

CITY OF HEALDSBURG
FINANCIAL STATEMENTS
Year Ended June 30, 2015

City of Healdsburg
Financial Statements
Year Ended June 30, 2015

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FINANCIAL SECTION



Independent Auditor's Report

The Honorable City Council
City of Healdsburg, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Healdsburg, California (City), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are

appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 13, to the financial statements, as of June 30, 2015, the City adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2016 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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* in considering the City's internal control over financial reporting and compliance.

Van Lant & Fankhaed, LLP

March 21, 2016

CITY OF HEALDSBURG
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2015

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 for the fiscal year ended June 30, 2015. 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.

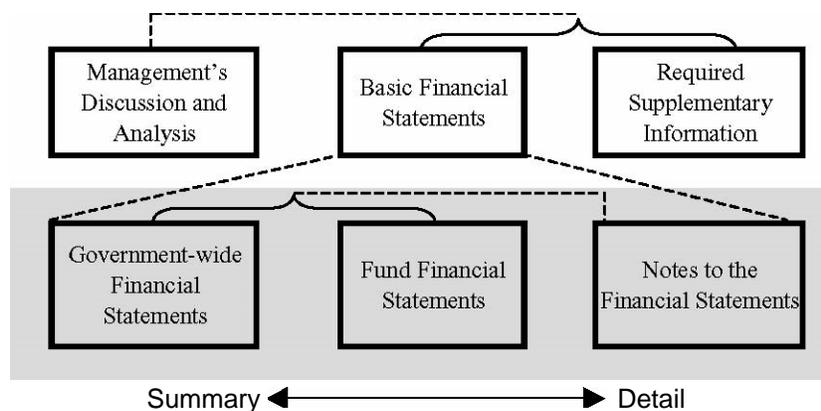
Financial Highlights

- City assets exceeded its liabilities by \$171.6 million (net position) at June 30, 2015. Of this amount, \$23.2 million (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- City total net position increased by \$1.5 million during the fiscal year, compared to an increase of \$3.8 million in the prior year. The net increase is attributable to the City's governmental activities decreasing \$11.1 million, while the business type activities increased by \$12.6 million.
- At the close of fiscal year 2014-15, City governmental funds reported combined ending fund balance of \$22.6 million, an increase of \$1.9 million.
- At the end of fiscal year 2014-15, unassigned fund balance for the General Fund was \$9.4 million, or 96% of total General Fund expenditures.
- During fiscal year 2015, the City adopted GASB 68 and as a result, the Total Government Net Position includes both Deferred Pension Related Outflows of \$1.9 million and Deferred Pension Related Inflows of \$6.2 million.

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



CITY OF HEALDSBURG
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2015

Government-wide Financial Statements. The government-wide financial statements are comprised of the Statement of Net Position 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 Position 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 position. Over time, increases or decreases in net position 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 position 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, and other programs.

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.

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. The Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual – General Fund on page 86, reflects both the original and final budget figures for the General Fund. Property Taxes in the final budget increased by \$557,311 from the original budget, due to updated revenue estimates received from the County of Sonoma at mid-year. Additionally, budgetary schedules for the other governmental funds have been provided as required to demonstrate compliance with the budget.

CITY OF HEALDSBURG
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2015

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.

The City maintains eighteen 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 as it is considered to be major fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of supplementary combining statements.

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, drainage, community services and airport.
- **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 the maintenance of government buildings. 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 Statement of Revenues, Expenditures and Changes in Fund Balances for all other special revenue funds, and all debt service funds.

CITY OF HEALDSBURG
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2015

Government-Wide Financial Analysis

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

NET POSITION
June 30, 2015 and 2014

	Governmental Activities		Business-type Activities		Total Government	
	2015	2014	2015	2014	2015	2014
ASSETS						
Current and other assets	\$ 31,275,207	\$ 29,360,990	\$ 56,216,679	\$ 46,812,271	\$ 87,491,886	\$ 76,173,261
Capital assets	26,195,204	25,946,305	139,062,917	123,924,748	165,258,121	149,871,053
Total assets	<u>57,470,411</u>	<u>55,307,295</u>	<u>195,279,596</u>	<u>170,737,019</u>	<u>252,750,007</u>	<u>226,044,314</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred Pension Related Items	1,242,620	-	651,658	-	1,894,278	-
LIABILITIES						
Current liabilities	1,990,325	2,070,873	9,246,487	3,197,645	11,236,812	5,268,518
Long-term liabilities	18,675,755	8,078,006	46,897,203	42,522,885	65,572,958	50,600,891
Total liabilities	<u>20,666,080</u>	<u>10,148,879</u>	<u>56,143,690</u>	<u>45,720,530</u>	<u>76,809,770</u>	<u>55,869,409</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred Pension Related Items	4,030,258	-	2,185,239	-	6,215,497	-
NET POSITION						
Net Investment in Capital Assets	25,345,406	24,392,304	101,399,539	85,058,741	126,744,945	109,451,045
Restricted	11,290,257	10,862,001	10,384,181	9,338,175	21,674,438	20,200,176
Unrestricted	(2,618,970)	9,904,111	25,818,605	30,619,573	23,199,635	40,523,684
Total net position	<u>\$ 34,016,693</u>	<u>\$ 45,158,416</u>	<u>\$ 137,602,325</u>	<u>\$ 125,016,489</u>	<u>\$ 171,619,018</u>	<u>\$ 170,174,905</u>

The following table reflects the change in net position for both governmental and business-type activities.

CITY OF HEALDSBURG
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2015

CHANGE IN NET POSITION
FOR THE FISCAL YEARS ENDED JUNE 30, 2015 and 2014

	Government Activities		Business-Type Activities		Totals	
	2015	2014	2015	2014	2015	2014
PROGRAM REVENUES						
Charges for Services	\$ 1,213,089	\$ 1,302,268	\$ 26,261,239	\$ 26,091,345	\$ 27,474,328	\$ 27,393,613
Operating Grants	621,833	553,162	2,723,374	2,820,544	3,345,207	3,373,706
Capital Grants	308,294	379,811	16,634,449	918,249	16,942,743	1,298,060
GENERAL REVENUES						
Property Taxes	3,817,529	2,994,033	-	-	3,817,529	2,994,033
Sales and Use Taxes	5,867,216	5,665,615	-	-	5,867,216	5,665,615
Motor Vehicle in Lieu	4,889	5,062	-	-	4,889	5,062
Franchise Fees	446,207	430,113	-	-	446,207	430,113
Business License Taxes	200,025	227,400	-	-	200,025	227,400
Transient Occupancy Taxes	485,395	443,251	-	-	485,395	443,251
Other Revenues	293,495	176,094	264,792	272,315	558,287	448,409
TOTAL REVENUES	\$ 13,257,972	\$ 12,176,809	\$ 45,883,854	\$ 30,102,453	\$ 59,141,826	\$ 42,279,262
EXPENSES						
Governmental Activities						
General Government	\$ 777,067	\$ 1,260,104	\$ -	\$ -	\$ 777,067	\$ 1,260,104
Public Safety	6,915,828	6,890,561	-	-	6,915,828	6,890,561
Planning and Building	1,184,865	957,150	-	-	1,184,865	957,150
Community Development	161,647	1,683,152	-	-	161,647	1,683,152
Interest on Long Term Debt	222,086	308,398	-	-	222,086	308,398
Unallocated Depreciation	495,857	485,542	-	-	495,857	485,542
Business Type Activities						
Water	-	-	4,776,057	3,904,419	4,776,057	3,904,419
Sewer	-	-	6,545,672	6,929,733	6,545,672	6,929,733
Electric	-	-	10,322,492	10,502,639	10,322,492	10,502,639
Streets	-	-	2,072,808	1,644,922	2,072,808	1,644,922
Community Services	-	-	3,146,261	2,512,514	3,146,261	2,512,514
Non-Major Enterprise Funds	-	-	680,649	1,240,991	680,649	1,240,991
TOTAL EXPENSES	\$ 9,757,350	\$ 11,584,907	\$ 27,543,939	\$ 26,735,218	\$ 37,301,289	\$ 38,320,125
EXCESS (DEFICIENCY) OF REVENUES						
OVER EXPENDITURES BEFORE TRANSFERS	\$ 3,500,622	\$ 591,902	\$ 18,339,915	\$ 3,367,235	\$ 21,840,537	\$ 3,959,137
Transfers and other Financing						
Transfers In (Out)	\$ 38,843	\$ 411,537	\$ (38,843)	\$ (411,537)	\$ -	\$ -
Transfers In (Out) to Successor Agency	-	(25,000)	-	1,004,599	-	979,599
TOTAL TRANSFERS AND OTHER FINANCING	\$ 38,843	\$ 386,537	\$ (38,843)	\$ 593,062	\$ -	\$ 979,599
CHANGE IN NET POSITION	\$ 3,539,465	\$ 978,439	\$ 18,301,072	\$ 3,960,297	\$ 21,840,537	\$ 4,938,736
NET POSITION JULY 1	45,158,416	44,310,152	125,016,489	122,030,671	170,174,905	166,340,823
PRIOR PERIOD ADJUSTMENTS	(14,681,188)	(130,175)	(5,715,236)	(974,479)	(20,396,424)	(1,104,654)
NET POSITION JULY 1	\$ 30,477,228	\$ 44,179,977	\$ 119,301,253	\$ 121,056,192	\$ 149,778,481	\$ 165,236,169
NET POSITION JUNE 30	\$ 34,016,693	\$ 45,158,416	\$ 137,602,325	\$ 125,016,489	\$ 171,619,018	\$ 170,174,905

CITY OF HEALDSBURG
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2015

By far the largest portion of the City's net position (74%) reflects its net 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 position (\$21.7 million or 12%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$23.2 million (14%) 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).

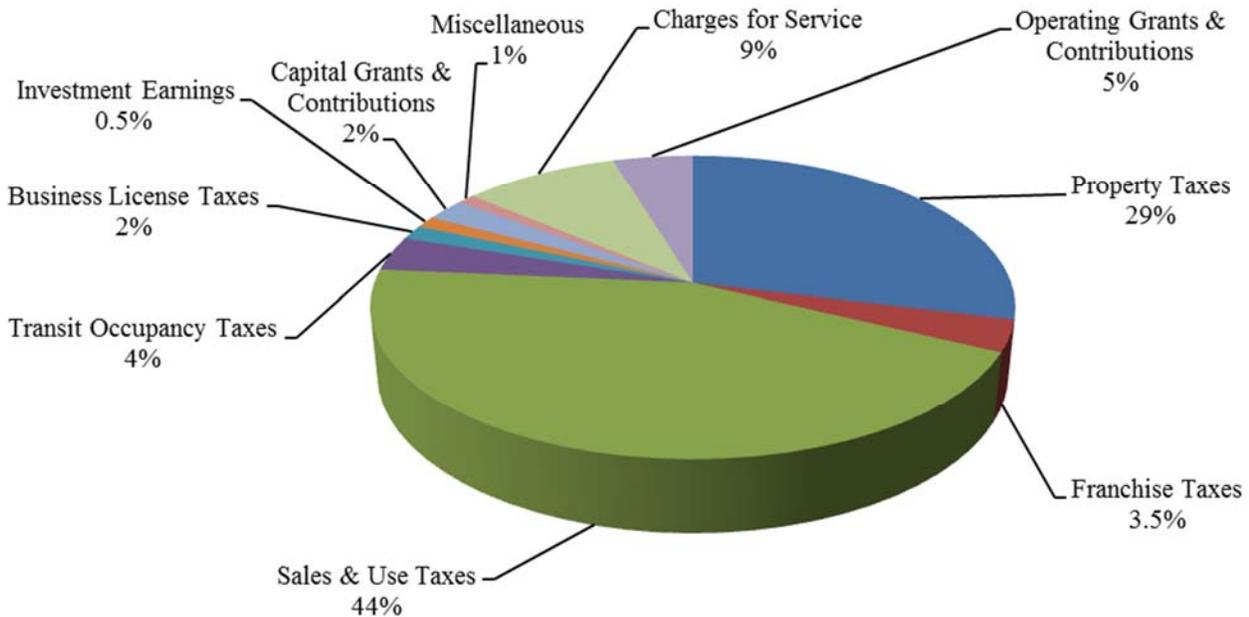
At the end of the current fiscal year, the City is able to report positive balances in all three categories of total net position, both for the government as a whole, as well as for its separate governmental activities and business-type activities. The same situation held true for the prior fiscal year.

The statement of activities shows how the government's net position changed during fiscal year 2014-15 as compared to 2013-14. The City's net position increased overall by \$1.4 million during the current fiscal year.

Governmental Activities. The City adopted GASB 68 in the current fiscal year, which recognizes future pension expenses. The Deferred Pension Related Outflows of Resources of \$1.2 million and Deferred Pension Related Inflows of Resources of \$4.0 million, decreased the Unrestricted Net Position for Governmental Activities \$2.8 million. This GASB 68 implementation accounts for a significant portion of the Unrestricted Net Position decreasing to a negative \$2.6 million. Significant revenues of the governmental activities are taxes (82.5%), which include property taxes, franchise taxes, sales and use taxes, transient occupancy taxes, and business license taxes. Program revenues are 17.5% of the total revenues of the governmental activities, which include charges for services and operating contributions and grants. The chart below reflects information from pages 17 and 18 of the Financial Statements.

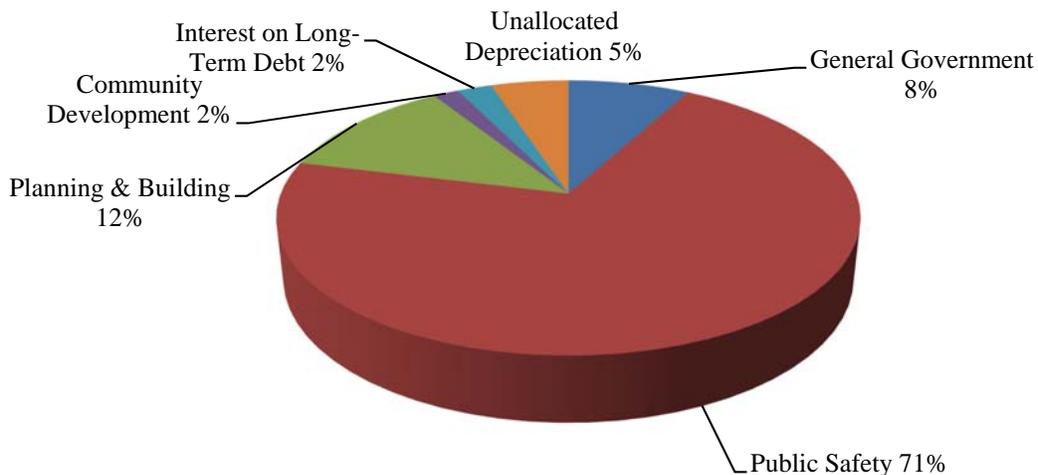
CITY OF HEALDSBURG
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2015

**REVENUES BY SOURCE – GOVERNMENTAL ACTIVITIES
FOR FISCAL YEAR ENDED JUNE 30, 2015**



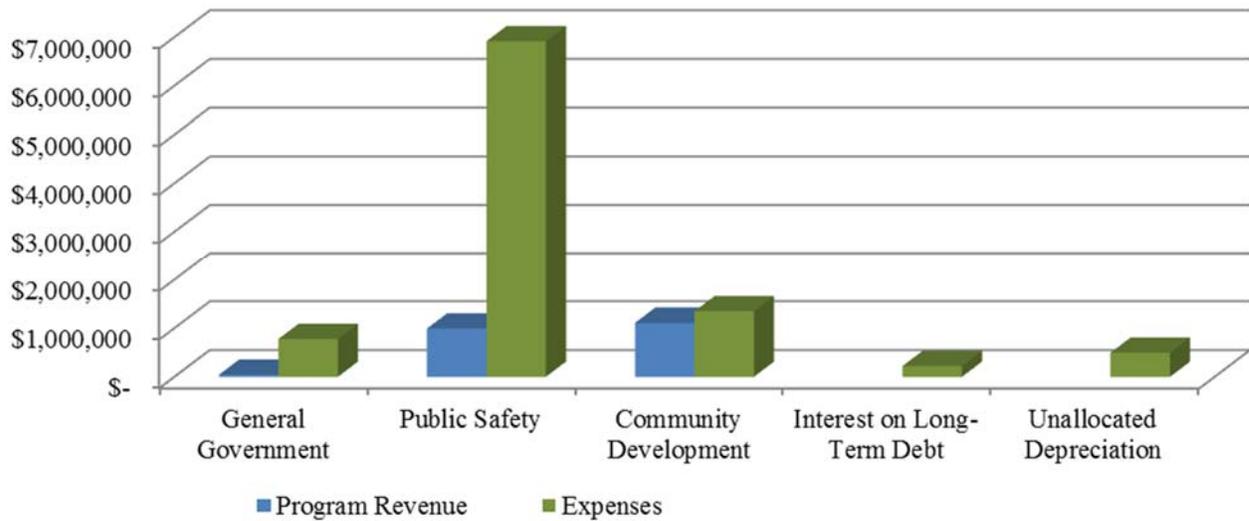
As for expenditures, public safety expenses are the most significant (71%) of all governmental activities expenses, followed by planning and building (12%), general government (8%), community development (2%) and interest on long-term debt (2%). Depreciation expense is 5% of the total expenses for governmental activities. The chart below reflects information from the Financial Statements, Statement of Activities on page 17.

**EXPENSES BY FUNCTION/PROGRAM – GOVERNMENTAL ACTIVITIES
FOR FISCAL YEAR ENDED JUNE 30, 2015**



CITY OF HEALDSBURG
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2015

**COMPARISON OF EXPENSES AND PROGRAM REVENUES –
GOVERNMENTAL ACTIVITIES
FOR FISCAL YEAR ENDED JUNE 30, 2015**

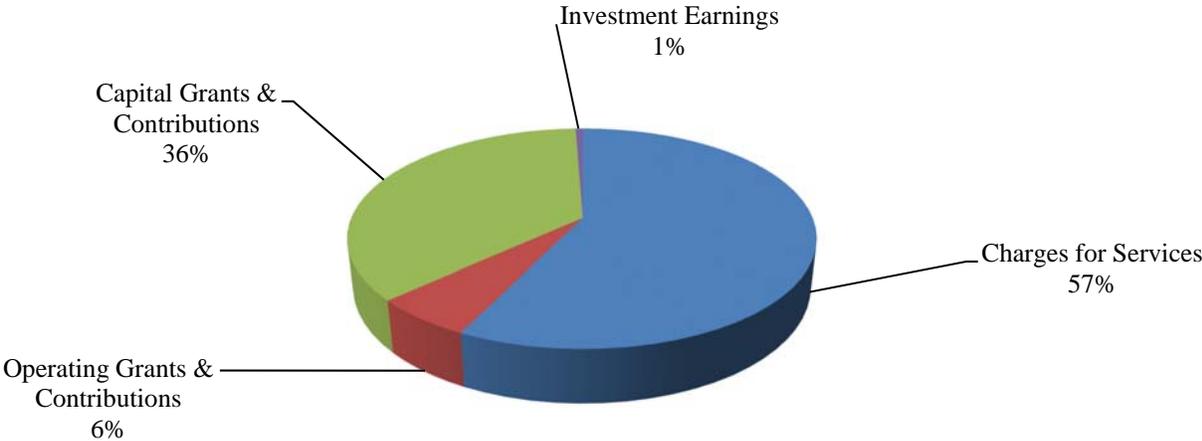


Business-Type Activities. The City adopted GASB 68 in the current fiscal year, which recognizes future pension expenses. The Deferred Pension Related Outflows of Resources of \$651.7 thousand and Deferred Pension Related Inflows of Resources of \$2.2 million decreased the Unrestricted Net Position for Governmental Activities \$1.5 million. In the fiscal year ended June 30, 2015, business-type activities increased the City's net position by \$12.6 million, which includes a negative \$5.7 million prior period adjustment explained in Note 13, page 84 of the financial statements, as opposed to a \$3.9 million increase in the fiscal year ended June 30, 2014. Key elements of this change are as follows:

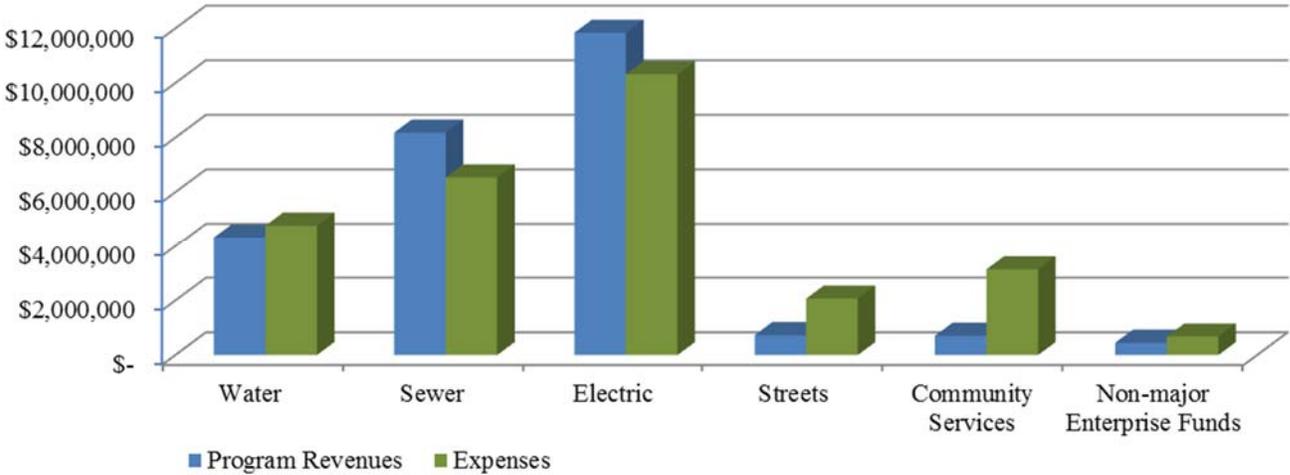
- Operating expenses increased by \$808,721 (2%)
- Charges for services increased by \$80,715 (0.3%)
- Operating grants and contributions decreased by \$28,499 (0.8%)
- Capital grants and contributions increased by \$15.6 million (92%)

CITY OF HEALDSBURG
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2015

**REVENUES BY SOURCE – BUSINESS-TYPE ACTIVITIES
 FOR FISCAL YEAR ENDED JUNE 30, 2015**



**EXPENSES AND PROGRAM REVENUES
 BUSINESS-TYPE ACTIVITIES
 FOR FISCAL YEAR ENDED JUNE 30, 2015**



CITY OF HEALDSBURG
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2015

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, 2015, the City's governmental funds reported total ending fund balances of \$22.6 million, an increase of \$7.4 million from the prior fiscal year. This increase is due to an increase in total assets and a decrease in total liabilities. Approximately 42% of the total ending fund balances (\$9.4 million) is unassigned available for spending in the future at the government's discretion. The remainder of the fund balances is either nonspendable, restricted or committed. The most significant of these reserved fund balances is restricted for Low Income Housing and Road Improvements, respectively, \$7.7 million and \$2.1 million.

General Fund revenues were \$1.3 million (10%) more than in the prior fiscal year, and expenditures increased by \$811.1 thousand (8%). An increase in property taxes accounts for a significant portion of the increase in revenues. An increase in General Government and Planning and Building in the General Fund accounts 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 are Water, Sewer, Electric, Streets and Community Services. The major changes in enterprise net position are an increase of \$587 thousand to \$43.3 million in the Sewer Fund, a \$1.3 million decrease to \$9.5 million in the Community Services Fund, a \$2.2 million decrease to \$13.6 million in the Water Fund and a \$12.5 million increase to \$38.1 million in the Streets Fund. The Electric Fund reported an increase in net position of \$2.5 million with an ending balance of \$29.2 million.

The Internal Service Funds had an increase in net position of \$48.6 thousand during the fiscal year, ending with a balance of \$5.5 million. This increase is attributable to a net increase in operating revenue and a decrease in operating expenses. The operating revenue is made up of the service fees charged to each fund.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The City's investment in capital assets for its governmental and business-type activities at June 30, 2015, amounted to \$165.3 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, equipment, vehicles, infrastructure, and construction in progress. Depreciation expense for the year totaled \$4.3 million.

CITY OF HEALDSBURG
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2015

CAPITAL ASSETS

	Governmental Activities		Business-type Activities	
	2015	2014	2015	2014
Land and Land Rights	\$ 9,890,304	\$ 9,345,068	\$ 9,391,835	\$ 5,466,109
Right of Way	6,681,379	6,681,379	-	-
Construction in Progress	39,312	-	15,846,820	6,640,596
Land Improvements	108,841	108,841	-	-
Buildings	15,253,310	15,018,527	13,744,405	12,955,137
Streets	-	-	30,708,077	28,100,589
Utility Systems	-	-	108,354,500	106,388,449
Drainage	-	-	10,197,784	10,197,784
Machinery and Equipment	7,949,212	7,845,874	3,100,992	3,050,414
Operations	-	-	3,381,750	3,401,750
Infrastructure	432,630	432,630	-	-
Total	\$ 40,354,988	\$ 39,432,319	\$ 194,726,163	\$ 176,200,828

Additional information on the City's capital assets can be found in Note 6 of the basic financial statements.

Long-Term Liabilities. The City's outstanding long-term liabilities, including bonds, loans payable, and compensated absences totaled \$65.6 million at June 30, 2015. Of this total, \$18.7 million (28%) was in governmental activities and \$46.9 million (72%) was in business-type activities.

LONG-TERM LIABILITIES

	Governmental Activities		Business-type Activities	
	2015	2014	2015	2014
General Obligation Bonds	\$ 830,000	\$ 1,515,000	\$ -	\$ -
Pension Obligation Bond	4,132,050	4,470,722	3,265,250	3,532,878
Accrued Pension Liability	11,744,456	-	5,968,575	-
Certificates of Participation	-	-	12,355,000	12,940,000
HUSD Capital Lease Payable	-	-	1,968,378	2,095,007
Revenue Bonds	-	-	23,340,000	23,955,000
Compensated Absences	1,528,451	1,650,283	-	-
Capital Leases	19,798	39,001	-	-
OPEB	421,000	403,000	-	-
Total	\$ 18,675,755	\$ 8,078,006	\$ 46,897,203	\$ 42,522,885

CITY OF HEALDSBURG
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2015

Additional information on the City's long-term liabilities can be found in Note 7 of the basic financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

For the 2015-16 fiscal year, General Fund revenue projections continue to be conservative. Increases have been projected for Property Taxes, Sales & Use Taxes, Measure V Taxes, and Transient Occupancy Taxes.

REQUESTS 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 Elizabeth Garcia, Finance Manager, City of Healdsburg, 401 Grove Street, Healdsburg, CA 95448-4723 or at egarcia@ci.healdsburg.ca.us.

BASIC FINANCIAL STATEMENTS

City of Healdsburg
Statement of Net Position

June 30, 2015

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Investments	\$ 16,753,883	\$ 40,676,739	\$ 57,430,622
Cash and Investments with Fiscal Agents	1,960,381	3	1,960,384
Receivables:			
Accounts	174,481	3,785,532	3,960,013
Taxes	1,349,664	281,238	1,630,902
Notes	6,457,534	-	6,457,534
Interest	12,713	28,056	40,769
Due from Other Governments	123,271	8,746,940	8,870,211
Internal Balances	4,408,497	(4,408,497)	-
Prepays	6,199	-	6,199
Inventory	28,584	1,371,531	1,400,115
Investment in NCPA Reserves	-	5,735,137	5,735,137
Capital Assets, Not Being Depreciated	16,610,995	25,238,655	41,849,650
Capital Assets, Depreciated, Net	9,584,209	113,824,262	123,408,471
Total Assets	57,470,411	195,279,596	252,750,007
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Pension Related Items	1,242,620	651,658	1,894,278
LIABILITIES			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	1,328,515	2,983,502	4,312,017
Interest Payable	13,779	403,562	417,341
Deposits Payable	630,553	734,103	1,364,656
Claims Payable	17,478	-	17,478
Payable to Successor Agency	-	4,495,000	4,495,000
Unearned Revenue	-	630,320	630,320
Noncurrent Liabilities:			
Due within One Year	2,249,200	1,777,942	4,027,142
Due in More Than One Year	16,426,555	45,119,261	61,545,816
Total Liabilities	20,666,080	56,143,690	76,809,770
DEFERRED INFLOWS OF RESOURCES			
Deferred Pension Related Items	4,030,258	2,185,239	6,215,497
NET POSITION			
Net Investment in Capital Assets	25,345,406	101,399,539	126,744,945
Restricted for:			
Capital Projects	-	10,384,181	10,384,181
Community Development:			
Expendable	186,295	-	186,295
Nonexpendable	69,980	-	69,980
Housing	7,715,533	-	7,715,533
Landscaping and Lighting	274,580	-	274,580
Public Safety	360,708	-	360,708
Parks and Recreation:	138,593	-	138,593
Streets, highways, and related purposes	2,068,659	-	2,068,659
Debt Service	475,909	-	475,909
Unrestricted	(2,618,970)	25,818,605	23,199,635
Total Net Position	\$ 34,016,693	\$ 137,602,325	\$ 171,619,018

The accompanying notes are an integral part of this statement.

City of Healdsburg
Statement of Activities
Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	\$ 777,067	\$ 42,294	\$ -	\$ -
Public Safety	6,915,828	620,654	371,601	-
Planning and Building	1,184,865	-	-	-
Community Development	161,647	550,141	250,232	308,294
Interest on Long-term Debt	222,086	-	-	-
Unallocated Depreciation	495,857	-	-	-
Total Governmental Activities	9,757,350	1,213,089	621,833	308,294
Business-type Activities:				
Water	4,776,057	4,336,224	-	-
Sewer	6,545,672	8,186,934	-	-
Electric	10,322,492	11,844,479	-	-
Streets	2,072,808	731,430	88,580	14,452,223
Community Service	3,146,261	708,866	2,634,794	1,513,742
Non-major Enterprise Funds	680,649	453,306	-	668,484
Total Business-type Activities	27,543,939	26,261,239	2,723,374	16,634,449
Total Primary Government	\$ 37,301,289	\$ 27,474,328	\$ 3,345,207	\$ 16,942,743

General Revenues:

Taxes:

- Property Taxes
- Franchise Taxes
- Sales and Use Taxes
- Transient Occupancy Tax
- Business License Taxes
- Motor vehicle in lieu, unrestricted
- Investment Earnings
- Miscellaneous Revenues

Transfers In (Out)

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning of Year

Restatement of Net Position

Net Position - End of Year

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (734,773)	\$ -	\$ (734,773)
(5,923,573)	-	(5,923,573)
(1,184,865)	-	(1,184,865)
947,020	-	947,020
(222,086)	-	(222,086)
(495,857)	-	(495,857)
<u>(7,614,134)</u>	<u>-</u>	<u>(7,614,134)</u>
-	(439,833)	(439,833)
-	1,641,262	1,641,262
-	1,521,987	1,521,987
-	13,199,425	13,199,425
-	1,711,141	1,711,141
-	441,141	441,141
<u>-</u>	<u>18,075,123</u>	<u>18,075,123</u>
<u>(7,614,134)</u>	<u>18,075,123</u>	<u>10,460,989</u>
3,817,529	-	3,817,529
446,207	-	446,207
5,867,216	-	5,867,216
485,395	-	485,395
200,025	-	200,025
4,889	-	4,889
161,554	264,792	426,346
131,941	-	131,941
38,843	(38,843)	-
<u>11,153,599</u>	<u>225,949</u>	<u>11,379,548</u>
3,539,465	18,301,072	21,840,537
45,158,416	125,016,489	170,174,905
<u>(14,681,188)</u>	<u>(5,715,236)</u>	<u>(20,396,424)</u>
<u>\$ 34,016,693</u>	<u>\$ 137,602,325</u>	<u>\$ 171,619,018</u>

The accompanying notes are an integral part of this statement.

**City of Healdsburg
Balance Sheet
Governmental Funds
June 30, 2015**

	General	Non-major Governmental Funds	Total Governmental Funds
ASSETS			
Cash and Investments	\$ 6,682,095	\$ 3,674,254	\$ 10,356,349
Cash and Investments with Fiscal Agents	-	1,960,381	1,960,381
Receivables:			
Accounts	32,603	73,961	106,564
Taxes	1,303,616	46,048	1,349,664
Notes	-	6,445,265	6,445,265
Interest	6,741	1,803	8,544
Due from Other Governments	102,790	20,481	123,271
Prepaid Expenditures	4,166	-	4,166
Due from Other Funds	4,502,595	-	4,502,595
 Total Assets	 <u>\$ 12,634,606</u>	 <u>\$ 12,222,193</u>	 <u>\$ 24,856,799</u>
LIABILITIES			
Accounts Payable	\$ 494,905	\$ 42,370	\$ 537,275
Deposits Payable	603,958	26,595	630,553
Due to Other Funds	-	15,000	15,000
Unearned Revenue	-	-	-
 Total Liabilities	 <u>1,098,863</u>	 <u>83,965</u>	 <u>1,182,828</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenues - Taxes	105,208	-	105,208
Unavailable Revenues - Grants	-	54,600	54,600
Unavailable Revenues - Interest Receivable	-	945,265	945,265
 Total Deferred Inflows of Resources	 <u>105,208</u>	 <u>999,865</u>	 <u>1,105,073</u>
FUND BALANCES			
Nonspendable	4,166	69,980	74,146
Restricted	141,571	11,083,024	11,224,595
Committed	-	-	-
Assigned	1,887,108	-	1,887,108
Unassigned	9,397,690	(14,641)	9,383,049
 Total Fund Balances	 <u>11,430,535</u>	 <u>11,138,363</u>	 <u>22,568,898</u>
 Total Liabilities, Deferred Inflows of Resources and Fund Balances	 <u>\$ 12,634,606</u>	 <u>\$ 12,222,193</u>	 <u>\$ 24,856,799</u>

The accompanying notes are an integral part of this statement.

City of Healdsburg
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2015

Fund Balances of Governmental Funds \$ 22,568,898

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

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds:

Capital Assets	33,526,651
Accumulated Depreciation	(8,651,206)

Interest payable on long-term debt does not require the use of current financial resources; therefore, interest payable is not reported as a liability in the funds.	(13,779)
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Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds:

General Obligation Bonds	(830,000)
Pension Obligation Bonds	(4,132,050)
Net Pension Liability	(11,744,456)
OPEB	(421,000)

Amounts for deferred inflows and deferred outflows related to the City's Net Pension Liability are not reported in the funds.

Deferred Pension Related Items - Deferred Outflows	1,242,620
Deferred Pension Related Items - Deferred Inflows	(4,030,258)

Internal service funds are used by management to charge the costs of certain activities, such as insurance and vehicle maintenance, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.

5,396,200

Long-term assets are not available for current use. Amounts are deferred under the modified accrual basis of accounting.

1,105,073

Net Position of Governmental Activities

\$ 34,016,693

The accompanying notes are an integral part of this statement.

City of Healdsburg
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2015

	General	Non-major Governmental Funds	Total Governmental Funds
REVENUES			
Property Taxes	\$ 3,172,364	\$ 818,059	\$ 3,990,423
Sales and Other Taxes	7,119,527	-	7,119,527
Charges for Services	541,254	48,794	590,048
Fines and Forfeitures	108,370	20,481	128,851
Licenses and Permits	726,316	-	726,316
Development Fees	6,434	32,038	38,472
Intergovernmental	-	308,294	308,294
Investment Earnings	84,663	14,769	99,432
Other Revenues	229,713	49,844	279,557
	<u>11,988,641</u>	<u>1,292,279</u>	<u>13,280,920</u>
EXPENDITURES			
Current:			
General Government	1,584,003	42,686	1,626,689
Public Safety	6,946,747	118,176	7,064,923
Community Development	-	161,647	161,647
Planning and Building	1,184,865	-	1,184,865
Capital Outlay	49,755	30,668	80,423
Debt Service:			
Interest Expense	-	227,722	227,722
Principal	-	1,023,672	1,023,672
	<u>9,765,370</u>	<u>1,604,571</u>	<u>11,369,941</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>2,223,271</u>	<u>(312,292)</u>	<u>1,910,979</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	1,411,357	1,411,357
Transfers Out	(1,364,618)	(13,736)	(1,378,354)
	<u>(1,364,618)</u>	<u>1,397,621</u>	<u>33,003</u>
Net Change in Fund Balances	858,653	1,085,329	1,943,982
Fund Balances, Beginning of Year	10,571,882	4,553,034	15,124,916
Prior Period Adjustment	-	5,500,000	5,500,000
Fund Balances, End of Year	<u>\$ 11,430,535</u>	<u>\$ 11,138,363</u>	<u>\$ 22,568,898</u>

The accompanying notes are an integral part of this statement.

City of Healdsburg
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Year Ended June 30, 2015

Net Changes in Fund Balances - Total Governmental Funds \$ 1,943,982

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 these assets is allocated over their estimated useful lives as depreciation expense.

Capital Outlay	926,646
Depreciation Expense	(495,857)

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

Principal Repayments	1,023,672
Net Pension Liability	4,021,680

Amounts for deferred inflows and deferred outflows related to the City's Net Pension Liability are not reported in the funds. This is the net change in deferred inflows and outflows related to the net pension liability:

Deferred Pension Related Items - Deferred Outflows	157,673
Deferred Pension Related Items - Deferred Inflows	(4,030,258)

Governmental funds report all contributions in relation to the Annual Required Contribution (ARC) for OPEB as expenditures; however, in the Statement of Activities only the ARC is an expense. (18,000)

Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period. 5,636

Some revenues reported in the Statement of Activities are not considered available to finance current expenditures and therefore are not reported as revenues in the governmental funds. (22,948)

Internal service funds are used by management to charge the costs of certain activities, such as insurance and vehicle maintenance, to individual funds. The net revenue (expense) of the internal services funds is reported with governmental activities. 27,239

Change in Net Position of Governmental Activities	\$ 3,539,465
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The accompanying notes are an integral part of this statement.

City of Healdsburg
Statement of Net Position
Proprietary Funds
June 30, 2015

	Enterprise Funds			
	Water Fund	Sewer Fund	Electric Fund	Streets Fund
ASSETS				
Current Assets:				
Cash and Investments	\$ 5,455,476	\$ 18,937,275	\$ 12,892,829	\$ -
Cash and Investments with Fiscal Agents	-	3	-	-
Investment in NCPA Reserves	-	-	5,735,137	-
Accounts Receivable - Net	784,263	1,150,547	1,810,787	3,745
Taxes Receivable	-	-	-	-
Notes and Loans Receivable	-	-	-	-
Interest Receivable	3,612	12,947	8,370	753
Due from Other Governments	-	-	-	8,658,643
Due from Other Funds	-	-	15,000	-
Prepaid Expenses	-	-	-	-
Inventory	106,733	10,354	1,226,933	26,647
Total Current Assets	6,350,084	20,111,126	21,689,056	8,689,788
Noncurrent Assets:				
Capital Assets, Not Being Depreciated				
Land	310,781	766,902	48,360	2,508,832
Construction in Progress	-	994,743	203,680	14,648,397
Total Capital Assets, Not Being Depreciated	310,781	1,761,645	252,040	17,157,229
Capital Assets, Depreciable				
Land Improvements	-	-	-	-
Buildings	1,480,552	206,166	447,835	-
Streets	-	-	-	30,591,230
Utility Systems	28,025,418	57,544,661	22,784,421	-
Drainage	-	10,197,784	-	-
Machinery and Equipment Operations	642,170	581,929	1,107,578	18,783
Total Capital Assets, Depreciable	30,148,140	68,530,540	24,339,834	30,610,013
Less: Accumulated Depreciation	(10,485,750)	(18,307,007)	(10,922,138)	(10,818,963)
Total Noncurrent Assets	19,973,171	51,985,178	13,669,736	36,948,279
Total Assets	26,323,255	72,096,304	35,358,792	45,638,067
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Pension Related Items	156,881	156,881	217,219	-

The accompanying notes are an integral part of this statement.

Community Service Fund	Enterprise Funds		Governmental Activities
	Non-major Enterprise Funds	Totals	Internal Service Funds
\$ 2,956,036	\$ 435,123	\$ 40,676,739	\$ 6,397,534
-	-	3	-
-	-	5,735,137	-
5,782	30,408	3,785,532	67,917
281,238	-	281,238	-
-	-	-	12,269
2,163	211	28,056	4,169
88,297	-	8,746,940	-
-	-	15,000	-
-	-	-	2,033
-	864	1,371,531	28,584
<u>3,333,516</u>	<u>466,606</u>	<u>60,640,176</u>	<u>6,512,506</u>
5,637,126	119,834	9,391,835	-
-	-	15,846,820	39,312
<u>5,637,126</u>	<u>119,834</u>	<u>25,238,655</u>	<u>39,312</u>
612,042	-	612,042	108,841
10,157,003	840,807	13,132,363	-
116,847	-	30,708,077	-
-	-	108,354,500	-
-	-	10,197,784	-
541,022	209,510	3,100,992	6,680,184
-	3,381,750	3,381,750	-
<u>11,426,914</u>	<u>4,432,067</u>	<u>169,487,508</u>	<u>6,789,025</u>
<u>(3,924,730)</u>	<u>(1,204,658)</u>	<u>(55,663,246)</u>	<u>(5,508,578)</u>
<u>13,139,310</u>	<u>3,347,243</u>	<u>139,062,917</u>	<u>1,319,759</u>
<u>16,472,826</u>	<u>3,813,849</u>	<u>199,703,093</u>	<u>7,832,265</u>
<u>120,677</u>	<u>-</u>	<u>651,658</u>	<u>-</u>

Continued

The accompanying notes are an integral part of this statement.

City of Healdsburg
Statement of Net Position - Continued
Proprietary Funds
June 30, 2015

	Enterprise Funds			
	Water Fund	Sewer Fund	Electric Fund	Streets Fund
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	\$ 68,362	\$ 71,625	\$ 127,375	\$ 2,601,027
Deposits Payable	4,315	150	123,133	171,884
Due to Other Funds	-	-	-	4,502,595
Unearned Revenue	-	-	-	-
Accrued Interest Payable	105,156	298,406	-	-
Claims Payable - Current	-	-	-	-
Compensated Absences - Current	-	-	-	-
Bonds Payable - Current	534,625	770,375	-	-
Pension Obligation Bonds Payable - Current	89,967	90,201	119,150	28,426
Capital Leases Payable - Current	-	-	-	-
Total Current Liabilities	802,425	1,230,757	369,658	7,303,932
Noncurrent Liabilities:				
Compensated Absences	-	-	-	-
Advances from Other Funds	-	-	-	-
Payable to Successor Agency	-	-	2,395,000	-
Bonds Payable	9,380,375	25,009,625	-	-
Net Pension Liability	1,436,879	1,436,879	1,989,525	-
Pension Obligation Bonds Payable	707,247	709,184	936,788	223,490
Capital Leases Payable	-	-	-	-
Total Noncurrent Liabilities	11,524,501	27,155,688	5,321,313	223,490
Total Liabilities	12,326,926	28,386,445	5,690,971	7,527,422
DEFERRED INFLOWS OF RESOURCES				
Deferred Pension Related Items	526,076	526,076	728,413	-
NET POSITION				
Net Investment in Capital Assets	10,058,171	26,205,178	13,669,736	36,948,279
Restricted:				
Capital Projects	2,375,821	5,268,484	1,832,980	906,896
Unrestricted	1,193,142	11,867,002	13,653,911	255,470
Total Net Position	\$ 13,627,134	\$ 43,340,664	\$ 29,156,627	\$ 38,110,645

Adjutment to reflect the consolidation of
internal service fund activities related to
enterprise funds.

Net Position of Business-type Activities

The accompanying notes are an integral part of this statement.

Community Service Fund	Enterprise Funds		Governmental Activities
	Other Enterprise Funds	Totals	Internal Service Funds
\$ 100,177	\$ 14,936	\$ 2,983,502	\$ 791,240
421,204	13,417	734,103	-
-	-	4,502,595	-
630,320	-	630,320	-
-	-	403,562	-
-	-	-	17,478
-	-	-	893,092
-	-	1,305,000	-
40,746	-	368,490	-
104,452	-	104,452	19,798
<u>1,296,899</u>	<u>28,353</u>	<u>11,032,024</u>	<u>1,721,608</u>
-	-	-	635,359
-	-	-	-
2,100,000	-	4,495,000	-
-	-	34,390,000	-
1,105,292	-	5,968,575	-
320,051	-	2,896,760	-
1,863,926	-	1,863,926	-
<u>5,389,269</u>	<u>-</u>	<u>49,614,261</u>	<u>635,359</u>
<u>6,686,168</u>	<u>28,353</u>	<u>60,646,285</u>	<u>2,356,967</u>
<u>404,674</u>	<u>-</u>	<u>2,185,239</u>	<u>-</u>
11,170,932	3,347,243	101,399,539	1,299,961
-	-	10,384,181	-
<u>(1,668,271)</u>	<u>438,253</u>	<u>25,739,507</u>	<u>4,175,337</u>
<u>\$ 9,502,661</u>	<u>\$ 3,785,496</u>	<u>137,523,227</u>	<u>\$ 5,475,298</u>
		<u>79,098</u>	
		<u>\$ 137,602,325</u>	

The accompanying notes are an integral part of this statement.

City of Healdsburg
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds

Year Ended June 30, 2015

	Enterprise Funds			
	Water Fund	Sewer Fund	Electric Fund	Streets Fund
OPERATING REVENUES				
Charges for Services	\$ 4,279,115	\$ 8,001,289	\$ 11,205,374	\$ 599,558
Development Fees	56,055	179,692	4,747	39,831
Rental Income	-	-	-	-
Other Operating Revenues	1,054	5,953	634,358	92,041
Total Operating Revenues	<u>4,336,224</u>	<u>8,186,934</u>	<u>11,844,479</u>	<u>731,430</u>
OPERATING EXPENSES				
Purchase of Power	-	-	5,868,828	-
Maintenance and Operations	3,145,513	3,337,180	3,177,698	1,408,977
Administration	551,665	676,205	714,001	81,454
Insurance and Benefits Costs	-	-	-	-
Depreciation	597,668	1,283,687	525,041	572,922
Total Operating Expenses	<u>4,294,846</u>	<u>5,297,072</u>	<u>10,285,568</u>	<u>2,063,353</u>
Operating Income (Loss)	<u>41,378</u>	<u>2,889,862</u>	<u>1,558,911</u>	<u>(1,331,923)</u>
NONOPERATING REVENUES (EXPENSES)				
Interest Income	29,687	105,459	98,234	9,829
Interest Expense	(484,634)	(1,254,592)	(45,912)	(10,953)
Taxes	-	-	-	-
Intergovernmental	-	-	-	88,580
Loss on Disposal of Capital Assets	-	-	-	-
Total Nonoperating Revenues (Expenses)	<u>(454,947)</u>	<u>(1,149,133)</u>	<u>52,322</u>	<u>87,456</u>
Income (Loss) Before Capital Contributions and Operating Transfers	<u>(413,569)</u>	<u>1,740,729</u>	<u>1,611,233</u>	<u>(1,244,467)</u>
Capital Contributions	-	-	-	14,452,223
Transfers In	-	-	102,201	70,702
Transfers Out	-	-	(24,000)	(724,119)
Change in Net Position	<u>(413,569)</u>	<u>1,740,729</u>	<u>1,689,434</u>	<u>12,554,339</u>
Net Position - Beginning of Year	<u>15,870,427</u>	<u>42,753,621</u>	<u>26,691,539</u>	<u>25,556,306</u>
Restatement of Net Position	<u>(1,829,724)</u>	<u>(1,153,686)</u>	<u>775,654</u>	<u>-</u>
Net Position - End of Year	<u>\$ 13,627,134</u>	<u>\$ 43,340,664</u>	<u>\$ 29,156,627</u>	<u>\$ 38,110,645</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				
Changes in Net Position of Business-type Activities				

The accompanying notes are an integral part of this statement.

Community Service Fund	Enterprise Funds		Governmental Activities
	Non-major Enterprise Funds	Totals	Internal Service Funds
\$ 476,554	\$ 254,482	\$ 24,816,372	\$ 6,749,819
-	-	280,325	-
227,659	192,195	419,854	323,329
4,653	6,629	744,688	11,482
<u>708,866</u>	<u>453,306</u>	<u>26,261,239</u>	<u>7,084,630</u>
-	-	5,868,828	-
2,363,906	520,750	13,954,024	1,775,789
407,968	61,145	2,492,438	299,907
-	-	-	4,467,198
360,198	98,754	3,438,270	320,102
<u>3,132,072</u>	<u>680,649</u>	<u>25,753,560</u>	<u>6,862,996</u>
<u>(2,423,206)</u>	<u>(227,343)</u>	<u>507,679</u>	<u>221,634</u>
19,983	1,600	264,792	36,234
(15,687)	-	(1,811,778)	-
2,426,974	-	2,426,974	-
207,820	-	296,400	-
-	-	-	(215,070)
<u>2,639,090</u>	<u>1,600</u>	<u>1,176,388</u>	<u>(178,836)</u>
215,884	(225,743)	1,684,067	42,798
1,513,742	668,484	16,634,449	-
542,766	32,808	748,477	32,457
(35,454)	(3,747)	(787,320)	(26,617)
2,236,938	471,802	18,279,673	48,638
10,773,203	3,313,694		5,426,660
(3,507,480)	-		-
<u>\$ 9,502,661</u>	<u>\$ 3,785,496</u>		<u>\$ 5,475,298</u>
		<u>21,399</u>	
		<u>\$ 18,301,072</u>	

The accompanying notes are an integral part of this statement.

City of Healdsburg
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2015

	Enterprise Funds		
	Water Fund	Sewer Fund	Electric Fund
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ 4,407,113	\$ 8,189,335	\$ 11,689,407
Payments to Employees for Services	(1,244,913)	(1,466,828)	(1,561,612)
Payments to Suppliers for Goods and Services	(2,496,076)	(2,697,260)	(8,204,249)
Net Cash Provided (Used) by Operating Activities	<u>666,124</u>	<u>4,025,247</u>	<u>1,923,546</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES			
Taxes	-	-	-
Cash Received from Other Funds	470,675	-	118,201
Cash Paid to Other Funds	-	-	-
Principal Paid on Loans Receivable	-	-	-
Intergovernmental Revenue	-	-	-
Net Cash Provided (Used) by Noncapital and Related Financing Activities	<u>470,675</u>	<u>-</u>	<u>118,201</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and Construction of Capital Assets	-	(529,771)	(173,351)
Interest Paid	(511,880)	(1,263,329)	(45,912)
Proceeds from Sale of Capital Assets	-	-	-
Capital Grants	-	-	-
Principal Paid on Capital Debt	(470,000)	(730,000)	-
Payments on Long-term Debt	(65,341)	(65,520)	(86,547)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(1,047,221)</u>	<u>(2,588,620)</u>	<u>(305,810)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Received	31,872	108,760	100,100
Net Cash Provided (Used) by Investing Activities	<u>31,872</u>	<u>108,760</u>	<u>100,100</u>
Net Increase (Decrease) in Cash and Cash Equivalents	121,450	1,545,387	1,836,037
Cash and Cash Equivalents, Beginning of the Year	5,334,026	17,391,891	16,791,929
Cash and Cash Equivalents, End of the Year	<u>\$ 5,455,476</u>	<u>\$ 18,937,278</u>	<u>\$ 18,627,966</u>
Reconciliation of Operating Income (Loss) to			
Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ 41,378	\$ 2,889,862	\$ 1,558,911
Adjustments to Reconcile Operating Income (Loss) to			
Net Cash Provided (Used) by Operating Activities:			
Depreciation	597,668	1,283,687	525,041
Changes in Operating Assets and Liabilities:			
Decrease (Increase) in Accounts Receivable	71,194	2,401	69,775
Decrease (Increase) in Prepaid Expenses	-	-	-
Decrease (Increase) in Inventory	(19,369)	(2,017)	74,769
Decrease (Increase) in Deferred Outflows - Pensions	(23,311)	(23,311)	(32,277)
Increase (Decrease) in Accounts Payable	(792)	(125,036)	(47,357)
Increase (Decrease) in Claims Payable	-	-	-
Increase (Decrease) in Deferred Inflows - Pensions	526,076	526,076	728,413
Increase (Decrease) in Net Pension Liability	(526,415)	(526,415)	(728,882)
Increase (Decrease) in Compensated Absences Payable	-	-	-
Increase (Decrease) in Deposits Payable	(305)	-	(224,847)
TOTAL CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 666,124</u>	<u>\$ 4,025,247</u>	<u>\$ 1,923,546</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES			
Amortization Related to Long-term Debt	\$ -	\$ -	\$ -
Purchase of Capital Assets on Account	-	-	-
Capital Contributions	-	-	-

The accompanying notes are an integral part of this statement.

Enterprise Funds				Governmental
Streets Fund	Community Service Fund	Non-major Enterprise Funds	Totals	Internal Service Funds
\$ 763,127	\$ 647,028	\$ 479,058	\$ 26,175,068	\$ 7,042,375
(677,664)	(1,243,319)	(86,994)	(6,281,330)	(605,211)
(1,145,293)	(1,527,157)	(498,835)	(16,568,870)	(6,485,508)
(1,059,830)	(2,123,448)	(106,771)	3,324,868	(48,344)
-	2,532,739	-	2,532,739	-
4,502,595	614,766	1,917,303	7,623,540	32,457
(653,418)	(35,454)	(2,561,387)	(3,250,259)	(26,617)
-	-	-	-	(6,226)
539,340	36,858	69,177	645,375	-
4,388,517	3,148,909	(574,907)	7,551,395	(386)
(7,763,410)	(943,659)	-	(9,410,191)	(353,280)
(10,953)	(15,687)	-	(1,847,761)	-
-	-	795,583	795,583	-
950,679	-	24,128	974,807	-
-	(126,629)	-	(1,326,629)	(19,203)
(20,649)	(29,571)	-	(267,628)	-
(6,844,333)	(1,115,546)	819,711	(11,081,819)	(372,483)
11,720	20,009	1,702	274,163	38,771
11,720	20,009	1,702	274,163	38,771
(3,503,926)	(70,076)	139,735	68,607	(382,442)
3,503,926	3,026,112	295,388	46,343,272	6,779,976
\$ -	\$ 2,956,036	\$ 435,123	\$ 46,411,879	\$ 6,397,534
\$ (1,331,923)	\$ (2,423,206)	\$ (227,343)	\$ 507,679	\$ 221,634
572,922	360,198	98,754	3,438,270	320,102
28,911	9,267	104,382	285,930	(42,255)
-	-	-	-	(87)
19,425	2,152	22,197	97,157	(1,683)
-	(17,932)	-	(96,831)	-
(351,951)	17,438	(26,131)	(533,829)	(378,879)
-	-	-	-	(45,344)
-	404,674	-	2,185,239	-
-	(404,934)	-	(2,186,646)	-
-	-	-	-	(121,832)
2,786	(71,105)	(78,630)	(372,101)	-
\$ (1,059,830)	\$ (2,123,448)	\$ (106,771)	\$ 3,324,868	\$ (48,344)
\$ -	\$ -	\$ -	\$ -	\$ -
2,578,420	-	-	2,578,420	-
4,539,274	1,513,742	654,356	6,707,372	-

City of Healdsburg
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2015

	Private-purpose Trust Funds
ASSETS	
Cash and Investments	\$ 14,195,136
Cash and Investments with Fiscal Agent	6,313,363
Receivables:	
Accounts	9,949
Notes	673,718
Interest	8,976
Receivable from the City of Healdsburg	4,495,000
Capital Assets, Not Being Depreciated	528,300
Capital Assets, Net of Accumulated Depreciation	437,962
Total Assets	26,662,404
LIABILITIES	
Accounts Payable	16,463
Interest Payable	924,493
Noncurrent Liabilities:	
Due within One Year	1,396,300
Due in More than One Year	49,106,300
Total Liabilities	51,443,556
NET POSITION	
Net Position (Deficit) Held in Trust for Successor Agency and Other Purposes	\$ (24,781,152)

The accompanying notes are an integral part of this statement.

City of Healdsburg
Statement of Changes in Net Position
Fiduciary Funds
Year Ended June 30, 2015

	Private-purpose Trust Funds
ADDITIONS	
Taxes and Assessments	\$ 17,973
Fees and Charges	124,433
Investment Earnings	84,359
Total Additions	226,765
DEDUCTIONS	
Community Development	426,328
Capital Contributions to City of Healdsburg	7,938,150
Depreciation	21,894
Interest Expense	2,372,295
Total Deductions	10,758,667
Change in Net Position	(10,531,902)
Net Position - Beginning of Year	(18,744,250)
Restatement of Net Position	4,495,000
Net Position - End of Year	\$ (24,781,152)

The accompanying notes are an integral part of this statement.

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2015

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A) Reporting Entity

The basic financial statements of the City of Healdsburg (City) include the financial activities of the City and its component unit: the Healdsburg Public Financing Authority (HPFA).

The criteria used in determining the scope of the reporting entity are based on the provisions of Governmental Accounting Standards Board Statement (GASB) No.14 as amended by GASB No. 39 and No. 61. 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 unit has been accounted for as a "blended" component unit of the City. Despite being legally separate, the HPFA is so intertwined with the City that it is, in substance, part of the City's operations. Accordingly, the balances and transactions of this component unit are reported within the funds of the City. HPFA transactions are recorded in the Sewer Enterprise Fund. The following criteria were used in determining that the component unit was blended:

The members of the City Council or other members appointed by the City Council act as governing body of the HPFA. In addition, the HPFA provide services, which benefit the City.

No separate financial statements are issued for HPFA.

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 10 and 11).

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

The government-wide financial statements (i.e., the statement of net position and the statement of activities) 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.

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2015

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Net Position, and a Statement of Cash Flows for all proprietary funds.

Internal service funds are also presented in these statements. Internal service balances and activities have been allocated between governmental activities and business-type activities in the government-wide financial statements. These internal service funds account for charges to other funds and departments for insurance, maintenance, and information services.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements and fiduciary fund 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 position. 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 the accrual basis, revenue from property taxes is recognized in the fiscal year in which the taxes are levied. Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all the eligibility requirements have been satisfied.

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2015

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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.

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. Capital asset acquisitions are reported as expenditures in governmental funds and proceeds of long-term liabilities are reported as other financing sources.

Property taxes, sales 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.

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2015

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Fiduciary funds focus on net position and changes in net position. Trust funds use the flow of economic resources measurement focus and the accrual basis of accounting, except for the recognition of certain liabilities of defined benefit pension plans. Agency funds also use the accrual basis of accounting, but, since they are custodial in nature and do not involve the measurement of results of operations, they do not have a measurement focus.

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.

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 associated with the City's Parks and Recreation programs.

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

Governmental Fund Types

Special Revenue Funds are used to account for and report proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. These funds are required by statute or ordinance to finance particular functions or activities of government.

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2015

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal, interest, and related costs on long-term obligations.

Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets (other than those financed by proprietary funds and trust funds).

Permanent Funds are 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.

Proprietary Fund Types

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.

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 Types

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

C) Encumbrances

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 fiscal year-end.

D) Cash and Investments

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.

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2015

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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.

E) Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as interfund receivables/interfund payables (i.e., the current portion of interfund loans) or advances to/from other funds (the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as interfund receivables or interfund payables.

Advances to other funds, as reported in the fund financial statements, are offset by non-spendable fund balance in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and tax receivables are shown net of an allowance for uncollectible accounts if applicable, and estimated refunds due.

F) Inventory

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

G) Prepaids

Payments to vendors that reflect costs applicable to future accounting periods are recorded as prepaid items in both government-wide and fund financial statements.

H) Capital Assets

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 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.

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2015

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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/statement of net position.

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

Buildings	10 - 30 years
Improvements other than buildings	10 years
Water distribution lines	10 - 50 years
Vehicles	3 -7 years
Machinery and equipment	10 years
Office furniture, computers, and equipment	3 - 10 years
Leased property	5 - 10 years
Infrastructure	50 years

I) Compensated Absences

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

J) Property Taxes

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.

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

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2015

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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.

K) Claims Payable

The City reports its risk activities in the Insurance and Benefit Service Fund for its workers compensation and Building Maintenance Fund for its general liability. When it is probable that a claim liability has been incurred at fiscal 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.

L) Net Position

In the government-wide financial statements, proprietary fund financial statements, and fiduciary fund financial statements, net position is reported in three categories: (1) net investment in capital assets, (2) restricted, and (3) unrestricted. Restricted net position represent net position restricted by parties outside of the City (such as creditors, grantors, contributors, and laws and regulations of other governments) and includes unspent proceeds of bonds issued to acquire or construct capital assets. All other net position is considered unrestricted.

M) Net Position Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the statement of net position, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the City’s policy to consider restricted net position to have been depleted before unrestricted net position.

N) Fund Balance

Fund balances in governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2015

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

The classifications are as follows:

Nonspendable - The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

Restricted - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (City ordinances).

Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the City can be compelled by an external party-such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of City Council. Those committed amounts cannot be used for any other purpose unless City Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by City Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2015

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Assigned – Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by City Council or delegated by a City official, City Charter, or ordinance.

Unassigned - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

O) 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 collectability of its receivables (including accounts receivable), and notes receivable, the fair value of investments, valuation of capital assets and depreciation expense, OPEB liability, net pension liability, and the ultimate outcome of claims payable. Actual results could differ from those estimates and assumptions.

P) Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and balance sheet for the governmental funds will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense) until then. The City reports deferred outflows as a result of the City's implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which qualify for reporting in this category.

In addition to liabilities, the statement of financial position and balance sheet for the governmental funds will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has certain items, which arise only under the modified accrual basis of

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2015

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

accounting, which qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes, special assessments, grant receivables, and other miscellaneous receivables. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In addition, the City reports deferred inflows as a result of the City's implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which qualify for reporting in this category.

Q) Pensions

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

R) New Accounting Pronouncements

Governmental Accounting Standards Board Statement No. 72

In February of 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application*. This statement was issued to address accounting and financial reporting issues related to fair value measurements. This GASB Statement is required to be implemented in financial statements issued for the periods beginning after June 15, 2015. The City has elected not to early implement this statement and has not determined its effect on the financial statements.

Governmental Accounting Standards Board Statement No. 75

In June of 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement was issued to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions. This GASB Statement is required to be implemented in financial statements issued for the periods beginning after June 15, 2017. The City has elected not to early implement this statement and has not determined its effect on the financial statements.

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2015

2) STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Deficit Fund Balances/Net Position

Nonmajor Governmental Funds - A deficit fund balance of \$14,641 exists in the North Area Special Revenue Fund. The City plans on removing the deficits through future development contributions and benefit assessments.

Nonmajor Enterprise Fund - A deficit net position of \$4,652 exists in the School Service Fund. These deficits will be cleared by future transfers from the Community Services fund.

3) CASH AND INVESTMENTS

The City's cash and investments consisted of the following at June 30, 2015:

Cash on Hand	\$ 1,936
Deposits with Financial Institutions	13,278,394
Investments	<u>66,619,175</u>
 Total Cash and Investments	 <u><u>\$ 79,899,505</u></u>

The City's deposits and investments are reflected in the accompanying basic financial statements as follows:

	<u>Government- Wide Statement of Net Position</u>	<u>Statement of Fiduciary Net Position</u>	<u>Total</u>
Unrestricted:			
Cash and Investments	\$ 57,430,622	\$ 14,195,136	\$ 71,625,758
Restricted:			
Cash and Investments with Fiscal Agent	<u>1,960,384</u>	<u>6,313,363</u>	<u>8,273,747</u>
	<u><u>\$ 59,391,006</u></u>	<u><u>\$ 20,508,499</u></u>	<u><u>\$ 79,899,505</u></u>

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2015

3) CASH AND INVESTMENTS - Continued

Investments 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.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio*	Maximum Investment In One Issuer
Bankers Acceptances	180 days	40%	None
Certificates of Deposits	5 years	20%	None
Negotiable Certificates of Deposit	5 years	30%	None
Commercial Paper	270 days	25%	None
State of California Local Agency Investment Fund (State Pool)	N/A	Unlimited	\$50,000,000
Sonoma County Pooled Fund	N/A	10%	None
Medium Term Notes	5 years	30%	None
Money Market Funds	N/A	Unlimited	None
Passbook Savings and Money Market Accounts (Insured)	None	Unlimited	None
U.S. Treasury Obligations	None	Unlimited	None
U.S. Government Agency Issues	None	Unlimited	None
Repurchase Agreements	30 days	10%	None
Mortgage Pass-through and Asset Backed Securities	5 years	20%	None

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

Investments Authorized by Debt Agreements

Investments of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy. The table below identifies the investment types that are authorized for investments held by bond trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2015

3) CASH AND INVESTMENTS - Continued

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio*	Maximum Investment In One Issuer
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
Sonoma County Pooled Fund	N/A	10%	None

Disclosures Relating to Interest Rate Risk

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

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

Investment Type	Total	Remaining Maturity (in Months)			
		12 Months or Less	13 to 24 Months	25 to 48 Months	49 to 60 Months
Certificates of Deposit	\$ 2,766,188	\$ 500,528	\$ 755,035	\$ 1,510,625	\$ -
Money Market Funds	10,544,875	10,544,875			
Federal Agency Securities	11,975,500		1,000,760	8,984,010	1,990,730
County Investment Pool	301,362	301,362			
State Investment Pool	32,757,503	32,757,503			
Medium Term Notes	-				
Held by Bond Trustee:					
County Investment Pool	182,722	182,722			
Money Market Funds	8,091,025	8,091,025			
Total	\$ 66,619,175	\$ 52,378,015	\$ 1,755,795	\$ 10,494,635	\$ 1,990,730

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2015

3) 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 fiscal year end for each investment type:

Investment Type	Total as of June 30, 2015	Minimum Legal Rating	Rating as of Fiscal Year End			
			AAA	AA	A	Unrated
Certificates of Deposit	\$ 2,766,188	N/A	\$	\$	\$	\$ 2,766,188
Money Market Funds	10,544,875	N/A				10,544,875
Federal Agency Securities	11,975,500	N/A		11,975,500		
County Investment Pool	301,362	N/A				301,362
State Investment Pool	32,757,503	N/A				32,757,503
Medium Term Notes	-	N/A				
Held by Bond Trustee:						
County Investment Pool	182,722	N/A				182,722
Money Market Funds	8,091,025	N/A	8,091,025			
Total	\$ 66,619,175		\$ 8,091,025	\$11,975,500	\$ -	\$46,552,650

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 (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total City's investments are as follows:

Issuer	Investment Type	Reported Amount	Maturity	Interest
FFCB	Federal agency securities	\$ 4,983,870	2017 - 2020	0.94 – 1.85%
FHLB	Federal agency securities	3,991,700	2017 - 2019	0.81 - 1.37%

Since the City pooled all of its investments, there were no investments in any one issuer that represent 5% or more of total investments by reporting unit (primary government, governmental activities, business-type activities, major fund, nonmajor funds in the aggregate, etc.).

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2015

3) CASH AND INVESTMENTS - Continued

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 fair 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.

As of June 30, 2015, \$13,028,394 of the City's deposits (bank balances) in excess of the Federal Depository Insurance limits were held in collateralized accounts. As of June 30, 2015, the City investments in the following investment types were held by the same broker-dealer (counterparty) that was used by the City to buy the securities:

<u>Investment Type</u>	<u>Reported Amount</u>
Certificates of deposit	\$ 2,766,188
Federal agency securities	11,975,500
Money market funds	10,544,875

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.

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2015

3) CASH AND INVESTMENTS - Continued

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.

4) INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

Due to/from Other Funds

Amounts due to and due from other funds at June 30, 2015 are as follows:

Receivable Funds	Payable Funds	Amount
General Fund (Major)	Major Street Enterprise Fund	\$ 4,502,595
Major Electric Enterprise Fund	Nonmajor Governmental Funds	<u>15,000</u>
TOTAL		<u>\$ 4,517,595</u>

The amounts loaned between the funds represent temporary amounts advanced to pay for operating expenses or to cover short-term cash overdrafts.

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2015

4) INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS – Continued

Interfund transfers at June 30, 2015 are as follows:

Transfers In	Transfers Out	Amount
Nonmajor Governmental Funds	General Fund	\$ 652,696
	Nonmajor Governmental Funds	5,279
	Streets Enterprise Fund	724,119
	Community Service Enterprise Fund	2,646
	Internal Service Funds	26,617
Electric Enterprise Fund	General Fund	102,201
Streets Enterprise Fund	General Fund	70,702
Community Service Enterprise Fund	General Fund	539,019
	Nonmajor Enterprise Funds	3,747
Nonmajor Enterprise Fund	Community Service Enterprise Fund	32,808
Internal Service Fund	Electric Enterprise Fund	24,000
	Nonmajor Governmental Funds	8,457
TOTAL		\$ 2,192,291

The transfer from the General Fund to the Nonmajor Governmental Funds of \$652,696 was to pay debt service on the pension obligation bonds and funding for Public Safety costs.

The Streets Enterprise Fund transferred \$539,019 to the Nonmajor Governmental Funds for various street projects.

The General Fund transferred \$102,201 to the Electric Fund to pay for project costs.

The General Fund transferred \$539,019 to the Community Services Fund to pay for various community service projects.

The purpose of the remaining transfers is to provide funding for projects.

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2015

5) NOTES RECEIVABLE

Notes receivable in the amount of \$6,457,537 at June 30, 2015 consisted of the following:

Housing Loans – Individuals	\$ 2,319,006
Housing Loan – Habitat for Humanity	315,000
Housing Loan – Eden Housing	3,811,259
Housing Loan – Burbank Housing	3,049,445
Employee Computer Loans	<u>12,269</u>
Subtotal	9,506,979
Less: Allowance for uncollectible loan	<u>(3,049,445)</u>
Total	<u>\$ 6,457,534</u>

6) CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2015 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Not Depreciated:				
Land	\$ 9,345,068	\$ 545,236	\$ -	\$ 9,890,304
Construction in Progress	-	39,312	-	39,312
Right of ways	<u>6,681,379</u>	<u>-</u>	<u>-</u>	<u>6,681,379</u>
Total Capital Assets, Not Depreciated	<u>16,026,447</u>	<u>584,548</u>	<u>-</u>	<u>16,610,995</u>
Capital Assets Being Depreciated:				
Land Improvements	108,841	-	-	108,841
Buildings	15,018,527	234,783	-	15,253,310
Machinery and Equipment	7,845,874	460,595	(357,257)	7,949,212
Infrastructure	<u>432,630</u>	<u>-</u>	<u>-</u>	<u>432,630</u>
Total Capital Assets Being Depreciated	<u>23,405,872</u>	<u>695,378</u>	<u>(357,257)</u>	<u>23,743,993</u>
Less Accumulated Depreciation:				
Land Improvements	21,768	10,884	-	32,652
Buildings	7,482,889	487,204	-	7,970,093
Machinery and Equipment	5,846,054	309,218	(142,189)	6,013,083
Infrastructure	<u>135,303</u>	<u>8,653</u>	<u>-</u>	<u>143,956</u>
Total Accumulated Depreciation	<u>13,486,014</u>	<u>815,959</u>	<u>(142,189)</u>	<u>14,159,784</u>
Total Capital Assets Being Depreciated, Net	<u>9,919,858</u>	<u>(120,581)</u>	<u>(215,068)</u>	<u>9,584,209</u>
Governmental Activities Capital Assets, Net	<u>\$ 25,946,305</u>	<u>\$ 463,967</u>	<u>\$ (215,068)</u>	<u>\$ 26,195,204</u>

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2015

6) CAPITAL ASSETS – Continued

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital Assets, Not Depreciated:				
Land	\$ 5,466,109	\$ 3,925,726	\$ -	\$ 9,391,835
Construction in Progress	7,316,634	10,453,249	1,923,063	15,846,820
Total Capital Assets, Not Depreciated	<u>12,782,743</u>	<u>14,378,975</u>	<u>1,923,063</u>	<u>25,238,655</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	12,955,137	789,268	-	13,744,405
Streets	28,120,589	2,638,592	51,104	30,708,077
Utility Systems	106,388,449	1,966,051	-	108,354,500
Drainage	10,197,784	-	-	10,197,784
Machinery and Equipment	3,050,414	50,578	-	3,100,992
Operations	3,381,750	-	-	3,381,750
Total Capital Assets Being Depreciated	<u>164,094,123</u>	<u>5,444,489</u>	<u>51,104</u>	<u>169,487,508</u>
Less Accumulated Depreciation:				
Building and Improvements	4,750,582	426,406	-	5,176,988
Streets	10,283,189	572,118	51,104	10,804,203
Utility Systems	30,577,380	2,090,912	-	32,668,292
Drainage	3,725,085	203,956	-	3,929,041
Machinery and Equipment	2,197,150	81,766	-	2,278,916
Operations	742,694	63,112	-	805,806
Total Accumulated Depreciation	<u>52,276,080</u>	<u>3,438,270</u>	<u>51,104</u>	<u>55,663,246</u>
Total Capital Assets Being Depreciated, Net	<u>111,818,043</u>	<u>2,006,219</u>	<u>-</u>	<u>113,824,262</u>
Business-type Activities Capital Assets, Net	<u>\$124,600,786</u>	<u>\$ 16,385,194</u>	<u>\$ 1,923,063</u>	<u>\$139,062,917</u>

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

Governmental Activities:	
Unallocated	\$ 495,857
Capital assets held by the government's internal service funds are charged to various functions based on their usage of the assets	<u>320,102</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 815,959</u>

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2015

6) CAPITAL ASSETS – Continued

Business-type Activities:

Water	\$ 597,668
Sewer	1,283,687
Electric	525,041
Streets	572,922
Community Services	360,198
Airport	<u>98,754</u>

Total Depreciation Expense - Business-type Activities \$ 3,438,270

Capital asset activity for the Successor Agency Private-purpose Trust Fund for the year ended June 30, 2015 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Fiduciary Funds:				
Capital Assets, Not Depreciated:				
Land	\$ 4,999,262	\$ -	\$ (4,470,962)	\$ 528,300
Construction in Progress	<u>1,569,464</u>	<u>-</u>	<u>(1,569,464)</u>	<u>-</u>
Total Capital Assets, Not Depreciated	<u>6,568,726</u>	<u>-</u>	<u>(6,040,426)</u>	<u>528,300</u>
Capital Assets Being Depreciated:				
Buildings	1,803,373	-	(1,146,555)	656,818
Infrastructure	<u>899,545</u>	<u>-</u>	<u>(899,545)</u>	<u>-</u>
Total Capital Assets Being Depreciated	<u>2,702,918</u>	<u>-</u>	<u>(2,046,100)</u>	<u>656,818</u>
Less Accumulated Depreciation:				
Buildings	454,378	21,894	(257,416)	218,856
Infrastructure	<u>341,720</u>	<u>-</u>	<u>(341,720)</u>	<u>-</u>
Total Accumulated Depreciation	<u>796,098</u>	<u>21,894</u>	<u>(599,136)</u>	<u>218,856</u>
Total Capital Assets Being Depreciated, Net	<u>1,906,820</u>	<u>(21,894)</u>	<u>(1,446,964)</u>	<u>437,962</u>
Fiduciary Funds Capital Assets, Net	<u>\$ 8,475,546</u>	<u>\$ (21,894)</u>	<u>\$ (7,487,390)</u>	<u>\$ 966,262</u>

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2015

7) LONG-TERM LIABILITIES

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2015, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental Activities:					
1998 Refunding	\$ 425,000	\$ -	\$ 205,000	\$ 220,000	\$ 220,000
2003 Refunding	1,090,000	-	480,000	610,000	610,000
Pension Obligation Bonds	4,470,722	-	338,672	4,132,050	466,310
Net Pension Liability	-	15,766,136	4,021,680	11,744,456	-
Compensated Absences	1,650,283	1,256,417	1,378,249	1,528,451	893,092
Capital Lease	39,001	-	19,203	19,798	19,798
OPEB	403,000	36,000	18,000	421,000	18,000
Governmental Activity Long-term Liabilities	<u>\$ 8,078,006</u>	<u>\$17,058,553</u>	<u>\$ 6,460,804</u>	<u>\$ 18,675,755</u>	<u>\$2,249,1200</u>
	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Business-type Activities:					
2005 D – CSCDA Water/Wastewater	\$ 4,975,000	\$ -	\$ 215,000	\$ 4,760,000	\$ 225,000
2006 Wastewater Bonds	23,955,000	-	615,000	23,340,000	650,000
HUSD Capital Lease Payable	2,095,007	-	126,629	1,968,378	104,452
2014 Water Refunding Bonds	7,965,000	-	370,000	7,595,000	430,000
Net Pension Liability	-	8,155,219	2,186,644	5,968,575	-
Pension Obligation Bonds	3,532,878	-	267,628	3,265,250	368,490
Business-type Activity Long-term Liabilities	<u>\$ 42,522,885</u>	<u>\$ 8,155,219</u>	<u>\$ 3,780,901</u>	<u>\$ 46,897,203</u>	<u>\$ 1,777,942</u>

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2015

7) 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 refund \$2,410,000 of outstanding 1990 Series B General Obligation Bonds, which were originally issued to provide for capital improvements. Interest on the 1998 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.

2003 General Obligation Refunding Bonds

In July 2003, the City issued \$3,620,000 in General Obligation Refunding Bonds to refund \$3,585,000 of outstanding 1998 General Obligation Bonds, which were originally issued to finance the construction of the police facilities. Interest on 2003 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.

Future debt service requirements on these bonds are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2016	\$ 830,000	\$ 16,535	\$ 846,535
Total	<u>\$ 830,000</u>	<u>\$ 16,535</u>	<u>\$ 846,535</u>

B. Compensated Absences:

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

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2015

7) LONG-TERM LIABILITIES – Continued

C. Pension Obligation Bonds

On September 7, 2012, the City issued \$2,578,200 Series A and \$6,339,200 Series B of 2012 Taxable Pension Obligation Bonds. The proceeds were used to pay costs of issuance totaling \$108,042 and pay off the CalPERS Side Funds amounting to \$2,546,762 (staff) and \$6,262,596 (miscellaneous).

The bonds carry interest rates of 4.25% and 4.37% for Series A and B respectfully. The final maturity is June 30, 2020 and June 30, 2023 for Series A and B respectfully. Semi-annual payments of principal and interest are due each June 30 and December 31 for each issue. Because the City’s enterprise funds are partially responsible for debt service on these bonds, the liability for the bonds is split between the governmental activities and business-type activities as follows: \$4,132,050 in governmental activities, and \$3,265,250 in business-type activities.

Future minimum debt service requirements for the Series A and B bonds are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2016	\$ 834,800	\$ 294,657	\$ 1,129,457
2017	906,100	259,944	1,166,044
2018	981,800	222,277	1,204,077
2019	1,061,600	181,481	1,243,081
2020	1,145,700	137,392	1,283,092
2021	761,300	94,493	855,793
2022	821,300	62,279	883,579
2023	884,700	27,537	912,237
Totals	<u>\$ 7,397,300</u>	<u>\$ 1,280,060</u>	<u>\$ 8,677,360</u>

D. Capital Lease

The City is leasing a vehicle and computer equipment under an agreement, which provides for title to pass upon expiration of the lease period. Future minimum lease payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2016	\$ 19,798	\$ 614	\$ 20,412
Totals	<u>\$ 19,798</u>	<u>\$ 614</u>	<u>\$ 20,412</u>

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2015

7) LONG-TERM LIABILITIES – Continued

E. Other Post-employment Benefits (OPEB):

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.

Funding Policy:

The contribution requirements of plan members and the City are established and may be amended by the City, the City’s Council, and/or the employee associations. The City is currently funding this OPEB obligation on a pay-as-you-go basis. For the fiscal year ended June 30, 2015, the City paid \$18,000 in health care costs for its retirees and their covered dependents.

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 No. 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 twenty four years. The following table shows the components of the City’s annual OPEB cost for the fiscal year, the amount actually contributed to the plan, and changes in the net OPEB obligation to the Retiree Health Plan:

Annual Required Contribution (ARC)	\$	52,000
Interest on Net OPEB Obligation		16,000
Adjustment to ARC		(32,000)
Annual OPEB Cost		36,000
Actual Contributions Made		18,000
Increase in Net OPEB Obligation		18,000
Net OPEB Obligation - Beginning of Year		403,000
Net OPEB Obligation - End of Year	\$	421,000

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2015

7) LONG-TERM LIABILITIES – Continued

The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ended June 30, 2015, 2014 and 2013 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Actual Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2013	\$ 62,000	\$ 22,000	35.48%	\$ 360,000
6/30/2014	65,000	22,000	33.85%	403,000
6/30/2015	36,000	18,000	50.00%	421,000

Funded Status and Funding Progress:

In the June 30, 2015 actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$689,000, and the actuarial value of assets was zero, resulting in an unfunded accrued liability (UAL) of \$ 689,000. The covered payroll (annual payroll of active employees covered by the plan) was \$9,615,000 and the ratio of the UAL to the covered payroll was 7.17%.

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.

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.

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2015

7) LONG-TERM LIABILITIES – Continued

In the June 30, 2015 actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included an investment interest rate of 4.0% per annum, a projected salary increase of 3.25% per annum and a general inflation rate of 3.0% per annum. Amortization was based on a level of payroll over a 24 year closed period.

Business-type Activities:

A. 2005 D CSCDA Water/Wastewater Revenue Bonds

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 CSDA Certificates, which were originally issued to finance sewer improvements. The proceeds 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 CSDA Certificates. The refunded bonds are considered to be defeased and the liability has been removed from long-term debt. Interest on the 2005 bonds is payable semiannually, on April 1 and October 1, with the principal payments due annually on October 1 of each year. Net revenues of the water and wastewater utilities are pledged as security for the bonds. The following represents the future minimum debt service requirements for the 2005 bonds:

Fiscal Year Ending June 30,	Principal	Interest	Total
2016	\$ 225,000	\$ 211,886	\$ 436,886
2017	235,000	203,029	438,029
2018	250,000	193,446	443,446
2019	250,000	183,446	433,446
2020	255,000	173,187	428,187
2021	270,000	162,258	432,258
2022	285,000	150,531	435,531
2023	295,000	137,100	432,100
2024	315,000	121,850	436,850
2025	325,000	105,850	430,850
2026	350,000	88,975	438,975
2027	365,000	71,100	436,100
2028	310,000	54,806	364,806
2029	325,000	40,122	365,122
2030	345,000	24,628	369,628
2031	360,000	8,325	368,325
Totals	<u>\$ 4,760,000</u>	<u>\$ 1,930,539</u>	<u>\$ 6,690,539</u>

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2015

7) LONG-TERM LIABILITIES – Continued

B. 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 was 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, commencing April 11, 2011. Net revenues of the wastewater system are pledged as security for the bonds.

The following represents the future minimum debt service requirements for the 2006 bonds:

Fiscal Year Ending June 30,	Principal	Interest	Total
2016	\$ 650,000	\$ 1,082,893	\$ 1,732,893
2017	680,000	1,050,393	1,730,393
2018	700,000	1,023,193	1,723,193
2019	735,000	994,318	1,729,318
2020	775,000	963,080	1,738,080
2021	800,000	929,755	1,729,755
2022	835,000	894,755	1,729,755
2023	875,000	858,015	1,733,015
2024	910,000	819,515	1,729,515
2025	955,000	779,475	1,734,475
2026	990,000	736,500	1,726,500
2027	1,040,000	691,950	1,731,950
2028	1,150,000	645,150	1,795,150
2029	1,205,000	593,400	1,798,400
2030	1,255,000	539,175	1,794,175
2031	1,310,000	482,700	1,792,700
2032	1,535,000	423,750	1,958,750
2033	1,610,000	347,000	1,957,000
2034	1,690,000	266,500	1,956,500
2035	1,775,000	182,000	1,957,000
2036	1,865,000	93,250	1,958,250
Totals	<u>\$23,340,000</u>	<u>\$14,396,767</u>	<u>\$37,736,767</u>

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2015

7) LONG-TERM LIABILITIES – Continued

C. HUSD Capital Lease Payable

On February 1, 2014, the Healdsburg Public Financing Authority entered into a lease purchase agreement with the Healdsburg Unified School District (District) to purchase the Foss Creek School Property. As part of the agreement, the District loaned the City \$2,095,007 to be paid over a 15 year period with an interest rate of 2.4%. The book value of the property acquired through this capital lease and accumulated depreciation at June 30, 2015 was \$5,007,245 and \$0, respectively.

The following represents the minimum required lease payments for the HUSD Capital Lease Payable:

Fiscal Year Ending June 30,	Principal	Interest	Total
2016	\$ 104,452	\$ 45,241	\$ 149,693
2017	108,859	43,234	152,093
2018	114,050	40,622	154,672
2019	118,441	38,884	157,325
2020	124,105	36,042	160,147
2021	129,969	33,063	163,032
2022	136,228	29,944	166,172
2023	142,685	26,675	169,360
2024	149,540	23,250	172,790
2025	156,690	19,661	176,351
2026	164,138	15,901	180,039
2027	171,706	12,238	183,944
2028	179,717	8,340	188,057
2029	167,798	4,028	171,826
Totals	<u>\$ 1,968,378</u>	<u>\$ 377,123</u>	<u>\$ 2,345,501</u>

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2015

7) LONG-TERM LIABILITIES – Continued

D. 2014 Water Refunding Bonds

In February of 2014, the City issued \$7,965,000 in Water Revenue Refunding Bonds, to refund the 2001 A and 2002 C outstanding bonds (current refunding). Proceeds from the 2014 bonds were placed in escrow to refund in full the 2001 A and 2002 C bonds, and to pay costs of issuance. As a result, the 2001 A and 2002 C bonds are considered defeased and the liability has been removed from these financial statements.

The City refunded the 2001 A and 2002 C bonds to reduce total debt service by approximately \$437,000, and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$322,098.

The following represents the future minimum debt service requirements for the 2014 Water Refunding Bonds:

Fiscal Year Ending June 30,	Principal	Interest	Total
2016	\$ 430,000	\$ 306,270	\$ 736,270
2017	449,000	288,031	737,031
2018	473,000	268,899	741,899
2019	496,000	248,793	744,793
2020	508,000	227,959	735,959
2021	531,000	206,400	737,400
2022	557,000	183,824	740,824
2023	583,000	160,169	743,169
2024	604,000	135,539	739,539
2025	462,000	113,420	575,420
2026	484,000	93,790	577,790
2027	347,000	76,547	423,547
2028	253,000	64,097	317,097
2029	262,000	53,411	315,411
2030	270,000	42,371	312,371
2031	284,000	30,876	314,876
2032	297,000	18,820	315,820
2033	305,000	6,329	311,329
Totals	<u>\$ 7,595,000</u>	<u>\$ 2,525,545</u>	<u>\$10,120,545</u>

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2015

7) LONG-TERM LIABILITIES – Continued

Fiduciary Fund Long-term Liabilities:

Long-term liabilities of the former Healdsburg Redevelopment Agency were transferred to the Successor Agency Private-purpose Trust Fund during 2011-12 as a result of the State's action to dissolve redevelopment agencies. The following is a schedule of changes in long-term debt of the Successor Agency for the fiscal year ended June 30, 2015:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Tax Allocation Bonds:					
2002 Series B	\$ 1,420,000	\$ -	\$ 50,000	\$ 1,370,000	\$ 55,000
2003 Series A	9,890,000	-	9,890,000	-	-
2003 Series B	4,870,000	-	4,870,000	-	-
2010 Series	20,600,000	-	165,000	20,435,000	165,000
2014 Series A	10,876,200	-	557,300	10,318,900	460,600
2014 Series B	4,279,400	-	219,700	4,059,700	178,800
2015 Series A	-	9,568,200	-	9,568,200	351,600
2015 Series B	-	4,750,800	-	4,750,800	185,300
Total	<u>\$51,935,600</u>	<u>\$14,319,000</u>	<u>\$15,752,000</u>	<u>\$50,502,600</u>	<u>\$ 1,396,300</u>

Tax Allocation Bonds:

A. 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 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 Trust.

Future debt service on these bonds is as follows:

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2015

7) LONG-TERM LIABILITIES – Continued

Fiscal Year Ending June 30,	Principal	Interest	Total
2016	\$ 55,000	\$ 63,769	\$ 118,769
2017	55,000	61,156	116,156
2018	60,000	58,425	118,425
2019	60,000	55,575	115,575
2020	65,000	52,606	117,606
2021	70,000	49,400	119,400
2022	70,000	46,075	116,075
2023	75,000	42,631	117,631
2024	80,000	38,950	118,950
2025	80,000	35,150	115,150
2026	85,000	31,231	116,231
2027	90,000	27,075	117,075
2028	95,000	22,681	117,681
2029	100,000	18,050	118,050
2030	105,000	13,181	118,181
2031	110,000	8,075	118,075
2032	115,000	2,731	117,731
Totals	<u>\$ 1,370,000</u>	<u>\$ 626,761</u>	<u>\$ 1,996,761</u>

B. 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 Trust.

C. 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 Trust and allocated to the Low/Moderate income Housing Fund.

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2015

7) LONG-TERM LIABILITIES – Continued

D. 2010 Series

On December 16, 2010 the Agency issued \$21,065,000 of Tax Allocation Bonds. The bonds were issued to: 1) refund the outstanding balance of the 1995 Tax Allocation Bonds in the amount of \$2,790,000, 2) finance improvements within the Sotoyome Project Area, 3) fund a reserve account, 4) fund a capitalized interest amount, and 5) pay costs of issuance. The issue consists of \$5.26 million in Serial bonds maturing August 1, 2011 through August 1, 2023 with interest rates ranging from 2%-4.625%. There is also \$15.805 million in term bonds maturing on August 1, 2025, 2030, and 2034 at interest rates ranging from 5.00%-5.375%. Serial bonds maturing after August 1, 2020 are subject to optional redemption. Term bonds maturing in 2025, 2030, and 2034 are subject to mandatory redemption from sinking fund payments made. The bonds are secured by a pledge and lien of the Agency's tax increment revenue.

Future debt service requirements on these bonds are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2016	\$ 165,000	\$ 1,023,375	\$ 1,188,375
2017	330,000	1,015,950	1,345,950
2018	395,000	1,004,581	1,399,581
2019	460,000	988,963	1,448,963
2020	535,000	969,063	1,504,063
2021	610,000	946,163	1,556,163
2022	670,000	919,726	1,589,726
2023	710,000	889,513	1,599,513
2024	755,000	856,078	1,611,078
2025	800,000	818,619	1,618,619
2026	850,000	777,369	1,627,369
2027	660,000	738,794	1,398,794
2028	705,000	702,963	1,407,963
2029	750,000	664,768	1,414,768
2030	800,000	624,081	1,424,081
2031	855,000	580,638	1,435,638
2032	910,000	533,737	1,443,737
2033	2,995,000	428,790	3,423,790
2034	3,155,000	263,510	3,418,510
2035	3,325,000	89,359	3,414,359
Totals	<u>\$20,435,000</u>	<u>\$14,836,040</u>	<u>\$35,271,040</u>

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2015

7) LONG-TERM LIABILITIES – Continued

E. 2014 Series A and B

In May of 2014, the Successor Agency issued \$10,876,000 in 2014 Tax Allocation Refunding Bonds, Series A, to refund the outstanding 2002 Tax Allocation Bonds, Series A (current refunding). Proceeds from the 2014 Series A bonds were used to refund in full the 2002 Series A bonds, to establish a reserve fund, and to pay costs of issuance. As a result, the 2002 Series A bonds are considered defeased and the liability has been removed from these financial statements.

In May of 2014, the Successor Agency issued \$4,279,400 in 2014 Tax Allocation Refunding Bonds, Series B, to refund the outstanding 2002 Tax Allocation Bonds, Series C (current refunding). Proceeds from the 2014 Series B bonds were used to refund in full the 2002 Series C bonds, to establish a reserve fund, and to pay costs of issuance. As a result, the 2002 Series C bonds are considered defeased and the liability has been removed from these financial statements.

The Successor Agency refunded the 2002 Series A and C bonds to reduce total debt service by approximately \$2.36 million, and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately \$1.8 million.

Interest on the bonds is set at 3.4% with semi-annual debt service payments due on February 1 and August 1 of each year, with principal maturing annually August 1, 2014 through 2031. Debt service payments will be made from tax increment revenue received by the Trust.

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2015

7) LONG-TERM LIABILITIES – Continued

The following represents the future minimum debt service requirements for the 2014 Tax Allocation Bonds:

Tax Allocation Bonds - Series 2014 A

Fiscal Year Ending June 30,	Principal	Interest	Total
2016	\$ 460,600	\$ 343,012	\$ 803,612
2017	473,200	327,138	800,338
2018	488,600	310,787	799,387
2019	508,400	293,838	802,238
2020	522,700	276,310	799,010
2021	541,500	258,218	799,718
2022	559,600	239,499	799,099
2023	577,200	220,174	797,374
2024	599,000	200,178	799,178
2025	619,400	179,466	798,866
2026	639,000	158,073	797,073
2027	662,600	135,946	798,546
2028	685,300	113,031	798,331
2029	707,000	89,362	796,362
2030	732,600	64,889	797,489
2031	757,000	39,566	796,566
2032	785,200	13,348	798,548
Totals	<u>\$10,318,900</u>	<u>\$ 3,262,835</u>	<u>\$13,581,735</u>

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2015

7) LONG-TERM LIABILITIES – Continued

Tax Allocation Bonds - Series 2014 B

Fiscal Year Ending June 30,	Principal	Interest	Total
2016	\$ 178,800	\$ 134,990	\$ 313,790
2017	187,900	128,756	316,656
2018	191,000	122,315	313,315
2019	199,000	115,685	314,685
2020	206,800	108,786	315,586
2021	214,300	101,628	315,928
2022	221,600	94,217	315,817
2023	228,600	86,564	315,164
2024	235,400	78,676	314,076
2025	241,600	70,567	312,167
2026	252,500	62,167	314,667
2027	263,100	53,403	316,503
2028	268,200	44,370	312,570
2029	277,900	35,086	312,986
2030	287,300	25,478	312,778
2031	296,100	15,560	311,660
2032	309,600	5,263	314,863
Totals	<u>\$ 4,059,700</u>	<u>\$ 1,283,511</u>	<u>\$ 5,343,211</u>

F. 2015 Series A and B

In January of 2015, the Successor Agency issued \$9,568,200 in 2015 Tax Allocation Refunding Bonds, Series A, to refund the outstanding 2003 Tax Allocation Bonds, Series A (current refunding). Proceeds from the 2015 Series A bonds were used to refund in full the 2003 Series A bonds, to establish a reserve fund, and to pay costs of issuance. As a result, the 2003 Series A bonds are considered defeased and the liability has been removed from these financial statements.

In January of 2015, the Successor Agency issued \$4,750,800 in 2015 Tax Allocation Refunding Bonds, Series B, to refund the outstanding 2003 Tax Allocation Bonds, Series B (current refunding). Proceeds from the 2015 Series B bonds were used to refund in full the 2003 Series B bonds, to establish a reserve fund, and to pay costs of issuance. As a result, the 2003 Series B bonds are considered defeased and the liability has been removed from these financial statements.

The Successor Agency refunded the 2003 Series A and B bonds to reduce total debt service by approximately \$3 million, and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately \$1.7 million.

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2015

7) LONG-TERM LIABILITIES – Continued

Interest on the 2015 bonds is set at 4.25% with semi-annual debt service payments due on February 1 and August 1 of each year, with principal maturing annually August 1, 2015 through 2031. Debt service payments will be made from tax increment revenue received by the Trust.

The following represents the future minimum debt service requirements for the 2015 Tax Allocation Refunding Bonds:

Tax Allocation Bonds - Series 2015 A

Fiscal Year Ending June 30,	Principal	Interest	Total
2016	\$ 351,600	\$ 409,343	\$ 760,943
2017	405,900	383,080	788,980
2018	412,700	365,685	778,385
2019	424,200	347,901	772,101
2020	435,300	329,636	764,936
2021	441,100	311,013	752,113
2022	455,700	291,956	747,656
2023	464,700	272,397	737,097
2024	468,200	252,573	720,773
2025	481,300	232,396	713,696
2026	493,800	211,675	705,475
2027	740,500	185,447	925,947
2028	762,600	153,506	916,106
2029	788,200	120,551	908,751
2030	807,400	86,645	894,045
2031	830,300	51,844	882,144
2032	804,700	17,100	821,800
Totals	<u>\$ 9,568,200</u>	<u>\$ 4,022,748</u>	<u>\$13,590,948</u>

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2015

7) LONG-TERM LIABILITIES – Continued

Tax Allocation Bonds - Series 2015 A

Fiscal Year Ending June 30,	Principal	Interest	Total
2016	\$ 185,300	\$ 203,019	\$ 388,319
2017	212,200	189,525	401,725
2018	225,600	180,221	405,821
2019	233,600	170,463	404,063
2020	241,500	160,367	401,867
2021	249,000	149,944	398,944
2022	255,900	139,215	395,115
2023	267,500	128,093	395,593
2024	273,700	116,592	390,292
2025	289,500	104,624	394,124
2026	294,800	92,208	387,008
2027	304,800	79,467	384,267
2028	319,200	66,207	385,407
2029	328,000	52,454	380,454
2030	341,200	38,233	379,433
2031	353,800	23,464	377,264
2032	375,200	7,973	383,173
Totals	<u>\$ 4,750,800</u>	<u>\$ 1,902,069</u>	<u>\$ 6,652,869</u>

8) EMPLOYEES' RETIREMENT PLAN

General Information about the Defined Benefit Pension Plans

Plan Descriptions – All qualified permanent and probationary employees are eligible to participate in the City's Miscellaneous and Safety Employee Pension Plans, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2015

8) EMPLOYEES' RETIREMENT PLAN – Continued

Benefits Provided – The Plans are cost-sharing multiple-employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). A full description of the pension plan benefit provisions, assumptions for funding purposes but not accounting purposes, and membership information is listed in the June 30, 2013 Annual Actuarial Valuation Report. Details of the benefits provided can be obtained in Appendix B of the June 30, 2013 actuarial valuation report. This report is a publically available valuation report that can be obtained at CalPERS' website under Forms and Publications.

The Plan's provisions and benefits in effect at June 30, 2015, are summarized as follows:

	Miscellaneous Classic Members	Miscellaneous 2nd Tier	Miscellaneous PEPRA
	Prior to December 16, 2012	On or after December 16, 2012	On or after January 1, 2013
Hire date			
Benefit formula	2.5% @ 55 single highest year	2% @ 60 36 month average	2% @ 62 36 month average
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	55	60	62
Monthly benefits, as a % of eligible compensation	2.5%	2%	2%
Required employee contribution rates	8%	7%	6.5%
Required employer contribution rates	16.601%	8.715%	6.5%
		Safety PEPRA	
	Safety		
Hire date	Prior to January 1, 2013	On or after January 1, 2013	
Benefit formula	3% @ 50 single highest year	2.7% @ 57 36 month average	
Benefit vesting schedule	5 years service	5 years service	
Benefit payments	monthly for life	monthly for life	
Retirement age	50	57	
Monthly benefits, as a % of eligible compensation	3%	2.7%	
Required employee contribution rates	9%	11.5%	
Required employer contribution rates	27.849%	11.5%	

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2015

8) EMPLOYEES' RETIREMENT PLAN – Continued

Contributions – Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2015, the contributions recognized as part of pension expense for each Plan were as follows:

	Miscellaneous	Safety
Contributions - employer	\$ 1,027,455	\$ 612,318
Contributions - employee (paid by employer)	-	-

The amount "paid by employer" represents the portion of the employee contribution rate paid by the City, commonly referred to as Employer Paid Member Contribution (EPMC), as part of an agree upon Memorandum of Understanding with each bargaining unit. EPMC is in addition to the employer contribution rate.

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

As of June 30, 2015, the City reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	\$ 11,052,915
Safety	6,660,116
Total Net Pension Liability	\$ 17,713,031

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2015

8) EMPLOYEES' RETIREMENT PLAN – Continued

The City's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2014, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

The City's proportionate share of the net pension liability as of June 30, 2013 and 2014 was as follows:

	<u>Miscellaneous</u>	<u>Safety</u>
Proportion - June 30, 2013	0.46089%	0.18433%
Proportion - June 30, 2014	0.44721%	0.17755%
Change - Increase (Decrease)	-0.01368%	-0.00678%

For the year ended June 30, 2015, the City recognized pension expense of \$1,459,371. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 1,707,064	\$ -
Differences between actual and expected experience	-	-
Changes in assumptions	-	-
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	187,214	490,296
Net differences between projected and actual earnings on plan investments	-	5,725,201
Total	<u>\$ 1,894,278</u>	<u>\$ 6,215,497</u>

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2015

8) EMPLOYEES' RETIREMENT PLAN – Continued

The \$1,707,064 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30,	
2016	\$ (1,539,544)
2017	(1,539,544)
2018	(1,517,895)
2019	(1,431,300)
2020	-
Thereafter	-

Actuarial Assumptions – The total pension liabilities in the June 30, 2013 actuarial valuations were determined using the following actuarial assumptions:

	All Plans
Valuation date	June 30, 2013
Measurement date	June 30, 2014
Actuarial cost method	entry-age normal
Actuarial assumptions:	
Discount rate	7.50%
Inflation	2.75%
Payroll growth	3.00%
Projected salary increase	(1)
Investment rate of return	7.50% (2)
Mortality	(3)

- (1) Depending on age, service and type of employment
- (2) Net of pension plan investment expenses, including inflation
- (3) Derived using CalPERS' Membership Data for all Funds.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2013 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website.

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2015

8) EMPLOYEES' RETIREMENT PLAN – Continued

Discount Rate – The discount rate used to measure the total pension liability was 7.50% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50% will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65%. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as they have changed their methodology.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2015

8) EMPLOYEES' RETIREMENT PLAN – Continued

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (1)	Real Return Years 11+ (2)
Global Equity	47%	5.25%	5.71%
Global Fixed Income	19%	0.99%	2.43%
Inflation Sensitive	6%	0.45%	3.36%
Private Equity	12%	6.83%	6.95%
Real Estate	11%	4.50%	5.13%
Infrastructure and Forestland	3%	4.50%	5.09%
Liquidity	2%	-0.55%	-1.05%

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

(2) An expected inflation of 3.0% used for this period.

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

	Miscellaneous	Safety
1% Decrease	6.50%	6.50%
Net Pension Liability	\$ 19,692,877	\$ 11,461,197
Current Discount Rate	7.50%	7.50%
Net Pension Liability	\$ 11,052,915	\$ 6,660,116
1% Increase	8.50%	8.50%
Net Pension Liability	\$ 3,882,567	\$ 2,704,232

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

Payable to the Pension Plan

At June 30, 2015, the City reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2015.

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2015

9) NET POSITION AND FUND BALANCES

GASB Statement No. 63 adds the concept of Net Position, which is measured on the full accrual basis, to the concept of Fund Balance, which is measured on the modified accrual basis.

A. Net Position

Net position is divided into three classifications under GASB Statement No. 34. These classifications apply only to net position as determined at the government-wide level, enterprise funds, internal service funds, and trust funds are described below:

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

Restricted describes the portion of net position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the City cannot unilaterally alter. These principally include debt service requirements, and redevelopment funds restricted to low and moderate income housing purposes.

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

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2015

9) NET POSITION AND FUND BALANCES – Continued

B. Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below.

	General Fund	Total Non-major Governmental Funds	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
Nonspendable:			
Prepaid Expenditures	\$ 4,166	\$	\$ 4,166
Cultural Trust		69,980	69,980
Restricted for:			
Fire Facilities	141,571		141,571
Low Income Housing		7,715,533	7,715,533
Community Development		85,877	85,877
Landscaping and Lighting		274,580	274,580
Law Enforcement		360,708	360,708
Parks and Recreation		100,418	100,418
Road Improvements		2,069,999	2,069,999
Debt Service		475,909	475,909
Committed to:			
			-
Assigned to:			
Equipment Replacement	443,584		443,584
Economic Development	1,443,524		1,443,524
Unassigned:			
	<u>9,397,690</u>	<u>(14,641)</u>	<u>9,383,049</u>
Total Fund Balance	<u>\$11,430,535</u>	<u>\$ 11,138,363</u>	<u>\$ 22,568,898</u>

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2015

10) 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, 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, 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 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.

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

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2015

10) NORTHERN CALIFORNIA POWER AGENCY – Continued

NCPA amounts paid by the City to NCPA during the year ending June 30, 2015 were \$5.87 million for electric power acquisition charges and are reported as an expense of the Electric Utility Fund.

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. The City's GOR balance as computed by NCPA was \$5.7 million as of June 30, 2015. The most recent estimated funding recommended by NCPA equaled \$1.6 million.

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 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.

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"). 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.

Combustion Turbine Project

The original project consisted of five combustion turbine units, each nominally rated at approximately 25 megawatts. Concurrent with the final project bond maturity, two units located in Roseville were acquired by an Agency member. The remaining project consists of two units in Alameda and one in Lodi. The project provides capacity during peak load periods and emergency capacity reserves. Excess capacity and energy from the project are also sold to other entities from time to time. The City is obligated to pay 3.5% of the debt service and operating costs.

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2015

10) NORTHERN CALIFORNIA POWER AGENCY – Continued

Lodi Energy Center

The project is a 296 MW base load, combined cycle, natural gas-fired combustion turbine generating station (one gas turbine and one steam turbine) located in Lodi, California, next to the Capital Facilities Project discussed above. Pursuant to the Lodi Energy Center Power Sales Agreement, the Agency agreed to operate the LEC and has sold all of the capacity and energy of the LEC to thirteen participants (including four non-members) in accordance with their respective Generation Entitlements Share (GES). Each participant has agreed to unconditionally provide for its share of the operation and maintenance expenses and all capital improvements based on its GES.

NCPA Condensed Financial Information

The information below summarizes NCPA's audited financial statements as of and for the fiscal year ending June 30, 2015 (in thousands), which is the latest information available:

Total Assets and Deferred Outflows	\$ 1,222,061
Total Liabilities and Deferred Inflows	1,192,070
Long-term Debt	816,936
Net Position	29,991
Revenues	430,512
Expenses (including refunds)	423,557
Increase in Net Position	6,955

11) Risk Management

The City is exposed to various risk of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The City currently reports all of its risk management activities in its Insurance and Benefit internal service fund.

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.

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2015

11) Risk Management – 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 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 are 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.

Changes in the Internal Service Funds claims liabilities amounts in fiscal year 2015 and 2014 were as follows:

	<u>2015</u>	<u>2014</u>
Balance, Beginning of Fiscal Year	\$ 62,822	\$ 52,202
Claims and Adjustments	54,999	495,000
Claims Payments	<u>(100,343)</u>	<u>(484,380)</u>
Balance, End of Fiscal Year	<u>\$ 17,478</u>	<u>\$ 62,822</u>

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2015

12) 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.

The City has entered into long-term electric power purchase generation assets 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, 2015 was \$23.5 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 Area Power Administration, 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.

Construction Commitments

The estimated amount of remaining construction contract obligations at year-end is \$7,648,319.

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2015

13) PRIOR PERIOD ADJUSTMENTS

The City implemented Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions, in fiscal year 2014-15. As a result, the beginning net position in the Statement of Activities – Governmental Activities was restated by \$14,681,188 to reflect the cumulative effect of applying this statement.

The prior period adjustment in the Statement of Activities – Business-type Activities of \$5,715,236 is the result of the following adjustments:

\$	(7,600,393)	(1)
	676,038	(2)
	(4,495,000)	(3)
	5,704,119	(4)
	<u>5,704,119</u>	
\$	<u>(5,715,236)</u>	

- (1) The City implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, in fiscal year 2014-15. As a result, the beginning net position in the Statement of Activities – Business-type Activities was restated by \$7,600,393 to reflect the cumulative effect of applying this statement.
- (2) To capitalize assets expensed in the prior year.
- (3) To reinstate loans payable to the Successor Agency that were previously forgiven but disallowed by the California State Department of Finance. These loans will be paid back over a 20-year period.
- (4) To record the General Operating reserve held by the Northern California Power Agency. This amount represents the amount on hand as of July 1, 2014.

The prior period adjustment (\$1,829,724) in the Water Enterprise Fund is the result of (1) above.

The prior period adjustment in the Sewer Enterprise Fund of (\$1,153,686) is the net result of an adjustment of (\$1,829,724) from (1) above and \$676,038 from (2) above.

The prior period adjustment of \$775,654 in the Electric Enterprise Fund is the net result of an adjustment of (\$2,533,465) from (1) above, (\$2,395,000) from (3) above, and \$5,704,119 from (4) above.

The prior period adjustment of (\$3,507,480) in the Community Services Enterprise Fund is the net result of an adjustment of (\$1,407,480) from (1) above and (\$2,100,000) from (3) above.

The prior period adjustment of \$5,500,000 in the Housing Successor Agency Non-major Special Revenue fund is the result of moving the long-term receivables previously recorded as deferred inflows - unavailable revenues to restricted fund balance.

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2015

14) SUBSEQUENT EVENTS

On July 7, 2015, the City issued \$26,625,000 in Wastewater Revenue Refunding Bonds, 2015 Series A used to refund the portion allocable to the wastewater system of the 2005 and 2006 bonds.

REQUIRED SUPPLEMENTARY INFORMATION

City of Healdsburg
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Fund
Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property Taxes	\$ 2,380,739	\$ 3,049,497	\$ 3,172,364	\$ 122,867
Sales and Other Taxes	4,868,925	4,921,996	7,119,527	2,197,531
Charges for Services	351,550	593,295	541,254	(52,041)
Fines and Forfeitures	55,750	57,682	108,370	50,688
Licenses and Permits	463,500	537,567	726,316	188,749
Development Fees	8,000	8,000	6,434	(1,566)
Intergovernmental	12,500	-	-	-
Investment Earnings	41,000	79,000	84,663	5,663
Other Revenues	150,360	161,166	229,713	68,547
Total Revenues	8,332,324	9,408,203	11,988,641	2,580,438
EXPENDITURES				
Current:				
General Government	1,276,544	1,375,785	1,584,003	(208,218)
Public Safety	7,275,765	7,278,507	6,946,747	331,760
Planning and Building	1,391,093	1,393,709	1,184,865	208,844
Capital Outlay	-	-	49,755	(49,755)
Total Expenditures	9,943,402	10,048,001	9,765,370	282,631
Excess (Deficiency) of Revenues over Expenditures	(1,611,078)	(639,798)	2,223,271	2,863,069
OTHER FINANCING SOURCES (USES)				
Transfers	651,840	651,840	-	(651,840)
Transfers Out	(742,320)	(1,243,460)	(1,364,618)	(121,158)
Total Other Financing Sources (Uses)	(90,480)	(591,620)	(1,364,618)	(772,998)
Net Change in Fund Balances	(1,701,558)	(1,231,418)	858,653	2,090,071
Fund Balance, Beginning of Year	10,571,882	10,571,882	10,571,882	-
Fund Balance, End of Year	<u>\$ 8,870,324</u>	<u>\$ 9,340,464</u>	<u>\$ 11,430,535</u>	<u>\$ 2,090,071</u>

City of Healdsburg
Required Supplementary Information
Year Ended June 30, 2015

SCHEDULE OF FUNDING PROGRESS FOR OPEB

(Amounts in Thousands)

Valuation Type	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
Actuarial	6/30/2009	\$ -	\$ 1,851	\$ 1,851	0%	\$ 11,699	15.82%
Actuarial	6/30/2012	-	924	924	0%	9,676	9.55%
Actuarial	6/30/2015	-	689	689	0%	9,615	7.17%

City of Healdsburg
Required Supplementary Information
Year Ended June 30, 2015

**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
Last 10 Years***

	Miscellaneous Risk Pool
	2015
Proportion of the Net Pension Liability	0.17763%
Proportionate Share of Net Pension Liability	\$ 11,052,915
Covered - Employee Payroll	\$ 6,924,157
Proportionate Share of the Net Pension Liability as a percentage of Payroll	159.63%
Plan's Fiduciary Net Position	\$ 54,074,361
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.03%
	Safety Risk Pool
	2015
Proportion of the Net Pension Liability	0.10703%
Proportionate Share of Net Pension Liability	\$ 6,660,116
Covered - Employee Payroll	\$ 2,431,587
Proportionate Share of the Net Pension Liability as a percentage of Payroll	273.90%
Plan's Fiduciary Net Position	\$ 29,182,888
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.42%

*Fiscal year 2015 is the first year of implementation, therefore only one year of information is available.

Notes to the Schedule of the City's Proportionate Share of the Net Pension Liability

Benefit Changes: None

Changes in Assumptions: None

City of Healdsburg
Required Supplementary Information
Year Ended June 30, 2015

SCHEDULE OF PLAN CONTRIBUTIONS
Last 10 Years*

		2015
Contractually Required Contributions (actuarially determined)	\$	1,640,102
Contributions in Relation to the Actuarially Determined Contributions		(1,640,102)
Contribution Deficiency (Excess)	\$	-
Covered-Employee Payroll	\$	9,355,744
Contributions as a Percentage of Covered Employee Payroll		17.53%

Notes to the Schedule of Plan Contributions

Valuation Date: 6/30/2013

*Fiscal year 2015 is the first year of implementation, therefore only one year of information is available.

City of Healdsburg
Notes to Required Supplementary Information
Year Ended June 30, 2015

Budgetary Information

Annual budgets are adopted for all governmental fund types except capital projects funds on a basis consistent with accounting principles generally accepted in the United States of America. The City's budget ordinance requires that in June of each fiscal year the City Manager submit a preliminary budget that includes projected expenditures and the means of financing them, to the City Council for the fiscal year commencing the following July 1. As modified during public study sessions, the preliminary budget becomes the proposed budget. Following public hearings on the proposed budget, the final annual budget is adopted by the City Council. After adoption of the final budget, transfers of appropriations within a general fund department, or within other funds, can be made by the City Manager. Budget modifications between funds; increases or decreases to a fund's overall budget; transfers between general fund departments; or transfers that affect capital projects, must be approved by the City Council. Numerous properly authorized amendments are made during the fiscal year. A budget was not adopted for the Housing Successor Agency Special Revenue fund.

Excess of Expenditures over Appropriations

Major Governmental Funds:	Amount of Excess	
General Fund		
General Government	\$	208,218
Capital Outlay		49,755

SUPPLEMENTARY INFORMATION

City of Healdsburg
Combining Balance Sheet
Non-major Governmental Funds
June 30, 2015

	Special Revenue			
	Gas Tax	North Area	Benjamin Way Maintenance District	Public Safety
ASSETS				
Cash and Investments	\$ 2,067,351	\$ 359	\$ 7,246	\$ 386,795
Cash and Investments with Fiscal Agent	-	-	-	-
Receivables:				
Accounts	-	54,600	-	-
Taxes	-	-	-	-
Notes	-	-	-	-
Interest	1,308	-	5	-
Due from Other Governments	-	-	-	20,481
Total Assets	\$ 2,068,659	\$ 54,959	\$ 7,251	\$ 407,276
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ -	\$ 19,973
Deposits Payable	-	-	-	26,595
Due to Other Funds	-	15,000	-	-
Unearned Revenue	-	-	-	-
Total Liabilities	-	15,000	-	46,568
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenues - Grants	-	54,600	-	-
Unavailable Revenues - Interest Receivable	-	-	-	-
Total Deferred Inflows of Resources	-	54,600	-	-
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	2,068,659	-	7,251	360,708
Committed	-	-	-	-
Unassigned	-	(14,641)	-	-
Total Fund Balances	2,068,659	(14,641)	7,251	360,708
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 2,068,659	\$ 54,959	\$ 7,251	\$ 407,276

Special Revenue

Other Special Revenue	Strong Motion Education and Data	Area A Lighting and Landscaping	Media Center	Park Development Fees	Housing Successor Agency	General Debt Service
\$ -	\$ 1,339	\$ 263,909	\$ 11,508	\$ 170,290	\$ 254,991	\$ 436,151
-	-	-	-	-	1,960,381	-
-	-	-	19,361	-	-	-
-	-	6,290	-	-	-	39,758
-	-	-	-	-	6,445,265	-
-	1	166	7	108	161	-
-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 1,340</u>	<u>\$ 270,365</u>	<u>\$ 30,876</u>	<u>\$ 170,398</u>	<u>\$ 8,660,798</u>	<u>\$ 475,909</u>
\$ -	\$ -	\$ 3,036	\$ 19,361	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	3,036	19,361	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	945,265	-
-	-	-	-	-	945,265	-
-	-	-	-	-	-	-
-	1,340	267,329	11,515	170,398	7,715,533	475,909
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>1,340</u>	<u>267,329</u>	<u>11,515</u>	<u>170,398</u>	<u>7,715,533</u>	<u>475,909</u>
<u>\$ -</u>	<u>\$ 1,340</u>	<u>\$ 270,365</u>	<u>\$ 30,876</u>	<u>\$ 170,398</u>	<u>\$ 8,660,798</u>	<u>\$ 475,909</u>

Continued

City of Healdsburg
Combining Balance Sheet
Non-major Governmental Funds - Continued
June 30, 2015

	<u>General Capital Projects</u>	<u>Permanent Fund Cultural Trust</u>	<u>Total Non-major Funds</u>
ASSETS			
Cash and Investments	\$ -	\$ 74,315	\$ 3,674,254
Cash and Investments with Fiscal Agent	-	-	1,960,381
Receivables:			
Accounts	-	-	73,961
Taxes	-	-	46,048
Notes	-	-	6,445,265
Interest	-	47	1,803
Due from Other Governments	-	-	20,481
 Total Assets	 <u>\$ -</u>	 <u>\$ 74,362</u>	 <u>\$ 12,222,193</u>
LIABILITIES			
Accounts Payable	\$ -	\$ -	\$ 42,370
Deposits Payable	-	-	26,595
Due to Other Funds	-	-	15,000
Unearned Revenue	-	-	-
 Total Liabilities	 <u>-</u>	 <u>-</u>	 <u>83,965</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenues - Grants	-	-	54,600
Unavailable Revenues - Interest Receivable	-	-	945,265
 Total Deferred Inflows of Resources	 <u>-</u>	 <u>-</u>	 <u>999,865</u>
FUND BALANCES			
Nonspendable	-	69,980	69,980
Restricted	-	4,382	11,083,024
Assigned	-	-	-
Unassigned	-	-	(14,641)
 Total Fund Balances	 <u>-</u>	 <u>74,362</u>	 <u>11,138,363</u>
 Total Liabilities, Deferred Inflows of Resources and Fund Balances	 <u>\$ -</u>	 <u>\$ 74,362</u>	 <u>\$ 12,222,193</u>

City of Healdsburg
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Governmental Funds
Year Ended June 30, 2015

	Special Revenue			
	Gas Tax	North Area	Benjamin Way Maintenance District	Public Safety
REVENUES				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Charges for Services	-	-	-	6,414
Fines and Forfeitures	-	-	-	20,481
Development Fees	-	1,300	-	-
Intergovernmental	308,294	-	-	-
Investment Earnings	10,537	(12)	36	9
Other Revenues	-	-	-	-
Total Revenues	318,831	1,288	36	26,904
EXPENDITURES				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	118,176
Community Development	-	-	-	-
Capital Outlay	-	-	-	30,668
Debt Service:				
Interest Charges	-	-	-	-
Principal	-	-	-	-
Total Expenditures	-	-	-	148,844
Excess (Deficiency) of Revenues Over Expenditures	318,831	1,288	36	(121,940)
OTHER FINANCING SOURCES (USES)				
Transfers In	185,028	-	-	83,648
Transfers Out	-	-	-	(8,393)
Total Other Financing Sources (Uses)	185,028	-	-	75,255
Net Change in Fund Balances	503,859	1,288	36	(46,685)
Fund Balances, Beginning of Year	1,564,800	(15,929)	7,215	407,393
Prior Period Adjustment	-	-	-	-
Fund Balances, End of Year	\$ 2,068,659	\$ (14,641)	\$ 7,251	\$ 360,708

Special Revenue						
Other Special Revenue	Strong Motion Education and Data	Area A Lighting and Landscaping	Media Center	Park Development Fees	Housing Successor Agency	General Debt Service
\$ -	\$ -	\$ 172,894	\$ -	\$ -	\$ -	\$ 645,165
-	192	-	42,188	-	-	-
-	-	-	-	-	-	-
-	-	-	-	30,738	-	-
-	-	-	-	-	-	-
-	7	1,262	56	1,067	1,439	4
-	-	-	-	-	31,567	-
-	199	174,156	42,244	31,805	33,006	645,169
-	-	-	42,187	-	-	-
-	-	-	-	-	-	-
-	-	161,100	-	-	547	-
-	-	-	-	-	-	-
-	-	-	-	-	-	227,722
-	-	-	-	-	-	1,023,672
-	-	161,100	42,187	-	547	1,251,394
-	199	13,056	57	31,805	32,459	(606,225)
-	-	-	-	-	-	600,944
(64)	-	(5,279)	-	-	-	-
(64)	-	(5,279)	-	-	-	600,944
(64)	199	7,777	57	31,805	32,459	(5,281)
64	1,141	259,552	11,458	138,593	2,183,074	481,190
-	-	-	-	-	5,500,000	-
\$ -	\$ 1,340	\$ 267,329	\$ 11,515	\$ 170,398	\$ 7,715,533	\$ 475,909

Continued

City of Healdsburg
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Governmental Funds - Continued
Year Ended June 30, 2015

	General Capital Projects	Permanent Fund Cultural Trust	Total Non-major Funds
REVENUES			
Property Taxes	\$ -	\$ -	\$ 818,059
Charges for Services	-	-	48,794
Fines and Forfeitures	-	-	20,481
Development Fees	-	-	32,038
Intergovernmental	-	-	308,294
Investment Earnings	-	364	14,769
Other Revenues	18,277	-	49,844
	<hr/>	<hr/>	<hr/>
Total Revenues	18,277	364	1,292,279
EXPENDITURES			
Current:			
General Government	-	499	42,686
Public Safety	-	-	118,176
Community Development	-	-	161,647
Capital Outlay	-	-	30,668
Debt Service:			
Interest Charges	-	-	227,722
Principal	-	-	1,023,672
	<hr/>	<hr/>	<hr/>
Total Expenditures	-	499	1,604,571
Excess (Deficiency) of Revenues Over Expenditures	<hr/>	<hr/>	<hr/>
	18,277	(135)	(312,292)
OTHER FINANCING SOURCES (USES)			
Transfers In	541,737	-	1,411,357
Transfers Out	-	-	(13,736)
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	541,737	-	1,397,621
Net Change in Fund Balances	560,014	(135)	1,085,329
Fund Balances, Beginning of Year	(560,014)	74,497	4,553,034
Prior Period Adjustment	<hr/>	<hr/>	<hr/>
	-	-	5,500,000
Fund Balances, End of Year	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	\$ -	\$ 74,362	\$ 11,138,363

City of Healdsburg
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Gas Tax Special Revenue Fund
Year Ended June 30, 2015

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental	\$ 334,725	\$ 308,294	\$ (26,431)
Investment Earnings	-	10,537	10,537
	<u>334,725</u>	<u>318,831</u>	<u>(15,894)</u>
EXPENDITURES			
Current:			
General Government	<u>161,500</u>	<u>-</u>	<u>161,500</u>
	<u>161,500</u>	<u>-</u>	<u>161,500</u>
Excess (Deficiency) of Revenues over Expenditures	<u>173,225</u>	<u>318,831</u>	<u>145,606</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	185,028	185,028
Transfers Out	<u>(334,725)</u>	<u>-</u>	<u>334,725</u>
	<u>(334,725)</u>	<u>185,028</u>	<u>519,753</u>
Net Change in Fund Balance	(161,500)	503,859	665,359
Fund Balance, Beginning of Year	<u>1,564,800</u>	<u>1,564,800</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 1,403,300</u>	<u>\$ 2,068,659</u>	<u>\$ 665,359</u>

City of Healdsburg
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - North Area Special Revenue Fund
Year Ended June 30, 2015

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Development Fees	\$ -	\$ 1,300	\$ 1,300
Investment Earnings	84	(12)	(96)
Total Revenues	<u>84</u>	<u>1,288</u>	<u>1,204</u>
EXPENDITURES			
Current:			
Community Development	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>84</u>	<u>1,288</u>	<u>1,204</u>
Net Change in Fund Balance	84	1,288	1,204
Fund Balance, Beginning of Year	<u>(15,929)</u>	<u>(15,929)</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ (15,845)</u></u>	<u><u>\$ (14,641)</u></u>	<u><u>\$ 1,204</u></u>

City of Healdsburg
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Benjamin Way Maintenance District Special Revenue Fund
Year Ended June 30, 2015

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental	\$ -	\$ -	\$ -
Investment Earnings	10	36	26
Total Revenues	<u>10</u>	<u>36</u>	<u>26</u>
EXPENDITURES			
Current:			
Community Development	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>10</u>	<u>36</u>	<u>26</u>
Net Change in Fund Balance	10	36	26
Fund Balance, Beginning of Year	<u>7,215</u>	<u>7,215</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 7,225</u></u>	<u><u>\$ 7,251</u></u>	<u><u>\$ 26</u></u>

City of Healdsburg
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Public Safety Special Revenue Fund
Year Ended June 30, 2015

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Charges for Services	\$ -	\$ 6,414	\$ 6,414
Fines and Forfeitures	-	20,481	20,481
Investment Earnings	800	9	(791)
Total Revenues	<u>800</u>	<u>26,904</u>	<u>26,104</u>
EXPENDITURES			
Current:			
Public Safety	74,400	118,176	(43,776)
Capital Outlay	-	30,668	(30,668)
Total Expenditures	<u>74,400</u>	<u>148,844</u>	<u>(74,444)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(73,600)</u>	<u>(121,940)</u>	<u>(48,340)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	142,320	83,648	(58,672)
Transfers Out	(8,393)	(8,393)	-
Total Other Financing Sources (Uses)	<u>133,927</u>	<u>75,255</u>	<u>(58,672)</u>
Net Change in Fund Balance	60,327	(46,685)	(107,012)
Fund Balance, Beginning of Year	<u>407,393</u>	<u>407,393</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 467,720</u></u>	<u><u>\$ 360,708</u></u>	<u><u>\$ (107,012)</u></u>

City of Healdsburg
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Other Special Revenue Fund
Year Ended June 30, 2015

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental	\$ -	\$ -	\$ -
Investment Earnings	-	-	-
Total Revenues	-	-	-
EXPENDITURES			
Current:			
Community Development	-	-	-
Total Expenditures	-	-	-
Excess (Deficiency) of Revenues over Expenditures	-	-	-
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	(64)	(64)
Total Other Financing Sources (Uses)	-	(64)	(64)
Net Change in Fund Balance	-	(64)	(64)
Fund Balance, Beginning of Year	64	64	-
Fund Balance, End of Year	\$ 64	\$ -	\$ (64)

City of Healdsburg
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Strong Motion Education and Data Special Revenue Fund
Year Ended June 30, 2015

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Charges for Services	\$ -	\$ 192	\$ 192
Investment Earnings	-	7	7
Total Revenues	-	199	199
EXPENDITURES			
Current:			
Community Development	-	-	-
Total Expenditures	-	-	-
Excess (Deficiency) of Revenues over Expenditures	-	199	199
Net Change in Fund Balance	-	199	199
Fund Balance, Beginning of Year	1,141	1,141	-
Fund Balance, End of Year	\$ 1,141	\$ 1,340	\$ 199

City of Healdsburg
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Area A Lighting and Landscaping Special Revenue Fund
Year Ended June 30, 2015

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 173,439	\$ 172,894	\$ (545)
Intergovernmental	-	-	-
Investment Earnings	754	1,262	508
Total Revenues	<u>174,193</u>	<u>174,156</u>	<u>(37)</u>
EXPENDITURES			
Current:			
Community Development	<u>289,995</u>	<u>161,100</u>	<u>128,895</u>
Total Expenditures	<u>289,995</u>	<u>161,100</u>	<u>128,895</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(115,802)</u>	<u>13,056</u>	<u>128,858</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	<u>-</u>	<u>(5,279)</u>	<u>(5,279)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>(5,279)</u>	<u>(5,279)</u>
Net Change in Fund Balance	(115,802)	7,777	123,579
Fund Balance, Beginning of Year	<u>259,552</u>	<u>259,552</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 143,750</u></u>	<u><u>\$ 267,329</u></u>	<u><u>\$ 123,579</u></u>

City of Healdsburg
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Media Center Special Revenue Fund
Year Ended June 30, 2015

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Charges for Services	\$ 25,000	\$ 42,188	\$ 17,188
Investment Earnings	-	56	56
Total Revenues	<u>25,000</u>	<u>42,244</u>	<u>17,244</u>
EXPENDITURES			
Current:			
General Government	<u>25,000</u>	<u>42,187</u>	<u>(17,187)</u>
Total Expenditures	<u>25,000</u>	<u>42,187</u>	<u>(17,187)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>57</u>	<u>57</u>
Net Change in Fund Balance	-	57	57
Fund Balance, Beginning of Year	<u>11,458</u>	<u>11,458</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 11,458</u></u>	<u><u>\$ 11,515</u></u>	<u><u>\$ 57</u></u>

City of Healdsburg
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Park Development Fees Special Revenue Fund
Year Ended June 30, 2015

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Development Fees	\$ 40,000	\$ 30,738	\$ (9,262)
Investment Earnings	300	1,067	767
Total Revenues	<u>40,300</u>	<u>31,805</u>	<u>(8,495)</u>
EXPENDITURES			
Current:			
General Government	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>40,300</u>	<u>31,805</u>	<u>(8,495)</u>
Net Change in Fund Balance	40,300	31,805	(8,495)
Fund Balance, Beginning of Year	<u>138,593</u>	<u>138,593</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 178,893</u>	<u>\$ 170,398</u>	<u>\$ (8,495)</u>

City of Healdsburg
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Debt Service Fund
Year Ended June 30, 2015

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 598,432	\$ 645,165	\$ 46,733
Investment Earnings	160	4	(156)
Total Revenues	<u>598,592</u>	<u>645,169</u>	<u>46,577</u>
EXPENDITURES			
Debt Service:			
Interest	48,545	227,722	(179,177)
Principal	685,000	1,023,672	(338,672)
Total Expenditures	<u>733,545</u>	<u>1,251,394</u>	<u>(517,849)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(134,953)</u>	<u>(606,225)</u>	<u>(471,272)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	600,944	600,944
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>600,944</u>	<u>600,944</u>
Net Change in Fund Balance	(134,953)	(5,281)	129,672
Fund Balance, Beginning of Year	<u>481,190</u>	<u>481,190</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 346,237</u></u>	<u><u>\$ 475,909</u></u>	<u><u>\$ 129,672</u></u>

City of Healdsburg
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Capital Projects Fund
Year Ended June 30, 2015

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ -	\$ -	\$ -
Other Revenues	-	18,277	18,277
Total Revenues	-	18,277	18,277
EXPENDITURES			
Capital Outlay	-	-	-
Total Expenditures	-	-	-
Excess (Deficiency) of Revenues over Expenditures	-	18,277	18,277
OTHER FINANCING SOURCES (USES)			
Transfers In	-	541,737	541,737
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	-	541,737	541,737
Net Change in Fund Balance	-	560,014	560,014
Fund Balance, Beginning of Year	(560,014)	(560,014)	-
Fund Balance, End of Year	\$ (560,014)	\$ -	\$ 560,014

City of Healdsburg
Combining Statement of Net Position
Non-major Enterprise Funds
June 30, 2015

	Transit Fund	Airport Fund	Meeting Center Fund	School Service Fund
ASSETS				
Current Assets:				
Cash and Investments	\$ 675	\$ 303,282	\$ 130,800	\$ 366
Accounts Receivable - Net	-	30,408	-	-
Interest Receivable	-	211	-	-
Inventory	-	864	-	-
Total Current Assets	<u>675</u>	<u>334,765</u>	<u>130,800</u>	<u>366</u>
Noncurrent Assets:				
Capital Assets, Not Being Depreciated				
Land	-	119,834	-	-
Capital Assets, Depreciable				
Buildings	-	840,807	-	-
Machinery and Equipment	-	209,510	-	-
Operations	-	3,381,750	-	-
Total Capital Assets	-	4,551,901	-	-
Less Accumulated Depreciation	-	(1,204,658)	-	-
Total Capital Assets, Net of Accumulated Depreciation	-	<u>3,347,243</u>	-	-
Total Noncurrent Assets	-	<u>3,347,243</u>	-	-
Total Assets	<u>675</u>	<u>3,682,008</u>	<u>130,800</u>	<u>366</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	-	9,918	-	5,018
Deposits Payable	-	13,417	-	-
Total Current Liabilities	-	<u>23,335</u>	-	<u>5,018</u>
NET POSITION				
Net Investment in Capital Assets	-	3,347,243	-	-
Unrestricted	<u>675</u>	<u>311,430</u>	<u>130,800</u>	<u>(4,652)</u>
Total Net Position	<u>\$ 675</u>	<u>\$ 3,658,673</u>	<u>\$ 130,800</u>	<u>\$ (4,652)</u>

After School Program Fund	Totals
\$ -	\$ 435,123
-	30,408
-	211
-	864
-	<u>466,606</u>
-	119,834
-	840,807
-	209,510
-	<u>3,381,750</u>
-	4,551,901
-	<u>(1,204,658)</u>
-	<u>3,347,243</u>
-	<u>3,347,243</u>
-	<u>3,813,849</u>
-	14,936
-	<u>13,417</u>
-	<u>28,353</u>
-	3,347,243
-	<u>438,253</u>
<u>\$ -</u>	<u>\$ 3,785,496</u>

City of Healdsburg
Combining Statement of Revenues, Expenses, and Changes in Net Position
Non-major Enterprise Funds
Year Ended June 30, 2015

	Transit Fund	Airport Fund	Meeting Center Fund	School Service Fund
OPERATING REVENUES				
Charges for Services	\$ 1,410	\$ 192,246	\$ -	\$ 60,825
Rental Income	-	154,961	37,234	-
Other Operating Revenues	-	2,141	3,227	1,261
Total Operating Revenues	<u>1,410</u>	<u>349,348</u>	<u>40,461</u>	<u>62,086</u>
OPERATING EXPENSES				
Maintenance and Operations	64,999	291,414	88,857	75,480
Administration	-	61,145	-	-
Depreciation	-	98,754	-	-
Total Operating Expenses	<u>64,999</u>	<u>451,313</u>	<u>88,857</u>	<u>75,480</u>
Operating Income (Loss)	<u>(63,589)</u>	<u>(101,965)</u>	<u>(48,396)</u>	<u>(13,394)</u>
NONOPERATING REVENUES (EXPENSES)				
Interest Income	-	1,603	-	(3)
Intergovernmental	-	-	-	-
Total Nonoperating Revenues (Expenses)	<u>-</u>	<u>1,603</u>	<u>-</u>	<u>(3)</u>
Income (Loss) Before Capital Contributions and Operating Transfers	<u>(63,589)</u>	<u>(100,362)</u>	<u>(48,396)</u>	<u>(13,397)</u>
Capital Contributions	-	668,484	-	-
Transfers In	1,252	-	-	15,345
Transfers Out	(1,537)	(1,405)	-	(805)
Change in Net Position	<u>(63,874)</u>	<u>566,717</u>	<u>(48,396)</u>	<u>1,143</u>
Net Position - Beginning of Year	<u>64,549</u>	<u>3,091,956</u>	<u>179,196</u>	<u>(5,795)</u>
Net Position - End of Year	<u>\$ 675</u>	<u>\$ 3,658,673</u>	<u>\$ 130,800</u>	<u>\$ (4,652)</u>

After School Program Fund	Totals
\$ 1	\$ 254,482
-	192,195
-	6,629
<u>1</u>	<u>453,306</u>
-	520,750
-	61,145
-	98,754
<u>-</u>	<u>680,649</u>
<u>1</u>	<u>(227,343)</u>
-	1,600
-	-
<u>-</u>	<u>1,600</u>
1	(225,743)
-	668,484
16,211	32,808
-	(3,747)
<u>16,212</u>	<u>471,802</u>
<u>(16,212)</u>	<u>3,313,694</u>
<u>\$ -</u>	<u>\$ 3,785,496</u>

City of Healdsburg
Combining Statement of Cash Flows
Non-major Enterprise Funds
Year Ended June 30, 2015

	Transit Fund	Airport Fund	Meeting Center Fund
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ 122,772	\$ 328,523	\$ (34,919)
Payments to Employees for Services	(42,004)	(24,757)	(6,341)
Payments to Suppliers for Goods and Services	(23,094)	(316,305)	(92,870)
Net Cash Provided (Used) by Operating Activities	<u>57,674</u>	<u>(12,539)</u>	<u>(134,130)</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES			
Cash Paid to Other Funds	(105,801)	(1,885,900)	(530,653)
Cash Received from Other Funds	1,252	1,884,495	-
Intergovernmental Revenue	47,550	-	-
Net Cash Provided (Used) by Noncapital and Related Financing Activities	<u>(56,999)</u>	<u>(1,405)</u>	<u>(530,653)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital Grants	-	24,128	-
Proceeds from Sale of Capital Assets	-	-	795,583
Acquisition and Construction of Capital Assets	-	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>-</u>	<u>24,128</u>	<u>795,583</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Received	-	1,697	-
Net Cash Provided (Used) by Investing Activities	<u>-</u>	<u>1,697</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	675	11,881	130,800
Cash and Cash Equivalents, Beginning of the Year	-	291,401	-
Cash and Cash Equivalents, End of the Year	<u>\$ 675</u>	<u>\$ 303,282</u>	<u>\$ 130,800</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ (63,589)	\$ (101,965)	\$ (48,396)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation	-	98,754	-
Changes in Operating Assets and Liabilities:			
Decrease (Increase) in Accounts Receivable	121,700	(22,058)	4,145
Decrease (Increase) in Inventory	-	22,197	-
Increase (Decrease) in Accounts Payable	(99)	(10,700)	(10,354)
Increase (Decrease) in Deposits Payable	(338)	1,233	(79,525)
TOTAL CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 57,674</u>	<u>\$ (12,539)</u>	<u>\$ (134,130)</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES			
Capital Contributions	\$ -	\$ 654,356	\$ -

School Service Fund	After School Program Fund	Totals
\$ 62,086	\$ 596	\$ 479,058
(13,892)	-	(86,994)
<u>(66,360)</u>	<u>(206)</u>	<u>(498,835)</u>
<u>(18,166)</u>	<u>390</u>	<u>(106,771)</u>
(805)	(38,228)	(2,561,387)
15,345	16,211	1,917,303
<u>-</u>	<u>21,627</u>	<u>69,177</u>
<u>14,540</u>	<u>(390)</u>	<u>(574,907)</u>
-	-	24,128
-	-	795,583
<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>819,711</u>
<u>5</u>	<u>-</u>	<u>1,702</u>
<u>5</u>	<u>-</u>	<u>1,702</u>
(3,621)	-	139,735
<u>3,987</u>	<u>-</u>	<u>295,388</u>
<u>\$ 366</u>	<u>\$ -</u>	<u>\$ 435,123</u>
\$ (13,394)	\$ 1	\$ (227,343)
-	-	98,754
-	595	104,382
-	-	22,197
(4,772)	(206)	(26,131)
<u>-</u>	<u>-</u>	<u>(78,630)</u>
<u>\$ (18,166)</u>	<u>\$ 390</u>	<u>\$ (106,771)</u>
\$ -	\$ -	\$ 654,356

City of Healdsburg
Combining Balance Sheet
General Fund Activities
June 30, 2015

	General	Capital Replacement	Transaction & Use Tax	Economic Development
ASSETS				
Cash and Investments	\$ 3,080,224	\$ 443,303	\$ 1,543,301	\$ 1,443,525
Receivables:				
Accounts	32,603	-	-	-
Taxes	958,046	-	345,570	-
Interest	6,353	280	-	-
Due from Other Governments	102,790	-	-	-
Prepaid Expenditures	4,166	-	-	-
Due from Other Funds	4,502,595	-	-	-
	<u>\$ 8,686,777</u>	<u>\$ 443,583</u>	<u>\$ 1,888,871</u>	<u>\$ 1,443,525</u>
LIABILITIES				
Accounts Payable	\$ 465,140	\$ -	\$ -	\$ -
Deposits Payable	603,958	-	-	-
	<u>1,069,098</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenues - Taxes	65,538	-	39,670	-
FUND BALANCES				
Nonspendable	4,166	-	-	-
Restricted	-	-	-	-
Assigned	-	443,583	-	1,443,525
Unassigned	7,547,975	-	1,849,201	-
	<u>7,552,141</u>	<u>443,583</u>	<u>1,849,201</u>	<u>1,443,525</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 8,686,777</u>	<u>\$ 443,583</u>	<u>\$ 1,888,871</u>	<u>\$ 1,443,525</u>

Fire Facilities Impact Fees	Miscellaneous	Total General Fund
\$ 141,482	\$ 30,260	\$ 6,682,095
-	-	32,603
-	-	1,303,616
89	19	6,741
-	-	102,790
-	-	4,166
-	-	4,502,595
<u>\$ 141,571</u>	<u>\$ 30,279</u>	<u>\$ 12,634,606</u>
\$ -	\$ 29,765	\$ 494,905
-	-	603,958
-	29,765	1,098,863
-	-	105,208
-	-	4,166
141,571	-	141,571
-	-	1,887,108
-	514	9,397,690
<u>141,571</u>	<u>514</u>	<u>11,430,535</u>
<u>\$ 141,571</u>	<u>\$ 30,279</u>	<u>\$ 12,634,606</u>

City of Healdsburg
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
General Fund Activities
Year Ended June 30, 2015

	General	Capital Replacement	Transaction & Use Tax	Economic Development
REVENUES				
Property Taxes	\$ 3,172,364	\$ -	\$ -	\$ -
Sales and Other Taxes	5,198,885	-	1,920,642	-
Charges for Services	533,088	-	-	-
Fines and Forfeitures	108,370	-	-	-
Licenses and Permits	726,316	-	-	-
Development Fees	-	-	-	-
Investment Earnings	81,733	2,447	-	(525)
Other Revenues	229,713	-	-	-
Total Revenues	<u>10,050,469</u>	<u>2,447</u>	<u>1,920,642</u>	<u>(525)</u>
EXPENDITURES				
Current:				
General Government	1,388,588	-	187,249	-
Public Safety	6,946,747	-	-	-
Planning and Building	1,184,865	-	-	-
Capital Outlay	49,755	-	-	-
Total Expenditures	<u>9,569,955</u>	<u>-</u>	<u>187,249</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>480,514</u>	<u>2,447</u>	<u>1,733,393</u>	<u>(525)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	956,918	-	-	65,060
Transfers Out	<u>(1,349,066)</u>	<u>-</u>	<u>(535,431)</u>	<u>(498,449)</u>
Total Other Financing Sources (Uses)	<u>(392,148)</u>	<u>-</u>	<u>(535,431)</u>	<u>(433,389)</u>
Net Change in Fund Balances	88,366	2,447	1,197,962	(433,914)
Fund Balances, Beginning of Year	<u>7,463,775</u>	<u>441,136</u>	<u>651,239</u>	<u>1,877,439</u>
Fund Balances, End of Year	<u>\$ 7,552,141</u>	<u>\$ 443,583</u>	<u>\$ 1,849,201</u>	<u>\$ 1,443,525</u>

Fire Facilities Impact Fees	Miscellaneous	Total General Fund
\$ -	\$ -	\$ 3,172,364
-	-	7,119,527
-	8,166	541,254
-	-	108,370
-	-	726,316
6,434	-	6,434
838	170	84,663
-	-	229,713
<u>7,272</u>	<u>8,336</u>	<u>11,988,641</u>
-	8,166	1,584,003
-	-	6,946,747
-	-	1,184,865
-	-	49,755
<u>-</u>	<u>8,166</u>	<u>9,765,370</u>
<u>7,272</u>	<u>170</u>	<u>2,223,271</u>
-	-	1,021,978
-	(3,650)	(2,386,596)
<u>-</u>	<u>(3,650)</u>	<u>(1,364,618)</u>
7,272	(3,480)	858,653
<u>134,299</u>	<u>3,994</u>	<u>10,571,882</u>
<u>\$ 141,571</u>	<u>\$ 514</u>	<u>\$ 11,430,535</u>

City of Healdsburg
Combining Statement of Net Position
Water Fund Activities
June 30, 2015

	Water Operations	Water Capital Replacement	Water Projects	Water Capacity	Total Water Fund
ASSETS					
Current Assets:					
Cash and Investments	\$ 3,080,683	\$ 750,000	\$ -	\$ 1,624,793	\$ 5,455,476
Accounts Receivable - Net	784,263	-	-	-	784,263
Interest Receivable	2,584	-	-	1,028	3,612
Inventory	106,733	-	-	-	106,733
Total Current Assets	<u>3,974,263</u>	<u>750,000</u>	<u>-</u>	<u>1,625,821</u>	<u>6,350,084</u>
Noncurrent Assets:					
Capital Assets, Not Being Depreciated					
Land	310,781	-	-	-	310,781
Construction in Progress	-	-	-	-	-
Total Capital Assets, Not Being Depreciated	<u>310,781</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>310,781</u>
Capital Assets, Depreciable					
Buildings	1,480,552	-	-	-	1,480,552
Utility Systems	28,025,418	-	-	-	28,025,418
Machinery and Equipment	642,170	-	-	-	642,170
Total Capital Assets, Depreciable	<u>30,148,140</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,148,140</u>
Less: Accumulated Depreciation	<u>(10,485,750)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,485,750)</u>
Total Noncurrent Assets	<u>19,973,171</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,973,171</u>
Total Assets	<u>23,947,434</u>	<u>750,000</u>	<u>-</u>	<u>1,625,821</u>	<u>26,323,255</u>
DEFERRED OUTFLOWS					
Deferred Pension Related Items	156,881	-	-	-	156,881
LIABILITIES					
Current Liabilities:					
Accounts Payable and Accrued Liabilities	68,362	-	-	-	68,362
Deposits Payable	4,315	-	-	-	4,315
Accrued Interest Payable	105,156	-	-	-	105,156
Bonds Payable - Current	534,625	-	-	-	534,625
Pension Obligation Bonds Payable - Current	89,967	-	-	-	89,967
Total Current Liabilities	<u>802,425</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>802,425</u>
Noncurrent Liabilities:					
Net Pension Liability	1,436,879	-	-	-	1,436,879
Bonds Payable	9,380,375	-	-	-	9,380,375
Pension Obligation Bonds Payable	707,247	-	-	-	707,247
Total Noncurrent Liabilities	<u>11,524,501</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,524,501</u>
Total Liabilities	<u>12,326,926</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,326,926</u>
DEFERRED INFLOWS					
Deferred Pension Related Items	526,076	-	-	-	526,076
NET POSITION					
Net Investment in Capital Assets	10,058,171	-	-	-	10,058,171
Restricted:					
Capital Projects	-	750,000	-	1,625,821	2,375,821
Unrestricted	1,193,142	-	-	-	1,193,142
Total Net Position	<u>\$ 11,251,313</u>	<u>\$ 750,000</u>	<u>\$ -</u>	<u>\$ 1,625,821</u>	<u>\$ 13,627,134</u>

City of Healdsburg
Combining Statement of Revenues, Expenses, and Changes in Net Position
Water Fund Activities
Year Ended June 30, 2015

	Water Operations	Water Capital Replacement	Water Projects	Water Capacity	Total Water Fund
OPERATING REVENUES					
Charges for Services	\$ 4,279,115	\$ -	\$ -	\$ -	\$ 4,279,115
Development Fees	-	-	-	56,055	56,055
Other Operating Revenues	1,054	-	-	-	1,054
Total Operating Revenues	<u>4,280,169</u>	<u>-</u>	<u>-</u>	<u>56,055</u>	<u>4,336,224</u>
OPERATING EXPENSES					
Maintenance and Operations	3,145,513	-	-	-	3,145,513
Administration	551,665	-	-	-	551,665
Depreciation	597,668	-	-	-	597,668
Total Operating Expenses	<u>4,294,846</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,294,846</u>
Operating Income (Loss)	<u>(14,677)</u>	<u>-</u>	<u>-</u>	<u>56,055</u>	<u>41,378</u>
NONOPERATING REVENUES (EXPENSES)					
Interest Income	21,714	-	-	7,973	29,687
Interest Expense	(484,634)	-	-	-	(484,634)
Total Nonoperating Revenues (Expenses)	<u>(462,920)</u>	<u>-</u>	<u>-</u>	<u>7,973</u>	<u>(454,947)</u>
Income (Loss) Before Capital Contributions and Operating Transfers	(477,597)	-	-	64,028	(413,569)
Transfers In	10,001,370	-	488,570	58,400	10,548,340
Transfers Out	(488,570)	-	(10,059,770)	-	(10,548,340)
Change in Net Position	9,035,203	-	(9,571,200)	122,428	(413,569)
Net Position - Beginning of Year	4,045,834	750,000	9,571,200	1,503,393	15,870,427
Restatement of Net Position	(1,829,724)	-	-	-	(1,829,724)
Net Position - End of Year	<u>\$ 11,251,313</u>	<u>\$ 750,000</u>	<u>\$ -</u>	<u>\$ 1,625,821</u>	<u>\$ 13,627,134</u>

City of Healdsburg
Combining Statement of Net Position
Sewer Fund Activities
June 30, 2015

	Sewer Operations	Drainage	Sewer Capital Replacement	Sewer Projects
ASSETS				
Current Assets:				
Cash and Investments	\$ 10,427,245	\$ (1,250,955)	\$ 4,495,829	\$ -
Cash and Investments with Fiscal Agents	3	-	-	-
Accounts Receivable - Net	1,071,810	78,737	-	-
Interest Receivable	6,775	-	2,844	-
Inventory	10,354	-	-	-
Total Current Assets	<u>11,516,187</u>	<u>(1,172,218)</u>	<u>4,498,673</u>	<u>-</u>
Noncurrent Assets:				
Capital Assets, Not Being Depreciated				
Land	682,880	84,022	-	-
Construction in Progress	994,743	-	-	-
Total Capital Assets, Not Being Depreciated	<u>1,677,623</u>	<u>84,022</u>	<u>-</u>	<u>-</u>
Capital Assets, Depreciable				
Land Improvements	-	-	-	-
Buildings	206,166	-	-	-
Streets	-	-	-	-
Utility Systems	57,544,661	-	-	-
Drainage	-	10,197,784	-	-
Machinery and Equipment	581,929	-	-	-
Operations	-	-	-	-
Total Capital Assets, Depreciable	<u>58,332,756</u>	<u>10,197,784</u>	<u>-</u>	<u>-</u>
Less: Accumulated Depreciation	<u>(14,377,966)</u>	<u>(3,929,041)</u>	<u>-</u>	<u>-</u>
Total Noncurrent Assets	<u>45,632,413</u>	<u>6,352,765</u>	<u>-</u>	<u>-</u>
Total Assets	<u>57,148,600</u>	<u>5,180,547</u>	<u>4,498,673</u>	<u>-</u>
DEFERRED OUTFLOWS				
Deferred Pension Related Items	<u>156,881</u>	<u>-</u>	<u>-</u>	<u>-</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	65,905	5,720	-	-
Deposits Payable	150	-	-	-
Accrued Interest Payable	298,406	-	-	-
Bonds Payable - Current	770,375	-	-	-
Pension Obligation Bonds Payable - Current	90,201	-	-	-
Total Current Liabilities	<u>1,225,037</u>	<u>5,720</u>	<u>-</u>	<u>-</u>
Noncurrent Liabilities:				
Net Pension Liability	1,436,879	-	-	-
Bonds Payable	25,009,625	-	-	-
Pension Obligation Bonds Payable	709,184	-	-	-
Total Noncurrent Liabilities	<u>27,155,688</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>28,380,725</u>	<u>5,720</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS				
Deferred Pension Related Items	<u>526,076</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION				
Net Investment in Capital Assets	19,852,413	6,352,765	-	-
Restricted:				
Capital Projects	-	-	-	-
Unrestricted	<u>8,546,267</u>	<u>(1,177,938)</u>	<u>4,498,673</u>	<u>-</u>
Total Net Position	<u>\$ 28,398,680</u>	<u>\$ 5,174,827</u>	<u>\$ 4,498,673</u>	<u>\$ -</u>

Sewer Capacity	Drainage Capacity	Total Sewer Fund
\$ 3,001,550	\$ 2,263,606	\$ 18,937,275
-	-	3
-	-	1,150,547
1,897	1,431	12,947
-	-	10,354
<u>3,003,447</u>	<u>2,265,037</u>	<u>20,111,126</u>
-	-	766,902
-	-	994,743
-	-	<u>1,761,645</u>
-	-	-
-	-	206,166
-	-	-
-	-	57,544,661
-	-	10,197,784
-	-	581,929
-	-	-
-	-	<u>68,530,540</u>
-	-	<u>(18,307,007)</u>
-	-	<u>51,985,178</u>
<u>3,003,447</u>	<u>2,265,037</u>	<u>72,096,304</u>
-	-	<u>156,881</u>
-	-	71,625
-	-	150
-	-	298,406
-	-	770,375
-	-	90,201
-	-	<u>1,230,757</u>
-	-	1,436,879
-	-	25,009,625
-	-	709,184
-	-	<u>27,155,688</u>
-	-	<u>28,386,445</u>
-	-	526,076
-	-	26,205,178
3,003,447	2,265,037	5,268,484
-	-	11,867,002
<u>\$ 3,003,447</u>	<u>\$ 2,265,037</u>	<u>\$ 43,340,664</u>

City of Healdsburg
Combining Statement of Revenues, Expenses, and Changes in Net Position
Sewer Fund Activities
Year Ended June 30, 2015

	Sewer Operations	Drainage	Sewer Capital Replacement	Sewer Projects
OPERATING REVENUES				
Charges for Services	\$ 7,327,577	\$ 673,712	\$ -	\$ -
Development Fees	-	-	-	-
Other Operating Revenues	5,953	-	-	-
Total Operating Revenues	<u>7,333,530</u>	<u>673,712</u>	<u>-</u>	<u>-</u>
OPERATING EXPENSES				
Maintenance and Operations	2,810,549	526,625	-	6
Administration	600,464	75,741	-	-
Depreciation	1,079,731	203,956	-	-
Total Operating Expenses	<u>4,490,744</u>	<u>806,322</u>	<u>-</u>	<u>6</u>
Operating Income (Loss)	<u>2,842,786</u>	<u>(132,610)</u>	<u>-</u>	<u>(6)</u>
NONOPERATING REVENUES (EXPENSES)				
Interest Income	53,459	376	22,468	-
Interest Expense	<u>(1,254,592)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Nonoperating Revenues (Expenses)	<u>(1,201,133)</u>	<u>376</u>	<u>22,468</u>	<u>-</u>
Income (Loss) Before Capital Contributions and Operating Transfers	1,641,653	(132,234)	22,468	(6)
Transfers In	34,122,356	50,000	-	821,418
Transfers Out	<u>(85,743)</u>	<u>(748,358)</u>	<u>-</u>	<u>(34,562,031)</u>
Change in Net Position	35,678,266	(830,592)	22,468	(33,740,619)
Net Position - Beginning of Year	(6,125,900)	6,005,419	4,476,205	33,740,619
Restatement of Net Position	<u>(1,153,686)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Position - End of Year	<u>\$ 28,398,680</u>	<u>\$ 5,174,827</u>	<u>\$ 4,498,673</u>	<u>\$ -</u>

Sewer Capacity	Drainage Capacity	Total Sewer Fund
\$ -	\$ -	\$ 8,001,289
87,769	91,923	179,692
-	-	5,953
<u>87,769</u>	<u>91,923</u>	<u>8,186,934</u>
-	-	3,337,180
-	-	676,205
-	-	<u>1,283,687</u>
-	-	5,297,072
<u>87,769</u>	<u>91,923</u>	<u>2,889,862</u>
16,880	12,276	105,459
-	-	<u>(1,254,592)</u>
<u>16,880</u>	<u>12,276</u>	<u>(1,149,133)</u>
104,649	104,199	1,740,729
92,133	310,225	35,396,132
-	-	<u>(35,396,132)</u>
196,782	414,424	1,740,729
2,806,665	1,850,613	42,753,621
-	-	<u>(1,153,686)</u>
<u>\$ 3,003,447</u>	<u>\$ 2,265,037</u>	<u>\$ 43,340,664</u>

City of Healdsburg
Combining Statement of Net Position
Electric Fund Activities
June 30, 2015

	Electric Operations	Capital Replacement	Electric Public Benefit	Electric Projects
ASSETS				
Current Assets:				
Cash and Investments	\$ 9,253,804	\$ 841,234	\$ 965,969	\$ -
Investment in NCPA Reserves	5,735,137	-	-	-
Accounts Receivable - Net	1,810,787	-	-	-
Interest Receivable	6,069	532	611	-
Due from Other Funds	15,000	-	-	-
Inventory	1,226,933	-	-	-
Total Current Assets	<u>18,047,730</u>	<u>841,766</u>	<u>966,580</u>	<u>-</u>
Noncurrent Assets:				
Capital Assets, Not Being Depreciated				
Land	48,360	-	-	-
Construction in Progress	203,680	-	-	-
Total Capital Assets, Not Being Depreciated	<u>252,040</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital Assets, Depreciable				
Land Improvements	-	-	-	-
Buildings	447,835	-	-	-
Streets	-	-	-	-
Utility Systems	22,784,421	-	-	-
Drainage	-	-	-	-
Machinery and Equipment	1,107,578	-	-	-
Operations	-	-	-	-
Total Capital Assets, Depreciable	<u>24,339,834</u>	<u>-</u>	<u>-</u>	<u>-</u>
Less: Accumulated Depreciation	<u>(10,922,138)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Noncurrent Assets	<u>13,669,736</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>31,717,466</u>	<u>841,766</u>	<u>966,580</u>	<u>-</u>
DEFERRED OUTFLOWS				
Deferred Pension Related Items	<u>217,219</u>	<u>-</u>	<u>-</u>	<u>-</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	73,130	-	54,245	-
Deposits Payable	123,133	-	-	-
Pension Obligation Bonds Payable - Current	119,150	-	-	-
Total Current Liabilities	<u>315,413</u>	<u>-</u>	<u>54,245</u>	<u>-</u>
Noncurrent Liabilities:				
Compensated Absences	-	-	-	-
Payable to Successor Agency	2,395,000	-	-	-
Net Pension Liability	1,989,525	-	-	-
Pension Obligation Bonds Payable	936,788	-	-	-
Total Noncurrent Liabilities	<u>5,321,313</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>5,636,726</u>	<u>-</u>	<u>54,245</u>	<u>-</u>
DEFERRED INFLOWS				
Deferred Pension Related Items	<u>728,413</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION				
Net Investment in Capital Assets	13,669,736	-	-	-
Restricted:				
Capital Projects	-	-	-	-
Unrestricted	<u>11,899,810</u>	<u>841,766</u>	<u>912,335</u>	<u>-</u>
Total Net Position	<u>\$ 25,569,546</u>	<u>\$ 841,766</u>	<u>\$ 912,335</u>	<u>\$ -</u>

<u>Electric Capacity</u>	<u>Total Electric Fund</u>
\$ 1,831,822	\$ 12,892,829
-	5,735,137
-	1,810,787
1,158	8,370
-	15,000
-	1,226,933
<u>1,832,980</u>	<u>21,689,056</u>
-	48,360
-	203,680
-	<u>252,040</u>
-	-
-	447,835
-	-
-	22,784,421
-	-
-	1,107,578
-	-
-	<u>24,339,834</u>
-	<u>(10,922,138)</u>
-	13,669,736
<u>1,832,980</u>	<u>35,358,792</u>
-	217,219
-	127,375
-	123,133
-	119,150
-	<u>369,658</u>
-	-
-	2,395,000
-	1,989,525
-	936,788
-	<u>5,321,313</u>
-	<u>5,690,971</u>
-	728,413
-	13,669,736
1,832,980	1,832,980
-	<u>13,653,911</u>
<u>\$ 1,832,980</u>	<u>\$ 29,156,627</u>

City of Healdsburg
Combining Statement of Revenues, Expenses, and Changes in Net Position
Electric Fund Activities
Year Ended June 30, 2015

	Electric Operations	Capital Replacement	Electric Public Benefit	Electric Projects
OPERATING REVENUES				
Charges for Services	\$ 10,899,428	\$ -	\$ 305,946	\$ -
Development Fees	-	-	-	-
Other Operating Revenues	246,368	-	387,990	-
Total Operating Revenues	<u>11,145,796</u>	<u>-</u>	<u>693,936</u>	<u>-</u>
OPERATING EXPENSES				
Purchase of Power	5,868,828	-	-	-
Maintenance and Operations	2,608,672	-	569,026	-
Administration	714,001	-	-	-
Depreciation	525,041	-	-	-
Total Operating Expenses	<u>9,716,542</u>	<u>-</u>	<u>569,026</u>	<u>-</u>
Operating Income (Loss)	<u>1,429,254</u>	<u>-</u>	<u>124,910</u>	<u>-</u>
NONOPERATING REVENUES (EXPENSES)				
Interest Income	79,157	4,064	4,723	-
Interest Expense	(45,912)	-	-	-
Total Nonoperating Revenues (Expenses)	<u>33,245</u>	<u>4,064</u>	<u>4,723</u>	<u>-</u>
Income (Loss) Before Capital Contributions and Operating Transfers	1,462,499	4,064	129,633	-
Transfers In	6,695,603	-	-	-
Transfers Out	-	-	(27,758)	(6,589,644)
Change in Net Position	8,158,102	4,064	101,875	(6,589,644)
Net Position - Beginning of Year	16,635,790	837,702	810,460	6,589,644
Restatement of Net Position	775,654	-	-	-
Net Position - End of Year	<u>\$ 25,569,546</u>	<u>\$ 841,766</u>	<u>\$ 912,335</u>	<u>\$ -</u>

Electric Capacity	Total Electric Fund
\$ -	\$ 11,205,374
4,747	4,747
-	634,358
<u>4,747</u>	<u>11,844,479</u>
-	5,868,828
-	3,177,698
-	714,001
-	<u>525,041</u>
-	10,285,568
<u>4,747</u>	<u>1,558,911</u>
10,290	98,234
-	<u>(45,912)</u>
<u>10,290</u>	<u>52,322</u>
15,037	1,611,233
-	6,695,603
-	<u>(6,617,402)</u>
15,037	1,689,434
1,817,943	26,691,539
-	<u>775,654</u>
<u>\$ 1,832,980</u>	<u>\$ 29,156,627</u>

City of Healdsburg
Combining Statement of Net Position
Internal Service Funds
June 30, 2015

	<u>Insurance and Benefit</u>	<u>Vehicle Maintenance</u>	<u>Information Services</u>
ASSETS			
Current Assets:			
Cash and Investments	\$ 2,732,377	\$ 2,289,668	\$ 956,267
Accounts Receivable - Net	24,610	1,500	430
Notes and Loans Receivable	-	-	12,269
Interest Receivable	1,855	1,448	602
Prepaid Expenses	-	2,033	-
Inventory	-	24,743	2,536
	<u>2,758,842</u>	<u>2,319,392</u>	<u>972,104</u>
Total Current Assets			
Noncurrent Assets:			
Capital Assets, Not Being Depreciated			
Land	-	-	-
Construction In Progress	-	-	-
Capital Assets, Depreciable			
Land and Improvements	-	-	-
Machinery and Equipment	-	4,590,255	2,089,929
	<u>-</u>	<u>4,590,255</u>	<u>2,089,929</u>
Total Capital Assets	-	4,590,255	2,089,929
Less Accumulated Depreciation	<u>-</u>	<u>(3,768,195)</u>	<u>(1,707,731)</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>-</u>	<u>822,060</u>	<u>382,198</u>
Total Noncurrent Assets	<u>-</u>	<u>822,060</u>	<u>382,198</u>
Total Assets	<u>2,758,842</u>	<u>3,141,452</u>	<u>1,354,302</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	677,940	55,445	20,571
Deposits Payable	-	-	-
Claims Payable - Current	9,056	-	-
Compensated Absences - Current	893,092	-	-
Capital Lease Payable - Current	-	-	19,798
	<u>1,580,088</u>	<u>55,445</u>	<u>40,369</u>
Total Current Liabilities			
Noncurrent Liabilities:			
Compensated Absences	635,359	-	-
Capital Lease Payable	-	-	-
	<u>635,359</u>	<u>-</u>	<u>-</u>
Total Noncurrent Liabilities			
Total Liabilities	<u>2,215,447</u>	<u>55,445</u>	<u>40,369</u>
NET POSITION			
Net Investment in Capital Assets	-	822,060	362,400
Unrestricted	543,395	2,263,947	951,533
	<u>543,395</u>	<u>2,263,947</u>	<u>951,533</u>
Total Net Position	<u>\$ 543,395</u>	<u>\$ 3,086,007</u>	<u>\$ 1,313,933</u>

<u>Building Maintenance</u>	<u>Totals</u>
\$ 419,222	\$ 6,397,534
41,377	67,917
-	12,269
264	4,169
-	2,033
<u>1,305</u>	<u>28,584</u>
<u>462,168</u>	<u>6,512,506</u>
-	-
39,312	39,312
108,841	108,841
-	<u>6,680,184</u>
148,153	6,828,337
<u>(32,652)</u>	<u>(5,508,578)</u>
<u>115,501</u>	<u>1,319,759</u>
<u>115,501</u>	<u>1,319,759</u>
<u>577,669</u>	<u>7,832,265</u>
37,284	791,240
-	-
8,422	17,478
-	893,092
-	<u>19,798</u>
<u>45,706</u>	<u>1,721,608</u>
-	635,359
-	-
-	<u>635,359</u>
<u>45,706</u>	<u>2,356,967</u>
115,501	1,299,961
<u>416,462</u>	<u>4,175,337</u>
<u>\$ 531,963</u>	<u>\$ 5,475,298</u>

City of Healdsburg
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
Year Ended June 30, 2015

	Insurance and Benefit	Vehicle Maintenance	Information Services
OPERATING REVENUES			
Charges for Services	\$ 4,433,263	\$ 485,979	\$ 1,362,382
Rental Income	-	-	-
Other Operating Revenues	-	10,612	-
Total Operating Revenues	<u>4,433,263</u>	<u>496,591</u>	<u>1,362,382</u>
OPERATING EXPENSES			
Maintenance and Operations	-	328,977	847,649
Administration	-	166,323	30,219
Insurance and Benefits Costs	4,467,198	-	-
Depreciation	-	214,834	94,384
Total Operating Expenses	<u>4,467,198</u>	<u>710,134</u>	<u>972,252</u>
Operating Income (Loss)	<u>(33,935)</u>	<u>(213,543)</u>	<u>390,130</u>
NONOPERATING REVENUES (EXPENSES)			
Interest Income	16,750	11,294	5,766
Loss on Disposal of Capital Assets	-	(215,070)	-
Intergovernmental	-	-	-
Total Nonoperating Revenues (Expenses)	<u>16,750</u>	<u>(203,776)</u>	<u>5,766</u>
Income (Loss) Before Capital Contributions and Operating Transfers	<u>(17,185)</u>	<u>(417,319)</u>	<u>395,896</u>
Capital Contributions	-	-	-
Transfers In	-	32,393	64
Transfers Out	-	(7,424)	(13,585)
Change in Net Position	<u>(17,185)</u>	<u>(392,350)</u>	<u>382,375</u>
Net Position - Beginning of Year	<u>560,580</u>	<u>3,478,357</u>	<u>931,558</u>
Net Position - End of Year	<u>\$ 543,395</u>	<u>\$ 3,086,007</u>	<u>\$ 1,313,933</u>

<u>Building Maintenance</u>	<u>Totals</u>
\$ 468,195	\$ 6,749,819
323,329	323,329
870	11,482
<u>792,394</u>	<u>7,084,630</u>
599,163	1,775,789
103,365	299,907
-	4,467,198
10,884	320,102
<u>713,412</u>	<u>6,862,996</u>
<u>78,982</u>	<u>221,634</u>
2,424	36,234
-	(215,070)
-	-
<u>2,424</u>	<u>(178,836)</u>
81,406	42,798
-	-
-	32,457
<u>(5,608)</u>	<u>(26,617)</u>
75,798	48,638
<u>456,165</u>	<u>5,426,660</u>
<u>\$ 531,963</u>	<u>\$ 5,475,298</u>

City of Healdsburg
Combining Statement of Cash Flows
Internal Service Funds
Year Ended June 30, 2015

	Insurance and Benefit	Vehicle Maintenance	Information Services
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ 4,434,109	\$ 495,091	\$ 1,361,952
Payments to Employees for Services	(121,832)	(126,207)	(251,195)
Payments to Suppliers for Goods and Services	(4,741,942)	(354,307)	(626,622)
Net Cash Provided (Used) by Operating Activities	<u>(429,665)</u>	<u>14,577</u>	<u>484,135</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES			
Cash Received from Other Funds	-	32,393	64
Cash Paid to Other Funds	-	(7,424)	(13,585)
Loans Issued	-	-	(6,226)
Net Cash Provided (Used) by Noncapital and Related Financing Activities	<u>-</u>	<u>24,969</u>	<u>(19,747)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal Paid on Capital Debt	-	-	(19,203)
Acquisition and Construction of Capital Assets	-	(313,968)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>-</u>	<u>(313,968)</u>	<u>(19,203)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Received	18,453	12,055	5,602
Net Cash Provided (Used) by Investing Activities	<u>18,453</u>	<u>12,055</u>	<u>5,602</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(411,212)	(262,367)	450,787
Cash and Cash Equivalents, Beginning of the Year	3,143,589	2,552,035	505,480
Cash and Cash Equivalents, End of the Year	<u>\$ 2,732,377</u>	<u>\$ 2,289,668</u>	<u>\$ 956,267</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ (33,935)	\$ (213,543)	\$ 390,130
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation	-	214,834	94,384
Changes in Operating Assets and Liabilities:			
Decrease (Increase) in Accounts Receivable	846	(1,500)	(430)
Decrease (Increase) in Prepaid Expenses	-	(87)	-
Decrease (Increase) in Inventory	-	(2,592)	2,214
Increase (Decrease) in Accounts Payable	(268,830)	17,465	(2,163)
Increase (Decrease) in Claims Payable	(5,914)	-	-
Increase (Decrease) in Compensated Absences Payable	(121,832)	-	-
Increase (Decrease) in Deposits Payable	-	-	-
TOTAL CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (429,665)</u>	<u>\$ 14,577</u>	<u>\$ 484,135</u>

Building Maintenance	Totals
\$ 751,223	\$ 7,042,375
(105,977)	(605,211)
<u>(762,637)</u>	<u>(6,485,508)</u>
(117,391)	(48,344)
-	32,457
(5,608)	(26,617)
<u>-</u>	<u>(6,226)</u>
(5,608)	(386)
-	(19,203)
<u>(39,312)</u>	<u>(353,280)</u>
(39,312)	(372,483)
<u>2,661</u>	<u>38,771</u>
<u>2,661</u>	<u>38,771</u>
(159,650)	(382,442)
<u>578,872</u>	<u>6,779,976</u>
<u>\$ 419,222</u>	<u>\$ 6,397,534</u>
\$ 78,982	\$ 221,634
10,884	320,102
(41,171)	(42,255)
-	(87)
(1,305)	(1,683)
(125,351)	(378,879)
(39,430)	(45,344)
-	(121,832)
<u>-</u>	<u>-</u>
<u>\$ (117,391)</u>	<u>\$ (48,344)</u>

City of Healdsburg
Combining Statement of Fiduciary Net Position
Private-purpose Trust Funds
June 30, 2015

	Redevelopment Agency DBD	Senior Center Trust	Community Benefit Trust	Plaza Flowers Veterans Trust
ASSETS				
Cash and Investments	\$ 16,464	\$ -	\$ 382,506	\$ 3,558
Cash and Investments with Fiscal Agent	-	182,722	-	-
Receivables:				
Accounts	-	-	-	-
Notes	-	-	-	-
Interest	-	-	242	2
Advances to City of Healdsburg	-	-	-	-
Capital Assets, Not Being Depreciated	-	-	-	-
Capital Assets, Net of Accumulated Depreciation	-	-	-	-
Total Assets	16,464	182,722	382,748	3,560
LIABILITIES				
Accounts Payable	16,463	-	-	-
Interest Payable	-	-	-	-
Noncurrent Liabilities				
Due within One Year	-	-	-	-
Due in More than One Year	-	-	-	-
Total Liabilities	16,463	-	-	-
NET POSITION				
Net Position (Deficit) Held in Trust for Successor Agency and Other Purposes	<u>\$ 1</u>	<u>\$ 182,722</u>	<u>\$ 382,748</u>	<u>\$ 3,560</u>

Post RDA Successor Agency	Post RDA Debt Retirement Fund	Totals
\$ 13,764,409	\$ 28,199	\$ 14,195,136
1,539,273	4,591,368	6,313,363
-	9,949	9,949
673,718	-	673,718
8,732	-	8,976
4,495,000	-	4,495,000
528,300	-	528,300
437,962	-	437,962
<u>21,447,394</u>	<u>4,629,516</u>	<u>26,662,404</u>
-	-	16,463
-	924,493	924,493
-	1,396,300	1,396,300
-	49,106,300	49,106,300
-	51,427,093	51,443,556
<u>\$ 21,447,394</u>	<u>\$ (46,797,577)</u>	<u>\$ (24,781,152)</u>

City of Healdsburg
Combining Statement of Changes in Fiduciary Net Position
Private-purpose Trust Funds
Year Ended June 30, 2015

	Redevelopment Agency DBD	Senior Center Trust	Community Benefit Trust	Plaza Flowers Veterans Trust
ADDITIONS				
Taxes and Assessments	\$ 17,973	\$ -	\$ -	\$ -
Fees and Charges	-	13	-	-
Investment Earnings	-	(6,691)	1,970	17
Transfers	-	-	-	-
	<u>17,973</u>	<u>(6,678)</u>	<u>1,970</u>	<u>17</u>
Total Revenues				
DEDUCTIONS				
Community Development	16,943	2,157	87,305	163
Depreciation	-	-	-	-
Interest Expense	-	-	-	-
Transfers	-	-	-	-
Transfers to City	-	-	-	-
	<u>16,943</u>	<u>2,157</u>	<u>87,305</u>	<u>163</u>
Total Deductions				
Change in Net Position	1,030	(8,835)	(85,335)	(146)
Net Position (Deficit), Beginning	(1,029)	191,557	468,083	3,706
Restatement of Net Position	-	-	-	-
Net Position (Deficit), Ending	<u>\$ 1</u>	<u>\$ 182,722</u>	<u>\$ 382,748</u>	<u>\$ 3,560</u>

Post RDA Successor Agency	Post RDA Debt Retirement Fund	Totals
\$ -	\$ -	\$ 17,973
5,076	119,344	124,433
88,931	132	84,359
-	9,500,000	9,500,000
<u>94,007</u>	<u>9,619,476</u>	<u>9,726,765</u>
125,760	194,000	426,328
21,894	-	21,894
-	2,372,295	2,372,295
9,500,000	-	9,500,000
7,938,150	-	7,938,150
<u>17,585,804</u>	<u>2,566,295</u>	<u>20,258,667</u>
(17,491,797)	7,053,181	(10,531,902)
34,444,191	(53,850,758)	(18,744,250)
4,495,000	-	4,495,000
<u>\$ 21,447,394</u>	<u>\$ (46,797,577)</u>	<u>\$ (24,781,152)</u>