bonds are payable solely from the tax revenues allocated and paid to the Victorville Redevelopment Agency with respect to the Redevelopment Project Area - see Note 10. The amount of bonds outstanding at June 30, 2020 is \$6,015,000.

2003 Tax Allocation Bonds, Series B

In September 2003, the Redevelopment Agency issued \$5,025,000 principal amount of Tax Allocation Bonds, Series B. The proceeds were used to refund the 1994 Tax Allocation Bonds, Series C, as well as finance certain redevelopment activities within and of the benefit to the project area.

Bonds maturing in the years 2004 to 2022 are serial bonds payable December 1 in annual installments of \$60,000 to \$205,000. Bonds maturing on December 1, 2027 and December 1, 2031 in the amounts of \$1,185,000 and \$1,185,000 are term bonds. The outstanding bonds (serial and term) bear interest at 3.00% to 5.09% due December 1 of each year.

The term bonds maturing on December 1, 2027 and December 1, 2031 are subject to mandatory redemption in part by lot, without premium commencing December 1, 2023 and December 1, 2028 respectively, from sinking fund payments made by the Agency.

As of June 30, 2020, the required reserve for the Bonds is \$340,963, which was met with fiscal agent cash and an insurance policy. The bonds are payable solely from the tax revenues allocated and paid to the Victorville Redevelopment Agency with respect to the Redevelopment Project Area - see Note 10. The amount of bonds outstanding at June 30, 2020 is \$2,960,000.

9. SUCCESSOR AGENCY LONG-TERM LIABILITIES (CONTINUED)

Tax Allocation Bonds (Continued)

2006 Taxable Tax Allocation Parity Bonds, Series A

In May 2006, the Redevelopment Agency issued \$22,975,000 principal amount of Taxable Tax Allocation Parity Bonds, Series A. The proceeds were used to finance certain redevelopment activities benefiting the project area.

Bonds maturing on December 1, 2011, December 1, 2021 and December 1, 2036 in the amounts of \$2,185,000, \$4,175,000 and \$16,615,000 are term bonds. The outstanding bonds bear interest at 5.375% to 6.000% due June 1 and December 1 of each year. The bonds are subject to redemption prior to maturity as described in the bond covenants.

The bonds maturing on December 1, 2011, December 1, 2021 and December 1, 2036 are subject to mandatory redemption in part by pro rata, without premium commencing December 1, 2006, December 1, 2012 and December 1, 2022 respectively, from sinking fund payments made by the Agency.

As of June 30, 2020, the required reserve for the Bonds is \$2,087,412, which was met with fiscal agent cash and an insurance policy. The bonds are payable solely from the tax revenues allocated and paid to the Victorville Redevelopment Agency with respect to the Redevelopment Project Area - see Note 10. The amount of bonds outstanding at June 30, 2020 is \$17,650,000.

Debt Service Requirements to Maturity

The annual requirements to amortize outstanding general long-term liabilities of the City as of June 30, 2020, are as follows for each fiscal year ending June 30:

Year Ending June 30	Principal	Interest
2021	\$ 1,420,000	\$ 1,766,854
2022	1,495,000	1,690,057
2023	1,575,000	1,608,159
2024	1,660,000	1,521,007
2025	1,745,000	1,429,231
2026-30	10,255,000	5,581,656
2031-35	13,430,000	2,295,506
2036-37	720,000	43,800
Total	<u>\$ 32,300,000</u>	<u>\$ 15,936,270</u>

9. SUCCESSOR AGENCY LONG-TERM LIABILITIES (CONTINUED)

Advances To/From the Former Victorville Redevelopment Agency

The composition of advances to or from the former Victorville RDA as of June 30, 2020 is as follows:

<u>Fund Reporting Receivable</u>	<u>Fund Reporting Payable</u>	<u>Amount</u>
Housing Asset Successor		
Special Revenue Fund	RDA Successor Agency	\$ 10,421,726 a)
RDA Successor Agency	SCLAA Enterprise Fund	<u>10,939,517 b)</u>
		<u>\$ 21,361,243</u>

a) The former Victorville Redevelopment Agency (RDA) entered into three agreements in which the Low- and Moderate-Income Fund (Low/Mod) advanced money to other funds within the RDA to fund the cost of redevelopment activity and capital improvements. In association with the RDA dissolution and Housing Asset Transfer process the Department of Finance approved the transfer of these advances to the City’s Housing Asset Successor. The outstanding balance of these three advances as of June 30, 2020 is \$10,421,726, and the terms of each are described below:

- i) Per a loan agreement approved March 16, 2010 by the Board of the Victorville RDA, a \$3,750,000 was made from the Low/Mod Fund to the Victor Valley Project Area Non-Housing Fund. The advance is to be used to cover necessary redevelopment activities of the Victor Valley Project Area. The advance has an annualized Local Investment Fund (LAIF) rate of return as the interest rate. The outstanding balance of the advance as of June 30, 2020 is \$4,490,411.
- ii) Per a loan agreement approved on May 20, 2010 a \$300,000 advance was made from the Bear Valley Road Low/Mod fund to the Old Town/Midtown Project Area. The advance is to be used to fund redevelopment activities within the Old Town/Midtown Project Area. The advance bears an interest rate of 3.00%. The outstanding balance of the advance as of June 30, 2020 is \$489,000.
- iii) Per a loan agreement approved on May 4, 2010 a \$5,000,000 advance was made from the Low/Mod Fund to the Victor Valley Project Area Non-Housing Fund. The advance is to be used to partially fund the Supplemental Educational Revenue Augmentation Fund (SERAF) payment. The advance has an annualized Local Investment Fund (“LAIF”) rate of return as the interest rate. The outstanding balance of the advance as of June 30, 2020 is \$5,442,315.

a) Southern California Logistics Airport Authority (SCLAA) entered into an agreement to borrow money from the Victorville Redevelopment Agency to fund the cost of redevelopment activity and prior years’ capital improvements and redevelopment projects that were incurred by the SCLAA in prior years.

Per a loan agreement approved on September 15, 2009 by the Board of Victorville RDA, a \$10,000,000 advance was made from the Bear Valley Road Redevelopment Project Area (RDA Capital Project Fund) to the SCLAA. The advance is to be used to continue redevelopment at SCLAA and to fund prior years’ capital improvements and redevelopment project expenses. The advance has an annualized LAIF rate of return as the interest rate. The outstanding balance of the advance as of June 30, 2020 is \$10,939,517. Since this loan has been denied repayment by the California Department of Finance, as of June 30, 2020, the receivable within the Successor Agency to the Victorville RDA Fiduciary Fund has an allowance of an equal amount.

10. PLEDGED REVENUE

The City and its component units have a number of debt issuances outstanding that are collateralized by the pledging of certain revenues. The amount and term of the remainder of these commitments are indicated in the debt service to maturity tables presented in the accompanying notes. The purposes for which the proceeds of the related debt issuances were utilized are disclosed in the debt descriptions in the accompanying notes.

As a result of the state’s action to dissolve all redevelopment agencies in the State of California, the Successor Agency to the dissolved Redevelopment Agency of the City no longer receives the full amount of tax increment previously pledged by the dissolved redevelopment agency to its bondholders. In its place is a new revenue stream (RPTTF distributions) provided to the Successor Agency that represents only that portion of tax increment that is necessary to pay the approved enforceable obligations that come due for that fiscal year. The aforementioned statutory limitation on tax increment distributions also applies to the VVEDA funding that represents the primary revenue of the SCLAA.

Also, as noted previously, the 2006 Certificates of Participation result in a pledge of the net revenues of the Victorville Water District Enterprise Fund.

For the current year, pledged gross revenue (net of certain expenses where so required by the debt agreement) as a percentage of debt service payments are indicated in the table below:

Description of Pledged Revenue	Annual Amount of Pledged Revenue (net of expenses, where required)	Annual Debt Service Payment (of all debt secured by this revenue)	Pledged Revenue as a Percentage of Debt Service
Property Tax Increment pledged by the Successor Agency of the Victorville Redevelopment Agency	\$ 2,797,050	\$ 3,189,540	88%
Property Tax Increment and other revenue pledged by the Southern California Logistics Airport Authority	20,407,459	21,480,333	95%
Net revenues pledged by the Victorville Water District for the 2006 Certificates of Participation	1,329,570	808,190	165%

11. FUND DISCLOSURES

The following funds had deficit fund balances/net position as of June 30, 2020:

	<u>Deficit Fund Balance</u>
Nonmajor Special Revenue Funds:	
Other Federal Grants Fund	\$ (2,214,599) (a)
COVID-19 Funds	(1,905,092) (b)
Enterprise Funds:	
SCLAA	(128,048,025) (c)
Electric Utility Fund	(27,768,285) (d)

- (a) The deficit fund balance in this fund is the result of grant expenditures being incurred during the fiscal year while the related reimbursements were collected outside the City’s availability period. The City will review any adjustments necessary for matching funds or other financing sources in the next fiscal year.
- (b) The deficit fund balance in this fund is the result of expenditures related to the emergency response to COVID-19 for which CARES Act funding from the State and County will be received in fiscal year 2020-2021.
- (b) See footnote 20 for further information regarding the deficit balance in the SCLAA fund.
- (c) The deficit fund balance in the Electric Utility Fund is the result of an impairment on capital assets that was recognized in prior years and a transfer out of \$17,850,143 to the General Fund in fiscal year 2018-2019 for reimbursement of historical start-up costs paid from the General Fund. The City is working on a refinancing mechanism for the current debt and is preparing a cost of service study to ensure sufficient revenues will be collected to cover the long-term liabilities.

12. PENSION PLANS

General Information about the Pension Plans

Plan Descriptions

All qualified permanent and probationary employees are eligible to participate in the City’s Miscellaneous Plan, agent multiple-employer defined benefit pension plan, or the City’s Safety plan, a cost-sharing multiple-employer defined benefit pension plan, both administered by California Public Employees’ Retirement System (CalPERS). For the Miscellaneous Plan, CalPERS acts as a common investment and administrative agent for its participating member employers and the Plan is included within the Public Employees’ Retirement Fund A (PERF A). The CalPERS Safety Plan consists of safety pools (referred to as “risk pools”), which are comprised of individual employer safety rate plans. The risk pools are included within the Public Employees’ Retirement Fund C (PERF C). The CalPERS Safety Plan was closed to new entrants until the measurement period ended June 30, 2019, which is the time period in which the City ceased outsourcing the safety function of the City. Benefit provisions under the Plan are established by State statute and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

12. PENSION PLANS (CONTINUED)

General Information about the Pension Plans (Continued)

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 to 62 with statutorily reduced benefits. For employees hired into a plan with the 1.5% at 65 formula, eligibility for service retirement is age 55 with at least 5 years of services. PEPRAs 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 service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. Safety members can receive a special death benefit if the member dies while actively employed and the death is job-related. Fire members may receive the alternate death benefit in lieu of the Basic Death Benefit or the 1957 Survivor Benefit if the member dies while actively employed and has at least 20 years of total CalPERS service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plan's provisions and benefits in effect as of the measurement period ended June 30, 2019, are summarized as follows:

	<u>Miscellaneous</u>	
	<u>Prior to January 1, 2013</u>	<u>On or after January 1, 2013</u>
Hire date		
Benefit formula	2.5%@55	2.0%@62
Benefit vesting schedule	5 years service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	52 - 67
Required employee contribution rates	8%	6.75%
Required employer contribution rates:		
Normal cost rate	9.69%	9.69%
Payment of unfunded liability	\$ 2,441,810	N/A

	<u>Safety</u>	
	<u>Prior to January 1, 2013</u>	<u>On or after January 1, 2013</u>
Hire date		
Benefit formula	2.0%@50	2.7%@57
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	52 - 57
Required employee contribution rates	9.00%	12.50%
Required employer contribution rates	18.26%	13.22%
Required employer contribution rates:		
Normal cost rate	0.00%	N/A
Payment of unfunded liability	\$ 1,052,826	N/A

12. PENSION PLANS (CONTINUED)

General Information about the Pension Plans (Continued)

Employees Covered

As of the June 30, 2019 measurement date, the following employees were covered by the benefit terms for the Miscellaneous Plan:

	<u>Miscellaneous</u>
Inactive employees or beneficiaries currently receiving benefits	360
Inactive employees entitled to but not yet receiving benefits	401
Active employees	<u>355</u>
Total	<u><u>1,116</u></u>

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. City contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contributions requirements are classified as plan member contributions.

12. PENSION PLANS (CONTINUED)

Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Relation to Pensions

Actuarial Assumptions

The total pension liability for both the Miscellaneous and Safety Plans for the June 30, 2019 measurement period was determined by an actuarial valuation as of June 30, 2018, with update procedures used to roll forward the total pension liability to June 30, 2019. The total pension liability for both the Miscellaneous and Safety Plans was based on the following assumptions:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry-Age Normal Cost Method
Asset Valuation Method	Market Value of Assets
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	(1)
Mortality Rate Table	(2)
Post Retirement Benefit Increase	(3)

- (1) Varies by entry age and service.
- (2) The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates includes 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.
- (3) The less of contract COLA or 2.50% until Purchasing Power Protection Allowance Floor on purchasing power applies, 2.50% thereafter.

Long-term Expected Rate of Return

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.

12. PENSION PLANS (CONTINUED)

Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Relation to Pensions (Continued)

Long-term Expected Rate of Return (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	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
	100.0%		

(a) In the CalPERS 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 2.0% used for this period

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

Discount Rate

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

12. PENSION PLANS (CONTINUED)

Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Relation to Pensions (Continued)

Changes in Net Pension Liability - Miscellaneous Agent Multiple-Employer Plan

The changes in the net pension liability for the Miscellaneous Plan are as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(c) = (a) - (b)
Balance at June 30, 2018 (Measurement Date)	\$ 189,707,157	\$ 143,513,015	\$ 46,194,142
Changes Recognized for the Measurement Period:			
Service Cost	3,878,156	-	3,878,156
Interest on Total Pension Liability	13,664,664	-	13,664,664
Differences between Expected and Actual Experience	3,533,778	-	3,533,778
Contributions from the Employer	-	4,590,346	(4,590,346)
Contributions from the Employees	-	1,749,709	(1,749,709)
Net Investment Income	-	9,361,466	(9,361,466)
Benefit Payments, including Refunds of Employee Contributions	(8,131,659)	(8,131,659)	-
Administrative Expenses	-	(102,414)	102,414
Other Miscellaneous Expense	-	332	(332)
Net Changes	12,944,939	7,467,780	5,477,159
Balance at June 30, 2019 (Measurement Date)	\$ 202,652,096	\$ 150,980,795	\$ 51,671,301

Proportionate Share of Net Pension Liability – Safety Cost-Sharing Plan

As of June 30, 2020, the City reported a net pension liability for its proportionate share of the collective net pension liability of the Safety Plan as follows:

Safety	<u>Proportionate Share of Net Pension Liability</u> <u>\$ 12,048,837</u>
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12. PENSION PLANS (CONTINUED)

Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Relation to Pensions (Continued)

Proportionate Share of Net Pension Liability – Safety Cost-Sharing Plan (Continued)

The City’s net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2019, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. The City’s proportionate share of the net pension liability was based on a projection of the City’s long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

The City’s proportionate share of the net pension liability for each Plan as of the measurement date ended June 30, 2018 and 2019 was as follows:

	<u>Safety</u>
Proportion - June 30, 2018	0.19843%
Proportion - June 30, 2019	0.19301%
Change - Increase (Decrease)	-0.00542%

Pension Expense and Deferred Outflows and Inflows of Resources

Miscellaneous Agent Multiple-Employer Plan

For the year ended June 30, 2020, the City recognized pension expense of \$11,602,164 for the Miscellaneous agent multiple-employer Plan. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources for the Miscellaneous Plan:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 5,477,574	\$ -
Changes in Assumptions	347,895	(572,563)
Differences between Expected and Actual Experiences	3,114,184	(41,758)
Net Difference between Projected and Actual Earnings on Pension Plan Investments	<u>-</u>	<u>(676,016)</u>
Total	<u>\$ 8,939,653</u>	<u>\$ (1,290,337)</u>

12. PENSION PLANS (CONTINUED)

Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Relation to Pensions (Continued)

Pension Expense and Deferred Outflows and Inflows of Resources (Continued)

Miscellaneous Agent Multiple-Employer Plan (Continued)

\$5,477,574 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 ending June 30, 2021. Differences between projected and actual investment earnings are amortized on a five-year straight-line basis and all other amounts are amortized over the expected average remaining service lives of all members that are provided with benefits. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Periods Ended June 30:	Deferred Outflows (Inflows) of Resources
2021	\$ 1,824,112
2022	(201,148)
2023	390,067
2024	158,711
2025	-
Thereafter	-

Safety Cost-Sharing Plan

For the year ended June 30, 2020, the City recognized pension expense of \$1,754,439 for the Safety cost-sharing Plan. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources for the Safety Plan:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 1,737,805	\$ -
Differences between Expected and Actual Experiences	786,680	-
Changes in Assumptions	493,861	(96,376)
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	(165,752)
Changes in proportion and differences between employer contributions and employer's proportionate share of contributions	-	(546,080)
Total	<u>\$ 3,018,346</u>	<u>\$ (808,208)</u>

12. PENSION PLANS (CONTINUED)

Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Relation to Pensions (Continued)

Pension Expense and Deferred Outflows and Inflows of Resources (Continued)

Safety Cost-Sharing Plan (Continued)

\$1,737,805 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 ending June 30, 2021. Differences between projected and actual investment earnings are amortized on a five-year straight-line basis and all other amounts are amortized over the expected average remaining service lives of all members that are provided with benefits. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Periods Ended June 30:	Deferred Outflows (Inflows) of Resources
2021	\$ 517,903
2022	(188,280)
2023	110,458
2024	32,252
2025	-
Thereafter	-

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City for each Plan, calculated using the discount rate for each Plan, as well as what the City’s proportionate share of the 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:

	Discount Rate -1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate +1% (8.15%)
Miscellaneous Agent Multiple-Employer Plan	\$ 80,562,798	\$ 51,671,301	\$ 28,000,003
Safety Cost-Sharing Plan	\$ 17,628,172	\$ 12,048,837	\$ 7,474,656

Pension Plan Fiduciary Net Position

Detailed information about each pension plan’s fiduciary net position is available in the separate issued CalPERS financial reports.

12. PENSION PLANS (CONTINUED)

Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Relation to Pensions (Continued)

Subsequent Events

There were no subsequent events that would materially affect the results of this disclosure.

Payable to the Pension Plan

At June 30, 2020, the City had no outstanding amount of contributions to the Miscellaneous Agent Multiple-Employer or Safety Cost-Sharing pension plans required for the year ended June 30, 2020.

Summary of Plan Amounts for Government-Wide Financial Statements

The following is a summary of the net pension liability, deferred outflows of resources, and deferred inflows of resources for the Miscellaneous Agent Multiple-Employer Plan and the Safety Cost-Sharing Plan for the government-wide financial statements:

	<u>Net Pension Liability</u>	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Miscellaneous Agent Multiple-Employer Plan	\$ (51,671,301)	\$ 8,939,653	\$ (1,290,337)
Safety Cost-Sharing Plan	<u>(12,048,837)</u>	<u>3,018,346</u>	<u>(808,208)</u>
Total	<u>\$ (63,720,138)</u>	<u>\$ 11,957,999</u>	<u>\$ (2,098,545)</u>

13. DEFERRED COMPENSATION

As of January 1, 2018, employees shall be eligible to transfer up to \$18,500 of annual salary per year into a City-approved Deferred Compensation Plan; employees 50 years of age and above are allowed a catch-up provision of \$6,000. An additional standard provision is available to employees who are planning on retiring within three years. Under this provision, funds not utilized may be contributed the year prior to retirement. Deferred Compensation funds may be accessed through a loan program. A 401(a) Defined Contribution Plan is available for new full-time employees who may elect an employee contribution, under Section 401(a) of the Internal Revenue Code. The plan document allows a 60-day period for the individuals to make an election from the initial date of hire. Pursuant to Federal Regulations, effective December 31, 2009, existing full-time employees may not enroll or modify an existing 401(a) plan. The City makes no contribution to the plan on behalf of the members and the City has no liability for losses under the plan.

The City has established a deferred compensation plan through Great-West Life and Annuity Insurance Company in accordance with Internal Revenue Code Section 457(b), whereby the City employees may elect to defer portions of their compensation in a self-directed investment plan for retirement. The City makes no contribution to the plan on behalf of the members except for those specific positions as noted below. Plan assets are invested in each individual's name with several deferred compensation plan providers. Distributions are made upon the participant's termination, retirement, death or total disability, and in a manner in accordance with the election made by the participant. The City has no liability for losses under the plan.

13. DEFERRED COMPENSATION (CONTINUED)

The following Victorville Fire Department positions will receive employer contributions per month: Fire Chief \$800, Division Chief \$750, Battalion Chief \$750, Fire Marshal \$750, Fire Training Captain Officer \$600, Fire Captain \$600, Fire Engineer \$250. For the fiscal year ended June 30, 2020, the City contributed \$202,425 for covered payroll totaling \$4,221,457.

14. OTHER POST-EMPLOYMENT BENEFIT (OPEB) PLANS

The City of Victorville contributes to two single employer defined benefit healthcare plans: City Retiree Healthcare Plan (City Plan) and Water District Retiree Healthcare Plan (District Plan). The plan description and other related information for each plan are included below.

Other Post-Employment Benefits Plan - City Plan

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

Plan Descriptions - The City Plan provides medical benefits to eligible retired City employees and beneficiaries in accordance with various labor agreements. The plan covers employees who retire directly from the City with 8 years of service. The City provides a contribution up to a certain amount (a portion of the Health Net HMO single premium). The percentage varies based on years of City service.

Funding Policy - The contribution requirements of plan members and the City are established and may be amended by City Council. The contribution required to be made under City Council and labor agreement requirements is based on a pay-as-you-go basis (i.e., as medical insurance premiums become due). The City has not established a trust that is administered by the City for the purpose of holding assets accumulated for plan benefits.

Employees Covered - As of the June 30, 2019 measurement date, the following current and former employees were covered by the benefit terms under the Plan:

Active employees	296
Inactive employees or beneficiaries currently receiving benefits	55
Inactive employees entitled to, but not yet receiving benefits	143
Total	494

Contributions - The City Plan and its contribution requirements are established by Memoranda 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 year's retiree medical premiums (pay-as-you-go basis). For the measurement period ended June 30, 2019, the City's cash contributions were \$215,520 for current premiums and the estimated implied subsidy was \$110,000 resulting in total payments of \$325,520.

14. OTHER POST-EMPLOYMENT BENEFIT (OPEB) PLANS (CONTINUED)

Other Post-Employment Benefits Plan - City Plan (Continued)

Contributions (Continued) -

Total OPEB Liability - The City's Total OPEB liability was measure as of June 30, 2019, and was determined by an actuarial valuation as of June 30, 2018.

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	3.50%
Inflation	2.75%
Salary Increases	3.0% per annum, in aggregate
Investment Rate of Return	N/A
Mortality, Retirement, Disability, Termination	1997-2015 Experience Study
Mortality Improvement	Post-retirement mortality projected fully generational with Scale MP-2018
Healthcare Trend Rate	Non-Medicare: 7.5% for 2020, decreasing to an ultimate rate of 4.0% in 2076 Medicare: 6.5% for 2020, decreasing to an ultimate rate of 4.0% in 2076

Discount Rate - The discount rate used to measure the total OPEB liability was 3.50%. The discount rate is determined based on the Bond Buyer 20-bond index since the City has not established a trust.

Change in Actuarial Assumptions - The discount rate changed from 3.87% at the beginning of the measurement period to 3.50% based on changes in the index.

Changes in the Total OPEB Liability - The changes in the total OPEB liability for the City Plan are as follows:

	<u>Total OPEB Liability</u>
Total OPEB Liability 6/30/2018 (Measurement Date)	\$ 22,032,452
Service cost	1,301,917
Interest	896,741
Changes of assumptions	1,650,512
Benefit payments	<u>(325,520)</u>
Net Changes during 2018-2019 (Measurement Period)	<u>3,523,650</u>
Total OPEB Liability 6/30/2019 (Measurement Date)	<u>\$ 25,556,102</u>

14. OTHER POST-EMPLOYMENT BENEFIT (OPEB) PLANS (CONTINUED)

Other Post-Employment Benefits Plan - City Plan (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate - The following presents the total OPEB liability of the City if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	Discount Rate		
	1% Decrease	Current Rate	1% Increase
	(2.50%)	(3.50%)	(4.50%)
Total OPEB Liability	\$ 30,875,517	\$ 25,556,102	\$ 21,417,960

Sensitivity of the Total OPEB Liability to Changes in Health Care Cost Trend Rates - The following presents the total OPEB liability of the City if it were calculated using health care cost trend rates that are one percentage point lower (Non-Medicare: 6.5% for 2020 decreasing to 3.0% in 2076; Medicare: 5.5% for 2020, decreasing to an ultimate rate of 3.0% in 2076) or one percentage point higher (Non-Medicare: 8.5% for 2020 decreasing to 5.0% in 2076; Medicare: 7.5% for 2020, decreasing to an ultimate rate of 5.0% in 2076) than the current rate:

	Healthcare Trend Rate		
	1% Decrease	Current Rate	1% Increase
	Total OPEB Liability	\$ 20,515,756	\$ 25,556,102

Recognition of Deferred Outflows and Deferred Inflows of Resources - Gains and losses related to changes in the total OPEB liability are recognized in OPEB expense systematically over time.

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

The recognition period differs depending on the source of the gain or loss:

Net difference between projected and actual earnings on OPEB plan investments	5 years
All other amounts	Expected average remaining service lifetime (EARSL) (8.6 Years at June 30, 2019 measurement date)

14. OTHER POST-EMPLOYMENT BENEFIT (OPEB) PLANS (CONTINUED)

Other Post-Employment Benefits Plan - City Plan (Continued)

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB - For the fiscal year ended June 30, 2020, the City recognized OPEB expense of \$1,566,806. As of the fiscal year ended June 30, 2020, the City reported deferred outflows/inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions subsequent to the measurement date	\$ 353,564	\$ -
Differences between expected and actual experience	-	(2,067,153)
Changes of assumptions	1,458,592	(3,310,027)
Total	<u>\$ 1,812,156</u>	<u>\$ (5,377,180)</u>

\$353,564 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability during the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows/inflows of resources related to OPEB will be recognized as expense as follow:

Fiscal Year Ended June 30:	Deferred Outflows/(Inflows) of Resources
2021	\$ (631,852)
2022	(631,852)
2023	(631,852)
2024	(631,852)
2025	(631,852)
Thereafter	(759,328)

Subsequent Events - There were no subsequent events that would materially affect the results of this disclosure.

Payable to the Pension Plan - At June 30, 2020, the City had no outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2020.

Other Post-Employment Benefits Plan - Water District Plan

Plan Descriptions - The District Plan provides medical benefits to eligible retired Water District employees and beneficiaries in accordance with various labor agreements. The plan covers employees who retire directly from the District with 5 years of service. The District Plan also provides Dental and Vision benefits to eligible former Water District employees with 15 years of service. The District also pays life insurance premium for eight Water District retirees and no benefit is available for future retirees. The District provides a contribution up to a certain amount (a portion of the Health Net HMO single premium). The percentage varies based on years of service.

14. OTHER POST-EMPLOYMENT BENEFIT (OPEB) PLANS (CONTINUED)

Other Post-Employment Benefits Plan - Water District Plan (Continued)

Funding Policy - The contribution requirements of plan members and the District are established and may be amended by City Council. The contribution required to be made under City Council and labor agreement requirements is based on a pay-as-you-go basis (i.e., as medical insurance premiums become due). The District has not established a trust for the purpose of holding assets accumulated for plan benefits.

Employees Covered - As of the June 30, 2019 measurement date, the following current and former employees were covered by the benefit terms under the Plan:

Active employees	99
Inactive employees or beneficiaries currently receiving benefits	28
Inactive employees entitled to, but not yet receiving benefits	4
Total	131

Contributions - The District Plan and its contribution requirements are established by Memoranda of Understanding with the applicable employee bargaining units and may be amended by agreements between the District and the bargaining units.

The annual contribution is based on the year's retiree medical premiums (pay-as-you-go basis). For the fiscal year ended June 30, 2020, the District's cash contributions were \$179,889 for current premiums and the estimated implied subsidy was \$37,000 resulting in total payments of \$216,889.

Total OPEB Liability - The District's total OPEB liability was measured as of June 30, 2019 and was determined by an actuarial valuation as of June 30, 2018.

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	3.50%
Inflation	2.75%
Salary Increases	3.0% per annum, in aggregate
Investment Rate of Return	N/A
Mortality, Retirement, Disability, Termination	1997-2015 Experience Study
Mortality Improvement	Post-retirement mortality projected fully generational with Scale MP-2018
Healthcare Trend Rate	Non-Medicare: 7.5% for 2020, decreasing to an ultimate rate of 4.0% in 2076 Medicare: 6.5% for 2020, decreasing to an ultimate rate of 4.0% in 2076

Discount Rate - The discount rate used to measure the total OPEB liability was 3.50%. The discount rate is determined based on the Bond Buyer 20-bond index since the City has not established a trust.

14. OTHER POST-EMPLOYMENT BENEFIT (OPEB) PLANS (CONTINUED)

Other Post-Employment Benefits Plan - Water District Plan (Continued)

Change in Actuarial Assumptions - The discount rate changed from 3.87% at the beginning of the measurement period to 3.50% based on changes in the index.

Changes in the Total OPEB Liability - The changes in the total OPEB liability for the District Plan are as follows:

	Total OPEB Liability
Total OPEB Liability 6/30/2018 (Measurement Date)	\$ 9,121,297
Service cost	417,399
Interest	364,950
Changes of assumptions	601,978
Benefit payments	<u>(216,889)</u>
Net Changes during 2018-2019 (Measurement Period)	<u>1,167,438</u>
Total OPEB Liability 6/30/2019 (Measurement Date)	<u>\$ 10,288,735</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate - The following presents the total OPEB liability of the District if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	Discount Rate		
	1% Decrease (2.50%)	Current Rate (3.50%)	1% Increase (4.50%)
Total OPEB Liability	\$ 12,210,478	\$ 10,288,735	\$ 8,773,557

Sensitivity of the Total OPEB Liability to Changes in Health Care Cost Trend Rates - The following presents the total OPEB liability of the District if it were calculated using health care cost trend rates that are one percentage point lower (Non-Medicare: 6.5% for 2020 decreasing to 3.0% in 2076; Medicare: 5.5% for 2020, decreasing to an ultimate rate of 3.0% in 2076) or one percentage point higher (Non-Medicare: 8.5% for 2020 decreasing to 5.0% in 2076; Medicare: 7.5% for 2020, decreasing to an ultimate rate of 5.0% in 2076) than the current rate:

	Healthcare Trend Rate		
	1% Decrease	Current Rate	1% Increase
Total OPEB Liability	\$ 8,542,780	\$ 10,288,735	\$ 12,577,105

14. OTHER POST-EMPLOYMENT BENEFIT (OPEB) PLANS (CONTINUED)

Other Post-Employment Benefits Plan - Water District Plan (Continued)

Recognition of Deferred Outflows and Deferred Inflows of Resources - Gains and losses related to changes in the total OPEB liability are recognized in OPEB expense systematically over time.

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

The recognition period differs depending on the source of the gain or loss:

Net difference between projected and actual earnings on OPEB plan investments	5 years
All other amounts	Expected average remaining service lifetime (EARSL) (8.2 Years at June 30, 2019 measurement date)

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB - For the fiscal year ended June 30, 2020, the District recognized OPEB expense of \$349,732. As of the fiscal year ended June 30, 2020, the District reported deferred outflows/inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions subsequent to the measurement date	\$ 224,831	\$ -
Differences between expected and actual experience	-	(1,476,257)
Changes in assumptions	528,566	(1,272,476)
Total	<u>\$ 753,397</u>	<u>\$ (2,748,733)</u>

The \$224,831 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability during the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows/inflows of resources related to OPEB will be recognized as expense as follows:

Fiscal Year Ended June 30:	Deferred Outflows/(Inflows) of Resources
2021	\$ (432,617)
2022	(432,617)
2023	(432,617)
2024	(432,617)
2025	(395,367)
Thereafter	(94,332)

14. OTHER POST-EMPLOYMENT BENEFIT (OPEB) PLANS (CONTINUED)

Other Post-Employment Benefits Plan - Water District Plan (Continued)

Subsequent Events - There were no subsequent events that would materially affect the results of this disclosure.

Payable to the Pension Plan - At June 30, 2020, the District had no outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2020.

Summary of OPEB Amounts for Government-Wide Financial Statements

	Total OPEB Liability	Deferred Outflows	Deferred Inflows
City OPEB Plan	\$ (25,556,102)	\$ 1,812,156	\$ (5,377,180)
Water OPEB Plan	<u>(10,288,735)</u>	<u>753,397</u>	<u>(2,748,733)</u>
Total	<u>\$ (35,844,837)</u>	<u>\$ 2,565,553</u>	<u>\$ (8,125,913)</u>

15. JOINTLY GOVERNED ORGANIZATIONS

The City participates in certain jointly governed organizations that have been formally organized as separate entities under the Joint Exercise of Powers Act of the State of California. As separate legal entities, these entities exercise all of the powers within the scope of the related Joint Powers Agreements including the preparation of annual budgets, accountability for all funds, the power to make and execute contracts and the right to sue and be sued. Each jointly governed organization is governed by a board consisting of representatives from member municipalities. Each board controls the operations of the respective jointly governed organizations, including selection of management and approval of operating budgets, independent of any influence by member municipalities beyond their representation on that board. The City of Victorville does not control appointments to a majority of the governing boards for any of these organizations. A summary of the City’s jointly governed organizations are included below:

Regional Fire Protection Authority

Regional Fire Protection Authority (RFPA) was formed in 1979 by the City of Victorville, Apple Valley Fire Protection Agency and Hesperia Fire Protection District on an equal basis to provide fire protection, emergency dispatch, and related functions in order to reduce individual agency financial and personnel requirements. An Advisory Committee was established with a representative appointed by each member agency. The Advisory Committee adopts an annual budget for RFPA. Each member contributes its pro rata share of operating costs to RFPA. As of June 30, 2004, Hesperia Fire Protection District terminated membership in RFPA. The Authority has been inactive since the beginning of fiscal year 2010-11 and no member contributions were received.

There were no separate financial statements prepared for the authority.

15. JOINTLY GOVERNED ORGANIZATIONS (CONTINUED)

Mojave Desert and Mountain Integrated Waste Management Authority

Mojave Desert and Mountain Integrated Waste Management Authority (the Authority) was formed in September of 1991 by the cities of Victorville, Barstow, Big Bear Lake, Needles, Twenty-nine Palms, the Towns of Apple Valley and Yucca Valley and the County of San Bernardino to fund the annual operating costs of a recycling processing center known as the Victor Valley Materials Recovery Facility (the facility). The Governing body of the Authority is made up of representatives from each significant participant in the Authority. Budgeting and financing are the responsibility of the Authority. Contributions Rates from member agencies are based on each member’s current population as a percentage of the total population of the Authority. The Authority does not own the facility that is used in the recycling operation. Rather, the facility is owned by the City and the Town of Apple Valley, each of which has a 50% interest in the facility. The City’s investment in the Authority has been recorded using the equity method of accounting and is reflected as an investment in joint venture in the Solid Waste Fund of the accompanying financial statements.

The following schedule summarizes the City’s investment in the Authority as of June 30, 2020 and the gain (loss) on the investment recognized in the statement of revenues, expenses, and changes in fund net position for the year ended June 30, 2020:

Percentage Ownership	Total Joint Venture Equity	City’s Equity Interest	City’s Share of Joint Venture Net Income (Loss)
50%	\$ 873,294	\$ 436,647	\$ -

Financial statements may be obtained by mailing a request to the Town of Apple Valley, 14955 Dale Evans Parkway, Apple Valley, California 92307.

Victor Valley Economic Development Authority

The Victor Valley Economic Development Authority (VVEDA) was formed in 1992 by the Cities of Victorville and Hesperia, the Town of Apple Valley and the County of San Bernardino to provide the mechanism and funding to manage development of the property formerly known as the George Air Force Base, facilitate the successful reuse of the property and promote economic development within the area surrounding the Air Base. In 2000, the City of Adelanto was added as a member of the Authority. In December 2011 Assembly Bill 1X 26 (the bill) dissolved VVEDA, and as such all assets of the former VVEDA have been transferred to the VVEDA Successor Agency and are subject to the distributions provisions of the bill. The SCLAA contains a portion of the VVEDA Successor Agency with the Town of Apple Valley and City of Adelanto comprising the rest of the VVEDA Successor Agency. The RPTTF (tax increment distributions) from VVEDA represent the primary revenue of the SCLAA. Financial statements may be obtained by sending a written request to Victor Valley Economic Development Authority, 18374 Phantom Street, Victorville, CA 92394.

15. JOINTLY GOVERNED ORGANIZATIONS (CONTINUED)

Victor Valley Transit Authority

The Victor Valley Transit Authority (VVTA) was formed in 1993 by the Cities of Victorville, Adelanto, and Hesperia, the Town of Apple Valley, and the County of San Bernardino. VVTA is the regional transit entity that was created to provide a public transit system for the entire region associated with the Victor Valley. The governing body of VVTA is made up of representatives from each significant participant in VVTA. Budgeting and financing are the responsibility of VVTA. The City of Victorville has agreed to sell monthly bus passes issued by VVTA and to remit between the first and tenth day of each month the previous month's sales receipts and proceeds. There is no resulting equity applicable to the City from this arrangement. Financial statements may be obtained by sending a written request to Victor Valley Transit Authority, 17150 Smoke Tree Street, Hesperia, CA 92345.

Victor Valley Wastewater Reclamation Authority

The Victor Valley Wastewater Reclamation Authority (VWVRA) was formed in 1999 between the Cities of Victorville, Adelanto, and Hesperia, the Town of Apple Valley, and the County of San Bernardino for the purpose of construction, operation and maintenance of sewer collection, transmission and treatment facilities within the high desert region. The governing body of VWVRA is made up of representatives of each significant participant in VWVRA. Budgeting and financing are the responsibility of the VWVRA. The City makes monthly payments to VWVRA for sewer treatment and connection fee services. The City made payments totaling \$9,620,392 to VWVRA for the year ended June 30, 2020. The members have no measurable equity interest in the net position of the Authority. Section 61 of the Joint Powers Authority Agreement provides for no distribution of assets to the members upon dissolution of the Authority or upon otherwise exiting the Authority. Rather than an equity interest, Section 12.2(b) of the Joint Powers Authority Agreement provides each member with Purchased Capacity in return for its capital investment in the plant. Financial statements may be obtained by sending a written request to Victor Valley Wastewater Reclamation Authority, 20111 Shay Road, Victorville, CA 92394.

16. PARTICIPATION IN RISK POOL

The City is a member of the Public Entity Risk Management Authority (PERMA), a joint powers authority formed under Section 990 of the California Government Code for the purpose of jointly funding programs of insurance coverage for its members. PERMA is comprised of thirty-one participating member agencies, twenty-one cities with populations ranging from 2,300 to 198,000, three transit agencies, and six special districts. The City participates in the liability, worker's compensation, and employment practices liability programs of PERMA.

The liability program provides coverage up to \$50 million per occurrence for personal injury, bodily injury, property damage and public officials' errors and omissions. The City has selected a self-insured retention of \$50,000 and participates in risk sharing pools for losses up to \$1 million followed by PERMA's membership in the CSAC Excess Insurance Authority for excess coverage to the limits.

The workers' compensation program provides statutory limits per accident for workers' compensation and \$5 million each accident for employers' liability. The City self-insures up to a level of \$250,000 per accident or employee and participates in a risk sharing pool for losses up to \$500,000 followed by PERMA's membership in the Local Agency Worker's Compensation Excess Joint Powers Authority (LAWCX) and the CSAC Excess Insurance Authority for excess coverage to the limits.

16. PARTICIPATION IN RISK POOL (CONTINUED)

The employment practices liability program provides up to \$50 million coverage for employment related lawsuits such as wrongful termination and discrimination. The City self-insures up to \$25,000 per occurrence and participates in the Employment Risk Management Authority (ERMA) for losses up to \$1 million. Coverage above \$1 million and up to \$50 million is available through PERMA’s membership in the CSAC Excess Insurance Authority for excess liability coverage.

Claim payments represent disbursements from deposits held by PERMA on behalf of the City. None of the above programs of protection have had settlements or judgments that exceeded pooled or insured coverage for the past 3 years.

Changes in the amount of claims payable for the past two fiscal years are as follows:

Year	Beginning Balance	Claims and Changes in Estimates	Claim Payments	Ending Balance	Due within one year
2018-19	\$ 2,215,637	\$ 948,054	\$ (594,055)	\$ 2,569,636	\$ 1,800,000
2019-20	2,569,636	3,041,645	(1,334,232)	4,277,049	1,490,000

17. DEBT WITHOUT GOVERNMENT COMMITMENT

Special Tax Bonds

The City is the collection and paying agent for the Community Facilities District No. 01-01 of the City of Victorville Special Tax Bonds, 2002 Series A and 2005 Series A. The special tax bonds are secured by valid assessment liens upon certain lands within the special assessment district and are not direct liabilities of the City and, accordingly, are not included in the accompanying general purpose financial statements. The City has no obligation beyond the balances in the designated agency funds for any delinquent assessment district bond payments. If delinquencies occur beyond the amounts held in the reserve funds created from bond proceeds, the City has no duty to pay the delinquency out of any available funds of the City. Neither the faith, credit or taxing power of the City is pledged to the payment of the bonds. The City acts solely as an agent for those paying assessments and for the bondholders. The outstanding balance at June 30, 2020 for the 2002 Series A and 2005 Series A was \$620,000 and \$2,215,000, respectively.

The City is the collection and paying agent for the Community Facilities District No. 07-01 of the City of Victorville Special Tax Bonds, 2012. The special tax bonds are secured by valid assessment liens upon certain lands within the special assessment district and are not direct liabilities of the City and, accordingly, are not included in the accompanying general purpose financial statements. The City has no obligation beyond the balances in the designated agency funds for any delinquent assessment district bond payments. If delinquencies occur beyond the amounts held in the reserve funds created from bond proceeds, the City has no duty to pay the delinquency out of any available funds of the City. Neither the faith, credit or taxing power of the City is pledged to the payment of the bonds. The City acts solely as an agent for those paying assessments and for the bondholders. The outstanding balance at June 30, 2020 was \$2,630,000.

18. COMMITMENTS AND CONTINGENCIES

A. Litigation

The City is a defendant in certain legal actions arising in the normal course of operations. The accompanying basic financial statements reflect a liability for the probable amounts of loss associated with these claims. In the normal course of municipal operations, the City has recorded a liability for claims and judgments based upon management's best estimate of the probable amount of loss associated with those claims. Additional amounts of potential loss have not been accrued because management has not determined those additional amounts to be probable of payment.

B. Commitments for the Purchase of Electricity

Victorville Municipal Utility Services ("VMUS," an enterprise fund of the City of Victorville) executed agreements for the purchase of electricity with Shell Energy North America (US), L.P. in March 2016. These commitments extend through June 30, 2021. A long-term power purchase agreement for the Boulder Canyon Project was executed between VMUS, the Western Area Power Administration, and the Bureau of Reclamation, effective October 1, 2016. The annual energy allocation from the Boulder Canyon Project represents approximately five percent of current VMUS customer requirements, and the term of the agreement runs from October 1, 2017, through September 30, 2067. In November 2019, VMUS entered into an agreement with ZGlobal to contract for scheduling coordination and other settlement services through December 31, 2023.

On June 4, 2020, VMUS entered into a Power Purchase Agreement ("PPA") with AM Wind Repower LLC (AM Wind) for the acquisition of renewable energy from the Alta Mesa RP27 Wind Energy Center located in Riverside County. The scheduled "Commercial Operation Date" is January 1, 2022, which serves as the commencement date for the 25-year purchase obligation period in the total amount of \$41,380,000. The annual obligation is forecasted to be \$1,655,200 over the 25-year period. This power purchase agreement will supply 11 MW of renewable power to VMUS from the Alta Mesa RP27 Wind Energy Center for a fee of \$40 per megawatt-hour. This is in response to the California Renewable Portfolio Standard Regulations (RPS) that requires load serving entities (LSE) to procure eligible renewable energy resources (ERRs) so that the amount of electricity generated from ERRs equals or exceeds a specified percentage of the total electricity sold to retail customers in California. Beginning in 2021, at least 65% of the LSE's RPC compliance requirements must be procured from generation-owned resources or power purchase agreements that are least 10 years in duration.

C. Southern California Logistics Airport Authority and Stirling Enterprise LLC

In the early 1990's the US Air Force closed George Air Force Base ("former Base"). In response the local communities formed the Victor Valley Economic Development Authority (VVEDA). VVEDA and the Air Force entered into agreements to lease and ultimately transfer title to the former Base to VVEDA. The subject land is designated as either Public Benefit Transfer (PBT) Parcels or Economic Development Conveyance (EDC) Parcels. The PBT Parcels are made up of approximately 2,200 acres previously used by the U.S. Air Force and are restricted to use as an airport. These parcels were transferred to SCLAA at no cost.

18. COMMITMENTS AND CONTINGENCIES (CONTINUED)

C. Southern California Logistics Airport Authority and Stirling Enterprise LLC (Continued)

The EDC Parcels are made up of approximately 1,800 acres of adjacent property which may be developed for use as commercial property. SCLAA paid \$1,636,489 and is required to pay additional \$37,176 for these EDC Parcels. In 1993 a Redevelopment Plan was adopted by VVEDA establishing a redevelopment project area encompassing the former Base as well as approximately 55,000 additional acres. VVEDA delegated its decision making authority relative to the former Base, now known as Southern California Logistics Airport or SCLA, to the Southern California Logistics Airport Authority (“SCLAA”). SCLAA is a component unit entity of the City of Victorville. It is also a Joint Power Authority comprised of the City of Victorville and the Victorville Water District.

SCLAA adopted a Specific Plan in conformity with the Redevelopment Plan and adopted a Master Development Plan establishing its goal to develop the area as a cargo and aircraft maintenance facility and a business/industrial center thereby creating jobs and improving economic conditions in the Victor Valley.

In July 1998 SCLAA and Stirling Enterprises, LLC and its related entities (“Stirling”) entered into the first of several agreements for the marketing, acquisition, operation and development of SCLAA. The Fourth Amended and Restated Master Agreement (“Stirling Agreement”) is the current agreement superseding all previous versions.

D. Revenues from Sales of Land

In August 2016, three agreements with Stirling were approved by the SCLAA Board of Directors that were intended to serve as a framework that encourages development before the expiration of the Master Agreement (MA). The three agreements are a Satisfaction and Termination Agreement, a Disposition, Exchange and Development Agreement (#2) and an Option and Development Agreement.

The Disposition, Exchange and Development Agreement allows for the removal of approximately 280-acres of Airport-owned property from the definition of EDC Parcels and the title transfer in fee to Stirling, of approximately 280-acres. The Airport-owned property will become available for the Airport for revenue-producing purposes and the Airport will have the flexibility to develop the subject property on a ground-lease basis with aviation and non-aviation (Section 2.01 of the Development and Exchange Agreement). Revenue sharing will only exist relating to these parcels if the respective transaction is procured by Stirling and be split 80/20 with the larger share to benefit SCLAA.

The Agreement also provides for the disposition of additional off-airport property. In addition to the Stirling Exchange Parcels, SCLAA will then transfer, in fee, 200-acres of property for the \$.0203/psf purchase price (\$176,448) and participate in revenue sharing for net proceeds in an amount equal to 30% (Section 2.03 of the Development and Exchange Agreement). Net proceeds are generally defined to be revenues generated from the eventual sale by Stirling that are residual to infrastructure costs, EIR costs and developer credits. The Agreement also transfers the public infrastructure obligations of the Authority pursuant to the MA and DDA to Stirling.

Finally, the Option Agreement, in connection with performance obligations related to the Development and Exchange Agreement, will provide Stirling the ability to acquire additional acreage currently provided for in the Master Agreement. Such an exercise of option will occur in 50-acre increments based on Stirling having developed 500,000 square feet of property owned by it. The Option Agreement is set up to run through December 2050 and can terminate sooner due to non-performance described in Section 1.5 of the Option and Development Agreement.

18. COMMITMENTS AND CONTINGENCIES (CONTINUED)

E. Management

Stirling is allowed to lease or cause to be leased the EDC Parcels and shall participate in 20% of the Net Lease Revenue from any such leases. The Authority has retained the right to lease the PBT Parcels and retain revenues from those leases, but shall allow Stirling to participate in 20% of any net lease revenues from tenants who may be procured by Stirling and approval by the Authority. Any revenues from other interim uses on the former Base such as filming will be shared on a 50%/50% basis between Stirling and Authority.

F. La Mesa / Nisqualli Interchange

During the year ended June 30, 2014, the City completed construction of the La Mesa/Nisqualli Road Interchange. To finance the construction of the interchange, the City made arrangements for the San Bernardino Association of Governments (SANBAG) to reimburse the City for approximately 50% of the cost of the project. SANBAG used Measure I funds to reimburse the City.

As a result of this arrangement, the City’s future allocation of Measure I funds was reduced by the amount of the funding that was provided for this project. The Measure I funds that were used for this project are not required to be repaid by the City to SANBAG. The portion of the project not funded by Measure I monies will be reimbursed by transfers from development impact fee funds of the City once those transfers have been authorized by City Council. During the year the City transferred \$1,901,659 of development impact fees to SANBAG resulting in an equal release of Measure I funds from SANBAG.

G. Construction Commitments

The following material construction commitments existed at June 30, 2020:

Project Title	Commitment
BM20-078 GT Extension Sewer Trunk Pipeline	\$ 3,336,629
GM20-080 Well #122 & 123 Pump to Waste	335,000
BM20-089 Third Ave. Road Improvement	1,468,350
BM20-094 Biological Monitoring Services	184,010

H. COVID-19

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of an outbreak of a new strain of coronavirus (the “COVID-19 outbreak”) and the risks that is posed to the international community as the virus spread globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic based on the rapid increase in exposure globally.

The City’s operations are heavily dependent on the ability to raise sales taxes, property taxes and transient occupancy taxes and assess business licenses, developer fees and construction permits. Additionally, access to grants and contracts from federal, state, and local governments may decrease or may not be available depending on appropriations. The outbreak may have a continued adverse impact on economic and market conditions, triggering a period of global economic slowdown. This situation is expected to depress the tax bases and other areas in which the City received revenue during fiscal year 2021.

18. COMMITMENTS AND CONTINGENCIES (CONTINUED)

H. COVID-19 (Continued)

The outbreak could also have other potential impacts, including disruptions or restrictions on employees' ability to work. As such, this may hinder the ability for the City to meet the needs of its constituents. It may also lead to the City to seek debt forbearance and additional sources of debt. The City cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time; however, if the pandemic continues, it may have an effect on the City's results of future operations and financial position in fiscal year 2021.

19. SALES TAX ABATEMENTS

On September 7, 2012, the City Council approved a development agreement with Macerich Victor Valley LLC (Macerich), to further develop the Mall of the Victor Valley (the "Mall") including the construction of a Macy's department store. Under the Agreement the City is obligated to make assistance payments to Macerich equal to all sales tax revenue in excess of \$1,000,000 generated from the new retail operations directly resulting from the development efforts. Payments are to be made in June of each year following calculation of each calendar year's sales tax revenue.

The agreement term is 28 years and includes a maximum assistance allowance of \$18,886,644. For the year ended June 30, 2020 the City remitted \$279,157 to Macerich for sales tax revenue earned from January 2019 to December 2019. Additional payments are contingent upon the occurrence of uncertain future events, including the generation of sales tax revenue in excess of \$1,000,000 per year.

20. SCLAA'S FINANCIAL CONDITION, SIGNIFICANT FINANCIAL OBLIGATIONS AND MANAGEMENT PLANS

Southern California Logistics Airport Authority (SCLAA)

The following material events have occurred over the last several years that have resulted in Southern California Logistics Airport Authority (SCLAA), a component unit of the City, previously defaulting on the bond issues and the use of reserves with the Trustee for interest payments:

As part of adopting its 2009 budget bill, the State of California approved AB 26 4X, which included a provision that required redevelopment agencies to make remittance to a county Supplemental Educational Revenue Augmentation Fund (SERAF). Tax increment on hand from SCLAA paid this obligation of \$9,352,308 in Fiscal Year 09/10 and \$1,923,641 in Fiscal Year 10/11. These state-mandated payments severely impacted the SCLAA's cash reserves.

In Fiscal Year 08/09, the assessed value for the Victor Valley Redevelopment Project Area was approximately \$9.49 billion. Beginning in FY 09/10, there were significant decreases in assessed value for the Victor Valley Redevelopment Project Area. Assessed values for the Project Area reached a low point of \$6.6 Billion in FY 12/13. The decrease was largely the result of the Great Recession. Since FY 12/13, assessed values have increased steadily. For Fiscal Year 2019-2020, the assessed value for the Project Area was approximately \$9.35 billion. The steady increase in assessed values have resulted in the SCLAA paying all past due debt service in the previous fiscal year. As of the December 1, 2018 tax distribution, the SCLAA was no longer in default. In 2018, Moody's issued an upgraded rating on the Successor Agency to the Victor Valley Economic Development Authority (VVEDA) housing set-aside Tax Allocation Bonds and the Non-Housing Tax Allocation Bonds to "stable" outlook as a result of resolving the outstanding defaults, and the prospective analysis on increasing assessed values in the project area.

20. SCLAA’S FINANCIAL CONDITION, SIGNIFICANT FINANCIAL OBLIGATIONS AND MANAGEMENT PLANS (CONTINUED)

Southern California Logistics Airport Authority (SCLAA) (Continued)

During the current fiscal year, SCLAA had results that were not as favorable as fiscal year 2018-2019 with a net loss of \$2.5 million. A summary of the financial condition of the SCLAA enterprise fund is as follows:

	SCLAA Deficit Balance
Beginning Net Position	\$ (125,588,939)
Net income (loss)	<u>(2,459,086)</u>
Ending Net Position	<u>\$ (128,048,025)</u>

Management’s Plans with Respect to its Financial Condition

Management’s plans to ensure that annual expenditures do not exceed annual revenues and to build the reserves that are necessary to provide for economic uncertainties are as follows:

The City has continued to maintain a balance budget since 2007-2008. Regarding the SCLAA’s financial condition, an Interfund loan agreement was signed July 1, 2016 by the Board of SCLAA and a \$10,000,000 advance was made available from the 2007 SCLA Housing bond fund to the Airport Operations Fund and has been used to subsidize operations due to the ongoing SEC legal costs. The advance has a term repayment of 5 years, with an annualized Wall Street Journal Prime Rate as the interest rate. The outstanding balance of the advance as of June 30, 2020 is \$8,824,244, which has been eliminated for financial statement purposes within the SCLAA since the advance is within the fund itself.

21. SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDEVELOPMENT AGENCY

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 (“the Bill”) that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Victorville that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit. In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012.

The Bill provided that upon dissolution of a redevelopment agency, either the city or another unit of local government will agree to serve as the “successor agency” to hold the assets until they are distributed to other units of state and local government. On January 17, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of City resolution number 12-005.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

CITY OF VICTORVILLE, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2020

22. LEASES

The SCLAA has various leases for rental of portions certain real property and improvements for which the cost and accumulated depreciation cannot readily be determined. Lease terms vary. Future minimum rental payments to be received on the leases that are contractually due as of June 30, 2020 are estimated as follows:

Year Ending June 30,	Lease Payments
2021	\$ 7,722,271
2022	7,864,289
2023	8,068,789
2024	8,276,987
2025	8,490,533
2026-2030	45,853,744
2031-2035	52,082,075
2036-2040	46,714,826
Total	<u>\$ 185,073,514</u>

REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF VICTORVILLE
Schedule of Changes in Net Pension Liability and Related
Ratios During the Measurement Period (Agent Plan)
Last Ten Fiscal Years*

Fiscal Year	2019-20
Measurement Period	2018-19
TOTAL PENSION LIABILITY	
Service Cost	\$ 3,878,156
Interest	13,664,664
Changes of Assumptions	-
Difference between Expected and Actual Experience	3,533,778
Benefit Payments, Including Refunds of Employee Contributions	(8,131,659)
Net Change in Total Pension Liability	12,944,939
Total Pension Liability – Beginning	189,707,157
Total Pension Liability – Ending (a)	202,652,096
PLAN FIDUCIARY NET POSITION	
Plan to Plan Resource Movement	-
Contributions – Employer	4,590,346
Contributions – Employee	1,749,709
Net Investment Income	9,361,466
Benefit Payments, Including Refunds of Employee Contributions	(8,131,659)
Administrative Expense	(102,414)
Other Miscellaneous Income (Expense)	332
Net Change in Fiduciary Net Position	7,467,780
Plan Fiduciary Net Position – Beginning	143,513,015
Plan Fiduciary Net Position – Ending (b)	150,980,795
Plan Net Pension Liability – Ending (a) - (b)	\$ 51,671,301
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.50%
Covered Payroll	22,226,999
Plan Net Pension Liability as a Percentage of Covered Payroll	232.47%

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

From fiscal year June 30, 2015 to June 30, 2016:

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

From fiscal year June 30, 2016 to June 30, 2017:

There were no changes in assumptions.

From fiscal year June 30, 2018 to June 30, 2019:

There were no significant changes in assumptions.

From fiscal year June 30, 2017 to June 30, 2018:

The discount rate was reduced from 7.65% to 7.15%.

From fiscal year June 30, 2019 to June 30, 2020:

There were no changes in assumptions.

*Fiscal year 2015 was the 1st year of implementation, therefore only six years are shown.

CITY OF VICTORVILLE
Schedule of Changes in Net Pension Liability and Related
Ratios During the Measurement Period (Agent Plan)
Last Ten Fiscal Years*

Fiscal Year	2018-19	2017-18	2016-17	2015-16	2014-15
Measurement Period	2017-18	2016-17	2015-16	2014-15	2013-14
TOTAL PENSION LIABILITY					
Service Cost	\$ 3,925,313	\$ 3,913,955	\$ 3,391,116	\$ 3,399,557	\$ 3,479,263
Interest	12,780,111	12,143,449	11,593,629	10,950,745	10,425,889
Changes of Assumptions	(1,453,429)	10,784,766	-	(2,900,838)	-
Difference between Expected and Actual Experience	1,426,643	(1,294,528)	(114,587)	(1,452,436)	-
Benefit Payments, Including Refunds of Employee Contributions	(7,556,833)	(6,707,043)	(6,190,255)	(5,465,312)	(5,288,466)
Net Change in Total Pension Liability	9,121,805	18,840,599	8,679,903	4,531,716	8,616,686
Total Pension Liability – Beginning	180,585,352	161,744,753	153,064,850	148,533,134	139,916,448
Total Pension Liability – Ending (a)	189,707,157	180,585,352	161,744,753	153,064,850	148,533,134
PLAN FIDUCIARY NET POSITION					
Plan to Plan Resource Movement	(332)	-	-	29,796	-
Contributions – Employer	4,017,440	3,945,743	3,406,692	3,132,116	2,729,427
Contributions – Employee	1,942,720	1,762,125	1,615,618	1,655,311	1,675,275
Net Investment Income	11,287,052	13,554,180	663,966	2,712,238	18,040,044
Benefit Payments, Including Refunds of Employee Contributions	(7,556,833)	(6,707,043)	(6,190,255)	(5,465,312)	(5,288,466)
Administrative Expense	(209,479)	(180,207)	(74,739)	(138,171)	(138,890)
Other Miscellaneous Income (Expense)	(397,805)	-	-	-	-
Net Change in Fiduciary Net Position	9,082,763	12,374,798	(578,718)	1,925,978	17,017,390
Plan Fiduciary Net Position – Beginning	134,430,252	122,055,454	122,634,172	120,708,194	103,690,804
Plan Fiduciary Net Position – Ending (b)	143,513,015	134,430,252	122,055,454	122,634,172	120,708,194
Plan Net Pension Liability – Ending (a) - (b)	\$ 46,194,142	\$ 46,155,100	\$ 39,689,299	\$ 30,430,678	\$ 27,824,940
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.65%	74.44%	75.46%	80.12%	81.27%
Covered Payroll	22,506,989	22,354,507	19,918,813	19,872,318	19,389,560
Plan Net Pension Liability as a Percentage of Covered Payroll	205.24%	206.47%	199.26%	153.13%	143.50%

CITY OF VICTORVILLE
Schedule of Plan Contributions (Agent Plan)
Last Ten Fiscal Years*

	Fiscal Year 2019-20
Contractually Required Contribution (Actuarially Determined)	\$ 5,477,574
Contributions in Relation to the Actuarially Determined Contributions	(5,477,574)
Contribution Deficiency (Excess)	\$ -
Covered Payroll	\$ 24,562,823
Contributions as a Percentage of Covered Payroll	22.30%

Notes to Schedule:

Valuation Date	6/30/2017
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Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age
Amortization method	(1)
Asset valuation method	Fair Value
Inflation	2.625%
Salary increases	(2)
Investment rate of return	7.25% (3)
Retirement age	(4)
Mortality	(5)

- (1) Level percentage of payroll, closed
- (2) Depending on age, service, and type of employment
- (3) Net of pension plan investment expense, including inflation
- (4) 50 - 55 for 2.5%^{@55}; 52 - 67 for 2.0%^{@62}
- (5) Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

*Fiscal year 2015 was the 1st year of implementation, therefore only six years are shown.

CITY OF VICTORVILLE
Schedule of Plan Contributions (Agent Plan)
Last Ten Fiscal Years*

	Fiscal Year 2018-19	Fiscal Year 2017-18	Fiscal Year 2016-17	Fiscal Year 2015-16	Fiscal Year 2014-15
Contractually Required Contribution (Actuarially Determined)	\$ 4,622,469	\$ 4,014,719	\$ 3,787,877	\$ 3,504,788	\$ 3,132,116
Contributions in Relation to the Actuarially Determined Contributions	<u>(4,622,469)</u>	<u>(4,014,719)</u>	<u>(3,787,877)</u>	<u>(3,504,788)</u>	<u>(2,923,805)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 208,311</u>
Covered Payroll	\$ 22,226,999	\$ 22,506,989	\$ 22,354,507	\$ 19,918,813	\$ 19,872,318
Contributions as a Percentage of Covered Payroll	20.80%	17.84%	16.94%	17.60%	15.76%

Notes to Schedule:

Valuation Date	6/30/2016	6/30/2015	6/30/2014	6/30/2013	6/30/2012
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Methods and Assumptions Used to Determine Contribution Rates

Actuarial cost method	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization method	(1)	(1)	(1)	(1)	(1)
Asset valuation method	Fair Value	Fair Value	Fair Value	Fair Value	15 Year Smoothed Market Method
Inflation	2.75%	2.75%	2.75%	2.75%	2.75%
Salary increases	(2)	(2)	(2)	(2)	(2)
Investment rate of return	7.375% (3)	7.50% (3)	7.50% (3)	7.50% (3)	7.50% (3)
Retirement age	(4)	(4)	(4)	(4)	(4)
Mortality	(5)	(5)	(5)	(5)	(5)

- (1) Level percentage of payroll, closed
- (2) Depending on age, service, and type of employment
- (3) Net of pension plan investment expense, including inflation
- (4) 50 - 55 for 2.5%^{@55}; 52 - 67 for 2.0%^{@62}
- (5) Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

*Fiscal year 2015 was the 1st year of implementation, therefore only six years are shown.

CITY OF VICTORVILLE
Schedule of the Plan's Proportionate Share
of the Net Pension Liability (Cost Sharing Plan)
Last Ten Fiscal Years*

Fiscal Year Ended Measurement Date	6/30/2020
	6/30/2019
Plan's Proportion of the Net Pension Liability	0.19301%
Plan's Proportionate Share of the Net Pension Liability	\$ 12,048,837
Plan's Covered Payroll**	2,530,529
Plan's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll**	476.14%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	0.12227%

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

From fiscal year June 30, 2015 to June 30, 2016:

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

From fiscal year June 30, 2016 to June 30, 2017:

There were no changes in assumptions.

From fiscal year June 30, 2017 to June 30, 2018:

The discount rate was reduced from 7.65% to 7.15%.

From fiscal year June 30, 2018 to June 30, 2019:

There were no significant changes in assumptions.

From fiscal year June 30, 2019 to June 30, 2020:

There were no changes in assumptions.

*Fiscal year 2015 was the 1st year of implementation, therefore only six years are shown.

**The plan has no active members until fiscal year ended 6/30/2019, and, therefore, no covered payroll.

CITY OF VICTORVILLE
Schedule of the Plan's Proportionate Share
of the Net Pension Liability (Cost Sharing Plan)
Last Ten Fiscal Years*

Fiscal Year Ended Measurement Date	<u>6/30/2019</u> <u>6/30/2018</u>	<u>6/30/2018</u> <u>6/30/2017</u>	<u>6/30/2017</u> <u>6/30/2016</u>	<u>6/30/2016</u> <u>6/30/2015</u>	<u>6/30/2015</u> <u>6/30/2014</u>
Plan's Proportion of the Net Pension Liability	0.19843%	0.19780%	0.20676%	0.21750%	0.20657%
Plan's Proportionate Share of the Net Pension Liability	\$ 11,643,274	\$ 11,818,679	\$ 10,708,540	\$ 8,961,994	\$ 7,748,626
Plan's Covered Payroll**	N/A	N/A	N/A	N/A	N/A
Plan's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll**	N/A	N/A	N/A	N/A	N/A
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	0.12558%	0.12223%	0.13033%	0.14547%	0.14547%

CITY OF VICTORVILLE
Schedule of Plan Contributions (Cost Sharing Plan)
Last Ten Fiscal Years*

Fiscal Year	2019-20
Contractually Required Contribution (Actuarially Determined)	\$ 1,737,805
Contributions in Relation to the Actuarially Determined Contribution	(1,737,805)
Contribution Deficiency (Excess)	\$ -
Covered Payroll **	\$ 4,931,300
Contributions as a Percentage of Covered Payroll **	35.24%

Notes to Schedule:

Valuation Date	6/30/2017
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Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age
Amortization method	(1)
Asset valuation method	Market Value
Inflation	2.625%
Salary increases	(2)
Investment rate of return	7.25% (3)
Mortality	(4)

- (1) Level percentage of payroll, closed
- (2) Depending on age, service, and type of employment
- (3) Net of pension plan investment expense, including inflation
- (4) Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

*Fiscal year 2015 was the 1st year of implementation, therefore only six years are shown.

**The plan has no active members through June 30, 2018 and, therefore, no covered payroll.

CITY OF VICTORVILLE
Schedule of Plan Contributions (Cost Sharing Plan)
Last Ten Fiscal Years*

Fiscal Year	<u>2018-19</u>	<u>2017-2018</u>	<u>2016-2017</u>	<u>2015-2016</u>	<u>2014-2015</u>
Contractually Required Contribution (Actuarially Determined)	\$ 1,406,021	\$ 862,264	\$ 700,198	\$ 650,960	\$ 585,811
Contributions in Relation to the Actuarially Determined Contribution	<u>(1,406,021)</u>	<u>(862,264)</u>	<u>(700,198)</u>	<u>(650,960)</u>	<u>(585,811)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll **	\$ 2,530,529	N/A	N/A	N/A	N/A
Contributions as a Percentage of Covered Payroll **	55.56%	N/A	N/A	N/A	N/A

Notes to Schedule:

Valuation Date	6/30/2016	6/30/2015	6/30/2014	6/30/2013	6/30/2012
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Methods and Assumptions Used to Determine Contribution Rates

Actuarial cost method	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization method	(1)	(1)	(1)	(1)	(1)
Asset valuation method	Market Value	Market Value	Market Value	Market Value	15 Year Smoothed Market Method
Inflation	2.75%	2.75%	2.75%	2.75%	2.75%
Salary increases	(2)	(2)	(2)	(2)	(2)
Investment rate of return	7.375% (3)	7.50% (3)	7.50% (3)	7.50% (3)	7.50% (3)
Mortality	(4)	(4)	(4)	(4)	(4)

- (1) Level percentage of payroll, closed
- (2) Depending on age, service, and type of employment
- (3) Net of pension plan investment expense, including inflation
- (4) Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

*Fiscal year 2015 was the 1st year of implementation, therefore only six years are shown.

**The plan has no active members through June 30, 2018 and, therefore, no covered payroll.

CITY OF VICTORVILLE
Schedule of Changes in Total OPEB Liability and Related Ratios
Last Ten Fiscal Years*

Fiscal Year End Measurement Date	June 30, 2020	
	June 30, 2019	
	City	Water
Total OPEB Liability		
Service cost	\$ 1,301,917	\$ 417,399
Interest on the total OPEB liability	896,741	364,950
Changes of assumptions	1,650,512	601,978
Differences between expected and actual experience	-	-
Benefit payments, including refunds and the implied subsidy benefit payments	(325,520)	(216,889)
Net change in total OPEB liability	3,523,650	1,167,438
Total OPEB liability - beginning	22,032,452	9,121,297
Total OPEB liability - ending (a)	<u>\$ 25,556,102</u>	<u>\$ 10,288,735</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%
Covered-employee payroll	\$ 24,330,808	\$ 7,078,295
Total OPEB liability as a percentage of covered-employee payroll	105.04%	145.36%

Notes to Schedule:

Changes in assumptions: The discount rate was changed from 2.85% to 3.58% for the measurement period ended June 30, 2017. The discount rate for the measurement periods ended June 30, 2018 and 2019 were 3.87% and 3.50%, respectively.

The mortality, retirement, disability, and termination rates for the measurement periods ended June 30, 2017 and 2018 were based on the CalPERS 1997-2011 Experience Study and CalPERS 1997-2015 Experience Study, respectively.

The mortality improvement rates for the measurement periods ended June 30, 2017 and 2018 were based on the Scale MP-2016 and Scale-2018, respectively.

In the June 30, 2018 measurement period, the pre-65 waived retiree re-election was updated to be 10% after age 65.

*Fiscal year 2018 was the 1st year of implementation, therefore only three years are shown.

CITY OF VICTORVILLE
Schedule of Changes in Total OPEB Liability and Related Ratios
Last Ten Fiscal Years*

Fiscal Year End Measurement Date	June 30, 2019		June 30, 2018	
	June 30, 2018		June 30, 2017	
	City	Water	City	Water
Total OPEB Liability				
Service cost	\$ 1,467,025	\$ 494,095	\$ 1,740,815	\$ 583,831
Interest on the total OPEB liability	902,150	404,923	763,058	345,325
Changes of assumptions	(1,253,215)	(509,085)	(3,502,958)	(1,452,630)
Differences between expected and actual experience	(2,657,769)	(1,985,311)	-	-
Benefit payments, including refunds and the implied subsidy benefit payments	<u>(316,872)</u>	<u>(199,802)</u>	<u>(285,893)</u>	<u>(185,817)</u>
Net change in total OPEB liability	(1,858,681)	(1,795,180)	(1,284,978)	(709,291)
Total OPEB liability - beginning	<u>23,891,133</u>	<u>10,916,477</u>	<u>25,176,111</u>	<u>11,625,768</u>
Total OPEB liability - ending (a)	<u>\$ 22,032,452</u>	<u>\$ 9,121,297</u>	<u>\$ 23,891,133</u>	<u>\$ 10,916,477</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%
Covered-employee payroll	\$ 20,246,960	\$ 6,818,328	\$ 17,722,441	\$ 4,577,527
Total OPEB liability as a percentage of covered-employee payroll	108.82%	133.78%	134.81%	238.48%

CITY OF VICTORVILLE
 General Fund
 Budgetary Comparison Schedule
 Year ended June 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues:				
Taxes and assessments	\$ 49,541,517	\$ 48,859,539	\$ 51,293,277	\$ 2,433,738
Licenses and permits	2,792,750	2,588,267	2,786,279	198,012
Intergovernmental	61,000	101,297	101,449	152
Charges for services	11,671,830	11,766,258	12,217,920	451,662
Fines and forfeitures	436,200	363,215	348,399	(14,816)
Investment income	18,400	118,400	430,847	312,447
Other	287,676	485,790	652,872	167,082
Total Revenues	64,809,373	64,282,766	67,831,043	3,548,277
Expenditures:				
Current:				
General government	11,556,143	11,588,523	11,649,680	(61,157)
Public safety	40,688,259	40,987,445	39,921,786	1,065,659
Public works	6,597,971	6,474,336	6,014,189	460,147
Parks and recreation	4,613,659	4,324,853	4,237,666	87,187
Capital outlay	1,609,528	1,843,302	1,563,895	279,407
Debt service:				
Principal	-	153,088	153,088	-
Interest	-	45,535	45,535	-
Total Expenditures	65,065,560	65,417,082	63,585,839	1,831,243
Excess (Deficiency) of Revenues Over (Under) Expenditures	(256,187)	(1,134,316)	4,245,204	5,379,520
Other Financing Sources:				
Transfers in	2,000	52,000	41,164	(10,836)
Total Other Financing Sources	2,000	52,000	41,164	(10,836)
Net Changes in Fund Balances	(254,187)	(1,082,316)	4,286,368	5,368,684
Fund Balances, Beginning of Year	20,048,722	20,048,722	20,048,722	-
Fund Balances, End of year	\$ 19,794,535	\$ 18,966,406	\$ 24,335,090	\$ 5,368,684

CITY OF VICTORVILLE
City Housing Asset Successor Agency
Budgetary Comparison Schedule
Year ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment income	\$ 319,300	\$ 319,300	\$ 515,364	\$ 196,064
Total Revenues	319,300	319,300	515,364	196,064
Expenditures:				
Current:				
Community development	194,979	200,091	141,716	58,375
Total Expenditures	194,979	200,091	141,716	58,375
Excess of Revenues Over Expenditures	124,321	119,209	373,648	254,439
Fund Balances, Beginning of Year	31,991,335	31,991,335	31,991,335	-
Fund Balances, End of year	\$ 32,115,656	\$ 32,110,544	\$ 32,364,983	\$ 254,439

1. BUDGETARY DATA

The City follows these procedures in establishing the budgetary data in the financial statements.

1. The City Manager submits to the City Council a proposed operating budget. The operating budget includes the proposed expenditures and source of financing;
2. Public hearings are conducted to obtain taxpayer comments;
3. A budget is legally enacted through passage of a resolution;
4. The City Manager is authorized to transfer budgeted amounts within individual funds; however any revisions that alter total appropriations of a fund must be approved by City Council. The legal level of budgetary control has been established at the fund level;
5. Budgeted amounts are as originally adopted and as further amended by the City Council;
6. Formal budgetary integration is employed as a management control device during the year for all funds, other than debt service funds and capital project funds. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). Capital project funds are budgeted on a project length basis. Effective budgetary control is achieved for debt service funds through the contractual requirements of bond indenture provisions. The COVID-19 Special Revenue Fund does not have a legally adopted budget.

SUPPLEMENTARY INFORMATION

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CITY OF VICTORVILLE
Capital Impact Facilities - Major Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 3,694,709	\$ 3,976,451	\$ 9,446,081	\$ 5,469,630
Investment income	255,400	255,400	135,268	(120,132)
Total Revenues	<u>3,950,109</u>	<u>4,231,851</u>	<u>9,581,349</u>	<u>5,349,498</u>
Expenditures:				
Current:				
Public works	210,420	210,420	10,468	199,952
Capital outlay	2,000,000	4,139,600	2,486,549	1,653,051
Debt service:				
Interest on advances	613,400	613,400	63,091	550,309
Total Expenditures	<u>2,823,820</u>	<u>4,963,420</u>	<u>2,560,108</u>	<u>2,403,312</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,126,289</u>	<u>(731,569)</u>	<u>7,021,241</u>	<u>7,752,810</u>
Fund Balances, Beginning of Year	<u>5,309,816</u>	<u>5,309,816</u>	<u>5,309,816</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 6,436,105</u>	<u>\$ 4,578,247</u>	<u>\$ 12,331,057</u>	<u>\$ 7,752,810</u>

NON MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for revenue derived from specific taxes or other revenue sources that are restricted by law or administrative action to expenditure for specified purposes.

Measure I

This fund accounts for the portion of sales tax revenue received from the County. The funds are legally restricted expenditures for the local street networks that have significant inter-jurisdictional or regional traffic.

Other Federal Grants

This fund accounts for federal moneys received for the following grants: COPS Fast Grant, Federal Demonstration, Transportation Enhancement Act, Congestion Mitigation Air Quality Grant, Police Hiring Supplement Grant, Federal Asset Seizure, and EPA Water Reuse Grant.

Landscape Maintenance and Drainage Facilities Assessment District

This fund accounts for the revenue and expenditures of Assessment Districts which provided benefits to the property owner served. These improvements include items such as enhanced landscape, blocked walls, irrigation and drainage system. Since the maintenance of these enhanced facilities directly benefit the individual parcels within the district rather than the City as a whole, the maintenance costs are assessed to the property owners with the Maintenance Assessment District boundaries.

Street Lighting

This fund accounts for revenue received from assessments levied within the District and disbursed funds are for street lighting maintenance activities.

Traffic Safety

This fund accounts for revenue received from fines and forfeitures under Section 1463 of the Penal Code and disbursed funds are related to the maintenance and improvement of traffic control devices, as well as the compensation of school crossing guards who are not regular full-time members of the police department of the City.

NON MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

(Continued)

Asset Seizure

This fund accounts for a portion of revenues received from sales of assets seized during drug-related arrests and disbursed for authorized public safety activities.

Storm Drain Utility

This fund accounts for revenue received from storm drain user fees and expensed funds are related to storm drains.

Gas Tax

This fund accounts for revenue received from the State of California under Street and Highways Code Section 2105, 2106, and 2107. The allocations should be spent for street and highway maintenance and improvements.

Transportation Tax

This fund accounts for revenue received for public transportation projects through the Local Transportation Fund, which derived from a ¼ cent of the General Sales Tax. Eligible expenses include projects related to maintenance and repair of streets and roads.

Other State / Local Grants

This fund accounts for moneys received from the California Law Enforcement Equipment Program, AB 3229 Grant, Office of Traffic Safety Grant, California Integrated Waste Management, Job-Housing Incentive Grant, Homeland Security Grant, and Alcoholic Beverage Control Grant.

HUD Grants

This fund accounts for the revenues and expenditures under the guidelines of the Federal Community Development Block Grant and HOME Grant programs of the US Department of Housing and Urban Development. The grants are primarily used for the development of viable urban communities by providing decent housing, suitable living environments, and expanding economic opportunities for persons of low and moderate-incomes.

COVID-19 Funds

This fund accounts for the revenues and expenditures received from federal, state, and county funds for COVID-19 relief and response. The grants are primarily used for public safety, telecommuting, homelessness and outreach, and social distancing communications.

CITY OF VICTORVILLE
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2020

	Measure I	Other Federal Grants	Landscape Maintenance	Street Lighting	Traffic Safety
ASSETS					
Cash and investments	\$ 5,612,118	\$ -	\$ 10,148,018	\$ 2,258,288	\$ -
Accounts receivable	984,597	-	-	-	9,303
Notes receivable	13,633	-	3,698	-	-
Advances to other funds	-	-	-	-	-
Due from other governments	-	959,625	19,015	23,006	-
Prepaid items	1,151	-	592	411	-
Total Assets	<u>\$ 6,611,499</u>	<u>\$ 959,625</u>	<u>\$ 10,171,323</u>	<u>\$ 2,281,705</u>	<u>\$ 9,303</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 338,659	\$ 401,296	\$ 70,726	\$ 131,666	\$ -
Deposits payable	-	-	-	-	-
Due to other funds	-	2,203,104	-	-	-
Unearned revenue	-	26,460	100	-	-
Total Liabilities	<u>338,659</u>	<u>2,630,860</u>	<u>70,826</u>	<u>131,666</u>	<u>-</u>
Deferred Inflows of Resources					
Unavailable revenue	<u>404,240</u>	<u>543,364</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>404,240</u>	<u>543,364</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances (Deficit):					
Non-spendable:					
Prepaid items	1,151	-	592	411	-
Spendable:					
Restricted:					
Public safety	-	-	-	-	-
Highways and street projects	5,867,449	-	10,099,905	2,149,628	9,303
Community development	-	-	-	-	-
Unassigned	-	(2,214,599)	-	-	-
Total Fund Balances (Deficit)	<u>5,868,600</u>	<u>(2,214,599)</u>	<u>10,100,497</u>	<u>2,150,039</u>	<u>9,303</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 6,611,499</u>	<u>\$ 959,625</u>	<u>\$ 10,171,323</u>	<u>\$ 2,281,705</u>	<u>\$ 9,303</u>

Asset Seizure	Storm Drain Utility	Gas Tax	Transportation Tax	Other State / Local Grants	HUD Grants	COVID-19 Funds	Totals
\$ 86,504	\$ 1,564,202	\$ 5,390,450	\$ 1,432,757	\$ 499,419	\$ 80,080	\$ -	\$ 27,071,836
-	27,791	3,387	6,206	-	-	-	1,031,284
-	-	-	7,089	129,310	1,785,317	-	1,939,047
-	1,161,503	-	-	-	-	-	1,161,503
-	-	581,151	-	1,367,444	593,631	151,005	3,694,877
-	950	1,257	-	-	-	-	4,361
<u>\$ 86,504</u>	<u>\$ 2,754,446</u>	<u>\$ 5,976,245</u>	<u>\$ 1,446,052</u>	<u>\$ 1,996,173</u>	<u>\$ 2,459,028</u>	<u>\$ 151,005</u>	<u>\$ 34,902,908</u>
\$ 16,275	\$ 69,990	\$ 21,818	\$ 41,670	\$ 134,196	\$ 26,397	\$ -	\$ 1,252,693
-	-	105	3,225	-	-	-	3,330
-	-	-	-	-	-	1,905,092	4,108,196
-	-	-	580	107,570	-	-	134,710
<u>16,275</u>	<u>69,990</u>	<u>21,923</u>	<u>45,475</u>	<u>241,766</u>	<u>26,397</u>	<u>1,905,092</u>	<u>5,498,929</u>
-	89,022	-	-	624,827	434,477	151,005	2,246,935
-	89,022	-	-	624,827	434,477	151,005	2,246,935
-	950	1,257	-	-	-	-	4,361
70,229	-	-	-	-	-	-	70,229
-	2,594,484	5,953,065	1,400,577	1,129,580	-	-	29,203,991
-	-	-	-	-	1,998,154	-	1,998,154
-	-	-	-	-	-	(1,905,092)	(4,119,691)
<u>70,229</u>	<u>2,595,434</u>	<u>5,954,322</u>	<u>1,400,577</u>	<u>1,129,580</u>	<u>1,998,154</u>	<u>(1,905,092)</u>	<u>27,157,044</u>
<u>\$ 86,504</u>	<u>\$ 2,754,446</u>	<u>\$ 5,976,245</u>	<u>\$ 1,446,052</u>	<u>\$ 1,996,173</u>	<u>\$ 2,459,028</u>	<u>\$ 151,005</u>	<u>\$ 34,902,908</u>

CITY OF VICTORVILLE
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year ended June 30, 2020

	Measure I	Other Federal Grants	Landscape Maintenance	Street Lighting	Traffic Safety
Revenues:					
Taxes and assessments	\$ 6,386,210	\$ -	\$ 2,476,422	\$ 1,744,685	\$ -
Intergovernmental	-	5,514,519	-	492,657	-
Charges for services	74,994	-	-	-	-
Fines and forfeitures	-	-	-	-	55,289
Investment income	66,978	122	112,462	22,723	-
Other	-	121,217	12,500	-	-
Total Revenues	6,528,182	5,635,858	2,601,384	2,260,065	55,289
Expenditures:					
Current:					
Public safety	-	7,366	-	-	18,495
Community development	-	-	-	-	-
Public works	2,538,911	-	2,175,770	1,922,881	-
Capital outlay	806,322	243,758	105,653	76,036	-
Total Expenditures	3,345,233	251,124	2,281,423	1,998,917	18,495
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,182,949	5,384,734	319,961	261,148	36,794
Other Financing Uses:					
Transfers out	-	-	-	-	(41,164)
Total Other Financing Uses	-	-	-	-	(41,164)
Net Change in Fund Balance	3,182,949	5,384,734	319,961	261,148	(4,370)
Fund Balances (Deficit), Beginning of Year	2,685,651	(7,599,333)	9,780,536	1,888,891	13,673
Fund Balances (Deficit), End of Year	\$ 5,868,600	\$ (2,214,599)	\$ 10,100,497	\$ 2,150,039	\$ 9,303

Asset Seizure	Storm Drain Utility	Gas Tax	Transportation Tax	Other State / Local Grants	HUD Grants	COVID-19 Funds	Totals
\$ -	\$ -	\$ 2,191,709	\$ -	\$ -	\$ -	\$ -	\$ 12,799,026
18,101	-	2,928,658	1,567,163	2,246,339	1,782,164	-	14,549,601
-	1,548,945	6,643	11,028	-	-	-	1,641,610
-	14,282	-	-	-	-	-	69,571
913	18,783	50,741	39,838	10,012	32,456	-	355,028
-	4,462	3,682	54,403	-	-	-	196,264
<u>19,014</u>	<u>1,586,472</u>	<u>5,181,433</u>	<u>1,672,432</u>	<u>2,256,351</u>	<u>1,814,620</u>	<u>-</u>	<u>29,611,100</u>
40,054	-	-	-	-	-	1,743,127	1,809,042
-	-	-	-	13,760	810,505	161,965	986,230
-	1,363,848	2,924,321	1,302,295	362,551	311,012	-	12,901,589
-	196,092	19,666	551,587	1,906,620	111,467	-	4,017,201
<u>40,054</u>	<u>1,559,940</u>	<u>2,943,987</u>	<u>1,853,882</u>	<u>2,282,931</u>	<u>1,232,984</u>	<u>1,905,092</u>	<u>19,714,062</u>
<u>(21,040)</u>	<u>26,532</u>	<u>2,237,446</u>	<u>(181,450)</u>	<u>(26,580)</u>	<u>581,636</u>	<u>(1,905,092)</u>	<u>9,897,038</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(41,164)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(41,164)</u>
<u>(21,040)</u>	<u>26,532</u>	<u>2,237,446</u>	<u>(181,450)</u>	<u>(26,580)</u>	<u>581,636</u>	<u>(1,905,092)</u>	<u>9,855,874</u>
<u>91,269</u>	<u>2,568,902</u>	<u>3,716,876</u>	<u>1,582,027</u>	<u>1,156,160</u>	<u>1,416,518</u>	<u>-</u>	<u>17,301,170</u>
<u>\$ 70,229</u>	<u>\$ 2,595,434</u>	<u>\$ 5,954,322</u>	<u>\$ 1,400,577</u>	<u>\$ 1,129,580</u>	<u>\$ 1,998,154</u>	<u>\$ (1,905,092)</u>	<u>\$ 27,157,044</u>

CITY OF VICTORVILLE
Measure I Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes and assessments	\$ 6,000,000	\$ 6,216,502	\$ 6,386,210	\$ 169,708
Charges for services	43,000	45,500	74,994	29,494
Investment income	-	-	66,978	66,978
Total Revenues	<u>6,043,000</u>	<u>6,262,002</u>	<u>6,528,182</u>	<u>266,180</u>
Expenditures:				
Current:				
Public works	2,928,692	3,171,767	2,538,911	632,856
Capital outlay	<u>1,810,643</u>	<u>4,190,447</u>	<u>806,322</u>	<u>3,384,125</u>
Total Expenditures	<u>4,739,335</u>	<u>7,362,214</u>	<u>3,345,233</u>	<u>4,016,981</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,303,665</u>	<u>(1,100,212)</u>	<u>3,182,949</u>	<u>4,283,161</u>
Fund Balances, Beginning of Year	<u>2,685,651</u>	<u>2,685,651</u>	<u>2,685,651</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 3,989,316</u>	<u>\$ 1,585,439</u>	<u>\$ 5,868,600</u>	<u>\$ 4,283,161</u>

CITY OF VICTORVILLE
Other Federal Grants Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 12,440,400	\$ 8,763,958	\$ 5,514,519	\$ (3,249,439)
Investment income	-	-	122	122
Other	-	-	121,217	121,217
Total Revenues	<u>12,440,400</u>	<u>8,763,958</u>	<u>5,635,858</u>	<u>(3,128,100)</u>
Expenditures:				
Current:				
Public safety	17,366	17,366	7,366	10,000
Capital outlay	<u>11,591,154</u>	<u>8,277,285</u>	<u>243,758</u>	<u>8,033,527</u>
Total Expenditures	<u>11,608,520</u>	<u>8,294,651</u>	<u>251,124</u>	<u>8,043,527</u>
Excess of Revenues Over Expenditures	<u>831,880</u>	<u>469,307</u>	<u>5,384,734</u>	<u>4,915,427</u>
Fund Balances (Deficit), Beginning of Year	<u>(7,599,333)</u>	<u>(7,599,333)</u>	<u>(7,599,333)</u>	<u>-</u>
Fund Balances (Deficit), End of Year	<u>\$ (6,767,453)</u>	<u>\$ (7,129,989)</u>	<u>\$ (2,214,599)</u>	<u>\$ 4,915,390</u>

CITY OF VICTORVILLE
Landscape Maintenance and Drainage Facilities Assessment District Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes and assessments	\$ 2,381,257	\$ 2,381,257	\$ 2,476,422	\$ 95,165
Investment income	-	-	112,462	112,462
Other	-	12,500	12,500	-
Total Revenues	<u>2,381,257</u>	<u>2,393,757</u>	<u>2,601,384</u>	<u>207,627</u>
Expenditures:				
Current:				
Public works	2,354,761	2,443,157	2,175,770	267,387
Capital outlay	20,000	406,235	105,653	300,582
Total Expenditures	<u>2,374,761</u>	<u>2,849,392</u>	<u>2,281,423</u>	<u>567,969</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>6,496</u>	<u>(455,635)</u>	<u>319,961</u>	<u>775,596</u>
Fund Balances, Beginning of Year	<u>9,780,536</u>	<u>9,780,536</u>	<u>9,780,536</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 9,787,032</u>	<u>\$ 9,324,901</u>	<u>\$ 10,100,497</u>	<u>\$ 775,596</u>

CITY OF VICTORVILLE
Street Lighting Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes and assessments	\$ 1,825,968	\$ 1,825,968	\$ 1,744,685	\$ (81,283)
Intergovernmental	250,000	250,000	492,657	242,657
Investment income	-	-	22,723	22,723
Total Revenues	<u>2,075,968</u>	<u>2,075,968</u>	<u>2,260,065</u>	<u>184,097</u>
Expenditures:				
Current:				
Public works	2,198,959	2,259,073	1,922,881	336,192
Capital outlay	380,000	304,247	76,036	228,211
Total Expenditures	<u>2,578,959</u>	<u>2,563,320</u>	<u>1,998,917</u>	<u>564,403</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(502,991)</u>	<u>(487,352)</u>	<u>261,148</u>	<u>748,500</u>
Fund Balances, Beginning of Year	<u>1,888,891</u>	<u>1,888,891</u>	<u>1,888,891</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 1,385,900</u>	<u>\$ 1,401,539</u>	<u>\$ 2,150,039</u>	<u>\$ 748,500</u>

CITY OF VICTORVILLE
Traffic Safety Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Fines and forfeitures	\$ 35,000	\$ 35,000	\$ 55,289	\$ 20,289
Total Revenues	35,000	35,000	55,289	20,289
Expenditures:				
Current:				
Public safety	33,000	33,000	18,495	14,505
Total Expenditures	33,000	33,000	18,495	14,505
Excess of Revenues Over Expenditures	2,000	2,000	36,794	34,794
Other Financing Uses:				
Transfers out	(2,000)	(52,000)	(41,164)	10,836
Total Other Financing Uses	(2,000)	(52,000)	(41,164)	10,836
Net Change in Fund Balances	-	(50,000)	(4,370)	45,630
Fund Balances, Beginning of Year	13,673	13,673	13,673	-
Fund Balances, End of Year	\$ 13,673	\$ (36,327)	\$ 9,303	\$ 45,630

CITY OF VICTORVILLE
Asset Seizure Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 8,500	\$ 8,500	\$ 18,101	\$ 9,601
Investment income	-	-	913	913
Total Revenues	<u>8,500</u>	<u>8,500</u>	<u>19,014</u>	<u>10,514</u>
Expenditures:				
Current:				
Public safety	<u>71,247</u>	<u>71,247</u>	<u>40,054</u>	<u>31,193</u>
Total Expenditures	<u>71,247</u>	<u>71,247</u>	<u>40,054</u>	<u>31,193</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(62,747)</u>	<u>(62,747)</u>	<u>(21,040)</u>	<u>41,707</u>
Fund Balances, Beginning of year	<u>91,269</u>	<u>91,269</u>	<u>91,269</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 28,522</u>	<u>\$ 28,522</u>	<u>\$ 70,229</u>	<u>\$ 41,707</u>

CITY OF VICTORVILLE
Storm Drain Utility Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 1,519,776	\$ 1,519,776	\$ 1,548,945	\$ 29,169
Fines and forfeitures	15,000	15,000	14,282	(718)
Investment income	28,000	28,000	18,783	(9,217)
Other	-	-	4,462	4,462
Total Revenues	1,562,776	1,562,776	1,586,472	23,696
Expenditures:				
Current:				
Public works	1,653,599	1,681,044	1,363,848	317,196
Capital outlay	205,000	415,000	196,092	218,908
Total Expenditures	1,858,599	2,096,044	1,559,940	536,104
Excess (Deficiency) of Revenues Over (Under) Expenditures	(295,823)	(533,268)	26,532	559,800
Fund Balances, Beginning of Year	2,568,902	2,568,902	2,568,902	-
Fund Balances, End of Year	\$ 2,273,079	\$ 2,035,634	\$ 2,595,434	\$ 559,800

CITY OF VICTORVILLE
Gas Tax Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes and assessments	\$ 2,172,509	\$ 2,331,314	\$ 2,191,709	\$ (139,605)
Intergovernmental	3,087,107	3,194,892	2,928,658	(266,234)
Charges for services	7,000	7,000	6,643	(357)
Investment income	-	-	50,741	50,741
Other	-	-	3,682	3,682
Total Revenues	<u>5,266,616</u>	<u>5,533,206</u>	<u>5,181,433</u>	<u>(351,773)</u>
Expenditures:				
Current:				
Public works	3,195,431	3,254,243	2,924,321	329,922
Capital outlay	<u>2,211,500</u>	<u>4,491,305</u>	<u>19,666</u>	<u>4,471,639</u>
Total Expenditures	<u>5,406,931</u>	<u>7,745,548</u>	<u>2,943,987</u>	<u>4,801,561</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(140,315)</u>	<u>(2,212,342)</u>	<u>2,237,446</u>	<u>4,449,788</u>
Fund balances, Beginning of year	<u>3,716,876</u>	<u>3,716,876</u>	<u>3,716,876</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 3,576,561</u>	<u>\$ 1,504,534</u>	<u>\$ 5,954,322</u>	<u>\$ 4,449,788</u>

CITY OF VICTORVILLE
Transportation Tax Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 1,072,772	\$ 1,072,772	\$ 1,567,163	\$ 494,391
Charges for services	14,412	14,412	11,028	(3,384)
Investment income	-	-	39,838	39,838
Other	36,000	36,000	54,403	18,403
Total Revenues	<u>1,123,184</u>	<u>1,123,184</u>	<u>1,672,432</u>	<u>549,248</u>
Expenditures:				
Current:				
Public works	1,440,780	1,463,870	1,302,295	161,575
Capital outlay	45,000	1,037,454	551,587	485,867
Total Expenditures	<u>1,485,780</u>	<u>2,501,324</u>	<u>1,853,882</u>	<u>647,442</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(362,596)</u>	<u>(1,378,140)</u>	<u>(181,450)</u>	<u>1,196,690</u>
Fund Balances, Beginning of Year	<u>1,582,027</u>	<u>1,582,027</u>	<u>1,582,027</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 1,219,431</u>	<u>\$ 203,887</u>	<u>\$ 1,400,577</u>	<u>\$ 1,196,690</u>

CITY OF VICTORVILLE
Other State / Local Grants Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 3,489,652	\$ 3,489,652	\$ 2,246,339	\$ (1,243,313)
Investment income	-	-	10,012	10,012
Total Revenues	<u>3,489,652</u>	<u>3,489,652</u>	<u>2,256,351</u>	<u>(1,233,301)</u>
Expenditures:				
Current:				
Public safety	85,838	85,838	-	85,838
Community development	906,461	906,461	13,760	892,701
Public works	1,902,071	1,902,071	362,551	1,539,520
Capital outlay	<u>1,766,274</u>	<u>1,766,274</u>	<u>1,906,620</u>	<u>(140,346)</u>
Total Expenditures	<u>4,660,644</u>	<u>4,660,644</u>	<u>2,282,931</u>	<u>2,377,713</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,170,992)</u>	<u>(1,170,992)</u>	<u>(26,580)</u>	<u>1,144,412</u>
Fund Balances, Beginning of Year	<u>1,156,160</u>	<u>1,156,160</u>	<u>1,156,160</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ (14,832)</u>	<u>\$ (14,832)</u>	<u>\$ 1,129,580</u>	<u>\$ 1,144,412</u>

CITY OF VICTORVILLE
HUD Grants Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 8,098,174	\$ 7,870,047	\$ 1,782,164	\$ (6,087,883)
Investment income	57,595	717,094	32,456	(684,638)
Total Revenues	<u>8,155,769</u>	<u>8,587,141</u>	<u>1,814,620</u>	<u>(6,772,521)</u>
Expenditures:				
Current:				
Community development	4,225,720	4,970,070	810,505	4,159,565
Public works	657,848	653,802	311,012	342,790
Capital outlay	148,583	148,583	111,467	37,116
Total Expenditures	<u>5,032,151</u>	<u>5,772,455</u>	<u>1,232,984</u>	<u>4,539,471</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>3,123,618</u>	<u>2,814,686</u>	<u>581,636</u>	<u>(2,233,050)</u>
Other Financing Sources (Uses):				
Transfers in	659,499	-	-	-
Transfers out	(29,152)	-	-	-
Total Other Financing Sources (Uses)	<u>630,347</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	3,753,965	2,814,686	581,636	(2,233,050)
Fund Balances, Beginning of Year	<u>1,416,518</u>	<u>1,416,518</u>	<u>1,416,518</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 5,170,483</u>	<u>\$ 4,231,204</u>	<u>\$ 1,998,154</u>	<u>\$ (2,233,050)</u>

FIDUCIARY FUNDS

AGENCY FUNDS

Agency funds are one of four types of fiduciary funds. Agency funds are used to report resources held by the reporting government in a purely custodial capacity. Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

Deposit Fund

This fund accounts for various deposits that the City receives as trust deposits. These deposits are held by the City and returned to the depositor upon completion of projects or fulfillment of purpose. The Deposit Fund also includes agency activity of Cal-CLERA and CFD 07-01.

Community Facilities District 90-01

This fund accounts for the Brentwood, West Creek and Joshua Ridge assessment district in accordance with the Mello-Roos Community Facilities Act of 1982. The taxes received are for the payment made to the debt service related to this bond issuance. The debt is debt without government commitment of the City of Victorville.

Community Facilities District 07-01

This fund accounts for the Senna, Solana, and Sierra Project assessment district in accordance with the Mello-Roos Community Facilities Act of 1982. The taxes received are for the payment made to the debt service related to this bond issuance. The debt is debt without government commitment of the City of Victorville.

Community Facilities District 01-01

This fund accounts for the Eagle Ranch assessment district in accordance with the Mello-Roos Community Facilities Act of 1982. The taxes received are for the payment made to the debt service related to this bond issuance. The debt is debt without government commitment of the City of Victorville.

Regional Fire Protection Authority

This agency fund accounts for the agency activities of the City of Victorville on behalf of the Regional Fire Protection Agency.

Foxborough Rail

This fund accounts for the revenue and expenditures related to rail activities in the Foxborough area. The activities include lead track usage fees collected and reserved for maintenance and repair of the rail and related expenditures including contract services as related to rail maintenance and repair.

CITY OF VICTORVILLE
Agency Funds
Combining Statement of Assets and Liabilities
June 30, 2020

	Deposit Fund	Community Facilities District 90-01	Community Facilities District 07-01	Community Facilities District 01-01
ASSETS				
Cash and investments	\$ 3,069,386	\$ 77,618	\$ 187,175	\$ -
Restricted assets:				
Investments with fiscal agent	-	-	270,992	1,441,599
Accounts receivable	-	396	1,438	2,477
Total Assets	\$ 3,069,386	\$ 78,014	\$ 459,605	\$ 1,444,076
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ 184	\$ 982,746
Deposits payable	3,069,386	78,014	459,421	461,330
Total Liabilities	\$ 3,069,386	\$ 78,014	\$ 459,605	\$ 1,444,076

Regional Fire Protection Authority	Foxborough Rail	Totals
\$ 298,853	\$ 322,556	\$ 3,955,588
-	-	1,712,591
<u>-</u>	<u>12,101</u>	<u>16,412</u>
<u>\$ 298,853</u>	<u>\$ 334,657</u>	<u>\$ 5,684,591</u>
\$ -	\$ 7,554	\$ 990,484
<u>298,853</u>	<u>327,103</u>	<u>4,694,107</u>
<u>\$ 298,853</u>	<u>\$ 334,657</u>	<u>\$ 5,684,591</u>

CITY OF VICTORVILLE
Agency Funds
Combining Statement of Changes in Assets and Liabilities
Year ended June 30, 2020

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<u>Deposit Funds</u>				
Assets:				
Cash and investments	\$ 1,134,647	\$ 2,369,328	\$ (434,589)	\$ 3,069,386
Total Assets	<u>\$ 1,134,647</u>	<u>\$ 2,369,328</u>	<u>\$ (434,589)</u>	<u>\$ 3,069,386</u>
Liabilities:				
Deposits payable	\$ 1,134,647	\$ 2,460,742	\$ (526,003)	\$ 3,069,386
Total Liabilities	<u>\$ 1,134,647</u>	<u>\$ 2,460,742</u>	<u>\$ (526,003)</u>	<u>\$ 3,069,386</u>
<u>Community Facilities District 90-01</u>				
Assets:				
Cash and investments	\$ 77,268	\$ 2,969	\$ (2,619)	\$ 77,618
Accounts receivable	-	396	-	396
Total Assets	<u>\$ 77,268</u>	<u>\$ 3,365</u>	<u>\$ (2,619)</u>	<u>\$ 78,014</u>
Liabilities:				
Deposits payable	\$ 77,268	\$ 6,485	\$ (5,739)	\$ 78,014
Total Liabilities	<u>\$ 77,268</u>	<u>\$ 6,485</u>	<u>\$ (5,739)</u>	<u>\$ 78,014</u>
<u>Community Facilities District 07-01</u>				
Assets:				
Cash and investments	\$ 230,034	\$ 172,417	\$ (215,276)	\$ 187,175
Restricted assets:				
Investments with fiscal agent	300,502	210,833	(240,343)	270,992
Accounts receivable	760	1,438	(760)	1,438
Total Assets	<u>\$ 531,296</u>	<u>\$ 384,688</u>	<u>\$ (456,379)</u>	<u>\$ 459,605</u>
Liabilities:				
Accounts payable	\$ -	\$ 6,797	\$ (6,613)	\$ 184
Deposits payable	531,296	439,865	(511,740)	459,421
Total Liabilities	<u>\$ 531,296</u>	<u>\$ 446,662</u>	<u>\$ (518,353)</u>	<u>\$ 459,605</u>

CITY OF VICTORVILLE
Agency Funds
Combining Statement of Changes in Assets and Liabilities
Year ended June 30, 2020

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Community Facilities District 01-01</u>				
Assets:				
Cash and investments	\$ -	\$ 307,899	\$ (307,899)	\$ -
Restricted assets:				
Investments with fiscal agent	1,424,074	284,490	(266,965)	1,441,599
Accounts receivable	794	2,477	(794)	2,477
	<u>794</u>	<u>2,477</u>	<u>(794)</u>	<u>2,477</u>
Total Assets	<u>\$ 1,424,868</u>	<u>\$ 594,866</u>	<u>\$ (575,658)</u>	<u>\$ 1,444,076</u>
Liabilities:				
Accounts payable	\$ 957,154	\$ 65,145	\$ (39,553)	\$ 982,746
Deposits payable	467,714	714,864	(721,248)	461,330
	<u>467,714</u>	<u>714,864</u>	<u>(721,248)</u>	<u>461,330</u>
Total Liabilities	<u>\$ 1,424,868</u>	<u>\$ 780,009</u>	<u>\$ (760,801)</u>	<u>\$ 1,444,076</u>
<u>Regional Fire Protection Authority</u>				
Assets:				
Cash and investments	\$ 295,794	\$ 3,459	\$ (400)	\$ 298,853
Total Assets	<u>\$ 295,794</u>	<u>\$ 3,459</u>	<u>\$ (400)</u>	<u>\$ 298,853</u>
Liabilities:				
Deposits payable	\$ 295,794	\$ 5,059	\$ (2,000)	\$ 298,853
Total Liabilities	<u>\$ 295,794</u>	<u>\$ 5,059</u>	<u>\$ (2,000)</u>	<u>\$ 298,853</u>

CITY OF VICTORVILLE
Agency Funds
Combining Statement of Changes in Assets and Liabilities
Year ended June 30, 2020

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Foxborough Rail</u>				
Assets:				
Cash and investments	\$ 234,676	\$ 165,178	\$ (77,298)	\$ 322,556
Accounts receivable	6,000	33,101	(27,000)	12,101
Total Assets	<u>\$ 240,676</u>	<u>\$ 198,279</u>	<u>\$ (104,298)</u>	<u>\$ 334,657</u>
Liabilities:				
Accounts payable	\$ 14,734	\$ 62,770	\$ (69,950)	\$ 7,554
Deposits payable	225,942	477,590	(376,429)	327,103
Total Liabilities	<u>\$ 240,676</u>	<u>\$ 540,360</u>	<u>\$ (446,379)</u>	<u>\$ 334,657</u>
<u>Total-All Fiduciary Funds</u>				
Assets:				
Cash and investments	\$ 1,972,419	\$ 3,021,250	\$ (1,038,081)	\$ 3,955,588
Restricted assets:				
Investments with fiscal agent	1,724,576	495,323	(507,308)	1,712,591
Accounts receivable	7,554	37,412	(28,554)	16,412
Total Assets	<u>\$ 3,704,549</u>	<u>\$ 3,553,985</u>	<u>\$ (1,573,943)</u>	<u>\$ 5,684,591</u>
Liabilities:				
Accounts payable	\$ 971,888	\$ 134,712	\$ (116,116)	\$ 990,484
Deposits payable	2,732,661	4,104,605	(2,143,159)	4,694,107
Total Liabilities	<u>\$ 3,704,549</u>	<u>\$ 4,239,317</u>	<u>\$ (2,259,275)</u>	<u>\$ 5,684,591</u>

STATISTICAL SECTION

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 say about the City's overall financial health.

Contents	Page
Financial Trends	144-148
<i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	
Revenue Capacity	149-152
<i>These schedules contain information to help the reader assess the City's most significant local revenue source, property taxes.</i>	
Debt Capacity	153-158
<i>These schedules present information to help the reader assess the adorability of the City's current level of outstanding debt, and the City's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	159
<i>This schedule presents information to help the reader understand the environment within which the City's financial activities take place.</i>	
Operating Information	160-163
<i>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.</i>	

CITY OF VICTORVILLE
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)
(in thousands)

	<u>Fiscal Year</u>									
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Governmental activities										
Invested in capital assets, net of related debt	\$ 450,606	\$ 479,821	\$ 478,455	\$ 462,432	\$ 484,943	\$ 479,306	\$ 473,590	\$ 462,796	\$ 480,006	\$ 466,516
Restricted	85,008	27,686	48,921	45,594	44,922	56,682	58,111	58,571	63,733	77,665
Unrestricted	<u>(5,656)</u>	<u>(7,794)</u>	<u>(13,830)</u>	<u>(11,484)</u>	<u>(46,227)</u>	<u>(47,079)</u>	<u>(47,596)</u>	<u>(50,734)</u>	<u>(43,759)</u>	<u>(44,619)</u>
Total governmental activities net position	<u>529,958</u>	<u>499,712</u>	<u>513,546</u>	<u>496,542</u>	<u>483,638</u>	<u>488,909</u>	<u>484,105</u>	<u>470,633</u>	<u>499,980</u>	<u>499,563</u>
Business-type activities										
Invested in capital assets, net of related debt	416,397	418,557	363,671	188,425	150,794	66,591	59,439	64,164	49,262	42,900
Restricted	2,076	4,431	7,200	8,604	8,911	9,600	11,981	13,937	0	0
Unrestricted	<u>(290,967)</u>	<u>(296,361)</u>	<u>(199,817)</u>	<u>(26,466)</u>	<u>(35,217)</u>	<u>54,098</u>	<u>48,212</u>	<u>24,147</u>	<u>33,883</u>	<u>42,640</u>
Total business-type activities net position	<u>127,506</u>	<u>126,628</u>	<u>171,054</u>	<u>170,563</u>	<u>124,488</u>	<u>130,290</u>	<u>119,632</u>	<u>102,248</u>	<u>83,145</u>	<u>85,541</u>
Primary government										
Invested in capital assets, net of related debt	867,003	898,378	842,126	650,857	635,737	545,897	533,029	526,960	529,267	509,416
Restricted	87,085	32,117	56,121	54,198	53,833	66,282	70,092	72,508	63,733	77,665
Unrestricted	<u>(296,623)</u>	<u>(304,155)</u>	<u>(213,647)</u>	<u>(37,951)</u>	<u>(81,444)</u>	<u>7,020</u>	<u>616</u>	<u>(26,587)</u>	<u>(9,876)</u>	<u>(1,978)</u>
Total primary government net position	<u>\$ 657,464</u>	<u>\$ 626,340</u>	<u>\$ 684,600</u>	<u>\$ 667,104</u>	<u>\$ 608,125</u>	<u>\$ 619,199</u>	<u>\$ 603,738</u>	<u>\$ 572,881</u>	<u>\$ 583,124</u>	<u>\$ 585,104</u>

CITY OF VICTORVILLE
CHANGE IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)
(in thousands)

	<u>Fiscal Year</u>									
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Expenses										
<i>Governmental activities:</i>										
General government	\$ 17,037	\$ 4,977	\$ 13,691	\$ 14,342	\$ 12,188	\$ 12,121	\$ 8,982	\$ 21,271	\$ 19,256	\$ 20,924
Public safety	35,416	30,724	32,422	35,679	36,066	35,624	37,719	37,294	45,498	42,413
Community Development	6,037	1,589	4,094	2,931	1,780	1,646	5,375	1,696	1,552	1,314
Public works	24,164	31,675	29,846	33,472	28,856	31,972	33,835	29,076	28,971	31,103
Park and recreation	6,313	4,550	4,509	4,395	3,188	4,911	5,245	5,113	6,090	6,826
Interest on long-term debt	<u>2,457</u>	<u>1,397</u>	<u>74</u>	<u>61</u>	<u>63</u>	<u>102</u>	<u>177</u>	<u>44</u>	<u>112</u>	<u>104</u>
<i>Total governmental activities expenses</i>	<u>91,425</u>	<u>74,913</u>	<u>84,637</u>	<u>90,880</u>	<u>82,141</u>	<u>86,376</u>	<u>91,332</u>	<u>94,493</u>	<u>101,481</u>	<u>102,684</u>
<i>Business-type activities</i>										
Sanitary Sewer	11,150	10,555	11,114	12,415	13,523	11,960	12,651	17,019	14,994	17,314
Golf course	2,526	2,372	2,419	2,231	1,716	1,566	1,507	1,544	439	-
Airport	45,010	33,583	30,845	32,528	35,453	31,597	32,742	37,406	32,756	34,860
Water	27,143	29,782	29,842	28,419	30,298	33,851	40,185	35,431	41,110	39,439
Rail	1,748	269	275	269	-	-	-	-	-	-
Solid Waste	11,642	11,398	12,383	13,011	13,144	14,197	15,467	16,614	16,516	17,850
Municipal utility - electric	-	-	-	-	-	-	-	-	-	11,717
Municipal utility - gas	-	-	-	-	-	-	-	-	-	2,353
Municipal utilities	<u>12,806</u>	<u>12,236</u>	<u>11,767</u>	<u>10,747</u>	<u>11,603</u>	<u>11,016</u>	<u>10,479</u>	<u>12,967</u>	<u>13,568</u>	<u>-</u>
<i>Total business-type activities expenses</i>	<u>112,025</u>	<u>100,195</u>	<u>98,645</u>	<u>99,621</u>	<u>105,736</u>	<u>104,186</u>	<u>113,031</u>	<u>120,982</u>	<u>119,383</u>	<u>123,533</u>
Total primary government expenses	<u>203,450</u>	<u>175,108</u>	<u>183,282</u>	<u>190,501</u>	<u>187,877</u>	<u>190,563</u>	<u>204,363</u>	<u>215,475</u>	<u>220,864</u>	<u>226,216</u>
Program Revenues										
<i>Governmental activities:</i>										
Charges for services:										
General government	4,330	2,860	3,559	4,351	4,203	3,136	3,221	5,493	9,144	10,240
Public safety	1,552	1,409	1,425	2,451	1,570	874	720	575	571	887
Community development	18	2,593	1,528	3,896	960	1,950	3,163	2,874	5,163	5,800
Public works	4,738	4,216	3,532	15,236	3,519	4,142	4,745	4,560	4,591	4,905
Parks and recreation	1,517	939	890	917	935	930	956	876	856	569
Operating grants and contributions	15,062	5,309	18,266	5,859	5,191	15,165	10,654	3,964	6,947	4,555
Capital contributions and grants	13	6,818	6,940	9,251	7,745	10,626	8,076	4,702	10,312	11,916
<i>Total governmental activities program revenues</i>	<u>27,231</u>	<u>24,143</u>	<u>36,139</u>	<u>41,962</u>	<u>24,123</u>	<u>36,822</u>	<u>31,537</u>	<u>23,044</u>	<u>37,584</u>	<u>38,873</u>
<i>Business-type activities:</i>										
Charges for services:										
Sanitary Sewer	12,821	12,608	14,934	14,729	15,560	13,381	11,374	11,694	13,196	14,663
Golf course	889	1,160	1,171	849	395	583	432	470	-	-
Airport	9,206	9,070	8,204	8,184	8,110	8,027	6,949	7,531	9,315	11,198
Water	23,901	26,558	26,207	27,470	25,978	27,704	31,146	30,907	31,820	35,607
Solid Waste	12,539	11,528	12,069	12,004	12,342	12,716	13,965	14,336	17,546	18,867
Municipal utility - electric	-	-	-	-	-	-	-	-	-	13,207
Municipal utility - gas	-	-	-	-	-	-	-	-	-	2,674
Municipal utilities	<u>9,597</u>	<u>10,290</u>	<u>11,270</u>	<u>12,464</u>	<u>13,638</u>	<u>13,899</u>	<u>14,483</u>	<u>13,885</u>	<u>14,882</u>	<u>-</u>
Operating grants and contributions	4,283	10,635	10,912	-	-	-	-	-	-	-
Capital contributions and grants	<u>14,652</u>	<u>11,847</u>	<u>11,557</u>	<u>2,657</u>	<u>54</u>	<u>6,263</u>	<u>2,297</u>	<u>5,178</u>	<u>12,688</u>	<u>6,393</u>
<i>Total business-type activities program revenues</i>	<u>87,888</u>	<u>93,696</u>	<u>96,324</u>	<u>78,356</u>	<u>76,076</u>	<u>82,573</u>	<u>80,647</u>	<u>84,002</u>	<u>99,446</u>	<u>102,608</u>
Total primary government program revenues	<u>\$115,118</u>	<u>\$117,839</u>	<u>\$132,463</u>	<u>\$120,318</u>	<u>\$100,199</u>	<u>\$119,395</u>	<u>\$112,184</u>	<u>\$107,046</u>	<u>\$137,031</u>	<u>\$141,481</u>

CITY OF VICTORVILLE
CHANGE IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)
(in thousands)

	<u>Fiscal Year</u>									
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Net (expense) revenue										
Governmental activities	\$ (64,194)	\$ (50,770)	\$ (48,498)	\$ (48,918)	\$ (58,018)	\$ (49,554)	\$ (59,796)	\$ (71,449)	\$ (63,897)	\$ (63,811)
Business-type activities	(24,137)	(6,499)	(2,321)	(21,265)	(29,660)	(21,614)	(32,384)	(36,980)	(19,937)	(20,924)
Total primary government net expense	<u>(88,331)</u>	<u>(57,269)</u>	<u>(50,818)</u>	<u>(70,183)</u>	<u>(87,678)</u>	<u>(71,168)</u>	<u>(92,180)</u>	<u>(108,429)</u>	<u>(83,833)</u>	<u>(84,735)</u>
General Revenues and Other Changes in Net Position										
<i>Governmental activities:</i>										
Taxes:										
Property taxes	23,999	26,967	21,926	21,522	22,138	23,752	24,097	25,662	27,202	28,211
Sales taxes	11,427	16,431	20,671	22,329	24,085	28,212	26,802	26,653	30,629	28,566
Transient occupancy tax	794	709	841	881	1,064	1,074	1,138	1,305	1,487	1,539
Other taxes	27,858	6,378	2,684	2,892	3,000	3,039	2,840	3,737	3,816	3,988
Investment income	881	297	169	138	68	158	478	726	1,148	574
Motor vehicle in lieu	567	61	51	-	-	-	-	-	-	-
Gain on sale of assets	-	(3)	-	31	55	-	-	-	-	-
Miscellaneous revenues	54	522	691	190	314	201	192	377	384	515
SERAF Obligation	(2,545)	-	-	-	-	-	-	-	-	-
Transfers	(22,987)	(1,099)	(2,328)	992	24,090	(779)	(554)	(521)	26,795	-
Extraordinary Gain	-	(29,740)	-	-	-	-	-	-	-	-
Legal Settlement	-	-	1,754	34	-	-	-	-	-	-
<i>Total governmental activities</i>	<u>40,049</u>	<u>20,524</u>	<u>46,459</u>	<u>47,024</u>	<u>74,815</u>	<u>55,657</u>	<u>54,992</u>	<u>57,940</u>	<u>91,461</u>	<u>63,394</u>
<i>Business-type activities:</i>										
Taxes	27	541	521	18,418	19,781	24,879	25,918	29,070	24,659	20,772
Other Taxes	710	-	-	-	177	-	-	-	-	-
Investment income	1,773	1,749	200	192	-	1,002	726	1,828	2,374	1,918
Gain on sale of assets	402	538	60	-	-	125	17	290	-	-
Miscellaneous revenues	799	961	1,768	1,902	2,003	1,432	1,779	1,099	190	630
Impairment loss on Capital assets	-	-	-	-	(24,090)	-	-	-	-	-
Legal Settlement	-	-	52,246	-	-	-	-	-	-	-
Transfers	22,987	1,099	2,328	992	-	779	554	521	(26,795)	-
<i>Total business-type activities</i>	<u>26,698</u>	<u>4,888</u>	<u>57,123</u>	<u>21,505</u>	<u>(2,129)</u>	<u>28,217</u>	<u>28,993</u>	<u>32,808</u>	<u>429</u>	<u>23,320</u>
Total primary government	<u>66,747</u>	<u>25,411</u>	<u>103,582</u>	<u>68,529</u>	<u>72,686</u>	<u>83,874</u>	<u>83,985</u>	<u>90,748</u>	<u>91,890</u>	<u>86,714</u>
Change in Net Position										
Governmental activities	(24,145)	(30,246)	(2,039)	(1,894)	16,797	6,103	(4,803)	(13,510)	27,564	(417)
Business-type activities	2,561	(1,612)	54,803	240	(31,789)	6,604	(3,392)	(4,171)	(19,508)	2,396
Total primary government	<u>\$ (21,584)</u>	<u>\$ (31,858)</u>	<u>\$ 52,764</u>	<u>\$ (1,654)</u>	<u>\$ (14,992)</u>	<u>\$ 12,706</u>	<u>\$ (8,195)</u>	<u>\$ (17,681)</u>	<u>\$ 8,056</u>	<u>\$ 1,979</u>

CITY OF VICTORVILLE
 FUND BALANCES OF GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 (modified accrual basis of accounting)
 (in thousands)

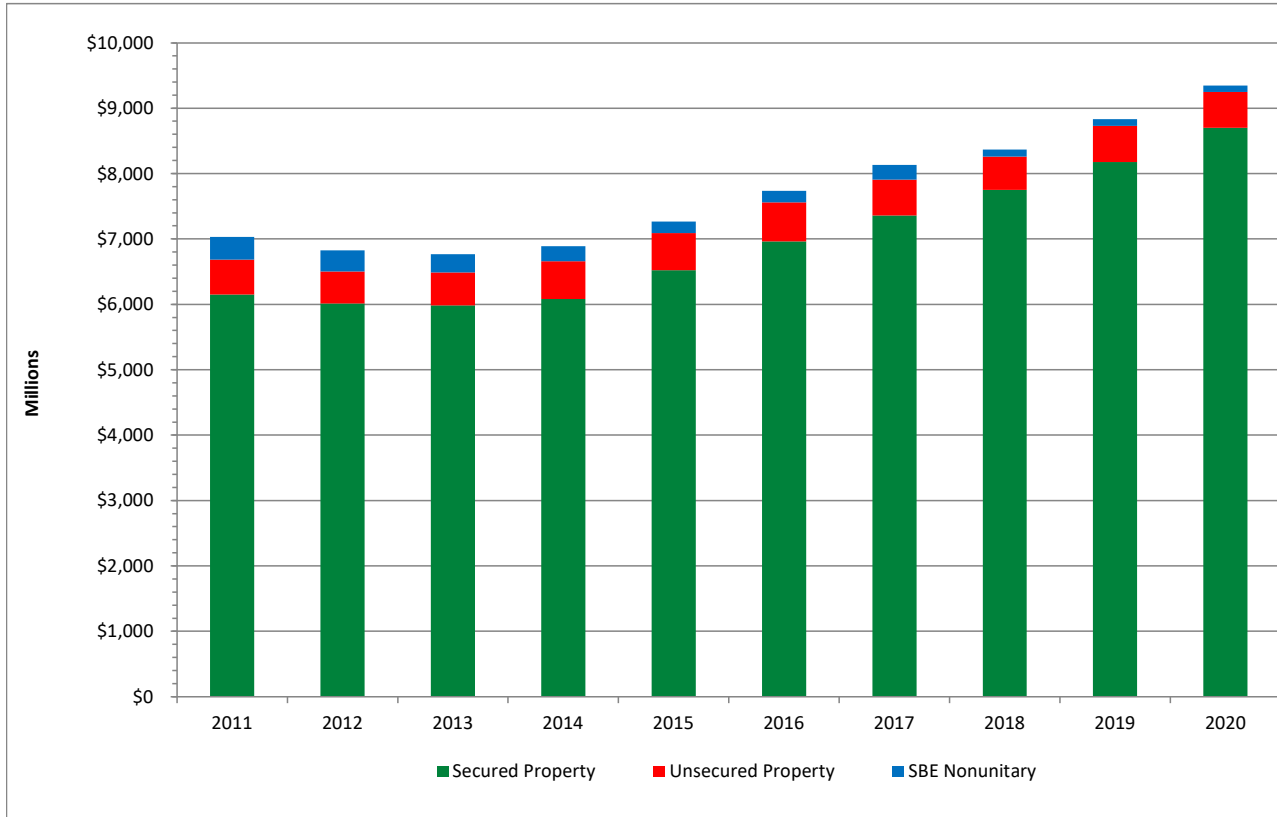
	Fiscal Year									
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
General fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-	-	-	-	-	-
Nonspendable	2,322	67	211	179	195	192	172	472	7,236	6,225
Restricted	-	14	30	30	-	-	-	-	-	-
Unassigned	<u>782</u>	<u>3,661</u>	<u>5,047</u>	<u>4,595</u>	<u>3,238</u>	<u>4,630</u>	<u>5,181</u>	<u>6,179</u>	<u>12,812</u>	<u>18,110</u>
Total general fund	<u>3,104</u>	<u>3,742</u>	<u>5,288</u>	<u>4,804</u>	<u>3,433</u>	<u>4,822</u>	<u>5,353</u>	<u>6,651</u>	<u>20,049</u>	<u>24,335</u>
All other governmental funds										
Reserved, reported in:										
Special revenue funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital project funds	-	-	-	-	-	-	-	-	-	-
Debt service funds	-	-	-	-	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	-	-	-	-	-	-	-	-	-	-
Capital project funds	-	-	-	-	-	-	-	-	-	-
Debt service funds	-	-	-	-	-	-	-	-	-	-
Nonspendable	1,347	8,547	212	180	195	194	174	474	04	11
Restricted	86,617	20,673	48,494	43,869	44,922	56,305	58,108	60,819	62,198	75,962
Assigned	-	-	573	1,911	-	-	-	-	-	-
Unassigned	<u>(1,327)</u>	<u>(4,390)</u>	<u>(2,843)</u>	<u>(1,543)</u>	<u>(3,111)</u>	<u>(2,587)</u>	<u>(882)</u>	<u>(2,487)</u>	<u>(7,599)</u>	<u>(4,120)</u>
Total all other governmental funds	<u>86,637</u>	<u>24,830</u>	<u>46,436</u>	<u>44,417</u>	<u>42,006</u>	<u>53,912</u>	<u>57,400</u>	<u>58,807</u>	<u>54,602</u>	<u>71,853</u>

CITY OF VICTORVILLE
 CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 (modified accrual basis of accounting)
 (in thousands)

	<u>Fiscal Year</u>									
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Revenue										
Taxes	\$ 43,379	\$ 50,456	\$ 46,123	\$ 47,624	\$ 50,287	\$ 55,966	\$ 54,877	\$ 57,357	\$ 65,402	\$ 64,092
Licenses and permits	5,302	1,198	1,107	1,230	1,533	1,387	1,463	1,863	2,633	2,786
Intergovernmental	33,265	8,649	9,928	17,249	13,833	25,947	19,293	8,404	8,920	14,651
Charges for services	9,197	10,606	9,256	10,480	9,587	11,627	13,247	15,016	17,236	23,306
Fines and forfeitures	1,292	1,037	1,355	1,142	1,308	737	793	514	473	418
Investment income	399	297	169	138	68	158	478	726	966	1,437
Sale of assets	-	-	-	-	-	-	(3,544)	-	-	-
Legal Settlement	-	-	1,754	34	-	-	-	-	-	-
Other	1,050	522	203	190	314	201	192	464	532	849
Total revenues	\$ 93,885	\$ 72,765	\$ 69,894	\$ 78,086	\$ 76,930	\$ 96,022	\$ 86,798	\$ 84,345	\$ 96,164	\$ 107,539
Expenditures										
General government	11,567	8,610	8,218	9,751	11,171	9,676	9,272	11,105	10,625	11,650
Public safety	29,050	30,360	32,061	34,272	35,674	35,875	37,855	39,185	45,004	41,731
Community development	5,063	2,722	3,930	2,788	1,769	1,438	1,899	1,629	1,118	1,128
Public works	19,798	29,116	18,481	23,697	28,349	31,956	29,412	26,185	17,781	18,926
Park and recreation	5,178	2,797	3,022	2,866	2,956	3,363	3,746	3,739	4,047	4,238
Capital Outlay*	-	-	-	-	-	-	-	-	21,593	8,068
Debt services:										
Principal	1,231	1,067	32	6,082	-	-	-	-	-	153
Interest & Fiscal agent charges	2,463	1,397	74	61	63	102	177	44	74	109
SERAF Obligation	2,545	-	-	-	-	-	-	-	-	-
Total expenditures	\$ 76,896	\$ 76,069	\$ 65,818	\$ 79,516	\$ 79,982	\$ 82,411	\$ 82,362	\$ 81,887	\$ 100,243	\$ 86,002
Excess of revenues over (under) expenditures	16,989	(3,305)	4,075	(1,430)	(3,052)	13,611	4,437	2,458	(4,080)	21,537
Other financing sources (uses):										
Capital lease proceeds	-	-	-	-	-	-	-	-	1,201	\$ -
Transfer in	2,776	5,832	21,519	365	1,289	218	246	80	18,424	41
Transfer out	(25,763)	(6,931)	(2,653)	(1,327)	(2,200)	(997)	(800)	(601)	(6,649)	(41)
Gain (loss) on sale of assets	-	-	-	31	55	1,058	156	28	-	-
Total other financing sources(uses)	(22,987)	(1,099)	18,866	(931)	(856)	280	(398)	(494)	12,977	\$ -
Extraordinary gain(loss)	-	(65,439)	-	-	-	-	-	-	-	-
Net change in fund balances	(5,997)	(69,843)	22,941	(2,361)	(3,908)	13,890	4,039	1,964	8,897	21,537
Debt service as a percentage of noncapital expenditures	4.8%	3.2%	0.2%	7.7%	0.1%	0.1%	0.2%	0.1%	0.1%	0.3%

*Starting in FY2019, Capital outlay was broken out of categorical expenditures

CITY OF VICTORVILLE
 ASSESSED VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS



<u>Fiscal Year</u>	<u>Secured Property</u>	<u>Unsecured Property</u>	<u>SBE Nonunitary</u>	<u>Total Assessed</u>	<u>Total Direct Tax Rate</u>
2011	6,152,107,952	531,098,592	349,464,067	7,032,670,611	20.40%
2012	6,015,259,937	486,592,953	324,863,210	6,826,716,100	20.63%
2013	5,983,453,352	502,968,659	279,763,216	6,766,185,227	21.62%
2014	6,079,669,684	578,809,444	232,263,205	6,890,742,333	18.33%
2015	6,523,751,292	563,911,351	180,492,248	7,268,154,891	18.25%
2016	6,961,515,866	598,447,036	177,480,228	7,737,443,130	18.24%
2017	7,358,274,302	548,314,490	225,429,163	8,132,017,955	18.23%
2018	7,751,404,680	507,854,639	106,929,139	8,366,188,458	18.22%
2019	8,173,462,255	553,108,056	104,329,108	8,830,899,419	18.21%
2020	8,697,654,376	549,306,339	98,788,971	9,345,749,686	18.20%

In 1978, the voters of the State of California passed Proposition 13 which limited taxes to a total Maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of the property may be increased by an "inflation factor" (limited to a maximum of 2%). With few exceptions, property is only reassessed as a result of new construction activity or at the time it is sold to a new owner. At that point, the property is reassessed based upon the added value of the construction or at the purchase price (market value) or economic value of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitation described above.

Source: County of San Bernardino Assessor and HdL, Coren & Cone

CITY OF VICTORVILLE
 DIRECT AND OVERLAPPING PROPERTY TAX RATES
 LAST TEN FISCAL YEARS

RATE PER \$100 OF TAXABLE VALUE

	<u>Fiscal Year</u>									
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Basic Levy*	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Adelanto Elementary Bond	0.0578	0.0665	0.0707	0.0746	0.0810	0.0797	0.0830	0.0871	0.0970	0.0835
Mojave Water Agency	0.1675	0.1675	0.1675	0.1675	0.1675	0.1675	0.1675	0.1675	0.1675	0.1675
Oro Grande Elementary Bond	0.0344	0.0348	0.0381	0.0377	0.0379	0.0378	0.0898	(0.0102)	0.0000	0.0000
Victor Elementary Bond	0.0900	0.0932	0.1026	0.1086	0.1022	0.1124	0.1162	0.1216	0.1204	0.0406
Victor High School Bond	0.0574	0.0619	0.0768	0.0792	0.0770	0.0716	0.0986	0.0915	0.0958	0.0703
Victor Valley Community College Bond	0.0306	0.0253	0.0274	0.0264	0.0262	0.0197	0.0174	0.0198	0.0181	0.0181
Total Direct and Overlapping Tax Rates	1.4377	1.4492	1.4831	1.4940	1.4918	1.4887	1.5725	1.4773	1.4988	1.3800
City's basic rate**	0.1605	0.1605	0.1605	0.1605	0.1605	0.1605	0.1605	0.1605	0.1605	0.1605
Total Direct Rate^	0.2040	0.2063	0.2162	0.1833	0.1825	0.1824	0.1823	0.1822	0.1821	0.1820

Notes:

* In 1978, California voters passed Proposition 13 which set the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.

** City's Share of 1% Levy is based on the City's share of the general fund tax rate area with the largest net taxable value within the city. ERAF general fund tax shifts may not be included in the ratio figures.

^ Total Direct Rate is the weighted average of all individual direct rates applied by the government preparing the statistical section information and excludes revenues derived from aircraft. Beginning in 2013/14 the Total Direct Rate no longer includes revenue generated from the former redevelopment tax rate areas. Challenges to recognized enforceable obligations are assumed to have been resolved during 2012/13. For the purposes of this report, residual revenue is assumed to be distributed to the City in the same proportions as general fund revenue.

Source: San Bernardino County Auditor/ Controller's Office and HDL, Coren & Cone

CITY OF VICTORVILLE
 PRINCIPAL PROPERTY TAXPAYERS
 Current Year and Nine Years Ago

<u>Taxpayer</u>	<u>2020</u>		<u>2011</u>	
	<u>Taxable Assessed Value</u>	<u>Percentage of Total City Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Percentage of Total City Taxable Assessed Value</u>
Macerich Victor Valley	\$ 140,362,483	1.50%	\$ 128,558,217	1.83%
Stirling Capital Investments	120,519,097	1.29%	74,507,994	1.06%
High Desert Power Trust	98,000,000	1.05%	348,271,000	4.95%
Prime A Investments LLC	79,836,612	0.85%	36,656,505	0.52%
Cemex Construction Materials Pacific	72,208,695	0.77%	66,092,377	0.94%
Nutro Products Inc.	71,419,499	0.76%	99,559,703	1.42%
Walmart Stores Inc.	64,396,778	0.69%	35,668,812	0.51%
The American Bottling Company	58,171,377	0.62%	35,665,321	0.51%
Federal Express Corporation	57,633,912	0.62%		
Veyron KDP 1 Partners	49,193,559	0.53%		
Dr. Pepper Seven Up Inc.			65,319,668	0.93%
Federal National Mortgage Association			35,610,216	0.51%
	<u>\$ 842,902,834</u>	<u>9.54%</u>	<u>\$ 1,004,541,685</u>	<u>12.89%</u>

Data is only presented for the top ten property in each of the two years presented.

Source: HdL Coren & Cone

CITY OF VICTORVILLE
PROPERTY TAX LEVIES AND COLLECTIONS BY DISTRICT
LAST TEN FISCAL YEARS

<i>Fire District***</i>	Tax Levy	Current Tax Collections	Percent of Total Tax Collections to Tax Levy
2011	-	-	0.00%
2012	-	-	0.00%
2013	-	-	0.00%
2014	-	-	0.00%
2015	-	-	0.00%
2016	-	-	0.00%
2017	-	-	0.00%
2018	-	-	0.00%
2019	-	-	0.00%
2020	-	-	0.00%

<i>Park District***</i>	Tax Levy	Current Tax Collections	Percent of Total Tax Collections to Tax Levy
2011	-	-	0.00%
2012	-	-	0.00%
2013	-	-	0.00%
2014	-	-	0.00%
2015	-	-	0.00%
2016	-	-	0.00%
2017	-	-	0.00%
2018	-	-	0.00%
2019	-	-	0.00%
2020	-	-	0.00%

<i>Sanitary District**</i>	Tax Levy	Current Tax Collections	Percent of Total Tax Collections to Tax Levy
2011	-	-	0.00%
2012	-	-	0.00%
2013	-	-	0.00%
2014	-	-	0.00%
2015	-	-	0.00%
2016	-	-	0.00%
2017	-	-	0.00%
2018	-	-	0.00%
2019	-	-	0.00%
2020	-	-	0.00%

<i>Street Lighting District</i>	Tax Levy	Current Tax Collections	Percent of Total Tax Collections to Tax Levy
2011	575,210	553,697	96.26%
2012	576,592	575,926	99.88%
2013	651,767	648,817	99.55%
2014	718,124	713,835	99.40%
2015	751,196	737,646	98.20%
2016	814,455	764,955	93.92%
2017	725,345	723,720	99.78%
2018	706,459	704,679	99.75%
2019	735,987	734,996	99.87%
2020	756,545	754,972	99.79%

*In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only reassessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above. As the City of Victorville did not receive property taxes during the period of 1976-1978, the City negotiated its relative 1% share of taxes. Additional tax levy is based on the districts above.

** In fiscal year 2010, LAFCO approved consolidation of Sanitary District to the City. This property tax revenue is currently recorded in the General Fund.

*** In fiscal year 2011, LAFCO approved consolidation of Fire and Park Districts to the City. This property tax revenue is currently recorded in the General Fund.

Source: San Bernardino County Assessor's Office

CITY OF VICTORVILLE
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(in thousands)

Governmental Activities

<u>Fiscal Year</u>	<u>Certificate of Participation</u>	<u>Tax Allocation Bonds*</u>	<u>Capital Lease Agreement</u>	<u>Other**</u>	<u>Total Governmental Activities</u>
2011	\$ -	\$ 42,395	\$ 142	\$ 9,669	\$ 52,207
2012	\$ -	\$ -	\$ -	\$ 13,821	\$ 13,821
2013	\$ -	\$ -	\$ -	\$ 21,933	\$ 21,933
2014	\$ -	\$ -	\$ -	\$ 45,100	\$ 45,100
2015	\$ -	\$ -	\$ -	\$ 44,078	\$ 44,078
2016	\$ -	\$ -	\$ -	\$ 33,111	\$ 33,111
2017	\$ -	\$ -	\$ -	\$ 59,503	\$ 59,503
2018	\$ -	\$ -	\$ -	\$ 65,026	\$ 65,026
2019	\$ -	\$ -	\$ 1,201	\$ 62,594	\$ 63,795
2020	\$ -	\$ -	\$ -	\$ 70,349	\$ 70,349

*In 2012, the Redevelopment Agency dissolution caused the bonds to go to the Successor Agency to the Redevelopment Agency, a private purpose trust.

** In Fiscal Year 2015, the City implemented GASB68, which adjusted the amount for 2014 to reflect prior Net Pension Liability. In Fiscal Year 2018, the City implemented GASB75 which adjusted the amount for 2017 to reflect prior Net OPEB Liability.

Source: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

CITY OF VICTORVILLE
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(in thousands)

Business-Type Activities

Fiscal Year	Lease Purchase Agreement	Tax Allocation Bonds	Lease Revenue Bonds	Revenue Bonds[^]	Certificate of Participation	Other	Total Business-Type Activities	Total Primary Government	Debt Per Capita*	% of Personal Income*
2011	\$ 1,852	\$ 323,469	\$ 83,470	\$ -	\$ 13,990	\$ 7,110	\$ 429,891	\$ 482,097	4,301	267.49
2012	\$ 1,500	\$ 327,034	\$ 83,070	\$ -	\$ 13,630	\$ -	\$ 425,234	\$ 439,055	3,688	226.85
2013	\$ 1,133	\$ 321,469	\$ 53,070	\$ 1,543	\$ 13,260	\$ 2,791	\$ 393,265	\$ 415,198	3,449	215.49
2014	\$ 748	\$ 321,508	\$ 53,070	\$ 1,353	\$ 12,875	\$ 16,418	\$ 405,972	\$ 451,072	3,741	229.37
2015	\$ 347	\$ 318,564	\$ 53,070	\$ 1,155	\$ 12,465	\$ 13,651	\$ 399,252	\$ 443,330	3,680	228.88
2016	\$ -	\$ 314,936	\$ 53,070	\$ 945	\$ 12,035	\$ 13,866	\$ 394,851	\$ 427,962	3,465	225.42
2017	\$ -	\$ 311,741	\$ 51,925	\$ 725	\$ 10,360	\$ 21,160	\$ 395,910	\$ 455,413	3,686	238.40
2018	\$ -	\$ 308,400	\$ 50,720	\$ 495	\$ 10,025	\$ 35,661	\$ 405,301	\$ 470,327	3,806	234.98
2019	\$ -	\$ 300,964	\$ 49,450	\$ 253	\$ 9,675	\$ 20,481	\$ 380,822	\$ 444,618	3,514	208.77
2020	\$ -	\$ 294,282	\$ 48,214	\$ -	\$ 9,310	\$ 40,902	\$ 392,709	\$ 463,058	3,663	200.58

[^] In Fiscal Year 2007, the City reclassified Solid Waste from Governmental activities to Business- type activities. Thus, the revenue bond for this fund was also reclassified.

** In Fiscal Year 2015, the City implemented GASB68, which adjusted the amount for 2014 to reflect prior Net Pension Liability. In Fiscal Year 2018, the City implemented GASB75 which adjusted the amount for 2017 to reflect prior Net OPEB Liability.

* This ratio is calculated using population and personal income for the prior calendar year.

Source: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

CITY OF VICTORVILLE
RATIO OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Certificate of Participation</u>	<u>Revenue Bonds</u>	<u>Tax Allocation Bonds</u> [□]	<u>Total</u>	<u>Percentage Assessed Value*</u>	<u>Per Capita</u>
2011	-	-	42,395,000	42,395,000	0.60%	378.20
2012	-	-	-	-	0.00%	-
2013	-	-	-	-	0.00%	-
2014	-	-	-	-	0.00%	-
2015	-	-	-	-	0.00%	-
2016	-	-	-	-	0.00%	-
2017	-	-	-	-	0.00%	-
2018	-	-	-	-	0.00%	-
2019	-	-	-	-	0.00%	-
2020	-	-	-	-	0.00%	-

□ The dissolution of the Redevelopment Agency in fiscal year 2012 caused the Tax Allocation bonds, liabilities of the former Redevelopment Agency, to be transferred to the Successor Agency , a private purpose trust fund.

* Assessed value has been used because the actual value of taxable property is not readily available in the State of California.

Source: City of Victorville Comprehensive Annual Financial Reports FY20

CITY OF VICTORVILLE
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(amounts expressed in thousands)

	<u>Fiscal Year</u>									
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Debt Limit	\$1,054,901	\$1,024,007	\$1,014,928	\$1,033,611	\$1,090,223	\$1,160,616	\$1,219,803	\$1,254,928	\$1,324,635	\$1,401,862
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>1,054,901</u>	<u>1,024,007</u>	<u>1,014,928</u>	<u>1,033,611</u>	<u>1,090,223</u>	<u>1,160,616</u>	<u>1,219,803</u>	<u>1,254,928</u>	<u>1,324,635</u>	<u>1,401,862</u>
Total net debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Legal Debt Margin Calculation for Fiscal Year 2020

Assessed value	\$9,345,750
Debt Limit (15% of total assessed value)	1,401,862
Debt applicable to limit:	
General obligation bond	-
Less: Amount set aside for	-
Total net debt applicable to limit	-
Legal debt margin	<u>\$1,401,862</u>

Note: Under state finance law, the City of Victorville's outstanding general obligation debt should not exceed 15 percent of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying obligation bonds.

Source: HdL Companies

CITY OF VICTORVILLE
DIRECT AND OVERLAPPING DEBT

2019-20 Assessed Valuation: \$9,343,514,086

	Total Debt		City's Share of
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>6/30/2020</u>	<u>% Applicable (1)</u>	<u>Debt 6/30/20</u>
Victor Valley Joint Community College District	\$161,846,762	28.44%	\$46,034,075
Victor Valley Joint Union High School District	117,822,038	62.075	73,138,030
Adelanto School District	3,987,394	42.702	1,702,697
Victor School District	52,832,584	84.002	44,380,427
Mojave Water Agency Assessments	4,835,000	24.662	1,192,408
Adelanto School District Community Facilities District No. 1, I.A. A	14,010,000	100	14,010,000
Adelanto School District Community Facilities District No.2	7,055,000	100	7,055,000
Hesperia Unified School District Community Facilities Districts	8,625,000	100	8,625,000
Snowline Joint Unified School District Community Facilities Districts	9,810,000	100	9,810,000
Victor School District Community Facilities Districts	28,240,000	100	28,240,000
Victor Valley Joint Union High School District Community Facilities Districts	5,355,000	100	5,355,000
City of Victorville Community Facilities Districts	5,465,000	100	<u>5,465,000</u>
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$245,007,637
 <u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>			
San Bernardino County General Fund Obligations	\$239,140,000	3.94%	\$9,426,899
San Bernardino Pension Obligation Bonds	237,212,638	3.942	9,350,922
San Bernardino County Flood Control District General Fund Obligations	57,155,000	3.942	2,253,050
Victor Valley Union High School District Certificates of Participation	21,700,000	62.075	13,470,275
Hesperia Unified School District Certificates of Participation	118,665,000	7.351	8,723,064
Snowline Joint Unified School District Certificates of Participation	63,335,000	14.475	9,167,741
Adelanto School District Certificates of Participation	6,745,000	42.702	2,880,250
Oro Grande School District Certificates of Participation	34,950,000	0.61	213,195
City of Victorville General Fund Obligations	0	100	0
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$55,485,396
 <u>OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):</u>	 \$322,729,925	 66.308 - 100. %	 \$224,878,274
 TOTAL DIRECT DEBT			 \$0
TOTAL OVERLAPPING DEBT			\$525,371,307
 COMBINED TOTAL DEBT			 \$525,371,307 (2)

- (1) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.
- (2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue bonds and non-bonded capital lease obligations.

Ratios to 2019-20 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	2.62%
Total Direct Debt (\$0)	0.00%
Combined Total Debt	5.62%

Ratios to Redevelopment Successor Agencies Incremental Valuation (\$5,021,109,134)

Total Overlapping Tax Increment Debt	4.48%
--------------------------------------	-------

Source: California Municipal Statistics, Inc.

CITY OF VICTORVILLE
 PLEDGE REVENUE COVERAGE
 LAST TEN FISCAL YEARS
 (in thousands)

Fiduciary Trust Activities - Successor Agency Tax Allocation Bond

<u>Fiscal Year</u>	<u>Tax Increment</u>	<u>Debt Service</u>		
		<u>Principal</u>	<u>Interest</u>	<u>Coverage</u>
2011	4,839	725	2,298	160%
2012	3,333	925	2,276	104%
2013	3,201	965	2,236	100%
2014	4,927	2,010	2,190	117%
2015	5,600	1,060	2,139	175%
2016	5,343	1,110	2,085	167%
2017	5,689	1,165	2,029	178%
2018	3,955	1,225	1,965	124%
2019	3,569	1,285	1,907	112%
2020	2,797	1,350	1,840	88%

Business Type Activities Debt - SCLAA Tax Allocation Bond

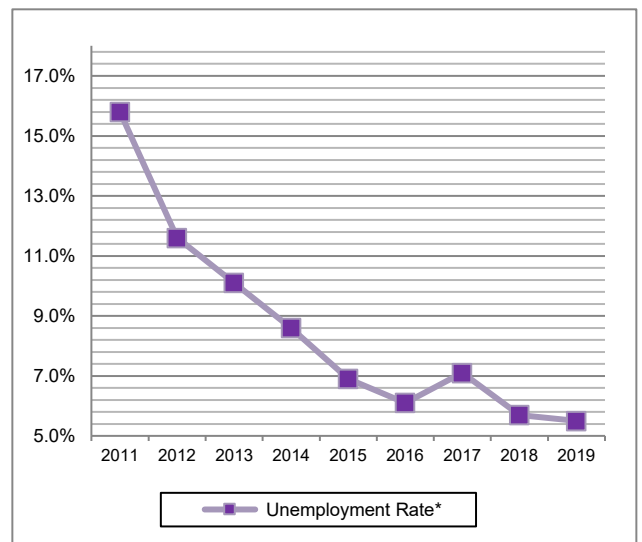
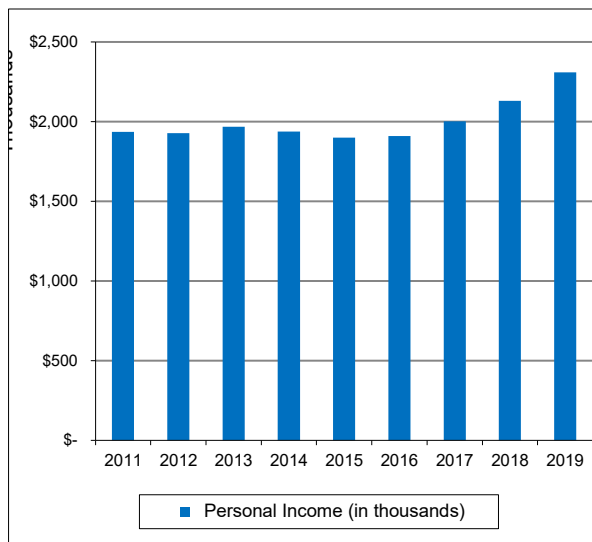
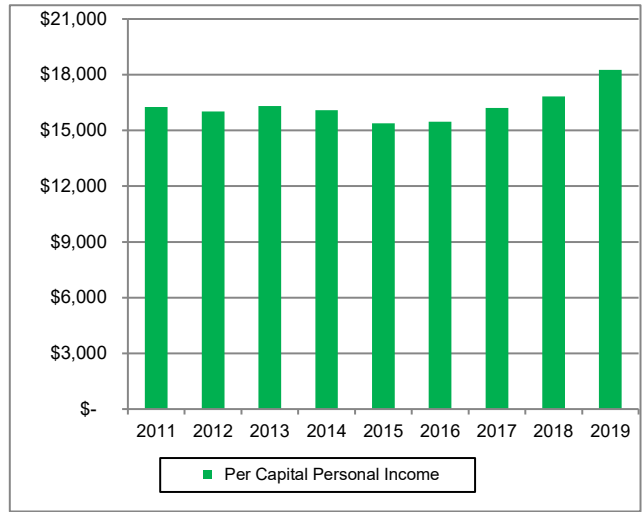
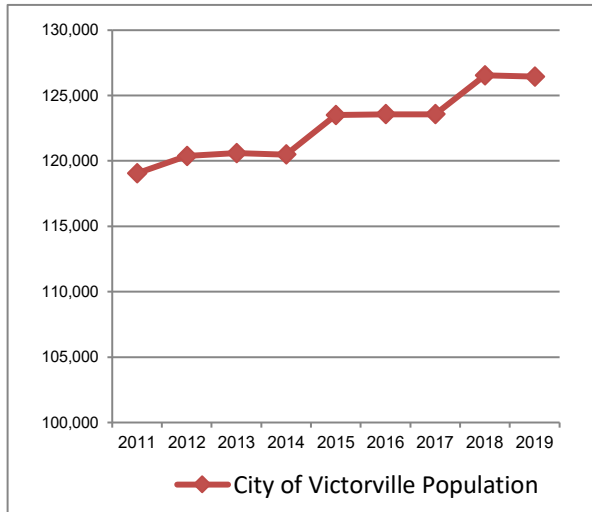
<u>Fiscal Year</u>	<u>Property Tax Increment and Other Income</u>	<u>Debt Service</u>		
	<u>Other Income</u>	<u>Principal</u>	<u>Interest</u>	<u>Coverage</u>
2011	19,001	3,660	17,967	88%
2012	17,059	3,830	17,699	79%
2013	19,893	4,005	17,525	92%
2014	17,562	4,195	17,321	82%
2015	18,554	4,410	17,150	86%
2016	25,176	4,635	16,950	117%
2017	24,649	4,865	16,746	114%
2018	28,983	4,405	17,580	132%
2019	23,801	5,365	16,208	110%
2020	20,407	5,635	15,845	95%

**Business Type Activities Debt - Water District
 Certificates of Participation**

<u>Fiscal Year</u>	<u>Pledged Revenue</u>	<u>Debt Service</u>		
		<u>Principal</u>	<u>Interest</u>	<u>Coverage</u>
2011	1,427	350	647	143%
2012	1,444	365	633	145%
2013	1,480	375	619	149%
2014	1,321	395	602	132%
2015	1,157	415	583	116%
2016	1,183	430	564	119%
2017	1,244	320	485	155%
2018	1,244	335	471	154%
2019	1,285	350	457	159%
2020	1,330	365	443	165%

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements

CITY OF VICTORVILLE
DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS



<u>Fiscal Year</u>	<u>City of Victorville Population</u>	<u>Personal Income (in thousands)</u>	<u>Unemployment Rate*</u>	<u>Per Capital Personal Income</u>
2011	119,059	\$ 1,935,423	15.8%	\$ 16,256
2012	120,368	\$ 1,926,731	11.6%	\$ 16,007
2013	120,590	\$ 1,966,582	10.1%	\$ 16,308
2014	120,485	\$ 1,936,917	8.6%	\$ 16,076
2015	123,510	\$ 1,898,511	6.9%	\$ 15,371
2016	123,565	\$ 1,910,290	6.1%	\$ 15,459
2017	123,565	\$ 2,001,567	7.1%	\$ 16,198
2018	126,543	\$ 2,129,706	5.7%	\$ 16,829
2019	126,432	\$ 2,308,617	5.5%	\$ 18,259

Source: HdL Coren & Cone; Decennial Census Data, CA State Department of Finance, CA EDD

CITY OF VICTORVILLE
 FULL-TIME AND PART-TIME CITY EMPLOYEES BY FUNCTION
 LAST TEN FISCAL YEARS

<u>Function</u>	<u>Fiscal Year</u>									
	<u>2011**</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
General government**	122	71	71	72	71	72	73	77	77	75
Public Safety*	0	0	1	1	0	0	0	1	60	59
Public Works	85	113	124	114	108	110	113	116	113	118
Community Development	11	11	4	4	4	4	4	4	4	3
Community Services	83	110	110	104	112	75	75	82	78	86
Airport	19	23	21	24	26	25	26	26	26	24
Water**	55	60	56	50	53	57	63	66	66	59
Total	375	388	387	369	374	343	354	372	424	424

* Only includes Fire Services. In fiscal year 2018, fire staff were added for start up of new City fire

**Billing and Customer Services staff moved to General Government/Administrative Services during fiscal year 2011.

Source: City of Victorville Administrative Services - Finance Divison.

CITY OF VICTORVILLE
OPERATION INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

Function	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Public Safety										
Police										
Physical arrests	5,217	4,202	4,096	4,965	5,389	5,194	5,716	5,733	*	*
Traffic Violations	7,770	7,828	9,404	8,649	6,759	4,070	5,561	3,635	*	*
Public works										
Street Maintenance										
Potholes repaired (number)	2,949	3,004	3,124	4,198	3,832	4,138	5,667	7,427	7,713	11,444
Graffiti removal (locations)	5,460	12,460	14,708	8,605	5,687	4,708	2,824	3,116	2,592	2,966
Streets sweeping (tons)	2,672	1,862	1,907	1,598	1,782	1,687	1,627	1,544	1,712	1,878
Sanitation										
Refuse collected (tons/day)	187	177	166	181	182	202	206	210	220	228
Recyclables collected (tons/day)	32	31	28	31	32	33	32	32	33	35
Community Services										
Park and Recreation										
Athletic field permits issued	4,023	4,970	6,788	7,357	5,970	5,905	6,310	5,785	5,020	162
Community center enrollments	36,385	30,193	30,915	32,156	31,384	29,958	25,343	19,518	14,503	1,973
Facilities rental used	1,794	1,819	2,062	2,051	2,036	2,388	2,469	2,252	1,803	62
Water										
Water Consumption (in hundred cubic feet)										
Residential	5,790,730	6,617,018	6,198,485	6,236,913	5,991,545	5,191,845	5,505,636	5,722,934	4,961,977	5,135,298
Multi Residential	452,131	516,645	483,968	486,970	467,812	405,373	444,737	490,302	752,766	781,018
Commercial	1,434,647	1,639,355	1,535,667	1,545,194	1,484,402	1,286,280	1,357,027	1,587,468	1,325,873	1,551,122
Institutional	434,742	496,774	465,354	468,241	449,819	389,782	437,698	470,500	773,125	857,134
Irrigation	582,554	665,678	623,574	627,442	602,757	522,308	491,157	471,954	460,627	486,095
Fire service	27	16	22	51	43	50	94	148	2,963	3,919
Recycled	-	-	-	31,681	407,194	274,824	127,752	205,354	316,953	275,268
Total	8,694,831	9,935,486	9,307,070	9,396,492	9,403,572	8,070,462	8,364,101	8,948,660	8,594,284	9,089,854
Water Sold (in acre feet)	19,961	22,809	21,366	21,499	20,653	17,896	19,201	20,543	19,730	20,868
Number of Customer Connections										
Residential	31,487	31,694	32,145	32,582	32,841	32,884	32,650	32,386	32,680	33,047
Multi Residential	192	192	195	195	195	198	197	776	768	759
Commercial	1,057	1,058	1,059	1,062	1,064	1,066	1,074	1,099	1,333	1,325
Institutional	203	203	204	204	205	206	207	169	256	225
Irrigation	234	235	235	235	236	236	239	266	331	371
Fire service	554	554	554	554	555	555	564	580	598	608
Recycled	-	-	-	2	2	2	2	4	4	5
Total	33,727	33,936	34,392	34,834	35,098	35,147	34,933	35,280	35,970	36,340
Average Daily Consumption (in thousands of gallons)	17,820	20,362	19,074	19,258	19,272	16,540	17,142	16,917	17,614	18,629
Estimated Population	117,212	117,978	119,658	121,275	122,233	121,419	121,608	122,699	123,758	125,085
Per Capita Average Daily Consumption (in gallons)	152	173	159	159	158	136	141	138	142	149
Rainfall in inches	2.32	1.90	2.75	1.67	0.92	5.69	4.92	0.69	4.16	4.95

Source: City of Victorville departments

Note: Indicators are not available for the general government function.

CITY OF VICTORVILLE
OPERATION INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

Principal Water Rates

	<u>Fiscal Year</u>									
	2011	2012	2013	2014	2015	2016*	2017	2018	2019	2020
Consumption (per hundred cubic feet)										
Standard Domestic	\$ 1.47	\$ 1.47	\$ 1.53	\$ 1.53	\$ 1.53	\$ 1.75	\$ 1.75	\$ 1.88	\$ 2.03	\$ 2.18
Construction Flow	2.36	2.39	2.47	2.47	2.47	2.77	2.77	2.94	3.12	3.32
Untreated Well	0.50	0.50	0.52	0.52	0.52	0.60	0.60	0.64	0.69	0.74
Recycled	0.88	0.88	0.92	0.92	0.92	1.05	1.05	1.13	1.22	1.31
Public Benefit	0.59	0.59	0.61	0.61	0.61	-	-	-	-	-
Monthly Service Fee										
Monthly per average daily use 0.00-0.26	\$ 16.50	\$ 16.50	\$ 17.25	\$ 17.25	\$ 17.25	\$ -	\$ -	\$ -	\$ -	\$ -
Monthly per average daily use 0.27-1.17	17.50	17.50	18.25	18.25	18.25	-	-	-	-	-
Monthly per average daily use 1.18-6.60	35.00	35.00	36.50	36.50	36.50	-	-	-	-	-
Monthly per average daily use > 6.60	125.00	125.00	130.50	130.50	130.50	-	-	-	-	-
3/4 inch meter	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11.78	\$ 11.78	\$ 12.23	\$ 12.68	\$ 13.15
1 inch meter	-	-	-	-	-	18.59	18.59	19.30	20.02	20.75
1 1/2 inch meter	-	-	-	-	-	35.62	35.62	36.99	38.37	39.76
2 inch meter	-	-	-	-	-	56.06	56.06	58.21	60.39	62.58
3 inch meter	-	-	-	-	-	110.56	110.56	114.80	119.09	123.42
4 inch meter	-	-	-	-	-	171.88	171.88	179.47	185.14	191.87
6 inch meter	-	-	-	-	-	342.19	342.19	355.32	368.60	382.00
8 inch meter	-	-	-	-	-	955.34	955.34	991.99	1,029.07	1,066.48
> 8 inch meter	-	-	-	-	-	1,432.23	1,432.23	1,487.17	1,542.77	1,598.85
Fire Service Fee										
1 inch meter	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 2.69	\$ 2.69	\$ 2.82	\$ 2.96	\$ 3.10
2 inch meter	10.00	10.00	10.00	10.00	10.00	5.19	5.19	5.48	5.78	6.09
2 1/2 inch meter	10.00	10.00	10.00	10.00	10.00	5.19	5.19	5.48	10.65	6.09
3 inch meter						9.50	9.50	10.06	19.62	11.27
4 inch meter	10.00	10.00	10.00	10.00	10.00	17.45	17.45	18.50	42.68	20.80
6 inch meter	10.00	10.00	10.00	10.00	10.00	37.88	37.88	40.21	73.44	45.31
8 inch meter	10.00	10.00	10.00	10.00	10.00	65.13	65.13	69.16	114.45	77.99
> 8 inch meter	10.00	10.00	10.00	10.00	10.00	101.45	101.45	107.75	114.45	121.56

Source: Victorville Water District

* In 2016, the Water District changed billing method from Monthly Service Fee by usage to Monthly Service Fee by meter size.

CITY OF VICTORVILLE
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

Function	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Public Safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	52	52	52	52	52	52	55	54	54	54
Fire Stations	6	6	6	6	6	5	5	5	5	5
Public Works										
Highways and streets:										
Streets (miles)	448	448	448	448	448	449	449	449	449	449
Streetlights	364	376	376	392	392	396	404	408	418	418
Traffic Signals	182	83	83	87	87	88	90	91	94	94
Sewer:										
Sanitary sewers (miles)	416	419	419	419	419	440	440	443	443	449
Storm sewers (miles)	472	473	473	473	473	473	473	473	473	473
Number of treatment plants	1	2	2	2	2	2	2	2	2	2
Number of service connections	31,384	37,081	40,226	40,152	40,029	40,092	40,551	41,232	41,723	36,616
Community Services										
Parks acreage	263	263	263	263	263	263	180	180	180	180
Park	18	18	18	18	18	18	19	19	19	19
Golf Courses	2	1	1	1	1	1	1	1	1	1
Swimming pools	2	1	1	1	1	1	1	1	1	1
Tennis courts	6	6	6	6	6	6	6	6	6	6
Community Centers	6	6	6	6	6	6	7	7	7	7
Airport										
Runway length (miles)	5	5	5	5	5	5	5	5	5	5
Sewer pipeline	25	25	30	30	30	30	30	30	30	30
Number of hangars	25	25	26	26	26	26	26	26	26	26
Number of buildings	47	47	52	52	52	52	52	52	52	52
Water										
Water Production in Acre feet	22,900	23,520	23,518	23,830	22,030	20,905	22,476	24,383	21,755	22,017
Domestic Water Tanks (Reservoirs)	26	26	26	26	26	26	26	26	26	26
Domestic Storage in Millions of Gallons	74	74	74	74	74	74	74	74	74	74
Recycled Water Tanks (Reservoirs)		1	1	1	1	1	1	1	1	1
Recycled Storage in Millions of Gallons		1	1	1	1	1	1	1	2	2
Wells	32	32	32	32	32	32	32	32	34	34
Pipeline - Linear Feet (in thousands)	3,666	3,666	3,666	3,666	3,666	3,666	3,666	3,666	3,666	3,666
Pipeline - Miles	694	694	694	694	694	694	694	694	694	709
Booster Pumping Stations	4	4	4	4	4	4	4	4	4	4
Pressure Regulating Stations	24	24	24	24	24	24	25	25	25	25

Source: City of Victorville departments

Note: Indicators are not available for the general government function.

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