

City of Healdsburg

California



Giorgi Park



Comprehensive Annual Financial Report Year Ended June 30, 2009

www.cityofhealdsburg.org

**CITY OF HEALDSBURG
HEALDSBURG, CALIFORNIA**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**WITH REPORT ON AUDIT BY
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

FISCAL YEAR ENDED JUNE 30, 2009

Prepared by the Finance Department

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CITY OF HEALDSBURG
COMPREHENSIVE ANNUAL FINANCIAL REPORT
TABLE OF CONTENTS

Fiscal Year Ended June 30, 2009

	<u>Page Number</u>
INTRODUCTORY SECTION:	
Transmittal Letter	i
GFOA Certificate of Achievement	v
Organization Chart	vi
List of Elected and Appointed Officials	vii
FINANCIAL SECTION:	
Independent Auditors' Report	1
Management's Discussion and Analysis	3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	15
Statement of Activities	16
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	18
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	21
Statement of Revenues, Expenditures and Changes in Fund Balances	22
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	25
Proprietary Funds:	
Statement of Net Assets	26
Statement of Revenues, Expenses and Changes in Fund Net Assets	28
Statement of Cash Flows	30
Fiduciary Funds:	
Statement of Fiduciary Net Assets	32
Statement of Changes in Fiduciary Net Assets	33
Notes to Basic Financial Statements	34

CITY OF HEALDSBURG

COMPREHENSIVE ANNUAL FINANCIAL REPORT

TABLE OF CONTENTS
(CONTINUED)

Fiscal Year Ended June 30, 2009

	<u>Page Number</u>
REQUIRED SUPPLEMENTARY INFORMATION:	
Schedule of Funding Progress:	
Other Post-Employment Benefit Plan	86
Budgetary Comparison Schedule:	
General Fund	87
Note to Required Supplementary Information	88
SUPPLEMENTARY INFORMATION:	
Other Governmental Funds:	89
Combining Balance Sheet	90
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	91
Other Special Revenue Funds:	93
Combining Balance Sheet	94
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	98
Schedules of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual:	
Gas Tax Special Revenue Fund	102
North Area Special Revenue Fund	103
Park Development Fees Special Revenue Fund	104
Media Center Special Revenue Fund	105
Redevelopment Agency UDAG Loan Special Revenue Fund	106
Area A Lighting and Landscaping District Special Revenue Fund	107
Benjamin Way Maintenance District Special Revenue Fund	108
Public Safety Special Revenue Fund	109
Other Special Revenue Fund	110
Other and Major Debt Service Funds:	111
Combining Balance Sheet	112
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	113
Schedules of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual:	
General Debt Service Fund	114
Special Assessment Debt Service Fund	115
Redevelopment Agency Debt Service Fund	116

CITY OF HEALDSBURG

COMPREHENSIVE ANNUAL FINANCIAL REPORT

TABLE OF CONTENTS
(CONTINUED)

Fiscal Year Ended June 30, 2009

	<u>Page Number</u>
SUPPLEMENTARY INFORMATION (CONTINUED):	
Other Capital Projects Funds:	117
Combining Balance Sheet	118
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	119
Other Enterprise Funds:	121
Combining Statement of Net Assets	122
Combining Statement of Revenues, Expenses and Changes in Net Assets	124
Combining Statement of Cash Flows	126
Internal Service Funds:	129
Combining Statement of Net Assets	130
Combining Statement of Revenue, Expenses and Changes in Net Assets	132
Combining Statement of Cash Flows	134
Fiduciary Funds:	137
Combining Statement of Fiduciary Net Assets	138
Combining Statement of Changes in Fiduciary Net Assets	140
STATISTICAL SECTION (UNAUDITED):	
Description of Statistical Section Contents	S1
Financial Trends:	
Net Assets by Component - Last Seven Fiscal Years	S2
Change in Net Assets - Expenses and Program Revenues - Last Seven Fiscal Years	S4
Change in Net Assets - General Revenues - Last Seven Fiscal Years	S6
Fund Balances of Governmental Funds - Last Seven Fiscal Years	S8
Changes in Fund Balances of Governmental Funds - Last Seven Fiscal Years	S10
Governmental Activities Major Tax Revenues by Sources - Last Ten Fiscal Years	S12

CITY OF HEALDSBURG

COMPREHENSIVE ANNUAL FINANCIAL REPORT

TABLE OF CONTENTS
(CONTINUED)

Fiscal Year Ended June 30, 2009

	<u>Page Number</u>
STATISTICAL SECTION (UNAUDITED) (CONTINUED):	
Revenue Capacity:	
Assessed Value and Estimated Actual Value of Taxable Property - Last Ten Fiscal Years	S13
Direct and Overlapping Property Tax Rates - Last Ten Fiscal Years	S14
Principal Property Taxpayers - Current Year and Nine Years Ago	S15
Property Tax Levies and Collections - Last Ten Fiscal Years	S17
Healdsburg Redevelopment Agency - Sotoyome Redevelopment Project Area Taxable Value and Tax Increments - Last Ten Fiscal Years	S18
Healdsburg Redevelopment Agency - Sotoyome Redevelopment Project Area Tax Increment and Tax Revenues - Last Ten Fiscal Years	S20
Schedule of Electric Utility Customers, Energy Sales and Revenue - Last Ten Fiscal Years	S21
Schedule of Electricity Sold and Revenue per Megawatt Hour - Last Ten Fiscal Years	S22
Top Ten Electric Customers - Current Calendar Year and Nine Years Ago	S25
Electric Rates - Last Eight Fiscal Years	S25
Schedule of Net Income - Electric Fund - Last Ten Fiscal Years	S26
Schedule of Cash Flows - Electric Fund - Last Ten Fiscal Years	S28
Schedule of Electricity Purchased - Last Ten Fiscal Years	S30
Debt Capacity:	
Ratios of Outstanding Debt by Type - Last Ten Fiscal Years	S33
Ratio of General Bonded Debt Outstanding - Last Ten Fiscal Years	S34
Direct and Overlapping Debt	S35
Legal Debt Margin Information - Last Ten Fiscal Years	S36
Pledged-Revenue Bond Coverage:	
Water - Last Ten Fiscal Years	S38
Sewer - Last Ten Fiscal Years	S39
Schedule of Proportional Share - NCPA Debt Service	S40
Demographic and Economic Information:	
Demographic and Economic Statistics - Last Ten Calendar Years	S41

CITY OF HEALDSBURG

COMPREHENSIVE ANNUAL FINANCIAL REPORT

TABLE OF CONTENTS
(CONTINUED)

Fiscal Year Ended June 30, 2009

	<u>Page Number</u>
STATISTICAL SECTION (UNAUDITED) (CONTINUED):	
Operating Information:	
Full-Time and Part-Time City Employees by Function - Last Ten Fiscal Years	S43
Operating Indicators by Function - Last Seven Fiscal Years	S44
Capital Asset Statistics by Function - Last Seven Fiscal Years	S46
Schedule of Net Income - Water Fund - Last Ten Fiscal Years	S48
Schedule of Cash Flows - Water Fund - Last Ten Fiscal Years	S50
Schedule of Water Utility Customers, Usage and Revenue - Last Two Fiscal Years	S53
Schedule of Water Sold and Revenue per Hundred Cubic Feet - Last Ten Fiscal Years	S54
Top Ten Water Customers - Current Calendar Year and Nine Years Ago	S57
Schedule of Net Income - Sewer Fund - Last Ten Fiscal Years	S58
Schedule of Cash Flows - Sewer Fund - Last Ten Fiscal Years	S60
Schedule of Sewer Utility Customers, Usage and Revenue - Last Two Fiscal Years	S62
Schedule of Sewer Processed and Revenue per Hundred Cubic Feet - Last Two Fiscal Years	S63
Top Ten Sewer Customers - Current Calendar Year and Nine Years Ago	S64

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December 17, 2009

Honorable Mayor and City Council Members
401 Grove Street
Healdsburg, CA 95448

Honorable Mayor, Members of the City Council, and Citizens of the City of Healdsburg:

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the City of Healdsburg for the fiscal year ended June 30, 2009. This report is published in accordance with local ordinance and state law requirements that financial statements be presented in conformity with accounting principles generally accepted in the United States of America and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. This letter of transmittal is designed to complement the Management's Discussion and Analysis (MD&A). The MD&A can be found immediately following the report of the independent auditors.

This report consists of management's representations concerning the finances of the City of Healdsburg. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Healdsburg has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Healdsburg's financial statements. Because the cost of internal controls should not outweigh their benefits, the City of Healdsburg's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert, to the best of our knowledge and belief, that this financial report is complete and reliable in all material respects.

ANNUAL AUDIT

Diehl, Evans & Company, LLP, a firm of licensed certified public accountants has audited the City of Healdsburg's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Healdsburg for the fiscal year ended June 30, 2009, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation.

The independent auditor concluded that there was a reasonable basis for rendering an unqualified opinion that the City of Healdsburg's financial statements for the fiscal year ended June 30, 2009, are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditors' report is presented as the first component of the financial section of this report.

CITY OF HEALDSBURG PROFILE

The City of Healdsburg, incorporated in 1867, is located in Sonoma County, the center of California's north coast premium wine growing region. Healdsburg continues to show strength as a regional retail, service and tourist destination.

The City operates under the Council-Manager form of government. Policymaking and legislative authority are vested in the City Council, which consists of a Mayor and four Council members. The governing council is responsible for the City's ordinances, operating resolutions, adoption of the annual budget, appointing commissions and committees, and hiring the City Manager and City Attorney. The City Manager is responsible for implementing the policies, ordinances and directives of the City Council, for overseeing the day-to-day operations of the City and for appointing the Assistant City Manager and the Directors of the City's departments. The Council is elected on a nonpartisan basis. Council members are elected to four-year staggered terms and each year the Mayor is elected by a majority vote of the City Council.

The City provides a full range of services and activities which is summarized as follows:

General Government Activities

Police and Fire services
Non-Enterprise capital projects

Redevelopment Activities

Economic development and
business expansion
Preservation of low and moderate
income housing and neighborhoods
Assistance toward development of
affordable housing
Downtown revitalization and business retention
Project Area drainage, water and street projects

Enterprise Activities

Water Utility, including production
Sewer Utility, including collection and treatment
of sanitary and storm drain waste water
Electric Utility
Planning and Building
Transit
Airport
Meeting Center (Villa)
School Services
Parks and recreation, including a
municipal golf course and pool
Streets and roads

FACTORS AFFECTING FINANCIAL CONDITION

Budgeting Control

The City of Healdsburg operates on a fiscal year basis, beginning July 1 and ending June 30. The budget is prepared under the supervision of the City Manager and transmitted to the City Council for deliberation and adoption in June prior to the beginning of the fiscal year.

Upon adoption by the City Council, the City maintains budgetary controls to ensure compliance with legal provisions embodied in the annual budget. Budget to actual comparisons are provided in this report for each individual government fund for which an appropriated annual budget has been adopted. The City's budgetary procedures are further discussed in the Notes to the Basic Financial Statements and can be found in the financial section of this report.

Activities of all funds of the City are included in the annual appropriated budget. The level of budgetary control is by fund, although budgets are adopted within funds at the department level in all operating funds and at the project level in the capital project funds. Only the City Council has the authority to increase total appropriations subject only to the appropriation limitations established by State law. Budget appropriations lapse at the end of the fiscal year, with the exception of contract commitments and capital improvement projects, which are carried over until the commitment is met, or the project has been completed. Quarterly financial reports are presented to the City Council to help them evaluate budget performance.

For the Future

Several factors will impact the City's budget for the fiscal year 2009-10 and beyond. These factors include the State's growing budget deficit and the health of local area economies; increases in health insurance and retirement plan costs, as well as increases to services and supplies. While voter approved Proposition 1A may continue to help protect the City from some of the state's future takeaways, redevelopment funds and other revenues continue to be raided as the State's budget deficit balloons. Local growth has slowed as the economy as a whole has weakened. The City's property tax revenue remains flat, and the sales tax revenue and transient occupancy tax are both experiencing declines.

For fiscal year 2009-10 the City Council adopted a General Fund budget with a budgetary deficit of \$555 thousand. It is anticipated that this budgetary gap will be narrowed with the implementation of cost saving measures.

City Council has been proactive in planning for an uncertain financial future by:

- Establishing reserve policies for the General Fund, Water, Sewer, Electric and Community Services Enterprise Funds.
- Restructuring of departments to increase efficiencies and reduce costs.
- Reviewing of fees and charges to more fully recover the cost of City services.

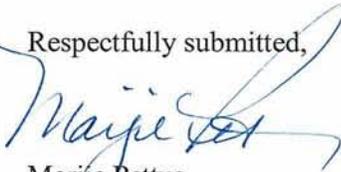
These types of actions help to preserve the financial health of the City of Healdsburg by providing the flexibility to make up for some of the revenue shortfalls when the State puts pressure on City resources and during the current economic crisis.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Healdsburg for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2008.

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department. We would like to express our appreciation to other members of the City staff who assisted and contributed to its preparation. We would also like to thank the Mayor and City Council for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



Marjie Pettus
City Manager

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Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Healdsburg
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

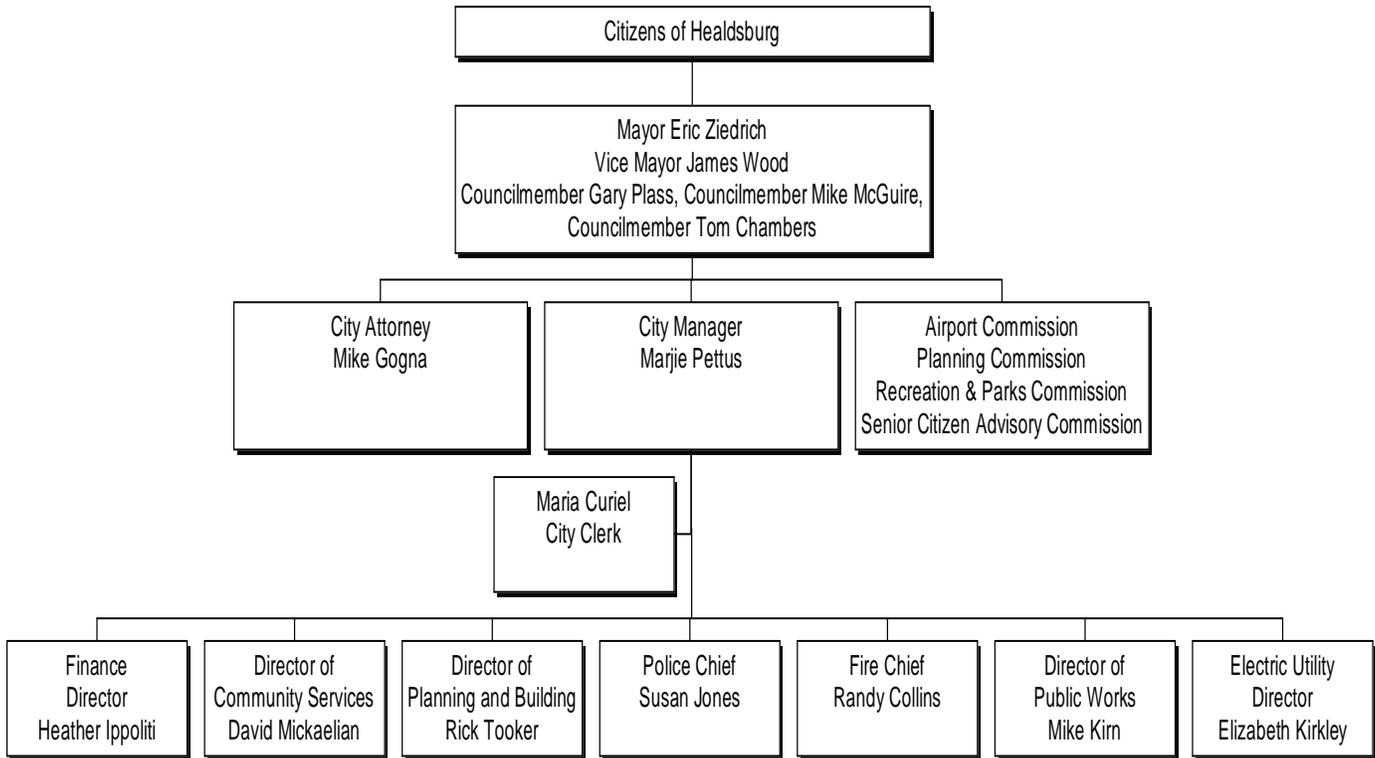
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

City of Healdsburg Organization Chart



City of Healdsburg

June 30, 2009

Elected Officials

Eric Ziedrich
Mayor

James Wood
Vice Mayor

Mike McGuire
Council Member

Gary Plass
Council Member

Tom Chambers
Council Member

Appointed Officials

Marjie Pettus
City Manager

Mike Gogna
City Attorney

Heather Ippoliti
Finance Director

Maria Curiel
City Clerk

David Mickaelian
Director of Community Services

Rick Tooker
Director of Planning and Building

Susan Jones
Police Chief

Randy Collins
Fire Chief

Mike Kirn
Director of Public Works

Elizabeth Kirkley
Electric Utility Director

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November 16, 2009

INDEPENDENT AUDITORS' REPORT

The Honorable City Council
 of the City of Healdsburg
 Healdsburg, California

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 Healdsburg, California, as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Healdsburg's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 of Healdsburg, California, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 7 to the basic financial statements, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions", for the year ended June 30, 2009.

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In accordance with Government Auditing Standards, we have also issued our report dated November 16, 2009, on our consideration of the City of Healdsburg's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The management's discussion and analysis and the other required supplementary information identified in the accompanying table of contents are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures to the management's discussion and analysis, and the schedule of funding progress for the other-post employment benefit plan, which consisted principally of inquiries of management regarding the methods of measurement and presentation of this required supplementary information. However, we did not audit the management's discussion and analysis or the schedule of funding progress for the other-post employment benefit plan and express no opinion on them. The budgetary comparison schedule and related note have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Healdsburg's basic financial statements. The introductory section, other 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 has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Diery, Evans and Company, LLP

CITY OF HEALDSBURG

Management's Discussion and Analysis

Fiscal Year Ended June 30, 2009

As management of the City of Healdsburg (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City as of and for the fiscal year ended June 30, 2009. We encourage readers to consider the information presented here in conjunction with the accompanying Independent Auditor's Report, the financial statements, and the accompanying notes to the financial statements.

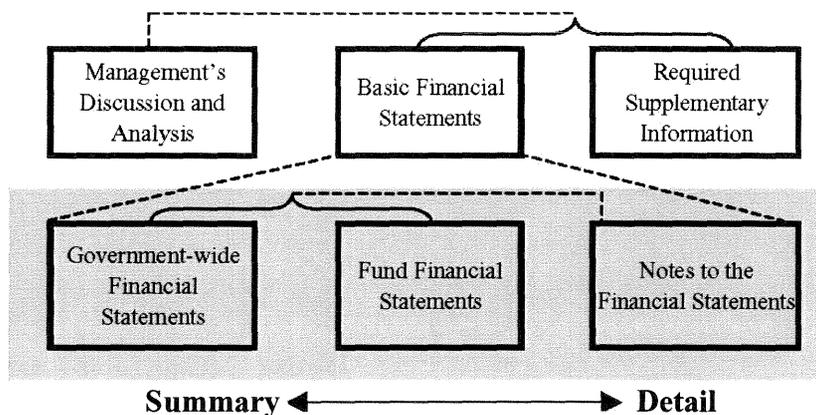
Financial Highlights

- City assets exceeded its liabilities by \$151 million (net assets) at June 30, 2009. Of this amount, \$40.6 million (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- City total net assets decreased by \$103 thousand during the fiscal year, compared to an increase of \$5.4 million in the prior year. The change attributable to the City's business type activities was a \$4.5 million increase, while the governmental activities decreased by \$4.6 million.
- At the close of fiscal year 2008-09, City governmental funds reported combined ending fund balance of \$40.6 million, a decrease of \$6.4 million.
- At the end of fiscal year 2008-09, the unreserved fund balance for the General Fund was \$4.4 million, or 58% of total General Fund expenditures.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains required supplementary information in addition to the basic financial statements themselves.

REQUIRED COMPONENTS OF THE ANNUAL FINANCIAL REPORT



See independent auditors' report.

CITY OF HEALDSBURG

Management's Discussion and Analysis (Continued)

Fiscal Year Ended June 30, 2009

Overview of the Basic Financial Statements (Continued)

Government-wide financial statements. The government-wide financial statements are comprised of the Statement of Net Assets and Statement of Activities. These two statements are designed to provide readers with a broad overview of the City's finances utilizing the full accrual method of accounting, in a manner similar to a private-sector business. Under the full accrual method of accounting, transactions are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, assets, liabilities, revenues and expenses are reported in these statements for some items that will only result in cash flows in future fiscal periods (e.g. uncollected revenues and accrued but unpaid interest expense).

The Statement of Net Assets presents information on all of the City's assets and liabilities, including capital assets and long-term liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City as a whole is improving or deteriorating.

The Statement of Activities presents information showing how the City's net assets changed during the most recent fiscal year. Functional activities are highlighted in this statement, whereby direct and indirect functional costs are shown net of related program revenue. This statement shows the extent to which the various functions depend on general taxes and non-program revenues for support.

Both the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, community development and housing. The business-type activities of the City include the water, sewer and electric utilities, streets, community services and other programs.

The government-wide financial statements include the City itself, as well as, the Healdsburg Redevelopment Agency (RDA). Although these entities are legally separate, they function for all practical purposes as a part of the City, and therefore have been included as blended component units as an integral part of the primary government.

Fund financial statements. The fund financial statements focus on current available resources and are organized and operated on the basis of funds, each of which is defined as a fiscal and accounting entity with a self-balancing set of accounts established for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

See independent auditors' report.

CITY OF HEALDSBURG

Management's Discussion and Analysis (Continued)

Fiscal Year Ended June 30, 2009

Overview of the Basic Financial Statements (Continued)

Fund financial statements (Continued).

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental funds financial statements utilize the modified accrual method of accounting, which focuses on near-term inflow and outflow of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financial requirements.

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

The City maintains twenty-three individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, RDA Debt Service Fund, RDA Commercial & Industrial Capital Projects Fund, and the RDA Low/Moderate Income Housing Fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these other governmental funds is provided in the form of supplementary combining statements.

The City adopts an annual appropriated budget for all governmental and proprietary funds. Budgetary comparison statements for the General Fund and all major special revenue funds are required and included in the basic financial statements. Additionally, budgetary schedules for the other governmental funds have been provided as required to demonstrate compliance with the budget.

See independent auditors' report.

CITY OF HEALDSBURG

Management's Discussion and Analysis (Continued)

Fiscal Year Ended June 30, 2009

Overview of the Basic Financial Statements (Continued)

Fund financial statements (Continued).

Proprietary Funds. Proprietary funds are generally used to account for services for which the City charges outside customers, or internal departments of the City. Proprietary funds provide the same type of information as shown in the government-wide statements, only in more detail. The City maintains the following two types of proprietary funds:

- **Enterprise Funds.** These funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for the operations of water, sewer, electric, streets, community services and other programs.
- **Internal Service Funds.** These funds are used to report activities that provide internal services for the City. The City uses internal service funds to account for its insurance and benefits, vehicle service and replacement, information systems and equipment and government buildings maintenance. Because internal service funds predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements. The internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the government-wide and fund financial statements.

Other supplementary information. In addition to the basic financial statements and accompanying notes, this report also presents combining statements referred to earlier in connection with other governmental funds and the internal service funds. Also included are the budgetary comparison Schedules of Revenues, Expenditures and Changes in Fund Balances for all other special revenue funds, all debt service funds, and all capital projects funds.

See independent auditors' report.

CITY OF HEALDSBURG

**Management's Discussion and Analysis
(Continued)**

Fiscal Year Ended June 30, 2009

Government-Wide Financial Analysis

Net assets may serve over time as a useful indicator of a government's financial position. The following table reflects the condensed net assets for both governmental and business-type activities.

ASSETS	Governmental Activities		Business-type Activities		Total Government	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 52,137,072	\$ 57,761,760	\$ 31,542,985	\$ 32,974,619	\$ 83,680,057	\$ 90,736,379
Capital assets	37,781,695	37,869,457	122,338,305	119,984,119	160,120,000	157,853,576
Total assets	<u>89,918,767</u>	<u>95,631,217</u>	<u>153,881,290</u>	<u>152,958,738</u>	<u>243,800,057</u>	<u>248,589,955</u>
LIABILITIES						
Current liabilities	3,387,754	3,050,180	2,400,481	5,455,517	5,788,235	8,505,697
Long-term liabilities	45,309,729	46,722,148	41,667,882	42,224,986	86,977,611	88,947,134
Total liabilities	<u>48,697,483</u>	<u>49,772,328</u>	<u>44,068,363</u>	<u>47,680,503</u>	<u>92,765,846</u>	<u>97,452,831</u>
NET ASSETS						
Invested in capital assets net of related debt	5,789,810	14,387,366	81,518,209	78,119,310	87,308,019	92,506,676
Restricted	23,103,351	13,894,781	-	-	23,103,351	13,894,781
Unrestricted	12,328,123	17,576,742	28,294,718	27,158,925	40,622,841	44,735,667
Total net assets	<u>\$ 41,221,284</u>	<u>\$ 45,858,889</u>	<u>\$ 109,812,927</u>	<u>\$ 105,278,235</u>	<u>\$ 151,034,211</u>	<u>\$ 151,137,124</u>

By far the largest portion of the City's net assets (57.8%) reflects its investment in capital assets (e.g. land, buildings, utility plant, machinery, equipment, vehicles, and infrastructure), net of any related outstanding debt used to acquire those assets. The City uses these assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Another portion of the City's net assets (\$23.1 million or 15.3%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$40.6 million (26.9%) may be used to meet the government's ongoing obligations to citizens, creditors, and to meet City imposed designations (e.g., reserves, pending litigations, contingencies, capital projects).

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental activities and business-type activities. The same situation held true for the prior fiscal year.

The statement of activities shows how the government's net assets changed during fiscal year 2008-09 as compared to 2007-08. The City's net assets decreased overall by \$103 thousand during the current fiscal year.

See independent auditors' report.

CITY OF HEALDSBURG

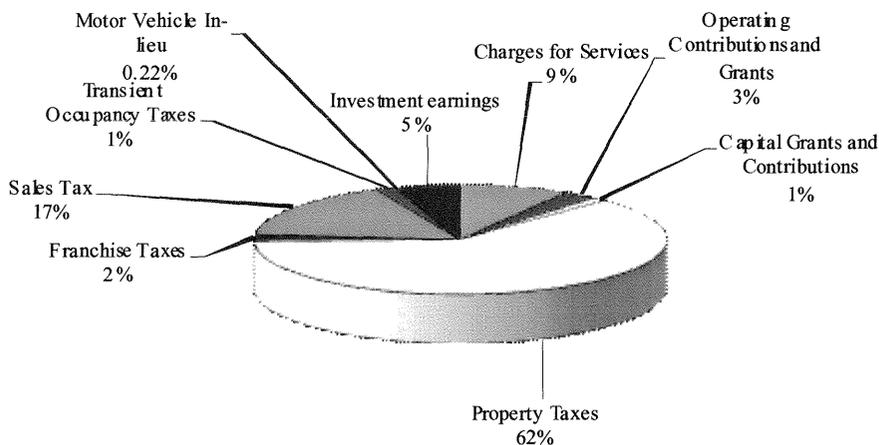
**Management's Discussion and Analysis
(Continued)**

Fiscal Year Ended June 30, 2009

Government-Wide Financial Analysis (Continued)

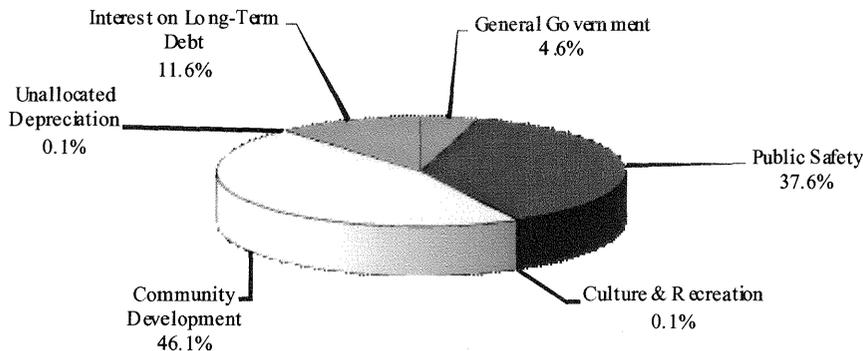
Governmental activities. Significant revenues of the governmental activities are taxes (82%), which include property taxes, sales tax, franchise taxes and transient occupancy taxes. Program revenues are 13% of the total revenues of the governmental activities, which include charges for services, operating contributions and grants, and capital contributions and grants.

**REVENUES BY SOURCE – GOVERNMENTAL ACTIVITIES
FOR FISCAL YEAR ENDED JUNE 30, 2009**



As for expenditures, community development expenses are the most significant (46.1%) of all governmental activities expenses, followed by public safety (37.6%), interest on long-term debt (11.6%), general government (4.6%), and various other programs (.2%). Included in these amounts is depreciation expense, which is 14% of the total expenses for governmental activities.

**EXPENSES BY FUNCTION/PROGRAM – GOVERNMENTAL ACTIVITIES
FOR FISCAL YEAR ENDED JUNE 30, 2009**



See independent auditors' report.

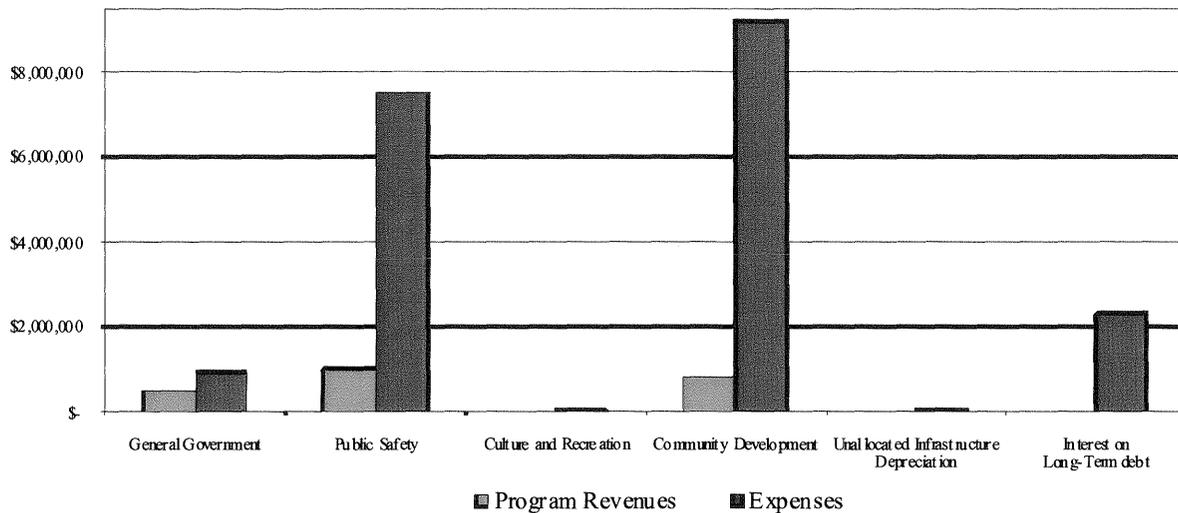
CITY OF HEALDSBURG

Management's Discussion and Analysis (Continued)

Fiscal Year Ended June 30, 2009

Government-Wide Financial Analysis (Continued)

COMPARISON OF EXPENSES AND PROGRAM REVENUES GOVERNMENTAL ACTIVITIES FOR FISCAL YEAR ENDED JUNE 30, 2009



Business-type activities. In the fiscal year ended June 30, 2009, business-type activities increased the City's net assets by \$4.5 million. Key elements of this change are as follows:

- Charges for services increased by \$3,408,167 (15%).
- Operating expenses increased by \$3,721,930 (14%). Other programs, which include Community Services and Planning/Building, accounted for 28% of the increase.
- Transfers from government activities increased by \$2,646,781 (336%) primarily due to the increased funding of projects by the RDA.

See independent auditors' report.

CITY OF HEALDSBURG

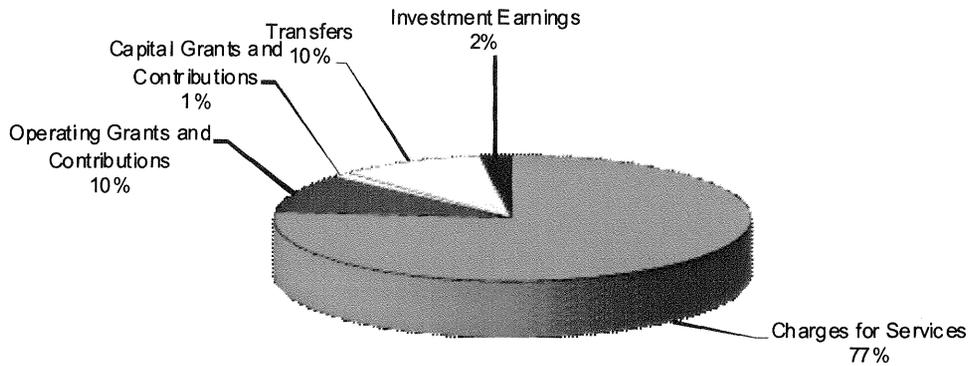
**Management's Discussion and Analysis
(Continued)**

Fiscal Year Ended June 30, 2009

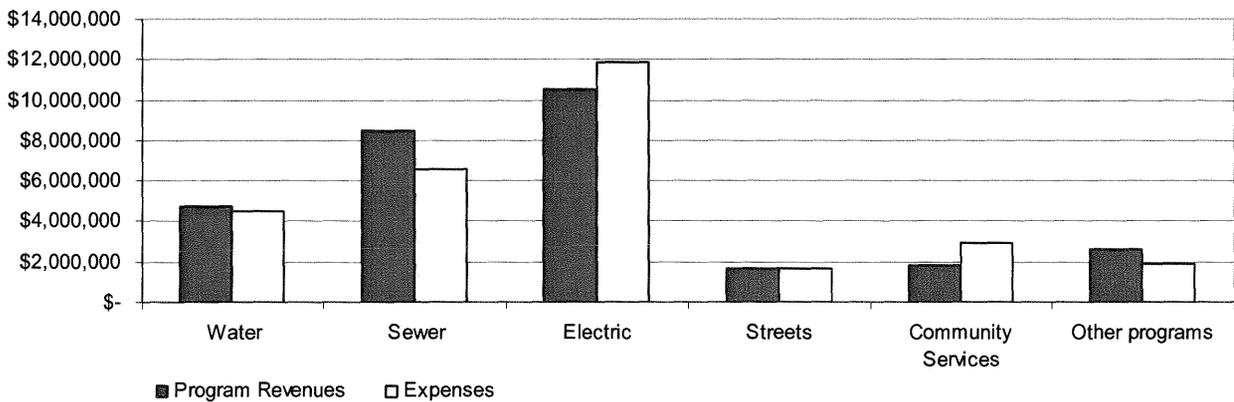
Government-Wide Financial Analysis (Continued)

Business-type activities (Continued).

**REVENUES BY SOURCE – BUSINESS-TYPE ACTIVITIES
FOR FISCAL YEAR ENDED JUNE 30, 2009**



**EXPENSES AND PROGRAM REVENUES –
BUSINESS-TYPE ACTIVITIES
FOR FISCAL YEAR ENDED JUNE 30, 2009**



See independent auditors' report.

CITY OF HEALDSBURG

Management's Discussion and Analysis (Continued)

Fiscal Year Ended June 30, 2009

Government-Wide Financial Analysis (Continued)

Governmental Funds. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of June 30, 2009, the City's governmental funds reported total ending fund balances of \$40,616,237, a decrease of \$6,414,860 from the prior fiscal year. Approximately 52% of the total ending fund balances (\$21,087,232) constituted unreserved fund balances, which are considered available for appropriation. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed. The most significant of the reserved fund balances is for RDA multi-year programs (\$8,203,905).

General Fund revenues were \$73,077 (1%) less than in the prior fiscal year, and expenditures increased by \$322,170 (4%). Decrease in sales tax revenue and investment income accounted for a significant portion of the decrease in revenues. Slight increases in charges for services and property taxes offset the decreases. Public safety accounted for the increase in General Fund expenditures.

Proprietary Funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The City's major enterprise funds include Water, Sewer, Electric, Streets, Community Services and Planning/Building funds. The major changes in enterprise net assets are a \$5.4 million increase to \$39.1 million in the Sewer Fund and a \$1.7 million decrease to \$22.5 million in the Streets Fund. The increase in the Sewer Fund net assets was primarily due to the 30% increase in Sewer Fund operating revenues. The decrease in the Streets Fund net assets was due to an increase in the transfers out as a result of closing inactive projects. The Electric and Community Services Funds reported decrease in net assets, as well.

The City also maintains internal service funds to account for Insurance and Benefits, Vehicle Maintenance, Information Services and Building Maintenance. The Internal Service Funds had an increase in net assets of \$582 thousand during the fiscal year, ending with a balance of \$8.7 million.

See independent auditors' report.

CITY OF HEALDSBURG

**Management's Discussion and Analysis
(Continued)**

Fiscal Year Ended June 30, 2009

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The City's investment in capital assets for its governmental and business-type activities at June 30, 2009, amounted to \$160,120,000 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, vehicles, infrastructure, and construction in progress. Depreciation expense for the year totaled \$1,072,173 for governmental activities and \$2,701,169 for business-type activities.

	Governmental Activities		Business-type Activities	
	2009	2008	2009	2008
Land and land rights	\$ 15,854,546	\$ 15,854,546	\$ 4,983,902	\$ 4,983,902
Right of way	6,681,379	6,681,379	-	-
Construction in progress	698,069	517,206	8,521,692	8,808,213
Buildings	15,522,410	15,197,752	7,007,543	6,335,730
Streets	-	-	26,326,542	24,472,033
Utility Systems	-	-	98,508,032	95,705,712
Drainage	-	-	9,463,020	9,463,020
Machinery and equipment	8,399,168	8,021,958	2,406,571	2,393,337
Operations	-	-	1,544,347	1,544,347
Infrastructure	1,332,175	1,286,426	-	-
Total	\$ 48,487,747	\$ 47,559,267	\$ 158,761,649	\$ 153,706,294

Additional information on the City's capital assets can be found in Note 4 in the notes to the basic financial statements.

See independent auditors' report.

CITY OF HEALDSBURG

**Management's Discussion and Analysis
(Continued)**

Fiscal Year Ended June 30, 2009

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Long-term liabilities. The City's outstanding long-term liabilities, including bonds, loans payable, and compensated absences totaled \$86,977,611 at June 30, 2009. Of this total, \$45,309,729 (52%) was in governmental activities and \$41,667,882 (48%) was in business-type activities. The City's outstanding long-term liabilities decreased by \$1,969,523 (2%) in fiscal year 2009.

	Governmental Activities		Business-type Activities	
	2009	2008	2009	2008
General Obligation Bonds	\$ 3,975,000	\$ 4,360,000	\$ -	\$ -
Certificates of Participation	-	-	16,020,000	16,600,000
Tax Allocation Bonds	38,860,000	39,830,000	-	-
Special Assessments	985,000	1,145,000	-	-
Revenue Bonds	-	-	26,150,000	26,150,000
Compensated absences	1,709,913	1,620,326	-	-
Bond discount	(220,184)	(233,178)	(208,488)	(217,897)
Deferred amount on refunding	-	-	(293,630)	(307,117)
Total	<u>\$ 45,309,729</u>	<u>\$ 46,722,148</u>	<u>\$ 41,667,882</u>	<u>\$ 42,224,986</u>

Additional information on the City's long-term debt can be found in Note 5 in the notes to the basic financial statements.

General Fund Budgetary Highlights

There was a \$3,252,286 increase in appropriations between the original budget and the final amended budget for the fiscal year ended June 30, 2009. Significant changes include a \$2,200,000 increase in transfers from the General Fund to the Capital Replacement Fund, and a \$717,665 increase attributed to additional engineering services in public works projects.

Economic Factors and Next Year's Budgets and Rates

In considering the City Budget for the fiscal year 2009-10, the City Council and management were conservative as to the projected growth of revenues and expenditures. Continuing uncertainty in the economy and the flattening of primary revenues was a primary concern. Property tax and sales tax revenue were estimated to grow approximately 1.5% and 2.8% respectively.

See independent auditors' report.

CITY OF HEALDSBURG

**Management's Discussion and Analysis
(Continued)**

Fiscal Year Ended June 30, 2009

Request for Information

This financial report is designed to provide a general overview for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Finance Director, City of Healdsburg, 401 Grove Street, Healdsburg, CA 95448-4723.

See independent auditors' report.

CITY OF HEALDSBURG

STATEMENT OF NET ASSETS

June 30, 2009

	Governmental Activities	Business-type Activities	Total
ASSETS:			
Cash and investments (Note 2)	\$ 29,474,062	\$ 26,157,624	\$ 55,631,686
Receivables:			
Interest	102,247	84,968	187,215
Accounts	157,542	3,461,968	3,619,510
Taxes	826,347	218,213	1,044,560
Loans	3,790,556	-	3,790,556
Special assessments	985,000	-	985,000
Notes	21,828	-	21,828
Due from other governments	109,365	176,192	285,557
Internal balances	1,284,054	(1,284,054)	-
Inventory	25,515	1,757,252	1,782,767
Deferred charges	375,627	909,304	1,284,931
Restricted assets:			
Cash and investments (Note 2)	14,984,929	61,518	15,046,447
Capital assets (Note 4):			
Land	15,854,546	4,983,902	20,838,448
Right of way	6,681,379	-	6,681,379
Infrastructure, net	985,865	-	985,865
Depreciable buildings, net	10,269,918	3,402,142	13,672,060
Depreciable streets, net	-	18,696,964	18,696,964
Depreciable utility systems, net	-	78,182,807	78,182,807
Depreciable drainage, net	-	6,704,375	6,704,375
Depreciable machinery and equipment, net	3,291,918	819,696	4,111,614
Depreciable operations, net	-	1,026,727	1,026,727
Construction in progress	698,069	8,521,692	9,219,761
TOTAL ASSETS	89,918,767	153,881,290	243,800,057
LIABILITIES:			
Accounts payable and accrued liabilities	2,160,066	1,722,514	3,882,580
Deposits payable	77,688	677,967	755,655
Unearned revenue	1,060,000	-	1,060,000
Other post-employment benefits liability (Note 7)	90,000	-	90,000
Noncurrent liabilities (Note 5):			
Due within one year	2,808,291	590,000	3,398,291
Due in more than one year	42,501,438	41,077,882	83,579,320
TOTAL LIABILITIES	48,697,483	44,068,363	92,765,846
NET ASSETS:			
Invested in capital assets, net of related debt	5,789,810	81,518,209	87,308,019
Restricted for:			
Debt service	4,069,589	-	4,069,589
Community development	18,808,251	-	18,808,251
Public Safety	117,902	-	117,902
Culture and recreation	29,581	-	29,581
Nonexpendable for senior services	78,028	-	78,028
Unrestricted	12,328,123	28,294,718	40,622,841
TOTAL NET ASSETS	\$ 41,221,284	\$ 109,812,927	\$ 151,034,211

See independent auditors' report and notes to basic financial statements.

CITY OF HEALDSBURG

STATEMENT OF ACTIVITIES

For the year ended June 30, 2009

Functions/programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government	\$ 914,672	\$ 490,293	\$ 3,179	\$ -
Public safety	7,506,458	693,896	315,358	-
Culture and recreation	21,284	-	-	-
Community development	9,208,938	425,105	209,588	192,145
Unallocated infrastructure depreciation	26,644	-	-	-
Interest on long-term debt	2,310,432	-	-	-
Total governmental activities	19,988,428	1,609,294	528,125	192,145
Business-type activities:				
Water	4,521,558	4,734,365	-	-
Sewer	6,574,752	8,470,068	-	-
Electric	11,865,280	10,089,476	-	424,224
Streets	1,676,609	968,870	667,876	-
Community Services	2,890,922	375,740	1,409,609	-
Other programs	1,866,323	1,316,532	1,317,533	-
Total business-type activities	29,395,444	25,955,051	3,395,018	424,224
TOTAL PRIMARY GOVERNMENT	\$ 49,383,872	\$ 27,564,345	\$ 3,923,143	\$ 616,369

General revenues:

Taxes:

Property taxes, levied for general purposes

Franchise taxes

Sales tax

Transient occupancy taxes

Intergovernmental:

Unrestricted motor vehicle in-lieu

Investment earnings

Transfers

Total general revenues and transfers

Change in net assets

Net assets - Beginning of year

Net assets - End of year

See independent auditors' report and notes to basic financial statements.

Net (Expense) Revenue and Changes in Net Assets		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (421,200)	\$ -	\$ (421,200)
(6,497,204)	-	(6,497,204)
(21,284)	-	(21,284)
(8,382,100)	-	(8,382,100)
(26,644)	-	(26,644)
(2,310,432)	-	(2,310,432)
<u>(17,658,864)</u>	<u>-</u>	<u>(17,658,864)</u>
-	212,807	212,807
-	1,895,316	1,895,316
-	(1,351,580)	(1,351,580)
-	(39,863)	(39,863)
-	(1,105,573)	(1,105,573)
-	767,742	767,742
<u>-</u>	<u>378,849</u>	<u>378,849</u>
<u>(17,658,864)</u>	<u>378,849</u>	<u>(17,280,015)</u>
11,668,443	-	11,668,443
381,153	-	381,153
3,161,740	-	3,161,740
275,109	-	275,109
41,190	-	41,190
927,200	722,267	1,649,467
(3,433,576)	3,433,576	-
<u>13,021,259</u>	<u>4,155,843</u>	<u>17,177,102</u>
(4,637,605)	4,534,692	(102,913)
<u>45,858,889</u>	<u>105,278,235</u>	<u>151,137,124</u>
<u>\$ 41,221,284</u>	<u>\$ 109,812,927</u>	<u>\$ 151,034,211</u>

CITY OF HEALDSBURG

BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2009

	General	Redevelopment Agency Debt Service
ASSETS	<u>General</u>	<u>Redevelopment Agency Debt Service</u>
Cash and investments	\$ 3,684,443	\$ 313,216
Receivables:		
Accounts	17,652	-
Taxes	738,527	-
Notes	97	-
Interest	13,037	-
Special assessments	-	-
Due from other governments	88,495	-
Due from other funds	-	-
Restricted cash and investments	-	3,096,754
TOTAL ASSETS	<u>\$ 4,542,251</u>	<u>\$ 3,409,970</u>
LIABILITIES AND FUND BALANCES		
LIABILITIES:		
Accounts payable	\$ 44,631	\$ -
Deposits	77,688	-
Due to other funds	-	-
Deferred revenue	-	-
TOTAL LIABILITIES	<u>122,319</u>	<u>-</u>
FUND BALANCES:		
Reserved:		
Notes receivable	-	-
Low and moderate income housing	-	-
Debt service	-	3,409,970
Multi-year programs	-	-
Unreserved, Reported In:		
General fund	4,419,932	-
Special revenue fund	-	-
Capital projects fund	-	-
Permanent fund	-	-
TOTAL FUND BALANCES	<u>4,419,932</u>	<u>3,409,970</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 4,542,251</u>	<u>\$ 3,409,970</u>

See independent auditors' report and notes to basic financial statements.

Capital Projects Funds			
Redevelopment Agency Commercial & Industrial	Redevelopment Agency Low/Moderate Income Housing	Other Governmental Funds	Total Governmental Funds
\$ 4,030,678	\$ 2,488,986	\$ 10,419,245	\$ 20,936,568
-	-	115,236	132,888
34,528	8,632	44,660	826,347
75,000	2,190,500	1,524,959	3,790,556
27,122	4,456	30,133	74,748
-	-	985,000	985,000
-	-	20,870	109,365
3,193,000	-	1,058,000	4,251,000
8,203,905	3,404,026	280,244	14,984,929
<u>\$ 15,564,233</u>	<u>\$ 8,096,600</u>	<u>\$ 14,478,347</u>	<u>\$ 46,091,401</u>
\$ 18,673	\$ 5,697	\$ 289,975	\$ 358,976
-	-	-	77,688
1,058,000	-	55,000	1,113,000
75,000	2,190,500	1,660,000	3,925,500
<u>1,151,673</u>	<u>2,196,197</u>	<u>2,004,975</u>	<u>5,475,164</u>
-	-	849,959	849,959
-	5,900,403	-	5,900,403
-	-	1,164,768	4,574,738
8,203,905	-	-	8,203,905
-	-	-	4,419,932
-	-	8,368,990	8,368,990
6,208,655	-	2,011,737	8,220,392
-	-	77,918	77,918
<u>14,412,560</u>	<u>5,900,403</u>	<u>12,473,372</u>	<u>40,616,237</u>
<u>\$ 15,564,233</u>	<u>\$ 8,096,600</u>	<u>\$ 14,478,347</u>	<u>\$ 46,091,401</u>

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CITY OF HEALDSBURG

RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET ASSETS

June 30, 2009

Fund balances - total governmental funds \$ 40,616,237

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

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet. 35,075,264

Long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds. 2,865,500

Internal service funds are used by management to charge the costs of self-insurance, information services and capital replacements to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets. 8,713,194

Internal balances included in internal service funds which are payable from the enterprise funds. (1,853,946)

Long-term liabilities and related items are not due and payable in the current period and, therefore, are not reported in the governmental funds. Bond issuance costs are not current financial resources and are not reported in the governmental funds. Balances at June 30, 2009 are:

General obligation bonds	\$ (3,975,000)	
Tax allocation bonds payable	(38,860,000)	
Special assessment bonds payable	(985,000)	
Other post-employment benefits obligation	(90,000)	
Bond discount	220,184	
Deferred charges for issuance costs	375,627	
Total long-term liabilities		(43,314,189)

Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. (880,776)

Net assets of governmental activities \$ 41,221,284

See independent auditors' report and notes to basic financial statements.

CITY OF HEALDSBURG

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the year ended June 30, 2009

	General	Redevelopment Agency Debt Service
	<u>General</u>	<u>Service</u>
REVENUES:		
Property taxes	\$ 1,870,402	\$ -
Sales and other taxes	4,244,281	-
Charges for services	516,193	-
Intergovernmental revenue	353,124	-
Development fees and permits	22,475	-
Investment income	96,936	11,191
Rental income	-	-
Miscellaneous fees and charges	105,825	-
Other revenues	40,067	-
TOTAL REVENUES	<u>7,249,303</u>	<u>11,191</u>
EXPENDITURES:		
Current:		
General government	308,283	-
Public safety	7,316,622	-
Culture and recreation	-	-
Community development	-	-
Capital outlay	-	-
Debt service:		
Principal retirement	-	970,000
Interest and fees	-	2,100,935
TOTAL EXPENDITURES	<u>7,624,905</u>	<u>3,070,935</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(375,602)</u>	<u>(3,059,744)</u>
OTHER FINANCING SOURCES (USES):		
Transfers in	107,727	3,070,935
Transfers out	<u>(75,253)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>32,474</u>	<u>3,070,935</u>
NET CHANGE IN FUND BALANCES	(343,128)	11,191
FUND BALANCES - BEGINNING OF YEAR	<u>4,763,060</u>	<u>3,398,779</u>
FUND BALANCES - END OF YEAR	<u>\$ 4,419,932</u>	<u>\$ 3,409,970</u>

See independent auditors' report and notes to basic financial statements.

Capital Projects Funds			
Redevelopment Agency Commercial & Industrial	Redevelopment Agency Low/Moderate Income Housing	Other Governmental Funds	Total Governmental Funds
\$ 7,185,963	\$ 1,796,491	\$ 815,587	\$ 11,668,443
-	-	-	4,244,281
-	-	-	516,193
-	-	268,309	621,433
-	-	192,166	214,641
373,319	117,621	251,415	850,482
-	-	402,361	402,361
-	-	-	105,825
-	2,100	41,855	84,022
<u>7,559,282</u>	<u>1,916,212</u>	<u>1,971,693</u>	<u>18,707,681</u>
152,210	44,314	62,305	567,112
-	-	-	7,316,622
-	-	21,284	21,284
4,820,280	3,961,241	177,613	8,959,134
-	-	1,016,483	1,016,483
-	-	545,000	1,515,000
-	-	196,059	2,296,994
<u>4,972,490</u>	<u>4,005,555</u>	<u>2,018,744</u>	<u>21,692,629</u>
<u>2,586,792</u>	<u>(2,089,343)</u>	<u>(47,051)</u>	<u>(2,984,948)</u>
1,989,841	-	1,135,877	6,304,380
<u>(5,270,981)</u>	<u>(882,747)</u>	<u>(3,505,311)</u>	<u>(9,734,292)</u>
<u>(3,281,140)</u>	<u>(882,747)</u>	<u>(2,369,434)</u>	<u>(3,429,912)</u>
(694,348)	(2,972,090)	(2,416,485)	(6,414,860)
<u>15,106,908</u>	<u>8,872,493</u>	<u>14,889,857</u>	<u>47,031,097</u>
<u>\$ 14,412,560</u>	<u>\$ 5,900,403</u>	<u>\$ 12,473,372</u>	<u>\$ 40,616,237</u>

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CITY OF HEALDSBURG

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES

For the year ended June 30, 2009

Net change in fund balances - total governmental funds \$ (6,414,860)

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

Governmental funds report capital outlays 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 capitalizable capital outlays (\$766,677) exceeded depreciation (\$651,787) in the current period 114,890

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 governmental funds. Neither transaction, however, has any effect on net assets. These amounts are the net effect of these differences in the treatment of long-term debt:
Principal payments 1,515,000

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:

Interest expense	\$ 21,442	
Amortization of issuance costs	(21,886)	
Amortization of bond discount	(12,994)	
Current year expense for other post-employment benefits	<u>(90,000)</u>	(103,438)

Internal service funds are used by management to charge the costs of self-insurance, information services and capital replacements to individual funds. A portion of the net income of the internal service funds is reported with governmental activities. 250,803

Change in net assets of governmental activities \$ (4,637,605)

See independent auditors' report and notes to basic financial statements.

CITY OF HEALDSBURG

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS

June 30, 2009

	Business-type Activities - Enterprise Funds		
	Water Fund	Sewer Fund	Electric Fund
ASSETS:			
CURRENT ASSETS:			
Cash and investments	\$ 4,245,701	\$ 11,464,304	\$ 4,251,695
Accounts receivable	578,841	831,911	1,429,118
Taxes receivable	-	-	-
Interest receivable	12,561	34,235	10,418
Notes receivable	-	-	-
Due from other governments	-	-	-
Due from other funds	-	-	55,000
Inventory	140,443	2,380	1,585,642
TOTAL CURRENT ASSETS	4,977,546	12,332,830	7,331,873
NONCURRENT ASSETS:			
Deferred issuance cost	561,843	347,461	-
Restricted cash and investments	60,470	1,048	-
Capital assets:			
Land	310,781	766,902	48,360
Building	1,480,553	206,166	447,835
Streets	-	-	-
Utility systems	27,436,978	54,335,416	16,735,638
Drainage	-	9,463,020	-
Machinery and equipment	619,683	571,689	467,092
Operations	-	-	-
Construction in progress	151,539	1,688,963	4,653,007
Less accumulated depreciation	(6,918,620)	(10,627,485)	(7,869,609)
TOTAL NONCURRENT ASSETS	23,703,227	56,753,180	14,482,323
TOTAL ASSETS	28,680,773	69,086,010	21,814,196
LIABILITIES:			
CURRENT LIABILITIES:			
Accounts payable and accrued liabilities	187,473	972,546	114,776
Deposits from others	2,395	-	525,326
Due to other funds	-	-	2,395,000
Claims payable	-	-	-
Compensated absences	-	-	-
Certificates of participation and revenue bonds	490,000	100,000	-
TOTAL CURRENT LIABILITIES	679,868	1,072,546	3,035,102
NONCURRENT LIABILITIES:			
Compensated absences	-	-	-
Certificates of participation and revenue bonds	12,186,530	28,891,352	-
TOTAL NONCURRENT LIABILITIES	12,186,530	28,891,352	-
TOTAL LIABILITIES	12,866,398	29,963,898	3,035,102
NET ASSETS:			
Invested in capital assets, net of related debt	10,905,757	27,759,732	14,482,323
Unrestricted	4,908,618	11,362,380	4,296,771
TOTAL NET ASSETS	\$ 15,814,375	\$ 39,122,112	\$ 18,779,094

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds
Net assets of business-type activities

See independent auditors' report and notes to basic financial statements.

Business-type Activities - Enterprise Funds (Continued)				Governmental Activities
Streets Fund	Community Services Fund	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
\$ 3,150,550	\$ 1,230,736	\$ 1,814,638	\$ 26,157,624	\$ 8,537,494
516,853	7,194	98,051	3,461,968	24,654
-	218,213	-	218,213	-
17,347	3,366	7,041	84,968	27,499
-	-	-	-	21,828
-	-	176,192	176,192	-
-	249,461	-	304,461	-
19,304	719	8,764	1,757,252	25,515
<u>3,704,054</u>	<u>1,709,689</u>	<u>2,104,686</u>	<u>32,160,678</u>	<u>8,636,990</u>
-	-	-	909,304	-
-	-	-	61,518	-
-	3,506,053	351,806	4,983,902	-
-	3,492,157	1,380,832	7,007,543	-
26,326,542	-	-	26,326,542	-
-	-	-	98,508,032	-
-	-	-	9,463,020	-
10,739	429,672	307,696	2,406,571	7,276,100
-	-	1,544,347	1,544,347	-
382,238	256,015	1,389,930	8,521,692	423
(7,636,559)	(1,909,462)	(1,461,609)	(36,423,344)	(4,570,092)
<u>19,082,960</u>	<u>5,774,435</u>	<u>3,513,002</u>	<u>123,309,127</u>	<u>2,706,431</u>
<u>22,787,014</u>	<u>7,484,124</u>	<u>5,617,688</u>	<u>155,469,805</u>	<u>11,343,421</u>
191,663	161,665	94,391	1,722,514	888,267
41,394	55,547	53,305	677,967	-
-	500,000	547,461	3,442,461	-
-	-	-	-	32,047
-	-	-	-	1,218,291
-	-	-	590,000	-
<u>233,057</u>	<u>717,212</u>	<u>695,157</u>	<u>6,432,942</u>	<u>2,138,605</u>
-	-	-	-	491,622
-	-	-	41,077,882	-
-	-	-	41,077,882	491,622
<u>233,057</u>	<u>717,212</u>	<u>695,157</u>	<u>47,510,824</u>	<u>2,630,227</u>
19,082,960	5,774,435	3,513,002	81,518,209	2,706,431
3,470,997	992,477	1,409,529	26,440,772	6,006,763
<u>\$ 22,553,957</u>	<u>\$ 6,766,912</u>	<u>\$ 4,922,531</u>	107,958,981	<u>\$ 8,713,194</u>

1,853,946
\$ 109,812,927

CITY OF HEALDSBURG

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS

For the year ended June 30, 2009

	Business-type Activities - Enterprise Funds		
	Water Fund	Sewer Fund	Electric Fund
OPERATING REVENUES:			
Charges for services	\$ 3,968,150	\$ 6,284,447	\$ 9,912,726
Development fees	766,215	2,184,460	-
Rental income	-	-	-
Other revenues	-	1,161	176,750
TOTAL OPERATING REVENUES	4,734,365	8,470,068	10,089,476
OPERATING EXPENSES:			
Purchased power	-	-	7,263,987
Operations	2,456,760	2,930,291	2,281,514
Administrative	1,015,247	1,297,449	1,933,712
Insurance and benefit costs	-	-	-
Depreciation	508,359	1,040,531	422,960
TOTAL OPERATING EXPENSES	3,980,366	5,268,271	11,902,173
OPERATING INCOME (LOSS)	753,999	3,201,797	(1,812,697)
NONOPERATING REVENUES (EXPENSES):			
Taxes	-	-	-
Intergovernmental grants	-	-	-
Investment income	92,985	240,890	77,336
Interest expense	(581,646)	(1,357,557)	-
TOTAL NONOPERATING REVENUES (EXPENSES)	(488,661)	(1,116,667)	77,336
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	265,338	2,085,130	(1,735,361)
CAPITAL CONTRIBUTIONS AND TRANSFERS:			
Capital contributions	-	-	424,224
Transfers in	411,577	3,354,431	927,640
Transfers out	-	(15,901)	-
TOTAL CAPITAL CONTRIBUTIONS AND TRANSFERS	411,577	3,338,530	1,351,864
CHANGE IN NET ASSETS	676,915	5,423,660	(383,497)
TOTAL NET ASSETS - BEGINNING OF YEAR	15,137,460	33,698,452	19,162,591
TOTAL NET ASSETS - END OF YEAR	\$ 15,814,375	\$ 39,122,112	\$ 18,779,094
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds: Change in net assets of business-type activities (page 17)			

See independent auditors' report and notes to basic financial statements.

Business-type Activities - Enterprise Funds (Continued)				Governmental Activities
Streets Fund	Community Services Fund	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
\$ -	\$ 321,425	\$ 340,490	\$ 20,827,238	\$ 10,886,062
961,562	-	615,109	4,527,346	-
-	54,315	304,335	358,650	-
7,308	-	56,598	241,817	1,035
<u>968,870</u>	<u>375,740</u>	<u>1,316,532</u>	<u>25,955,051</u>	<u>10,887,097</u>
-	-	-	7,263,987	-
793,405	1,754,891	1,352,414	11,569,275	2,307,826
394,793	1,013,730	437,798	6,092,729	78,514
-	-	-	-	7,731,703
513,828	122,301	93,190	2,701,169	420,386
<u>1,702,026</u>	<u>2,890,922</u>	<u>1,883,402</u>	<u>27,627,160</u>	<u>10,538,429</u>
<u>(733,156)</u>	<u>(2,515,182)</u>	<u>(566,870)</u>	<u>(1,672,109)</u>	<u>348,668</u>
77,676	1,405,292	41,581	1,524,549	-
590,200	4,317	1,275,952	1,870,469	-
121,742	23,620	49,420	605,993	192,992
-	-	-	(1,939,203)	-
<u>789,618</u>	<u>1,433,229</u>	<u>1,366,953</u>	<u>2,061,808</u>	<u>192,992</u>
<u>56,462</u>	<u>(1,081,953)</u>	<u>800,083</u>	<u>389,699</u>	<u>541,660</u>
-	-	-	424,224	-
-	555,915	80,705	5,330,268	163,064
<u>(1,829,591)</u>	<u>(82,986)</u>	<u>(12,100)</u>	<u>(1,940,578)</u>	<u>(122,842)</u>
<u>(1,829,591)</u>	<u>472,929</u>	<u>68,605</u>	<u>3,813,914</u>	<u>40,222</u>
(1,773,129)	(609,024)	868,688	4,203,613	581,882
<u>24,327,086</u>	<u>7,375,936</u>	<u>4,053,843</u>		<u>8,131,312</u>
<u>\$ 22,553,957</u>	<u>\$ 6,766,912</u>	<u>\$ 4,922,531</u>		<u>\$ 8,713,194</u>
			331,079	
			<u>\$ 4,534,692</u>	

CITY OF HEALDSBURG

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the year ended June 30, 2009

	Business-type Activities - Enterprise Funds		
	Water Fund	Sewer Fund	Electric Fund
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers	\$ 4,831,517	\$ 8,440,660	\$ 9,946,099
Payments to suppliers	(1,882,278)	(4,876,536)	(9,331,533)
Payments to employees	(1,587,444)	(2,183,770)	(2,672,783)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>1,361,795</u>	<u>1,380,354</u>	<u>(2,058,217)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Taxes	-	-	-
Intergovernmental grants	-	-	-
Cash received from other funds	411,577	3,354,431	3,322,640
Cash paid to other funds	-	(15,901)	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>411,577</u>	<u>3,338,530</u>	<u>3,322,640</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition of capital assets - capital replacement	-	(1,580,300)	(1,304,260)
Capital contributions	-	-	424,224
Retirement of debt	(480,000)	(100,000)	-
Interest paid	(581,646)	(1,357,557)	-
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(1,061,646)</u>	<u>(3,037,857)</u>	<u>(880,036)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment income	<u>96,826</u>	<u>268,711</u>	<u>100,985</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	808,552	1,949,738	485,372
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>3,497,619</u>	<u>9,515,614</u>	<u>3,766,323</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 4,306,171</u>	<u>\$ 11,465,352</u>	<u>\$ 4,251,695</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ 753,999	\$ 3,201,797	\$ (1,812,697)
Depreciation	508,359	1,040,531	422,960
Amortization	42,715	23,787	-
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	97,152	(29,408)	(143,377)
(Increase) decrease in inventory	(6,138)	(10)	(239,347)
(Increase) decrease in other current assets			
Increase (decrease) in accounts payable	(34,322)	(2,856,343)	(235,471)
Increase (decrease) in deposits	30	-	(50,285)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 1,361,795</u>	<u>\$ 1,380,354</u>	<u>\$ (2,058,217)</u>

See independent auditors' report and notes to basic financial statements.

Business-type Activities - Enterprise Funds (Continued)				Governmental Activities
Streets Fund	Community Services Fund	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
\$ 506,785	\$ 368,633	\$ 1,077,738	\$ 25,171,432	\$ 10,876,721
(500,711)	(2,012,884)	(1,040,743)	(19,644,685)	(9,585,114)
(557,909)	(624,170)	(828,955)	(8,455,031)	(307,362)
(551,835)	(2,268,421)	(791,960)	(2,928,284)	984,245
77,676	1,475,516	41,581	1,594,773	-
590,200	4,316	1,275,952	1,870,468	-
-	1,055,915	258,166	8,402,729	163,064
(1,829,591)	(260,447)	(212,100)	(2,318,039)	(122,842)
(1,161,715)	2,275,300	1,363,599	9,549,931	40,222
(897,861)	(52,687)	(1,220,245)	(5,055,353)	(217,734)
-	-	-	424,224	-
-	-	-	(580,000)	-
-	-	-	(1,939,203)	-
(897,861)	(52,687)	(1,220,245)	(7,150,332)	(217,734)
139,392	32,146	56,985	695,045	205,607
(2,472,019)	(13,662)	(591,621)	166,360	1,012,340
5,622,569	1,244,398	2,406,259	26,052,782	7,525,154
<u>\$ 3,150,550</u>	<u>\$ 1,230,736</u>	<u>\$ 1,814,638</u>	<u>\$ 26,219,142</u>	<u>\$ 8,537,494</u>
\$ (733,156)	\$ (2,515,182)	\$ (566,870)	\$ (1,672,109)	\$ 348,668
513,828	122,301	93,190	2,701,169	420,386
-	-	-	66,502	-
(462,085)	(7,107)	(234,307)	(779,132)	(10,376)
22,692	-	37,613	(185,190)	13,591
-	-	(4,487)	(4,487)	-
156,492	78,417	(4,082)	(2,895,309)	211,976
(49,606)	53,150	(113,017)	(159,728)	-
<u>\$ (551,835)</u>	<u>\$ (2,268,421)</u>	<u>\$ (791,960)</u>	<u>\$ (2,928,284)</u>	<u>\$ 984,245</u>

CITY OF HEALDSBURG

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

June 30, 2009

	<u>Private Purpose Trust Funds</u>
ASSETS:	
Cash and investments (Note 2)	\$ 817,640
Restricted assets:	
Cash and investments (Note 2)	141,092
Interest receivable	<u>2,889</u>
TOTAL ASSETS	961,621
LIABILITIES:	
Accounts payable	<u>2,300</u>
NET ASSETS:	
Held in trust for other purposes	<u><u>\$ 959,321</u></u>

See independent auditors' report and notes to basic financial statements.

CITY OF HEALDSBURG

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

For the year ended June 30, 2009

	<u>Private Purpose Trust Funds</u>
ADDITIONS:	
Contributions	\$ 66,856
Investment income	24,553
Fees and charges	33,508
Transfers in	<u>50,000</u>
 TOTAL ADDITIONS	 174,917
DEDUCTIONS:	
Community development	<u>130,377</u>
 CHANGE IN NET ASSETS	 44,540
NET ASSETS - BEGINNING OF YEAR	<u>914,781</u>
NET ASSETS - END OF YEAR	<u><u>\$ 959,321</u></u>

See independent auditors' report and notes to basic financial statements.

CITY OF HEALDSBURG

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2009

1. SIGNIFICANT ACCOUNTING POLICIES:

Description of the Reporting Entity - The basic financial statements of the City of Healdsburg (City) include the financial activities of the City and its component units: the Healdsburg Redevelopment Agency (Agency) and the Healdsburg Financing Authority (HFA).

The criteria used in determining the scope of the reporting entity are based on the provisions of Governmental Accounting Standards Board Statement (GASB) 14. The City of Healdsburg is the primary government unit. Component units are those entities which are financially accountable to the primary government, either because the City appoints a voting majority of the component units' Board, or because the component unit will provide a financial benefit or impose a financial burden on the City.

The component units have been accounted for as "blended" component units of the City. Despite being legally separate, these entities are so intertwined with the City that they are, in substance, part of the City's operations. Accordingly, the balances and transactions of these component units are reported within the funds of the City. Balances for the Agency are reported as separate funds in the Special Revenue, Debt Service, Capital Projects and Fiduciary Funds. HFA transactions are recorded in the Redevelopment Agency Debt Service Fund and the Sewer Enterprise Fund. The following criteria were used in determining that the component units were blended:

The members of the City Council or other members appointed by the City Council act as governing bodies of the Agency and HFA. In addition, the Agency and HFA provide services, which benefit the City.

The City and the Agency are financially interdependent, and the governing bodies of the City and Agency are the same.

The Agency and HFA are financially interdependent. The Agency makes annual payments to HFA, which are used for debt service on bonds issued by HFA.

Separate financial statements for the Agency are available at the City's Administrative Offices.

Description of Joint Powers Authorities Participation - The City participates in one joint power activity and a pooled arrangement through formally organized and separate entities. The financial activities of the Northern California Power Agency and the Redwood Empire Municipal Insurance Fund are not included in the accompanying basic financial statements as they are administered by boards separate from and independent of the City. (See Notes 9 and 10).

See independent auditors' report.

CITY OF HEALDSBURG

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2009

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Government-Wide and Fund Financial Statements - The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information about the reporting government as a whole, except for its fiduciary activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government (including its blended component units) is reported separately from discretely presented component units for which the primary government is financially accountable. The City has no discretely presented component units. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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.

Separate financial statements for the government's governmental, proprietary, and fiduciary funds are presented after the government-wide financial statements. These statements display information about major funds individually and other funds in the aggregate for governmental and proprietary funds. Fiduciary statements, even though excluded from the government-wide financial statements include financial information that primarily represent assets held by the City in a custodial capacity for other individuals or organizations.

See independent auditors' report.

CITY OF HEALDSBURG

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2009

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Measurement Focus, Basis of Accounting, and Financial Statement Presentation - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Under the economic resources measurement focus, all assets and liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Operating statements present increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all the eligibility requirements have been satisfied. Operating expenses for proprietary 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 revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources, as they are needed.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the current financial resources measurement focus, only current assets and current liabilities are generally included on their balance sheets. The reported fund balance (net current assets) 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 net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period. Noncurrent portions of long-term receivables due to governmental funds are reported on their balance sheets in spite of their spending measurement focus. However, special reporting treatments are used to indicate that they should not be considered "available spendable resources" since they do not represent net current assets. Recognition of governmental fund type revenue represented by noncurrent receivables is deferred until they become current receivables. Noncurrent portions of other long-term receivables are offset by fund balance reserve accounts.

See independent auditors' report.

CITY OF HEALDSBURG

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2009

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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

Under the modified accrual basis of accounting, revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, except for principal and interest on long-term liabilities, claims payable, and compensated absences which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities are reported as other financing sources.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

All government-wide, business-type activities and proprietary funds of the City follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

Fund Classifications - The funds designated as major funds are determined by a mathematical calculation consistent with GASB Statement No. 34.

Major Governmental Funds

The General Fund is the primary operating fund of the City. It is used to account for all revenues and expenditures that are not required to be accounted for in another fund.

The Redevelopment Agency Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term obligations of the Redevelopment Agency.

The Redevelopment Agency Commercial & Industrial Capital Projects Fund accounts for revenues received from tax increment redevelopment projects.

See independent auditors' report.

CITY OF HEALDSBURG

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2009

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Major Governmental Funds (Continued)

The Redevelopment Agency Low/Moderate Income Housing Capital Projects Fund accounts for revenues received from tax increments for low to moderate income housing projects.

Major Enterprise Funds

The Water Fund accounts for the activities of providing water utilities to the residents of the City.

The Sewer Fund accounts for the activities of providing sewer utilities to the residents of the City.

The Electric Fund accounts for the activities of the electric distribution operations.

The Streets Fund accounts for the activities of the street maintenance operations.

The Community Services Fund accounts for the activities of the City's parks maintenance and community cultural activity operations.

The City's fund structure also includes the following fund types:

Governmental Fund Types

The Special Revenue Funds are used to account for revenues derived from specific revenue sources. These funds are required by statute or ordinance to finance particular functions or activities of government.

The Debt Service Funds are used to account for the accumulation of resources for the payment of long-term debt principal and interest.

The Capital Projects Funds are used to account for resources used for the acquisition of capital facilities by the City, except for those capital facilities financed by Enterprise Funds.

The Permanent Fund type is used to report resources that are legally restricted to the extent that only earnings, and not principal, are used for the benefit of the City.

See independent auditors' report.

CITY OF HEALDSBURG

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2009

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Proprietary Fund Type

The Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges.

The Internal Service Funds are used to account for the financing of special activities that provide services within the City. These activities include insurance and benefits, vehicle maintenance, information services and building maintenance.

Fiduciary Fund Type

Private Purpose Trust Funds are used to report trust arrangements under which principal and income benefits to support private organizations or other governments.

Encumbrance Accounting is employed as an extension of the budgetary process. This method records purchase orders, contracts and other commitments for the expenditure of funds in order to reserve that portion of the applicable appropriation. The City Council honors encumbrances outstanding at year-end.

Capital Assets (including infrastructure) are recorded at cost where historical records are available and at an estimated original cost where no historical records exist. Contributed capital assets are valued at their estimated fair market value at the date of contribution. Generally, capital asset purchases in excess of \$5,000 are capitalized if they have an expected useful life of 3 years or more.

Capital assets include additions to public domain (infrastructure) including certain improvements such as pavement, curb and gutter, sidewalks, traffic control devices, bridges and right-of-way corridors within the City. The City has valued and recorded all infrastructure asset data as of June 30, 2009.

Capital assets used in operations are depreciated over their estimated useful lives using the straight-line method in the Government-wide Financial Statements and in the Fund Financial Statements of the Proprietary Funds. Depreciation is charged as an expense against operations and accumulated depreciation is reported on the respective balance sheet.

See independent auditors' report.

CITY OF HEALDSBURG

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2009

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Capital Assets (Continued)

The lives used for depreciation purposes of each capital asset class are:

Buildings	10 to 30 years
Improvements other than buildings	10 years
Water distribution lines	10 to 50 years
Vehicles	3 to 15 years
Machinery and equipment	10 years
Office furniture, computers and equipment	3 to 10 years
Leased property	5 to 10 years
Infrastructure	50 years

Inventory is valued at cost using the weighted average method. Inventory of the Enterprise Funds consists primarily of materials and supplies for utility operations.

Cash and Investments are pooled by the City for investment purposes. Investments are stated at fair value. Fair value is the value at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Vested Vacation and Sick Leave obligations are fully funded and recorded in the Insurance and Benefit Internal Service Fund as accrued compensated absences.

Property Tax Levy, Collection and Maximum Rates - The State of California (State) Constitution Article XIII A provides that the combined maximum property tax rate on any given property may not exceed one percent of its assessed value unless an additional amount for general obligation debt has been approved by voters. Assessed value is calculated at 100 percent of market value as defined by Article XIII A and may be adjusted by no more than two percent per year unless the property is sold or transferred. The State Legislature has determined the method of distribution of receipts from a one percent tax levy among the counties, cities, school districts and other districts.

See independent auditors' report.

CITY OF HEALDSBURG

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2009

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Property Tax Levy, Collection and Maximum Rates (Continued)

Sonoma County assesses properties, bills for and collects secured and unsecured property taxes as follows:

	<u>Secured</u>	<u>Unsecured</u>
Lien dates	January 1	January 1
Levy dates	July 1	July 1
Due dates	50% on November 1 50% on February 1	July 1
Delinquent as of	December 10 (for November) April 10 (for February)	August 31

The term "unsecured" refers to taxes on personal property. These taxes are secured by liens on the property being taxed.

The City accrues only those taxes, which are levied for the tax year and received within sixty days after year-end.

Statement of Cash Flows - For the purpose of the statements of cash flows, cash and cash equivalents include highly liquid investments with original maturities of three months or less, including investments in the California Local Agency Investment Fund and Sonoma County Investment Fund.

Claims Payable - The City reports its risk activities in the Insurance and Benefit Service Fund. When it is probable that a claim liability has been incurred at year-end, and the amount of the loss can be reasonably estimated, the City records the estimated loss, net of any insurance coverage under its self-insurance program. Estimated claims losses, if any, include an accrual for IBNR ("incurred but not reported") claims. Small dollar claims are recorded as expenditures when paid.

See independent auditors' report.

CITY OF HEALDSBURG

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2009

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Use of Estimates - The preparation of 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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Specifically, the City has made certain estimates and assumptions relating to the collectibility of its receivables (including accounts receivable), and notes receivable, the market value of investments, valuation of capital assets and depreciation expense, and the ultimate outcome of claims payable. Actual results could differ from those estimates and assumptions.

2. CASH AND INVESTMENTS:

Cash and Investments

Cash and investments at June 30, 2009 are classified in the accompanying financial statements as follows:

	Government- Wide Statement of Net Assets	Fiduciary Fund Statement of Net Assets	Total
Unrestricted assets:			
Cash and investments	\$ 55,631,686	\$ 817,640	\$ 56,449,326
Restricted assets:			
Cash and investments	<u>15,046,447</u>	<u>141,092</u>	<u>15,187,539</u>
Total Cash and Investments	<u>\$ 70,678,133</u>	<u>\$ 958,732</u>	<u>\$ 71,636,865</u>

Cash and investments at June 30, 2009 consisted of the following:

Cash on hand	\$ 1,075
Deposits with financial institutions	2,803,616
Investments	<u>68,832,174</u>
Total Cash and Investments	<u>\$ 71,636,865</u>

See independent auditors' report.

CITY OF HEALDSBURG

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2009

2. CASH AND INVESTMENTS (CONTINUED):

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

The table below identifies the investment types that are authorized for the City by the California Government Code (or the City's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the City's investment policy, where 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 trustee 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.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio*</u>	<u>Maximum Investment in One Issuer</u>
United States Treasury Obligations	5 years	None	None
United States Government Sponsored Enterprise Securities	5 years	None	None
Banker's Acceptances	180 days	40%	10%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	10%
Repurchase Agreements	1 day	2.5%	10%
Medium-Term Notes	5 years	30%	10%
County Pooled Investment Funds	N/A	10%	10%
Local Agency Investment Fund (LAIF)	N/A	10%	10%

* - Excluding amounts held by bond trustee that are not subject to California Government Code restrictions.

N/A - Not Applicable

See independent auditors' report.

CITY OF HEALDSBURG

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2009

2. CASH AND INVESTMENTS (CONTINUED):

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.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage Allowed</u>	<u>Maximum Investment in One Issuer</u>
United States Treasury Obligations	None	None	None
United States Government Sponsored Enterprise Securities	None	None	None
Banker's Acceptances	30 days	None	None
Commercial Paper	270 days	None	None
Money Market Mutual Funds	N/A	None	None
Investment Contracts	30 years	None	None

N/A - Not Applicable

See independent auditors' report.

CITY OF HEALDSBURG

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2009

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:

<u>Investment Type</u>	<u>Remaining Maturity (in Months)</u>			<u>Total</u>
	<u>12 Months or Less</u>	<u>13 - 24 Months</u>	<u>25 - 60 Months</u>	
Local Agency Investment Fund (LAIF)	\$ 9,635,457	\$ -	\$ -	\$ 9,635,457
Sonoma County Investment Pool	564,258	-	-	564,258
Federal Farm Credit Bank (FFCB)	3,043,340	2,000,000	1,998,327	7,041,667
Federal Home Loan Bank (FHLB)	10,000,245	5,099,925	4,000,000	19,100,170
Federal Home Loan Mortgage Corporation (FHLMC)	-	2,000,000	4,000,000	6,000,000
Federal National Mortgage Association (FNMA)	-	1,000,000	4,008,727	5,008,727
Money Market Mutual Funds	<u>21,481,895</u>	<u>-</u>	<u>-</u>	<u>21,481,895</u>
	<u>\$ 44,725,195</u>	<u>\$ 10,099,925</u>	<u>\$ 14,007,054</u>	<u>\$ 68,832,174</u>

See independent auditors' report.

CITY OF HEALDSBURG

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2009

2. CASH AND INVESTMENTS (CONTINUED):

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 required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual rating, by Standard and Poor's, as of year end for each investment type:

Investment Type	Total as of June 30, 2009	Minimum Legal Rating	AAA	Unrated
LAIF	\$ 9,635,457	N/A	\$ -	\$ 9,635,457
Sonoma County Investment Pool	564,258	N/A	-	564,258
FFCB	7,041,667	AAA	7,041,667	-
FHLB	19,100,170	AAA	19,100,170	-
FHLMC	6,000,000	AAA	6,000,000	-
FNMA	5,008,727	AAA	5,008,727	-
Money Market Mutual Funds	<u>21,481,895</u>	A	<u>21,481,895</u>	<u>-</u>
Total	<u>\$ 68,832,174</u>		<u>\$ 58,632,459</u>	<u>\$ 10,199,715</u>

N/A - Not Applicable

See independent auditors' report.

CITY OF HEALDSBURG

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2009

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. Investments in any one issuer that represent 5% or more of total City's investments are as follows:

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>
Federal Farm Credit Bank	United States Government Sponsored Enterprise Securities	\$ 7,041,667
Federal Home Loan Bank	United States Government Sponsored Enterprise Securities	19,100,170
Federal Home Loan Mortgage Corporation	United States Government Sponsored Enterprise Securities	6,000,000
Federal National Mortgage Association	United States Government Sponsored Enterprise Securities	5,008,727

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, 2009, the City deposits (bank balances) were insured by the Federal Depository Insurance Corporation or collateralized under California Law.

See independent auditors' report.

CITY OF HEALDSBURG

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2009

2. CASH AND INVESTMENTS (CONTINUED):

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. 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, which are recorded on an amortized cost basis.

Investment in County Investment Pool

The City is a voluntary participant in the Sonoma County Investment Fund (County Pool) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the County of Sonoma. 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 the County for the entire County portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County, which are recorded on an amortized cost basis.

3. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS:

Due to and from other funds at June 30, 2009 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Redevelopment Agency	Electric Enterprise Fund	\$ 2,395,000
Commercial & Industrial	Community Services	
	Enterprise Fund	500,000
	Other Enterprise Funds	298,000
Other Governmental Funds	Redevelopment Agency	1,058,000
	Commercial & Industrial	
Electric Enterprise Fund	Other Governmental Funds	55,000
Community Services		
Enterprise Fund	Other Enterprise Funds	249,461
		<u>\$ 4,555,461</u>

The amounts loaned between the funds represent temporary amounts advanced to pay for operating expenses.

See independent auditors' report.

CITY OF HEALDSBURG

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2009

3. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS (CONTINUED):

The compositions of the City's interfund transfer balances as of June 30, 2009 are as follows:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General	Other Governmental Funds	\$ 27,785
	Other Enterprise Funds	2,100
	Internal Service Funds	77,842
Redevelopment Agency Debt Service	Redevelopment Agency Commercial & Industrial	2,243,005
	Redevelopment Agency Low/Moderate Income Housing	827,930
Redevelopment Agency Commercial & Industrial	Other Governmental Funds	780,592
	Streets Enterprise	1,209,249
Other Governmental Funds	General	75,253
	Redevelopment Agency Low/Moderate Income Housing	54,817
	Other Governmental Funds	330,465
	Streets Enterprise	620,342
	Other Enterprise Funds	10,000
	Internal Service Funds	45,000
Water Enterprise	Redevelopment Agency Commercial & Industrial	117,347
	Other Governmental Funds	294,230
Sewer Enterprise	Redevelopment Agency Commercial & Industrial	2,865,754
	Other Governmental Funds	488,677
Electric Enterprise	Other Governmental Funds	927,640

See independent auditors' report.

CITY OF HEALDSBURG

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2009

3. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS (CONTINUED):

The compositions of the City's interfund transfer balances (Continued):

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Community Services Enterprise	Redevelopment Agency Commercial & Industrial Other Governmental Funds	\$ 19,170 536,745
Other Enterprise Funds	Redevelopment Agency Commercial & Industrial Community Services Enterprise	25,705 55,000
Internal Service Funds	Other Governmental Funds Sewer Enterprise Community Services Enterprise	119,177 15,901 <u>27,986</u>
		<u>\$ 11,797,712</u>

The General Fund received funds to pay for fire services related to the After School Program and future equipment replacement purchases.

The Redevelopment Agency Debt Service Fund received funds to pay for debt service.

The Redevelopment Agency Commercial & Industrial Capital Projects Fund received back funds transferred to other funds for capital improvements.

The Other Governmental Funds received funds to pay for capital improvements and operating expenditures.

The Water, Sewer, Electric and Community Services Enterprise Funds received funds to pay for capital improvements.

All other transfers between funds were used for payment of operating expenditures or expenses.

See independent auditors' report.

CITY OF HEALDSBURG

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2009

4. CAPITAL ASSETS:

A summary of changes in the Governmental Activities capital assets at June 30, 2009 is as follows:

Governmental Activities:

	Balance at June 30, 2008	Additions	Deletions	Balance at June 30, 2009
Capital assets, not being depreciated:				
Land	\$ 15,854,546	\$ -	\$ -	\$ 15,854,546
Right of way	6,681,379	-	-	6,681,379
Construction in progress	<u>517,206</u>	<u>476,724</u>	<u>(295,861)</u>	<u>698,069</u>
Total capital assets, not being depreciated	<u>23,053,131</u>	<u>476,724</u>	<u>(295,861)</u>	<u>23,233,994</u>
Capital assets, being depreciated:				
Buildings	15,197,752	324,658	-	15,522,410
Machinery and equipment	8,021,958	433,141	(55,931)	8,399,168
Infrastructure	<u>1,286,426</u>	<u>45,749</u>	<u>-</u>	<u>1,332,175</u>
Total capital assets being depreciated	<u>24,506,136</u>	<u>803,548</u>	<u>(55,931)</u>	<u>25,253,753</u>
Less accumulated depreciation for:				
Buildings	(4,727,170)	(525,322)	-	(5,252,492)
Machinery and equipment	(4,642,974)	(520,207)	55,931	(5,107,250)
Infrastructure	<u>(319,666)</u>	<u>(26,644)</u>	<u>-</u>	<u>(346,310)</u>
Total accumulated depreciation	<u>(9,689,810)</u>	<u>(1,072,173)</u>	<u>55,931</u>	<u>(10,706,052)</u>
Total capital assets being depreciated, net	<u>14,816,326</u>	<u>(268,625)</u>	<u>-</u>	<u>14,547,701</u>
Governmental activities capital assets, net	<u>\$ 37,869,457</u>	<u>\$ 208,099</u>	<u>\$ (295,861)</u>	<u>\$ 37,781,695</u>

See independent auditors' report.

CITY OF HEALDSBURG

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2009

4. CAPITAL ASSETS (CONTINUED):

A summary of changes in the Business-type Activities capital assets at June 30, 2009 is as follows:

Business-type Activities:

	Balance at June 30, 2008	Additions	Deletions	Balance at June 30, 2009
Capital assets, not being depreciated:				
Land and land rights	\$ 4,983,902	\$ -	\$ -	\$ 4,983,902
Construction in progress	<u>8,808,213</u>	<u>2,669,841</u>	<u>(2,956,362)</u>	<u>8,521,692</u>
Total capital assets, not being depreciated	<u>13,792,115</u>	<u>2,669,841</u>	<u>(2,956,362)</u>	<u>13,505,594</u>
Capital assets, being depreciated:				
Buildings	6,335,730	671,813	-	7,007,543
Streets	24,472,033	1,854,509	-	26,326,542
Utility systems	95,705,712	2,802,320	-	98,508,032
Drainage	9,463,020	-	-	9,463,020
Machinery and equipment	2,393,337	13,234	-	2,406,571
Operations	<u>1,544,347</u>	<u>-</u>	<u>-</u>	<u>1,544,347</u>
Total capital assets being depreciated	<u>139,914,179</u>	<u>5,341,876</u>	<u>-</u>	<u>145,256,055</u>
Less accumulated depreciation for:				
Buildings	(3,410,978)	(194,423)	-	(3,605,401)
Streets	(7,116,824)	(512,754)	-	(7,629,578)
Utility systems	(18,701,784)	(1,623,441)	-	(20,325,225)
Drainage	(2,576,469)	(182,176)	-	(2,758,645)
Machinery and equipment	(1,418,563)	(168,312)	-	(1,586,875)
Operations	<u>(497,557)</u>	<u>(20,063)</u>	<u>-</u>	<u>(517,620)</u>
Total accumulated depreciation	<u>(33,722,175)</u>	<u>(2,701,169)</u>	<u>-</u>	<u>(36,423,344)</u>
Total capital assets being depreciated, net	<u>106,192,004</u>	<u>2,640,707</u>	<u>-</u>	<u>108,832,711</u>
Business-type activities capital assets, net	<u>\$ 119,984,119</u>	<u>\$ 5,310,548</u>	<u>\$ (2,956,362)</u>	<u>\$ 122,338,305</u>

See independent auditors' report.

CITY OF HEALDSBURG

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2009

4. CAPITAL ASSETS (CONTINUED):

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:

General government	\$	319,128
Public safety		306,015
Unallocated infrastructure depreciation		26,644
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets		<u>420,386</u>
Total depreciation expense - governmental activities	\$	<u>1,072,173</u>

Business-type Activities:

Water	\$	508,359
Sewer		1,040,531
Electric		422,960
Streets		513,828
Community Services		122,301
Other programs		<u>93,190</u>
Total depreciation expense - business-type activities	\$	<u>2,701,169</u>

See independent auditors' report.

CITY OF HEALDSBURG

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2009

5. LONG-TERM LIABILITIES:

The following is a summary of the Governmental Activities long-term liability transactions for the year ended June 30, 2009:

Governmental Activities:

	<u>Balance at</u> <u>July 1, 2008</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at</u> <u>June 30, 2009</u>	<u>Due Within</u> <u>One Year</u>
General Obligation Bonds (GO):					
1998 Refunding	\$ 1,470,000	\$ -	\$ (155,000)	\$ 1,315,000	\$ 160,000
2003 Refunding	<u>2,890,000</u>	<u>-</u>	<u>(230,000)</u>	<u>2,660,000</u>	<u>270,000</u>
Total GO Bonds	<u>4,360,000</u>	<u>-</u>	<u>(385,000)</u>	<u>3,975,000</u>	<u>430,000</u>
Tax Allocation Bonds (TAB):					
1995 Series	3,090,000	-	(95,000)	2,995,000	100,000
2002 Series A	12,635,000	-	(300,000)	12,335,000	315,000
2002 Series C	4,985,000	-	(120,000)	4,865,000	125,000
2003 Series A	11,700,000	-	(285,000)	11,415,000	285,000
2003 Series B	5,735,000	-	(130,000)	5,605,000	135,000
2002 Series B	<u>1,685,000</u>	<u>-</u>	<u>(40,000)</u>	<u>1,645,000</u>	<u>40,000</u>
Total TAB Bonds	<u>39,830,000</u>	<u>-</u>	<u>(970,000)</u>	<u>38,860,000</u>	<u>1,000,000</u>
Special Assessments:					
Area A	<u>1,145,000</u>	<u>-</u>	<u>(160,000)</u>	<u>985,000</u>	<u>160,000</u>
Compensated absences	<u>1,620,326</u>	<u>1,900,564</u>	<u>(1,810,977)</u>	<u>1,709,913</u>	<u>1,218,291</u>
Bond discount	<u>(233,178)</u>	<u>-</u>	<u>12,994</u>	<u>(220,184)</u>	<u>-</u>
Total governmental activities long-term liabilities	<u>\$ 46,722,148</u>	<u>\$ 1,900,564</u>	<u>\$ (3,312,983)</u>	<u>\$ 45,309,729</u>	<u>\$ 2,808,291</u>

See independent auditors' report.

CITY OF HEALDSBURG

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2009

5. LONG-TERM LIABILITIES (CONTINUED):

The following is a summary of the Business-type Activities long-term liability transactions for the year ended June 30, 2009:

Business-type Activities:

	<u>Balance at July 1, 2008</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2009</u>	<u>Due Within One Year</u>
Certificates of Participation (COP) and Bonds:					
2001 A - CSCDA Water	\$ 5,530,000	\$ -	\$ (270,000)	\$ 5,260,000	\$ 275,000
2002 C - CSCDA Water/ Wastewater	4,930,000	-	(125,000)	4,805,000	125,000
2005 D - CSDA Water/ Wastewater	6,140,000	-	(185,000)	5,955,000	190,000
2006 Wastewater Bonds	<u>26,150,000</u>	<u>-</u>	<u>-</u>	<u>26,150,000</u>	<u>-</u>
Total COP and Bonds	42,750,000	-	(580,000)	42,170,000	590,000
Bond discount	(217,897)	-	9,409	(208,488)	-
Deferred amount on refunding	<u>(307,117)</u>	<u>-</u>	<u>13,487</u>	<u>(293,630)</u>	<u>-</u>
Total business-type activities long-term liabilities	<u>\$ 42,224,986</u>	<u>\$ -</u>	<u>\$ (557,104)</u>	<u>\$ 41,667,882</u>	<u>\$ 590,000</u>

See independent auditors' report.

CITY OF HEALDSBURG

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2009

5. LONG-TERM LIABILITIES (CONTINUED):

Governmental Activities:

a. General Obligation Refunding Bonds:

1998 General Obligation Refunding Bonds

In March 1998, the City issued \$2,675,000 in General Obligation Refunding Bonds to advance refund \$2,410,000 of outstanding 1990 Series B General Obligation Bonds, which were originally issued to provide for capital improvements. The net proceeds were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1990 Series B bonds. As a result, the 1990 Series B bonds are considered to be defeased, and the liability for those bonds has been removed from the long-term liabilities. Interest on bonds varies from 3.80% to 5.05% with semi-annual debt service payments on August 1 and February 1 of each year with principal maturing August 1, 1998 through August 1, 2015. Debt service payments are made from property tax levy authorized by the voters. The 1990 B General Obligation were redeemed on August 1, 2000.

2003 General Obligation Refunding Bonds

In July 2003, the City issued \$3,620,000 in General Obligation Refunding Bonds to advance refund \$3,585,000 of outstanding 1998 General Obligation Bonds, which were originally issued to finance the construction of the police facilities. The net proceeds were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1998 General Obligation Bonds. As a result, the 1998 General Obligation Bonds are considered to be defeased, and the liability for those bonds has been removed from the long-term liabilities. Interest on bonds varies from 2.5% to 3.6% with semi-annual debt service payments on August 1 and February 1 of each year with principal maturing August 1, 2004 through August 1, 2015. Debt service payments are made from property tax levy authorized by the voters. The 1998 General Obligation Bonds were redeemed on August 1, 2003.

Future debt service requirements on these bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2010	\$ 430,000	\$ 141,139	\$ 571,139
2011	460,000	126,391	586,391
2012	480,000	109,957	589,957
2013	530,000	91,430	621,430
2014	560,000	70,823	630,823
2015-2016	1,515,000	63,130	1,578,130
	<u>\$ 3,975,000</u>	<u>\$ 602,870</u>	<u>\$ 4,577,870</u>

See independent auditors' report.

CITY OF HEALDSBURG

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2009

5. LONG-TERM LIABILITIES (CONTINUED):

Governmental Activities (Continued):

b. Tax Allocation Bonds:

1995 Series - In December 1995, the Agency issued \$3,900,000 1995 Tax Allocation Bonds. The Bonds were issued to finance improvements in the Sotoyome Project Area. Interest on the bonds varies from 4.20% to 7.50% with semi-annual debt service payments on June 1, and December 1 of each year with principal maturing annually December 1, 1996 through December 2025. Debt Service payments will be made from tax increment revenue received by the Agency.

2002 Series A - In March 2002, the Healdsburg Financing Authority issued \$14,290,000 in Tax Allocation Bonds on behalf of the Agency. The bonds were issued to finance improvements in the Sotoyome Project Area and to advance refund the 1993 Series A Certificates of Participation. Interest on the bonds varies from 1.7% to 5.125 % with semi-annual debt service payments on February 1 and August 1 of each year with principal maturing annually August 1, 2002 through August 2031. Debt service payments will be made from tax increment revenue received by the Agency. The amount of defeased 1993 Series A Certificates of Participation has been redeemed.

2002 Series C - In March 2002, the Healdsburg Financing Authority issued on behalf of the Agency \$5,630,000 in Tax Allocation Bonds. The Bonds were issued to finance low and moderate income housing land acquisition and improvements in the Sotoyome Project Area. Interest on the bonds varies from 1.7% to 5.125% with semi-annual debt service payments on February 1, and August 1 of each year with principal maturing annually August 1, 2002 through August 2031. Debt Service payments will be made from tax increment revenue received by the Agency and allocated to the Low/Moderate Income Housing Fund.

2003 Series A - In April 2003, the Agency issued \$13,000,000 Series A 2003 Tax Allocation Bonds. The Bonds were issued to finance certain redevelopment activities within or to the benefit of the Agency's Sotoyome Project Area, fund a reserve account and pay for costs of issuance of the Bonds. Interest on the bonds varies from 1.46% to 4.45% with semi-annual debt service payments on February 1 and August 1 of each year with principal maturing annually August 1, 2003 through 2031. Debt service payments will be made from tax increment revenue received by the Agency.

See independent auditors' report.

CITY OF HEALDSBURG

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2009

5. LONG-TERM LIABILITIES (CONTINUED):

Governmental Activities (Continued):

b. Tax Allocation Bonds (Continued):

2003 Series B - In April 2003, the Agency issued \$6,370,000 Series B 2003 Tax Allocation Bonds. The Bonds were issued to finance certain redevelopment activities within or to the benefit of the Agency's Sotoyome Project Area, fund a reserve account and pay for costs of issuance of the Bonds. Interest on the bonds varies from 1.46% to 4.45% with semi-annual debt service payments on February 1 and August 1 of each year with principal maturing annually August 1, 2003 through 2031. Debt service payments will be made from tax increment revenue received by the Agency and allocated to the Low/Moderate Income Housing Fund.

2002 Series B - In August 2004, the Agency issued \$1,800,000 Series B 2002 Tax Allocation Bonds. The Bonds were issued for the purpose of providing funds to finance the Alliance Medical Clinic which the Agency has determined is a benefit to the Sotoyome Project Area. Interest on the bonds is at 4.75% with semiannual debt service payments due February 1 and August 1 with principal maturing annually August 1, 2005 through 2031. Debt service payments will be made from tax increment revenue received by the Agency.

Future debt service requirements on these bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2010	\$ 1,000,000	\$ 2,040,863	\$ 3,040,863
2011	1,040,000	1,997,865	3,037,865
2012	1,080,000	1,950,230	3,030,230
2013	1,125,000	1,898,082	3,023,082
2014	1,175,000	1,842,323	3,017,323
2015-2019	6,705,000	8,248,216	14,953,216
2020-2024	8,480,000	6,236,595	14,716,595
2025-2029	10,610,000	3,638,316	14,248,316
2030-2032	7,645,000	650,667	8,295,667
	<u>\$ 38,860,000</u>	<u>\$ 28,503,157</u>	<u>\$ 67,363,157</u>

See independent auditors' report.

CITY OF HEALDSBURG

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2009

5. LONG-TERM LIABILITIES (CONTINUED):

Governmental Activities (Continued):

c. Special Assessment Debt with Government Commitment:

Proceeds from the assessment bonds issued for each district were used to construct improvements that benefited the property owners in that district. In June 2005, bonds in the amount of \$1,530,000 were issued to refund in advance bonds outstanding of \$1,700,000. Debt service payments are made from special assessment taxes collected from property owners by the County of Sonoma. The City has recorded the bonds as a liability because they may make temporary advance payment of debt service if sufficient funds have not been collected. Also, the assessments receivable have been recorded in a Debt Service Fund offset by an equal amount of deferred revenues in accordance with the provisions of GASB Statement 6.

Future debt service requirements on these bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2010	\$ 160,000	\$ 34,428	\$ 194,428
2011	160,000	29,057	189,057
2012	160,000	23,377	183,377
2013	165,000	17,364	182,364
2014	175,000	10,682	185,682
2015-2016	<u>165,000</u>	<u>4,838</u>	<u>169,838</u>
	<u>\$ 985,000</u>	<u>\$ 119,746</u>	<u>\$ 1,104,746</u>

d. Compensated Absences:

Compensated absences are liquidated by the Insurance and Benefit Internal Service Fund and are reported as a liability of the governmental activities.

See independent auditors' report.

CITY OF HEALDSBURG

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2009

5. LONG-TERM LIABILITIES (CONTINUED):

Business-type Activities:

e. Certificates of Participation (COP) and Bonds:

2001 A Water CSCDA Certificates

The bonds were authorized and issued by the California Statewide Communities Development Authority in the amount of \$7,170,000 of refunding revenue bonds on March 1, 2001 to refund the 1992 Water, 1993 REFA Series C, 1995 Water and 1996 Water Certificates, which were originally used to finance water improvements. The interest on the bonds varies from 2.9% to 4.5% with semi-annual debt service payments payable on April 1 and October 1 of each year commencing October 1, 2001. Principal on the bonds is payable annually from October 1, 2001 through October 1, 2026. Revenues from the operation of the water utility will be used to make the debt service payments. The proceeds of \$6,886,409 (after the bond discount and payment of underwriter fees, insurance and other issuance costs of \$283,590) plus the debt service reserves of the refunded issues was used to purchase State and Local Government Securities (SLGS). These securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments for the following Certificates of Participation - 1992 Water, 1993 REFA Series C, 1995 Water and 1996 Water. All of these above-mentioned certificates are considered defeased and the liability for these have been removed from long-term debt. As of June 30, 2009, the refunded issues have been redeemed.

2002 C Water/Wastewater CSCDA Certificates

The Bonds were authorized and issued by the California Statewide Communities Development Authority on behalf of the City in the amount of \$5,510,000 in October 2002. The proceeds are to be used for water improvement projects. The interest on the bonds varies from 2.0% to 3.6% with semi-annual debt service payments payable on April 1 and October 1 commencing April 1, 2003. Principal on bonds is payable annually from October 1, 2003 through October 1, 2032. Debt service payments are made from the revenues from the operation of the water utility.

See independent auditors' report.

CITY OF HEALDSBURG

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2009

5. LONG-TERM LIABILITIES (CONTINUED):

Business-type Activities (Continued):

e. Certificates of Participation (COP) and Bonds (Continued):

2005 D CSCDA Water/Wastewater Certificates

In October 2005, the City through the California Statewide Communities Development Authority issued \$6,505,000 in bonds to provide funds to defease the 1996 Sewer Improvement Certificates and the 2000 B Water and Sewer CSCDA Certificates, which were originally issued to finance sewer improvements. The proceeds of \$6,387,775 (after bond discount, payment of underwriter fees, insurance and other costs plus the debt reserve of \$68,784) were used to purchase State and Local Government securities (SLGS). These SLGS were placed in an irrevocable trust with an escrow agent to provide for future debt service payments on the 1996 Sewer Improvement Certificates and the 2000 B Water and Sewer CSCDA Certificates.

The refunded securities are considered defeased and the liability for these have been removed from long-term debt. At June 30, 2009, \$4,910,000 of the 2000 B Water/Wastewater CSCDA Certificates remained outstanding. The 1996 Sewer Certificates have been redeemed. Interest on the bonds is payable semiannually on each April 1 and October 1 with the principal payments due annually on October 1 of each year. Revenues from the water and wastewater utility will be used for debt service payments.

2006 Wastewater Revenue Bonds

In June 2006, the Healdsburg Public Financing Authority issued \$26,150,000 in revenue bonds to finance improvements to the wastewater system of the City of Healdsburg consisting primarily of a new wastewater treatment plant and reservoir storage pond and related facilities. A portion of the proceeds were used to pay interest and cost of issuance on the bonds. Interest on the bonds is payable semi-annually on April 1 and October 1 commencing October 1, 2006 with principal payable annually April 1 commencing April 1, 2011. Revenues from the operation of the wastewater utility will be used for debt service payments.

See independent auditors' report.

CITY OF HEALDSBURG

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2009

5. LONG-TERM LIABILITIES (CONTINUED):

Business-type Activities (Continued):

e. Certificates of Participation (COP) and Bonds (Continued):

Annual Debt Service Requirements

Annual debt service requirements to maturity for proprietary long-term liabilities, including interest of \$32,041,018 are as follows:

Year Ending June 30,	Certificates of Participation and Bonds		
	Principal	Interest	Total
2010	\$ 590,000	\$ 1,910,317	\$ 2,500,317
2011	1,120,000	1,890,263	3,010,263
2012	1,165,000	1,848,066	3,013,066
2013	1,205,000	1,800,670	3,005,670
2014	1,180,000	1,749,798	2,929,798
2015-2019	6,750,000	7,907,569	14,657,569
2020-2024	8,390,000	6,262,193	14,652,193
2025-2029	8,840,000	4,263,693	13,103,693
2030-2034	9,290,000	2,204,203	11,494,203
2035-2037	3,640,000	275,250	3,915,250
	<u>\$ 42,170,000</u>	<u>\$ 30,112,022</u>	<u>\$ 72,282,022</u>

6. EMPLOYEES' RETIREMENT PLAN:

Plan Description

The City of Healdsburg contributes to the California Public Employees' Retirement System (CalPERS), an agent multiple-employer public employee defined benefit pension plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. As of July 1, 2005, the City was mandated by the State to participate in the risk pool. The risk pool combines the assets and liabilities across employers of the same risk pool to provide a method to spread the risk of uncertain gains and losses over a larger base of members. Benefit provisions and all other requirements are established by state statute and City Ordinance. Copies of CalPERS' annual financial report may be obtained from their executive office: 400 P Street, Sacramento, CA 95814.

See independent auditors' report.

CITY OF HEALDSBURG

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2009

6. EMPLOYEES' RETIREMENT PLAN (CONTINUED):

Annual Required Contribution

The City is required to contribute at an actuarially determined rate; the current rate is 18.861% for miscellaneous employees and 31.616% for safety employees for the fiscal year ended June 30, 2009 of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by CalPERS. The City, due to a collective bargaining agreement, also has a legal obligation to contribute 8% (9% for safety employees) of each participant's annual covered salary. The City's contributions to CalPERS for the years ended June 30, 2009, 2008 and 2007 were \$2,107,024, \$2,531,000 and \$2,209,118, respectively, and were equal to required contributions for each year.

7. OTHER POST-EMPLOYMENT BENEFITS (OPEB):

a. Plan Description:

The City provides post-employment health care benefits through a single employer defined benefit plan. At retirement, employees can elect to receive Blue Cross or Kaiser medical coverage through the City medical plan at the retiree's expense. Retirees (service or disability retiring through CALPERS directly through the City who are age 50 or over and who have a minimum of 10 years of service with the City) are eligible to obtain medical coverage. While the City does not directly contribute towards the cost of insurance premiums for retirees, the ability to obtain coverage at an active employee rate constitutes a significant economic benefit to the retirees, called an 'implicit subsidy' under GASB 45. Medical coverage is provided for the surviving spouse of retired employees and the surviving spouse of active employees who upon death had attained age 50 and who had a minimum of 10 years of service with the City. The Plan does not provide a publicly available financial report.

b. Funding Policy:

The contribution requirements of plan members and the City are established and may be amended by the City, the City's City Council, and/or the employee associations. The City is currently funding this OPEB obligation on a pay-as-you-go basis. For the year ended June 30, 2009, the City paid \$21,000 in health care costs for its retirees and their covered dependents.

See independent auditors' report.

CITY OF HEALDSBURG

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2009

7. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED):

c. Annual OPEB Cost and Net OPEB Obligation:

The City's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded liabilities of the plan over a period not to exceed thirty years.

The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation to the Retiree Health Plan:

Annual required contribution	\$ 111,000
Interest on net OPEB obligation	-
Adjustment to annual required contribution	<u>-</u>
Annual OPEB cost (expense)	111,000
Actual contributions made	<u>(21,000)</u>
Increase in net OPEB obligation	90,000
Net OPEB Obligation - beginning of year	<u>-</u>
Net OPEB Obligation - end of year	<u>\$ 90,000</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2009, the first year in which GASB Statement 45 is required to be implemented, were as follows:

Fiscal Year Ended	Annual OPEB Cost	Actual Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/09	\$ 111,000	\$ 21,000	18.9 %	\$ 90,000

See independent auditors' report.

CITY OF HEALDSBURG

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2009

7. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED):

d. Funded Status and Funding Progress:

As of June 30, 2009, the first actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$1,851,000, and the actuarial value of assets was zero, resulting in an unfunded accrued liability (UAL) of \$1,851,000. The covered payroll (annual payroll of active employees covered by the plan) was \$11,699,000 and the ratio of the UAL to the covered payroll was 15.82%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about rates of employee turnover, retirement, mortality, as well as economic assumptions regarding claim costs per retiree, healthcare inflation and interest rates. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

e. Actuarial Methods and Assumptions:

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. In the June 30, 2009 actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included an investment interest rate of 4.5% per annum, a projected salary increase of 3.75% per annum and a general inflation rate of 3.5% per annum.

See independent auditors' report.

CITY OF HEALDSBURG

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2009

8. RESERVES AND DESIGNATIONS OF FUND EQUITY:

The City may set up "reserves" of fund equity to segregate fund balances that are not available for appropriations for expenditures in future periods, or which are legally set aside for a specific future use. Fund "designations" may also be established to indicate tentative plans for financial resources utilization in a future period. Each of the City's reserves and designations are described below:

- a. Reserve for notes receivable are amounts which are considered not to be current resources to be available to pay for expenditures.
- b. Reserve for low and moderate income housing represents amounts set-aside in the Redevelopment Agency Low/Moderate Income Housing Capital Projects Fund.
- c. Reserves for debt service represent amounts accumulated in accordance with bond indenture or similar covenant.
- d. Reserve for multi-year programs are bond proceeds restricted for capital improvements.

9. NORTHERN CALIFORNIA POWER AGENCY:

Background

The City is a member of the Northern California Power Agency (NCPA), headquartered in Roseville, California. NCPA is a joint exercise of powers agency formed in 1968 under the Joint Exercise of Powers Act, Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "Act"). NCPA's members currently consist of eleven cities with publicly owned electric utility distribution systems, an irrigation district, a public utility district, a city port department, and a transit district as members, a water agency and a rural electric cooperative as associate members. Under the terms of the NCPA Joint Powers Agreement entered into by all members, NCPA possesses the general powers to acquire, purchase, generate, transmit, distribute and sell electrical capacity and energy. Specific powers include the power to enter into contracts, acquire and construct electric generating facilities, set rates, issue revenue bonds and notes and acquire property by eminent domain.

The member Services Agreements, dated as of February 12, 1981, and the Facilities Agreement, dated as of September 22, 1993, provide for the development of all projects undertaken by NCPA in three separate phases: (i) the initial phase of general investigation funded by NCPA's general fund; (ii) the second phase whereby members of NCPA electing to participate in the project execute a project agreement to provide for the cost of development of the project (now referred to as an "NCPA Project"); and (iii) the third phase during which all remaining aspects, including financing, construction and operation of the NCPA Project are undertaken.

See independent auditors' report.

CITY OF HEALDSBURG

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2009

9. NORTHERN CALIFORNIA POWER AGENCY (CONTINUED):

Background (Continued)

NCPA has supplied many services to its members in the past and expects to continue to do so in the future. NCPA has been instrumental in litigating and negotiating with Pacific Gas and Electric Company (PG&E), the California Independent System Operator (CAISO) and the Western Area Power Administration of the federal government (Western) to keep wholesale power and transmission and other ancillary services rates at levels which have resulted in substantial savings when compared to rates sought by each of those suppliers. It is anticipated that NCPA will continue to litigate and/or negotiate on behalf of its members to maintain rates at levels which will result in continued advantage to its members.

Organization and Management

NCPA's governing body (the "Commission") is composed of one representative from each member, each such representative being designated a Commissioner. The Commission is given the general management of the affairs, property and business of NCPA and is vested with all powers of NCPA. Under the NCPA Joint Powers Agreement, associate members do not have a voting seat on the Commission, except as may be provided in a project agreement. The management of NCPA is responsible for various areas of administration and planning of NCPA's operations and affairs. The overall management is under the direction of NCPA's General Manager, who serves at the discretion of the Commission. NCPA is organized into four separate divisions: (i) generation services, (ii) power management, (iii) legislative and regulatory, and (iv) administrative services.

Today, the organization is guided by an ethic of environmental stewardship, fiscal responsibility and community service, coupled with a strong sense of mission to advance the state of the art in renewable energy. Each NCPA member has agreed to fund a pro rata share of certain assessments by NCPA and enter into power supply contract with NCPA to purchase power in support of bearing the costs of NCPA operations, energy and facilities. While governed by its members, none of NCPA's obligations are those of its members unless expressly assumed by them. As computed by NCPA amounts paid by the City to NCPA during the year ending June 30, 2009 were \$7,231,239 for electric power acquisition charges and are reported as an expense of the Electric Utility Fund.

See independent auditors' report.

CITY OF HEALDSBURG

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2009

9. NORTHERN CALIFORNIA POWER AGENCY (CONTINUED):

Organization and Management (Continued)

Additionally, the NCPA Commission identified and approved the funding of specific reserves for working capital, accumulated employee's post-retirement medical benefits, and billed property taxes for the geothermal project. The Commission also identified a number of contingent liabilities that may or may not be realized, the cost of which in most cases is difficult to estimate at this time. One such contingent liability is the steam filed depletion which will require funding to cover debt service and operational cost in excess of the expected value of the electric power. The General Operating Reserve (the "GOR") is intended to minimize the number and amount of individual reserves needed for each project, protect NCPA's financial condition and maintain its credit worthiness. These funds are available on demand, but the City has left them with NCPA as a reserve against these contingencies identified by NCPA. During Fiscal Year 2008-09 \$376,470 was transferred from the City's GOR for Lodi Energy Center Expenses. The City's GOR balance as computed by NCPA was \$3.7 million as of June 30, 2009.

NCPA Power Pool

The City is a member of a power pool operated by NCPA that also includes the following members: Alameda, Biggs, Gridley, Lodi, Lompoc, Palo Alto, Plumas Sierra Rural Electric Cooperative, the Port of Oakland and Ukiah (each, an "NCPA Pool member"). The ten NCPA Pool members' service areas are connected to the CAISO-controlled grid. NCPA operates a central dispatch facility (the "Central Dispatch Center") at NCPA's headquarters. The Central Dispatch Center balances loads and resources pursuant to CAISO tariff rules, for the ten NCPA Pool members, and Santa Clara. The Central Dispatch Center separately coordinates with Roseville to schedule Roseville's entitlement to Project output across the CAISO-controlled grid as requested by Roseville. The Central Dispatch Center also monitors and controls load and voltage levels, operates generating facilities, enters into buy and sell transactions with other utilities throughout the western United States and Canada and regulates hydroelectric facilities in coordination with the CAISO to maintain a safe and reliable interconnected system.

NCPA operates according to the terms and conditions of the CAISO tariff and the Amended and Restated NCPA Metered Subsystem Aggregator Agreement (the "MSSA") with the CAISO, which was approved by the NCPA Commission on December 4, 2008. The MSSA identifies operational terms and conditions that vary from the CAISO tariff, largely allowing NCPA members to continue to operate as a vertically integrated utility by generally self-providing for resources and services otherwise procured through the CAISO's markets. In conjunction with the execution of the MSSA, NCPA and PG&E entered into an Interconnection Agreement (the "NCPA-PG&E Interconnection Agreement") that provided for the terms and conditions for connecting NCPA resources and member loads to the CAISO-controlled grid, where such CAISO-controlled grid facilities are owned by PG&E and transferred to CAISO operational control through a Transmission Control Agreement between PG&E and the CAISO.

See independent auditors' report.

CITY OF HEALDSBURG

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2009

9. NORTHERN CALIFORNIA POWER AGENCY (CONTINUED):

NCPA Power Pool (Continued)

The CAISO recently implemented a complete overhaul of its tariff, replacing the market design embodied under the current CAISO tariff with an updated market design and tariff which has been entitled the Market Redesign and Technology Upgrade (MRTU). This overhaul largely changes how generation units are scheduled, transmission rights are allocated, and wholesale energy, capacity and ancillary service costs are allocated to NCPA and its members. NCPA has been an active participant in FERC proceedings, CAISO-led stakeholder meetings, and market simulations to test market participant scheduling and settlement systems in advance of MRTU implementation to ensure that Member interests were protected and that NCPA would be able to operate successfully under the new market design. NCPA has also negotiated amendments to the current MSSA to adapt to the changes anticipated as a result of MRTU. While MRTU is still in its first months of operation, NCPA has seen reasonable results so far, though it has also seen inexplicable charges which have been raised with the CAISO through the settlements process and elsewhere.

Wholesale Power Trading

NCPA trades in the Western wholesale electricity markets to maximize the value of its transmission and generation assets and to minimize its cost of power supply for its members. NCPA has engaged in wholesale market transactions since 1984. Due to the bankruptcy of PG&E and the California Power Exchange ("PX"), NCPA now holds an estimated \$7.7 million in unpaid claims against those bankruptcy estates. That money (along with other claims) is held in escrow accounts and appears likely to be distributed, in whole or in part, in connection with the resolution of the California energy market refund dispute. NCPA does not have any additional financial exposure due to recent bankruptcies in the electric utility industry.

Investment of NCPA Funds

All funds of NCPA (except bond proceeds which are invested pursuant to the indenture under which such bonds are issued) are invested in accordance with NCPA's investment policy and guidelines (the "Investment Policy") as authorized by Sections 53600 et seq. of the Government Code of the State of California. The Investment Policy and monthly activity reports are approved by the NCPA Commission.

The following securities, if and to the extent the same are at the time legal and in compliance with the applicable bond covenants and agreements for investment of NCPA's funds, are authorized investments under the Investment Policy: (i) securities of the U.S. Government, or its agencies, (ii) certificates of deposit (or time deposits) placed with commercial banks and/or savings and loan companies, (iii) negotiable certificates of deposit, (iv) bankers acceptances, (v) Local Agency Investment Fund (State Pool) demand deposits, (vi) repurchase agreements, (vii) passbook savings account demand deposits, (viii) municipal bonds, and (ix) commercial paper.

See independent auditors' report.

CITY OF HEALDSBURG

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2009

9. NORTHERN CALIFORNIA POWER AGENCY (CONTINUED):

Investment of NCPA Funds (Continued)

The Investment Policy provides the following guidelines, among others. All rated securities must be rated by Moody's or S&P as "A" or better. All certificates of deposit must mature within one year. All collateralized certificates of deposit must mature within one year. Certificates of deposit with a face value in excess of \$100,000 will be collateralized by Treasury Department securities or first mortgage loans. The Treasury bills or notes must be at least 110% of the face value of the certificate of deposit collateralized in excess of the first \$100,000. The value of first mortgages must be at least 150% of the face value of the certificate of deposit balance secured in excess of the first \$100,000. The portfolio will be diversified with holdings from at least several of the major eligible market sectors. Except for obligations issued or guaranteed by the U.S. Government, federal agencies or Government-sponsored corporations and the Local Agency Investment Fund, no more than 10% of an NCPA construction project or of the NCPA operating funds portfolio will be invested in the securities of any one issuer. Unless otherwise restricted, all holdings will be of sufficient size and held in issues which are actively traded to facilitate transactions at a minimum cost and accurate market valuation. Buying and selling securities before settlement or the use of reverse repurchase agreements for speculative purposes is not authorized. A reverse repurchase agreement may be used only in infrequent circumstances and only to prevent a material loss that would otherwise result from the sale of an investment for liquidity purposes. Any reverse repurchase agreements must be specifically reported to the Commission along with the reasons therefore on a timely basis.

The Investment Policy may be changed at any time at the discretion of the Commission subject to the State law provisions relating to authorized investments. Any exception to the Investment Policy must be formally approved by the Commission. There can be no assurance, therefore, that the State law and/or the Investment Policy will not be amended in the future to allow for investments which are currently not permitted under such State law or the Investment Policy, or that the objectives of NCPA with respect to investments will not change.

NCPA Geothermal Project

NCPA has developed a geothermal project (the "Geothermal Project") located on federal land in certain areas of Sonoma and Lake Counties, California (the "Geysers Area"). In addition to the geothermal leasehold, wells, gathering system and related facilities, the Geothermal Project consists of two electric generating stations (Plant 1 and Plant 2), each with two 55 MW (nameplate rating) turbine generator units utilizing low pressure, low temperature geothermal steam, associated electrical, mechanical and control facilities, a heat dissipation system, a steam gathering system, a transmission tapline and other related facilities. Geothermal steam for the project is derived from the geothermal property, which includes wellpads, access roads, steam wells and reinjection wells. NCPA formed two not-for-profit corporations controlled by its members to own the generating plants of the Geothermal Project. NCPA manages the Geothermal Project for the corporations and is entitled to all the capacity and energy generated by the Geothermal Project.

See independent auditors' report.

CITY OF HEALDSBURG

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2009

9. NORTHERN CALIFORNIA POWER AGENCY (CONTINUED):

NCPA Geothermal Project (Continued)

As noted above, the Geothermal Project consists of two operating electric generating stations (Plant 1 and Plant 2), each with two 55 MW (nameplate rating) turbine generator units. Plant 1 and Plant 2 were originally developed and operated as separate projects referred to as "Geothermal Project Number 2" and "Geothermal Project Number 3," respectively. Plant 1 and Plant 2 are now operated together as the Project pursuant to the terms of the Geothermal Operating Agreement.

Steam for NCPA's geothermal plants comes from lands in the Geysers Area, which are leased by NCPA from the federal government. NCPA operates these steam-supply areas. Operation of the geothermal plants at high generation levels, together with high steam usage by others in the same area, resulted in a decline in the steam production from the steam wells at a rate greater than expected. As a result, by April 1988, for the purpose of slowing the decline in the steam field capability, NCPA changed its steam field production from base-load to load-following and reduced average annual generation. These changes were effective in reducing the decline in steam production.

Beginning in 1991, along with other steam field operators in the area, NCPA began implementing various operating strategies to further reduce the rate of decline in steam production. NCPA has modified both steam turbine units at Plant 1 and the associated steam collection system to enable generation with lower pressure steam at higher mass-flow rates to optimize the utilization of the available steam resource.

NCPA also entered into agreements with other producers in the Geysers Area to finance and construct the Southeast Geysers Effluent Pipeline Project, which was completed in September 1997 and began operating soon thereafter. The 26-mile pipeline collects waste-water from Lake County Sanitation District treatment plants at Clearlake and Middletown and delivers the waste water to NCPA and the other Geysers steam field operator for injection into the steam field. A second pipeline enhancement project to further augment the waste-water injection program was completed in 2004. Contractual changes made in connection with the project have increased NCPA's entitlement to receive waste-water for reinjection from 33% to 44%.

See independent auditors' report.

CITY OF HEALDSBURG

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2009

9. NORTHERN CALIFORNIA POWER AGENCY (CONTINUED):

NCPA Geothermal Project (Continued)

During fiscal years 2008-09 and 2009-10, NCPA has been, and will be, undertaking certain capital improvements to the Geothermal Project, including: (i) the acquisition of a spare turbine rotor, as well as the replacement of the existing Unit 4 turbine rotor at Plant 2 with a new turbine rotor designed for lower pressure, which will avoid one-time operation and maintenance costs of \$3 million, and is expected to result in operation and maintenance cost savings of approximately \$150,000 per year; (ii) the design, permitting and construction of a 1 MW photovoltaic solar project to be constructed at the Middletown Treatment Plant in Lake County, which is expected to provide nearly 100% of the power needs for the 300 kW booster pump station presently under construction at the treatment plant; and (iii) the construction of a 1 MW photovoltaic solar project located at the Clearlake Southeast Treatment Plant in Lake County, completed in December of 2008, which provides approximately 25% of the power needs for the existing pump station located at the treatment plant. The pump stations at the Middletown Treatment Plant and the Clearlake Southeast Treatment Plant are part of the Southeast Geysers Effluent Pipeline Project.

NCPA financed the Geothermal Project with Geothermal Project Number 3 Revenue Bonds, of which \$63.2 million were outstanding as of October 1, 2009 (including Geothermal Project Number 3 Revenue Bonds issued to finance the capital improvements to the Geothermal Project described in the preceding paragraph). The remaining annual debt service on these bonds ranges from \$3.6 million to \$30.9 million, with final maturity of July 1, 2024. Each of the Project Participants participates in the Geothermal Project and has financial obligations with respect thereto.

Annual generation of the Project was approximately 116 MW gross ("MWG") for calendar year ("CY") 2008. Based on current operating protocols and forecasted operations, after CY 2008 both the average and peak capacity are expected to continue to decrease, reaching approximately 112 MWG by CY 2010 and 72 MWG by CY 2031. Under terms of the federal geothermal leasehold agreements, which became effective August 1, 1974, the leasehold had a 10-year primary term with provision for renewal as long thereafter as geothermal steam is produced or utilized, but not longer than 40 years. At the expiration of that period, if geothermal steam is still being produced, NCPA has preferential right to renew the leasehold for a second term. The leasehold also requires NCPA to remove its leasehold improvements including the geothermal plants and steam gathering system when and if NCPA abandons the leasehold. These decommissioning costs are currently estimated to total approximately \$24.1 million. NCPA has begun collecting about one percent per annum of the expected decommissioning costs and is expected to continue to do so through 2010. The decommissioning cost plan will be re-evaluated at that time.

See independent auditors' report.

CITY OF HEALDSBURG

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2009

9. NORTHERN CALIFORNIA POWER AGENCY (CONTINUED):

NCPA Geothermal Project (Continued)

NCPA has estimated the cost per kWh of power generated at the Geothermal Project to be 61.0 cents per kWh for Plant 1 and 67.0 cents per kWh for Plant 2 in Fiscal Year 2009-10.

A purchase power agreement with NCPA obligates the City for a 3.31% share of the operating costs and debt service of the geothermal project. Total outstanding debt of the NCPA Geothermal Project as of June 30, 2009 is \$87,955 thousand.

Geysers Transmission Project

In order to meet certain obligations required of NCPA to secure transmission and other support services for the Geothermal Project, NCPA has undertaken a geysers transmission project (the "Geysers Transmission Project") with the Geysers Transmission Project participants. The Geysers Transmission Project includes (i) an ownership interest in PG&E's 230 kV line from Castle Rock Junction in Sonoma County to the Lakeville Substation (the "Castle Rock to Lakeville Line"), (ii) additional firm transmission rights in the Castle Rock to Lakeville Line and (iii) the Central Dispatch Facility.

NCPA financed the Geysers Transmission Project through the issuance of Transmission Project Number One Revenue Bonds, of which \$0.9 million were outstanding as of October 1, 2009. The final maturity of the Transmission Project Number One Revenue Bonds is August 15, 2010. Alameda, Lodi, Palo Alto and Roseville, together with Biggs, Gridley, Healdsburg, Lompoc, Ukiah and Plumas Sierra, are participants in the Geysers Transmission Project.

NCPA Calaveras Hydroelectric Project

NCPA's Hydroelectric Project Number One (the "Hydroelectric Project") consists of (a) three diversion dams, (b) the 243-MW Collierville Powerhouse, (c) the New Spicer Meadow Dam with a 5.5-MW powerhouse, and (d) associated tunnels located essentially on the North Fork Stanislaus River and on the Stanislaus River in Alpine, Tuolumne and Calaveras Counties, California, together with required transmission facilities.

See independent auditors' report.

CITY OF HEALDSBURG

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2009

9. NORTHERN CALIFORNIA POWER AGENCY (CONTINUED):

NCPA Calaveras Hydroelectric Project (Continued)

The Hydroelectric Project, with the exception of certain transmission facilities and three storage reservoirs, is owned by the Calaveras County Water District (“CCWD”) and is licensed by FERC pursuant to a 50-year License No. 2409 to CCWD. Pursuant to a Power Purchase Contract, NCPA (i) is entitled to the electric output of the project until February 2032, subject to FERC approval, (ii) managed the construction of the project and (iii) operates the generating and recreational facilities of the project. Under a separate FERC-issued license with an expiration date coterminous with the License No. 2409 (Project No. 11197), NCPA holds the license and owns the 230 kV Collierville-Bellota and 21 kV Spicer Meadows-Cabbage Patch transmission lines for License No. 2409. NCPA also has a separate FERC license for Project No. 11563 (Upper Utica Project), which consists of three storage reservoirs that mainly feed the New Spicer Meadow Reservoir. This license expires in 2033. *Northern California Power Agency*, 104 F.E.R.C. ¶ 62,163 (2003). After the present FERC license for Project No. 2409 expires in the year 2032, NCPA has the option to continue to purchase project capacity and energy during a subsequent license renewal period. It is estimated that the price will be significantly less than the comparable alternatives at that time. The purchase option includes all capacity and energy which is surplus to needs for power within the boundaries of Calaveras County.

In February 1990, the operating portions of the project were declared substantially complete and commercially operable. The project has been supplying peak load requirements of the project participants therein and complementing other resources available to them through NCPA.

The load-following characteristics of the project, together with the ability to schedule Western energy deliveries, give NCPA a great degree of flexibility in meeting the hourly and daily variations which occur in the project participants’ loads.

NCPA financed the Hydroelectric Project through the issuance of Hydroelectric Project Number One Revenue Bonds, of which approximately \$458.4 million aggregate principal amount was outstanding as of October 1, 2009 (the “NCPA Hydroelectric Revenue Bonds”).

NCPA has sold the capacity of the Hydroelectric Project to certain of its project participants pursuant to “take-or-pay” power sales contracts which require payments to be made whether or not the Hydroelectric Project is completed or operable. Each purchaser is responsible under its power sales contract for paying its entitlement share in the Hydroelectric Project of all of NCPA’s costs of the Hydroelectric Project, including debt service on the aforementioned bonds as well as a “step-up” of up to 25% in the event of the unremedied default of another project participant.

See independent auditors’ report.

CITY OF HEALDSBURG

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2009

9. NORTHERN CALIFORNIA POWER AGENCY (CONTINUED):

NCPA Calaveras Hydroelectric Project (Continued)

Biggs and Gridley have transferred their shares of Hydroelectric Project output to Santa Clara. Each project participant remains obligated for all payments due from such project participant in the event moneys received from transferees pursuant to such arrangements are insufficient to satisfy all payments. Redding, Turlock, Truckee Donner, Port of Oakland and BART, which are members of NCPA, are not project participants in the Hydroelectric Project, and have no financial or other responsibility or liability associated with the acquisition, construction, maintenance, operation or financing of the Hydroelectric Project

NCPA has estimated the average cost per kWh of power generated from the Hydroelectric Project to be approximately 9.026 cents/kWh in fiscal year 2007-08 (assuming a lower than average water year). The average cost per kWh of power generated from the Hydroelectric Project over the past five years is shown in the following table:

<u>Fiscal Year</u>	<u>Average Cost of Power (cents/kWh)</u>
2002-03	5.113
2003-04	5.114
2004-05	3.383
2005-06	4.076
2006-07	9.342

Under a power purchase agreement with NCPA, the City is obligated to pay 1.66% of the debt service and operating cost. As of June 30, 2009 approximately \$467,910 thousand in long-term debt used to finance this project was outstanding. NCPA has initiated a series of restructurings and early calls which will reduce annual debt service and comparative cost of energy from this resource. The City chose to lower debt service payment obligations by making a \$1,603,580 debt reduction payment in early 2002.

Combustion Turbine Project Number One

The Combustion Turbine Project Number One (the "Combustion Turbine Project") consists of five combustion turbine units, each nominally rated 25 MW. Two units are located in each of Roseville and Alameda and one in Lodi. The Combustion Turbine Project provides capacity (i) that is economically dispatched during the peak load period to the extent permitted by air quality restrictions and (ii) to be used to meet the capacity reserve requirements. Such reserve capacity is operated only during emergency periods when other resources are unexpectedly out of service.

See independent auditors' report.

CITY OF HEALDSBURG

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2009

9. NORTHERN CALIFORNIA POWER AGENCY (CONTINUED):

Combustion Turbine Project Number One (Continued)

NCPA financed the Combustion Turbine Project through the issuance of Combustion Turbine Project Number One Revenue Bonds, of which \$4.1 million were outstanding as of October 1, 2009. The debt service on these bonds is approximately \$4.3 million annually, with a final maturity of August 15, 2010. Alameda, Lodi and Roseville, together with Healdsburg, Lompoc, Santa Clara, Ukiah and Plumas-Sierra, are participants in Combustion Turbine Project Number One. [Roseville subsequently acquired 34 MW of the NCPA Combustion Turbine Project from Lodi, and swapped ownership positions with the other joint owners such that Roseville acquired full entitlements to the NCPA Combustion Turbine Project units located in the City of Roseville. Each project participant remains obligated for all payments due from such project participant in the event moneys received from transferees, such as Roseville, pursuant to such arrangements are insufficient to satisfy all payments.] NCPA continues to operate the units on Roseville's behalf. The City is obligated to pay 3.5% of the debt service and operating costs.

As is typical of reserve and peaking resources, the average cost per kWh of power delivered to the participants in the Combustion Turbine Project is comparatively expensive. NCPA has estimated the average cost per kWh of power to be \$5.31/kWh for fiscal year 2009-10.

Power Purchase Contracts

NCPA, on behalf of Healdsburg, Palo Alto, Ukiah, Lodi and Roseville, has negotiated a seasonal exchange agreement with Seattle City Light for 60 MW of summer capacity and energy and a return of 46 MW of capacity and energy in the winter. Deliveries under the agreement began June 1, 1995 and will terminate no earlier than May 31, 2014. Effective May 31, 2008, Healdsburg, Palo Alto and Roseville assigned their participation percentages to Santa Clara.

NCPA, on behalf of Biggs, Gridley, Healdsburg, Lompoc and Ukiah may enter into supply agreements for terms of up to five years utilizing Commission approved Edison Electric Institute and Western States Power Pool Power Purchase Agreements. Procurement terms and conditions are governed by a Market Purchase Program agreement between NCPA and the participating members listed in the preceding sentence. Purchase amounts are limited to 115% of each participating members forecast net open position associated with the period of the procurement. The Program was approved by the NCPA Commission on July 26, 2007, with a term of five years, which is extended for one year on each anniversary of the agreement as to each participant that does not withdraw from the agreement or have their participation terminated.

See independent auditors' report.

CITY OF HEALDSBURG

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2009

9. NORTHERN CALIFORNIA POWER AGENCY (CONTINUED):

Future Power Supply Resources

NCPA is currently in the process of developing a potential new NCPA Project, the "Lodi Energy Center," a proposed 280 MW base load combined cycle natural gas-fired combustion turbine generating station (one gas turbine and one steam turbine). NCPA has developed a Second Phase Agreement that addresses the terms and conditions of, and provides for the allocation of costs of, those NCPA members as well as certain other public agency participants, which are not members of NCPA, electing to participate in the development of the project. The Second Phase Agreement has been executed by all parties and does not commit the parties to continue their participation beyond the development phase. The project is currently undergoing environmental review in the Application for Certification Process (AFC) at the California Energy Commission. Upon completion of the environmental review, construction is expected to begin with estimated commercial operation in spring 2012. The City's project member participation percentage in the Lodi Energy Center is 1.569%.

Interest Rate Swap Agreements

NCPA has entered into interest rate swaps and related agreements to its hydroelectric project. Additional information regarding NCPA debt is disclosed in NCPA's financial statements.

NCPA Condensed Financial Information

The information below summarizes NCPA's audited financial statements as of and for the year ending June 30, 2009 (in thousands):

Total assets	\$	903,002
Total liabilities (excluding long-term debt)		276,137
Long-term debt		594,851
Net assets		32,014
Revenues		356,850
Expenses (including refunds)		350,740
Increase in net assets		6,110

See independent auditors' report.

CITY OF HEALDSBURG

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2009

9. NORTHERN CALIFORNIA POWER AGENCY (CONTINUED):

NCPA Condensed Financial Information (Continued)

Maturities (Principal) of NCPA's long-term debt as of June 30, 2009 are as follows (in thousands) (audited):

2010	\$	39,910
2011		43,985
2012		18,955
2013		20,050
2014		22,590
2015 and after		483,405
Add: Unamortized premium		5,866
Less: Current portion		<u>(39,910)</u>
Total	\$	<u>594,851</u>

The City does not include its net investment in NCPA in the proprietary fund financial statements because it is a separate legal entity and the JPA's obligations and liabilities are not those of the City.

NCPA Financial Information

NCPA'S financial statements may be obtained from NCPA, 180 Cirby Way, Roseville, CA 95678.

10. POOLED ARRANGEMENT:

In addition to NCPA, the City participates in a pooled insurance arrangement. A description of this agency follows:

Redwood Empire Municipal Insurance Fund (REMIF) is a governmental self-insurance cooperative organized under a joint powers agreement by certain California cities to provide liability coverage to its members as allowed under the California Government Code. REMIF is a "risk sharing pool", which pools risks and funds and which shares in the cost of losses. REMIF provides and administers liability coverage programs for seven member and eight associate member cities. Members and associate members have the option, with approval by the Board of Directors, of participating in any or all of seven programs which provide workers' compensation, general liability, property, auto physical damage, fidelity employee bonding, dental and vision insurance. There are a number of programs that are funded on a pass-through basis including, employee assistance plan coverage, life and long-term disability insurance, boiler and machinery coverage, and difference in condition (flood and earthquake) coverage.

See independent auditors' report.

CITY OF HEALDSBURG

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2009

10. POOLED ARRANGEMENT (CONTINUED):

The Redwood Empire Municipal Insurance Fund is in turn a member of the California Joint Powers Insurance Authority, a super self-insurance and insurance procurement joint powers authority.

The activities of REMIF include setting and collecting premiums for each program, negotiating excess insurance coverage administering and paying claims and related expenses, and investing each program's assets. REMIF engages the services of independent actuaries and claims administrators to assist in performing some of these activities.

The information below summarizes the audited financial statements as of and for the year ended June 30, 2009, for the Redwood Empire Municipal Insurance Fund in which the City participates.

Total Assets	\$	19,960,775
Total Liabilities		14,857,877
Total Net Assets		5,102,898
Total Revenues		6,558,260
Total Expenses		5,849,502
Increase in Net Assets		708,758
Total Long-Term Debt		6,272,533

11. SELF-INSURANCE PLANS:

The City is a member of Redwood Empire Municipal Insurance Fund (REMIF) as described in Note 10. The City's general liability and workers compensation claims are covered as a member of REMIF. REMIF has a risk sharing arrangement for each insurance program. Each member participating in each program assumes its own losses up to its retention level. The City has a \$5,000 retention level for general liability and workers compensation. The excess amounts presently insured to statutory requirements of the State of California for workers compensation and \$10,000,000 for general liability through a pooled program. Each program's pool is funded by all of the members participating in that program through cash premiums. Excess losses up to the state limits are covered by commercial carriers or other agencies, which REMIF contracts for that purpose. Losses exceeding these excess coverage limits for each program are the responsibility of the individual member for which the loss or claim originated. Claims have not exceeded insurance coverage amounts over the last three fiscal years and there has been no reduction in insurance coverage since the last fiscal year.

See independent auditors' report.

CITY OF HEALDSBURG

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2009

11. SELF-INSURANCE PLANS (CONTINUED):

Changes in the Internal Service Funds claims liabilities amounts in fiscal year 2009 and 2008 were as follows:

	<u>2009</u>	<u>2008</u>
Balance - Beginning of Year	\$ 77,489	\$ 102,365
Claims and adjustments	29,099	(24,376)
Claims payments	<u>(74,541)</u>	<u>(500)</u>
Balance - End of Year	<u>\$ 32,047</u>	<u>\$ 77,489</u>

12. INDIVIDUAL FUND DISCLOSURES:

- a. The funds which have a deficit fund balance at June 30, 2009 were as follows:

Special Revenue Fund:

North Area \$ 21,037

The City plans on removing the deficit in the North Area Special Revenue Fund through future development contributions and benefit assessments.

- b. Funds where expenditures exceeded appropriations:

Special Revenue Funds:

Gas Tax \$ 544

Debt Service Fund:

Street Assessment 9,342

13. COMMITMENTS AND CONTINGENCIES:

There are pending claims and litigation against the City, which are considered normal to the City's operation. City management is of the opinion that potential claims against the City not covered by insurance resulting from such litigation would not materially affect the basic financial statements of the City beyond funded reserves.

See independent auditors' report.

CITY OF HEALDSBURG

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2009

13. COMMITMENTS AND CONTINGENCIES (CONTINUED):

The City has entered into long-term electric power purchase and electric transmission contracts. These contracts were entered into by NCPA on behalf of various members (see Note 10) including the City. Under the terms of its NCPA joint venture agreement, the City is contingently liable for a portion of the bonded indebtedness issued by these agencies under take-or-pay or similar agreements. The City's estimated share of such debt outstanding at June 30, 2009 was \$10.1 million. Under certain circumstances, such as default or bankruptcy of other participants, the City may also be liable to pay a portion of the debt of these joint ventures on behalf of the other participants.

California-Oregon Transmission Project

The City is a member of the Transmission Agency of Northern California (TANC), a California joint powers agency. TANC, a combination of cities, Western and four other California Districts and authorities are participants in the California-Oregon Transmission Project (COTP). The COTP is a transmission project between southern Oregon and Central California. COTP provides a transmission path between the electric systems of the Pacific Northwest and those in California. The City's share is 0.2456%. Each member of TANC is responsible for developing its own uses for its share of the COTP transfer capability.

Western Area Power Administration

In addition to commitments for power acquisitions through NCPA, the City has entered into a contract with the Western Area Power Administration (Western). Western is a federal Power Management Agency of the U.S. Department of Energy, which among other things is responsible for marketing electricity generated by the Central Valley Project. The contract with Western was renewed for the period January 1, 2005 through December 31, 2024. Fiscal Year 2008-09 was a low water year yielding 4,455 MWh for the City's 0.19% share of the Western base resource and an expenditure of \$307,621. In an average water year the contract provides the City an estimated 6,300 MWh at an average cost of \$23-45/MWh.

ERAF and SERAF Contingency

During the fiscal year 2008-2009, the State of California experienced a severe budgetary crisis. Various "budget trailer bills" were passed by the state legislature to balance the state's budget, including bills that required California redevelopment agencies to transfer funds to the Educational Revenue Augmentation Fund (ERAF) and Supplemental Educational Revenue Augmentation Fund (SERAF) administered by the various county auditor-controllers. Noted below is a general explanation of the ERAF and SERAF legislation, together with the effect of this legislation on the Healdsburg Redevelopment Agency (the Agency).

See independent auditors' report.

CITY OF HEALDSBURG

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2009

13. COMMITMENTS AND CONTINGENCIES (CONTINUED):

ERAF and SERAF Contingency (Continued)

ERAF Contribution for the Fiscal Year 2008-2009:

Pursuant to AB 1389, a budget trailer bill, California redevelopment agencies were required to make ERAF contributions totaling \$350 million for the fiscal year 2008-2009. The contributions were due by May 10, 2009. The Agency's required contribution for the fiscal year 2008-2009 was \$566,100.

In response to AB 1389, the California Redevelopment Association (CRA) filed a lawsuit against the State of California (California Redevelopment Association et al v. Genest), challenging the constitutionality of the required ERAF contributions. On April 30, 2009, the Sacramento Superior Court held in favor of CRA, ruling that AB 1389 was unconstitutional. On September 28, 2009, the State of California announced its decision not to appeal the decision in "Genest". Accordingly, the Superior Court's decision is now final and binding, and California redevelopment agencies will **not** be required to make the ERAF contributions pursuant to AB 1389. Accordingly, the Agency did not make the ERAF contribution of \$566,100 for the fiscal year 2008-2009.

SERAF Contributions for the Fiscal Years 2009-2010 and 2010-2011:

Pursuant to AB 26 4x, a budget trailer bill, California redevelopment agencies were required to make SERAF contributions totaling \$1.7 billion for the fiscal year 2009-2010 and \$350 million for the fiscal year 2010-2011. Under AB 26 4x, agencies may borrow a portion of the required contributions from their low and moderate income housing fund. Alternatively, sponsoring governmental agencies (the cities or counties) may elect to pay the SERAF contributions on behalf of their redevelopment agencies. On October 20, 2009, the CRA filed a class action lawsuit on behalf of all California redevelopment agencies, again challenging the SERAF obligations as unconstitutional.

The Agency's estimated SERAF contributions are \$2,752,090 for the fiscal year 2009-2010 and \$566,100 for 2010-2011. However, it is the position of Agency officials that the SERAF contributions required by AB 26 4x are unconstitutional, and that the Agency is not obligated to make these contributions. Accordingly, the Agency supports the CRA's class action lawsuit to overturn the provisions of AB 26 4x.

See independent auditors' report.

CITY OF HEALDSBURG

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2009

13. COMMITMENTS AND CONTINGENCIES (CONTINUED):

ERAF and SERAF Contingency (Continued)

SERAF Contributions for the Fiscal Years 2009-2010 and 2010-2011 (Continued):

If the class action lawsuit is unsuccessful, and if the Agency is required to make these estimated SERAF contributions, Agency officials have estimated that the Agency will have sufficient funds to make the estimated contributions, as follows:

Fiscal Year 2009-2010:

\$2,752,090 of tax increment funds currently held in the Commercial & Industrial Capital Projects Fund will be sufficient for the Agency to make its estimated contribution of \$2,752,090 for the fiscal year 2009-2010.

Fiscal Year 2010-2011:

\$566,100 of tax increment funds currently held in the Debt Service Fund will be sufficient for the Agency to make its estimated contribution of \$566,100 for the fiscal year 2010-2011.

See independent auditors' report.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF HEALDSBURG

SCHEDULE OF FUNDING PROGRESS

For the year ended June 30, 2009

OTHER POST-EMPLOYMENT BENEFITS PLAN

Note 7d

Actuarial Valuation Date	Actuarial Asset Value (a)	Entry Age Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b) - (a)	Funded Ratio AVA (a)/(b)	Covered Payroll (c)	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll [(b)-(a)]/(c)
06/30/09	\$ -	\$ 1,851,000	\$ 1,851,000	0.00%	\$ 11,699,000	15.82%

See independent auditors' report and notes to basic financial statements.

CITY OF HEALDSBURG

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

For the year ended June 30, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
REVENUES:				
Property taxes	\$ 1,968,591	\$ 1,968,591	\$ 1,870,402	\$ (98,189)
Sales and other taxes	4,337,402	4,206,701	4,244,281	37,580
Charges for services	313,356	478,356	516,193	37,837
Intergovernmental revenues	311,000	256,000	353,124	97,124
Development fees and permits	-	-	22,475	22,475
Investment income	170,780	85,400	96,936	11,536
Miscellaneous fees and charges	71,967	71,967	105,825	33,858
Other revenues	8,175	28,175	40,067	11,892
TOTAL REVENUES	7,181,271	7,095,190	7,249,303	154,113
EXPENDITURES:				
Current:				
General government	332,176	301,608	308,283	(6,675)
Public safety	7,610,605	7,406,879	7,316,622	90,257
TOTAL EXPENDITURES	7,942,781	7,708,487	7,624,905	83,582
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(761,510)	(613,297)	(375,602)	237,695
OTHER FINANCING SOURCES (USES):				
Transfers in	500,000	500,000	107,727	(392,273)
Transfers out	-	(575,481)	(75,253)	500,228
TOTAL OTHER FINANCING SOURCES (USES)	500,000	(75,481)	32,474	107,955
NET CHANGE IN FUND BALANCE	(261,510)	(688,778)	(343,128)	345,650
FUND BALANCE - BEGINNING OF YEAR	4,763,060	4,763,060	4,763,060	-
FUND BALANCE - END OF YEAR	\$ 4,501,550	\$ 4,074,282	\$ 4,419,932	\$ 345,650

See independent auditors' report and note to required supplementary information.

CITY OF HEALDSBURG

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2009

1. BUDGETS AND BUDGETARY ACCOUNTING:

The City operates under the general laws of the State of California and annually adopts a budget to be effective July 1st for the ensuing fiscal year for certain governmental funds. From the effective date of the budget, which is adopted and controlled at the fund level, the amounts stated therein as proposed expenditures become appropriations to the City's various departments. The City Manager is authorized to transfer budgeted amounts between functional categories. The City Council may amend the budget by resolution during the fiscal year. All annual appropriations lapse at year-end.

Budget information is presented for the General Fund, all Special Revenue Funds except for Redevelopment Agency Housing Bond and the Strong Motion Education and Data Special Revenue Funds, and all Debt Service Funds budgeted on a basis consistent with generally accepted accounting principles. No budgetary comparisons are presented for the Redevelopment Agency Housing Bond and the Strong Motion Education and Data Special Revenue Funds, Capital Projects Funds and the Permanent Fund as these funds do not have budgets adopted or the budgets adopted are primarily long-term budgets which emphasize capital outlay plans extending over one year. Expenditures in excess of budgeted amounts are allowed by law but must be approved individually by the City Council.

OTHER GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

The Special Revenue Funds are used to account for revenues derived from specific revenue sources. These funds are required by statute or ordinance to finance particular functions or activities of government.

DEBT SERVICE FUNDS

The Debt Service Funds are used to account for the accumulation of resources for the payment of long-term debt principal and interest.

CAPITAL PROJECTS FUNDS

The Capital Projects Funds are used to account for resources used for the acquisition of capital facilities by a government, except for those capital facilities financed by Enterprise Funds.

PERMANENT FUND

The Permanent Fund is used to account and administer funds of the Cultural Center.

CITY OF HEALDSBURG

COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS

June 30, 2009

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Fund	Total Other Governmental Funds
ASSETS					
Cash and investments	\$ 8,337,613	\$ 842,848	\$ 1,161,156	\$ 77,628	\$ 10,419,245
Receivables:					
Accounts	110,161	-	5,075	-	115,236
Taxes	5,495	39,165	-	-	44,660
Notes	1,524,959	-	-	-	1,524,959
Interest	27,332	2,511	-	290	30,133
Special assessments	-	985,000	-	-	985,000
Due from other governments	20,870	-	-	-	20,870
Due from other funds	-	-	1,058,000	-	1,058,000
Restricted cash and investments	-	280,244	-	-	280,244
TOTAL ASSETS	\$ 10,026,430	\$ 2,149,768	\$ 2,224,231	\$ 77,918	\$ 14,478,347
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Accounts payable	\$ 77,481	\$ -	\$ 212,494	\$ -	\$ 289,975
Due to other funds	55,000	-	-	-	55,000
Deferred revenue	675,000	985,000	-	-	1,660,000
TOTAL LIABILITIES	807,481	985,000	212,494	-	2,004,975
FUND BALANCES:					
Reserved for:					
Notes receivable	849,959	-	-	-	849,959
Debt service	-	1,164,768	-	-	1,164,768
Unreserved, reported in:					
Special revenue funds	8,368,990	-	-	-	8,368,990
Capital projects funds	-	-	2,011,737	-	2,011,737
Permanent fund	-	-	-	77,918	77,918
TOTAL FUND BALANCES	9,218,949	1,164,768	2,011,737	77,918	12,473,372
TOTAL LIABILITIES AND FUND BALANCES	\$ 10,026,430	\$ 2,149,768	\$ 2,224,231	\$ 77,918	\$ 14,478,347

See independent auditors' report.

CITY OF HEALDSBURG

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS

For the year ended June 30, 2009

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Fund	Total Other Governmental Funds
REVENUES:					
Property taxes	\$ 151,958	\$ 663,629	\$ -	\$ -	\$ 815,587
Intergovernmental revenues	268,309	-	-	-	268,309
Development fees and permits	192,166	-	-	-	192,166
Investment income	224,669	24,711	-	2,035	251,415
Rental income	402,361	-	-	-	402,361
Other revenues	41,855	-	-	-	41,855
TOTAL REVENUES	1,281,318	688,340	-	2,035	1,971,693
EXPENDITURES:					
Current:					
General government	58,523	1,265	372	2,145	62,305
Culture and recreation	21,284	-	-	-	21,284
Community development	177,613	-	-	-	177,613
Capital outlay	-	-	1,016,483	-	1,016,483
Debt service:					
Principal retirement	-	545,000	-	-	545,000
Interest and fees	-	196,059	-	-	196,059
TOTAL EXPENDITURES	257,420	742,324	1,016,855	2,145	2,018,744
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,023,898	(53,984)	(1,016,855)	(110)	(47,051)
OTHER FINANCING SOURCES (USES):					
Transfers in	1,021,259	-	114,618	-	1,135,877
Transfers out	(594,018)	-	(2,911,293)	-	(3,505,311)
TOTAL OTHER FINANCING SOURCES (USES)	427,241	-	(2,796,675)	-	(2,369,434)
NET CHANGE IN FUND BALANCES	1,451,139	(53,984)	(3,813,530)	(110)	(2,416,485)
FUND BALANCES - BEGINNING OF YEAR	7,767,810	1,218,752	5,825,267	78,028	14,889,857
FUND BALANCES - END OF YEAR	\$ 9,218,949	\$ 1,164,768	\$ 2,011,737	\$ 77,918	\$ 12,473,372

See independent auditors' report.

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OTHER SPECIAL REVENUE FUNDS

The Special Revenue Funds are used to account for revenues derived from specific sources. These funds are required by statute or ordinance to finance particular functions or activities of government. The various funds and sources are:

Gas Tax - Accounts for revenues received from State of California Street and Highway Code Sections 2105, 2106, 2107, and 2107.5 for the purpose of maintenance and construction of the City streets.

North Area - Accounts for revenues received from property owners and/or advanced by the City to plan for infrastructure for the North Area.

Park Development Fees - Accounts for revenues received from fees collected to pay for parks.

Media Center - Accounts for revenues received from fees imposed for public access television.

Redevelopment Agency - Urban Development Action Grant (UDAG) Loan - Accounts for revenues received from the repayment of principal and interest on the Vineyard Plaza loan to Healdsburg Investors utilizing the proceeds of U.S. Department of Housing and & Urban Development UDAG Grant.

Redevelopment Agency - Housing Bond - Accounts for revenues received from repayment of mortgages supported by Sonoma County Home Financing Authority bonds in excess of debt service.

Area A Lighting and Landscaping District - Accounts for revenues received from Lighting and Landscaping District assessments in Area A and associated maintenance.

Benjamin Way Maintenance District - Accounts for revenues received from the maintenance of private streets and the maintenance thereof.

Public Safety - Accounts for revenues received for special grants and funding for Public Safety.

Strong Motion Education and Data - Account for fees withheld from the strong motion instrumentation fee to be used for seismic education and data utilization.

Other - Accounts for revenues received for grants and annexation fees for capital projects.

CITY OF HEALDSBURG
 COMBINING BALANCE SHEET
 OTHER SPECIAL REVENUE FUNDS

June 30, 2009

	<u>Gas Tax</u>	<u>North Area</u>
ASSETS		
Cash and investments	\$ 1,108,417	\$ 33,839
Receivables:		
Accounts	-	59,800
Taxes	-	-
Notes	-	-
Interest	2,070	124
Due from other governments	17,910	-
	<u>\$ 1,128,397</u>	<u>\$ 93,763</u>
LIABILITIES AND FUND BALANCES		
LIABILITIES:		
Accounts payable	\$ -	\$ 59,800
Due to other funds	-	55,000
Deferred revenue	-	-
	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>-</u>	<u>114,800</u>
FUND BALANCES (DEFICIT):		
Reserved for:		
Notes receivable	-	-
Unreserved, undesignated	1,128,397	(21,037)
	<u>1,128,397</u>	<u>(21,037)</u>
TOTAL FUND BALANCES (DEFICIT)	<u>1,128,397</u>	<u>(21,037)</u>
	<u>\$ 1,128,397</u>	<u>\$ 93,763</u>

See independent auditors' report.

<u>Park Development Fees</u>	<u>Media Center</u>	<u>Redevelopment Agency UDAG Loan</u>	<u>Redevelopment Agency Housing Bond</u>	<u>Area A Lighting and Landscaping District</u>	<u>Benjamin Way Maintenance District</u>
\$ 29,002	\$ 13,095	\$ 6,033,744	\$ 522,459	\$ 283,178	\$ 6,470
-	2,109	48,192	-	-	60
-	-	-	-	5,495	-
-	-	849,959	675,000	-	-
579	46	21,313	1,086	984	24
-	-	-	-	-	-
<u>\$ 29,581</u>	<u>\$ 15,250</u>	<u>\$ 6,953,208</u>	<u>\$ 1,198,545</u>	<u>\$ 289,657</u>	<u>\$ 6,554</u>
\$ -	\$ 4,220	\$ -	\$ -	\$ 5,129	\$ -
-	-	-	-	-	-
-	-	-	675,000	-	-
-	4,220	-	675,000	5,129	-
-	-	849,959	-	-	-
29,581	11,030	6,103,249	523,545	284,528	6,554
29,581	11,030	6,953,208	523,545	284,528	6,554
<u>\$ 29,581</u>	<u>\$ 15,250</u>	<u>\$ 6,953,208</u>	<u>\$ 1,198,545</u>	<u>\$ 289,657</u>	<u>\$ 6,554</u>

(Continued)

CITY OF HEALDSBURG

COMBINING BALANCE SHEET
OTHER SPECIAL REVENUE FUNDS
(CONTINUED)

June 30, 2009

	Public Safety	Strong Motion Education and Data
	<u> </u>	<u> </u>
ASSETS		
Cash and investments	\$ 114,942	\$ 619
Receivables:		
Accounts	-	-
Taxes	-	-
Notes	-	-
Interest	-	-
Due from other governments	2,960	-
	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 117,902</u>	<u>\$ 619</u>
LIABILITIES AND FUND BALANCES		
LIABILITIES:		
Accounts payable	\$ -	\$ -
Due to other funds	-	-
Deferred revenue	-	-
	<u> </u>	<u> </u>
TOTAL LIABILITIES	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICIT):		
Reserved for:		
Notes receivable	-	-
Unreserved, undesignated	117,902	619
	<u> </u>	<u> </u>
TOTAL FUND BALANCES (DEFICIT)	<u>117,902</u>	<u>619</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 117,902</u>	<u>\$ 619</u>

See independent auditors' report.

<u>Other</u>	<u>Total Other Special Revenue Funds</u>
\$ 191,848	\$ 8,337,613
-	110,161
-	5,495
-	1,524,959
1,106	27,332
-	20,870
<u>\$ 192,954</u>	<u>\$ 10,026,430</u>

\$ 8,332	\$ 77,481
-	55,000
-	675,000
<u>8,332</u>	<u>807,481</u>

-	849,959
<u>184,622</u>	<u>8,368,990</u>
<u>184,622</u>	<u>9,218,949</u>
<u>\$ 192,954</u>	<u>\$ 10,026,430</u>

CITY OF HEALDSBURG

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - OTHER SPECIAL REVENUE FUNDS

For the year ended June 30, 2009

	Gas Tax	North Area
REVENUES:		
Property taxes	\$ -	\$ -
Intergovernmental revenues	198,631	-
Development fees and permits	-	1,300
Investment income	14,529	870
Rental income	-	-
Other revenues	-	-
	<u>213,160</u>	<u>2,170</u>
TOTAL REVENUES		
EXPENDITURES:		
Current:		
General government	1,044	63
Culture and recreation	-	-
Community development	-	-
	<u>1,044</u>	<u>63</u>
TOTAL EXPENDITURES		
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>212,116</u>	<u>2,107</u>
OTHER FINANCING SOURCES (USES):		
Transfers in	616,006	-
Transfers out	(465)	-
	<u>615,541</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)		
NET CHANGE IN FUND BALANCES	827,657	2,107
FUND BALANCES (DEFICIT) - BEGINNING OF YEAR	<u>300,740</u>	<u>(23,144)</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 1,128,397</u>	<u>\$ (21,037)</u>

See independent auditors' report.

<u>Park Development Fees</u>	<u>Media Center</u>	<u>Redevelopment Agency UDAG Loan</u>	<u>Redevelopment Agency Housing Bond</u>	<u>Area A Lighting and Landscaping District</u>	<u>Benjamin Way Maintenance District</u>
\$ -	\$ -	\$ -	\$ -	\$ 151,958	\$ -
-	-	-	-	-	-
190,866	-	-	-	-	-
4,064	323	177,727	12,319	6,906	166
-	-	402,361	-	-	-
248	25,315	15,458	-	-	440
<u>195,178</u>	<u>25,638</u>	<u>595,546</u>	<u>12,319</u>	<u>158,864</u>	<u>606</u>
293	23	14,145	548	12,008	11
-	-	-	-	21,284	-
-	55,314	50,000	-	72,299	-
<u>293</u>	<u>55,337</u>	<u>64,145</u>	<u>548</u>	<u>105,591</u>	<u>11</u>
<u>194,885</u>	<u>(29,699)</u>	<u>531,401</u>	<u>11,771</u>	<u>53,273</u>	<u>595</u>
-	30,000	-	300,000	-	-
<u>(406,745)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(406,745)</u>	<u>30,000</u>	<u>-</u>	<u>300,000</u>	<u>-</u>	<u>-</u>
(211,860)	301	531,401	311,771	53,273	595
241,441	10,729	6,421,807	211,774	231,255	5,959
<u>\$ 29,581</u>	<u>\$ 11,030</u>	<u>\$ 6,953,208</u>	<u>\$ 523,545</u>	<u>\$ 284,528</u>	<u>\$ 6,554</u>

(Continued)

CITY OF HEALDSBURG

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - OTHER SPECIAL REVENUE FUNDS
(CONTINUED)

For the year ended June 30, 2009

	Public Safety	Strong Motion Education and Data
	<u> </u>	<u> </u>
REVENUES:		
Property taxes	\$ -	\$ -
Intergovernmental revenues	69,457	221
Development fees and permits	-	-
Investment income	-	4
Rental income	-	-
Other revenues	-	394
	<u> </u>	<u> </u>
TOTAL REVENUES	69,457	619
	<u> </u>	<u> </u>
EXPENDITURES:		
Current:		
General government	-	-
Culture and recreation	-	-
Community development	-	-
	<u> </u>	<u> </u>
TOTAL EXPENDITURES	-	-
	<u> </u>	<u> </u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	69,457	619
	<u> </u>	<u> </u>
OTHER FINANCING SOURCES (USES):		
Transfers in	75,253	-
Transfers out	(26,808)	-
	<u> </u>	<u> </u>
TOTAL OTHER FINANCING SOURCES (USES)	48,445	-
	<u> </u>	<u> </u>
NET CHANGE IN FUND BALANCES	117,902	619
	<u> </u>	<u> </u>
FUND BALANCES (DEFICIT) - BEGINNING OF YEAR	-	-
	<u> </u>	<u> </u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 117,902</u>	<u>\$ 619</u>

See independent auditors' report.

<u>Other</u>	<u>Total Other Special Revenue Funds</u>
\$ -	\$ 151,958
-	268,309
-	192,166
7,761	224,669
-	402,361
-	41,855
<u>7,761</u>	<u>1,281,318</u>
30,388	58,523
-	21,284
-	177,613
<u>30,388</u>	<u>257,420</u>
<u>(22,627)</u>	<u>1,023,898</u>
-	1,021,259
<u>(160,000)</u>	<u>(594,018)</u>
<u>(160,000)</u>	<u>427,241</u>
(182,627)	1,451,139
<u>367,249</u>	<u>7,767,810</u>
<u>\$ 184,622</u>	<u>\$ 9,218,949</u>

CITY OF HEALDSBURG

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GAS TAX SPECIAL REVENUE FUND

For the year ended June 30, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental revenues	\$ 326,502	\$ 326,502	\$ 198,631	\$ (127,871)
Investment income	6,000	6,000	14,529	8,529
TOTAL REVENUES	332,502	332,502	213,160	(119,342)
EXPENDITURES:				
Current:				
General government	500	500	1,044	(544)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	332,002	332,002	212,116	(119,886)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	616,006	616,006
Transfers out	-	(712,388)	(465)	711,923
TOTAL OTHER FINANCING SOURCES (USES)	-	(712,388)	615,541	1,327,929
NET CHANGE IN FUND BALANCE	332,002	(380,386)	827,657	1,208,043
FUND BALANCE - BEGINNING OF YEAR	300,740	300,740	300,740	-
FUND BALANCE - END OF YEAR	\$ 632,742	\$ (79,646)	\$ 1,128,397	\$ 1,208,043

See independent auditors' report.

CITY OF HEALDSBURG

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

NORTH AREA SPECIAL REVENUE FUND

For the year ended June 30, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Development fees and permits	\$ -	\$ -	1,300	\$ 1,300
Investment income	1,000	1,000	870	(130)
TOTAL REVENUES	1,000	1,000	2,170	1,170
EXPENDITURES:				
Current:				
General government	100	100	63	37
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	900	900	2,107	1,207
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR	(23,144)	(23,144)	(23,144)	-
FUND BALANCE (DEFICIT) - END OF YEAR	<u>\$ (22,244)</u>	<u>\$ (22,244)</u>	<u>\$ (21,037)</u>	<u>\$ 1,207</u>

See independent auditors' report.

CITY OF HEALDSBURG

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

PARK DEVELOPMENT FEES SPECIAL REVENUE FUND

For the year ended June 30, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Development fees and permits	\$ 49,000	\$ 49,000	\$ 190,866	\$ 141,866
Investment income	6,500	6,500	4,064	(2,436)
Other revenues	-	-	248	248
TOTAL REVENUES	55,500	55,500	195,178	139,678
EXPENDITURES:				
Current:				
General government	-	600	293	307
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	55,500	54,900	194,885	139,985
OTHER FINANCING USES:				
Transfers out	(60,000)	(662,129)	(406,745)	255,384
NET CHANGE IN FUND BALANCE	(4,500)	(607,229)	(211,860)	395,369
FUND BALANCE - BEGINNING OF YEAR	241,441	241,441	241,441	-
FUND BALANCE - END OF YEAR	\$ 236,941	\$ (365,788)	\$ 29,581	\$ 395,369

See independent auditors' report.

CITY OF HEALDSBURG

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

MEDIA CENTER SPECIAL REVENUE FUND

For the year ended June 30, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 300	\$ 300	\$ 323	\$ 23
Other revenues	52,000	52,000	25,315	(26,685)
TOTAL REVENUES	52,300	52,300	25,638	(26,662)
EXPENDITURES:				
Current:				
General government	-	-	23	(23)
Community development	30,000	60,000	55,314	4,686
TOTAL EXPENDITURES	30,000	60,000	55,337	4,663
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	22,300	(7,700)	(29,699)	(21,999)
OTHER FINANCING SOURCES:				
Transfers in	-	-	30,000	30,000
NET CHANGE IN FUND BALANCE	22,300	(7,700)	301	8,001
FUND BALANCE - BEGINNING OF YEAR	10,729	10,729	10,729	-
FUND BALANCE - END OF YEAR	\$ 33,029	\$ 3,029	\$ 11,030	\$ 8,001

See independent auditors' report.

CITY OF HEALDSBURG

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

REDEVELOPMENT AGENCY UDAG LOAN SPECIAL REVENUE FUND

For the year ended June 30, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 178,000	\$ 178,000	\$ 177,727	\$ (273)
Rental income	419,340	419,340	402,361	(16,979)
Other revenues	-	-	15,458	15,458
TOTAL REVENUES	597,340	597,340	595,546	(1,794)
EXPENDITURES:				
Current:				
General government	22,923	21,283	14,145	7,138
Community development	50,000	50,000	50,000	-
TOTAL EXPENDITURES	72,923	71,283	64,145	7,138
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	524,417	526,057	531,401	5,344
FUND BALANCE - BEGINNING OF YEAR	6,421,807	6,421,807	6,421,807	-
FUND BALANCE - END OF YEAR	<u>\$ 6,946,224</u>	<u>\$ 6,947,864</u>	<u>\$ 6,953,208</u>	<u>\$ 5,344</u>

See independent auditors' report.

CITY OF HEALDSBURG

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

AREA A LIGHTING AND LANDSCAPING DISTRICT SPECIAL REVENUE FUND

For the year ended June 30, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 144,004	\$ 154,020	\$ 151,958	\$ (2,062)
Investment income	8,519	5,455	6,906	1,451
TOTAL REVENUES	<u>152,523</u>	<u>159,475</u>	<u>158,864</u>	<u>(611)</u>
EXPENDITURES:				
Current:				
General government	15,656	15,656	12,008	3,648
Culture and recreation	65,383	65,383	21,284	44,099
Community development	124,959	124,959	72,299	52,660
TOTAL EXPENDITURES	<u>205,998</u>	<u>205,998</u>	<u>105,591</u>	<u>100,407</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(53,475)	(46,523)	53,273	99,796
FUND BALANCE - BEGINNING OF YEAR	<u>231,255</u>	<u>231,255</u>	<u>231,255</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 177,780</u>	<u>\$ 184,732</u>	<u>\$ 284,528</u>	<u>\$ 99,796</u>

See independent auditors' report.

CITY OF HEALDSBURG

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

BENJAMIN WAY MAINTENANCE DISTRICT SPECIAL REVENUE FUND

For the year ended June 30, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 100	\$ 100	\$ 166	\$ 66
Other revenues	440	440	440	-
TOTAL REVENUES	540	540	606	66
EXPENDITURES:				
Current:				
General government	440	440	11	429
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	100	100	595	495
FUND BALANCE - BEGINNING OF YEAR	5,959	5,959	5,959	-
FUND BALANCE - END OF YEAR	<u>\$ 6,059</u>	<u>\$ 6,059</u>	<u>\$ 6,554</u>	<u>\$ 495</u>

See independent auditors' report.

CITY OF HEALDSBURG

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

PUBLIC SAFTEY SPECIAL REVENUE FUND

For the year ended June 30, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental revenues	\$ -	\$ -	\$ 69,457	\$ 69,457
Investment income	500	-	-	-
TOTAL REVENUES	500	-	69,457	69,457
EXPENDITURES:				
Current:				
General government	50	-	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	450	-	69,457	69,457
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	75,253	75,253
Transfers out	-	(26,808)	(26,808)	-
TOTAL OTHER FINANCING SOURCES (USES)	-	(26,808)	48,445	75,253
NET CHANGE IN FUND BALANCE	450	(26,808)	117,902	144,710
FUND BALANCE - BEGINNING OF YEAR	-	-	-	-
FUND BALANCE - END OF YEAR	\$ 450	\$ (26,808)	\$ 117,902	\$ 144,710

See independent auditors' report.

CITY OF HEALDSBURG

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

OTHER SPECIAL REVENUE FUND

For the year ended June 30, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Interest income	\$ 12,500	\$ 12,500	\$ 7,761	\$ (4,739)
EXPENDITURES:				
Current:				
General government	1,200	50,448	30,388	20,060
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	11,300	(37,948)	(22,627)	15,321
OTHER FINANCING SOURCES (USES):				
Transfers in	50,000	50,000	-	(50,000)
Transfers out	-	-	(160,000)	(160,000)
TOTAL OTHER FINANCING SOURCES (USES)	50,000	50,000	(160,000)	(210,000)
NET CHANGE IN FUND BALANCE	61,300	12,052	(182,627)	(194,679)
FUND BALANCE - BEGINNING OF YEAR	367,249	367,249	367,249	-
FUND BALANCE - END OF YEAR	\$ 428,549	\$ 379,301	\$ 184,622	\$ (194,679)

See independent auditors' report.

OTHER AND MAJOR DEBT SERVICE FUNDS

The Debt Service Funds account for the accumulation of resources for, and the payment of long-term debt principal and interest. The various Debt Service Funds are:

OTHER DEBT SERVICE FUNDS:

General Debt Service - Accounts for the long-term debt service of the City.

Special Assessment Debt Service - Accounts for the long-term debt service of the City's special assessment districts.

MAJOR DEBT SERVICE FUND:

Redevelopment Agency Debt Service - Accounts for the long-term debt service of the Redevelopment Agency.

CITY OF HEALDSBURG

COMBINING BALANCE SHEET
OTHER DEBT SERVICE FUNDS

June 30, 2009

	General	Special Assessment	Total Other Debt Service Funds
ASSETS	<u>General</u>	<u>Special Assessment</u>	<u>Funds</u>
Cash and investments	\$ 822,458	\$ 20,390	\$ 842,848
Receivables:			
Taxes	39,165	-	39,165
Interest	2,436	75	2,511
Special assessments	-	985,000	985,000
Restricted cash and investments	-	280,244	280,244
	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 864,059</u>	<u>\$ 1,285,709</u>	<u>\$ 2,149,768</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Deferred revenue	\$ -	\$ 985,000	\$ 985,000
	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES	-	985,000	985,000
FUND BALANCES:			
Reserved for:			
Debt service	864,059	300,709	1,164,768
	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 864,059</u>	<u>\$ 1,285,709</u>	<u>\$ 2,149,768</u>

See independent auditors' report.

CITY OF HEALDSBURG

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
OTHER DEBT SERVICE FUNDS

For the year ended June 30, 2009

	General	Special Assessment	Total Other Debt Service Funds
REVENUES:			
Property taxes	\$ 456,066	\$ 207,563	\$ 663,629
Investment income	18,858	5,853	24,711
 TOTAL REVENUES	 <u>474,924</u>	 <u>213,416</u>	 <u>688,340</u>
EXPENDITURES:			
Current:			
General government	1,228	37	1,265
Debt service:			
Principal retirement	385,000	160,000	545,000
Interest and fees	156,359	39,700	196,059
 TOTAL EXPENDITURES	 <u>542,587</u>	 <u>199,737</u>	 <u>742,324</u>
 EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	 (67,663)	 13,679	 (53,984)
 FUND BALANCES - BEGINNING OF YEAR	 <u>931,722</u>	 <u>287,030</u>	 <u>1,218,752</u>
 FUND BALANCES - END OF YEAR	 <u>\$ 864,059</u>	 <u>\$ 300,709</u>	 <u>\$ 1,164,768</u>

See independent auditors' report.

CITY OF HEALDSBURG

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GENERAL DEBT SERVICE FUND

For the year ended June 30, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 521,915	\$ 521,915	\$ 456,066	\$ (65,849)
Investment income	20,000	20,000	18,858	(1,142)
TOTAL REVENUES	541,915	541,915	474,924	(66,991)
EXPENDITURES:				
Current:				
General government	2,000	2,000	1,228	772
Debt service:				
Principal retirement	385,000	385,000	385,000	-
Interest and fees	154,915	156,415	156,359	56
TOTAL EXPENDITURES	541,915	543,415	542,587	828
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(1,500)	(67,663)	(66,163)
FUND BALANCE - BEGINNING OF YEAR	931,722	931,722	931,722	-
FUND BALANCE - END OF YEAR	<u>\$ 931,722</u>	<u>\$ 930,222</u>	<u>\$ 864,059</u>	<u>\$ (66,163)</u>

See independent auditors' report.

CITY OF HEALDSBURG

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

SPECIAL ASSESSMENT DEBT SERVICE FUND

For the year ended June 30, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 189,895	\$ 189,895	\$ 207,563	\$ 17,668
Investment income	500	500	5,853	5,353
TOTAL REVENUES	<u>190,395</u>	<u>190,395</u>	<u>213,416</u>	<u>23,021</u>
EXPENDITURES:				
Current:				
General government	50	50	37	13
Debt service:				
Principal retirement	150,000	150,000	160,000	(10,000)
Interest and fees	40,345	40,345	39,700	645
TOTAL EXPENDITURES	<u>190,395</u>	<u>190,395</u>	<u>199,737</u>	<u>(9,342)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	13,679	13,679
FUND BALANCE - BEGINNING OF YEAR	<u>287,030</u>	<u>287,030</u>	<u>287,030</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 287,030</u>	<u>\$ 287,030</u>	<u>\$ 300,709</u>	<u>\$ 13,679</u>

See independent auditors' report.

CITY OF HEALDSBURG

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

REDEVELOPMENT AGENCY DEBT SERVICE FUND - MAJOR FUND

For the year ended June 30, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 50,000	\$ 50,000	\$ 11,191	\$ (38,809)
EXPENDITURES:				
Debt service:				
Principal retirement	970,000	970,000	970,000	-
Interest and fees	2,080,375	2,102,406	2,100,935	1,471
TOTAL EXPENDITURES	3,050,375	3,072,406	3,070,935	1,471
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(3,000,375)	(3,022,406)	(3,059,744)	(37,338)
OTHER FINANCING SOURCES:				
Transfers in	3,050,365	3,050,365	3,070,935	20,570
NET CHANGE IN FUND BALANCE	49,990	27,959	11,191	(16,768)
FUND BALANCE - BEGINNING OF YEAR	3,398,779	3,398,779	3,398,779	-
FUND BALANCE - END OF YEAR	\$ 3,448,769	\$ 3,426,738	\$ 3,409,970	\$ (16,768)

See independent auditors' report.

OTHER CAPITAL PROJECTS FUNDS

The Capital Projects Funds are used to account for resources used for the acquisition of capital facilities by the City, except for those capital facilities financed by the Enterprise Funds.

Area A Special Assessment District - Accounts for revenues received from a prospective sale of assessment land and oversizing advances from Enterprise funds.

General Capital Projects Fund - Accounts for non-enterprise projects acquired by the City.

CITY OF HEALDSBURG
 COMBINING BALANCE SHEET
 OTHER CAPITAL PROJECTS FUNDS

June 30, 2009

	Area A Special Assessment District	General Capital	Total Other Capital Projects Funds
ASSETS			
Cash and investments	\$ 17,403	\$ 1,143,753	\$ 1,161,156
Receivables:			
Accounts	2,507	2,568	5,075
Due from other funds	-	1,058,000	1,058,000
	<u>\$ 19,910</u>	<u>\$ 2,204,321</u>	<u>\$ 2,224,231</u>
TOTAL ASSETS			
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Accounts payable	\$ -	\$ 212,494	\$ 212,494
FUND BALANCES:			
Unreserved, reported in:			
Capital projects funds	19,910	1,991,827	2,011,737
	<u>\$ 19,910</u>	<u>\$ 2,204,321</u>	<u>\$ 2,224,231</u>
TOTAL LIABILITIES AND FUND BALANCES			

See independent auditors' report.

CITY OF HEALDSBURG

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
OTHER CAPITAL PROJECTS FUNDS

For the year ended June 30, 2009

	Area A Special Assessment District	General Capital	Total Other Capital Projects Funds
REVENUES	\$ -	\$ -	\$ -
EXPENDITURES:			
Current:			
General government	-	372	372
Capital outlay	-	1,016,483	1,016,483
TOTAL EXPENDITURES	-	1,016,855	1,016,855
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(1,016,855)	(1,016,855)
OTHER FINANCING SOURCES (USES):			
Transfers in	-	114,618	114,618
Transfers out	-	(2,911,293)	(2,911,293)
TOTAL OTHER FINANCING SOURCES (USES)	-	(2,796,675)	(2,796,675)
NET CHANGE IN FUND BALANCES	-	(3,813,530)	(3,813,530)
FUND BALANCES - BEGINNING OF YEAR	19,910	5,805,357	5,825,267
FUND BALANCES - END OF YEAR	\$ 19,910	\$ 1,991,827	\$ 2,011,737

See independent auditors' report.

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OTHER ENTERPRISE FUNDS

The Enterprise Funds account for the financing of self-supporting activities which render services to the general public on a user charge basis or a fixed payment schedule. All activities necessary to provide such services are accounted for in these funds, including, but not limited to, operations, maintenance, financing and related debt service, and billings and collections. The various Enterprise Funds are:

Planning and Building - Accounts for the provision of planning and building development within the City.

Transit - Accounts for the provision of public transit service to the residents of the City.

Airport - Accounts for the operation of the City airport.

Meeting Center - Accounts for the provision of group meetings and conference facilities wherein the primary revenue sources are rental fees and service charges.

School Services - Accounts for the provision of services to the Healdsburg Schools.

After School Program - Accounts for the opportunity to learn, grow and improve academic achievement through a safe and healthy environment.

CITY OF HEALDSBURG

COMBINING STATEMENT OF NET ASSETS
OTHER ENTERPRISE FUNDS

June 30, 2009

ASSETS	Planning and Building	Transit
CURRENT ASSETS:		
Cash and investments	\$ 1,413,380	\$ 105,944
Accounts receivable	66,804	-
Interest receivable	5,287	79
Due from other governments	-	15,222
Inventory	-	-
	<u>1,485,471</u>	<u>121,245</u>
TOTAL CURRENT ASSETS		
NONCURRENT ASSETS:		
Capital assets:		
Land	-	-
Building	-	-
Machinery and equipment	-	-
Operations	-	-
Construction in progress	-	-
Less: accumulated depreciation	-	-
	<u>-</u>	<u>-</u>
TOTAL NONCURRENT ASSETS		
	<u>-</u>	<u>-</u>
TOTAL ASSETS		
	<u>1,485,471</u>	<u>121,245</u>
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	43,810	199
Deposits from others	-	20
Due to other funds	-	-
	<u>43,810</u>	<u>219</u>
TOTAL CURRENT LIABILITIES		
	<u>43,810</u>	<u>219</u>
NET ASSETS		
Invested in capital assets	-	-
Unrestricted	1,441,661	121,026
	<u>1,441,661</u>	<u>121,026</u>
TOTAL NET ASSETS		
	<u>\$ 1,441,661</u>	<u>\$ 121,026</u>

See independent auditors' report.

<u>Airport</u>	<u>Meeting Center</u>	<u>School Services</u>	<u>After School Program</u>	<u>Total</u>
\$ 267,414	\$ -	\$ 27,900	\$ -	\$ 1,814,638
20,598	1,588	9,061	-	98,051
1,589	-	86	-	7,041
103,886	-	-	57,084	176,192
8,764	-	-	-	8,764
<u>402,251</u>	<u>1,588</u>	<u>37,047</u>	<u>57,084</u>	<u>2,104,686</u>
119,834	231,972	-	-	351,806
186,451	1,194,381	-	-	1,380,832
209,510	98,186	-	-	307,696
1,524,347	20,000	-	-	1,544,347
1,389,899	31	-	-	1,389,930
<u>(832,701)</u>	<u>(628,908)</u>	<u>-</u>	<u>-</u>	<u>(1,461,609)</u>
<u>2,597,340</u>	<u>915,662</u>	<u>-</u>	<u>-</u>	<u>3,513,002</u>
<u>2,999,591</u>	<u>917,250</u>	<u>37,047</u>	<u>57,084</u>	<u>5,617,688</u>
37,944	6,559	4,879	1,000	94,391
13,149	40,136	-	-	53,305
<u>298,000</u>	<u>195,660</u>	<u>-</u>	<u>53,801</u>	<u>547,461</u>
<u>349,093</u>	<u>242,355</u>	<u>4,879</u>	<u>54,801</u>	<u>695,157</u>
2,597,340	915,662	-	-	3,513,002
<u>53,158</u>	<u>(240,767)</u>	<u>32,168</u>	<u>2,283</u>	<u>1,409,529</u>
<u>\$ 2,650,498</u>	<u>\$ 674,895</u>	<u>\$ 32,168</u>	<u>\$ 2,283</u>	<u>\$ 4,922,531</u>

CITY OF HEALDSBURG

COMBINING STATEMENT OF REVENUES, EXPENSES AND
AND CHANGES IN NET ASSETS - OTHER ENTERPRISE FUNDS

For the year ended June 30, 2009

	Planning and Building	Transit
OPERATING REVENUES:		
Charges for services	\$ -	\$ 19,211
Development fees	615,109	-
Rental income	-	-
Other revenues	55,195	-
	<u>670,304</u>	<u>19,211</u>
TOTAL OPERATING REVENUES		
OPERATING EXPENSES:		
Operations	431,145	176,906
Administrative	179,993	106,368
Depreciation	-	-
	<u>611,138</u>	<u>283,274</u>
TOTAL OPERATING EXPENSES		
OPERATING INCOME (LOSS)	<u>59,166</u>	<u>(264,063)</u>
NONOPERATING REVENUES:		
Taxes	-	41,581
Intergovernmental grants	-	235,666
Investment income	37,107	554
	<u>37,107</u>	<u>277,801</u>
TOTAL NONOPERATING REVENUES		
INCOME (LOSS) BEFORE TRANSFERS	96,273	13,738
TRANSFERS IN	-	-
TRANSFERS OUT	(10,000)	-
	<u>86,273</u>	<u>13,738</u>
CHANGE IN NET ASSETS		
TOTAL NET ASSETS (DEFICIT) - BEGINNING OF YEAR	<u>1,355,388</u>	<u>107,288</u>
TOTAL NET ASSETS - END OF YEAR	<u>\$ 1,441,661</u>	<u>\$ 121,026</u>

See independent auditors' report.

Airport	Meeting Center	School Services	After School Program	Total
\$ 229,111	\$ 20,523	\$ 70,340	\$ 1,305	\$ 340,490
-	-	-	-	615,109
126,014	159,599	18,722	-	304,335
1,403	-	-	-	56,598
<u>356,528</u>	<u>180,122</u>	<u>89,062</u>	<u>1,305</u>	<u>1,316,532</u>
287,569	249,223	78,254	129,317	1,352,414
111,623	696	31,964	7,154	437,798
30,898	62,292	-	-	93,190
<u>430,090</u>	<u>312,211</u>	<u>110,218</u>	<u>136,471</u>	<u>1,883,402</u>
<u>(73,562)</u>	<u>(132,089)</u>	<u>(21,156)</u>	<u>(135,166)</u>	<u>(566,870)</u>
-	-	-	-	41,581
930,098	-	-	110,188	1,275,952
11,153	-	606	-	49,420
<u>941,251</u>	<u>-</u>	<u>606</u>	<u>110,188</u>	<u>1,366,953</u>
867,689	(132,089)	(20,550)	(24,978)	800,083
25,705	-	25,000	30,000	80,705
-	-	-	(2,100)	(12,100)
893,394	(132,089)	4,450	2,922	868,688
<u>1,757,104</u>	<u>806,984</u>	<u>27,718</u>	<u>(639)</u>	<u>4,053,843</u>
<u>\$ 2,650,498</u>	<u>\$ 674,895</u>	<u>\$ 32,168</u>	<u>\$ 2,283</u>	<u>\$ 4,922,531</u>

CITY OF HEALDSBURG

COMBINING STATEMENT OF CASH FLOWS
OTHER ENTERPRISE FUNDS

For the year ended June 30, 2009

	Planning and Building	Transit
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	\$ 603,750	\$ 14,758
Payments to suppliers	(466,852)	(32,508)
Payments to employees	(210,154)	(251,297)
	<u>(73,256)</u>	<u>(269,047)</u>
NET CASH USED BY OPERATING ACTIVITIES		
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Taxes	-	41,581
Intergovernmental grants	-	235,666
Cash received from other funds	-	-
Cash paid to other funds	(10,000)	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>(10,000)</u>	<u>277,247</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition of capital assets	-	-
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment income	41,114	616
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(42,142)	8,816
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>1,455,522</u>	<u>97,128</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,413,380</u>	<u>\$ 105,944</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES:		
Operating income (loss)	\$ 59,166	\$ (264,063)
Depreciation	-	-
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	(66,554)	34
(Increase) decrease in inventory	-	-
(Increase) decrease in other current assets	-	(4,487)
Increase (decrease) in accounts payable and accrued liabilities	(2,528)	(252)
Increase (decrease) in deposits	(63,340)	(279)
NET CASH USED BY OPERATING ACTIVITIES	<u>\$ (73,256)</u>	<u>\$ (269,047)</u>

See independent auditors' report.

<u>Airport</u>	<u>Meeting Center</u>	<u>School Services</u>	<u>After School Program</u>	<u>Total</u>
\$ 254,080	\$ 180,928	\$ 80,001	\$ (55,779)	\$ 1,077,738
(273,830)	(163,818)	(78,986)	(24,749)	(1,040,743)
(80,086)	(144,107)	(31,921)	(111,390)	(828,955)
<u>(99,836)</u>	<u>(126,997)</u>	<u>(30,906)</u>	<u>(191,918)</u>	<u>(791,960)</u>
-	-	-	-	41,581
930,098	-	-	110,188	1,275,952
25,705	123,660	25,000	83,801	258,166
(200,000)	-	-	(2,100)	(212,100)
<u>755,803</u>	<u>123,660</u>	<u>25,000</u>	<u>191,889</u>	<u>1,363,599</u>
<u>(1,220,245)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,220,245)</u>
14,661	-	594	-	56,985
(549,617)	(3,337)	(5,312)	(29)	(591,621)
<u>817,031</u>	<u>3,337</u>	<u>33,212</u>	<u>29</u>	<u>2,406,259</u>
<u>\$ 267,414</u>	<u>\$ -</u>	<u>\$ 27,900</u>	<u>\$ -</u>	<u>\$ 1,814,638</u>
\$ (73,562)	\$ (132,089)	\$ (21,156)	\$ (135,166)	\$ (566,870)
30,898	62,292	-	-	93,190
(102,448)	806	(9,061)	(57,084)	(234,307)
37,613	-	-	-	37,613
-	-	-	-	(4,487)
6,233	(7,178)	(689)	332	(4,082)
1,430	(50,828)	-	-	(113,017)
<u>\$ (99,836)</u>	<u>\$ (126,997)</u>	<u>\$ (30,906)</u>	<u>\$ (191,918)</u>	<u>\$ (791,960)</u>

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INTERNAL SERVICE FUNDS

The Internal Service Funds are used to finance and account for special activities and services performed by organizational units within a governmental jurisdiction for other organizational units within the same governmental jurisdiction. The Internal Service Funds are:

Insurance and Benefit Service - Accounts for insurance, employee fringe benefits, and accrued compensated absences charged to the individual funds.

Vehicle Maintenance Service - Accounts for the acquisition and maintenance of City vehicles charged to the individual funds.

Information Services - Accounts for the acquisition and maintenance of City data processing equipment and software charged to the individual funds.

Building Maintenance Service - Accounts for the maintenance costs for public buildings maintained by the City charged to the individual funds.

CITY OF HEALDSBURG

COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS

June 30, 2009

	Insurance and Benefit	Vehicle Maintenance
ASSETS		
CURRENT ASSETS:		
Cash and investments	\$ 3,222,409	\$ 3,832,649
Accounts receivable	24,654	-
Notes receivable	-	-
Interest receivable	10,153	13,384
Inventory	-	26,350
	3,257,216	3,872,383
TOTAL CURRENT ASSETS		
NONCURRENT ASSETS:		
Capital assets:		
Equipment	-	5,425,135
Construction in progress	-	-
Less: accumulated depreciation	-	(3,421,110)
	-	2,004,025
TOTAL NONCURRENT ASSETS		
	3,257,216	5,876,408
TOTAL ASSETS		
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	721,170	36,980
Claims payable	18,337	-
Compensated absences	1,218,291	-
	1,957,798	36,980
TOTAL CURRENT LIABILITIES		
NONCURRENT LIABILITIES:		
Compensated absences	491,622	-
	2,449,420	36,980
TOTAL LIABILITIES		
NET ASSETS		
Invested in capital assets	-	2,004,025
Unrestricted	807,796	3,835,403
	\$ 807,796	\$ 5,839,428
TOTAL NET ASSETS		

See independent auditors' report.

<u>Information Services</u>	<u>Building Maintenance</u>	<u>Total</u>
\$ 869,272	\$ 613,164	\$ 8,537,494
-	-	24,654
21,828	-	21,828
2,624	1,338	27,499
(835)	-	25,515
<u>892,889</u>	<u>614,502</u>	<u>8,636,990</u>
1,850,965	-	7,276,100
423	-	423
(1,148,982)	-	(4,570,092)
<u>702,406</u>	<u>-</u>	<u>2,706,431</u>
<u>1,595,295</u>	<u>614,502</u>	<u>11,343,421</u>
114,853	15,264	888,267
-	13,710	32,047
-	-	1,218,291
<u>114,853</u>	<u>28,974</u>	<u>2,138,605</u>
-	-	491,622
<u>114,853</u>	<u>28,974</u>	<u>2,630,227</u>
702,406	-	2,706,431
778,036	585,528	6,006,763
<u>\$ 1,480,442</u>	<u>\$ 585,528</u>	<u>\$ 8,713,194</u>

CITY OF HEALDSBURG

COMBINING STATEMENT OF REVENUES, EXPENSES AND
AND CHANGES IN NET ASSETS - INTERNAL SERVICE FUNDS

For the year ended June 30, 2009

	Insurance and Benefit	Vehicle Maintenance
OPERATING REVENUES:		
Charges for services	\$ 7,599,736	\$ 1,203,345
Other revenues	91	600
TOTAL OPERATING REVENUES	<u>7,599,827</u>	<u>1,203,945</u>
OPERATING EXPENSES:		
Operations	-	637,770
Administrative	8,841	19,437
Insurance and benefits costs	7,731,703	-
Depreciation	-	334,461
TOTAL OPERATING EXPENSES	<u>7,740,544</u>	<u>991,668</u>
OPERATING INCOME (LOSS)	(140,717)	212,277
NONOPERATING REVENUES:		
Investment income	<u>71,252</u>	<u>93,930</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>(69,465)</u>	<u>306,207</u>
OTHER FINANCING SOURCES (USES):		
Transfers in	-	26,808
Transfers out	-	(77,842)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>(51,034)</u>
CHANGE IN NET ASSETS	(69,465)	255,173
TOTAL NET ASSETS - BEGINNING OF YEAR	<u>877,261</u>	<u>5,584,255</u>
TOTAL NET ASSETS - END OF YEAR	<u>\$ 807,796</u>	<u>\$ 5,839,428</u>

See independent auditors' report.

<u>Information Services</u>	<u>Building Maintenance</u>	<u>Total</u>
\$ 977,190	\$ 1,105,791	\$ 10,886,062
344	-	1,035
<u>977,534</u>	<u>1,105,791</u>	<u>10,887,097</u>
861,240	808,816	2,307,826
35,527	14,709	78,514
-	-	7,731,703
85,925	-	420,386
<u>982,692</u>	<u>823,525</u>	<u>10,538,429</u>
(5,158)	282,266	348,668
<u>18,417</u>	<u>9,393</u>	<u>192,992</u>
<u>13,259</u>	<u>291,659</u>	<u>541,660</u>
136,256	-	163,064
-	(45,000)	(122,842)
<u>136,256</u>	<u>(45,000)</u>	<u>40,222</u>
149,515	246,659	581,882
<u>1,330,927</u>	<u>338,869</u>	<u>8,131,312</u>
<u>\$ 1,480,442</u>	<u>\$ 585,528</u>	<u>\$ 8,713,194</u>

CITY OF HEALDSBURG

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS

For the year ended June 30, 2009

	Insurance and Benefit	Vehicle Maintenance
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	\$ 7,583,422	\$ 1,209,187
Payments to suppliers	(7,501,367)	(507,750)
Payments to employees	-	(114,093)
	<u>82,055</u>	<u>587,344</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES		
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Cash received from other funds	-	26,808
Cash paid to other funds	-	(77,842)
	<u>-</u>	<u>(51,034)</u>
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES		
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition of capital assets	-	(160,844)
	<u>-</u>	<u>(160,844)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment income	79,251	96,270
	<u>79,251</u>	<u>96,270</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		
	161,306	471,736
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR		
	3,061,103	3,360,913
CASH AND CASH EQUIVALENTS - END OF YEAR		
	<u>\$ 3,222,409</u>	<u>\$ 3,832,649</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income (loss)	\$ (140,717)	\$ 212,277
Depreciation	-	334,461
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	(16,405)	5,242
(Increase) decrease in inventory		13,591
Increase (decrease) in accounts payable and accrued liabilities	239,177	21,773
	<u>239,177</u>	<u>21,773</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES		
	<u>\$ 82,055</u>	<u>\$ 587,344</u>

See independent auditors' report.

<u>Information Services</u>	<u>Building Maintenance</u>	<u>Total</u>
\$ 977,796	\$ 1,106,316	\$ 10,876,721
(733,664)	(842,333)	(9,585,114)
<u>(167,033)</u>	<u>(26,236)</u>	<u>(307,362)</u>
77,099	237,747	984,245
136,256	-	163,064
-	(45,000)	(122,842)
<u>136,256</u>	<u>(45,000)</u>	<u>40,222</u>
(56,890)	-	(217,734)
<u>20,493</u>	<u>9,593</u>	<u>205,607</u>
176,958	202,340	1,012,340
<u>692,314</u>	<u>410,824</u>	<u>7,525,154</u>
<u>\$ 869,272</u>	<u>\$ 613,164</u>	<u>\$ 8,537,494</u>
\$ (5,158)	\$ 282,266	\$ 348,668
85,925	-	420,386
262	525	(10,376)
-	-	13,591
<u>(3,930)</u>	<u>(45,044)</u>	<u>211,976</u>
<u>\$ 77,099</u>	<u>\$ 237,747</u>	<u>\$ 984,245</u>

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FIDUCIARY FUNDS

The Trust Funds are used to account for assets held by the City in a fiduciary capacity for individuals, governmental entities and others. Such funds are operated by carrying out the specifications of trust indentures, statutes, ordinances or other governing regulations. The various Fiduciary Funds are:

Redevelopment Agency - Downtown Business District (DBD) - Accounts for and administers funds of the Downtown Business District.

Senior Center Trust - Accounts for and administers funds of the Senior Center Trust.

Community Benefit Trust - Accounts for and administers funds of the Community Benefit Trust.

Plaza Flowers Veterans Trust - Accounts for and administers funds for purchasing flowers for the Plaza to honor Veterans.

CITY OF HEALDSBURG

COMBINING STATEMENT OF FIDUCIARY NET ASSETS
PRIVATE PURPOSE TRUST FUNDS

June 30, 2009

	Redevelopment Agency DBD	Senior Center Trust
	<u> </u>	<u> </u>
ASSETS:		
Cash and investments	\$ 38,425	\$ -
Restricted assets:		
Cash and investments	-	141,092
Interest receivable	-	-
	<u> </u>	<u> </u>
TOTAL ASSETS	38,425	141,092
LIABILITIES:		
Accounts payable	<u>2,300</u>	<u>-</u>
NET ASSETS:		
Held in trust for other purposes	<u>\$ 36,125</u>	<u>\$ 141,092</u>

See independent auditors' report.

Community Benefit Trust	Plaza Flowers Veterans Trust	Total
\$ 773,743	\$ 5,472	\$ 817,640
-	-	141,092
<u>2,869</u>	<u>20</u>	<u>2,889</u>
776,612	5,492	961,621
<u>-</u>	<u>-</u>	<u>2,300</u>
<u>\$ 776,612</u>	<u>\$ 5,492</u>	<u>\$ 959,321</u>

CITY OF HEALDSBURG

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PRIVATE PURPOSE TRUST FUNDS

For the year ended June 30, 2009

	Redevelopment Agency DBD	Senior Center Trust
	<u> </u>	<u> </u>
ADDITIONS:		
Contributions	\$ 66,700	\$ 156
Investment income	-	4,274
Fees and charges	33,508	-
Transfers in	<u>-</u>	<u>-</u>
TOTAL ADDITIONS	100,208	4,430
DEDUCTIONS:		
Community development	<u>64,801</u>	<u>821</u>
CHANGE IN NET ASSETS	35,407	3,609
NET ASSETS - BEGINNING OF YEAR	<u>718</u>	<u>137,483</u>
NET ASSETS - END OF YEAR	<u><u>\$ 36,125</u></u>	<u><u>\$ 141,092</u></u>

See independent auditors' report.

Community Benefit Trust	Plaza Flowers Veterans Trust	Total
\$ -	\$ -	\$ 66,856
20,136	143	24,553
-	-	33,508
<u>50,000</u>	<u>-</u>	<u>50,000</u>
70,136	143	174,917
<u>64,356</u>	<u>399</u>	<u>130,377</u>
5,780	(256)	44,540
<u>770,832</u>	<u>5,748</u>	<u>914,781</u>
<u>\$ 776,612</u>	<u>\$ 5,492</u>	<u>\$ 959,321</u>

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DESCRIPTION OF STATISTICAL SECTION CONTENTS

June 30, 2009

This part of the City of Healdsburg'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 government's overall financial health.

Contents:	<u>Pages</u>
<u>Financial Trends</u> these schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	S2
<u>Revenue Capacity</u> these schedules contain information to help the reader assess the City's most significant local revenue source, the property tax and the electric utility.	S13
<u>Debt Capacity</u> these schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	S33
<u>Demographic and Economic Information</u> these schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	S41
<u>Operating Information</u> 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.	S43

CITY OF HEALDSBURG
Net Assets by Component
Last Seven Fiscal Years
(accrual basis of accounting)
(in thousands)

	Fiscal Year			
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Governmental activities:				
Invested in capital assets, net of related debt	\$ 9,518	\$ 12,454	\$ 13,258	\$ 13,292
Restricted	16,275	11,503	8,786	11,805
Unrestricted	3,743	9,812	12,611	11,909
<i>Total governmental activities net assets</i>	<u>\$ 29,536</u>	<u>\$ 33,769</u>	<u>\$ 34,655</u>	<u>\$ 37,006</u>
Business-type activities:				
Invested in capital assets, net of related debt	\$ 60,799	\$ 58,677	\$ 64,371	\$ 67,371
Restricted	6,242	6,025	4,004	1,508
Unrestricted	21,027	27,587	27,912	31,013
<i>Total business-type activities net assets</i>	<u>\$ 88,068</u>	<u>\$ 92,289</u>	<u>\$ 96,287</u>	<u>\$ 99,892</u>
Primary government:				
Invested in capital assets, net of related debt	\$ 70,317	\$ 71,131	\$ 77,629	\$ 80,663
Restricted	22,517	17,528	12,790	13,313
Unrestricted	24,770	37,399	40,523	42,922
<i>Total primary government net assets</i>	<u>\$117,604</u>	<u>\$126,058</u>	<u>\$130,942</u>	<u>\$136,898</u>

Note: The City of Healdsburg implemented GASB 34 for the fiscal year ended June 30, 2003. Information prior to the implementation of GASB 34 is not available.

Fiscal Year		
<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ 14,431	\$ 14,387	\$ 5,790
12,501	13,895	23,103
13,955	17,577	12,328
<u>\$ 40,887</u>	<u>\$ 45,859</u>	<u>\$ 41,221</u>

\$ 72,951	\$ 78,119	\$ 81,518
876	-	-
29,353	27,159	28,295
<u>\$103,180</u>	<u>\$105,278</u>	<u>\$109,813</u>

\$ 87,382	\$ 92,506	\$ 87,308
13,377	13,895	23,103
43,308	44,736	40,623
<u>\$144,067</u>	<u>\$151,137</u>	<u>\$151,034</u>

CITY OF HEALDSBURG
Changes in Net Assets - Expenses and Program Revenues
Last Seven Fiscal Years
(accrual basis of accounting)
(in thousands)

	Fiscal Year			
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Expenses:				
<u>Governmental activities:</u>				
General government	\$ 878	\$ 1,191	\$ 709	\$ 1,014
Public safety	4,940	5,022	5,841	6,577
Culture and recreation	27	25	19	32
Community development	5,551	2,852	4,147	4,667
Unallocated infrastructure depreciation	23	23	25	25
Interest on long-term debt	1,790	2,535	2,735	2,657
<i>Total governmental activities expenses</i>	<u>13,209</u>	<u>11,648</u>	<u>13,476</u>	<u>14,972</u>
<u>Business-type activities:</u>				
Water	3,082	3,250	3,593	4,180
Sewer	2,484	2,674	2,882	3,491
Electric	8,547	7,954	9,294	9,372
Streets	1,193	1,250	1,352	1,392
Other programs	1,863	1,907	2,089	2,483
<i>Total business-type activities</i>	<u>17,169</u>	<u>17,035</u>	<u>19,210</u>	<u>20,918</u>
<i>Total primary government expenses</i>	<u>\$ 30,378</u>	<u>\$ 28,683</u>	<u>\$ 32,686</u>	<u>\$ 35,890</u>
Program revenues:				
<u>Governmental activities:</u>				
Charges for services:				
General government	\$ 462	\$ 539	\$ 764	\$ 815
Public safety	386	387	442	484
Culture and recreation	13	3	-	-
Community development	-	-	-	-
Operating grants and contributions	1,496	1,575	1,874	1,958
Capital grants and contributions	136	1,592	125	143
<i>Total governmental activities program revenues</i>	<u>2,493</u>	<u>4,096</u>	<u>3,205</u>	<u>3,400</u>
<u>Business-type activities:</u>				
Charges for services:				
Water	3,783	4,410	3,953	4,269
Sewer	4,080	4,212	4,324	5,116
Electric	8,569	8,444	9,310	9,006
Streets	989	835	853	1,112
Other programs	1,172	1,123	1,226	1,395
Operating grants and contributions	758	932	1,022	1,218
Capital grants and contributions	2,286	499	138	526
<i>Total business-type activities program revenues</i>	<u>21,637</u>	<u>20,455</u>	<u>20,826</u>	<u>22,642</u>
<i>Total primary government program revenues</i>	<u>\$ 24,130</u>	<u>\$ 24,551</u>	<u>\$ 24,031</u>	<u>\$ 26,042</u>

Note: The City of Healdsburg implemented GASB 34 for the fiscal year ended June 30, 2003. Information prior to the implementation of GASB 34 is not available.

Source: City of Healdsburg Comprehensive Annual Financial Report

Fiscal Year

<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ 982	\$ 839	\$ 915
6,768	6,995	7,506
24	19	21
4,201	4,818	9,209
25	26	27
<u>2,435</u>	<u>2,353</u>	<u>2,310</u>
<u>14,435</u>	<u>15,050</u>	<u>19,988</u>
4,719	4,219	4,522
5,379	5,996	6,575
10,167	10,335	11,865
1,399	1,415	1,677
<u>3,043</u>	<u>3,709</u>	<u>4,757</u>
<u>24,707</u>	<u>25,674</u>	<u>29,396</u>
<u>\$ 39,142</u>	<u>\$ 40,724</u>	<u>\$ 49,384</u>
\$ 509	\$ 377	\$ 490
483	498	694
1	-	-
403	432	425
1,000	589	528
61	85	192
<u>2,457</u>	<u>1,981</u>	<u>2,329</u>
4,343	4,280	4,734
6,069	6,512	8,470
9,002	9,257	10,089
1,087	880	969
1,549	1,617	1,693
2,193	2,438	3,395
501	181	424
<u>24,744</u>	<u>25,165</u>	<u>29,774</u>
<u>\$ 27,201</u>	<u>\$ 27,146</u>	<u>\$ 32,103</u>

CITY OF HEALDSBURG
Changes in Net Assets - General Revenues
Last Seven Fiscal Years
(accrual basis of accounting)
(in thousands)

	Fiscal Year			
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Net revenues (expenses):				
Governmental activities	\$(10,716)	\$ (7,552)	\$(10,271)	\$(11,572)
Business-type activities	4,468	3,420	1,616	1,724
<i>Total net revenues (expenses)</i>	<u>\$ (6,248)</u>	<u>\$ (4,132)</u>	<u>\$ (8,655)</u>	<u>\$ (9,848)</u>
General revenues and other changes in net assets				
<u>Governmental activities:</u>				
Taxes:				
Property taxes, levied for general purposes	\$ 6,834	\$ 7,388	\$ 8,946	\$ 9,475
Franchise taxes	323	286	304	325
Sales tax	2,793	2,818	2,279	3,045
Transient occupancy taxes	94	-	-	-
Intergovernmental:				
Unrestricted motor vehicle in-lieu	661	720	115	44
Gain from sale of capital assets	390	-	148	-
Investment earnings	732	890	1,037	1,695
Transfers	(24,511)	(318)	(1,672)	(663)
<i>Total governmental activities</i>	<u>(12,684)</u>	<u>11,784</u>	<u>11,157</u>	<u>13,921</u>
<u>Business-type activities:</u>				
Investment income	561	484	710	1,218
Transfers	24,511	318	1,672	663
<i>Total business-type activities</i>	<u>25,072</u>	<u>802</u>	<u>2,382</u>	<u>1,881</u>
<i>Total primary government</i>	<u>\$ 12,388</u>	<u>\$ 12,586</u>	<u>\$ 13,539</u>	<u>\$ 15,802</u>
Changes in net assets				
Governmental activities	\$(23,400)	\$ 4,232	\$ 886	\$ 2,349
Business-type activities	29,540	4,222	3,998	3,605
<i>Total primary government</i>	<u>\$ 6,140</u>	<u>\$ 8,454</u>	<u>\$ 4,884</u>	<u>\$ 5,954</u>

Note: The City of Healdsburg implemented GASB 34 for the fiscal year ended June 30, 2003. Information prior to the implementation of GASB 34 is not available.

Fiscal Year		
<u>2007</u>	<u>2008</u>	<u>2009</u>
\$(11,979)	\$(13,069)	\$(17,569)
<u>38</u>	<u>(509)</u>	<u>379</u>
<u>\$(11,941)</u>	<u>\$(13,578)</u>	<u>\$(17,190)</u>

\$ 10,617	\$ 11,254	\$ 11,668
369	374	381
3,334	3,324	3,162
272	310	275
63	52	41
-	-	-
2,252	1,857	927
<u>(1,047)</u>	<u>(787)</u>	<u>(3,434)</u>
<u>15,860</u>	<u>16,384</u>	<u>13,020</u>

2,203	1,820	723
<u>1,047</u>	<u>787</u>	<u>3,434</u>
<u>3,250</u>	<u>2,607</u>	<u>4,157</u>
<u>\$ 19,110</u>	<u>\$ 18,991</u>	<u>\$ 17,177</u>

\$ 3,881	\$ 3,315	\$ (4,549)
<u>3,288</u>	<u>2,098</u>	<u>4,536</u>
<u>\$ 7,169</u>	<u>\$ 5,413</u>	<u>\$ (13)</u>

CITY OF HEALDSBURG
Fund Balances of Governmental Funds
Last Seven Fiscal Years
(modified accrual basis of accounting)
(in thousands)

	Fiscal Year			
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General fund:				
Reserved	\$ 3	\$ 4	\$ -	\$ -
Unreserved	<u>3,743</u>	<u>3,968</u>	<u>4,673</u>	<u>4,537</u>
<i>Total general fund</i>	<u>\$ 3,746</u>	<u>\$ 3,972</u>	<u>\$ 4,673</u>	<u>\$ 4,537</u>
All other governmental funds				
Reserved	\$ 41,007	\$ 35,214	\$ 33,257	\$ 33,439
Unreserved, reported in:				
Special revenue funds	3,265	3,590	4,274	5,470
Capital projects funds	359	2,768	4,323	2,936
Permanent funds	<u>97</u>	<u>88</u>	<u>83</u>	<u>81</u>
<i>Total all other governmental funds</i>	<u>\$ 44,728</u>	<u>\$ 41,660</u>	<u>\$ 41,937</u>	<u>\$ 41,926</u>

Note: The City of Healdsburg has elected to show only seven years of data for this schedule.

Fiscal Year		
<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ -	\$ -	\$ -
<u>4,726</u>	<u>4,763</u>	<u>4,420</u>
<u>\$ 4,726</u>	<u>\$ 4,763</u>	<u>\$ 4,420</u>
\$ 31,650	\$ 29,353	\$ 19,529
6,932	7,123	8,369
3,168	5,714	8,220
<u>77</u>	<u>78</u>	<u>78</u>
<u>\$ 41,827</u>	<u>\$ 42,268</u>	<u>\$ 36,196</u>

CITY OF HEALDSBURG
Changes in Fund Balances of Governmental Funds
Last Seven Fiscal Years
(modified accrual basis of accounting)
(in thousands)

	Fiscal Year			
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Revenues:				
Property taxes	\$ 6,834	\$ 7,388	\$ 8,946	\$ 9,475
Sales and other taxes	3,515	3,414	2,697	3,901
Charges for services	283	311	327	349
Intergovernmental revenue	1,834	1,755	1,616	1,251
Special assessments	324	342	397	482
Development fees and permits	119	86	113	109
Investment income	668	641	1,066	1,621
Miscellaneous fees and charges	93	355	77	72
Other revenues	616	1,682	562	865
<i>Total revenues</i>	<u>14,286</u>	<u>15,974</u>	<u>15,801</u>	<u>18,125</u>
Expenditures:				
Current:				
General government	687	933	582	677
Public safety	4,573	4,601	5,523	6,534
Culture and recreation	27	25	20	32
Community development	2,682	5,039	4,240	4,123
Capital outlay	5,628	4,348	934	2,270
Debt Service:				
Principal retirement	1,300	1,065	1,205	1,325
Interest and fees	1,463	2,209	2,687	2,625
Bond issue costs	417	94	-	-
Advance to refund bond escrow agent	-	208	-	-
<i>Total expenditures</i>	<u>16,777</u>	<u>18,522</u>	<u>15,191</u>	<u>17,586</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,491)</u>	<u>(2,548)</u>	<u>610</u>	<u>539</u>
Other financing sources (uses):				
Transfers in	19,066	11,582	6,657	4,704
Transfers out	(23,573)	(11,967)	(8,344)	(5,390)
Issuance of bonds	-	3,620	3,299	-
Payment to bond escrow agent	-	(3,470)	(1,807)	-
Bond discount	(242)	(58)	-	-
Sale of capital assets	-	-	563	-
Proceeds from long-term debt	19,370	-	-	-
<i>Total other financing sources (uses)</i>	<u>14,621</u>	<u>(293)</u>	<u>368</u>	<u>(686)</u>
Net change in fund balances	<u>\$ 12,130</u>	<u>\$ (2,841)</u>	<u>\$ 978</u>	<u>\$ (147)</u>
Debt service as a percentage of noncapital expenditures	29%	25%	27%	26%

Note: The City of Healdsburg has elected to show only seven years of data for this schedule.

Source: City of Healdsburg Comprehensive Annual Financial Report

Fiscal Year		
<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ 10,617	\$ 11,254	\$ 11,668
4,267	4,447	4,244
366	368	516
1,070	630	621
-	-	-
62	104	215
2,142	1,732	850
75	119	106
601	475	487
19,200	19,129	18,707
630	584	567
6,760	6,989	7,317
38	19	21
5,722	5,777	8,959
948	651	1,016
1,530	1,465	1,515
2,405	2,352	2,297
-	-	-
-	-	-
18,033	17,837	21,692
1,167	1,292	(2,985)
4,227	8,553	6,304
(5,304)	(9,367)	(9,734)
-	-	-
-	-	-
-	-	-
-	-	-
(1,077)	(814)	(3,430)
\$ 90	\$ 478	\$ (6,415)

23%	22%	18%
-----	-----	-----

CITY OF HEALDSBURG
Governmental Activities Major Tax Revenues By Sources
Last Ten Fiscal Years

Fiscal Year Ended June 30	Property Tax (1)	Sales Tax (3)	Franchise	Vehicle License Fee	Transient Occupancy Tax (2)	Total
2000	\$ 4,826,240	\$ 2,468,452	\$ 185,688	\$ 489,116	\$ 505,291	\$ 8,474,787
2001	5,416,899	2,730,137	236,590	560,676 (4)	537,923	9,482,225
2002	5,995,988	3,020,815	277,732	627,009 (4)	665,250	10,586,794
2003	6,834,237	2,901,105	322,529	661,106	94,110	10,813,087
2004	7,388,206	2,931,402	286,149	524,319	-	11,130,076
2005	9,124,394	2,850,049	304,290	270,441	-	12,549,174
2006	10,398,001	3,339,276 (4)	324,924	83,327	23,408	14,168,936
2007	11,434,132	3,407,326	368,610	63,256	272,598	15,545,922
2008	12,134,840	3,534,146	373,725	51,905	310,007	16,404,623
2009	12,591,400	3,272,381	381,153	41,190	275,109	16,561,233

Notes: (1) Property tax includes the Redevelopment Agency.

As of fiscal year 2005 and 2006, the vehicle license fee in lieu is now a permanent shift in the property tax.

(2) Prior to fiscal year 2002-03, the 10% Transient Occupancy Tax (TOT) was a general fund revenue source.

In fiscal year 2002-03, voters approved a measure to make TOT a special tax for Community Services.

In November, 2004, voters approved an additional 2% TOT increase in an effort to maintain current Police and Fire services. This 2% increase was effective June, 1 2006. The TOT rate is 12%.

(3) Sales Tax includes Prop 172, Public Safety Augmentation Fund (PSAF) 1/2 cent sales tax.

(4) Revised.

CITY OF HEALDSBURG
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(in thousands)

Fiscal Year Ended June 30	City			Taxable Assessed Value	Redevelopment Agency			Taxable Assessed Value	Total Direct Tax Rate
	Secured	Unsecured	Less: Exemptions		Secured	Unsecured	Less: Exemptions		
2000	\$ 665,586	\$ 47,428	\$ (14,354)	\$ 698,660	\$ 428,072	\$ 43,137	\$ (7,248)	\$ 463,961	0.415%
2001	734,835	56,077	(14,401)	776,511	461,685	51,169	(7,205)	505,649	0.422%
2002	855,622	55,855	(14,727)	896,750	511,313	51,863	(7,126)	556,050	0.413%
2003	958,459	61,168	(14,690)	1,004,937	568,898	48,453	(7,064)	610,287	0.423%
2004	1,051,348	65,952	(15,093)	1,102,207	623,690	59,215	(7,088)	675,817	0.416%
2005	1,156,126	63,340	(15,611)	1,203,855	666,577	55,390	(7,241)	714,726	0.476%
2006	1,294,557	64,153	(15,460)	1,343,250	737,613	56,117	(7,080)	786,650	0.488%
2007	1,452,121	66,570	(15,298)	1,503,393	823,891	59,842	(6,954)	876,779	0.480%
2008	1,566,697	67,912	(15,035)	1,619,574	876,977	59,584	(6,982)	929,579	0.048%
2009	1,641,106	72,001	(14,892)	1,698,215	915,768	62,279	(6,941)	971,106	0.047%

Note: 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 re-assessed 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.

CITY OF HEALDSBURG
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(Rate per \$100 of assessed value)

Fiscal Year Ended June 30	City Direct Rates				Total Direct Rate	Overlapping Rates		
	Basic Rate	General Obligation Debt Service	Redevelopment Debt Service	Redevelopment Program		Healdsburg Unified Bonds	Dam/Russian River Project	So. Co. Junior College Bond
2000	\$0.0400	\$0.0500	\$0.1800	\$0.1500	\$0.42	\$0.0686	\$0.0060	\$0.0000
2001	0.0400	0.0500	0.1700	0.1900	0.45	0.6500	0.0070	0.0000
2002	0.0400	0.0500	0.1600	0.1700	0.42	0.0600	0.0070	0.0250
2003	0.0400	0.0400	0.1300	0.2100	0.42	0.0600	0.0070	0.0250
2004	0.0400	0.0400	0.1500	0.1900	0.42	0.1028	0.0070	0.0250
2005	0.1100	0.0300	0.1600	0.1800	0.48	0.0975	0.0070	0.0250
2006	0.1200	0.0900	0.1500	0.1300	0.49	0.1005	0.0070	0.0250
2007	0.1100	0.1000	0.1300	0.1500	0.49	0.1005	0.0070	0.0250
2008	0.1100	0.1000	0.1200	0.1500	0.48	0.0930	0.0070	0.0250
2009	0.1000	0.1000	0.1200	0.1500	0.47	0.0930	0.0070	0.0250

Notes: In 1978, California voters passed Proposition 13 which sets 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 Bonds that benefit the area.

CITY OF HEALDSBURG
Principal Property Tax Payers
Current Year and Nine Years Ago

<u>Taxpayer by Business Type</u>	<u>2009</u>		<u>2000</u>	
	<u>Taxable Assessed Value</u>	<u>Percent of Total City Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Percent of Total City Taxable Assessed Value</u>
Winery	\$ 380,958	29.3%	\$ 189,985	48.51%
Hotel	207,787	15.99%	-	(1) 0.00%
Housing	123,816	9.53%	-	(1) 0.00%
Winery	96,465	7.42%	55,225	14.10%
Industrial	96,273	7.41%	62,405	15.93%
Property management	92,890	7.15%	-	(1) 0.00%
Self storage	79,869	6.15%	-	(2) 0.00%
Property management	77,934	6.00%	42,231	10.78%
Industrial	74,256	5.71%	41,808	10.67%
Property management	69,405	5.34%	-	(1) 0.00%
Totals	<u>\$ 1,299,653</u>	<u>100.00%</u>	<u>\$ 391,654</u>	<u>100.00%</u>

Note: The amounts shown above include assessed value data for both the City and the Redevelopment Agency.

(1) Business did not exist.

(2) Information is not available.

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CITY OF HEALDSBURG
Property Tax Levies and Collections
Last Ten Fiscal Years

<u>Fiscal Year Ended June 30</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Collected within the Fiscal Year of Levy</u>	
		<u>Amount</u>	<u>Percent of Levy</u>
2000	\$ 4,647,271	\$ 4,647,271	100.0%
2001	5,182,699	5,182,699	100.0%
2002	5,676,311	5,676,311	100.0%
2003	6,488,479	6,488,479	100.0%
2004	7,069,951	7,069,951	100.0%
2005	7,435,124	7,435,124	100.0%
2006	8,251,526	8,251,526	100.0%
2007	9,134,507	9,134,507	100.0%
2008	9,728,469	9,728,469	100.0%
2009	10,143,393	10,143,393	100.0%

Notes: The amounts presented include City property taxes and Redevelopment Agency tax increment.

This schedule also includes amounts collected by the City and Redevelopment Agency that were passed-through to other agencies.

Proposition 13 limits cities to levying a tax rate for bonded indebtedness only after 1978.

CITY OF HEALDSBURG
Healdsburg Redevelopment Agency
Sotoyome Redevelopment Project Area
Taxable Value and Tax Increments
Last Ten Fiscal Years
(in thousands)

	Fiscal Year				
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Total Assessed Valuation (Gross)	\$ 471,209	\$ 512,854	\$ 563,176	\$ 617,351	\$ 682,905
Net Secured	\$ 428,072	\$ 461,685	\$ 511,313	\$ 568,898	\$ 623,690
Net Unsecured	43,137	51,169	51,863	48,453	59,215
Exemptions	<u>(7,248)</u>	<u>(7,205)</u>	<u>(7,126)</u>	<u>(7,064)</u>	<u>(7,088)</u>
Total Assessed Valuation (Net)	<u>\$ 463,961</u>	<u>\$ 505,649</u>	<u>\$ 556,050</u>	<u>\$ 610,287</u>	<u>\$ 675,817</u>
Gross Tax Increment	<u>\$ 3,849,868</u>	<u>\$ 4,322,409</u>	<u>\$ 4,725,371</u>	<u>\$ 5,509,106</u>	<u>\$ 6,083,344</u>

Sources: County of Sonoma Auditor-Controller
Redevelopment Agency Financial Statement

Fiscal Year				
<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ 721,967	\$ 793,730	\$ 883,733	\$ 936,561	\$ 978,047
\$ 666,577	\$ 737,613	\$ 823,891	\$ 876,977	\$ 915,768
55,390	56,117	59,842	59,584	62,279
(7,241)	(7,080)	(6,954)	(6,982)	(6,941)
\$ 714,726	\$ 786,650	\$ 876,779	\$ 929,579	\$ 971,106
\$ 6,487,314	\$ 7,425,889	\$ 8,118,025	\$ 8,609,919	\$ 8,982,454

CITY OF HEALDSBURG
Healdsburg Redevelopment Agency
Sotoyome Redevelopment Project Area
Tax Increment and Tax Revenues
Last Ten Fiscal Years
(in thousands)

<u>Fiscal Year</u>	<u>Gross Increment</u>	<u>Pass Thru to County</u>	<u>AB 1290 Pass Thru</u>	<u>Pass Thru ERAF to State</u>	<u>Low/ Moderate Set - Aside</u>	<u>Net Increment to Agency</u>
2000	\$ 3,849,868	\$ 798,517 ⁽¹⁾	\$ -	\$ -	\$ 769,918	\$ 2,281,433 ⁽¹⁾
2001	4,322,409	907,898 ⁽¹⁾	-	-	864,538	2,549,973 ⁽¹⁾
2002	4,725,371	1,045,140	69,860	-	945,074	2,665,297 ⁽¹⁾
2003	5,509,106	1,201,433 ⁽¹⁾	149,668	144,620	1,101,911	2,911,474 ⁽¹⁾
2004	6,083,344	1,358,555	229,304	280,725	1,216,988	2,997,772 ⁽¹⁾
2005	6,487,314	1,461,160	281,498	464,810	1,297,463	2,982,383 ⁽¹⁾
2006	7,425,889	1,650,135	377,683	473,900	1,485,178	3,438,993
2007	8,118,025	1,888,393	498,817	-	1,623,605	4,606,027
2008	8,609,919	2,041,377	576,394	-	1,721,984	4,846,558
2009	8,982,454	2,151,880	632,847	-	1,796,491	5,034,083

(1) Revised

Sources: County of Sonoma-Pass Thru Report
Redevelopment Agency Financial Statement

CITY OF HEALDSBURG
Schedule of Electric Utility Customers, Energy Sales and Revenue
Last Ten Fiscal Years

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<u>Number of Customers</u>										
Residential	4,192	4,351	4,381	4,387	4,400	4,426	4,449	4,334	4,414	4,371
Industrial and heavy commercial	80	78	100	89	99	101	105	12	38	54
Commercial	834	817	855	865	858	874	896	854	944	990
Municipal	66	74	72	77	72	75	77	39	81	111
Outdoor Lighting	60	43	20	19	32	18	32	15	15	13
Total	5,232	5,363	5,428	5,437	5,461	5,494	5,559	5,254	5,492	5,539
<u>Energy Sales (MWH)</u>										
Residential	23,446	25,028	24,596	25,015	25,892	26,235	26,208	26,500	27,040	27,045
Industrial and heavy commercial	3,197	3,695	3,142	2,945	2,652	3,079	2,045	10,797	17,898	9,146
Commercial	33,417	35,099	34,326	35,676	37,449	38,736	38,942	31,506	26,316	33,701
Municipal	4,975	4,540	4,794	4,628	4,775	4,731	4,900	5,227	5,355	6,884
Outdoor Lighting	585	583	585	583	583	583	583	583	583	269
Total	65,620	68,945	67,443	68,847	71,351	73,364	72,678	74,613	77,192	77,045
<u>Revenue (in millions)</u>										
Residential	\$ 2.883	\$ 3.073	\$ 3.154	\$ 3.200	\$ 3.315	\$ 3.366	\$ 3.354	\$ 3.379	\$ 3.500	\$ 3.658
Industrial and heavy commercial	0.342	0.393	0.378	0.367	0.331	0.360	0.229	1.313	1.796	0.984
Commercial	3.632	3.801	4.013	4.148	4.099	4.568	4.635	3.474	3.119	4.237
Municipal	0.401	0.375	0.434	0.418	0.397	0.449	0.435	0.447	0.520	0.661
Outdoor Lighting	0.041	0.040	0.042	0.042	0.042	0.042	0.042	0.040	0.040	0.040
Total	\$ 7.299	\$ 7.682	\$ 8.021	\$ 8.175	\$ 8.184	\$ 8.785	\$ 8.695	\$ 8.653	\$ 8.975	\$ 9.580
Total average rate per mwh	\$ 0.111	\$ 0.111	\$ 0.119	\$ 0.119	\$ 0.115	\$ 0.120	\$ 0.120	\$ 0.116	\$ 0.116	\$ 0.124

Source: City of Healdsburg Utility Billing Department

CITY OF HEALDSBURG
Schedule of Electricity Sold and Revenue per Megawatt Hour
Last Ten Fiscal Years

	Fiscal Year			
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
MWH Sold				
July	5,648	5,939	5,956	6,229
August	5,649	6,085	5,359	6,199
September	4,870	6,319	5,957	6,168
October	5,595	5,903	5,661	5,937
November	5,585	5,759	5,305	5,932
December	5,175	5,756	5,545	5,176
January	6,243	5,942	6,340	6,203
February	5,192	5,710	5,476	5,444
March	5,219	5,131	5,260	4,780
April	5,480	5,166	5,159	6,119
May	5,328	5,186	5,438	4,934
June	5,636	6,053	5,985	5,726
Total	<u>65,620</u>	<u>68,949</u>	<u>67,441</u>	<u>68,847</u>
Total Billings				
July	\$ 692,743	\$ 722,003	\$ 780,420	\$ 807,825
August	688,545	735,508	697,647	800,312
September	585,033	773,672	786,546	804,981
October	685,507	724,567	732,969	760,045
November	670,965	694,730	689,792	778,722
December	529,404	584,830	593,797	552,882
January	642,128	599,428	690,829	673,403
February	520,977	578,460	593,782	582,690
March	527,653	518,509	566,423	503,378
April	537,206	508,492	544,544	649,836
May	518,346	504,507	563,299	516,598
June	699,600	736,195	781,609	743,948
Total	<u>\$ 7,298,107</u>	<u>\$ 7,680,901</u>	<u>\$ 8,021,657</u>	<u>\$ 8,174,620</u>
Revenue/KWH				
July	\$ 0.12270	\$ 0.12156	\$ 0.13103	\$ 0.12969
August	0.12190	0.12087	0.13018	0.12910
September	0.12010	0.12243	0.13203	0.13051
October	0.12250	0.12274	0.12947	0.12802
November	0.12020	0.12063	0.13002	0.13128
December	0.10230	0.10160	0.10708	0.10682
January	0.10290	0.10087	0.10896	0.10851
February	0.10030	0.10130	0.10843	0.10703
March	0.10110	0.10105	0.10768	0.10531
April	0.09800	0.09843	0.10555	0.10620
May	0.09730	0.09728	0.10358	0.10470
June	0.12410	0.12162	0.13059	0.12993
Average	<u>\$ 0.11122</u>	<u>\$ 0.11140</u>	<u>\$ 0.11894</u>	<u>\$ 0.11874</u>

Source: City of Healdsburg Utility Billing Department

Fiscal Year

<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
6,113	6,595	6,325	6,629	7,196	7,091
6,821	6,367	6,387	7,306	7,229	6,875
6,408	7,283	6,590	6,085	7,273	7,344
5,838	6,051	5,854	5,931	6,226	6,493
5,464	5,809	6,014	6,021	6,270	6,532
5,874	6,083	6,124	6,218	5,920	6,014
5,769	6,470	6,244	6,616	6,703	7,063
5,977	6,180	5,981	6,913	6,590	5,966
5,683	5,146	5,535	5,675	5,373	6,205
5,570	5,756	5,773	5,702	6,053	5,748
5,802	5,845	5,506	5,569	5,848	5,697
6,033	5,779	6,344	5,948	6,511	6,017
<u>71,352</u>	<u>73,364</u>	<u>72,677</u>	<u>74,613</u>	<u>77,192</u>	<u>77,045</u>
\$ 791,151	\$ 711,827	\$ 852,912	\$ 866,640	\$ 902,367	\$ 900,274
882,496	708,539	840,127	939,364	917,607	850,638
824,884	787,393	856,913	781,332	909,992	931,722
754,070	656,358	783,802	771,838	783,665	816,845
567,221	609,147	633,226	623,653	679,448	689,248
625,634	706,253	676,659	667,647	616,005	638,392
619,909	1,419,090	690,152	698,881	722,227	879,588
649,620	499,890	632,755	706,404	694,407	722,928
605,831	507,107	596,087	594,563	567,103	750,796
577,260	629,314	616,684	579,772	616,889	678,156
632,974	756,124	707,877	679,596	736,930	837,571
653,404	795,546	808,512	743,621	828,349	883,853
<u>\$ 8,184,454</u>	<u>\$ 8,786,588</u>	<u>\$ 8,695,706</u>	<u>\$ 8,653,311</u>	<u>\$ 8,974,989</u>	<u>\$ 9,580,011</u>
\$ 0.12942	\$ 0.10793	\$ 0.13485	\$ 0.13073	\$ 0.12540	\$ 0.12696
0.12937	0.11128	0.13154	0.12857	0.12693	0.12373
0.12873	0.10811	0.13003	0.12840	0.12512	0.12687
0.12916	0.10638	0.13389	0.13014	0.12587	0.12580
0.10381	0.10275	0.10529	0.10358	0.10836	0.10552
0.10650	0.11411	0.11049	0.10737	0.10405	0.10615
0.10746	0.21757	0.10530	0.10392	0.10775	0.12453
0.10869	0.79022	0.10579	0.10218	0.10537	0.12117
0.10660	0.96400	0.10769	0.10477	0.10555	0.12100
0.10363	0.10733	0.10682	0.10168	0.10191	0.11798
0.10910	0.12206	0.12856	0.12203	0.12601	0.14702
0.10830	0.12934	0.12745	0.12502	0.12722	0.14689
<u>\$ 0.11471</u>	<u>\$ 0.11977</u>	<u>\$ 0.11965</u>	<u>\$ 0.11598</u>	<u>\$ 0.11627</u>	<u>\$ 0.12434</u>

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CITY OF HEALDSBURG
Top Ten Electric Customers
Current Calendar Year and Nine Years Ago

<u>Electric Customer by Type</u>	<u>2009</u>		<u>2000</u>	
	<u>Electric Charges</u>	<u>Percent of Total Electric Revenue</u>	<u>Electric Charges</u>	<u>Percent of Total Electric Revenue</u>
Municipality	\$ 676,829	6.82788%	\$ 401,000	5.70039%
School	282,951	2.85442%	178,009	2.53047%
Retail	250,886	2.53095%	202,377	2.87688%
Hospital	183,551	1.85167%	- (1)	0.00000%
Winery	163,931	1.65374%	141,280 (1)	2.00836%
Construction	162,559	1.63990%	407,878 (1)	5.79816%
Lodging	141,066	1.42308%	- (2)	0.00000%
Retail	117,493	1.18527%	96,330	1.36937%
Industrial	107,201	1.08145%	83,687	1.18965%
Winery	94,364	0.95195%	17,758	0.25244%
	<u>\$ 2,180,831</u>	<u>22.0%</u>	<u>\$ 1,528,319</u>	<u>21.7%</u>

Note: The top ten electric customers are categorized by type.

(1) Information is not available.

(2) Business did not exist.

CITY OF HEALDSBURG
Electric Rates
Last Eight Fiscal Years

<u>Type of Customer</u>	<u>Fiscal Year Ended 30-Jun</u>	<u>Monthly Base Rate</u>	<u>Rate per KWH</u>
Residential	7/1/01 - 12/31/08	324 KWH @	\$0.12168
		Balance @	\$0.13987
Residential	1/1/09 - 6/30/09	324 KWH @	\$0.12168
		324 KWH @	\$0.13987
		324 KWH @	\$0.21889
		Balance @	\$0.27889
Commercial	7/1/01 - 12/31/08	\$0.15614 per KWH	\$0.15614
Commercial	1/1/09 - 6/30/09	\$0.187370 per KWH	\$0.18737

Source: City of Healdsburg Utility Billing Department

CITY OF HEALDSBURG
Schedule of Net Income
Electric Fund
Last Ten Fiscal Years
(in thousands)

	Fiscal Year			
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Operating Revenues:				
Charges for services	\$ 7,034,610	\$ 7,357,293	\$ 8,239,704	\$ 8,391,718
Development fees	-	-	-	-
Other Revenues	6,577	85,163	148,242	177,162
<i>Total Operating Revenues</i>	<u>7,041,187</u>	<u>7,442,456</u>	<u>8,387,946</u>	<u>8,568,880</u>
Operating Expenses:				
Purchased power	4,631,989	5,684,650	8,597,303	5,626,154
Operations	859,526	1,204,423	1,122,220	1,241,154
Administrative	890,836	901,891	1,185,925	1,227,609
Depreciation	262,526	274,093	311,980	343,468
<i>Total Operating Expense</i>	<u>6,644,877</u>	<u>8,065,057</u>	<u>11,217,428</u>	<u>8,438,385</u>
<i>Operating Income (Loss)</i>	<u>396,310</u>	<u>(622,601)</u>	<u>(2,829,482)</u>	<u>130,495</u>
Nonoperating Revenues (Expenses):				
Intergovernmental grants	-	-	69,500	15,000
Investment income	672,157	535,405	259,678	186,073
Interest expense	(13,813)	(13,138)	(12,688)	(5,981)
Loss from disposal of assets	(76,820)	(174,726)	-	(640)
<i>Total Nonoperating Revenues (Expenses)</i>	<u>581,524</u>	<u>347,541</u>	<u>316,490</u>	<u>194,452</u>
Income (Loss) Before Transfers	977,834	(275,060)	(2,512,992)	324,947
Transfers In (Out)	<u>(273,350)</u>	<u>(875,400)</u>	<u>(2,942)</u>	<u>(180,727)</u>
Income (Loss) Before Capital Contributions	704,484	(1,150,460)	(2,515,934)	144,220
Capital Contributions	<u>-</u>	<u>771,208</u>	<u>552,848</u>	<u>191,082</u>
Changes in Net Assets	<u>\$ 704,484</u>	<u>\$ (379,252)</u>	<u>\$ (1,963,086)</u>	<u>\$ 335,302</u>

Source: City of Healdsburg Comprehensive Annual Financial Report

Fiscal Year

<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ 8,366,511	\$ 9,279,807	\$ 8,858,296	\$ 8,910,310	\$ 9,163,416	\$ 9,912,726
-	-	-	36,072	23,617	-
77,370	30,300	148,017	56,239	70,211	176,750
<u>8,443,881</u>	<u>9,310,107</u>	<u>9,006,313</u>	<u>9,002,621</u>	<u>9,257,244</u>	<u>10,089,476</u>
4,910,373	5,888,039	5,367,577	5,924,049	5,874,492	7,263,987
1,351,066	1,495,744	2,087,296	2,042,244	2,145,553	2,281,514
1,197,543	1,514,936	1,566,344	1,775,826	1,974,354	1,933,712
353,922	365,971	379,103	384,900	422,960	422,960
<u>7,812,904</u>	<u>9,264,690</u>	<u>9,400,320</u>	<u>10,127,019</u>	<u>10,417,359</u>	<u>11,902,173</u>
<u>630,977</u>	<u>45,417</u>	<u>(394,007)</u>	<u>(1,124,398)</u>	<u>(1,160,115)</u>	<u>(1,812,697)</u>
-	-	135	287	-	-
141,732	214,544	299,762	352,905	228,793	77,336
-	-	-	-	-	-
<u>(8,545)</u>	<u>-</u>	<u>-</u>	<u>(103,756)</u>	<u>-</u>	<u>-</u>
<u>133,187</u>	<u>214,544</u>	<u>299,897</u>	<u>249,436</u>	<u>228,793</u>	<u>77,336</u>
764,164	259,961	(94,110)	(874,962)	(931,322)	(1,735,361)
<u>(265,464)</u>	<u>2,151</u>	<u>(61,620)</u>	<u>(115,000)</u>	<u>181,173</u>	<u>1,351,864</u>
498,700	262,112	(155,730)	(989,962)	(750,149)	(383,497)
491,116	131,626	-	236,172	-	-
<u>\$ 989,816</u>	<u>\$ 393,738</u>	<u>\$ (155,730)</u>	<u>\$ (753,790)</u>	<u>\$ (750,149)</u>	<u>\$ (383,497)</u>

CITY OF HEALDSBURG
Schedule of Cash Flows
Electric Fund
Last Ten Fiscal Years
(in thousands)

	Fiscal Year			
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Cash flows from operating activities:				
Operating income (loss)	\$ 396,310	\$ (622,602)	\$ (2,829,482)	\$ 130,495
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	262,526	274,093	311,980	343,468
Changes in operating assets and liabilities:				
(Increase) decrease in accounts receivable	(145,072)	(181,460)	(160,500)	175,983
(Increase) decrease in due from other governments	11,215	-	-	-
(Increase) decrease in inventory	(392,202)	60,245	32,177	(125,070)
(Increase) decrease in prepaid costs	(425,652)	403,247	(55,155)	(429,786)
Increase (decrease) in accounts payable	14,464	101,177	(187,026)	230,134
Increase (decrease) in deposits	3,026	(432,978)	(572,476)	(11,308)
Total adjustments	<u>(671,695)</u>	<u>224,324</u>	<u>(631,000)</u>	<u>183,421</u>
Net cash provided (used) by operating activities	<u>(275,385)</u>	<u>(398,278)</u>	<u>(3,460,482)</u>	<u>313,916</u>
Cash flows from noncapital financing activities:				
Intergovernmental grants	-	-	69,500	-
(Increase) decrease in due from other funds	(478,399)	(1,726,953)	87,034	47,327
Transfers in (out)	(273,350)	(875,400)	(2,942)	(180,727)
Net cash provided (used) by non-capital financing activities	<u>(751,749)</u>	<u>(2,602,353)</u>	<u>153,592</u>	<u>(133,400)</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets:				
Developer financed	(371,383)	(792,389)	(834,684)	(465,719)
Capital replacement	-	-	-	-
Capacity expansion	-	-	-	-
Contributed capital:				
Construction reimbursement	632,651	771,208	552,848	191,082
Retirement of debt	(9,750)	(9,750)	(9,750)	(165,000)
Interest paid	(12,986)	(12,310)	(11,861)	-
Net cash provided (used) by capital and related financing activities	<u>238,532</u>	<u>(43,241)</u>	<u>(303,447)</u>	<u>(439,637)</u>
Cash flows from investing activities:				
Investment income	619,909	589,907	359,161	208,156
(Increase) decrease in investments	(5,244,626)	3,572,392	245,225	-
(Increase) decrease in loan receivables	(24,928)	4,247	-	-
Net cash provided (used) by investing activities	<u>(4,649,645)</u>	<u>4,166,546</u>	<u>604,386</u>	<u>208,156</u>
Net increase in cash and cash equivalents	(5,418,247)	1,122,674	(3,005,951)	(50,965)
Cash and cash equivalents at beginning of year	7,477,811	2,059,564	3,206,038	7,673,360
Cash and cash equivalents at end of year	<u>\$ 2,059,564</u>	<u>\$ 3,182,238</u>	<u>\$ 200,087</u>	<u>\$ 7,622,395</u>
Non-cash capital and related financing activities:				
Acquisition of capital assets	<u>\$ (76,820)</u>	<u>\$ (174,726)</u>	<u>\$ -</u>	<u>\$ -</u>

Source: City of Healdsburg Comprehensive Annual Financial Report

Fiscal Year					
<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ 630,977	\$ 45,417	\$ (394,007)	\$ (1,124,398)	\$ (1,160,115)	\$ (1,812,697)
353,922	365,971	379,103	384,900	422,960	422,960
146,882	(460,071)	165,415	206,790	487	(143,377)
-	-	-	-	-	-
67,153	(159,444)	6,020	(56,624)	62,891	(239,347)
(232,914)	740,576	-	-	-	-
(45,072)	(89,605)	(42,327)	49,636	223,608	(235,471)
(224,126)	38,549	178,559	(21,398)	157,279	(50,285)
<u>65,845</u>	<u>435,976</u>	<u>686,770</u>	<u>563,304</u>	<u>867,225</u>	<u>(245,520)</u>
<u>696,822</u>	<u>481,393</u>	<u>292,763</u>	<u>(561,094)</u>	<u>(292,890)</u>	<u>(2,058,217)</u>
-	-	135	287	-	-
1,714	2,151	123,759	1,628	-	3,322,640
(267,178)	-	(181,200)	(115,000)	-	-
<u>(265,464)</u>	<u>2,151</u>	<u>(57,306)</u>	<u>(113,085)</u>	<u>-</u>	<u>3,322,640</u>
(475,379)	-	-	-	-	-
-	(512,265)	(644,167)	(1,533,171)	(3,150,084)	(1,304,260)
-	-	-	-	-	-
491,116	131,626	-	236,172	181,173	424,224
-	-	-	-	-	-
-	(4,229)	-	-	-	-
<u>15,737</u>	<u>(384,868)</u>	<u>(644,167)</u>	<u>(1,296,999)</u>	<u>(2,968,911)</u>	<u>(880,036)</u>
130,505	174,765	282,877	356,709	274,309	100,985
-	-	-	-	-	-
20,681	-	-	-	-	-
<u>151,186</u>	<u>174,765</u>	<u>282,877</u>	<u>356,709</u>	<u>274,309</u>	<u>100,985</u>
598,281	273,441	(125,833)	(1,614,469)	(2,987,492)	485,372
7,622,395	8,220,676	8,494,117	8,368,284	6,753,815	3,766,323
<u>\$ 8,220,676</u>	<u>\$ 8,494,117</u>	<u>\$ 8,368,284</u>	<u>\$ 6,753,815</u>	<u>\$ 3,766,323</u>	<u>\$ 4,251,695</u>
<u>\$ -</u>					

CITY OF HEALDSBURG
Schedule of Electricity Purchased
Last Ten Fiscal Years

KW	Fiscal Year				
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
July	17,714	16,315	17,445	18,428	18,328
August	15,742	16,545	16,262	17,553	17,418
September	14,970	16,820	13,207	16,539	17,889
October	13,657	12,778	15,572	14,710	13,903
November	11,953	12,639	11,926	11,219	11,539
December	12,739	12,700	11,630	11,797	12,233
January	12,741	12,610	12,172	11,746	11,984
February	11,836	12,214	11,729	11,597	11,770
March	11,683	11,343	11,039	11,009	13,299
April	11,699	11,890	11,926	10,925	15,253
May	16,766	17,156	15,228	15,605	14,463
June	16,971	15,800	17,741	18,173	18,151
Peak Month	July	May	June	July	July

Note: A kilowatt is 1,000 watts and a watt is a unit of electrical power.

MWH	Fiscal Year				
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
July	5,631	6,344	6,100	6,229	7,046
August	7,174	6,814	6,822	6,199	6,652
September	7,344	6,501	6,198	6,168	6,500
October	5,486	6,249	6,215	5,937	6,358
November	4,327	6,003	5,737	5,932	5,896
December	6,278	6,322	6,297	5,176	6,375
January	5,983	6,333	6,391	6,203	6,302
February	5,394	5,576	5,468	5,444	5,754
March	5,727	5,771	5,856	4,780	6,124
April	5,535	5,471	5,765	6,119	5,959
May	6,102	6,243	6,132	4,934	6,291
June	6,073	6,139	6,505	5,726	6,716
Total	<u>71,054</u>	<u>73,766</u>	<u>73,486</u>	<u>68,847</u>	<u>75,973</u>

Note: A megawatt hour is 1,000 kilowatt hours and a kilowatt hour is a unit used to measure electrical usage.

Fiscal Year

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
16,996	18,281	21,064	19,527	20,545
18,177	16,366	17,651	20,046	20,875
18,972	14,879	16,722	18,337	19,568
15,235	12,870	13,101	12,910	14,081
12,373	12,726	12,453	11,949	12,859
12,604	12,946	13,029	12,942	13,057
12,589	11,726	12,964	13,262	12,110
11,654	11,851	12,201	12,607	11,736
12,561	12,010	11,887	11,823	11,166
11,653	12,230	13,338	12,975	15,187
14,660	14,695	15,826	20,412	15,502
15,577	19,955	20,545	19,577	17,163

September June July May August

Fiscal Year

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
6,780	7,238	7,699	7,377	7,187
7,146	6,803	6,798	7,529	7,617
7,082	6,286	6,501	6,607	7,012
6,384	6,431	6,528	6,454	6,762
6,132	6,216	6,335	6,228	6,286
6,609	6,720	6,934	6,844	7,052
6,579	6,371	6,849	6,893	6,621
5,624	5,650	5,919	6,135	5,943
6,170	6,424	6,307	6,300	6,218
5,809	5,898	6,065	6,226	5,962
6,226	6,376	6,464	6,757	6,378
6,363	7,028	6,882	7,020	6,528
<u>76,904</u>	<u>77,441</u>	<u>79,281</u>	<u>80,370</u>	<u>79,566</u>

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CITY OF HEALDSBURG
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year Ended June 30	Governmental Activities			Total Governmental Activities	Business-type Activities	Total Primary Government	Debt Per Capita (1)
	General Obligation Bonds	Tax Allocation Bonds	Special Assessments		Certificates of Participation		
2000	\$ 6,310	\$ 4,080	\$ 2,940	\$ 13,330	\$ 3,640	\$ 16,970	\$ 1.55
2001	6,135	3,620	2,755	12,510	3,350	15,860	1.39
2002	5,945	23,475	2,460	31,880	420	32,300	2.77
2003	5,720	42,420	2,230	50,370	18,665	69,035	5.94
2004	5,635	41,640	2,065	49,340	18,205	67,545	5.81
2005	5,345	42,595	1,715	49,655	17,735	67,390	5.78
2006	5,035	41,690	1,605	48,330	43,865	92,195	7.92
2007	4,710	40,775	1,315	46,800	43,295	90,095	7.74
2008	4,360	39,830	1,145	45,335	42,750	88,085	7.56
2009	3,975	38,860	985	43,820	42,170	85,990	7.30

Note: Percentage of personal income not available.

(1) State of California Department of Finance revised population estimates for years 2001 through 2008.

Sources: City of Healdsburg Annual Comprehensive Report
State Department of Finance

CITY OF HEALDSBURG
Ratio of General Bonded Debt Outstanding
Last Ten Fiscal Years
(In Thousands, except Per Capita)

Fiscal Year Ended June 30	Outstanding General Bonded Debt			Percent of Assessed Value (1)	Per Capita (2)
	General Obligation Bonds	Tax Allocation Bonds	Total		
2000	\$ 6,310	\$ 4,080	\$ 10,390	0.903%	\$ 593
2001	6,135	3,620	9,755	0.790%	554
2002	5,945	23,475	29,420	0.663%	527
2003	5,720	42,420	48,140	0.569%	511
2004	5,635	41,640	47,275	0.511%	492
2005	5,345	42,595	47,940	0.444%	483
2006	5,035	41,690	46,725	0.375%	459
2007	4,710	40,775	45,485	0.313%	433
2008	4,360	39,830	44,190	0.269%	404
2009	3,975	38,860	42,835	0.234%	370

Note: General bonded debt is debt payable with governmental fund resources and general obligation bonds recorded in enterprise funds (of which, the City has none).
Special assessments are not included.

- (1) Assessed value has been used because the actual value of taxable property is not readily available in California.
- (2) State of California Department of Finance revised population estimates for years 2001 through 2008.

Sources: City of Healdsburg Comprehensive Annual Financial Statement
County of Sonoma Auditor-Controller
State Department of Finance

CITY OF HEALDSBURG
Direct and Overlapping Debt
June 30, 2009

2008-2009 Assessed Valuation	\$ 1,721,643,415
Redevelopment Agency Incremental Valuation	878,823,109
<i>Adjusted Assessed Valuation:</i>	\$ 842,820,306

	Percentage Applicable (1)	Total Outstanding Debt 6/30/09	City's Share of Debt 6/30/09
<u>Overlapping Debt Repaid with Property Taxes and Assessments:</u>			
Sonoma County Joint Community College District	1.357%	\$ 210,517,304	\$ 2,856,720
Healdsburg Unified School District	30.852%	17,399,998	5,368,247
Healdsburg Unified School District School Facilities Improvements District No. 1	44.605%	16,930,747	7,551,960
City of Healdsburg 1915 Act Bonds	0.000%	-	-
North Sonoma County Hospital Parcel Tax Obligations	100.000%	985,000	985,000
	9.427%	9,825,000	926,203
<i>Total overlapping debt repaid with property taxes and assessments</i>			17,688,130
<u>Overlapping General Fund Debt:</u>			
Sonoma County General Fund Obligations	1.372%	26,645,000	365,569
Sonoma County Pension Obligations	1.372%	262,225,000	3,597,727
Sonoma County Office of Education Certificates of Participation	1.372%	2,965,000	40,680
Sonoma County Joint Community College District General Fund Obligations	1.357%	2,320,000	31,482
<i>Total overlapping general fund debt</i>			4,035,458
<i>Total overlapping debt</i>			21,723,588
<u>Direct Debt:</u>			
City of Healdsburg General Obligation Bonds	100.000%	3,975,000	3,975,000
<i>Total direct and overlapping debt</i>			⁽²⁾ \$ 25,698,588

(1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed valuation that is within the City's boundaries and dividing it by each unit's total taxable assessed valuation.

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

Ratios to 2008-09 Assessed Valuation:

Direct Debt (\$0).....0.23%

Ratios to Adjust Assessed Valuation:

Total Direct and Overlapping Debt ... 3.05%

State School Building Aid Repayable as of 6/30/09: \$0

Source: MuniServices, LLC

CITY OF HEALDSBURG
Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year			
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Assessed valuation	\$ 698,659,995	\$ 776,511,143	\$ 896,750,774	\$ 1,004,937,097
Conversion percentage	<u>25.00%</u>	<u>25.00%</u>	<u>25.00%</u>	<u>25.00%</u>
Adjusted assessed valuation	174,664,999	194,127,786	224,187,694	251,234,274
Debt limit percentage	<u>15.00%</u>	<u>15.00%</u>	<u>15.00%</u>	<u>15.00%</u>
Debt limit	26,199,750	29,119,168	33,628,154	37,685,141
Total net debt applicable to limit: General obligation bonds	<u>6,310,000</u>	<u>6,135,000</u>	<u>5,945,000</u>	<u>5,720,000</u>
Legal debt margin	<u>\$ 19,889,750</u>	<u>\$ 22,984,168</u>	<u>\$ 27,683,154</u>	<u>\$ 31,965,141</u>
Total debt applicable to the limit as a percentage of debt limit	31.72%	26.69%	21.48%	17.89%

Note: The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation.

However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). The computations shown above reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25% level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the state.

Information for 1997 is not presented as assessed values from the County of Sonoma is not available.

Fiscal Year					
<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ 1,102,206,452	\$ 1,203,854,951	\$ 1,343,249,917	\$ 1,503,393,648	\$ 1,619,575,156	\$ 1,698,215,591
<u>25.00%</u>	<u>25.00%</u>	<u>25.00%</u>	<u>25.00%</u>	<u>25.00%</u>	<u>25.00%</u>
275,551,613	300,963,738	335,812,479	375,848,412	404,893,789	424,553,898
<u>15.00%</u>	<u>15.00%</u>	<u>15.00%</u>	<u>15.00%</u>	<u>15.00%</u>	<u>15.00%</u>
41,332,742	45,144,561	50,371,872	56,377,262	60,734,068	63,683,085
<u>5,635,000</u>	<u>5,345,000</u>	<u>5,035,000</u>	<u>4,710,000</u>	<u>4,360,000</u>	<u>3,975,000</u>
<u>\$ 35,697,742</u>	<u>\$ 39,799,561</u>	<u>\$ 45,336,872</u>	<u>\$ 51,667,262</u>	<u>\$ 56,374,068</u>	<u>\$ 59,708,085</u>
15.79%	13.43%	11.11%	9.12%	7.73%	6.66%

CITY OF HEALDSBURG
Pledged-Revenue Coverage-Water
Last Ten Fiscal Years
(In Thousands)

Fiscal Year Ended June 30	Water Revenue Bonds					Coverage
	Water Revenue	Less: Operating Expenses	Net Available Revenue	Debt Service		
				Principal	Interest	
2000	\$ 2,467,536	\$ 1,522,137	\$ 945,399	\$ 155,144	\$ 405,496	1.69
2001	3,221,247	2,169,590	1,051,657	165,000	812,483	1.08
2002	3,026,603	1,787,977	1,238,626	244,287	467,993	1.74
2003	3,782,580	2,054,734	1,727,846	280,000	759,269	1.66
2004	4,410,089	2,097,146	2,312,943	395,000	680,810	2.15
2005	3,953,043	2,483,306	1,469,737	405,000	622,615	1.43
2006	4,268,669	3,128,861	1,139,808	145,000	608,186	1.51
2007 (1)	4,598,262	3,689,522	908,740	465,000	608,265	0.85
2008 (1)	4,421,765	3,201,472	1,220,293	480,000	596,407	1.13
2009 (1)	4,827,350	3,472,007	1,355,343	480,000	581,646	1.28

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
Operating expenses do not include interest or depreciation expenses.

(1) Includes other income starting in fiscal year 2006-2007.

CITY OF HEALDSBURG
Pledged-Revenue Coverage-Sewer
Last Ten Fiscal Years
(In Thousands)

Fiscal Year Ended June 30	Sewer Revenue Bonds					
	Sewer Revenue	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2000	\$ 2,143,545	\$ 1,244,247	\$ 899,298	\$ 14,684	\$ 48,215	\$ 14
2001	3,251,756	1,428,812	1,822,944	-	263,346	6.92
2002	3,273,173	2,476,220	796,953	54,090	180,010	3.40
2003	4,080,199	1,764,716	2,315,483	60,000	175,953	9.81
2004	4,211,621	1,909,949	2,301,672	65,000	181,481	9.34
2005	4,323,805	2,142,034	2,181,771	65,000	178,462	8.96
2006	5,115,748	2,765,120	2,350,628	70,000	225,861	7.95
2007 (1)	7,215,600	3,529,622	3,685,978	105,000	1,367,707	2.50
2008 (1)	7,388,267	3,709,827	3,678,440	90,000	1,359,236	2.54
2009 (1)	8,710,958	4,227,740	4,483,218	100,000	1,357,557	3.08

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
Operating expenses do not include interest or depreciation expenses.

(1) Includes other income starting in fiscal year 2006-2007.

CITY OF HEALDSBURG
Schedule of Proportional Share
NCPA Debt Service

Period Ending	Hydroelectric Project Number One	Geothermal Project Number Three	Transmission Project Number One	Comb. Turbine Project Number One	Total Debt Service
01-Jul-02	\$ 499,462	\$ 2,036,351	\$ 56,742	\$ 154,516	\$ 2,747,071
01-Jul-03	416,763	2,095,209	54,468	149,437	2,715,877
01-Jul-04	442,920	2,052,726	54,377	149,226	2,699,249
01-Jul-05	443,506	2,014,254	54,228	149,319	2,661,307
01-Jul-06	451,444	1,128,728	54,565	149,256	1,783,993
01-Jul-07	457,750	1,076,679	54,323	149,313	1,738,065
01-Jul-08	457,788	113,219	54,516	149,303	774,826
01-Jul-09	457,806	1,033,322	54,350	149,325	1,694,803
01-Jul-10	325,296	1,082,973	54,295	149,215	1,611,779
01-Jul-11	420,797	-	4,524	12,434	437,755
01-Jul-12	420,919	-	-	-	420,919
01-Jul-13	591,852	-	-	-	591,852
01-Jul-14	583,426	-	-	-	583,426
01-Jul-15	583,605	-	-	-	583,605
01-Jul-16	583,836	-	-	-	583,836
01-Jul-17	589,871	-	-	-	589,871
01-Jul-18	589,908	-	-	-	589,908
01-Jul-19	375,233	-	-	-	375,233
01-Jul-20	375,324	-	-	-	375,324
01-Jul-21	375,361	-	-	-	375,361
01-Jul-22	376,487	-	-	-	376,487
01-Jul-23	431,242	-	-	-	431,242
01-Jul-24	646,375	-	-	-	646,375
01-Jul-25	381,797	-	-	-	381,797
01-Jul-26	381,756	-	-	-	381,756
01-Jul-27	381,739	-	-	-	381,739
01-Jul-28	381,714	-	-	-	381,714
01-Jul-29	381,731	-	-	-	381,731
01-Jul-30	381,792	-	-	-	381,792
01-Jul-31	381,754	-	-	-	381,754
01-Jul-32	381,745	-	-	-	381,745
TOTAL	\$ 13,950,999	\$ 12,633,461	\$ 496,388	\$ 1,361,344	\$ 28,442,192

Note: Figures represent gross annual debt service.

CITY OF HEALDSBURG
Demographic and Economic Statistics
Last Ten Calendar Years

<u>Calendar Year</u>	<u>Population (1)</u>	<u>Property Taxable Assessed Value (in thousands) (3)</u>	<u>Property Average Assessed Value (3)</u>	<u>Unemployment Rate (2)</u>
2000	10,915	\$ 1,162,621	\$ 106,516	3.70%
2001	11,386	1,282,160	112,638	4.10%
2002	11,647	1,452,800	124,811	5.60%
2003	11,624	1,615,224	139,052	6.10%
2004	11,634	1,778,024	152,869	5.50%
2005	11,656	1,918,581	164,671	4.90%
2006	11,644	2,129,900	182,855	4.40%
2007	11,633	2,380,172	204,236	4.80%
2008	11,656	2,549,153	217,765	6.40%
2009	11,782	2,669,321	226,599	10.90%

Notes: Unemployment rate for 2009 is a preliminary rate through September 2009.
State of California Department of Finance revised population estimates for years 2001 through 2008.
State of California EDD revised unemployment rates for years 2005, 2006 and 2007.

Sources: (1) State of California Department of Finance - Revised population estimates for years 2001 through 2007
(2) State of California Employment Development Department
(3) County of Sonoma Auditor-Controller

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CITY OF HEALDSBURG
Full-time and Part-Time City Employees by Function
Last Ten Fiscal Years

Function	Full-time and Part-time Employees as of June 30									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Administration	4.85	4.85	4.85	4.85	3.85	3.85	4.85	5.35	5.00	4.00
Finance	12.00	12.00	12.00	12.50	12.50	12.50	14.00	14.00	16.00	17.00
Community Services	7.00	8.00	8.00	9.50	8.50	9.00	11.50	14.50	15.00	8.00
Electric Utility	14.00	15.00	14.00	14.00	14.00	14.50	18.00	17.00	15.00	12.00
Fire	8.00	8.50	8.50	8.50	7.50	8.00	10.75	10.75	12.00	11.00
Planning & Building	4.00	5.00	5.00	5.00	5.00	5.00	7.00	8.00	8.00	5.00
Police	25.00	25.00	27.00	27.60	27.60	28.00	30.00	30.00	30.50	26.00
Public Works	26.00	26.00	27.00	27.00	27.00	29.00	37.00	40.00	40.50	30.00
Total positions:	<u>100.85</u>	<u>104.35</u>	<u>106.35</u>	<u>108.95</u>	<u>105.95</u>	<u>109.85</u>	<u>133.10</u>	<u>139.60</u>	<u>142.00</u>	<u>113.00</u>

Note: Revised fiscal years 2000 through 2006.

CITY OF HEALDSBURG
Operating Indicators
by Function
Last Seven Fiscal Years

	Fiscal Year			
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Police:				
Arrests	945	814	778	844
Parking citations issued	2,315	3,435	1,599	3,115
Fire:				
Number of emergency calls	1,362	1,423	1,455	1,400
Inspections	1,674	1,130	1,183	1,100
Public works:				
Street resurfacing (miles)	0.995	0.769	0.040	0.00
Potholes/pavement repaired (sq. ft.)	13,614	21,418	30,273	18,369
Planning and building:				
Commercial building permits	123	117	119	127
New construction commercial building permits	8	10	9	4
Residential building permits	359	399	380	320
New construction residential building permits	25	36	26	46
Parks and recreation:				
Number of recreation classes	10	15	15	165
Number of facility rentals	185	179	173	157
(1) Water:				
Average daily production (millions of gallons)	2.4	2.6	2.3	2.4
(1) Wastewater:				
Average daily sewage treatment (millions of gallons)	1.3	1.3	1.6	1.9

Note: The City of Healdsburg has elected to show only seven years of data on this schedule.

(1) Water and wastewater operating indicators are per calendar year.

(1) Water and wastewater 2009 operating indicators are through September 2009.

Fiscal Year		
<u>2007</u>	<u>2008</u>	<u>2009</u>
653	534	749
2,174	1,961	2,429
1,454	1,327	1,253
1,092	893	808
0.100	0.00	0.677
24,535	14,800	9,662
108	100	78
4	5	3
348	265	283
25	20	33
389	498	555
363	181	380
2.4	2.9	2.0
2.0	1.2	1.2

CITY OF HEALDSBURG
Capital Asset Statistics
by Function
Last Seven Fiscal Years

	<u>Fiscal Year</u>			
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Police:				
Police stations	1	1	1	1
Fire:				
Fire stations	1	1	1	1
Public works:				
Streets (miles)	43.2	43.2	43.7	44.1
(3) Streetlights	1,200	1,200	1,220	1,240
Traffic signals	13	13	13	12
Parks and recreation:				
Parks	8	8	9	9
Senior centers	1	1	1	1
Swimming pools	1	1	1	1
Tennis courts	2	2	2	2
Meeting centers	1	1	1	1
Museums	1	1	1	1
Boys & girls clubs	1	1	1	1
(1) Water:				
Water mains (miles)	60.08	60.16	60.36	60.47
Maximum daily capacity (hundred cubic feet)	45.2	45.2	45.2	45.2
(1) Wastewater:				
Sanitary sewers (miles)	(2)	(2)	51.41	51.50
Storm sewers (miles)	(2)	(2)	26.4	26.3
Maximum daily treatment capacity (millions of gallons/day) / (dry weather/wet weather)	1.6 / 6.5	1.6 / 6.5	1.6 / 6.5	1.6 / 6.5
Electric:				
Number of distribution stations	1	1	1	1
(3) Miles of service lines	52.0	52.5	53.0	53.5

Note: The City of Healdsburg has elected to show only seven years of data on this schedule.

- (1) Water and wastewater capital asset statistics are per calendar year.
- (1) Water and wastewater 2009 capital asset statistics are through September 2009.
- (2) Information for 2003 and 2004 is not available for sanitary sewers (miles) and storm sewers (miles).
- (3) Revised estimates for 2003, 2004, 2005 and 2006.
- (4) Reflects corrections and additions made to the base maps.

Sources: Various City of Healdsburg Departments

Fiscal Year		
<u>2007</u>	<u>2008</u>	<u>2009</u>
1	1	1
1	1	1
44.1	44.1	44.7
1,260	1,264	1,273
12	12	12
9	9	9
1	1	1
1	1	1
2	2	2
1	1	2
1	1	1
1	1	1
60.47	60.70	60.70
45.2	45.2	45.2
51.50	52.68	52.68
26.3	29.9 ⁽⁴⁾	29.9
1.6 / 6.5	1.6 / 6.5	1.6 / 6.5
1	1	1
54.0	54.4	54.7

CITY OF HEALDSBURG
Schedule of Net Income
Water Fund
Last Ten Fiscal Years
(in thousands)

	Fiscal Year			
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Operating Revenues:				
Charges for services	\$ 2,455,946	\$ 2,671,027	\$ 2,909,292	\$ 3,444,666
Development fees	-	-	-	-
Other revenues	11,590	550,220	117,311	337,914
<i>Total Operating Revenues</i>	<u>2,467,536</u>	<u>3,221,247</u>	<u>3,026,603</u>	<u>3,782,580</u>
Operating Expenses:				
Operations	1,083,534	1,660,270	1,354,427	1,517,772
Administrative	438,603	509,320	433,550	536,962
Depreciation	302,469	292,935	297,844	326,350
Miscellaneous	-	-	-	-
<i>Total Operating Expenses</i>	<u>1,824,606</u>	<u>2,462,525</u>	<u>2,085,821</u>	<u>2,381,084</u>
<i>Operating Income (Loss)</i>	<u>642,930</u>	<u>758,722</u>	<u>940,782</u>	<u>1,401,496</u>
Nonoperating Revenues (Expenses):				
Intergovernmental grants	-	-	-	-
Investment income	225,955	547,840	202,237	124,305
Interest expense	(420,335)	(451,480)	(472,959)	(620,906)
Loss from disposal of assets	(23,622)	(128,719)	-	-
<i>Total Nonoperating Revenues (Expenses)</i>	<u>(218,002)</u>	<u>(32,359)</u>	<u>(270,722)</u>	<u>(496,601)</u>
Income (Loss) Before Transfers	424,928	726,363	670,060	904,895
Transfers In (Out)	(98,200)	375,850	282,014	(181,761)
Income Before Capital Contributions	326,728	1,102,213	952,074	723,134
Capital Contributions	-	202,854	233,840	21,161
Changes in Net Assets	<u>\$ 326,728</u>	<u>\$ 1,305,067</u>	<u>\$ 1,185,914</u>	<u>\$ 744,295</u>

Source: City of Healdsburg Comprehensive Annual Financial Report

Fiscal Year

<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ 3,844,742	\$ 3,709,403	\$ 3,933,797	\$ 4,144,543	\$ 4,094,170	\$ 3,968,150
-	-	-	194,458	181,329	766,215
565,347	243,640	334,872	3,639	4,983	-
<u>4,410,089</u>	<u>3,953,043</u>	<u>4,268,669</u>	<u>4,342,640</u>	<u>4,280,482</u>	<u>4,734,365</u>
1,282,118	1,502,376	1,869,211	2,431,051	2,063,433	2,456,760
815,028	980,930	1,259,650	1,258,471	1,138,039	1,015,247
367,010	440,211	482,626	487,126	508,359	508,359
-	-	-	-	-	-
<u>2,464,156</u>	<u>2,923,517</u>	<u>3,611,487</u>	<u>4,176,648</u>	<u>3,709,831</u>	<u>3,980,366</u>
<u>1,945,933</u>	<u>1,029,526</u>	<u>657,182</u>	<u>165,992</u>	<u>570,651</u>	<u>753,999</u>
-	-	19,163	40,745	-	-
105,182	148,404	217,159	214,877	141,283	92,985
(680,810)	(656,421)	(608,186)	(608,265)	(596,407)	(581,646)
(5,471)	-	-	-	-	-
<u>(581,099)</u>	<u>(508,017)</u>	<u>(371,864)</u>	<u>(352,643)</u>	<u>(455,124)</u>	<u>(488,661)</u>
1,364,834	521,509	285,318	(186,651)	115,527	265,338
<u>(257,436)</u>	<u>221,467</u>	<u>(63,503)</u>	<u>(62,261)</u>	<u>(242,150)</u>	<u>411,577</u>
1,107,398	742,976	221,815	(248,912)	(126,623)	676,915
-	-	-	-	-	-
<u>\$ 1,107,398</u>	<u>\$ 742,976</u>	<u>\$ 221,815</u>	<u>\$ (248,912)</u>	<u>\$ (126,623)</u>	<u>\$ 676,915</u>

CITY OF HEALDSBURG
Schedule of Cash Flows
Water Fund
Last Ten Fiscal Years
(in thousands)

	Fiscal Year			
	2000	2001	2002	2003
Cash flows from operating activities:				
Operating income (loss)	\$ 642,930	\$ 758,722	\$ 940,782	\$ 1,401,496
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	302,469	292,935	297,844	326,350
Amortization	-	-	-	-
Deferred amount on refunding	-	-	-	-
Changes in operating assets and liabilities:				
(Increase) decrease in accounts receivable	(51,580)	(110,651)	(44,799)	16,243
(Increase) decrease in due from other governments	61,653	-	-	-
(Increase) decrease in inventory	(5,964)	(21,087)	11,098	(10,228)
(Increase) decrease in prepaid costs	(10)	(23)	349	(1,058)
Increase (decrease) in accounts payable	(21,771)	194,320	113,979	(160,088)
Increase (decrease) in other accrued liabilities	-	-	-	-
Increase (decrease) in deposits	(2,700)	3,859	3,900	(8,396)
Total adjustments	282,097	359,353	382,371	162,823
Net cash provided (used) by operating activities	925,027	1,118,075	1,323,153	1,564,319
Cash flows from noncapital financing activities:				
Intergovernmental grants	-	-	-	-
(Increase) decrease in due from other funds	190,000	-	-	-
Increase (decrease) in due to other funds	-	-	-	353,281
Transfers in (out)	(98,200)	375,850	282,014	(535,042)
Net cash provided (used) by noncapital financing activities	91,800	375,850	282,014	(181,761)
Cash flows from capital and related financing activities:				
Acquisition of capital assets:				
Developer financed	-	-	-	-
Capital replacement	(994,589)	(1,003,448)	(3,456,560)	(1,363,437)
Capacity expansion	-	-	-	-
Contributed capital:				
Development/connection/annexation fees	808,451	202,854	233,840	21,161
Contributed - other funds	-	-	-	-
Certificates of participation proceeds	-	10,136,304	-	5,510,000
Debt issuance Costs	-	-	-	-
Retirement of debt	(155,144)	(7,135,000)	(244,287)	(280,000)
Interest paid	(405,496)	(812,483)	(467,993)	(759,269)
Net cash provided (used) by capital and related financing activities	(746,778)	1,388,227	(3,935,000)	3,128,455
Cash flows from investing activities:				
Investment income	206,284	505,175	280,893	136,982
(Increase) decrease in investments	(500,000)	(1,480,698)	(357,562)	-
(Increase) decrease in loans	(54,027)	39,410	-	-
Net cash provided (used) by investing activities	(347,743)	(936,113)	(76,669)	136,982
Net increase (decrease) in cash and cash equivalents	(77,694)	1,946,039	(2,406,502)	4,647,995
Cash and cash equivalents at beginning of year	1,078,654	1,000,960	2,946,999	5,329,778
Cash and cash equivalents at end of year	\$ 1,000,960	\$ 2,946,999	\$ 540,497	\$ 9,977,773
Non-cash capital and related financing activities:				
Acquisition of capital assets	\$ (23,622)	\$ (128,719)	\$ -	\$ -

Source: City of Healdsburg Comprehensive Annual Financial Report

Fiscal Year					
2004	2005	2006	2007	2008	2009
\$ 1,945,933	\$ 1,029,526	\$ 657,182	\$ 165,992	\$ 570,651	\$ 753,999
367,010	440,211	482,626	487,126	508,359	508,359
-	-	151,917	42,715	42,715	42,715
-	-	(175,414)	-	-	-
(107,734)	73,920	(125,878)	131,917	(42,346)	97,152
-	-	-	-	-	-
(2,467)	(1,398)	(8,195)	(36,715)	(10,609)	(6,138)
1,058	-	-	-	-	-
95,243	490,534	(648,348)	99,415	(99,357)	(34,322)
-	-	8,197	-	-	-
(94)	(996)	-	6,490	(16,477)	30
353,016	1,002,271	(315,095)	730,948	382,285	607,796
2,298,949	2,031,797	342,087	896,940	952,936	1,361,795
-	-	-	40,745	-	-
-	-	19,163	-	153,406	411,577
-	243,754	36,288	-	(395,556)	-
(257,436)	(22,287)	(99,791)	(62,261)	-	-
(257,436)	221,467	(44,340)	(21,516)	(242,150)	411,577
-	-	-	-	-	-
(1,518,478)	(4,358,814)	(1,483,413)	(553,634)	(487,049)	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	3,113,428	-	-	-
-	-	(67,458)	-	-	-
(395,000)	(405,000)	(3,275,000)	(465,000)	(480,000)	(480,000)
(680,810)	(622,615)	(608,186)	(608,265)	(596,407)	(581,646)
(2,594,288)	(5,386,429)	(2,320,629)	(1,626,899)	(1,563,456)	(1,061,646)
104,482	135,229	201,134	215,958	161,393	96,826
-	-	-	-	-	-
14,617	-	-	-	-	-
119,099	135,229	201,134	215,958	161,393	96,826
(433,676)	(2,997,936)	(1,821,748)	(535,517)	(691,277)	808,552
9,977,773	9,544,097	6,546,161	4,724,413	4,188,896	3,497,619
\$ 9,544,097	\$ 6,546,161	\$ 4,724,413	\$ 4,188,896	\$ 3,497,619	\$ 4,306,171
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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CITY OF HEALDSBURG
Schedule of Water Utility Customers, Usage and Revenue
Last Two Fiscal Years

	<u>Fiscal Year</u>	
	<u>2008</u>	<u>2009</u>
<u>Number of Customers</u>		
Residential	3,760	3,783
Industrial and heavy commercial	43	41
Commercial	478	605
Municipal	41	42
Total	<u>4,322</u>	<u>4,471</u>

<u>Water Usage by Customer</u>		
Residential	679,863	620,158
Industrial and heavy commercial	25,979	25,352
Commercial	196,109	204,814
Municipal	20,890	20,492
Total	<u>922,841</u>	<u>870,816</u>

<u>Revenue (in millions)</u>		
Residential	\$ 2,933,738	\$ 2,728,654
Industrial and heavy commercial	119,505	114,682
Commercial	968,105	1,111,810
Municipal	95,871	92,587
Total	<u>\$ 4,117,219</u>	<u>\$ 4,047,733</u>
 Total average rate per HCF	 <u>\$ 4.4615</u>	 <u>\$ 4.6482</u>

Note: The City of Healdsburg has elected to show only two years of data for this schedule.

CITY OF HEALDSBURG
Schedule of Water Sold and Revenue Per Hundred Cubic Feet
Last Ten Fiscal Years

Water Sold/Hundred Cubic Feet	Fiscal Year				
	2000	2001	2002	2003	2004
July	\$ 124,006	\$ 120,565	\$ 122,998	\$ 129,426	\$ 124,590
August	125,072	119,845	120,704	134,202	143,876
September	103,036	217,593	128,824	132,107	116,375
October	103,860	8,651	96,824	105,646	111,873
November	77,746	71,730	70,075	88,514	79,424
December	50,628	151,493	48,562	47,080	52,184
January	55,095	47,985	49,833	48,905	41,876
February	44,171	42,371	43,534	44,149	46,506
March	34,009	42,520	46,318	39,681	49,917
April	61,625	56,940	54,006	64,949	69,719
May	75,098	82,539	84,024	48,948	92,292
June	96,390	127,578	117,528	102,559	185,732
Total	<u>\$ 950,736</u>	<u>\$ 1,089,810</u>	<u>\$ 983,230</u>	<u>\$ 986,166</u>	<u>\$ 1,114,364</u>

Total Billings	Fiscal Year				
	2000	2001	2002	2003	2004
July	\$ 277,183	\$ 290,991	\$ 316,829	\$ 377,692	\$ 417,302
August	284,246	292,455	314,358	388,593	469,705
September	232,324	540,325	328,654	383,287	392,080
October	247,081	18,874	271,307	335,532	371,512
November	201,201	201,770	213,148	296,673	300,077
December	145,122	154,596	168,193	185,751	227,693
January	145,569	155,795	174,432	203,678	202,241
February	131,064	140,012	161,461	187,490	208,838
March	128,168	143,159	167,578	181,951	223,287
April	169,873	169,252	189,216	255,351	271,034
May	194,035	224,054	258,382	212,741	338,499
June	239,254	317,661	336,732	352,706	386,976
Total	<u>\$ 2,395,120</u>	<u>\$ 2,648,944</u>	<u>\$ 2,900,290</u>	<u>\$ 3,361,445</u>	<u>\$ 3,809,244</u>

Revenue/Hundred Cubic Feet	Fiscal Year				
	2000	2001	2002	2003	2004
July	\$ 2.235	\$ 2.414	\$ 2.575	\$ 2.918	\$ 3.349
August	2.273	2.440	2.604	2.896	3.265
September	2.255	2.483	2.551	2.901	3.369
October	2.379	2.182	2.802	3.176	3.321
November	2.588	2.813	3.041	3.352	3.778
December	2.866	1.020	3.463	3.945	4.363
January	2.642	3.247	3.500	4.165	4.830
February	2.967	3.304	3.708	4.247	4.491
March	3.769	3.367	3.617	4.585	4.473
April	2.757	2.972	3.503	3.932	3.888
May	2.584	2.715	3.075	4.346	3.668
June	2.482	2.490	2.865	3.440	2.084
Average	<u>\$ 2.519</u>	<u>\$ 2.431</u>	<u>\$ 2.950</u>	<u>\$ 3.409</u>	<u>\$ 3.418</u>

Source: City of Healdsburg Utility Billing Department

Fiscal Year

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ 136,689	\$ 108,603	\$ 119,167	\$ 119,830	\$ 123,040
135,739	115,146	133,042	120,890	108,252
118,199	117,354	111,036	110,211	116,303
91,168	99,794	85,615	91,392	92,373
56,026	65,394	71,071	68,001	75,431
46,061	49,983	51,169	45,453	45,249
47,940	41,860	46,678	46,868	46,024
39,977	37,129	52,100	40,705	39,254
40,312	39,383	39,930	37,305	38,135
51,007	39,398	60,657	56,435	45,918
60,201	57,924	68,925	78,369	64,356
84,688	105,440	91,009	107,382	76,481
<u>\$ 908,007</u>	<u>\$ 877,408</u>	<u>\$ 930,399</u>	<u>\$ 922,841</u>	<u>\$ 870,816</u>

Fiscal Year

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ 466,161	\$ 420,051	\$ 476,008	\$ 477,213	\$ 501,548
475,621	439,066	525,229	480,504	442,524
436,859	450,506	454,647	434,443	479,903
345,351	404,314	378,133	391,195	408,024
266,712	298,963	331,862	315,025	342,220
207,633	252,180	263,385	238,909	253,055
233,643	231,585	238,510	248,450	248,820
211,806	218,606	246,171	226,040	229,179
211,623	225,122	227,914	217,297	227,652
246,422	227,761	287,857	288,113	252,119
271,747	284,462	316,482	356,013	312,528
347,128	439,690	378,344	444,016	350,161
<u>\$ 3,720,706</u>	<u>\$ 3,892,306</u>	<u>\$ 4,124,542</u>	<u>\$ 4,117,218</u>	<u>\$ 4,047,733</u>

Fiscal Year

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ 3.410	\$ 3.868	\$ 3.994	\$ 3.982	\$ 4.076
3.504	3.813	3.948	3.975	4.088
3.696	3.839	4.095	3.942	4.126
3.788	4.051	4.417	4.280	4.417
4.761	4.572	4.669	4.633	4.537
4.508	5.045	5.147	5.256	5.592
4.874	5.532	5.110	5.301	5.406
5.298	5.888	4.725	5.553	5.838
5.250	5.716	5.708	5.825	5.970
4.831	5.781	4.746	5.105	5.491
4.514	4.911	4.592	4.543	4.856
4.099	4.170	4.157	4.135	4.578
<u>\$ 4.098</u>	<u>\$ 4.436</u>	<u>\$ 4.433</u>	<u>\$ 4.461</u>	<u>\$ 4.648</u>

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CITY OF HEALDSBURG
Top Ten Water Customers
Current Calendar Year and Nine Years Ago

<u>Water Customer by Type</u>	<u>2009</u>		<u>2000</u>	
	<u>Water Charges</u>	<u>Percent of Total Water</u>	<u>Water Charges</u>	<u>Percent of Total Water</u>
School	\$ 157,459	3.96807%	\$ 63,988	2.60543%
Municipality	95,354	2.40298%	54,370	2.21381%
Municipality	91,833	2.31425%	56,542	2.30225%
Housing	48,625	1.22538%	14,814	0.60319%
Lodging	46,609	1.17458%	18,038	0.73446%
Housing	44,881	1.13103%	23,856	0.97136%
Winery	40,196	1.01297%	23,847	0.97099%
Housing	30,424	0.76670%	13,127	0.53450%
Construction	30,302	0.76363%	- (1)	0.00000%
Retail	25,422	0.64065%	15,375	0.62603%
	<u>\$ 611,105</u>	<u>15.4%</u>	<u>\$ 283,957</u>	<u>11.6%</u>

Note: The top ten water customers are categorized by type.

(1) Information is not available.

CITY OF HEALDSBURG
Schedule of Net Income
Sewer Fund
Last Ten Fiscal Years

	Fiscal Year			
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Operating Revenues:				
Charges for services	\$ 2,142,903	\$ 2,461,635	\$ 2,826,766	\$ 3,128,820
Development fees	-	-	-	-
Other revenues	642	790,121	446,407	951,379
<i>Total Operating Revenues</i>	<u>2,143,545</u>	<u>3,251,756</u>	<u>3,273,173</u>	<u>4,080,199</u>
Operating Expenses:				
Operations	801,228	682,268	699,797	806,290
Administrative	443,019	746,544	853,289	958,426
Depreciation	475,136	434,226	461,567	462,182
<i>Total Operating Expenses</i>	<u>1,719,383</u>	<u>1,863,038</u>	<u>2,014,653</u>	<u>2,226,898</u>
<i>Operating Income (Loss)</i>	<u>424,162</u>	<u>1,388,718</u>	<u>1,258,520</u>	<u>1,853,301</u>
Nonoperating Revenues (Expenses):				
Intergovernmental grants	-	-	-	-
Investment income	178,311	501,221	191,295	131,172
Interest expense	(50,490)	(178,442)	(185,189)	(182,045)
Loss in disposal of assets	(39,624)	(190,477)	-	-
<i>Total Nonoperating Revenues (Expenses)</i>	<u>88,197</u>	<u>132,302</u>	<u>6,106</u>	<u>(50,873)</u>
Income (Loss) Before Transfers	512,359	1,521,020	1,264,626	1,802,428
Transfers In (Out)	434,800	(325,400)	(337,942)	(81,760)
Income Before Capital Contributions	947,159	1,195,620	926,684	1,720,668
Capital Contributions	-	440,261	410,448	47,261
Changes in Net Assets	<u>\$ 947,159</u>	<u>\$ 1,635,881</u>	<u>\$ 1,337,132</u>	<u>\$ 1,767,929</u>

Source: City of Healdsburg Comprehensive Annual Financial Report

Fiscal Year

<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ 3,517,024	\$ 3,784,084	\$ 4,452,952	\$ 5,697,173	\$ 5,920,923	\$ 6,284,447
-	-	-	368,236	591,047	2,184,460
694,597	539,721	662,796	3,488	331	1,161
<u>4,211,621</u>	<u>4,323,805</u>	<u>5,115,748</u>	<u>6,068,897</u>	<u>6,512,301</u>	<u>8,470,068</u>
926,611	1,083,768	1,442,812	2,274,011	2,267,114	2,930,291
983,338	1,058,266	1,322,308	1,255,611	1,442,713	1,297,449
496,859	542,652	565,008	566,819	1,040,531	1,040,531
<u>2,406,808</u>	<u>2,684,686</u>	<u>3,330,128</u>	<u>4,096,441</u>	<u>4,750,358</u>	<u>5,268,271</u>
<u>1,804,813</u>	<u>1,639,119</u>	<u>1,785,620</u>	<u>1,972,456</u>	<u>1,761,943</u>	<u>3,201,797</u>
-	-	7,545	16,042	-	-
111,008	174,054	383,602	1,130,661	875,966	240,890
(181,481)	(184,006)	(225,861)	(1,367,707)	(1,359,236)	(1,357,557)
-	-	-	-	-	-
<u>(70,473)</u>	<u>(9,952)</u>	<u>165,286</u>	<u>(221,004)</u>	<u>(483,270)</u>	<u>(1,116,667)</u>
1,734,340	1,629,167	1,950,906	1,751,452	1,278,673	2,085,130
<u>(147,402)</u>	<u>(126,913)</u>	<u>(171,975)</u>	<u>(1,880)</u>	<u>(25,000)</u>	<u>3,338,530</u>
1,586,938	1,502,254	1,778,931	1,749,572	1,253,673	5,423,660
<u>2,525</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 1,589,463</u>	<u>\$ 1,502,254</u>	<u>\$ 1,778,931</u>	<u>\$ 1,749,572</u>	<u>\$ 1,253,673</u>	<u>\$ 5,423,660</u>

CITY OF HEALDSBURG
Schedule of Cash Flows
Sewer Fund
Last Ten Fiscal Years
(in thousands)

	Fiscal Year			
	2000	2001	2002	2003
Cash flows from operating activities:				
Operating income (loss)	\$ 424,162	\$ 1,338,718	\$ 1,258,520	\$ 1,853,301
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	475,136	434,226	461,567	462,182
Amortization	-	-	-	-
Deferred amount in refunding	-	-	-	-
Changes in operating assets and liabilities:				
(Increase) decrease in accounts receivable	(41,075)	(33,873)	523	(129,344)
(Increase) decrease in due from other governments	12,866	-	-	-
(Increase) decrease in inventory	23	40	254	(126)
(Increase) decrease in prepaid costs	(10)	(23)	349	(394)
Increase (decrease) in accounts payable	(91,870)	(103,690)	2,067	485,153
Increase (decrease) in deposits	782	-	-	(600)
Total adjustments	<u>355,852</u>	<u>296,680</u>	<u>464,760</u>	<u>816,871</u>
Net cash provided (used) by operating activities	<u>780,014</u>	<u>1,635,398</u>	<u>1,723,280</u>	<u>2,670,172</u>
Cash flows from noncapital financing activities:				
Intergovernmental grants	-	-	-	-
(Increase) decrease in due from other funds	(190,000)	-	-	3,282
Transfers in (out)	434,800	(325,400)	(337,942)	(85,042)
Net cash provided (used) by noncapital financing activities	<u>244,800</u>	<u>(325,400)</u>	<u>(337,942)</u>	<u>(81,760)</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets:				
Developer financed	-	-	-	-
Capital contributions	-	-	-	-
Capital replacement	(417,787)	(2,348,656)	(1,647,554)	(1,339,677)
Capacity expansion	-	-	-	-
Contributed capital:				
Construction reimbursement	1,478,099	440,261	410,448	47,261
Certificates of participation proceeds	(14,684)	2,572,497	-	-
Debt issuance costs	-	-	-	-
Retirement of debt	-	-	-	-
Interest paid	(48,215)	(263,346)	(180,010)	(175,953)
Retirement of debt	-	-	(54,090)	(60,000)
Net cash provided (used) by capital and related financing activities	<u>997,413</u>	<u>400,756</u>	<u>(1,471,206)</u>	<u>(1,528,369)</u>
Cash flows from investing activities:				
Investment income	145,594	451,788	267,700	142,556
(Increase) decrease in investments	(2,986,273)	(1,245,880)	(222,875)	-
(Increase) decrease in loans	(25,176)	7,066	-	-
Net cash provided (used) by investing activities	<u>(2,865,855)</u>	<u>(787,026)</u>	<u>44,825</u>	<u>142,556</u>
Net increase (decrease) in cash and cash equivalents	(843,538)	973,728	(41,043)	1,202,599
Cash and cash equivalents at beginning of year	1,084,723	241,185	1,214,913	6,231,891
Cash and cash equivalents at end of year	<u>\$ 241,185</u>	<u>\$ 1,214,913</u>	<u>\$ 1,173,870</u>	<u>\$ 7,434,490</u>
Non-cash capital and related financing activities:				
Acquisition of capital assets	<u>\$ (39,624)</u>	<u>\$ (190,477)</u>	<u>\$ -</u>	<u>\$ -</u>

Source: City of Healdsburg Comprehensive Annual Financial Report

Fiscal Year					
2004	2005	2006	2007	2008	2009
\$ 1,804,813	\$ 1,639,119	\$ 1,785,620	\$ 1,972,456	\$ 1,761,943	\$ 3,201,797
496,859	542,652	565,008	566,819	1,040,531	1,040,531
-	-	154,109	23,787	23,853	23,787
-	-	(167,361)	-	-	-
(99,910)	18,152	(95,165)	(162,757)	(8,049)	(29,708)
-	-	-	-	-	-
(831)	4	(516)	(5,721)	5,487	(10)
394	-	-	-	-	-
(433,437)	27,566	177,968	-	(1,777,560)	(2,856,343)
-	-	-	556,198	-	-
<u>(36,925)</u>	<u>588,374</u>	<u>634,043</u>	<u>978,326</u>	<u>(715,738)</u>	<u>(1,821,743)</u>
<u>1,767,888</u>	<u>2,227,493</u>	<u>2,419,663</u>	<u>2,950,782</u>	<u>1,046,205</u>	<u>1,380,054</u>
-	-	7,545	16,042	-	-
-	-	-	50,000	-	3,354,431
<u>(147,402)</u>	<u>(126,913)</u>	<u>(237,468)</u>	<u>(51,880)</u>	<u>(25,000)</u>	<u>(15,901)</u>
<u>(147,402)</u>	<u>(126,913)</u>	<u>(229,923)</u>	<u>14,162</u>	<u>(25,000)</u>	<u>3,338,530</u>
-	-	-	-	-	-
-	-	65,493	-	-	-
(1,575,152)	(1,006,999)	(2,523,002)	(13,653,482)	(13,906,575)	(1,580,300)
-	-	-	-	-	-
2,525	-	-	-	-	-
-	-	29,418,176	-	-	-
-	-	(390,751)	-	-	-
-	-	-	(105,000)	(90,000)	(100,000)
(181,481)	(178,462)	(225,861)	(1,367,707)	(1,359,236)	(1,357,557)
(65,000)	(65,000)	(3,250,000)	-	-	-
<u>(1,819,108)</u>	<u>(1,250,461)</u>	<u>23,094,055</u>	<u>(15,126,189)</u>	<u>(15,355,811)</u>	<u>(3,037,857)</u>
112,934	129,141	275,544	1,068,708	1,037,246	268,711
-	-	-	-	-	-
18,110	-	-	-	-	-
<u>131,044</u>	<u>129,141</u>	<u>275,544</u>	<u>1,068,708</u>	<u>1,037,246</u>	<u>268,711</u>
(67,578)	979,260	25,559,339	(11,092,537)	(13,297,360)	1,949,738
7,434,490	7,366,912	8,346,172	33,905,511	22,812,974	9,515,614
<u>\$ 7,366,912</u>	<u>\$ 8,346,172</u>	<u>\$ 33,905,511</u>	<u>\$ 22,812,974</u>	<u>\$ 9,515,614</u>	<u>\$ 11,465,352</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF HEALDSBURG
Schedule of Sewer Utility Customers, Usage and Revenue
Last Two Fiscal Years

	Fiscal Year	
	<u>2008</u>	<u>2009</u>
<u>Number of Customers</u>		
Residential	3,984	4,060
Industrial and heavy commercial	55	46
Commercial	380	591
Municipal	20	16
Total	<u>4,439</u>	<u>4,713</u>

<u>Sewer Usage by Customer</u>		
Residential	592,138	432,589
Industrial and heavy commercial	28,844	49,409
Commercial	104,234	113,493
Municipal	5,383	5,414
Total	<u>730,599</u>	<u>600,905</u>

<u>Revenue (in millions)</u>		
Residential	\$ 3,489,276	\$ 3,669,888
Industrial and heavy commercial	551,560	411,710
Commercial	1,423,990	1,754,751
Municipal	41,611	45,287
Total	<u>\$ 5,506,437</u>	<u>\$ 5,881,636</u>

Total average rate per HCF	<u>\$ 7.5369</u>	<u>\$ 9.7880</u>
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Note: The City of Healdsburg has elected to show only two years of data for this schedule.

CITY OF HEALDSBURG
Schedule of Sewer Processed and Revenue Per Hundred Cubic Feet
Last Two Fiscal Years

<u>Sewer Processed/Hundred Cubic Feet</u>	Fiscal Year	
	<u>2008</u>	<u>2009</u>
July	\$ 91,229	\$ 92,468
August	92,953	85,341
September	83,620	47,823
October	72,378	45,407
November	55,056	44,636
December	39,053	41,163
January	40,001	39,798
February	35,896	40,909
March	30,333	43,540
April	45,449	39,243
May	63,404	39,844
June	81,229	40,733
Total	<u>\$ 730,601</u>	<u>\$ 600,905</u>

<u>Total Billings</u>	Fiscal Year	
	<u>2008</u>	<u>2009</u>
July	\$ 466,731	\$ 534,328
August	426,027	497,186
September	432,536	505,895
October	542,171	486,063
November	475,599	504,063
December	418,608	471,019
January	444,314	484,966
February	441,882	478,677
March	409,951	499,687
April	488,312	466,714
May	467,736	468,798
June	492,570	484,240
Total	<u>\$ 5,506,437</u>	<u>\$ 5,881,636</u>

<u>Revenue/Hundred Cubic Feet</u>	Fiscal Year	
	<u>2008</u>	<u>2009</u>
July	\$ 5.116	\$ 5.779
August	4.583	5.826
September	5.173	10.578
October	7.491	10.705
November	8.638	11.293
December	10.719	11.443
January	11.108	12.186
February	12.310	11.701
March	13.515	11.477
April	10.744	11.893
May	7.377	11.766
June	6.064	11.888
Average	<u>\$ 7.537</u>	<u>\$ 9.788</u>

Note: The City of Healdsburg has elected to show only two years of data for this schedule.

Source: City of Healdsburg Utility Billing Department

CITY OF HEALDSBURG
Top Ten Sewer Customers
Current Calendar Year and Nine Years Ago

<u>Sewer Customer by Type</u>	<u>2009</u>		<u>2000</u>	
	<u>Sewer Charges</u>	<u>Percent of Total Water</u>	<u>Sewer Charges</u>	<u>Percent of Total Water</u>
Winery	\$ 125,232	1.99273%	\$ 11,319	0.52821%
Lodging	120,440	1.91648%	27,522	1.28433%
Winery	92,655	1.47435%	23,448	1.09422%
Housing	79,139	1.25928%	16,256	0.75860%
Winery	74,999	1.19341%	4,216	0.19674%
Retail	73,598	1.17111%	16,529	0.77134%
Brewery	70,200	1.11704%	18,698	0.87255%
Housing	64,321	1.02349%	24,970	1.16524%
School	53,714	0.85471%	38,471	1.79527%
Winery	52,474	0.83498%	- (1)	0.00000%
	<u>\$ 806,772</u>	<u>12.8%</u>	<u>\$ 181,429</u>	<u>8.5%</u>

Note: The top ten water customers are categorized by type.

(1) Information is not available.