

CITY OF HEALDSBURG

Financial Statements

Fiscal Year Ended June 30, 2022

TABLE OF CONTENTS

PAGE

INTRODUCTORY SECTION

Table of Contents i

FINANCIAL SECTION

A. Independent Auditor’s Report 1

B. Management’s Discussion and Analysis 4

C. Basic Financial Statements:

Government-wide Financial Statements:

Statement of Net Position 15

Statement of Activities..... 16

Fund Financial Statements:

Balance Sheet – Governmental Funds 18

Reconciliation of the Balance Sheet of

Governmental Funds to the Statement of Net Position..... 19

Statement of Revenues, Expenditures, and Changes in Fund Balances –

Governmental Funds..... 20

Reconciliation of the Statements of Revenues, Expenditures, and Changes in

Fund Balances of Governmental Funds to the Statement of Activities 21

Statement of Net Position – Proprietary Funds..... 22

Statement of Revenues, Expenses, and Changes in

Net Position – Proprietary Funds..... 24

Statement of Cash Flows – Proprietary Funds 26

Statement of Fiduciary Net Position 28

Statement of Changes in Fiduciary Net Position 29

Notes to Basic Financial Statements 31

D. Required Supplemental Information:

Schedule of the Local Government’s Proportionate Share

of the Net Pension Liability 87

Schedule of Pension Contributions 88

Schedule of Change in Net OPEB Liability and Related Ratios 89

Schedule of OPEB Contributions..... 90

Schedule of Revenues, Expenditures, and Changes in Fund Balance –

Budget and Actual:

General Fund 91

Community Services Special Revenue Fund..... 92

Note to Required Supplementary Information 93

E. Other Supplemental Information:

Schedule of Revenues, Expenditures, and Changes in Fund Balance –

Budget and Actual – Major Fund:

Street Capital Project Fund – Major Fund..... 95

TABLE OF CONTENTS

<u>FINANCIAL SECTION (Continued)</u>	<u>PAGE</u>
F. Nonmajor Governmental Funds:	
Description of Nonmajor Governmental Funds	97
Combining Balance Sheet – Nonmajor Governmental Funds	98
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	100
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual:	
Gas Tax Special Revenue Fund.....	102
Public Safety Special Revenue Fund.....	103
Strong Motion Education and Data Special Revenue Fund	104
Area A Lighting and Landscaping Special Revenue Fund.....	105
Media Center Special Revenue Fund	106
Benjamin Way Maintenance District Special Revenue Fund.....	107
Housing Successor Agency Special Revenue Fund	108
General Debt Service Fund.....	109
G. General Fund Activities:	
Combining Balance Sheet	110
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	112
H. Water Fund Activities:	
Combining Statement of Net Position.....	114
Combining Statement of Revenues, Expenses, and Changes in Net Position.....	115
I. Sewer Fund Activities:	
Combining Statement of Net Position.....	116
Combining Statement of Revenues, Expenses, and Changes in Net Position.....	118
J. Electric Fund Activities:	
Combining Statement of Net Position.....	120
Combining Statement of Revenues, Expenses, and Changes in Net Position.....	121
K. Internal Service Funds:	
Combining Statement of Net Position.....	122
Combining Statement of Revenues, Expenses, and Changes in Net Position.....	123
Combining Statement of Cash Flows	125
L. Fiduciary Funds:	
Combining Statement of Fiduciary Net Position.....	126
Combining Statement of Changes in Fiduciary Net Position.....	128



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Independent Auditor's Report

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

Opinions

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 fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As discussed in Note 1 of the notes to the basic financial statements, effective July 1, 2021, the City adopted the Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

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In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 14, Schedule of the City's Proportionate Share of the Net Pension Liability, Schedule of Pension Contributions, the Schedule of Changes in the Net OPEB Liability and Related Ratios, Schedule of OPEB Contributions on pages 87 through 90, and budgetary comparison information on pages 91 and 92 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.

Supplementary 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 budgetary comparison schedules for the major Streets capital project fund, the combining and individual nonmajor governmental fund financial statements, nonmajor governmental fund budgetary comparison schedules, and the combining General Fund Activities, Water Fund Activities, Sewer Fund Activities, Electric Fund Activities, Internal Service Funds, and Private-purpose Trust Funds are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The budgetary comparison schedules for the major Streets capital project fund, the combining and individual nonmajor governmental fund financial statements, nonmajor governmental fund budgetary comparison schedules, and the combining General Fund Activities, Water Fund Activities, Sewer Fund Activities, Electric Fund Activities, Internal Service Funds, and Private-purpose Trust Funds, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedules for the major Streets capital project fund, the combining and individual nonmajor governmental fund financial statements, nonmajor governmental fund budgetary comparison schedules, and the combining General Fund Activities, Water Fund Activities, Sewer Fund Activities, Electric Fund Activities, Internal Service Funds, and Private-purpose Trust Funds are 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 January 3, 2023, 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.



Moss, Levy & Hartzheim, LLP
Culver City, California
January 3, 2023

CITY OF HEALDSBURG
Management’s Discussion and Analysis
Fiscal Year Ended June 30, 2022

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, 2022. 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.

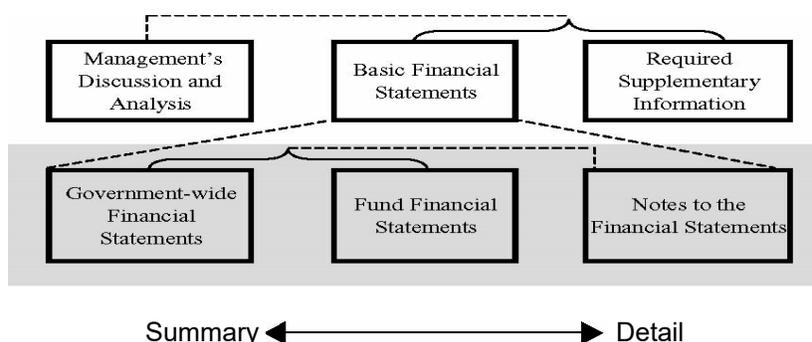
Financial Highlights

- City assets exceeded liabilities by \$226.33 million (net position) at June 30, 2022, an increase of \$12.43 million, or 5.81% over the prior fiscal year.
- The City’s current fiscal year change in net position of \$12.43 million, compared to the prior fiscal year change in net position of \$10.90 million, resulted in an increased net position of \$1.53 million. The increase is mainly attributable to an increase in capital grants of \$8.12 million, an increase in transient occupancy tax of \$5.94 million, and an increase in sales and use tax of \$1.33 million from the prior year levels.
- While the COVID-19 pandemic created economic uncertainty, tourism and business activities continue to grow after the rapid recovery. At the close of fiscal year 2021-22, City governmental funds reported combined ending fund balance of \$30.04 million, an increase of \$9.39 million or 45.47% from the prior fiscal year.
- The unassigned portion of the total governmental funds balance grew from \$2.93 million in FY 20-21 to \$5.39 million in FY 21-22, an increase of \$2.46 million or 83.96%. Sustained recovery and additional one-time capital funds were the key drivers for the year over year increase.
- At the end of fiscal year 2021-22, unassigned fund balance for the General Fund was \$5.4 million, or 25.71% of total General Fund expenditures. The General Fund Balance sheet is on page 18.

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, 2022

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, community services and streets capital projects. 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 91, reflect both the original and final budget figures for the General Fund. Additionally, budgetary schedules for the other governmental funds have been provided as required to demonstrate compliance with the budget.

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

CITY OF HEALDSBURG
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2022

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 twenty-one 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, Community Services, and Capital Projects as they are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these 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, 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 maintenance, information systems, and building maintenance. Because internal service funds predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements. The internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements.

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

Notes to Basic 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, capital project funds and all debt service funds.

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.

CITY OF HEALDSBURG
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2022

NET POSITION
June 30, 2022 and 2021

	Governmental Activities		Business-type Activities		Total Government	
	2022	2021	2022	2021	2022	2021
ASSETS						
Current and other assets	\$ 42,713,406	\$ 31,076,885	\$ 42,710,347	\$ 47,534,827	\$ 85,423,753	\$ 78,611,712
Capital assets	113,922,014	108,556,987	104,161,035	101,403,445	218,083,049	209,960,432
Total assets	<u>156,635,420</u>	<u>139,633,872</u>	<u>146,871,382</u>	<u>148,938,272</u>	<u>303,506,802</u>	<u>288,572,144</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred Loss on Debt Refunding	-	-	711,616	766,356	711,616	766,356
Deferred Pension Related Items	6,403,739	5,265,801	2,100,952	2,265,986	8,504,691	7,531,787
Deferred OPEB Related Items	137,203	176,310	64,038	51,129	201,241	227,439
Total deferred outflows	<u>6,540,942</u>	<u>5,442,111</u>	<u>2,876,606</u>	<u>3,083,471</u>	<u>9,417,548</u>	<u>8,525,582</u>
LIABILITIES						
Current Liabilities	5,628,478	5,152,995	3,515,838	3,219,709	9,144,316	8,372,704
Long-term liabilities	23,497,268	34,443,034	32,708,509	39,079,163	56,205,777	73,522,197
Total liabilities	<u>29,125,746</u>	<u>39,596,029</u>	<u>36,224,347</u>	<u>42,298,872</u>	<u>65,350,093</u>	<u>81,894,901</u>
DEFERRED INFLOWS OF RESOURCES						
Lease	210,477	-	-	-	-	-
Deferred Pension Related Items	14,204,687	910,659	6,358,772	343,809	20,563,459	1,254,468
Deferred OPEB Related Items	321,075	37,882	149,858	10,987	470,933	48,869
Total deferred inflows	<u>14,736,239</u>	<u>948,541</u>	<u>6,508,630</u>	<u>354,796</u>	<u>21,034,392</u>	<u>1,303,337</u>
NET POSITION						
Net Investment						
in Capital Assets	111,681,510	107,260,715	78,295,402	72,961,799	189,976,912	180,222,514
Restricted	25,393,784	17,634,440	16,533,729	16,020,267	41,927,513	33,654,707
Unrestricted	(17,760,917)	(20,363,742)	12,185,880	20,386,009	(5,575,037)	22,267
Total net position	<u>\$ 119,314,377</u>	<u>\$ 104,531,413</u>	<u>\$ 107,015,011</u>	<u>\$ 109,368,075</u>	<u>\$ 226,329,388</u>	<u>\$ 213,899,488</u>

By far the largest portion of the City's net position (83.94%) reflects its net investment in capital assets (e.g. land, buildings, utility plants, 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 are not normally used to liquidate these liabilities.

Another portion of the City's net position (\$41.93 million or 18.52%) represents resources that are subject to external restrictions on how they may be used, noted above as restricted net position.

CITY OF HEALDSBURG
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2022

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

CHANGE IN NET POSITION FOR THE FISCAL YEARS ENDED JUNE 30, 2022 and 2021						
	Government Activities		Business-Type Activities		Totals	
	2022	2021	2022	2021	2022	2021
PROGRAM REVENUES						
Charges for Services	\$ 5,545,226	\$ 3,801,418	\$ 30,394,456	\$ 33,046,498	\$ 35,939,682	\$ 36,847,916
Operating Grants	2,761,203	2,274,986	-	-	2,761,203	2,274,986
Capital Grants	9,343,818	1,232,968	108,016	97,589	9,451,834	1,330,557
GENERAL REVENUES						
Property and Other Taxes	2,758,260	3,030,458	-	-	2,758,260	3,030,458
Sales and Use Taxes	9,395,151	8,069,869	-	-	9,395,151	8,069,869
Motor Vehicle in Lieu	1,636,099	1,570,322	-	-	1,636,099	1,570,322
Franchise Fees	699,119	604,013	-	-	699,119	604,013
Business License Taxes	261,310	314,307	-	-	261,310	314,307
Transient Occupancy Taxes	10,691,290	4,750,888	-	-	10,691,290	4,750,888
Use of Money and Property	(589,448)	823,296	(576,252)	364,392	(1,165,700)	1,187,688
Other Revenues (Misc)	77,319	5,979,538	-	-	77,319	5,979,538
TOTAL REVENUES	\$ 42,579,347	\$ 32,452,063	\$ 29,926,220	\$ 33,508,479	\$ 72,505,567	\$ 65,960,542
EXPENSES						
Governmental Activities						
General Government	\$ 9,765,583	\$ 4,181,962	\$ -	\$ -	\$ 9,765,583	\$ 4,181,962
Public Safety	7,681,297	9,668,455	-	-	7,681,297	9,668,455
Community Development	534,729	1,099,864	-	-	534,729	1,099,864
Community Services	4,286,641	3,655,094	-	-	4,286,641	3,655,094
Streets and Roads	2,498,470	5,056,824	-	-	2,498,470	5,056,824
Interest on Long Term Debt	79,746	258,000	-	-	79,746	258,000
Unallocated Depreciation	2,920,035	2,426,750	-	-	2,920,035	2,426,750
Business Type Activities						
Water	-	-	6,963,686	5,489,695	6,963,686	5,489,695
Sewer	-	-	10,041,386	9,212,612	10,041,386	9,212,612
Electric	-	-	14,844,513	13,594,946	14,844,513	13,594,946
Non-Major Enterprise Funds (Airport)	-	-	459,581	419,697	459,581	419,697
TOTAL EXPENSES	\$ 27,766,501	\$ 26,346,949	\$ 32,309,166	\$ 28,716,950	\$ 60,075,667	\$ 55,063,899
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE TRANSFERS						
	\$ 14,812,846	\$ 6,105,114	\$ (2,382,946)	\$ 4,791,529	\$ 12,429,900	\$ 10,896,643
Transfers						
Transfers In (Out)	\$ (29,882)	\$ 2,580,555	\$ 29,882	\$ (2,580,555)	\$ -	\$ -
TOTAL TRANSFERS	\$ (29,882)	\$ 2,580,555	\$ 29,882	\$ (2,580,555)	\$ -	\$ -
CHANGE IN NET POSITION	\$ 14,782,964	\$ 8,685,669	\$ (2,353,064)	\$ 2,210,974	\$ 12,429,900	\$ 10,896,643
NET POSITION JULY 1	104,531,413	95,368,409	109,368,075	107,402,623	213,899,488	202,771,032
RESTATEMENT OF NET POSITION	-	477,335	-	(245,522)	-	231,813
NET POSITION JUNE 30	\$ 119,314,377	\$ 104,531,413	\$ 107,015,011	\$ 109,368,075	\$ 226,329,388	\$ 213,899,488

The Change in Net Position shows how the government's net position changed during fiscal year 2021-22 as compared to fiscal year 2020-21. The City's current fiscal year change in net position of \$12.43 million, compared to the prior fiscal year change in net position of \$10.90 million, resulted in an increase of \$1.53 million. The current year increase is a result of capital grants increasing \$8.12, governmental charges for services increasing \$1.74 million, sales and use tax increasing \$1.33 million, transient occupancy tax increasing \$5.94 million. These increases were further offset by a \$5.90 million decrease in other revenues, \$2.35 million decrease in use of money and property, \$2.65 million decrease in business charges for services, and a \$3.59 million increase in expenses for business-type activities and \$1.42 million increase in expenses for government-type activities.

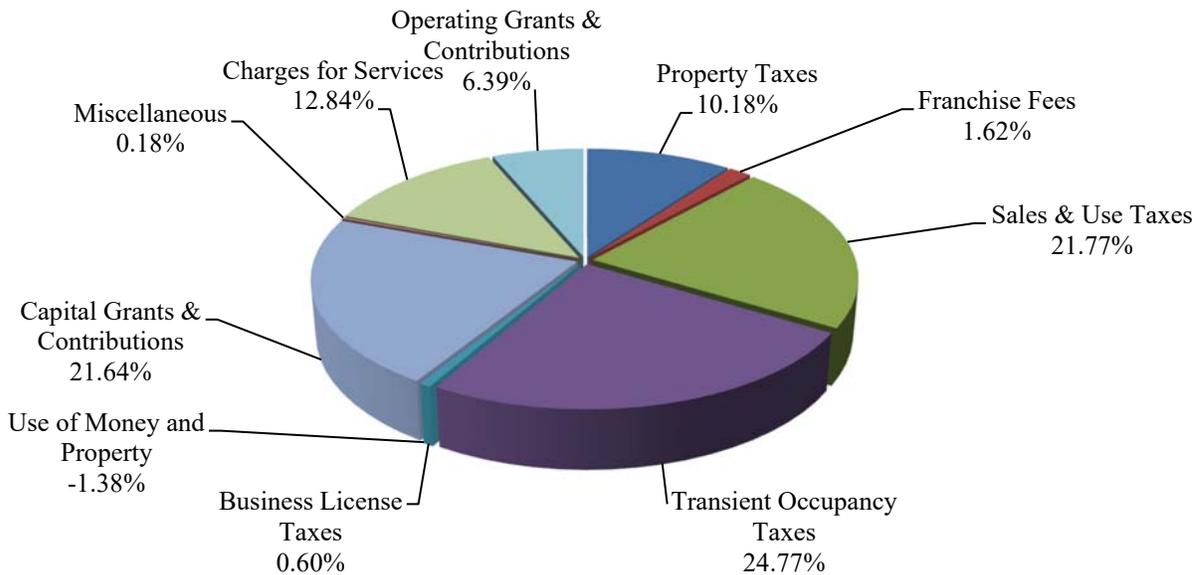
CITY OF HEALDSBURG
Management’s Discussion and Analysis
Fiscal Year Ended June 30, 2022

Governmental Activities. Governmental activities net position increased \$14.78 million during the fiscal year ended June 30, 2022. Revenue increased \$10.13 million or 31.21%, and expenses increased \$1.42 million or 5.39%. Factors contributing to the current fiscal year increase include:

- Charges for services increased \$1.74 million
- Capital grants increased \$8.11 million
- Sales and use tax increased \$1.33 million
- Transient occupancy taxes increased \$5.94 million
- Use of money and property decreased \$1.41 million
- Other revenues decreased \$5.90 million

The chart below reflects information from the Statement of Activities, page 16 and 17 of the Financial Statements. The largest revenue source for governmental activities is transient occupancy taxes (24.77%), followed by sales and use tax (21.77%), capital grants & contributions (21.64%), charges for services (12.84%), and property taxes (10.18%). Notably, use of money and property was -1.38% due to unrealized losses on investments outpacing realized interest earnings.

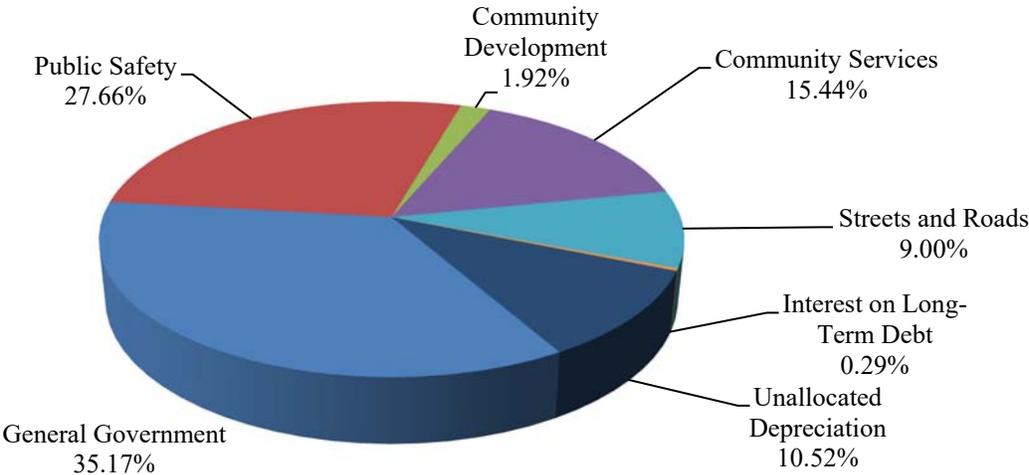
**REVENUES BY SOURCE – GOVERNMENTAL ACTIVITIES
FOR FISCAL YEAR ENDED JUNE 30, 2022**



As for expenditures, general government expenses are the most significant (35.17%) of all governmental activity expenses, followed by public safety (27.66%), community services (15.44%), and streets and roads (9.00%). The general governmental expenses outpaced public safety expenses this year due to a large property acquisition totaling \$5.01 million funded by capital grants. Depreciation expense is 10.52% of the total expenses for governmental activities. The chart on the next page reflects information from the Financial Statements, Statement of Activities on page 16 and 17.

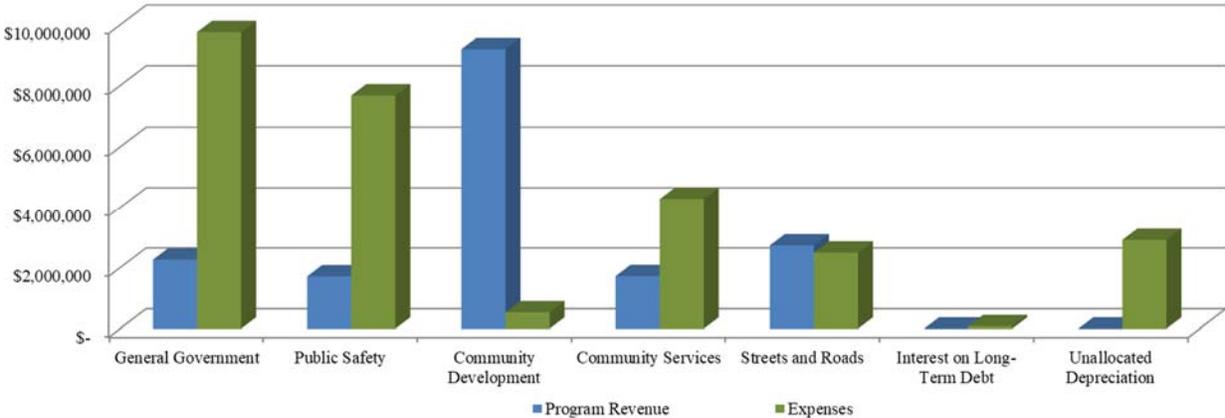
CITY OF HEALDSBURG
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2022

EXPENSES BY FUNCTION/PROGRAM – GOVERNMENTAL ACTIVITIES
FOR FISCAL YEAR ENDED JUNE 30, 2022



The chart below is a side-by-side comparison of program expense and revenue for governmental activities. For fiscal year 2021-22, program expenses exceeded program revenues for all governmental activity programs except for Community Development due to the accounting for the large property acquisition.

COMPARISON OF EXPENSES AND PROGRAM REVENUES
GOVERNMENTAL ACTIVITIES
FOR FISCAL YEAR ENDED JUNE 30, 2022

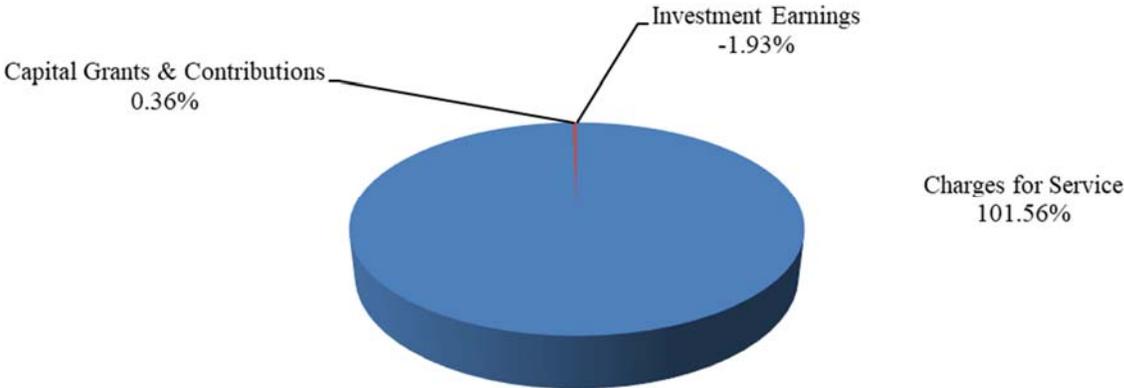


CITY OF HEALDSBURG
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2022

Business-Type Activities. As of June 30, 2022, the total net position of business-type activities was \$107.02 million.

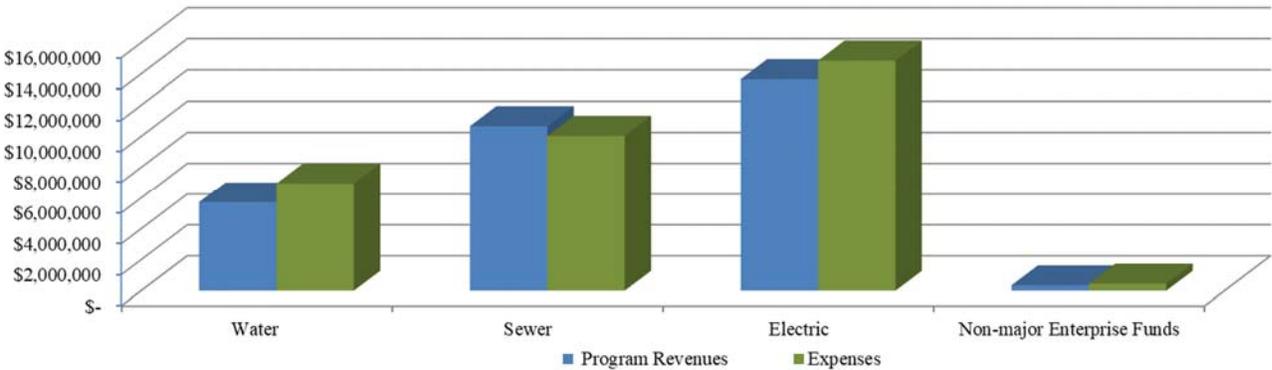
- Total revenue of \$29.9 million is mainly comprised of charges for services of \$30.39 million and use of money and property of -\$576 thousand.
- Revenue was less than operating expenses of \$32.3 million, resulting in a current fiscal year net position decrease of \$2.38 million before transfers.
- Transfers in of \$29 thousand slightly offset the decrease in current year net position.

**REVENUES BY SOURCE – BUSINESS-TYPE ACTIVITIES
 FOR FISCAL YEAR ENDED JUNE 30, 2022**



The chart below is a side-by-side comparison of program expense and revenue for business-type activities. For fiscal year 2021-22, program revenue exceeded program expenses for Sewer.

**EXPENSES AND PROGRAM REVENUES
 BUSINESS-TYPE ACTIVITIES
 FOR FISCAL YEAR ENDED JUNE 30, 2022**



CITY OF HEALDSBURG
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2022

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, 2022, the City's governmental funds Balance Sheet on page 18, reported total ending fund balances of \$30.04 million, an increase of \$9.39 million from the prior fiscal year.

Approximately 17.94% of the total ending fund balances (\$5.39 million) is unassigned and available for spending in the future at the government's discretion. The remainder of the fund balance is either nonspendable, restricted, or assigned. The most significant of these reserved fund balances are restricted for pension stabilization, housing successor agency, and community services, \$9.34 million, \$6.89 million, and \$3.97 million, respectively.

General Fund revenues were \$9.83 million (52.34%) more than in the prior fiscal year, and expenditures increased by \$6.32 million (43.05%). The increase in revenues was the result of an increase in sales and other taxes of \$3.08 million, an increase intergovernmental of \$8.40 million, offset by a \$1.54 million decrease in use of money and property. The increase in expenditures was the result of a \$5.39 increase in general government expenditures and \$990 thousand increase in public safety expenditures.

Proprietary Funds. The City's proprietary funds Revenues, Expenses, and Changes in Net Position, page 24 and 25, 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, and Electric. The major changes in enterprise net position are a decrease in the Water Fund of \$966 thousand to \$20.03 million, an increase in the Sewer Fund of \$325 thousand to \$45.77 million and a decrease in the Electric Fund of \$1.70 million to \$37.53 million.

The Internal Service Funds had an increase in net position of \$752 thousand during the fiscal year, ending with a net position of \$9.07 million. This increase is attributable to an increase in operating revenue of \$636.70 thousand, and an increase in total transfers of \$766.83 thousand offset by an increase in operating expense of \$419.72 thousand. The operating revenue is made up of the service fees charged to each operating fund.

CAPITAL ASSET AND LONG-TERM LIABILITIES

Capital Assets. The City's investment in capital assets for its governmental and business-type activities at June 30, 2022, amounted to \$217.92 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 fiscal year totaled \$8 million.

CITY OF HEALDSBURG
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2022

	Governmental Activities		Business-type Activities	
	2022	2021	2022	2021
Land and Land Rights	\$ 20,193,298	\$ 20,193,298	\$ 1,245,877	\$ 1,245,877
Right of Way	6,681,379	6,681,379	-	-
Construction in Progress	5,799,988	2,283,574	2,044,538	3,706,959
Land Improvements	4,334,889	4,329,096	-	-
Streets	74,780,162	71,169,219	-	-
Buildings	33,245,829	32,716,886	3,040,870	3,040,870
Machinery and Equipment	12,117,148	10,638,032	3,114,170	3,364,496
Infrastructure	1,515,614	1,515,614	-	-
Utility Systems	-	-	139,372,716	131,210,646
Drainage	-	-	11,822,810	11,787,810
Operations	-	-	4,046,891	4,046,891
Total	<u>\$ 158,668,307</u>	<u>\$ 149,527,098</u>	<u>\$ 164,687,872</u>	<u>\$ 158,403,549</u>
Less Accumulated Depreciation	<u>(44,906,321)</u>	<u>(40,970,111)</u>	<u>(60,526,837)</u>	<u>(57,000,104)</u>
Net Capital Assets	<u>\$ 113,761,986</u>	<u>\$ 108,556,987</u>	<u>\$ 104,161,035</u>	<u>\$ 101,403,445</u>

Additional information on the City's capital assets can be found in Note 8 of the basic financial statements.

Long-Term Liabilities. The City's outstanding long-term liabilities, including bonds, loans payable, net pension liability, claims, capital leases, lease liabilities, OPEB, and compensated absences totaled \$60.7 million at June 30, 2022. Of this total, \$25.71 million (42.35%) was in governmental activities and \$35 million (57.65%) was in business-type activities.

	Governmental Activities		Business-type Activities	
	2022	2021	2022	2021
Pension Obligation Bond	\$ 567,520	\$ 1,094,319	\$ 317,235	\$ 611,737
Net Pension Liability	17,963,536	28,196,885	6,989,288	11,087,343
Certificates of Participation	-	-	1,500,000	1,630,000
HUSD Capital Lease Payable	1,137,807	1,274,207	-	-
Revenue Bonds	-	-	24,293,983	25,937,367
Compensated Absences	2,480,695	2,507,123	-	-
Successor Agency Payable	1,376,900	1,480,975	1,570,322	1,689,018
Capital Leases	947,393	22,065	-	-
Lease Liabilities	159,815	-	-	-
Claims Payable	390,404	441,634	-	-
OPEB	681,953	1,069,929	318,292	310,279
Total	<u>\$ 25,706,023</u>	<u>\$ 36,087,137</u>	<u>\$ 34,989,120</u>	<u>\$ 41,265,744</u>

Additional information on the City's long-term liabilities can be found in Note 10 of the basic financial statements.

CITY OF HEALDSBURG
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2022

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

While the economy continued to improve over the last year, significant uncertainty remains regarding the global COVID-19 pandemic and its economic impacts. The Consumer Price Index has increased substantially over the last year, resulting in cost increases for city-purchased goods and construction projects, while low bond yields impacted the City's ability to gain meaningful interest on retained earnings. With the Federal Reserve aggressively increasing the federal funds rate to address inflation the City anticipates greater opportunity for meaningful interest returns in the 2022-23 fiscal year. Additionally, the City continued to experience a drought through the summer of 2022 and anticipates a slow recovery in water supply and water revenue for the 2022-23 fiscal year. The City remains committed to evaluating our governmental practices, opportunities for greater operational efficiencies, and ensuring the best possible utilization of taxpayer provided resources. Additionally, in the wake of COVID-19 there is an unprecedented amount of grant funding available that the City is actively seeking to secure for vital infrastructure projects. The 2022-23 fiscal year General Fund revenue projections continue to be conservative. Modest Increases have been projected for transient occupancy taxes, sales taxes, and property 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 Katie Edgar, Finance Director, City of Healdsburg, kedgar@healdsburg.gov or at 401 Grove Street, Healdsburg, CA 95448-4723.

CITY OF HEALDSBURG
STATEMENT OF NET POSITION
June 30, 2022

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Current Assets:			
Cash and investments	\$ 24,058,329	\$ 25,262,448	\$ 49,320,777
Cash and investments with fiscal agents	369,462	11	369,473
Pension stabilization investments	5,044,860	2,147,334	7,192,194
Investment in NCPA Reserves		5,912,910	5,912,910
Accounts receivable	2,466,335	4,574,939	7,041,274
Loans and notes receivable	8,737,497		8,737,497
Interest receivable	88,179	52,354	140,533
Intergovernmental receivable	3,266,272		3,266,272
Lease receivable	214,988		214,988
Internal balances	(2,507,886)	2,507,886	
Deposits	947,429		947,429
Inventory	24,709	2,252,465	2,277,174
Prepaid items	3,232		3,232
Total Current Assets	<u>42,713,406</u>	<u>42,710,347</u>	<u>85,423,753</u>
Non-current Assets:			
Right to use leased assets, net	160,028		160,028
Capital assets:			
Not being depreciated	32,674,665	3,290,415	35,965,080
Being depreciated, net of accumulated depreciation	81,087,321	100,870,620	181,957,941
Total Non-current Assets	<u>113,922,014</u>	<u>104,161,035</u>	<u>218,083,049</u>
Total Assets	<u>156,635,420</u>	<u>146,871,382</u>	<u>303,506,802</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on debt refunding		711,616	711,616
Pension related	6,403,739	2,100,952	8,504,691
OPEB related	137,203	64,038	201,241
Total Deferred Outflows of Resources	<u>6,540,942</u>	<u>2,876,606</u>	<u>9,417,548</u>
LIABILITIES			
Current Liabilities:			
Accounts payable and accrued liabilities	1,648,491	732,536	2,381,027
Retentions payable	299,217	71,661	370,878
Interest payable		244,540	244,540
Claims payable - current	137,942		137,942
Deposits payable	1,472,015	186,490	1,658,505
Compensated absences, due within one year	716,822		716,822
Capital lease, due within one year	610,693		610,693
Other long-term liabilities, due within one year	743,298	2,280,611	3,023,909
Total Current Liabilities	<u>5,628,478</u>	<u>3,515,838</u>	<u>9,144,316</u>
Non-current Liabilities			
Compensated absences, due in more than one year	1,763,873		1,763,873
Claims payable, due in more than one year	252,462		252,462
Net pension liability	17,963,536	6,989,288	24,952,824
Capital lease, due in more than one year	1,474,507		1,474,507
Other long-term liabilities, due in more than one year	1,360,937	25,400,929	26,761,866
Other post-employment benefits liability	681,953	318,292	1,000,245
Total Non-current Liabilities	<u>23,497,268</u>	<u>32,708,509</u>	<u>56,205,777</u>
Total Liabilities	<u>29,125,746</u>	<u>36,224,347</u>	<u>65,350,093</u>
DEFERRED INFLOWS OF RESOURCES			
Lease	210,477		210,477
Pension related	14,204,687	6,358,772	20,563,459
OPEB related	321,075	149,858	470,933
Total Deferred Inflows of Resources	<u>14,736,239</u>	<u>6,508,630</u>	<u>21,244,869</u>
NET POSITION			
Net investment in capital assets	111,681,510	78,295,402	189,976,912
Restricted for:			
Lighting and landscaping	284,959		284,959
Pension	4,477,340	2,147,334	6,624,674
Capital projects	2,749,143	14,386,395	17,135,538
Community services	5,003,677		5,003,677
Nonexpendable permanent endowments	200,000		200,000
Debt service	170,993		170,993
Streets and roads	1,271,922		1,271,922
Public safety	241,000		241,000
Housing	10,994,750		10,994,750
Unrestricted	(17,760,917)	12,185,880	(5,575,037)
Total Net Position	<u>\$ 119,314,377</u>	<u>\$ 107,015,011</u>	<u>\$ 226,329,388</u>

See Accompanying Notes to Basic Financial Statements

**CITY OF HEALDSBURG
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2022**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General government	\$ 9,765,583	\$ 2,264,614	\$ 1,172	\$ -
Public safety	7,681,297	803,281	914,796	
Streets and roads	2,498,470	907,488	502,586	1,326,820
Community development	534,729	791,904	631,924	7,778,800
Community services	4,286,641	777,939	710,725	238,198
Interest and fiscal charges	79,746			
Unallocated depreciation	2,920,035			
Total Governmental Activities	27,766,501	5,545,226	2,761,203	9,343,818
Business-type Activities:				
Water	6,963,686	5,732,350		
Sewer	10,041,386	10,661,978		
Electric	14,844,513	13,654,469		
Airport	459,581	345,659		108,016
Total Business-type Activities	32,309,166	30,394,456		108,016
Total Primary Government	\$ 60,075,667	\$ 35,939,682	\$ 2,761,203	\$ 9,451,834

General Revenues:

Taxes:

- Transient occupancy taxes
- Sales taxes
- Property taxes
- Franchise taxes
- Business license
- Motor vehicle in lieu, unrestricted
- Use of money and property
- Miscellaneous

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning of Fiscal Year

Net Position - End of Fiscal Year

Net (Expenses) Revenues
and Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (7,499,797)	\$ -	\$ (7,499,797)
(5,963,220)		(5,963,220)
238,424		238,424
8,667,899		8,667,899
(2,559,779)		(2,559,779)
(79,746)		(79,746)
(2,920,035)		(2,920,035)
<u>(10,116,254)</u>		<u>(10,116,254)</u>
	(1,231,336)	(1,231,336)
	620,592	620,592
	(1,190,044)	(1,190,044)
	<u>(5,906)</u>	<u>(5,906)</u>
	(1,806,694)	(1,806,694)
<u>(10,116,254)</u>	<u>(1,806,694)</u>	<u>(11,922,948)</u>
10,691,290		10,691,290
9,395,151		9,395,151
2,758,260		2,758,260
699,119		699,119
261,310		261,310
1,636,099		1,636,099
(589,448)	(576,252)	(1,165,700)
77,319		77,319
<u>(29,882)</u>	<u>29,882</u>	
<u>24,899,218</u>	<u>(546,370)</u>	<u>24,352,848</u>
14,782,964	(2,353,064)	12,429,900
<u>104,531,413</u>	<u>109,368,075</u>	<u>213,899,488</u>
<u>\$ 119,314,377</u>	<u>\$ 107,015,011</u>	<u>\$ 226,329,388</u>

**CITY OF HEALDSBURG
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2022**

	General	Special Revenue Fund Community Services	Capital Projects Fund Streets	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS:					
Cash and investments	\$ 10,086,968	\$ 2,546,831	\$ 1,449,976	\$ 2,867,101	\$ 16,950,876
Cash and investments with fiscal agents				369,462	369,462
Pension stabilization investments	4,434,624	439,235	171,001		5,044,860
Receivables:					
Accounts and taxes	1,115,465	1,107,218	66,465	72,455	2,361,603
Interest	65,477	5,210	2,471	5,449	78,607
Intergovernmental	2,784,132	143,351	33,260	305,529	3,266,272
Lease	214,988				214,988
Due from other funds	1,077,759				1,077,759
Loans and notes receivable	282,673		45,186	8,407,105	8,734,964
Deposits	947,429				947,429
Inventory			8,213		8,213
Prepaid expenditures	3,232				3,232
Total Assets	\$ 21,012,747	\$ 4,241,845	\$ 1,776,572	\$ 12,027,101	\$ 39,058,265
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ 566,204	\$ 153,215	\$ 132,419	\$ 1,242	\$ 853,080
Due to other funds	2,492,886		818,503	252,472	3,563,861
Deposits payable	1,382,303	17,230	42,026	456	1,442,015
Retention payable			299,217		299,217
Total Liabilities	4,441,393	170,445	1,292,165	254,170	6,158,173
Deferred inflows of resources:					
Lease	210,477				210,477
Unavailable revenue - interest				1,644,605	1,644,605
Unavailable revenue	850,000	102,665		53,300	1,005,965
Total deferred inflows of resources	1,060,477	102,665		1,697,905	2,861,047
Fund balances					
Nonspendable:					
Prepaid expenditures	3,232				3,232
Inventory			8,213		8,213
Legally/Contractually required to be maintained intact				200,000	200,000
Lease	4,511				4,511
Restricted	9,783,006	3,968,735	476,194	9,888,764	24,116,699
Assigned	315,545				315,545
Unassigned	5,404,583			(13,738)	5,390,845
Total Fund Balances	15,510,877	3,968,735	484,407	10,075,026	30,039,045
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 21,012,747	\$ 4,241,845	\$ 1,776,572	\$ 12,027,101	\$ 39,058,265

See Accompanying Notes to Basic Financial Statements

**CITY OF HEALDSBURG
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2022**

Fund balances for governmental funds		\$ 30,039,045
<p>Amounts reported for governmental activities in the Statement of Net Position are different from those reported in the Governmental Funds because of the following:</p>		
<p>Capital assets used in Governmental Activities are not current resources and, therefore, are not reported in the Governmental Funds Balance Sheet.</p>		
Capital assets	\$ 139,074,834	
Less: accumulated depreciation	<u>(31,808,373)</u>	107,266,461
<p>Long-term debt liabilities, including bonds payable and interest payable, are not due and payable in the current period and therefore are not reported in the funds.</p>		
Pension obligation bond	(567,520)	
Capital leases payable	(1,137,807)	
Net pension liability	(17,963,536)	
Loan payable	(1,376,900)	
OPEB liability	<u>(681,953)</u>	(21,727,716)
<p>Intergovernmental receivables which are not financial resources but are revenues under the full accrual method.</p>		
		1,005,965
<p>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.</p>		
		9,070,837
<p>Deferred outflows and inflows of resources relating to pensions: In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported.</p>		
Deferred outflows of resources relating to pensions	6,403,739	
Deferred inflows of resources relating to pensions	<u>(14,204,687)</u>	(7,800,948)
<p>Deferred outflows and inflows of resources relating to OPEB: In governmental funds, deferred outflows and inflows of resources relating to OPEB are not reported because they are applicable to future periods. In the statement of net OPEB, deferred outflows and inflows of resources relating to OPEB are reported.</p>		
Deferred inflows of resources relating to OPEB	(321,075)	
Deferred outflows of resources relating to OPEB	<u>137,203</u>	(183,872)
<p>Interest on Long-term notes receivable are offset by deferred inflows in the governmental funds as they do not represent financial resources.</p>		
		<u>1,644,605</u>
Net position of governmental activities		<u>\$ 119,314,377</u>

CITY OF HEALDSBURG
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2022

	General	Special Revenue Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
		Community Services	Streets		
REVENUES					
Property taxes	\$ 4,394,360	\$ -	\$ -	\$ 249,795	\$ 4,644,155
Sales and other taxes	12,838,055	7,810,610	136,895		20,785,560
Development fees	446,350		848,816	791,904	2,087,070
Intergovernmental	8,693,148	238,198	1,115,341	765,253	10,811,940
Fines and forfeitures	42,825				42,825
Licenses and permits	1,668,737				1,668,737
Use of money and property	(717,795)	(93,471)	(37,155)	(69,849)	(918,270)
Charges for services	1,163,071	727,939	58,672	8,222	1,957,904
Other, donations, and reimbursements	77,883	68,532	243,097	54,237	443,749
Total Revenues	28,606,634	8,751,808	2,365,666	1,799,562	41,523,670
EXPENDITURES					
Current:					
General government	9,348,142				9,348,142
Public safety	11,182,351			84,698	11,267,049
Streets and roads			3,345,429	2,500	3,347,929
Community development	472,042			244,491	716,533
Community services		5,744,064			5,744,064
Debt service:					
Principal retirement				767,274	767,274
Interest and fiscal charges				78,723	78,723
Total Expenditures	21,002,535	5,744,064	3,345,429	1,177,686	31,269,714
Excess of Revenues over (under) Expenditures	7,604,099	3,007,744	(979,763)	621,876	10,253,956
OTHER FINANCING SOURCES (USES)					
Transfers in	6,347,770	1,140,349	3,321,569	819,466	11,629,154
Transfers out	(8,424,806)	(1,453,155)	(1,519,911)	(1,091,852)	(12,489,724)
Total Other Financing Sources (Uses)	(2,077,036)	(312,806)	1,801,658	(272,386)	(860,570)
Net Change in Fund Balances	5,527,063	2,694,938	821,895	349,490	9,393,386
Fund Balances (deficit), Beginning of Fiscal Year	9,983,814	1,273,797	(337,488)	9,725,536	20,645,659
Fund Balances, End of Fiscal Year	\$ 15,510,877	\$ 3,968,735	\$ 484,407	\$ 10,075,026	\$ 30,039,045

**CITY OF HEALDSBURG
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2022**

Net change in fund balances - total governmental funds \$ 9,393,386

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 and reported as depreciation expense. The amount by which capital outlay exceeded depreciation in the current period as follows:

Capital outlay	\$7,719,311	
Depreciation	<u>(2,920,035)</u>	4,799,276

In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. 767,274

Other postemployment benefits reported in the governmental funds includes cash payments made into the trust fund and payments on behalf of retirees. In the Statement of Activities, OPEB expense includes the change in the net OPEB liability, and related change in OPEB amounts for deferred outflows of resources and deferred inflows of resources. 65,676

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 service funds is reported with governmental activities. 752,198

In governmental funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This fiscal year, the difference between accrual-basis pension costs and actual employer contributions was: (1,922,741)

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. 927,895

Change in net position of governmental activities \$ 14,782,964

**CITY OF HEALDSBURG
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2022**

	Enterprise Funds			
	Water Fund	Sewer Fund	Electric Fund	Non-major Airport Fund
ASSETS				
Current Assets:				
Cash and investments	\$ 4,046,412	\$ 7,729,479	\$ 13,244,321	\$ 242,236
Cash and investments with fiscal agents	3	8		
Pension stabilization investments	512,982	752,061	882,291	
Investment in NCPA Reserves			5,912,910	
Accounts receivable	947,938	1,292,744	2,272,918	61,339
Loans and notes receivable				
Interest receivable	8,366	15,893	27,597	498
Inventory	77,564	20,920	2,102,363	51,618
Due from other funds		2,368,244	1,261,443	
Total Current Assets	5,593,265	12,179,349	25,703,843	355,691
Noncurrent Assets:				
Right to use leased assets, net				
Capital assets				
Land	310,781	766,902	48,360	119,834
Construction in progress	74,060	1,649,520	270,921	50,037
Depreciable buildings and improvements, net	233,398	43,556	17,141	468,232
Depreciable utility systems, net	22,924,663	55,175,436	17,991,125	
Depreciable operations, net				2,747,963
Depreciable equipment, net	273,135	616,000	379,971	
Total Noncurrent Assets	23,816,037	58,251,414	18,707,518	3,386,066
Total Assets	29,409,302	70,430,763	44,411,361	3,741,757
Deferred Outflows of Resources:				
Deferred loss on debt refunding		711,616		
OPEB related	19,477	23,574	20,987	
Pension related	620,736	620,736	859,480	
Total deferred outflows of resources	640,213	1,355,926	880,467	
LIABILITIES				
Current Liabilities:				
Accounts payable and accrued liabilities	110,325	292,304	292,525	37,382
Due to other funds		1,121,801		
Deposits payable	14,732	1,100	152,291	18,367
Retentions payable		71,661		
Bonds payable - current	813,341	1,221,984	126,294	
Loan payable - current			118,992	
Lease liabilities - current				
Capital lease payable - current				
Claims payable - current				
Interest payable	61,123	179,491	3,926	
Compensated absences				
Total Current Liabilities	999,521	2,888,341	694,028	55,749
Noncurrent Liabilities				
Bonds payable	4,933,000	19,016,599		
Loan payable			1,451,330	
Capital lease payable				
Lease liabilities				
Claims payable				
OPEB	96,809	117,172	104,311	
Net pension liability	2,065,017	2,065,017	2,859,254	
Compensated absences				
Total Noncurrent Liabilities	7,094,826	21,198,788	4,414,895	
Total Liabilities	8,094,347	24,087,129	5,108,923	55,749
Deferred Inflows of Resources:				
OPEB related	45,580	55,166	49,112	
Pension related	1,878,728	1,878,728	2,601,316	
Total deferred inflows of resources	1,924,308	1,933,894	2,650,428	
NET POSITION				
NET investment in capital assets	18,165,040	38,036,778	18,707,518	3,386,066
Restricted	3,418,244	7,732,998	5,382,487	
Unrestricted	(1,552,424)	(4,110)	13,442,472	299,942
Total Net Position	\$ 20,030,860	\$ 45,765,666	\$ 37,532,477	\$ 3,686,008

		Governmental Activities
Totals		Internal Service Funds
\$	25,262,448	\$ 7,107,453
	11	
	2,147,334	
	5,912,910	
	4,574,939	104,732
		2,533
	52,354	9,572
	2,252,465	16,496
	3,629,687	
	<u>43,832,148</u>	<u>7,240,786</u>
		160,028
	1,245,877	
	2,044,538	
	762,327	1,933,313
	96,091,224	
	2,747,963	
	1,269,106	4,562,212
	<u>104,161,035</u>	<u>6,655,553</u>
	<u>147,993,183</u>	<u>13,896,339</u>
	711,616	
	64,038	
	2,100,952	
	<u>2,876,606</u>	
	732,536	795,411
	1,121,801	21,784
	186,490	30,000
	71,661	
	2,161,619	
	118,992	
		71,442
		467,793
		137,942
	244,540	
		<u>716,822</u>
	<u>4,637,639</u>	<u>2,241,194</u>
	23,949,599	
	1,451,330	
		479,600
		88,373
		252,462
	318,292	
	6,989,288	
		<u>1,763,873</u>
	<u>32,708,509</u>	<u>2,584,308</u>
	<u>37,346,148</u>	<u>4,825,502</u>
	149,858	
	6,358,772	
	<u>6,508,630</u>	
	78,295,402	5,548,345
	16,533,729	
	12,185,880	3,522,492
\$	<u>107,015,011</u>	<u>\$ 9,070,837</u>

**CITY OF HEALDSBURG
STATEMENT OF REVENUES,
EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2022**

	Enterprise Funds			
	Water Fund	Sewer Fund	Electric Fund	Non-major Airport Fund
OPERATING REVENUES				
Charges for services	\$ 4,612,289	\$ 7,858,559	\$ 12,577,514	\$ 193,306
Development fees	1,014,958	2,719,597	45,010	
Rental income				147,423
Intergovernmental	4,994	33,367		108,016
Other	100,109	50,455	1,031,945	4,930
Total Operating Revenues	<u>5,732,350</u>	<u>10,661,978</u>	<u>13,654,469</u>	<u>453,675</u>
OPERATING EXPENSES				
Purchase of power			5,585,112	
Salaries and benefits	3,086,106	3,791,617	3,871,218	28,557
Maintenance and operations	1,921,203	1,945,251	3,418,465	221,514
Administration	888,464	1,226,291	1,387,129	83,774
Amortization				
Depreciation	804,681	2,318,833	562,753	125,736
Total Operating Expenses	<u>6,700,454</u>	<u>9,281,992</u>	<u>14,824,677</u>	<u>459,581</u>
Operating Income (loss)	<u>(968,104)</u>	<u>1,379,986</u>	<u>(1,170,208)</u>	<u>(5,906)</u>
NON-OPERATING REVENUES (EXPENSES)				
Investment income (loss)	(123,568)	(210,310)	(238,744)	(3,630)
Interest expense	(260,542)	(758,586)	(17,039)	
Gain (loss) on sale of fixed assets	(2,690)	(808)	(2,797)	
Total Non-operating Revenue (Expenses)	<u>(386,800)</u>	<u>(969,704)</u>	<u>(258,580)</u>	<u>(3,630)</u>
NET INCOME (LOSS) BEFORE TRANSFERS	<u>(1,354,904)</u>	<u>410,282</u>	<u>(1,428,788)</u>	<u>(9,536)</u>
TRANSFERS				
Transfers in	1,601,836	802,498	3,850,060	5,003
Transfers out	(1,212,616)	(888,278)	(4,122,487)	(6,134)
Total Transfers	<u>389,220</u>	<u>(85,780)</u>	<u>(272,427)</u>	<u>(1,131)</u>
Change in Net Position	<u>(965,684)</u>	<u>324,502</u>	<u>(1,701,215)</u>	<u>(10,667)</u>
Net Position, Beginning of Fiscal Year	<u>20,996,544</u>	<u>45,441,164</u>	<u>39,233,692</u>	<u>3,696,675</u>
Net Position, End of Fiscal Year	<u>\$ 20,030,860</u>	<u>\$ 45,765,666</u>	<u>\$ 37,532,477</u>	<u>\$ 3,686,008</u>

<u>Totals</u>	<u>Governmental Activities Internal Service Funds</u>
\$ 25,241,668	\$ 5,755,206
3,779,565	
147,423	
146,377	
<u>1,187,439</u>	<u>26,657</u>
<u>30,502,472</u>	<u>5,781,863</u>
5,585,112	
10,777,498	2,322,031
7,506,433	2,032,621
3,585,658	441,167
	72,107
<u>3,812,003</u>	<u>1,265,754</u>
<u>31,266,704</u>	<u>6,133,680</u>
<u>(764,232)</u>	<u>(351,817)</u>
(576,252)	146,568
(1,036,167)	(1,023)
<u>(6,295)</u>	<u>127,782</u>
<u>(1,618,714)</u>	<u>273,327</u>
<u>(2,382,946)</u>	<u>(78,490)</u>
6,259,397	898,981
<u>(6,229,515)</u>	<u>(68,293)</u>
<u>29,882</u>	<u>830,688</u>
<u>(2,353,064)</u>	<u>752,198</u>
<u>109,368,075</u>	<u>8,318,639</u>
<u>\$ 107,015,011</u>	<u>\$ 9,070,837</u>

**CITY OF HEALDSBURG
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2022**

	Enterprise Funds			
	Water Fund	Sewer Fund	Electric Fund	Non-major Airport Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 5,732,015	\$ 10,606,551	\$ 12,437,094	\$ 394,835
Receipts from other operating activities	100,109	50,455	1,031,945	4,930
Payments to suppliers	(2,975,842)	(2,843,884)	(10,995,925)	(300,088)
Payments to employees	(2,478,486)	(3,037,049)	(3,017,489)	(28,557)
Net Cash Provided (Used) by Operating Activities	<u>377,796</u>	<u>4,776,073</u>	<u>(544,375)</u>	<u>71,120</u>
CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES				
Interfund borrowing		113,313	113,313	
Transfers in	1,601,836	802,498	3,850,060	5,003
Transfers out	(1,212,616)	(888,278)	(4,122,487)	(6,134)
Principal payment on debt (Pension obligation bonds)	(88,509)	(88,749)	(117,244)	
Loans repaid (issued)				
Net Cash Provided for (Used by) Non-Capital and Related Financing Activities	<u>300,711</u>	<u>(61,216)</u>	<u>(276,358)</u>	<u>(1,131)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from capital lease				
Lease payments				
Payments on capital leases				
Principal payments on debt	(687,000)	(1,055,000)	(118,696)	
Interest paid	(267,699)	(745,780)	(17,336)	
Cash received from sale of capital assets				
Acquisition and construction of capital assets	(410,072)	(1,560,421)	(4,555,359)	(50,036)
Net Cash Used by Capital and Related Financing Activities	<u>(1,364,771)</u>	<u>(3,361,201)</u>	<u>(4,691,391)</u>	<u>(50,036)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income (loss)	(127,137)	(217,863)	(246,816)	(3,891)
Net Cash Provided (Used) by Investing Activities	<u>(127,137)</u>	<u>(217,863)</u>	<u>(246,816)</u>	<u>(3,891)</u>
Increase (Decrease) in cash and cash equivalents	(813,401)	1,135,793	(5,758,940)	16,062
Cash and Cash Equivalents, Beginning of Fiscal Year	5,372,798	7,345,755	25,798,462	226,174
Cash and Cash Equivalents, End of Fiscal Year	<u>\$ 4,559,397</u>	<u>\$ 8,481,548</u>	<u>\$ 20,039,522</u>	<u>\$ 242,236</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS				
Cash and investments	\$ 4,046,412	\$ 7,729,479	\$ 13,244,321	\$ 242,236
Cash and investments with fiscal agents	3	8		
Pension stabilization investments	512,982	752,061	882,291	
Investment in NCPA Reserves			5,912,910	
Total Cash and Cash Equivalents	<u>\$ 4,559,397</u>	<u>\$ 8,481,548</u>	<u>\$ 20,039,522</u>	<u>\$ 242,236</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ (968,104)	\$ 1,379,986	\$ (1,170,208)	\$ (5,906)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	804,681	2,318,833	562,753	125,736
Changes in assets and liabilities:				
(Increase) decrease in accounts receivables	99,774	(4,972)	(185,430)	(53,910)
(Increase) decrease in inventory	(12,557)	(123)	(637,196)	(20,496)
(Increase) decrease in prepaid items	1,033		10,700	
(Increase) decrease in deferred outflows of resources - OPEB related	5,206	(21,811)	3,696	
(Increase) decrease in deferred outflows of resources - pension related	48,760	48,760	67,514	
Increase (decrease) in accounts payable and accrued liabilities	(48,623)	256,120	(7,225)	23,484
Increase (decrease) in deposits payable	1,792		32,884	2,212
Increase (decrease) in retention payable	(107,820)	71,661	(4,382)	
Increase (decrease) in claims payable				
Increase (decrease) in OPEB	(52,981)	106,473	(45,479)	
Increase (decrease) in net pension liability	(1,210,789)	(1,210,789)	(1,676,477)	
Increase (decrease) in compensated absences				
Increase (decrease) in deferred inflows of resources - OPEB related	40,276	54,787	43,808	
Increase (decrease) in deferred inflows of resources - pension related	1,777,148	1,777,148	2,460,667	
Net Cash Provided by Operating Activities	<u>\$ 377,796</u>	<u>\$ 4,776,073</u>	<u>\$ (544,375)</u>	<u>\$ 71,120</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Amortization related to deferred loss on debt refunding	\$ -	\$ 54,740	\$ -	\$ -
Amortization of bond premium	-	31,384	-	-
Amortization of right to use leased assets	-	-	-	-

Totals	Governmental Activities Internal Service Funds
\$ 29,170,495	\$ 5,815,781
1,187,439	26,657
(17,115,739)	(2,390,894)
<u>(8,561,581)</u>	<u>(2,348,459)</u>
4,680,614	1,103,085
226,626	(276,378)
6,259,397	898,981
(6,229,515)	(68,293)
(294,502)	5,094
<u>(37,994)</u>	<u>559,404</u>
	1,403,669
	(72,320)
	(478,341)
(1,860,696)	
(1,030,815)	(1,023)
	127,782
<u>(6,575,888)</u>	<u>(1,671,477)</u>
<u>(9,467,399)</u>	<u>(691,710)</u>
<u>(595,707)</u>	<u>142,572</u>
<u>(595,707)</u>	<u>142,572</u>
(5,420,486)	1,113,351
<u>38,743,189</u>	<u>5,994,102</u>
<u>\$ 33,322,703</u>	<u>\$ 7,107,453</u>
\$ 25,262,448	\$ 7,107,453
11	
2,147,334	
<u>5,912,910</u>	
<u>\$ 33,322,703</u>	<u>\$ 7,107,453</u>
\$ (764,232)	\$ (351,817)
3,812,003	1,337,861
(144,538)	(46,251)
(670,372)	(9,007)
11,733	16,497
(12,909)	
165,034	
223,756	233,460
36,888	
(40,541)	(51,230)
8,013	
(4,098,055)	(26,428)
138,871	
<u>6,014,963</u>	
<u>\$ 4,680,614</u>	<u>\$ 1,103,085</u>
\$ -	\$ -
-	-
-	72,107

**CITY OF HEALDSBURG
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
June 30, 2022**

	Fiduciary Funds
ASSETS	
Cash and investments	\$ 3,666,303
Cash and investments with fiscal agents	2,518,666
Accounts receivable	13,622
Interest receivable	6,725
Loans and notes receivable	3,052,667
Capital assets, net of depreciation	528,300
Total Assets	9,786,283
LIABILITIES	
Accounts payable	3,677
Interest payable	614,770
Noncurrent liabilities	
Due within one year	2,464,621
Due in more than one year	34,595,450
Total Liabilities	37,678,518
NET POSITION	
Net position held in trust	\$ (27,892,235)

**CITY OF HEALDSBURG
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
For the Fiscal Year Ended June 30, 2022**

	Fiduciary Funds
Additions	
Property taxes	\$ 3,909,586
Use of money and property	76,796
Total Revenues	3,986,382
 Deductions	
Community development	261,661
Interest expense	1,326,038
Total Deductions	1,587,699
Change in Net Position	2,398,683
Net Position, beginning	(30,290,918)
Net Position, ending	\$ (27,892,235)

See Accompanying Notes to Basic Financial Statements

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NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF HEALDSBURG
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

Note 1 **Summary of Significant Accounting Policies**

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

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, No. 61 and No. 80. 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 one 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.

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. Certain eliminations have been made as prescribed by GASB Statement No. 34 regarding interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and grant 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.

CITY OF HEALDSBURG
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

Note 1 **Summary of Significant Accounting Policies (Continued)**

B. Government-wide and Fund Financial Statement

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.

Separate financial statements are provided for governmental funds, the proprietary fund, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. 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.

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.

CITY OF HEALDSBURG
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

Note 1 **Summary of Significant Accounting Policies (Continued)**

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

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.

Proprietary funds distinguish operating revenues from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary funds principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. 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.

CITY OF HEALDSBURG
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

Note 1 **Summary of Significant Accounting Policies (Continued)**

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

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

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. The City has no agency funds.

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

Major Governmental Funds

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

The Community Services Special Revenue Fund accounts for Transient Occupancy Tax funds received that are restricted for community services.

The Street Capital Project Fund accounts for the acquisition and construction of major streets and roads capital projects throughout the City.

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.

CITY OF HEALDSBURG
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

Note 1 **Summary of Significant Accounting Policies (Continued)**

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

The City's fund structure 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.

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 account for and report financial resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support City programs.

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.

Custodial Funds are used to account for assets held by the City as an agent for individuals, private organizations, or other governments.

CITY OF HEALDSBURG
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

Note 1 **Summary of Significant Accounting Policies (Continued)**

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, Net Position, or Equity

Cash and Investments

The City pools idle cash from all funds for the purpose of increasing income through investment. Earnings from such investments are allocated to the respective funds on the basis of applicable cash balances of each fund.

In compliance with the applicable State statute, the Statement of Investment Policy is adopted annually by the City Council. Investments authorized under the Investment Policy include:

- Local Agency Investment Fund (LAIF) – State of California Investment Pool
- Sonoma County Pooled Fund
- U.S. Treasury Obligations
- U.S. Government Agency Issues
- Certificates of Deposit
- Money Market Funds
- Medium-term Notes
- Commercial Paper
- Repurchase Agreements

The City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 31, “Accounting and Financial Reporting for Certain Investments and External Pools”, which require governmental entities to report certain investments at fair value in the balance sheet and recognize the corresponding change in the fair value of investments in the year in which the change occurred.

The City’s investments are carried at fair value which approximates cost. The fair value of equity and debt securities is determined based on sales prices or bid-and-asked quotations from SEC-registered securities exchanges or NASDAQ dealers. LAIF determines the fair value of its portfolio quarterly and reports a factor to the City; the City applies that factor to convert its share of LAIF from amortized cost to fair value. Changes in fair value are allocated to each participating fund.

For purposes of the statement of cash flows for the proprietary fund, all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased are considered cash equivalents.

Interfund Receivables and Payables

Activity between funds that are 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.

CITY OF HEALDSBURG
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

Note 1 **Summary of Significant Accounting Policies (Continued)**

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, Net Position, or Equity (Continued)

Encumbrances

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

Receivables and Payables

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in the 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.

Lease Receivable

The City's lease receivable is measured at the present value of lease payments expected to be received during the lease term. Under the lease agreement, the City may receive variable lease payments that are dependent upon the lessee's revenue. The variable payments are recorded as an inflow of resources in the period the payment is received.

A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

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.

Pensions

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

CITY OF HEALDSBURG
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

Note 1 **Summary of Significant Accounting Policies (Continued)**

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, Net Position, or Equity (Continued)

Other Postemployment Benefits (OPEB)

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used: June 30, 2022 Valuation Date, June 30, 2022 Measurement Date, July 1, 2021 through June 30, 2022 Measurement Period. Investments are reported at fair value.

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 Nov.), April 10 (for Feb.)	August 31

The term “unsecured” refers to taxes on personal property. These taxes are secured by liens on the property being taxed. The City accrues only those taxes, which are levied for the tax year and received within sixty days after fiscal year-end.

Property Tax Administration Fees – The State of California FY 1990-91 Budget Act authorized counties to collect an administrative fee for collection and distribution of property taxes. Property taxes are recorded as net of administrative fees withheld during the fiscal year.

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.

CITY OF HEALDSBURG
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

Note 1 **Summary of Significant Accounting Policies (Continued)**

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, Net Position, or Equity (Continued)

Prepaid Items

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

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. Donated capital assets received prior to the implementation of GASB Statement No. 72 were recorded at fair value on the date of donation. Donated capital assets received subsequent to the implementation of GASB Statement No. 72 are recorded at acquisition value as of the date received. 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.

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 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

Right to Use Assets

The City has recorded right to use lease assets as a result of implementing GASB Statement No. 87. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease.

CITY OF HEALDSBURG
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

Note 1 **Summary of Significant Accounting Policies (Continued)**

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, Net Position, or Equity (Continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and balance sheet of governmental funds will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has three types of items that qualify for reporting in this category. The first item is the deferred loss on debt refunding which is reported in the government-wide statement of net position and the proprietary fund statement of net position. A deferred loss on debt refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is the deferred assets of the City's pension plans investments as determined by California Public Employees' Retirement System (CalPERS) in accordance with GASB Statement No. 68, which is reported in the government-wide statement of net position and the proprietary fund statement of net position. The third item is the deferred inflows/outflows associated with the City's OPEB plan in accordance with GASB Statement No. 75, which is reported in the government-wide statement of net position. Please see the accompanying Notes 11 and 14 to the financial statements for more details on these amounts.

In addition to liabilities, the statement of net position and balance sheet of 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 and so will not be recognized as an inflow of resources (revenue) until that time. The City has several items that meet the criterion for this category - prepaid taxes, property taxes receivable, leases, and pension and OPEB deferrals.

Under the modified accrual basis of accounting, it is not enough that revenue has been earned if it is to be recognized as revenue of the current period. Revenue must also be susceptible to accrual; it must be both measurable and available to finance expenditures of the current fiscal period. If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding deferred inflow of resources. This type of deferred inflow is unique to governmental funds, since it is tied to the modified accrual basis of accounting, which is used only in connection with governmental funds.

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.

CITY OF HEALDSBURG
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

Note 1 **Summary of Significant Accounting Policies (Continued)**

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, Net Position, or Equity (Continued)

Long-Term Obligations

In the government-wide financial statements, and proprietary type in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bonds payable are reported net of the applicable bond premium or discount. Amortization of bond premiums and discounts are included in interest expense. Debt from direct placements and direct borrowings are disclosed as such in the notes to the financial statements.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the period issued. The face amount of debt issued is reported as other financing sources. Premiums received are reported as other financing sources, while discounts are reported as other financing uses.

Net Position

GASB Statement No. 63 requires that the difference between assets added to the deferred outflows of resources and liabilities added to the deferred inflows of resources be reported as net position. Net position is classified as either net investment in capital assets, restricted, or unrestricted.

In the government-wide financial statements, proprietary fund financial statements, and fiduciary fund financial statements, net position is reported in three categories: net investment in capital assets, restricted, and unrestricted. Net position that is net investment in capital assets consists of capital assets, net of accumulated depreciation, and reduced by the outstanding principal of related debt. Restricted net position represents the portion of net position that has external constraints placed on it by parties outside of the City, such as creditors, grantors, contributors, or laws and regulations of other governments, or through constitutional provisions or enabling legislation. Unrestricted net position consists of net position that does not meet the definition of net investment in capital assets or restricted net position.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. 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).

CITY OF HEALDSBURG
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

Note 1 **Summary of Significant Accounting Policies (Continued)**

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, Net Position, or Equity (Continued)

Fund Balance (Continued)

Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandates 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 of the City Council, as resolutions and that remain binding unless removed in the same manner. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period. 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.

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 a City official delegated that authority by 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.

The City Council establishes, modifies or rescinds fund balance commitments and assignments by passage of a resolution. This is done through adoption of the budget and subsequent budget amendments that occur throughout the fiscal year.

The City’s policy is to apply restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available.

Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

CITY OF HEALDSBURG
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

Note 1 **Summary of Significant Accounting Policies (Continued)**

E. Estimates

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

F. New Accounting Pronouncements

Governmental Accounting Standard Board Statement No. 87 “Leases”

GASB issued Statement No. 87, “Leases” to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease asset and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments’ leasing activities. The City implemented GASB No. 87 “Leases” as of July 1, 2021, resulting in the recognition of a lease receivable of \$248,746, a deferred inflow lease receivable of \$248,746, right to use leased assets of \$232,134, and a lease liability of \$232,134. There was no impact upon net position. The City has elected not to restate the prior period financial statements.

G. Future Accounting Pronouncements

The City will implement the following GASB pronouncements in future fiscal years:

The provisions of Statement Number 94 “*Public-Private and Public-Public Partnerships and Availability Payment Arrangements*” are effective for fiscal years beginning after June 15, 2022.

The provisions of Statement Number 96 “*Subscription-Based Information Technology Arrangements*” are effective for fiscal years beginning after June 15, 2022.

The provisions of Statement Number 99 “*Omnibus 2022*” are effective for fiscal years beginning after June 15, 2023.

The provisions of Statement Number 100 “*Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*” are effective for fiscal years beginning after June 15, 2023.

The provisions of Statement No. 101 “*Compensated Absences*” are effective for fiscal years beginning after December 15, 2023.

CITY OF HEALDSBURG
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

Note 2 **Stewardship, Compliance, and Accountability**

A. Budgetary Control and Accounting

General Budget Policies:

The City Council reviews and adopts an annual budget for the General, Special Revenue, Debt Service, and Capital Projects Funds. The City Council holds public hearings and may modify the appropriations by general approval. Budgeted amounts may be transferred between departments with the City Manager’s approval. The legal level of expenditure control is at the fund level. Operating appropriations lapse at the end of each fiscal year.

The budget is reported on the same basis as the fund types and on a basis consistent with accounting principles generally accepted in the United States of America. Additional appropriations or other changes during the fiscal year may be submitted by each department for Council review and approval.

B. Excess Expenditures over Appropriations

Excess of expenditures over appropriations in individual funds are as follows:

	Final Budget	Expenditures	Excess
Major Fund:			
Community service special revenue fund	\$ 5,193,143	\$ 5,744,064	\$ 550,921
Nonmajor Funds:			
Gas Tax special revenue fund		2,500	2,500
Public Safety special revenue fund	82,000	84,698	2,698
Housing successor agency special revenue fund	11,356	28,726	17,370
General debt service fund	744,467	845,997	101,530

C. Deficit Fund Balances

The North Area special revenue fund has a deficit fund balance of \$13,338 that should be alleviated as additional development contributions and benefit assessments are received. The miscellaneous projects capital projects fund has a deficit fund balance of \$400 that should be alleviated as additional resources are made available from various sources both intergovernmental or from within the City.

CITY OF HEALDSBURG
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

Note 3 **Cash and Investments**

Cash and investments as of June 30, 2022 are classified in the accompanying financial statements as follows:

Statement of net position:

Cash and investments	\$ 49,320,777
Restricted cash and investments with fiscal agents	369,473
Pension stabilization investments	7,192,194
Fiduciary funds:	
Cash and investments	3,666,303
Restricted cash and investments with fiscal agents	<u>2,518,666</u>
Total cash and investments	<u>\$ 63,067,413</u>

Cash and investments as of June 30, 2022 consist of the following:

Cash on hand	\$ 2,079
Deposits with financial institutions	8,267,676
Pension stabilization investments	7,192,194
Investments	<u>47,605,464</u>
Total cash and investments	<u>\$ 63,067,413</u>

The table below identifies the investment types that are authorized for the City of Healdsburg 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.

CITY OF HEALDSBURG
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

Note 3 **Cash and Investments (Continued)**

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio*	Maximum Investment In One Issuer
Bankers Acceptances	180 days	40%	10%
Certificates of Deposits	5 years	20%	None
Negotiable Certificates of Deposit	5 years	30%	None
Commercial Paper	270 days	25%	10%
State of California Local Agency Investment Fund (State Pool)	N/A	Unlimited	\$ 75,000,000
Sonoma County Pooled Fund	N/A	10%	None
Medium Term Notes	5 years	30%	None
Money Market Funds	90 days	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 and the Pension Stabilization trustee that are not restricted by the California Government Code.

The investment policy allows for the above investments which have equal safety and liquidity as all other allowed investments. Maturity depends on the cash needs of the City.

B. Investments Authorized by Debt Agreements

Investment of debt proceeds held by bond trustees 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 BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

Note 3 **Cash and Investments (Continued)**

B. Investments Authorized by Debt Agreements (Continued)

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment In One Issuer</u>
U.S. Treasury Obligations	None	None	None
U.S. Government Sponsored Enterprise Securities	None	None	None
Bankers Acceptances	180 days	40%	10%
Commercial Paper	270 days	25%	10%
Money Market Funds	N/A	None	None
Investment Contracts	30 years	None	None
Sonoma County Pooled Fund	N/A	10%	None
State of California Local Agency Investment Fund (State Pool)	N/A	Unlimited	\$ 75,000,000

C. Disclosures Relating to Interest Rate Risk

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

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

<u>Investment Type</u>	<u>Totals</u>	<u>Remaining maturity (in Months)</u>			
		<u>12 Months or Less</u>	<u>13 to 24 Months</u>	<u>25-60 Months</u>	<u>More Than 60 Months</u>
Certificates of Deposit	\$ 707,380	\$ -	\$ -	\$ 707,380	\$ -
Federal Agency Securities	5,660,980		1,990,040	3,670,940	
U.S. Treasury Securities	7,768,220		1,935,320	5,832,900	
State Investment Pool	29,487,101	29,487,101			
Medium Term Notes	1,093,642	1,093,642			
Held by Fiscal Agents:					
County Investment Pool	252,439	252,439			
Money Market Mutual Funds	2,635,702	2,635,702			
Total	<u>\$ 47,605,464</u>	<u>\$ 33,468,884</u>	<u>\$ 3,925,360</u>	<u>\$ 10,211,220</u>	<u>\$ -</u>

D. Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

The City has no investments (including investments held by bond trustees) that are highly sensitive to interest rate fluctuations (to a greater degree than already indicated in the information provided above).

CITY OF HEALDSBURG
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

Note 3 **Cash and Investments (Continued)**

E. 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 as of fiscal year end for each investment type.

Investment Type	Amount	Minimum Legal Rating	Rating as of Fiscal Year End			
			AAA	AA	A	Not Rated
Certificates of Deposit	\$ 707,380	N/A	\$ -	\$ -	\$ -	\$ 707,380
Federal Agency Securities	5,660,980	A	5,660,980			
U.S. Treasury Securities	7,768,220	N/A	7,768,220			
State Investment Pool	29,487,101	N/A				29,487,101
Medium Term Notes	1,093,642	N/A		1,093,642		
Held by Fiscal Agents:						
County Investment Pool	252,439	N/A				252,439
Money Market Mutual Funds	<u>2,635,702</u>	N/A	<u>2,635,702</u>			
Total	<u>\$ 47,605,464</u>		<u>\$ 16,064,902</u>	<u>\$ 1,093,642</u>	<u>\$ -</u>	<u>\$ 30,446,920</u>

F. Concentration of Credit Risk

The investment policy of the City contains limitations on the amount that can be invested in any one issuer. There are no 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 investments. Since the City pooled all of its investments, there were no investments in any one issuer that represented 5% or more of total investments by reporting unit.

G. 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 government 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 the City's deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

CITY OF HEALDSBURG
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

Note 3 **Cash and Investments (Continued)**

G. Custodial Credit Risk (Continued)

The City's deposits with financial institutions in excess of federal depository insurance limits are legally required by the California Government Code, to be collateralized as noted above.

As of June 30, 2022, the City investments in the following investment types were held by the same broker-dealer (counterparty) that was used by the City to buy securities:

<u>Investment Type</u>	<u>Amount</u>
Certificates of deposit	\$ 707,380
Federal agency securities	5,660,980
U.S. Treasury securities	7,768,220
Medium term notes	1,093,642

H. Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

I. Fair Value Measurement

The City categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. These principles recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Investments reflect prices quoted in active markets;
- Level 2: Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered active; and,
- Level 3: Investments reflect prices based upon unobservable sources.

The City has the following recurring fair value measurements as of June 30, 2022:

<u>Investments by fair value</u>	<u>Totals</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Medium term notes	\$ 1,093,642	\$ -	\$ 1,093,642	\$ -
Certificates of deposit	707,380		707,380	
Debt Securities				
U.S. Treasury securities	7,768,220	7,768,220		
Federal agency securities	5,660,980		5,660,980	
Total	<u>\$ 15,230,222</u>	<u>\$ 7,768,220</u>	<u>\$ 7,462,002</u>	<u>\$ -</u>

The City also had investments in LAIF, money market mutual funds, and the Sonoma County Pool, however, these investments are not required to be measured under Level 1, 2, or 3.

CITY OF HEALDSBURG
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

Note 3 **Cash and Investments (Continued)**

J. Pension Stabilization Investment Program

Investments of funds held in the Pension Stabilization Investment Program are governed by the Investment Guidelines Document for the investment account and by the agreement for administrative services with the Public Agency Retirement Services (PARS), rather than the general provisions of the California Government Code or the City’s investment policy. The Pension Stabilization Investment Program’s investment policy is established and can be modified by the City. The goal of the Pension’s investment program is to provide a reasonable level of growth which, will result in sufficient assets to pay the present and future obligations of the City’s retirement Plan. The assets in this program will eventually be used to fund Pension Plan obligations for assets managed in the CalPERS Trust. The assets are also available to mitigate the potential negative impact of future rate hikes from CalPERS. The account’s risk tolerance has been rated moderately conservative, which demonstrates that the account can accept some price fluctuations to pursue its investment objectives.

As for duration, the investment manager will maintain the portfolio duration within +/- 25% of the benchmark duration at all times. The benchmark duration is the BC Aggregate Bond benchmark. At June 30, 2022, the benchmark duration was 6.43, and the plan’s duration was 6.20. The target asset allocation of the portfolio is 20-40% to equity investments, 50-80% to fixed income investments, and 0-20% to cash. Specifically identifiable investments are recorded by the Trustee in its records. All investments are either held by the counterparty or the counterparty’s trust department or agent, but not in the City’s name directly.

Pension volatility mitigation-contributions from the Fund can be either transferred to CalPERS or the City at the City’s discretion to offset fluctuations in the required annual contributions. Assets can be accessed anytime to fund the City’s pension obligations and defray reasonable expenses associated therewith.

The table below identifies the investment types that are authorized for investments held in the pension stabilization investment program. The table also identifies certain provisions of policy that address interest rate risk, credit risk, and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Investment</u>
Mortgage-backed Securities	80%
Asset-back Securities	80%
Collateral Mortgage Obligations	80%
Commercial Mortgage-backed Securities	40%
U.S. Government Debt Obligations	None
Corporate Debt Securities - U.S. or Foreign	80%
Eligible Instruments Issued Pursuant to SEC Rule 144(a)	40%
Municipal Bonds	80%

CITY OF HEALDSBURG
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

Note 3 **Cash and Investments (Continued)**

J. Pension Stabilization Investment Program (Continued)

Pension stabilization investments held and the percentage of the pension investment portfolio at June 30, 2022 was as follows:

<u>Pension Stabilization Investments</u>	<u>Fair Value</u>	<u>% of Portfolio</u>
Equity Investments		
iShares TR Core S&P 500 ETF	\$ 588,062	8.18%
iShares S&P 500 Value ETF	272,996	3.80%
iShares S&P 500 Growth ETF	236,150	3.28%
iShares Russell Mid Cap ETF	198,571	2.76%
iShares Russell 2000 Value ETF	162,019	2.25%
iShares Russell 2000 Growth ETF	156,589	2.18%
iShares MSCI EAFE ETF	227,808	3.17%
Vanguard FTSE Emerging Markets ETF	137,278	1.91%
Vanguard Real Estate ETF	76,077	1.06%
Fixed Income		
Highmark Individual Fixed Income Strategy	4,391,707	61.06%
PIMCO High Yield Instl	70,622	0.98%
Vanguard Short-Term Investment-Grade Adm	377,949	5.25%
Cash		
First American Gov't Obligation Fund	296,366	4.12%
Total Pension Stabilization Investments	<u>\$ 7,192,194</u>	<u>100%</u>

Information about the sensitivity of the fair values of the City's pension stabilization investments to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

<u>Investment Type</u>	<u>Totals</u>	<u>Remaining maturity (in Months)</u>			
		<u>12 Months or Less</u>	<u>13 to 24 Months</u>	<u>25-60 Months</u>	<u>More Than 60 Months</u>
U.S. Treasury Securities	\$ 901,253	\$ -	\$ 170,461	\$ 105,565	\$ 625,227
Money Market Mutual Funds	744,937	744,937			
Federal Agency Securities	1,316,665	679		17,803	1,298,183
Municipal Bonds	86,966				86,966
Mutual Funds	2,055,550	2,055,550			
Corporate Bonds	2,086,823	25,100	71,805	662,819	1,327,099
	<u>\$ 7,192,194</u>	<u>\$ 2,826,266</u>	<u>\$ 242,266</u>	<u>\$ 786,187</u>	<u>\$ 3,337,475</u>

Generally, credit risk is the risk that an issuer of an investment will not fulfil 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 City's pension stabilization investment policy and the actual rating, by Standard and Poor's, as of fiscal year end for each investment type:

CITY OF HEALDSBURG
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

Note 3 **Cash and Investments (Continued)**

J. **Pension Stabilization Investment Program (Continued)**

Investment Type	Amount	Minimum Legal Rating	Rating as of Fiscal Year End					Not Rated
			AAA	AA	A	BBB		
U.S. Treasury Securities	\$ 901,253	N/A	\$ 901,253	\$ -	\$ -	\$ -	\$ -	
Money Market Mutual Funds	744,937	N/A					744,937	
Federal Agency Securities	1,316,665	BBB-	1,316,665					
Municipal Bonds	86,966	BBB-		57,807	29,159			
Mutual Funds	2,055,550	N/A					2,055,550	
Corporate Bonds	2,086,823	BBB-	314,254	227,254	286,817	1,258,498		
Total	\$ 7,192,194		\$2,532,172	\$285,061	\$315,976	\$1,258,498	\$2,800,487	

The pension stabilization investment policy of the City contains limitations on the amount that can be invested in any one issuer. Pension stabilization 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 pension stabilization investments are as follows:

Issuer	Investment Type	Reported Amount	Interest Rate	Maturity
FNMA/FHLMC	US Government Agency Securities	\$ 1,316,665	2.00% - 4.00%	12 months or more

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The City's pension stabilization investments have the following recurring fair value measurements as of June 30, 2022:

Investments by fair value	Totals	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Municipal bonds	\$ 86,966	\$ -	\$ 86,966	\$ -
Corporate bonds	2,052,406		2,052,406	
Debt Securities				
U.S. Treasury securities	901,253	901,253		
Federal agency securities	1,351,082		1,351,082	
	\$ 4,391,707	\$ 901,253	\$ 3,490,454	\$ -

The City also had investments in mutual funds, however, these investments are not required to be measured under Level 1, 2, or 3.

CITY OF HEALDSBURG
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

Note 4 **Accounts Receivable**

The following is a list of accounts receivable at June 30, 2022:

	Receivable	Allowance	Net
Governmental Activities:			
Accounts	\$ 2,466,335	\$ -	\$ 2,466,335
Intergovernmental	3,266,272		3,266,272
	\$ 5,732,607	\$ -	\$ 5,732,607
Business-type Activities -			
Accounts	\$ 4,574,939	\$ -	\$ 4,574,939

Note 5 **Lease Receivable**

Metro PCS

In November 2007, the City entered into a lease with Metro PCS to allow a portion of their property to be utilized for a cellular tower. The lease term is 5 years and includes four additional optional 5 year terms which are exercised unless written notification of cancellation occurs within 90 days prior to the expiration of the existing lease term. Annual rent shall be adjusted as of the fifth (5th) anniversary of the Commencement date of the term and of any five (5) year renewal term by an increase of 15% of the annual rent paid during the previous term of five (5) year renewal term. Payments received during the current fiscal year were \$34,853. The current 5 year term will expire in August 2027.

In accordance with GASB Statement No. 87, at July 1, 2021 the City reported leases receivable and deferred inflows of resources related to leases of \$248,746. During the fiscal year ended June 30, 2022, the City recognized lease revenue of \$33,758 and interest revenue related to leases of \$1,095. Lease receivables and related deferred inflows of resources at June 30, 2022 were \$214,988 and \$210,477 respectively.

Note 6 **Notes and Loans Receivable**

The following schedule summarizes notes and loans receivable as of June 30, 2022:

Funds	Amount
Major governmental funds	
General fund	\$ 282,673
Streets capital projects fund	45,186
Nonmajor governmental fund	
Housing Successor Agency special revenue fund	8,407,105
Internal service funds	
Information Services fund	2,533
	\$ 8,737,497

CITY OF HEALDSBURG
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

Note 6 **Notes and Loans Receivable (Continued)**

Notes receivable in the amount of \$8,737,497 consists of the combination of the following:

Notes receivable	Amount
Governmental Activities:	
Individuals	\$ 2,211,510
Business Stabilization Loans	286,773
Riverfield Homes	283,360
Healdsburg Family Limited Partnership	4,472,708
Healdsburg Pacific Associates	2,141,837
Burbank Housing	960,245
Monte Vina	4,346,096
Subtotal	14,702,529
Less: Allowance for uncollectible loans	(6,012,751)
Mutual Agreement loan	45,186
Employee computer loans	2,533
Total net notes and loans receivable	\$ 8,737,497

Note 7 **Interfund Activity**

The following represents the interfund activity of the City for the fiscal year ended June 30, 2022:

A. Due To/ From Other Funds

Current interfund balances arise in the normal course of business and to assist funds with negative cash balance at the fiscal year end. They are expected to be repaid shortly after the end of the fiscal year.

The City allocates negative interest to funds that have a negative cash balance.

Fund	Interfund Receivables	Interfund Payables
Major governmental funds		
General fund	\$ 1,077,759	\$ 2,492,886
Streets capital projects fund		818,503
Major enterprise funds		
Sewer fund	2,368,244	1,121,801
Electric fund	1,261,443	
Nonmajor governmental funds		
North Area special revenue fund		15,000
Housing Successor Agency special revenue fund		119,137
Misc Projects capital projects fund		117,248
Media Center special revenue fund		1,087
Internal service fund		
Building maintenance fund		21,784
Totals	\$ 4,707,446	\$ 4,707,446

CITY OF HEALDSBURG
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

Note 7 **Interfund Activity (Continued)**

B. Transfers

With council approval, resources may be transferred from one City fund to another. The purpose of the majority of transfers is to reimburse a fund that has made expenditures on behalf of another fund.

Fund	Transfers-in	Transfers-out
Major governmental funds		
General fund	\$ 6,347,770	\$ 8,424,806
Community services special revenue fund	1,140,349	1,453,155
Streets capital projects fund	3,321,569	1,519,911
Major enterprise funds		
Water fund	1,601,836	1,212,616
Sewer fund	802,498	888,278
Electric fund	3,850,060	4,122,487
Nonmajor governmental funds		
Gas Tax special revenue fund		507,569
Public Safety special revenue fund	75,000	
Area A Lighting and Landscaping special revenue fund		1,469
Media Center special revenue fund		40,000
Park Development Fees special revenue fund		105,524
Misc Projects capital projects fund		437,290
General Debt Service debt service fund	744,466	
Nonmajor enterprise fund		
Airport fund	5,003	6,134
Internal service funds		
Vehicle Maintenance fund	540,989	21,527
Information Services fund	167,970	34,602
Building maintenance fund	190,022	12,164
Totals	<u>\$ 18,787,532</u>	<u>\$ 18,787,532</u>

CITY OF HEALDSBURG
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

Note 8 **Capital Assets**

The City has reported all capital assets including infrastructure in the government-wide Statement of Net Position. The City elected to use the basic approach as defined by GASB Statement No. 34 for all infrastructure reporting, whereby depreciation expense and accumulated depreciation have been recorded.

A summary of changes in capital assets for the City's governmental activities for the fiscal year ended June 30, 2022 is as follows:

	Balance at July 1, 2021	Additions	Deletions	Balance at June 30, 2022
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 20,193,298	\$ -	\$ -	\$ 20,193,298
Right of ways	6,681,379			6,681,379
Construction in progress	2,283,574	7,656,300	(4,139,886)	5,799,988
Total capital assets, not being depreciated	<u>29,158,251</u>	<u>7,656,300</u>	<u>(4,139,886)</u>	<u>32,674,665</u>
Capital assets, being depreciated:				
Land improvements	4,329,096	5,793		4,334,889
Streets	71,169,219	3,610,943		74,780,162
Buildings	32,716,886	528,943		33,245,829
Machinery and equipment	10,638,032	1,728,695	(249,579)	12,117,148
Infrastructure	1,515,614			1,515,614
Total capital assets, being depreciated	<u>120,368,847</u>	<u>5,874,374</u>	<u>(249,579)</u>	<u>125,993,642</u>
Less accumulated depreciation for:				
Land improvements	(1,675,877)	(270,825)		(1,946,702)
Streets	(16,650,273)	(1,685,691)		(18,335,964)
Buildings	(15,710,811)	(1,180,829)		(16,891,640)
Machinery and equipment	(6,576,152)	(1,006,388)	249,579	(7,332,961)
Infrastructure	(356,998)	(42,056)		(399,054)
Total accumulated depreciation	<u>(40,970,111)</u>	<u>(4,185,789)</u>	<u>249,579</u>	<u>(44,906,321)</u>
Total capital assets, being depreciated, net	<u>79,398,736</u>	<u>1,688,585</u>		<u>81,087,321</u>
Governmental activities capital assets, net	<u>\$ 108,556,987</u>	<u>\$ 9,344,885</u>	<u>\$ (4,139,886)</u>	<u>\$ 113,761,986</u>

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

<u>Governmental Activities</u>	<u>Amount</u>
Unallocated	\$ 2,920,035
Internal service funds	1,265,754
Total	<u>\$ 4,185,789</u>

CITY OF HEALDSBURG
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

Note 8 Capital Assets (Continued)

A summary of changes in property, improvements, and equipment in the Enterprise Funds for the fiscal year ended June 30, 2022 is as follows:

	Balance at July 1, 2021	Additions	Deletions	Balance at June 30, 2022
Business-types activities:				
Capital assets, not being depreciated:				
Land	\$ 1,245,877	\$ -	\$ -	\$ 1,245,877
Construction in progress	3,706,959	6,499,649	(8,162,070)	2,044,538
Total capital assets, not being depreciated	4,952,836	6,499,649	(8,162,070)	3,290,415
Capital assets, being depreciated:				
Buildings and improvements	3,040,870			3,040,870
Utility systems	131,210,646	8,162,070		139,372,716
Drainage	11,787,810	35,000		11,822,810
Machinery & equipment	3,364,496	41,239	(291,565)	3,114,170
Operations	4,046,891			4,046,891
Total capital assets, being depreciated	153,450,713	8,238,309	(291,565)	161,397,457
Less accumulated depreciation for:				
Buildings and improvements	(2,201,838)	(76,704)		(2,278,542)
Utility systems	(46,431,276)	(3,210,928)	285,270	(49,356,934)
Drainage	(5,204,616)	(257,486)		(5,462,102)
Machinery & equipment	(1,958,530)	(171,801)		(2,130,331)
Operations	(1,203,844)	(95,084)		(1,298,928)
Total accumulated depreciation	(57,000,104)	(3,812,003)	285,270	(60,526,837)
Total capital assets, being depreciated, net	96,450,609	4,426,306	(6,295)	100,870,620
Business-type activities capital assets, net	\$ 101,403,445	\$ 10,925,955	\$ (8,168,365)	\$ 104,161,035

Depreciation expense was charged to the following functions:

Business-type Activities	Amount
Water	\$ 804,681
Sewer	2,318,833
Electric	562,753
Airport	125,736
Total	\$ 3,812,003

CITY OF HEALDSBURG
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

Note 9 **Right to Use Leased Assets**

The City has recorded one right to use leased asset. The asset is right to use asset for leased equipment. The related lease is discussed in the Leases subsection of the Liabilities section of this note. The right to use lease asset is amortized on a straight-line basis over the term of the related lease.

Right to use asset activity for the Primary Government for the fiscal year ended June 30, 2022, was as follows:

	<u>Balance at</u> <u>July 1, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at</u> <u>June 30, 2022</u>
Right to use assets				
Leased equipment	\$ -	\$ 232,135	\$ -	\$ 232,135
Total right to use assets		<u>232,135</u>		<u>232,135</u>
Less accumulated amortization for:				
Leased equipment		<u>(72,107)</u>		<u>(72,107)</u>
Total accumulated amortization		<u>(72,107)</u>		<u>(72,107)</u>
Right to use assets, net	<u>\$ -</u>	<u>\$ 160,028</u>	<u>\$ -</u>	<u>\$ 160,028</u>

Note 10 **Long-Term Liability**

A. Changes in Long-term Liability

Summary of changes in long-term liabilities for governmental activities is as follows:

	<u>Balance at</u> <u>July 1, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at</u> <u>June 30, 2022</u>	<u>Due Within</u> <u>One Year</u>
Governmental activities:					
Other debt					
Pension obligation bonds	\$ 1,094,319	\$ -	\$ (526,799)	\$ 567,520	\$ 567,520
Lease liabilities		232,135	(72,320)	159,815	71,442
Successor Agency payable	<u>1,480,975</u>		<u>(104,075)</u>	<u>1,376,900</u>	<u>104,336</u>
Total other debt	<u>2,575,294</u>	<u>232,135</u>	<u>(703,194)</u>	<u>2,104,235</u>	<u>743,298</u>
Direct borrowings and direct placements					
HUSD capital lease	1,274,207		(136,400)	1,137,807	142,900
Capital leases payable	<u>22,065</u>	<u>1,403,669</u>	<u>(478,341)</u>	<u>947,393</u>	<u>467,793</u>
Total direct borrowings and direct placements	<u>1,296,272</u>	<u>1,403,669</u>	<u>(614,741)</u>	<u>2,085,200</u>	<u>610,693</u>
Total governmental long-term debt	<u>\$ 3,871,566</u>	<u>\$ 1,635,804</u>	<u>\$ (1,317,935)</u>	<u>\$ 4,189,435</u>	<u>\$ 1,353,991</u>

CITY OF HEALDSBURG
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

Note 10 **Long-Term Liability (Continued)**

A. Changes in Long-term Liability (Continued)

Summary of changes in long-term liabilities for business-type activities is as follows:

	Balance at July 1, 2021	Additions	Deletions	Balance at June 30, 2022	Due Within One Year
Business-type activities:					
Direct borrowings and direct placements					
2005D - CSCDA Water/Sewer	\$ 1,630,000	\$ -	\$ (130,000)	\$ 1,500,000	\$ 135,000
2014 Water Refunding Bonds	4,708,000		(557,000)	4,151,000	583,000
2015 Wastewater Refunding Bonds	20,790,000		(1,055,000)	19,735,000	1,095,000
Premium on bonds	439,367		(31,384)	407,983	31,384
Total direct borrowings and direct placements	<u>27,567,367</u>		<u>(1,773,384)</u>	<u>25,793,983</u>	<u>1,844,384</u>
Other debt					
Successor Agency payable	1,689,018		(118,696)	1,570,322	118,992
Pension obligation bonds	611,737		(294,502)	317,235	317,235
Total other debt	<u>2,300,755</u>		<u>(413,198)</u>	<u>1,887,557</u>	<u>436,227</u>
Total business-type long-term debt	<u>\$ 29,868,122</u>	<u>\$ -</u>	<u>\$ (2,186,582)</u>	<u>\$ 27,681,540</u>	<u>\$ 2,280,611</u>

Governmental Activities:

B. Pension Obligation Bonds

On September 7, 2012, the City issued \$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 (safety) and \$6,262,596 (miscellaneous). The bonds carry interest rates of 4.37% for Series B. The final maturity is June 30, 2023 for Series B. Semi-annual payments of principal and interest are due each June 30 and December 31.

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: \$567,520 in governmental activities, and \$317,235 in business-type activities. Upon and during the continuance of an event of default, the principal of and interest accrued on all bonds may be declared to be due and payable immediately. Future minimum debt service requirements for the Series B bonds are as follows:

<u>Pension Obligation Bonds, Series B</u>			
<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 884,755	\$ 27,537	\$ 912,292
Totals	<u>\$ 884,755</u>	<u>\$ 27,537</u>	<u>\$ 912,292</u>

CITY OF HEALDSBURG
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

Note 10 **Long-Term Liability (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, 2022 was \$5,007,245 and \$1,502,174, respectively. Upon and during the continuance of an event of default, the principal of and interest accrued on all leases may be declared to be due and payable immediately. The following represents the minimum required lease payments for the HUSD Capital Lease Payable:

HUSD Capital Lease Payable			
Fiscal Year	Principal	Interest	Total
2023	\$ 142,900	\$ 26,461	\$ 169,361
2024	149,800	22,990	172,790
2025	157,000	19,351	176,351
2026	164,500	15,539	180,039
2027	172,400	11,544	183,944
2028-2029	351,207	10,326	361,533
Totals	\$ 1,137,807	\$ 106,211	\$ 1,244,018

D. Capital Lease Payable

In March 2018, the City entered into a lease purchase agreement with Cisco Capital for the purchase and implementation of information technology related capital improvements. As part of the financing agreement, the City borrowed \$536,831, to be paid over a 3-year period with a stated 0% interest rate. The lease matures on May 15, 2021. In July 2018, the City entered into additional lease purchase agreements for additional network backup equipment with Cisco Capital totaling \$562,355, to be paid over 2 and 3 years. The book value of the capital improvements and accumulated depreciation on the assets were \$429,464 and \$241,009, respectively, as of June 30, 2022. Upon and during the continuance of an event of default, the principal of and interest accrued on all leases may be declared to be due and payable immediately. During the fiscal year 2021-22, the City paid off the capital lease payable in the amount of \$22,065.

In January 2021, the City entered into a lease purchase agreement with Community leasing partners for the purchase and implementation of an aerial ladder truck. As part of the financing agreement, the City borrowed \$1,403,669, to be paid over a 3-year period with a stated 5% interest rate. The lease matures on January 15, 2024. Upon and during the continuance of an event of default, the principal of and interest accrued on all leases may be declared to be due and payable immediately.

CITY OF HEALDSBURG
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

Note 10 **Long-Term Liability (Continued)**

D. Capital Lease Payable (Continued)

Future minimum debt service requirements on the lease are as follows:

<u>Aerial Ladder Truck Capital Lease Payable</u>			
<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 467,793	\$ 23,912	\$ 491,705
2024	479,600	12,105	491,705
Totals	\$ 947,393	\$ 36,017	\$ 983,410

E. Payable to the Successor Agency

In 2008, the former Redevelopment Agency of the City of Healdsburg (RDA) loaned the City of Healdsburg \$4,495,000 (\$2,395,000 to the Electric Fund for upgrades to Badger Substation and \$2,100,000 to the Community Services Fund for long-term lease of a school facility) in accordance with executed loan agreements. In January 2012, the Board of Directors for the RDA adopted a resolution forgiving the loans between the RDA and the City. In June 2015, the California Department of Finance disallowed the forgiveness of the loans. The Successor Agency to the former RDA is now responsible for the collection of this loan payment. The loans are payable annually over a period of 20 years at an interest rate of .25%. As of June 30, 2022, the amount due from Governmental Activities and the Electric Fund was \$1,376,900 and \$1,570,322, respectively. The Community Services Special Revenue fund is expected to be responsible for principal and interest payments for the portion related to Governmental Activities.

<u>Successor Agency Payable</u>			
<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 223,328	\$ 7,368	\$ 230,696
2024	223,886	6,810	230,696
2025	224,446	6,250	230,696
2026	225,007	5,689	230,696
2027	225,570	5,126	230,696
2028-2032	1,136,337	17,144	1,153,481
2033-2035	688,648	3,445	692,093
Totals	\$ 2,947,222	\$ 51,832	\$ 2,999,054

F. Leases

The City has entered into agreements to lease certain equipment. The lease agreements qualify as other than short-term leases under GASB Statement No. 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

CITY OF HEALDSBURG
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

Note 10 **Long-Term Liability (Continued)**

F. Leases (Continued)

The first agreement was executed on June 1, 2018, to lease four copy machines and requires 60 monthly payments of \$3,414. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 0.51%. As a result of the lease, the City has recorded a right to use asset with a net book value of \$40,135 at June 30, 2022. The right to use asset is discussed in more detail in Note 1.D.

The second agreement was executed on April 1, 2021, to lease seven copy machines and requires 60 monthly payments of \$2,698. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 0.51% based on the Sonoma County discount rate as of 7/1/2021. As a result of the lease, the City has recorded a right to use asset with a net book value of \$119,893 at June 30, 2022. The right to use asset is discussed in more detail in Note 1.D.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2022, were as follows:

Lease Liabilities			
Fiscal Year	Principal	Interest	Total
2023	\$ 71,442	\$ 650	\$ 72,092
2024	31,991	379	32,370
2025	32,156	214	32,370
2026	24,226	52	24,278
Totals	\$ 159,815	\$ 1,295	\$ 161,110

Business-type Activities:

G. 2005 Series D CSCDA Water/Sewer 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 Series B Water and Sewer CSDA Certificates, which were originally issued to finance sewer improvements. 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. Upon and during the continuance of an event of default, the principal of and interest accrued on all bonds may be declared to be due and payable immediately.

In July 2015, the City issued the 2015 Wastewater Revenue Refunding Bonds, which defeased the remaining Sewer Bonds of the 2005 CSDA Bonds of \$2,440,000. The 2005 CSDA Sewer Bonds are considered to be defeased and the liability has been removed from long-term debt. See the 2015 Wastewater Revenue Refunding Bonds, Series A for more information on the refunding.

CITY OF HEALDSBURG
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

Note 10 **Long-Term Liability (Continued)**

G. 2005 Series D CSCDA Water/Sewer Revenue Bonds (Continued)

The following represents the future debt service requirements for the 2005 Series D CSCDA Water Revenue Bonds:

2005 Series D CSCDA Water/Sewer Revenue Bonds			
Fiscal Year	Principal	Interest	Total
2023	\$ 135,000	\$ 68,850	\$ 203,850
2024	145,000	61,850	206,850
2025	150,000	54,475	204,475
2026	160,000	46,725	206,725
2027	170,000	38,475	208,475
2028-2031	740,000	70,763	810,763
Totals	\$ 1,500,000	\$ 341,138	\$ 1,841,138

H. 2014 Water Refunding Bonds

In February 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. The bonds carry interest rates in the range from 4.30% to 5%. The final maturity is October 1, 2032. Semi-annual payments of principal and interest are due each April 1 and October 1. Upon and during the continuance of an event of default, the principal of and interest accrued on all bonds may be declared to be due and payable immediately. The following represents the future debt service requirements:

2014 Water Refunding Bonds			
Fiscal Year	Principal	Interest	Total
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
2028-2032	1,366,000	209,575	1,575,575
2033	305,000	6,329	311,329
Totals	\$ 4,151,000	\$ 795,369	\$ 4,946,369

CITY OF HEALDSBURG
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

Note 10 **Long-Term Liability (Continued)**

I. 2015 Wastewater Revenue Refunding Bonds, Series A

In July 2015, the City issued \$26,625,000 in Wastewater Revenue Refunding Bonds, Series A, to refund the 2005 and 2006 Wastewater Revenue bonds (current refunding). Proceeds from the 2015 bonds were placed in escrow to refund in full the 2005 and 2006 bonds, and to pay costs of issuance. The bonds carry interest rates in the range from 2.0% to 3.75%. The final maturity is October 1, 2035. Semi-annual payments of principal and interest are due each April 1 and October 1. Upon and during the continuance of an event of default, the principal of and interest accrued on all bonds may be declared to be due and payable immediately. The following represents the future minimum debt service requirements for the 2015 Wastewater Revenue Refunding Bonds:

2015 Wastewater Revenue Refunding Bonds, Series A			
Fiscal Year	Principal	Interest	Total
2023	\$ 1,095,000	\$ 696,050	\$ 1,791,050
2024	1,140,000	651,350	1,791,350
2025	1,190,000	604,750	1,794,750
2026	1,235,000	556,250	1,791,250
2027	1,290,000	505,750	1,795,750
2028-2032	7,120,000	1,852,741	8,972,741
2033-2036	6,665,000	510,422	7,175,422
Totals	\$ 19,735,000	\$ 5,377,313	\$ 25,112,313

J. Compensated Absences:

Compensated absences are liquidated by the Insurance and Benefit Internal Service Fund and are reported as a liability of the governmental activities. As of June 30, 2022, the City's liability for earned vacation and compensation pay is \$2,480,695.

Note 11 **Pension Plan**

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 Plans and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS Financial Office. 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. Pension liabilities are typically liquidated in the General Fund for governmental activities or in the respective enterprise fund.

A. General Information about the Pension Plan

Plan Descriptions - All qualified employees are eligible to participate in the City's Miscellaneous (all other) 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 BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

Note 11 Pension Plan (Continued)

A. General Information about the Pension Plan (Continued)

Benefits Provided - CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. PEPRAs Miscellaneous members with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 5 years of service. The death benefit is the Basic Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law. The Plans' provisions and benefits in effect at June 30, 2022, are summarized as follows:

	Miscellaneous Classic Member	Miscellaneous 2nd Tier	Miscellaneous PEPRA
Hire date	Prior to December 16, 2012	On and after December 16, 2012	On or after January 1, 2013
Benefit formula	2.5% @ 55	2% @ 62	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	55	60	62
Monthly benefits, as a % of eligible compensation	2.5%	2%	2%
Required employee contribution rates	8%	7%	7%
Required employer contribution rates	12.99% + \$1,918,488	9.30% + \$9,076	7.25% + \$22,843

	Safety	Safety PEPRA
Hire date	Prior to January 1, 2013	On and after January 1, 2013
Benefit formula	3% @ 50	2.7% @ 57
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	23.71% + \$1,041,703	13.0% + \$3,939

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.

CITY OF HEALDSBURG
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

Note 11 Pension Plan (Continued)

A. General Information about the Pension Plan (Continued)

For the fiscal year ended June 30, 2022, the contributions recognized as part of pension expense for the Plan were as follows:

	<u>Miscellaneous</u>	<u>Safety</u>	<u>Total</u>
Contributions - employer	\$ 2,683,061	\$ 637,977	\$ 3,321,038

B. Pension Liability, Pension Expenses, and Deferred Outflow/Inflows of Resources Related to Pensions

As of June 30, 2022, the City reported net pension liabilities for its proportionate shares of the net pension liability of the Plan as follows:

	<u>Proportionate Share of Net Pension Liability</u>
Miscellaneous	\$ 15,884,747
Safety	9,068,077
Total	<u>\$ 24,952,824</u>

C. Net Pension Liability

The City's net pension liability for each Plan is measured as the proportionate share of net pension liability. The net pension liability of the Plan is measured as of June 30, 2021, and the total pension liability for the Plan used to calculate the net pension liability was determined by actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 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 for the Plan as of June 30, 2020 and 2021 was as follows:

Proportion - June 30, 2020	0.36105%
Proportion - June 30, 2021	<u>0.46138%</u>
Change - Increase (Decrease)	<u>0.10033%</u>

CITY OF HEALDSBURG
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

Note 11 **Pension Plan (Continued)**

C. Net Pension Liability (Continued)

For the fiscal year ended June 30, 2022, the City recognized pension expense of \$9,675,198, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ -	\$ -
Differences between Expected and Actual Experience	3,330,577	
Net differences between projected and actual earnings on plan investments		19,263,793
Differences between employer's contributions and the employer's proportionate share of contributions		1,299,666
Change in Employer's Proportion	365,843	
Pension Contributions Made Subsequent to Measurement Date	4,808,271	
Total	\$ 8,504,691	\$ 20,563,459

Deferred outflows of resources were reported as \$4,808,271 related to contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and will be recognized as pension expense as follows:

Fiscal Year Ended	Amount
June 30	
2023	\$ (3,411,357)
2024	(3,763,565)
2025	(4,374,870)
2026	(5,317,247)
Total	\$ (16,867,039)

CITY OF HEALDSBURG
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

Note 11 **Pension Plan (Continued)**

C. Net Pension Liability (Continued)

Actuarial Assumptions – The total pension liabilities in the June 30, 2020 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	2.75%
Projected Salary Increase	Varies By Age & Length of Service (1)
Investment Rate of Return	7.50% (2)
Mortality	Derived using CalPERS' Membership Data for all Funds

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

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

All other actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the fiscal years 1997 to 2015, including updates to salary increase, mortality, and retirement rates. The experience study report can be obtained at CalPERS' website under Forms and Publications.

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which 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, staff took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 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 BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

Note 11 **Pension Plan (Continued)**

C. Net Pension Liability (Continued)

The table below reflects 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 geometric rates of return are net of administrative expenses.

<u>Asset Class (a)</u>	<u>Assumed Asset Allocation</u>	<u>Real Return Years 1-10(b)</u>	<u>Real Return Years 11+(c)</u>
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Sensitive	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Estate	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
Total	<u><u>100.00%</u></u>		

- (a) In the CalPERS's system, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.
- (b) An expected inflation of 2.0% was used for this period
- (c) An expected inflation of 2.92% was used for this period

Discount Rate

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

CITY OF HEALDSBURG
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

Note 11 **Pension Plan (Continued)**

C. Net Pension Liability (Continued)

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate— The following presents the net pension liability/(asset) of the Plan as of the measurement date, calculated using the discount rate of 7.15 percent, as well as what the net pension liability/(asset) would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15 percent) or 1 percentage-point higher (8.15 percent) than the current rate:

	Discount Rate -1% 6.15%	Current Discount Rate 7.15%	Discount Rate +1% 8.15%
Net Pension Liability - Misc	\$ 28,355,922	\$ 15,884,747	\$ 5,575,005
Net Pension Liability - Safety	15,817,760	9,068,077	3,524,046
Net Pension Liability - Total	<u>\$ 44,173,682</u>	<u>\$ 24,952,824</u>	<u>\$ 9,099,051</u>

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

Note 12 **Risk Management (CIRA)**

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.

Risk Pool Arrangements

The City is an associate member of the California Intergovernmental Risk Authority (CIRA), a public entity pool comprised of forty-nine northern California member cities/towns and one fire district. CIRA is organized under a Joint Powers Agreement pursuant to the California Government Code. The purpose of CIRA is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage and provide risk management services.

For each of its insurance programs, CIRA has a multilevel risk-sharing arrangement. Each individual member participating in a program initially assumes its own losses up to a predetermined deductible/retention level. Losses and claims in excess of the deductibles and within CIRA's stated retention limits are paid out of a central pool maintained by CIRA. This central pool is funded by all of the participating members in that program through premiums and contributions. CIRA purchases excess loss insurance policies (reinsurance) to provide coverage for losses and claims in excess of CIRA's stated retention limits up to specified amounts. Losses and claims ceded to reinsurers would represent a contingent liability to CIRA if the reinsurers were unable to meet their existing obligations under the reinsurance agreements. Losses and claims which surpass the limits of the excess of loss insurance policies are the responsibility of the individual City in which the loss or claim originates.

CIRA programs do not insure the losses resulting from events that occurred prior to July 1, 2021. Losses from March 1, 1993, the date on which the City became an associate member of REMIF, through June 30, 2021, are covered by the Redwood Empire Municipal Fund (REMIF).

CITY OF HEALDSBURG
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

Note 12 **Risk Management (CIRA) (Continued)**

Effective July 1, 2021, REMIF merged with the Public Agency Risk Sharing Authority of California (PARSAC) to form CIRA.

The City of Healdsburg participates in the following CIRA programs:

General Liability Insurance – Annual premiums are paid by the member cities and are adjusted retrospectively to cover costs. The City of Healdsburg self-insures for the first \$5,000 of each loss and pays 100% of all losses incurred under \$5,000. The City does not share or pay for the losses of other members within their deductible/retention levels. Participating members share in losses above their deductible/retention levels up to the pool retention level. Specific coverage includes comprehensive and general automotive liability, personal injury, contractual liability, professional liability, and certain other coverage. CIRA is a member of the Public Risk Innovation, Solution, and Management (PRISM) pool, which provides CIRA with an additional \$39,000,000 liability insurance coverage over and above CIRA’s retention level of \$1,000,000.

Worker’s Compensation – Contributions are paid by members and are adjusted retrospectively to cover costs. The City of Healdsburg is self-insured for the first \$25,000 of each loss and pays 100% of all losses incurred under \$25,000.

Losses about the member’s deductible/retention levels are shared among all members. Losses in excess of \$1,000,000 are covered by excess insurance purchased by participating cities, as part of the pool, to State statutory limits.

Property Insurance – The City participates in CIRA’s property insurance program. The annual premiums paid by participating member cities are based on deductible levels and are not subject to retroactive adjustments. The City of Healdsburg has a deductible level of \$10,000. The City purchases additional earthquake coverage.

The City participates in Cyber Liability, Pollution Liability, Crime/Fidelity, and Deadly Weapons Response Coverage pass-through programs. Members are charged a premium for coverage, and each loss is subject to a member deductible. There is no risk-sharing component to these coverages.

The year-end financial statements and audit for CIRA are currently in process and once complete will be available online at www.cira-jpa.org.

The June 30, 2021 financial statements for REMIF are available online at www.remif.com. The assets of each pool remain separate from CIRA and those assets will be used to pay any liabilities of the respective organizations.

CITY OF HEALDSBURG
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

Note 12 Risk Management (CIRA) (Continued)

Changes in the Internal Service Funds claims liabilities amounts in fiscal year 2022, 2021, and 2020 were as follows:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Balance, beginning of fiscal year	\$ 441,634	\$ 575,367	\$ 729,370
Claims and adjustments	1,812,088	762,040	358,261
Claims payments	<u>(1,863,318)</u>	<u>(895,773)</u>	<u>(512,264)</u>
Balance, end of fiscal year	<u>\$ 390,404</u>	<u>\$ 441,634</u>	<u>\$ 575,367</u>

The City is liable for \$182,165 and \$46,860 to be paid over 2 and 1 years, for the Workers' Compensation and Liability program, respectively. The total claims liability of \$390,404 includes the assessments of \$122,305 and \$268,099, Liability and Worker's Compensation programs, respectively.

Note 13 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 twelve cities with publicly owned electric utility distribution systems, a public utility district, a city port department, a transit district and a rural electric cooperative as 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.

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.

CITY OF HEALDSBURG
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

Note 13 **Northern California Power Agency (Continued)**

Today, the organization is guided by an ethic of environmental stewardship, fiscal responsibility and community service, coupled with a strong sense of mission to advance the state of the art in renewable energy. Each NCPA Member has agreed to fund a pro rata share of certain assessments by NCPA and enter into power supply contract with NCPA to purchase power in support of bearing the costs of NCPA operations, energy and facilities. While governed by its Members, none of NCPA's obligations are those of its Members unless expressly assumed by them. As computed by NCPA amounts paid by the City to NCPA during the fiscal year ending June 30, 2022 were \$7.3 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 \$5,686,825 as of June 30, 2022. The most recent estimated funding recommended by NCPA equaled \$698,943.

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 NCPA 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 BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

Note 13 **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 NCPA 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.

Hydroelectric Project

The NCPA contracted to finance, manage, construct, and operate Hydroelectric Project Number One for the licensed owner, Calaveras County Water District. In exchange, the NCPA has the right to the electric output of the project for 50 years from February 1982. The NCPA also has an option to purchase power from the project in excess of the District's requirements for the subsequent Federal Energy Regulatory Commission project license term of 30 to 50 years. Through the NCPA, the City of Healdsburg is a project participant in Hydro Project Number One along with the other NCPA members Alameda, Biggs, Gridley, Lodi, Lompoc, Palo Alto, Plumas Sierra REC, Redding, Roseville, Santa Clara, and Ukiah

As part of a refinancing plan in November 2004, the NCPA entered into two forward starting interest rate swaps in an initial notional amount of \$85,160,000 and \$1,574,000. Payments under the swap agreements with Citigroup Financial Products, Inc. began on April 2, 2008. To complete the refinancing transaction and realize the debt service savings under the 2004 swap agreement, on April 2, 2008, the NCPA completed a bond refunding of 2023 to 2032 maturities of the 1998 Hydroelectric Refunding Series A bonds. These fixed rate bonds were refinanced through the issuance of tax-exempt 2008 Hydroelectric Refunding Series A (\$85,160,000) bonds and taxable 2008 Hydroelectric Refunding Series B (\$3,165,000) bonds. Both issues were variable interest rate bonds bearing interest at weekly interest rates, payable semi-annually on July 1 and January 1 each year.

To support this financing, the NCPA entered into two irrevocable direct pay letter of credit agreements with Citibank that have since expired, being substituted with letters of credit with the Bank of Montreal in 2014. On April 30, 2019, the NCPA terminated the 2008 Hydroelectric, Series B swap with Citigroup, and on May 14, the outstanding principal of \$910,000 on the 2008 Hydroelectric, Series B bonds was called for redemption. On June 24, 2019 the NCPA completed a Letter of Credit substitution for the 2008 Hydroelectric, Series A bonds replacing the Bank of Montreal with Bank of America. The Letter of Credit expires on June 21, 2024.

The payment of principal and interest on the outstanding 2008 Hydroelectric Refunding Series A (\$85,160,000) bonds are not covered by any financial guaranty insurance policies. This 2008 Hydroelectric Refunding and the associated interest rate swaps are estimated to have reduced project debt service by \$11.8 million over the life of the debt providing the NCPA with an estimated economic gain (difference between the present values of the old and new debt service payments) of approximately \$5.9 million.

CITY OF HEALDSBURG
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

Note 13 **Northern California Power Agency (Continued)**

Hydroelectric Project (Continued)

The remaining swap for the 2008 Hydroelectric Refunding Series A (\$85,160,000) is a separate pay-fixed, receive-variable interest rate swap to produce savings or to result in lower costs over the life of the transaction than what the NCPA would have paid using fixed-rate debt. While the swap is a derivative instrument and carries additional risks, the NCPA's swap policy and favorable negotiations have helped to reduce such risks.

NCPA Financial Information

NCPA's financial statements are available on their website at www.ncpa.com.

Note 14 **Other Post-Retirement Plan**

The City reports the following total OPEB liability as of the June 30, 2022 measurement date:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Total OPEB liability:	\$ 681,953	\$ 318,292
Total total OPEB liability	<u>\$ 681,953</u>	<u>\$ 318,292</u>
Deferred outflows of resources:		
Changes in assumptions	\$ 137,203	\$ 64,038
Total deferred outflows of resources	<u>\$ 137,203</u>	<u>\$ 64,038</u>
Deferred inflows of resources:		
Differences between expected and actual experiences	\$ 139,750	\$ 65,224
Changes in assumptions	<u>181,325</u>	<u>84,634</u>
Total deferred inflows of resources	<u>\$ 321,075</u>	<u>\$ 149,858</u>

CITY OF HEALDSBURG
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

Note 14 **Other Post-Retirement Plan (Continued)**

Description

The City’s defined benefit OPEB plan, (the Plan), provides OPEB for all eligible miscellaneous and public safety employees of the City. The plan is a single-employer defined benefit OPEB plan administered by the City. The benefit terms are defined in the applicable Memorandum’s of Understanding for each bargaining unit and may be amended by City Council. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The City funds the benefits on a pay-as-you-go basis. No assets are accumulated in a trust.

At retirement, employees can elect to receive Blue Cross, Sutter, 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) 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 Statement No. 75. 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 a City. The Plan does not provide a publicly available financial report.

As of the June 30, 2022 actuarial valuation, the following current and former employees were covered by the benefit terms under the Plan:

Active employees		130
Inactive employees or beneficiaries currently receiving benefits		19
	Total	149

Contributions

The City’s adopted policy is to contribute an amount sufficient to pay the current fiscal year’s premium. See above section “Description” for more information.

Total OPEB Liability

The City’s total OPEB liability was measured as of June 30, 2022 and the total OPEB liability used to calculate the total OPEB liability was determined by actuarial valuation dated June 30, 2022. The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Assumptions:	June 30, 2022 Measurement Date
Discount Rate	3.54% (Bond Buyer 20-Bond Index)
Inflation	2.50% annually
Salary Increases	2.75% per annum, in aggregate
Mortality Rate	CalPERS 2000-2019 Experience Study
Mortality Improvement	Mortality projected fully generational with Scale MP-2021
Medical Participation at Retirement	Currently covered - 50%, Currently waived - 0%
Healthcare Trend Rate	6.25% for 2024, decreasing to an ultimate rate of 3.75% in 2076

CITY OF HEALDSBURG
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

Note 14 Other Post-Retirement Plan (Continued)

Discount Rate

The discount rate estimates investment earnings for assets earmarked to cover retiree health benefit liabilities. The discount rate depends on the nature of underlying assets for funded plans. The rate used for a funded plan is the real rate of return expected for plan assets plus long term inflation assumption. For an unfunded plan, the discount rate is based on an index of 20-year General Obligation municipal bonds. For partially funded plans, the discount rate is a blend of the funded and unfunded rates. The discount rate used to measure the total OPEB liability was 3.54 percent.

Changes in Total OPEB Liability as of June 30, 2022	
	Total OPEB Liability
Balance at June 30, 2021	\$ 1,380,208
Service Cost	73,355
Interest	31,288
Assumption Changes	(273,231)
Actual vs. expected experience	(201,375)
Benefit Payments	(10,000)
Net Change during 2021-22	(379,963)
Balance at June 30, 2022	\$ 1,000,245

Sensitivity to the total OPEB Liability to Changes in the Discount Rate and Healthcare Trend Rate

The following presents the total OPEB liability of the City if it were calculated using discount rate and health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for the measurement period ending June 30, 2022:

	Discount Rate		
	Current Discount Rate		
	1% Lower	(3.54%)	1% Higher
Total OPEB Liability	\$ 1,138,145	\$ 1,000,245	\$ 883,813

	Healthcare Trend Rate		
	Current Trend		
	1% Lower	(6.25%)	1% Higher
Total OPEB Liability	\$ 866,795	\$ 1,000,245	\$ 1,163,320

CITY OF HEALDSBURG
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

Note 14 Other Post-Retirement Plan (Continued)

Recognition of Deferred Outflows and Deferred Inflows of Resources and OPEB expense

For the fiscal year ended June 30, 2022, the City recognized OPEB expense of \$78,299. The City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in assumption	\$ 201,241	\$ 265,959
Differences between expected and actual experience		<u>204,974</u>
Total	<u>\$ 201,241</u>	<u>\$ 470,933</u>

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

<u>For the Fiscal Year Ending June 30,</u>	<u>Recognized Net Deferred Outflows (Inflows) of Resources</u>
2023	\$ (26,344)
2024	(26,344)
2025	(26,344)
2026	(26,344)
2027	(25,344)
Thereafter	<u>(138,972)</u>
Total	<u>\$ (269,692)</u>

Note 15 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 13) 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, 2022 was \$8.4 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.

CITY OF HEALDSBURG
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

Note 15 **Commitments and Contingencies (Continued)**

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. The City is actively seeking and new contract with Western to acquire power from 2025 through 2054.

Construction Commitments

The estimated amount of remaining construction contract obligations at fiscal year-end is \$524,748.

Note 16 **Net Position and Fund Balances**

GASB Statement No. 34, modified by 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.

Net Position

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

Net Investment in Capital Assets describes the portion of net assets 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.

The government-wide statement of net position reports \$41,927,513 of restricted net position.

CITY OF HEALDSBURG
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

Note 16 **Net Position and Fund Balances (Continued)**

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 as follows:

Fund Balances	General	Community Services	Streets Capital Project Fund	Nonmajor Governmental Funds	Total
<u>Nonspendable:</u>					
Prepaid expenditures	\$ 3,232	\$ -	\$ -	\$ -	\$ 3,232
Inventory			8,213		8,213
Legally/Contractually required to be maintained intact				200,000	200,000
Lease	4,511				4,511
Total Nonspendable	<u>7,743</u>		<u>8,213</u>	<u>200,000</u>	<u>215,956</u>
<u>Restricted for:</u>					
Lighting and landscaping				284,959	284,959
Community services		3,529,500		1,059,656	4,589,156
Affordable housing	2,456,285			6,887,988	9,344,273
Parking expansion				406,031	406,031
Public safety	134,464			106,536	241,000
Pension rate stabilization	4,434,624	439,235	171,001		5,044,860
L&M Village	2,749,143				2,749,143
Tree mitigation	8,490				8,490
Streets and roads			305,193	966,729	1,271,922
Strong motion				5,872	5,872
Debt service				170,993	170,993
Total Restricted	<u>9,783,006</u>	<u>3,968,735</u>	<u>476,194</u>	<u>9,888,764</u>	<u>24,116,699</u>
<u>Assigned for:</u>					
General plan update	292,481				292,481
Long range planning	23,064				23,064
Total Assigned	<u>315,545</u>				<u>315,545</u>
Unassigned:	5,404,583			(13,738)	5,390,845
Total Fund Balances	<u>\$ 15,510,877</u>	<u>\$ 3,968,735</u>	<u>\$ 484,407</u>	<u>\$ 10,075,026</u>	<u>\$ 30,039,045</u>

CITY OF HEALDSBURG
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

Note 17 **Successor Agency to the Former Redevelopment Agency**

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 (“the Bill”) that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Healdsburg that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit.

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

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

In future fiscal years, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

The Bill directs the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the state Controller is required to order the available assets to be transferred to the public body designated as the successor agency by the Bill.

Management believes, in consultation with legal counsel, that the obligations of the former redevelopment agency due to the City are valid enforceable obligations payable by the successor agency trust under the requirements of the Bill. The City’s position on this issue is not a position of settled law and there is considerable legal uncertainty regarding this issue. It is reasonably possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue unfavorably to the City.

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012.

Prior to that date, the final seven months of activity of the redevelopment agency continued to be reported in the governmental funds of the City. After the date of dissolution, the assets and activities of the dissolved redevelopment agency are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City.

CITY OF HEALDSBURG
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

Note 17 **Successor Agency to the Former Redevelopment Agency (Continued)**

The transfer of the assets and liabilities of the former redevelopment agency as of February 1, 2012 (effectively the same date as January 31, 2012) from governmental funds of the City to fiduciary funds was reported in the governmental funds as an extraordinary loss (or gain) in the governmental fund financial statements. The receipt of these assets and liabilities as of January 31, 2012 was reported in the private-purpose trust fund as an extraordinary gain (or loss).

Because of the different measurement focus of the governmental funds (current financial resources measurement focus) and the measurement focus of the trust funds (economic resources measurement focus), the extraordinary loss (gain) recognized in the governmental funds was not the same amount as the extraordinary gain (loss) that was recognized in the fiduciary fund financial statements.

Capital asset activities for the fiscal year ended June 30, 2022 were as follows:

Fiduciary Activities:	Balance at			Balance at
Capital assets, not being depreciated:	July 1, 2021	Additions	Deletions	June 30, 2022
Land	\$ 528,300	\$ -	\$ -	\$ 528,300
Total capital assets, not being depreciated	528,300			528,300
Fiduciary activities capital assets, net	\$ 528,300	\$ -	\$ -	\$ 528,300

The following is a schedule of long-term liabilities for the fiscal year ended June 30, 2022:

	Balance at			Balance at	Due Within
	July 1, 2021	Additions	Reductions	June 30, 2022	One Year
Tax Allocation Bonds:					
2002 Series B	\$ 1,005,000	\$ -	\$ (70,000)	\$ 935,000	\$ 75,000
2014 Series A	7,323,900		(559,600)	6,764,300	577,200
2014 Series B	2,881,900		(221,600)	2,660,300	228,600
2015 Series A	7,097,400		(455,700)	6,641,700	464,700
2015 Series B	3,403,600		(255,900)	3,147,700	267,500
2017 Refunding	15,535,000		(660,000)	14,875,000	695,000
Unamortized bond premium	2,192,692		(156,621)	2,036,071	156,621
Total other long-term debt	\$ 39,439,492	\$ -	\$ (2,379,421)	\$ 37,060,071	\$ 2,464,621

CITY OF HEALDSBURG
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

Note 17 **Successor Agency to the Former Redevelopment Agency (Continued)**

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 construction of 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. Upon and during the continuance of an event of default, the principal of and interest accrued on all bonds may be declared to be due and payable immediately. Debt service payments will be made from tax increment revenue received by the Trust. Future debt service on these bonds is as follows:

2002 Tax Allocation Bond Series B			
Fiscal Year	Principal	Interest	Total
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
2028-2032	525,000	64,719	589,719
Totals	\$ 935,000	\$ 239,756	\$ 1,174,756

B. 2014 Series A and B

In May 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 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. 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. Upon and during the continuance of an event of default, the principal of and interest accrued on all bonds may be declared to be due and payable immediately. Debt service payments will be made from tax increment revenue received by the Trust. The following represents the future minimum debt service requirements:

CITY OF HEALDSBURG
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

Note 17 **Successor Agency to the Former Redevelopment Agency (Continued)**

B. 2014 Series A and B (Continued)

<u>2014 Tax Allocation Bond Series A</u>			
<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 577,200	\$ 220,174	\$ 797,374
2024	599,000	200,178	799,178
2025	619,400	179,465	798,865
2026	639,000	158,073	797,073
2027	662,600	135,946	798,546
2028-2032	3,667,100	320,197	3,987,297
Totals	<u>\$ 6,764,300</u>	<u>\$ 1,214,033</u>	<u>\$ 7,978,333</u>

<u>2014 Tax Allocation Bond Series B</u>			
<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	53,402	316,502
2028-2032	1,439,100	125,758	1,564,858
Totals	<u>\$ 2,660,300</u>	<u>\$ 477,134</u>	<u>\$ 3,137,434</u>

C. 2015 Series A and B

In January 2015, the Successor Agency issued \$9,568,200 in 2015 Tax Allocation Refunding Bonds, Series A, and \$4,750,800 in 2015 Tax Allocation Refunding Bonds, Series B, to refund the outstanding 2003 Tax Allocation Bonds, Series A and B (current refunding). Interest on the 2015 bonds is 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. Upon and during the continuance of an event of default, the principal of and interest accrued on all bonds may be declared to be due and payable immediately. Future debt service payments will be made from tax increment revenue received by the Trust, and is as follows:

CITY OF HEALDSBURG
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

Note 17 **Successor Agency to the Former Redevelopment Agency (Continued)**

C. 2015 Series A and B (Continued)

<u>2015 Tax Allocation Bond Series A</u>			
<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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
2028-2032	3,993,200	429,646	4,422,846
Totals	<u>\$ 6,641,700</u>	<u>\$ 1,584,134</u>	<u>\$ 8,225,834</u>

<u>2015 Tax Allocation Bond Series B</u>			
<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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
2028-2032	1,717,400	188,331	1,905,731
Totals	<u>\$ 3,147,700</u>	<u>\$ 709,315</u>	<u>\$ 3,857,015</u>

D. 2017 Tax Allocation Refunding Bonds

In December 2017, the Successor Agency issued \$17,150,000 in 2017 Tax Allocation Refunding Bonds to refund the outstanding 2010 Tax Allocation Bonds (advanced refunding). Proceeds from the 2017 Bonds were used to refund in full the 2010 Bonds and to pay issuance costs. As a result, the 2010 bonds are considered defeased and the liability has been removed from these financial statements. As of June 30, 2018, \$21,103,793 was held in escrow to refund the 2010 Bonds. Interest on the 2017 bonds ranges from 2% to 5% with semi-annual debt service payments due on February 1 and August 1 of each year, with principal maturing annually August 1, 2018 through 2034.

The Successor Agency refunded the 2010 Bonds to reduce total debt service by approximately \$3.6 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 \$3 million. Upon and during the continuance of an event of default, the principal of and interest accrued on all bonds may be declared to be due and payable immediately. Future debt service payments will be made from tax increment revenue received by the Trust, and is as follows:

CITY OF HEALDSBURG
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

Note 17 **Successor Agency to the Former Redevelopment Agency (Continued)**

D. 2017 Tax Allocation Refunding Bonds (Continued)

2017 Tax Allocation Refunding Bond			
Fiscal Year	Principal	Interest	Total
2023	\$ 695,000	\$ 680,650	\$ 1,375,650
2024	740,000	648,250	1,388,250
2025	785,000	610,125	1,395,125
2026	835,000	569,625	1,404,625
2027	645,000	532,625	1,177,625
2028-2032	3,885,000	2,136,850	6,021,850
2033-2035	7,290,000	399,750	7,689,750
Totals	\$ 14,875,000	\$5,577,875	\$20,452,875

REQUIRED SUPPLEMENTAL INFORMATION

CITY OF HEALDSBURG
REQUIRED SUPPLEMENTAL INFORMATION
JUNE 30, 2022

**Schedule of the Local Government's Proportionate Share of the Net Pension Liability –
Last 10 Years***

<u>Measurement Date</u>	<u>Proportion of the Net Pension Liability</u>	<u>Proportionate Share of Net Pension Liability</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Liability as a % of Payroll</u>	<u>Plan Fiduciary Net Position as a % of the Total Pension Liability</u>
2021	0.46138%	\$ 24,952,824	\$ 16,188,697	154.14%	69.89%
2020	0.36105%	39,284,228	14,438,000	272.09%	71.82%
2019	0.35464%	36,340,001	11,027,420	329.54%	72.41%
2018	0.34843%	33,575,940	10,170,288	330.14%	72.96%
2017	0.33985%	33,703,985	9,958,349	338.45%	71.61%
2016	0.33897%	29,331,189	9,243,834	317.31%	72.92%
2015	0.33530%	23,014,464	8,299,645	277.29%	77.62%
2014	0.28460%	17,713,031	7,808,757	226.84%	82.46%

Notes to the Schedule:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2016 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes in Assumptions: In 2017, the discount rate changed from 7.65% to 7.15%.

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

CITY OF HEALDSBURG
REQUIRED SUPPLEMENTAL INFORMATION
JUNE 30, 2022

Schedule of Pension Contributions – Last 10 Years*

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency/ (Excess)	Covered Payroll	Contribution as a % of Covered Payroll
2022	\$ 4,808,270	\$ (4,808,270)	\$ -	\$ 16,715,521	28.77%
2021	3,321,038	(3,321,038)		16,188,697	20.51%
2020	3,824,645	(3,824,645)		14,438,000	26.49%
2019	3,263,776	(3,263,776)		11,027,420	29.60%
2018	2,791,313	(2,791,313)		10,170,288	27.45%
2017	2,494,953	(2,494,953)		9,958,349	25.05%
2016	2,208,239	(2,208,239)		9,243,834	23.89%
2015	1,707,064	(1,707,064)		8,299,645	20.57%

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

CITY OF HEALDSBURG
REQUIRED SUPPLEMENTAL INFORMATION
JUNE 30, 2022

Schedule of the Change in Net OPEB Liability and Related Ratios - Last 10 Fiscal Years*

MEASUREMENT PERIOD	2022	2021	2020	2019	2018
TOTAL OPEB LIABILITY					
Service Cost	\$ 73,355	\$ 70,471	\$ 56,673	\$ 51,000	\$ 52,000
Interest on the Total OPEB Liability	31,288	29,725	37,159	36,000	33,000
Difference between Expected and Actual Experience	(201,375)		(31,683)		
Changes of Assumptions	(273,231)	10,405	220,458	53,000	(39,000)
Benefit Payments	(10,000)	(10,000)	(16,000)	(16,000)	(15,000)
Net Change in Total OPEB Liability	(379,963)	100,601	266,607	124,000	31,000
Total OPEB Liability - Beginning	1,380,208	1,279,607	1,013,000	889,000	858,000
Total OPEB Liability - Ending	\$ 1,000,245	\$ 1,380,208	\$ 1,279,607	\$ 1,013,000	\$ 889,000
Plan Net OPEB Liability - Ending	\$ 1,000,245	\$ 1,380,208	\$ 1,279,607	\$ 1,013,000	\$ 889,000
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	n/a	n/a	n/a	n/a	n/a
Covered Payroll	\$ 16,715,521	\$ 16,188,697	\$ 14,438,000	\$ 11,027,420	\$ 10,170,288
Net OPEB liability as a percentage of covered payroll	5.98%	8.53%	8.86%	9.19%	8.74%

Notes to Schedule

Changes in Assumptions:

For fiscal year ended June 30, 2018, the discount rate changed from 3.58% to 3.87%
For fiscal year ended June 30, 2019, the discount rate changed from 3.87% to 3.50%
For fiscal year ended June 30, 2020, the discount rate changed from 3.50% to 2.21%
For fiscal year ended June 30, 2021, the discount rate changed from 2.21% to 2.16%
For fiscal year ended June 30, 2022, the discount rate changed from 2.16% to 3.54%
Mortality improvement scale was updated to Scale MP-2021

*Fiscal year 2018 was the first year of implementation, therefore only five years are shown.

CITY OF HEALDSBURG
REQUIRED SUPPLEMENTAL INFORMATION
JUNE 30, 2022

Schedule of OPEB Contribution - Last 10 Fiscal Years

Per GASB 75 paragraph 57c., these disclosures are only required if the employer calculates an Actuarially Determined Contribution (ADC). The City does not currently calculate an ADC.

CITY OF HEALDSBURG
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Fiscal Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 4,403,112	\$ 4,604,609	\$ 4,394,360	\$ (210,249)
Sales and other taxes	8,792,877	10,853,311	12,838,055	1,984,744
Development fees		348,333	446,350	98,017
Intergovernmental	194,000	9,188,788	8,693,148	(495,640)
Fines and forfeitures	121,000	81,000	42,825	(38,175)
License and permits	1,009,000	1,309,000	1,668,737	359,737
Use of money and property	364,181	364,181	(717,795)	(1,081,976)
Charges for services	900,029	900,029	1,163,071	263,042
Other, donations, and reimbursements	110,000	110,000	77,883	(32,117)
	15,894,199	27,759,251	28,606,634	847,383
EXPENDITURES				
Current:				
General government	4,046,402	11,089,446	9,348,142	1,741,304
Public safety	9,990,036	11,212,640	11,182,351	30,289
Community development	490,347	737,987	472,042	265,945
	14,526,785	23,040,073	21,002,535	2,037,538
Total Expenditures	14,526,785	23,040,073	21,002,535	2,037,538
Excess of Revenues over (under) Expenditures	1,367,414	4,719,178	7,604,099	2,884,921
OTHER FINANCING SOURCES (USES)				
Transfers in	1,126,279	7,732,181	6,347,770	(1,384,411)
Transfers out	(1,351,437)	(10,478,350)	(8,424,806)	2,053,544
	(225,158)	(2,746,169)	(2,077,036)	669,133
Total Other Financing Sources (Uses)	(225,158)	(2,746,169)	(2,077,036)	669,133
Net Change in Fund Balance	1,142,256	1,973,009	5,527,063	3,554,054
Fund Balance, Beginning of Fiscal Year	9,983,814	9,983,814	9,983,814	
Fund Balance, End of Fiscal Year	\$ 11,126,070	\$ 11,956,823	\$ 15,510,877	\$ 3,554,054

See Accompanying Note to Required Supplementary Information

CITY OF HEALDSBURG
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
COMMUNITY SERVICES SPECIAL REVENUE FUND
For the Fiscal Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Sales and other taxes	\$ 4,406,371	\$ 7,589,102	\$ 7,810,610	\$ 221,508
Intergovernmental		170,000	238,198	68,198
Use of money and property	5,000	5,000	(93,471)	(98,471)
Charges for services	792,566	896,316	727,939	(168,377)
Other, donations, and reimbursements	5,000	5,000	68,532	63,532
Total Revenues	5,208,937	8,665,418	8,751,808	86,390
EXPENDITURES				
Current:				
Community services	4,234,677	5,193,143	5,744,064	(550,921)
Total Expenditures	4,234,677	5,193,143	5,744,064	(550,921)
Excess of Revenues over (under) Expenditures	974,260	3,472,275	3,007,744	(464,531)
OTHER FINANCING SOURCES (USES)				
Transfers in	770,000	1,895,000	1,140,349	(754,651)
Transfers out	(379,373)	(2,004,373)	(1,453,155)	551,218
Total Other Financing Sources (Uses)	390,627	(109,373)	(312,806)	(203,433)
Net Change in Fund Balance	1,364,887	3,362,902	2,694,938	(667,964)
Fund Balance, Beginning of Fiscal Year	1,273,797	1,273,797	1,273,797	
Fund Balance, End of Fiscal Year	\$ 2,638,684	\$ 4,636,699	\$ 3,968,735	\$ (667,964)

See Accompanying Note to Required Supplementary Information

CITY OF HEALDSBURG
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Budgetary Data

Through the budget, the City Council sets the direction of the City, allocates its resources and establishes its priorities. The Annual Budget assures the efficient and effective uses of the City's economic resources, as well as establishing that the highest priority objectives are accomplished.

The Annual Budget serves from July 1 to June 30, and is a vehicle that accurately and openly communicates these priorities to the community, businesses, vendors, employees, and other public agencies. Additionally, it establishes the foundation of effective financial planning by providing resource planning, performance measures and controls that permit the evaluation and adjustment of the City's performance.

The City collects and records revenue and expenditures within the following categories:

- Governmental Activities
- Business-Type Activities

The Governmental Funds include the General Fund, Special Revenue, Debt Service, and Capital Projects funds. All funding sources are kept separate for both reporting and the use of money. The General Fund is where most City services are funded that are not required to be segregated.

Budgets and Budgetary Accounting

The City uses the following procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to June 30 of each fiscal year, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at the City Hall to obtain citizen input.
3. Prior to July 1, the budget is adopted through passage of a resolution and is not included herein but is published separately.

CITY OF HEALDSBURG
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. The City Manager is authorized to transfer budgeted amounts between departments within any fund. However, any revision that increases the total appropriations of any fund must be approved by the City Council. The appropriated budget is prepared by fund, function, and department.
5. Formal budgetary integration is employed as a management control device during the fiscal year for all funds.
6. Budgets for General, Special Revenue, Debt Service, and Capital Projects Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
7. The City does not formally adopt budgets for the North Area, Park Development fees, Parking Impact Fees, and Misc. Projects non-major governmental funds.
8. The City does not formally adopt budgets for the permanent fund.

OTHER SUPPLEMENTARY INFORMATION

CITY OF HEALDSBURG
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
STREETS CAPITAL PROJECTS FUND
For the Fiscal Year Ended June 30, 2022

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Sales and other taxes	\$ 113,465	\$ 136,895	\$ 23,430
Development fees	23,246	848,816	825,570
Intergovernmental		1,115,341	1,115,341
Use of money and property	2,813	(37,155)	(39,968)
Charges for services		58,672	58,672
Other, donations, and reimbursements	375,000	243,097	(131,903)
Total Revenues	514,524	2,365,666	1,851,142
EXPENDITURES			
Current:			
Streets and roads	5,243,650	3,345,429	1,898,221
Total Expenditures	5,243,650	3,345,429	1,898,221
Excess of Revenues over (under) Expenditures	(4,729,126)	(979,763)	3,749,363
OTHER FINANCING SOURCES (USES)			
Transfers in	4,032,322	3,321,569	(710,753)
Transfers out	(1,519,912)	(1,519,911)	1
Total Other Financing Sources (Uses)	2,512,410	1,801,658	(710,752)
Net Change in Fund Balance	(2,216,716)	821,895	3,038,611
Fund Balance (deficit), Beginning of Fiscal Year	(337,488)	(337,488)	
Fund Balance, End of Fiscal Year	\$ (2,554,204)	\$ 484,407	\$ 3,038,611

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NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Gas Tax Fund – used to account for the expenditures financed by money apportioned under the Streets and Highways Code of the State of California.

North Area Fund – used to account for the activity of an assessment district with the purpose of funding the installation and maintenance of new roads, sewer systems and electrical, etc. when annexing into specific area of the City.

Benjamin Way Maintenance District Fund – used to track the revenue and expenditures for the repair and limited maintenance of Benjamin Way.

Public Safety Fund – used to account for grant revenue and expenditures used for equipment and training specific to police and fire, and to account for monies received by the California Department of Motor Vehicles to be expended on abatement, removal or the disposal of vehicle related public nuisances from private or public property.

Strong Motion Education and Data Fund – used to account for the expenditures funded by fees charged in accordance with the California Department of Conservation.

Area A Lighting and Landscaping Fund – used to account for revenue and expenditures related to the lighting and landscaping districts.

Media Center Fund – used to account for monies received by cable operators to support public education and government (PEG) channel facilities and activities.

Park Development Fees Fund – used to account for revenue and expenditures for the design and construction of park and park improvements required to mitigate the impact of new development.

Parking Impact Fees Fund – used to account for revenue and expenditures related to parking improvements and alternative transportation, including bicycle and pedestrian, improvements designed to reduce parking requirements for which the fees are charged.

Housing Successor Agency Fund – used to account for housing assets from the former Redevelopment Agency, including notes receivable.

PERMANENT FUND

Senior Center Trust Permanent Fund – used to account for and report financial resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support City programs.

CAPITAL PROJECTS FUND

Misc. Projects Capital Projects Fund – used to account for the acquisition and construction of miscellaneous major capital projects throughout the City.

DEBT SERVICE FUND

General Debt Service Fund – used to account for the accumulation of resources for and the payment of principal and interest on long-term debt.

**CITY OF HEALDSBURG
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2022**

	Special Revenue Funds					
	Gas Tax	North Area	Benjamin Way Maintenance District	Public Safety	Strong Motion Education and Data	Area A Lighting and Landscaping
ASSETS						
Cash and investments	\$ 896,237	\$ 1,662	\$ 7,733	\$ 106,536	\$ 5,860	\$ 280,486
Cash and investments with fiscal agents						
Receivables:						
Accounts and taxes		53,300				5,141
Interest	1,839		16		12	574
Intergovernmental	60,904					
Loans and notes receivable						
Total Assets	<u>\$ 958,980</u>	<u>\$ 54,962</u>	<u>\$ 7,749</u>	<u>\$ 106,536</u>	<u>\$ 5,872</u>	<u>\$ 286,201</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,242
Due to other funds		15,000				
Deposits payable						
Total Liabilities		<u>15,000</u>				<u>1,242</u>
Deferred inflow of resources:						
Unavailable revenue - interest						
Unavailable revenue		53,300				
Total deferred inflows of resources		<u>53,300</u>				
Fund Balances:						
Nonspendable						
Restricted	958,980		7,749	106,536	5,872	284,959
Unassigned		(13,338)				
Total Fund Balances (Deficits)	<u>958,980</u>	<u>(13,338)</u>	<u>7,749</u>	<u>106,536</u>	<u>5,872</u>	<u>284,959</u>
Total Liabilities, Deferred inflows of Resources and Fund Balances	<u>\$ 958,980</u>	<u>\$ 54,962</u>	<u>\$ 7,749</u>	<u>\$ 106,536</u>	<u>\$ 5,872</u>	<u>\$ 286,201</u>

Special Revenue Funds				Permanent Fund	Capital Projects Fund	Debt Service Fund	Total Nonmajor Governmental Funds
Media Center	Park Development Fees	Parking Impact Fees	Housing Successor Agency	Senior Center Trust	Misc Projects	General Debt Service	
\$ -	\$ 992,109	\$ 405,204	\$ -	\$ 100	\$ -	\$ 171,174	\$ 2,867,101
				252,439	116,848	175	369,462
9,900	4,114 2,181	827					72,455
			244,625				5,449
			8,407,105				305,529
							8,407,105
<u>\$ 9,900</u>	<u>\$ 998,404</u>	<u>\$ 406,031</u>	<u>\$ 8,651,730</u>	<u>\$ 252,539</u>	<u>\$ 116,848</u>	<u>\$ 171,349</u>	<u>\$ 12,027,101</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,242
1,087			119,137	100	117,248	356	252,472
							456
1,087			119,137	100	117,248	356	254,170
			1,644,605				1,644,605
							53,300
			1,644,605				1,697,905
8,813	998,404	406,031	6,887,988	200,000 52,439		170,993	200,000
					(400)		9,888,764
							(13,738)
8,813	998,404	406,031	6,887,988	252,439	(400)	170,993	10,075,026
<u>\$ 9,900</u>	<u>\$ 998,404</u>	<u>\$ 406,031</u>	<u>\$ 8,651,730</u>	<u>\$ 252,539</u>	<u>\$ 116,848</u>	<u>\$ 171,349</u>	<u>\$ 12,027,101</u>

**CITY OF HEALDSBURG
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2022**

	Special Revenue Funds					
	Gas Tax	North Area	Benjamin Way Maintenance District	Public Safety	Strong Motion Education and Data	Area A Lighting and Landscaping
REVENUES						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 249,795
Development fees						
Intergovernmental	520,628					
Use of money and property	(12,716)		(114)		(87)	(4,318)
Charges for services				8,222		
Other, donations, and reimbursements				1,620	1,416	
Total Revenues	<u>507,912</u>		<u>(114)</u>	<u>9,842</u>	<u>1,329</u>	<u>245,477</u>
EXPENDITURES						
Current:						
Public safety				84,698		
Streets and roads	2,500					
Community development						211,685
Debt service:						
Principal retirement						
Interest and fiscal charges						
Total Expenditures	<u>2,500</u>			<u>84,698</u>		<u>211,685</u>
Excess of Revenues Over (Under) Expenditures	<u>505,412</u>		<u>(114)</u>	<u>(74,856)</u>	<u>1,329</u>	<u>33,792</u>
OTHER FINANCING SOURCES (USES)						
Transfers in				75,000		
Transfers out	(507,569)					(1,469)
Total Other Financing Sources (Uses)	<u>(507,569)</u>			<u>75,000</u>		<u>(1,469)</u>
Net Change in Fund Balances	<u>(2,157)</u>		<u>(114)</u>	<u>144</u>	<u>1,329</u>	<u>32,323</u>
Fund Balances (deficits), Beginning of Fiscal Year	961,137	(13,338)	7,863	106,392	4,543	252,636
Fund Balances (deficits), End of Fiscal Year	<u>\$ 958,980</u>	<u>\$ (13,338)</u>	<u>\$ 7,749</u>	<u>\$ 106,536</u>	<u>\$ 5,872</u>	<u>\$ 284,959</u>

Special Revenue Funds				Permanent Fund	Capital Projects Fund	Debt Service Fund	Total Nonmajor Governmental Funds
Media Center	Park Development Fees	Parking Impact Fees	Housing Successor Agency	Senior Center Trust	Misc Projects	General Debt Service	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 249,795
	503,517	288,387					791,904
	(15,377)	(6,459)	244,625				765,253
			7,213	(38,316)	325		(69,849)
39,195			12,006				8,222
39,195	488,140	281,928	263,844	(38,316)	325		54,237
							1,799,562
							84,698
			28,726	4,080			2,500
						767,274	244,491
						78,723	767,274
			28,726	4,080			78,723
						845,997	1,177,686
39,195	488,140	281,928	235,118	(42,396)	325	(845,997)	621,876
(40,000)	(105,524)				(437,290)	744,466	819,466
(40,000)	(105,524)				(437,290)	744,466	(1,091,852)
(805)	382,616	281,928	235,118	(42,396)	(436,965)	(101,531)	349,490
9,618	615,788	124,103	6,652,870	294,835	436,565	272,524	9,725,536
\$ 8,813	\$ 998,404	\$ 406,031	\$ 6,887,988	\$ 252,439	\$ (400)	\$ 170,993	\$ 10,075,026

CITY OF HEALDSBURG
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GAS TAX SPECIAL REVENUE FUND
For the Fiscal Year Ended June 30, 2022

	Final Budget	Actual Amount	Variance Positive (Negative)
REVENUES			
Intergovernmental	\$ 563,345	\$ 520,628	\$ (42,717)
Use of money and property	<u>5,942</u>	<u>(12,716)</u>	<u>(18,658)</u>
Total Revenues	<u>569,287</u>	<u>507,912</u>	<u>(61,375)</u>
EXPENDITURES			
Current:			
Streets and roads	<u></u>	<u>2,500</u>	<u>(2,500)</u>
Total Expenditures	<u></u>	<u>2,500</u>	<u>(2,500)</u>
Excess of Revenues Over (Under) Expenditures	<u>569,287</u>	<u>505,412</u>	<u>(63,875)</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(778,472)</u>	<u>(507,569)</u>	<u>270,903</u>
Total Other Financing Sources (Uses)	<u>(778,472)</u>	<u>(507,569)</u>	<u>270,903</u>
Net Change in Fund Balance	(209,185)	(2,157)	207,028
Fund Balance - Beginning of Fiscal Year	<u>961,137</u>	<u>961,137</u>	
Fund Balance - End of Fiscal Year	<u>\$ 751,952</u>	<u>\$ 958,980</u>	<u>\$ 207,028</u>

CITY OF HEALDSBURG
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
PUBLIC SAFETY SPECIAL REVENUE FUND
For the Fiscal Year Ended June 30, 2022

	Final Budget	Actual Amount	Variance Positive (Negative)
REVENUES			
Charges for services	\$ -	\$ 8,222	\$ 8,222
Other, donations, and reimbursements		1,620	1,620
Total Revenues		9,842	9,842
EXPENDITURES			
Current:			
Public safety	82,000	84,698	(2,698)
Total Expenditures	82,000	84,698	(2,698)
Excess of Revenues Over (Under) Expenditures	(82,000)	(74,856)	7,144
OTHER FINANCING SOURCES (USES)			
Transfers in	75,000	75,000	
Total Other Financing Sources (Uses)	75,000	75,000	
Net Change in Fund Balance	(7,000)	144	7,144
Fund Balance - Beginning of Fiscal Year	106,392	106,392	
Fund Balance - End of Fiscal Year	<u>\$ 99,392</u>	<u>\$ 106,536</u>	<u>\$ 7,144</u>

CITY OF HEALDSBURG
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
STRONG MOTION EDUCATION AND DATA SPECIAL REVENUE FUND
For the Fiscal Year Ended June 30, 2022

	Final Budget	Actual Amount	Variance Positive (Negative)
REVENUES			
Use of money and property	\$ 31	\$ (87)	\$ (118)
Other, donations, and reimbursements	200	1,416	1,216
Total Revenues	231	1,329	1,098
Excess of Revenues Over (Under) Expenditures	231	1,329	1,098
Fund Balance - Beginning of Fiscal Year	4,543	4,543	
Fund Balance - End of Fiscal Year	\$ 4,774	\$ 5,872	\$ 1,098

CITY OF HEALDSBURG
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
AREA A LIGHTING AND LANDSCAPING SPECIAL REVENUE FUND
For the Fiscal Year Ended June 30, 2022

	Final Budget	Actual Amount	Variance Positive (Negative)
REVENUES			
Property taxes	\$ 192,609	\$ 249,795	\$ 57,186
Use of money and property	1,620	(4,318)	(5,938)
Total Revenues	<u>194,229</u>	<u>245,477</u>	<u>51,248</u>
EXPENDITURES			
Current:			
Community development	<u>248,432</u>	<u>211,685</u>	<u>36,747</u>
Total Expenditures	<u>248,432</u>	<u>211,685</u>	<u>36,747</u>
Excess of Revenues Over (Under) Expenditures	<u>(54,203)</u>	<u>33,792</u>	<u>87,995</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(1,470)</u>	<u>(1,469)</u>	<u>1</u>
Total Other Financing Sources (Uses)	<u>(1,470)</u>	<u>(1,469)</u>	<u>1</u>
Net Change in Fund Balance	(55,673)	32,323	87,996
Fund Balance - Beginning of Fiscal Year	<u>252,636</u>	<u>252,636</u>	
Fund Balance - End of Fiscal Year	<u>\$ 196,963</u>	<u>\$ 284,959</u>	<u>\$ 87,996</u>

CITY OF HEALDSBURG
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
MEDIA CENTER SPECIAL REVENUE FUND
For the Fiscal Year Ended June 30, 2022

	Final Budget	Actual Amount	Variance Positive (Negative)
REVENUES			
Other, donations, and reimbursements	\$ 40,000	\$ 39,195	\$ (805)
Total Revenues	<u>40,000</u>	<u>39,195</u>	<u>(805)</u>
Excess of Revenues Over (Under) Expenditures	<u>40,000</u>	<u>39,195</u>	<u>(805)</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(40,000)</u>	<u>(40,000)</u>	
Total Other Financing Sources (Uses)	<u>(40,000)</u>	<u>(40,000)</u>	
Net Change in Fund Balance		(805)	(805)
Fund Balance - Beginning of Fiscal Year	<u>9,618</u>	<u>9,618</u>	
Fund Balance - End of Fiscal Year	<u>\$ 9,618</u>	<u>\$ 8,813</u>	<u>\$ (805)</u>

CITY OF HEALDSBURG
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
BENJAMIN WAY MAINTENANCE DISTRICT SPECIAL REVENUE FUND
For the Fiscal Year Ended June 30, 2022

	Final Budget	Actual Amount	Variance Positive (Negative)
REVENUES			
Use of money and property	\$ 61	\$ (114)	\$ (175)
Total Revenues	<u>61</u>	<u>(114)</u>	<u>(175)</u>
Excess of Revenues Over (Under) Expenditures	61	(114)	(175)
Fund Balance - Beginning of Fiscal Year	<u>7,863</u>	<u>7,863</u>	
Fund Balance - End of Fiscal Year	<u>\$ 7,924</u>	<u>\$ 7,749</u>	<u>\$ (175)</u>

CITY OF HEALDSBURG
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
HOUSING SUCCESSOR AGENCY SPECIAL REVENUE FUND
For the Fiscal Year Ended June 30, 2022

	Final Budget	Actual Amount	Variance Positive (Negative)
REVENUES			
Intergovernmental	\$ -	\$ 244,625	\$ 244,625
Use of money and property		7,213	7,213
Other, donations, and reimbursements		12,006	12,006
	<u> </u>	<u> </u>	<u> </u>
Total Revenues		263,844	263,844
	<u> </u>	<u> </u>	<u> </u>
EXPENDITURES			
Current:			
Community development	11,356	28,726	(17,370)
	<u> </u>	<u> </u>	<u> </u>
Total Expenditures	11,356	28,726	(17,370)
	<u> </u>	<u> </u>	<u> </u>
Excess of Revenues Over (Under) Expenditures	(11,356)	235,118	246,474
Fund Balance - Beginning of Fiscal Year	6,652,870	6,652,870	
	<u> </u>	<u> </u>	<u> </u>
Fund Balance - End of Fiscal Year	\$ 6,641,514	\$ 6,887,988	\$ 246,474
	<u> </u>	<u> </u>	<u> </u>

CITY OF HEALDSBURG
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL DEBT SERVICE FUND
For the Fiscal Year Ended June 30, 2022

	Final Budget	Actual Amount	Variance Positive (Negative)
REVENUES			
Use of money and property	\$ 56,221	\$ -	\$ (56,221)
Total Revenues	<u>56,221</u>	<u></u>	<u>(56,221)</u>
EXPENDITURES			
Debt service:			
Principal retirement	677,828	767,274	(89,446)
Interest and fiscal charges	<u>66,639</u>	<u>78,723</u>	<u>(12,084)</u>
Total Expenditures	<u>744,467</u>	<u>845,997</u>	<u>(101,530)</u>
Excess of Revenues Over (Under) Expenditures	<u>(688,246)</u>	<u>(845,997)</u>	<u>(157,751)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>744,466</u>	<u>744,466</u>	<u></u>
Total Other Financing Sources (Uses)	<u>744,466</u>	<u>744,466</u>	<u></u>
Net Change in Fund Balance	56,220	(101,531)	(157,751)
Fund Balance - Beginning of Fiscal Year	<u>272,524</u>	<u>272,524</u>	<u></u>
Fund Balance - End of Fiscal Year	<u><u>\$ 328,744</u></u>	<u><u>\$ 170,993</u></u>	<u><u>\$ (157,751)</u></u>

**CITY OF HEALDSBURG
COMBINING BALANCE SHEET
GENERAL FUND ACTIVITIES
June 30, 2022**

	General	Capital Replacement	Transaction & Use Tax	Economic Development
ASSETS				
Cash and investments	\$ 4,354,966	\$ 130,232	\$ 2,139,179	\$ 48,467
Pension stabilization investments	4,434,624			
Receivables:				
Accounts and taxes	889,954		14,428	
Interest	60,677		4,413	97
Intergovernmental	1,237,217		596,915	
Lease	214,988			
Due from other funds	958,622			
Loans and notes receivable			282,673	
Deposits	947,429			
Prepaid expenditures	3,232			
Total Assets	\$ 13,101,709	\$ 130,232	\$ 3,037,608	\$ 48,564
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 553,996	\$ 1,008	\$ 10,000	\$ -
Due to other funds		2,492,886		
Deposits payable	1,382,303			
Total Liabilities	1,936,299	2,493,894	10,000	
Deferred inflow of resources:				
Lease	210,477			
Unavailable revenue	850,000			
Total Liabilities	1,060,477			
Fund Balances:				
Nonspendable:				
Prepaid expenditures	3,232			
Lease	4,511			
Restricted	5,382,053			
Assigned	23,064			
Unassigned	4,692,073	(2,363,662)	3,027,608	48,564
Total Fund Balances (Deficits)	10,104,933	(2,363,662)	3,027,608	48,564
Total Liabilities, Deferred inflows of Resources and Fund Balances	\$ 13,101,709	\$ 130,232	\$ 3,037,608	\$ 48,564

<u>TOT Housing</u>	<u>Tree Mitigation</u>	<u>Fire Facilities Impact Fees</u>	<u>L&M Village</u>	<u>Long Range Planning Fund</u>	<u>Total General Fund</u>
\$ 1,179,836	\$ 8,473	\$ 134,191	\$ 1,799,143	\$ 292,481	\$ 10,086,968
					4,434,624
211,083					1,115,465
	17	273			65,477
			950,000		2,784,132
					214,988
119,137					1,077,759
					282,673
					947,429
					3,232
<u>\$ 1,510,056</u>	<u>\$ 8,490</u>	<u>\$ 134,464</u>	<u>\$ 2,749,143</u>	<u>\$ 292,481</u>	<u>\$ 21,012,747</u>
\$ 1,200	\$ -	\$ -	\$ -	\$ -	\$ 566,204
					2,492,886
					1,382,303
<u>1,200</u>					<u>4,441,393</u>
					210,477
					850,000
					1,060,477
					3,232
					4,511
1,508,856	8,490	134,464	2,749,143		9,783,006
				292,481	315,545
					5,404,583
<u>1,508,856</u>	<u>8,490</u>	<u>134,464</u>	<u>2,749,143</u>	<u>292,481</u>	<u>15,510,877</u>
<u>\$ 1,510,056</u>	<u>\$ 8,490</u>	<u>\$ 134,464</u>	<u>\$ 2,749,143</u>	<u>\$ 292,481</u>	<u>\$ 21,012,747</u>

CITY OF HEALDSBURG
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GENERAL FUND ACTIVITIES
For the Fiscal Year Ended June 30, 2022

	General	Capital Replacement	Transaction & Use Tax	Economic Development
REVENUES				
Property taxes	\$ 4,394,360	\$ -	\$ -	\$ -
Sales and other taxes	8,419,073		2,891,655	
Development fees	435,324			
Intergovernmental	914,348			
Fines and forfeitures	42,825			
License and permits	1,668,737			
Use of money and property	(680,629)		(34,576)	(709)
Charges for services	1,120,590			
Other, donations, and reimbursements	76,904			565
Total Revenues	<u>16,391,532</u>		<u>2,857,079</u>	<u>(144)</u>
EXPENDITURES				
Current:				
General government	3,989,499	5,218,576	132,787	
Public safety	11,182,351			
Community development				12,606
Total Expenditures	<u>15,171,850</u>	<u>5,218,576</u>	<u>132,787</u>	<u>12,606</u>
Excess of Revenues Over (Under) Expenditures	<u>1,219,682</u>	<u>(5,218,576)</u>	<u>2,724,292</u>	<u>(12,750)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	617,459	5,455,311		
Transfers out	(1,703,045)		(1,551,480)	
Total Other Financing Sources (Uses)	<u>(1,085,586)</u>	<u>5,455,311</u>	<u>(1,551,480)</u>	
Net Change in Fund Balances	134,096	236,735	1,172,812	(12,750)
Fund Balances (deficits), Beginning of Fiscal Year	<u>9,970,837</u>	<u>(2,600,397)</u>	<u>1,854,796</u>	<u>61,314</u>
Fund Balances (deficits), End of Fiscal Year	<u>\$ 10,104,933</u>	<u>\$ (2,363,662)</u>	<u>\$ 3,027,608</u>	<u>\$ 48,564</u>

<u>TOT Housing</u>	<u>Tree Mitigation</u>	<u>Fire Facilities Impact Fees</u>	<u>L&M Village</u>	<u>Long Range Planning Fund</u>	<u>Total General Fund</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,394,360
1,527,327					12,838,055
		11,026			446,350
			7,778,800		8,693,148
					42,825
6	(116)	(1,771)			1,668,737
				42,481	(717,795)
414					1,163,071
<u>1,527,747</u>	<u>(116)</u>	<u>9,255</u>	<u>7,778,800</u>	<u>42,481</u>	<u>28,606,634</u>
	7,280				9,348,142
441,809			17,627		11,182,351
<u>441,809</u>	<u>7,280</u>		<u>17,627</u>		<u>472,042</u>
					21,002,535
1,085,938	(7,396)	9,255	7,761,173	42,481	7,604,099
25,000				250,000	6,347,770
(14,917)		(143,334)	(5,012,030)		(8,424,806)
<u>10,083</u>		<u>(143,334)</u>	<u>(5,012,030)</u>	<u>250,000</u>	<u>(2,077,036)</u>
1,096,021	(7,396)	(134,079)	2,749,143	292,481	5,527,063
412,835	15,886	268,543			9,983,814
<u>\$ 1,508,856</u>	<u>\$ 8,490</u>	<u>\$ 134,464</u>	<u>\$ 2,749,143</u>	<u>\$ 292,481</u>	<u>\$ 15,510,877</u>

**CITY OF HEALDSBURG
COMBINING STATEMENT OF NET POSITION
WATER FUND ACTIVITIES
June 30, 2022**

	Water Operations	Water Capital Replacement	Water Debt Service	Water Capacity	Totals Water Fund
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
Current Assets:					
Cash and investments	\$ 1,128,310	\$ 1,496,189	\$ 205,375	\$ 1,216,538	\$ 4,046,412
Cash and investments with fiscal agents	3				3
Pension stabilization investments	512,982				512,982
Accounts receivable	934,796			13,142	947,938
Interest receivable	3,848			4,518	8,366
Inventory	77,564				77,564
Total Current Assets	2,657,503	1,496,189	205,375	1,234,198	5,593,265
Noncurrent Assets:					
Capital assets					
Land	310,781				310,781
Construction in progress		74,060			74,060
Depreciable buildings and improvements, net	233,398				233,398
Depreciable utility systems, net	22,924,663				22,924,663
Depreciable equipment, net	273,135				273,135
Total Noncurrent Assets	23,741,977	74,060			23,816,037
Total Assets	26,399,480	1,570,249	205,375	1,234,198	29,409,302
Deferred Outflows of Resources:					
OPEB related	19,477				19,477
Pension related	620,736				620,736
Total deferred outflows of resources	640,213				640,213
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES					
Current Liabilities:					
Accounts payable and accrued liabilities	79,825	29,975		525	110,325
Deposits payable	14,732				14,732
Bonds payable - current	813,341				813,341
Interest payable	61,123				61,123
Total Current Liabilities	969,021	29,975		525	999,521
Noncurrent Liabilities					
Bonds payable	4,933,000				4,933,000
OPEB	96,809				96,809
Net pension liability	2,065,017				2,065,017
Total Noncurrent Liabilities	7,094,826				7,094,826
Total Liabilities	8,063,847	29,975		525	8,094,347
Deferred Inflows of Resources:					
OPEB related	45,580				45,580
Pension related	1,878,728				1,878,728
Total deferred inflows of resources	1,924,308				1,924,308
NET POSITION					
Net investment in capital assets	18,090,980	74,060			18,165,040
Restricted	512,982	1,466,214	205,375	1,233,673	3,418,244
Unrestricted	(1,552,424)				(1,552,424)
Total Net Position	\$ 17,051,538	\$ 1,540,274	\$ 205,375	\$ 1,233,673	\$ 20,030,860

**CITY OF HEALDSBURG
COMBINING STATEMENT OF REVENUES,
EXPENSES, AND CHANGES IN NET POSITION
WATER FUND ACTIVITIES
For the Fiscal Year Ended June 30, 2022**

	Water Operations	Water Capital Replacement	Water Debt Service	Water Capacity	Totals Water Fund
OPERATING REVENUES					
Charges for services	\$ 4,612,289	\$ -	\$ -	\$ -	\$ 4,612,289
Development fees	28,717			986,241	1,014,958
Intergovernmental	4,994				4,994
Other	100,109				100,109
Total Operating Revenues	<u>4,746,109</u>			<u>986,241</u>	<u>5,732,350</u>
OPERATING EXPENSES					
Salaries and benefits	3,086,106				3,086,106
Maintenance and operations	1,906,654	2,624		11,925	1,921,203
Administration	888,464				888,464
Depreciation	804,681				804,681
Total Operating Expenses	<u>6,685,905</u>	<u>2,624</u>		<u>11,925</u>	<u>6,700,454</u>
Operating Income (loss)	<u>(1,939,796)</u>	<u>(2,624)</u>		<u>974,316</u>	<u>(968,104)</u>
NON-OPERATING REVENUES (EXPENSES)					
Investment income (loss)	(91,154)			(32,414)	(123,568)
Interest expense	(260,542)				(260,542)
Gain (loss) on sale of capital assets	(2,690)				(2,690)
Total Non-operating Revenue (Expenses)	<u>(354,386)</u>			<u>(32,414)</u>	<u>(386,800)</u>
NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS					
	<u>(2,294,182)</u>	<u>(2,624)</u>		<u>941,902</u>	<u>(1,354,904)</u>
CAPITAL CONTRIBUTIONS					
	<u>336,012</u>	<u>(336,012)</u>			
TRANSFERS					
Transfers in	492,820	1,109,016			1,601,836
Transfers out	(85,780)			(1,126,836)	(1,212,616)
Total Transfers	<u>407,040</u>	<u>1,109,016</u>		<u>(1,126,836)</u>	<u>389,220</u>
Change in Net Position	(1,551,130)	770,380		(184,934)	(965,684)
Net Position, Beginning of Fiscal Year	<u>18,602,668</u>	<u>769,894</u>	<u>205,375</u>	<u>1,418,607</u>	<u>20,996,544</u>
Net Position, End of Fiscal Year	<u>\$ 17,051,538</u>	<u>\$ 1,540,274</u>	<u>\$ 205,375</u>	<u>\$ 1,233,673</u>	<u>\$ 20,030,860</u>

CITY OF HEALDSBURG
COMBINING STATEMENT OF NET POSITION
SEWER FUND ACTIVITIES
June 30, 2022

	Sewer Operations	Drainage	Sewer Capital Replacement	Sewer Capacity
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
Current Assets:				
Cash and investments	\$ 2,001,263	\$ -	\$ 1,681,087	\$ 2,813,459
Cash and investments with fiscal agents	8			
Pension stabilization investments	617,776	134,285		
Accounts receivable	1,164,073	97,562	2,869.00	21,796
Interest receivable	6,040			7,345
Inventory	20,920			
Due from other funds	1,121,801		1,246,443	
	4,931,881	231,847	2,930,399	2,842,600
Total Current Assets				
Noncurrent Assets:				
Capital assets				
Land	682,880	84,022		
Construction in progress			1,649,520	
Depreciable buildings and improvements, net	43,556			
Depreciable utility systems, net	48,814,709	6,360,727		
Depreciable equipment, net	616,000			
	50,157,145	6,444,749	1,649,520	
Total Noncurrent Assets				
Total Assets	55,089,026	6,676,596	4,579,919	2,842,600
Deferred Outflows of Resources:				
Deferred loss on debt refunding	711,616			
OPEB related	23,574			
Pension related	620,736			
	1,355,926			
Total deferred outflows of resources				
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES				
Current Liabilities:				
Accounts payable and accrued liabilities	256,979	641	34,159	525
Due to other funds		1,121,801		
Deposits payable	1,100			
Retention payable	9,885		61,776	
Bonds payable - current	1,221,984			
Interest payable	179,491			
	1,669,439	1,122,442	95,935	525
Total Current Liabilities				
Noncurrent Liabilities				
Bonds payable	19,016,599			
Other post-employment benefits liability	117,172			
Net pension liability	2,065,017			
	21,198,788			
Total Noncurrent Liabilities				
Total Liabilities	22,868,227	1,122,442	95,935	525
Deferred Inflows of Resources:				
OPEB related	55,166			
Pension related	1,878,728			
	1,933,894			
Total deferred inflows of resources				
NET POSITION				
Net investment in capital assets	30,004,285	6,444,749	1,587,744	
Restricted	617,776	134,285	2,896,240	2,842,075
Unrestricted	1,020,770	(1,024,880)		
	\$ 31,642,831	\$ 5,554,154	\$ 4,483,984	\$ 2,842,075
Total Net Position				

<u>Drainage Capacity</u>	<u>Totals Sewer Fund</u>
\$ 1,233,670	\$ 7,729,479
	8
	752,061
6,444	1,292,744
2,508	15,893
	20,920
	<u>2,368,244</u>
<u>1,242,622</u>	<u>12,179,349</u>
	766,902
	1,649,520
	43,556
	55,175,436
	<u>616,000</u>
	<u>58,251,414</u>
<u>1,242,622</u>	<u>70,430,763</u>
	711,616
	23,574
	<u>620,736</u>
	<u>1,355,926</u>
	292,304
	1,121,801
	1,100
	71,661
	1,221,984
	<u>179,491</u>
	<u>2,888,341</u>
	19,016,599
	117,172
	<u>2,065,017</u>
	<u>21,198,788</u>
	<u>24,087,129</u>
	55,166
	<u>1,878,728</u>
	<u>1,933,894</u>
	38,036,778
1,242,622	7,732,998
	(4,110)
<u>\$ 1,242,622</u>	<u>\$ 45,765,666</u>

**CITY OF HEALDSBURG
COMBINING STATEMENT OF REVENUES,
EXPENSES, AND CHANGES IN NET POSITION
SEWER FUND ACTIVITIES
For the Fiscal Year Ended June 30, 2022**

	Sewer Operations	Drainage	Sewer Capital Replacement	Sewer Capacity
OPERATING REVENUES				
Charges for services	\$ 7,100,245	\$ 758,314	\$ -	\$ -
Development fees				2,225,454
Intergovernmental	4,993		28,374.00	
Other	33,791	16,099	565	
Total Operating Revenues	<u>7,139,029</u>	<u>774,413</u>	<u>28,939</u>	<u>2,225,454</u>
OPERATING EXPENSES				
Salaries and benefits	3,387,220	404,397		
Maintenance and operations	1,804,090	115,798	13,438	11,925
Administration	1,086,368	139,923		
Depreciation	2,061,365	257,468		
Total Operating Expenses	<u>8,339,043</u>	<u>917,586</u>	<u>13,438</u>	<u>11,925</u>
Operating Income (loss)	<u>(1,200,014)</u>	<u>(143,173)</u>	<u>15,501</u>	<u>2,213,529</u>
NON-OPERATING REVENUES (EXPENSES)				
Investment income (loss)	(122,589)	(16,630)		(52,975)
Interest expense	(758,586)			
Gain (loss) on sale of fixed assets	(808)			
Total Non-operating Revenue (Expenses)	<u>(881,983)</u>	<u>(16,630)</u>		<u>(52,975)</u>
NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS				
	<u>(2,081,997)</u>	<u>(159,803)</u>	<u>15,501</u>	<u>2,160,554</u>
CAPITAL CONTRIBUTIONS				
	<u>(165,336)</u>		<u>165,336</u>	
TRANSFERS				
Transfers in	302,498		500,000	
Transfers out	(85,780)	(25,601)		(776,897)
Total Transfers	<u>216,718</u>	<u>(25,601)</u>	<u>500,000</u>	<u>(776,897)</u>
Change in Net Position	(2,030,615)	(185,404)	680,837	1,383,657
Net Position, Beginning of Fiscal Year	<u>33,673,446</u>	<u>5,739,558</u>	<u>3,803,147</u>	<u>1,458,418</u>
Net Position, End of Fiscal Year	<u>\$ 31,642,831</u>	<u>\$ 5,554,154</u>	<u>\$ 4,483,984</u>	<u>\$ 2,842,075</u>

<u>Drainage Capacity</u>	<u>Totals Sewer Fund</u>
\$ -	\$ 7,858,559
494,143	2,719,597
	33,367
	50,455
<u>494,143</u>	<u>10,661,978</u>
	3,791,617
	1,945,251
	1,226,291
	<u>2,318,833</u>
	<u>9,281,992</u>
<u>494,143</u>	<u>1,379,986</u>
(18,116)	(210,310)
	(758,586)
	<u>(808)</u>
<u>(18,116)</u>	<u>(969,704)</u>
<u>476,027</u>	<u>410,282</u>
	802,498
	<u>(888,278)</u>
	<u>(85,780)</u>
476,027	324,502
<u>766,595</u>	<u>45,441,164</u>
<u>\$ 1,242,622</u>	<u>\$ 45,765,666</u>

CITY OF HEALDSBURG
COMBINING STATEMENT OF NET POSITION
ELECTRIC FUND ACTIVITIES
June 30, 2022

	<u>Electric Operations</u>	<u>Capital Replacement</u>	<u>Electric Public Benefit</u>	<u>Electric Capacity</u>	<u>Totals Electric Fund</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
Current Assets:					
Cash and investments	\$ 9,845,952	\$ 194,309	\$ 3,097,892	\$ 106,168	\$ 13,244,321
Pension stabilization investments	882,291				882,291
Investment in NCPA Reserves	5,912,910				5,912,910
Accounts receivable	2,272,918				2,272,918
Interest receivable	19,948		6,325	1,324	27,597
Inventory	2,102,363				2,102,363
Due from other funds	15,000	1,246,443			1,261,443
	<u>21,051,382</u>	<u>1,440,752</u>	<u>3,104,217</u>	<u>107,492</u>	<u>25,703,843</u>
Total Current Assets					
Noncurrent Assets:					
Capital assets					
Land	48,360				48,360
Construction in progress		270,921			270,921
Depreciable buildings and improvements, net	17,141				17,141
Depreciable utility systems, net	17,991,125				17,991,125
Depreciable equipment, net	379,971				379,971
	<u>18,436,597</u>	<u>270,921</u>			<u>18,707,518</u>
Total Noncurrent Assets					
Total Assets					
	<u>39,487,979</u>	<u>1,711,673</u>	<u>3,104,217</u>	<u>107,492</u>	<u>44,411,361</u>
Deferred Outflows of Resources:					
OPEB related	20,987				20,987
Pension related	859,480				859,480
	<u>880,467</u>				<u>880,467</u>
Total deferred outflows of resources					
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES					
Current Liabilities:					
Accounts payable and accrued liabilities	140,260	148,870	3,395		292,525
Deposits payable	152,291				152,291
Bonds payable - current	126,294				126,294
Loan payable - current	118,992				118,992
Interest payable	3,926				3,926
	<u>541,763</u>	<u>148,870</u>	<u>3,395</u>		<u>694,028</u>
Total Current Liabilities					
Noncurrent Liabilities					
Loan payable	1,451,330				1,451,330
OPEB	104,311				104,311
Net pension liability	2,859,254				2,859,254
	<u>4,414,895</u>				<u>4,414,895</u>
Total Noncurrent Liabilities					
Total Liabilities					
	<u>4,956,658</u>	<u>148,870</u>	<u>3,395</u>		<u>5,108,923</u>
Deferred Inflows of Resources:					
OPEB related	49,112				49,112
Pension related	2,601,316				2,601,316
	<u>2,650,428</u>				<u>2,650,428</u>
Total deferred inflows of resources					
NET POSITION					
Net investment in capital assets	18,436,597	270,921			18,707,518
Restricted	882,291	1,291,882	3,100,822	107,492	5,382,487
Unrestricted	13,442,472				13,442,472
	<u>32,761,360</u>	<u>1,562,803</u>	<u>3,100,822</u>	<u>107,492</u>	<u>37,532,477</u>
Total Net Position					

**CITY OF HEALDSBURG
COMBINING STATEMENT OF REVENUES,
EXPENSES, AND CHANGES IN NET POSITION
ELECTRIC FUND ACTIVITIES
For the Fiscal Year Ended June 30, 2022**

	Electric Operations	Capital Replacement	Electric Public Benefit	Electric Capacity	Totals Electric Fund
OPERATING REVENUES					
Charges for services	\$ 12,238,313	\$ -	\$ 339,201	\$ -	\$ 12,577,514
Development fees	11,351			33,659	45,010
Other	442,809		589,136		1,031,945
Total Operating Revenues	<u>12,692,473</u>		<u>928,337</u>	<u>33,659</u>	<u>13,654,469</u>
OPERATING EXPENSES					
Purchase of power	5,585,112				5,585,112
Salaries and benefits	3,786,133		85,085		3,871,218
Maintenance and operations	3,174,363	5,512	238,590		3,418,465
Administration	1,387,129				1,387,129
Depreciation	562,753				562,753
Total Operating Expenses	<u>14,495,490</u>	<u>5,512</u>	<u>323,675</u>		<u>14,824,677</u>
Operating Income (loss)	<u>(1,803,017)</u>	<u>(5,512)</u>	<u>604,662</u>	<u>33,659</u>	<u>(1,170,208)</u>
NON-OPERATING REVENUES (EXPENSES)					
Investment income	(182,108)		(46,994)	(9,642)	(238,744)
Interest expense	(17,039)				(17,039)
Gain (loss) on sale of fixed assets	(2,797)				(2,797)
Total Non-operating Revenue (Expenses)	<u>(201,944)</u>		<u>(46,994)</u>	<u>(9,642)</u>	<u>(258,580)</u>
NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	<u>(2,004,961)</u>	<u>(5,512)</u>	<u>557,668</u>	<u>24,017</u>	<u>(1,428,788)</u>
CAPITAL CONTRIBUTIONS	<u>4,284,437</u>	<u>(4,284,437)</u>			
TRANSFERS					
Transfers in	5,517	3,844,543			3,850,060
Transfers out	(3,572,427)		(5,517)	(544,543)	(4,122,487)
Total Transfers	<u>(3,566,910)</u>	<u>3,844,543</u>	<u>(5,517)</u>	<u>(544,543)</u>	<u>(272,427)</u>
Change in Net Position	(1,287,434)	(445,406)	552,151	(520,526)	(1,701,215)
Net Position, Beginning of Fiscal Year	<u>34,048,794</u>	<u>2,008,209</u>	<u>2,548,671</u>	<u>628,018</u>	<u>39,233,692</u>
Net Position, End of Fiscal Year	<u>\$ 32,761,360</u>	<u>\$ 1,562,803</u>	<u>\$ 3,100,822</u>	<u>\$ 107,492</u>	<u>\$ 37,532,477</u>

CITY OF HEALDSBURG
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2022

	Insurance and Benefit	Vehicle Maintenance	Information Services	Building Maintenance	Totals
ASSETS					
Current Assets:					
Cash and investments	\$ 4,096,310	\$ 1,892,503	\$ 1,117,404	\$ 1,236	\$ 7,107,453
Accounts receivable	21,018	6,200		77,514	104,732
Loans and notes receivable			2,533		2,533
Interest receivable		7,216	2,356		9,572
Inventory		16,496			16,496
Total Current Assets	<u>4,117,328</u>	<u>1,922,415</u>	<u>1,122,293</u>	<u>78,750</u>	<u>7,240,786</u>
Noncurrent Assets:					
Right to use leased assets, net			160,028		160,028
Capital assets					
Depreciable buildings and improvements, net				1,933,313	1,933,313
Depreciable equipment, net		4,017,295	544,917		4,562,212
Total Noncurrent Assets		<u>4,017,295</u>	<u>704,945</u>	<u>1,933,313</u>	<u>6,655,553</u>
Total Assets	<u>4,117,328</u>	<u>5,939,710</u>	<u>1,827,238</u>	<u>2,012,063</u>	<u>13,896,339</u>
LIABILITIES					
Current Liabilities:					
Accounts payable and accrued liabilities	684,884	56,907	18,448	35,172	795,411
Due to other funds				21,784	21,784
Deposits payable		30,000			30,000
Lease liabilities - current			71,442		71,442
Capital lease payable - current		467,793			467,793
Claims payable - current	137,942				137,942
Interest payable					
Compensated absences	716,822				716,822
Total Current Liabilities	<u>1,539,648</u>	<u>554,700</u>	<u>89,890</u>	<u>56,956</u>	<u>2,241,194</u>
Noncurrent Liabilities					
Capital lease payable		479,600			479,600
Lease liabilities			88,373		88,373
Claims payable	252,462				252,462
Compensated absences	1,763,873				1,763,873
Total Noncurrent Liabilities	<u>2,016,335</u>	<u>479,600</u>	<u>88,373</u>		<u>2,584,308</u>
Total Liabilities	<u>3,555,983</u>	<u>1,034,300</u>	<u>178,263</u>	<u>56,956</u>	<u>4,825,502</u>
NET POSITION					
Net investment in capital assets		3,069,902	545,130	1,933,313	5,548,345
Unrestricted	561,345	1,835,508	1,103,845	21,794	3,522,492
Total Net Position	<u>\$ 561,345</u>	<u>\$ 4,905,410</u>	<u>\$ 1,648,975</u>	<u>\$ 1,955,107</u>	<u>\$ 9,070,837</u>

**CITY OF HEALDSBURG
COMBINING STATEMENT OF REVENUES,
EXPENSES, AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2022**

	Insurance and Benefit	Vehicle Maintenance	Information Services	Building Maintenance	Totals
OPERATING REVENUES					
Charges for services	\$ 1,186,008	\$ 1,515,842	\$ 2,353,355	\$ 700,001	\$ 5,755,206
Other		3,029	426	23,202	26,657
Total Operating Revenues	<u>1,186,008</u>	<u>1,518,871</u>	<u>2,353,781</u>	<u>723,203</u>	<u>5,781,863</u>
OPERATING EXPENSES					
Salaries and benefits	1,035,260	338,054	687,578	261,139	2,322,031
Maintenance and operations		397,907	1,235,684	399,030	2,032,621
Administration		133,275	170,562	137,330	441,167
Amortization			72,107		72,107
Depreciation		695,396	231,651	338,707	1,265,754
Total Operating Expenses	<u>1,035,260</u>	<u>1,564,632</u>	<u>2,397,582</u>	<u>1,136,206</u>	<u>6,133,680</u>
Operating Income (loss)	<u>150,748</u>	<u>(45,761)</u>	<u>(43,801)</u>	<u>(413,003)</u>	<u>(351,817)</u>
NON-OPERATING REVENUES (EXPENSES)					
Investment income		(29,825)	(17,700)	194,093	146,568
Interest expense			(1,023)		(1,023)
Gain (loss) on sale of fixed assets		127,782			127,782
Total Non-operating Revenue		<u>97,957</u>	<u>(18,723)</u>	<u>194,093</u>	<u>273,327</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>150,748</u>	<u>52,196</u>	<u>(62,524)</u>	<u>(218,910)</u>	<u>(78,490)</u>
TRANSFERS					
Transfers in		540,989	167,970	190,022	898,981
Transfers out		(21,527)	(34,602)	(12,164)	(68,293)
Total Transfers		<u>519,462</u>	<u>133,368</u>	<u>177,858</u>	<u>830,688</u>
Change in Net Position	150,748	571,658	70,844	(41,052)	752,198
Net Position, Beginning of Fiscal Year	410,597	4,333,752	1,578,131	1,996,159	8,318,639
Net Position, End of Fiscal Year	<u>\$ 561,345</u>	<u>\$ 4,905,410</u>	<u>\$ 1,648,975</u>	<u>\$ 1,955,107</u>	<u>\$ 9,070,837</u>

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CITY OF HEALDSBURG
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2022

	Insurance and Benefit	Vehicle Maintenance	Information Services	Building Maintenance	Totals
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 1,290,800	\$ 1,509,642	\$ 2,353,355	\$ 661,984	\$ 5,815,781
Receipts from other operating activities		3,029	426	23,202	26,657
Payments to suppliers		(491,149)	(1,385,918)	(513,827)	(2,390,894)
Payments to employees	(1,061,688)	(338,054)	(687,578)	(261,139)	(2,348,459)
Net Cash Provided (Used) by Operating Activities	<u>229,112</u>	<u>683,468</u>	<u>280,285</u>	<u>(89,780)</u>	<u>1,103,085</u>
CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES					
Transfers in		540,989	167,970	190,022	898,981
Transfers out		(21,527)	(34,602)	(12,164)	(68,293)
Due to/from other funds				(276,378)	(276,378)
Loans repaid (issued)			5,094		5,094
Net Cash Provided (Used) for Non-Capital and Related Financing Activities		<u>519,462</u>	<u>138,462</u>	<u>(98,520)</u>	<u>559,404</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Lease payments			(72,320)		(72,320)
Proceeds from capital lease		1,403,669			1,403,669
Payments on capital leases		(456,276)	(22,065)		(478,341)
Interest paid			(1,023)		(1,023)
Cash received (loss) from sale of capital assets		127,782			127,782
Acquisition and construction of capital assets		(1,625,183)	(40,501)	(5,793)	(1,671,477)
Net Cash Provided (Used) for Capital and Related Financing Activities		<u>(550,008)</u>	<u>(135,909)</u>	<u>(5,793)</u>	<u>(691,710)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment income (loss)		(32,395)	(19,126)	194,093	142,572
Net Cash Provided (Used) by Investing Activities		<u>(32,395)</u>	<u>(19,126)</u>	<u>194,093</u>	<u>142,572</u>
Increase (Decrease) in cash and cash equivalents	229,112	620,527	263,712		1,113,351
Cash and Cash Equivalents, Beginning of Fiscal Year	3,867,198	1,271,976	853,692	1,236	5,994,102
Cash and Cash Equivalents, End of Fiscal Year	<u>\$ 4,096,310</u>	<u>\$ 1,892,503</u>	<u>\$ 1,117,404</u>	<u>\$ 1,236</u>	<u>\$ 7,107,453</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS					
Cash and investments	\$ 4,096,310	\$ 1,892,503	\$ 1,117,404	\$ 1,236	\$ 7,107,453
Total Cash and Cash Equivalents	<u>\$ 4,096,310</u>	<u>\$ 1,892,503</u>	<u>\$ 1,117,404</u>	<u>\$ 1,236</u>	<u>\$ 7,107,453</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating income (loss)	\$ 150,748	\$ (45,761)	\$ (43,801)	\$ (413,003)	\$ (351,817)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation and amortization		695,396	303,758	338,707	1,337,861
Changes in assets and liabilities:					
(Increase) decrease in accounts receivables	(2,034)	(6,200)		(38,017)	(46,251)
(Increase) decrease in inventory		(9,007)			(9,007)
(Increase) decrease in prepaid expenses			16,497		16,497
Increase (decrease) in accounts payable and accrued liabilities	158,056	49,040	3,831	22,533	233,460
Increase (decrease) in claims payable	(51,230)				(51,230)
Increase (decrease) in compensated absences	(26,428)				(26,428)
Net Cash Provided (Used) by Operating Activities	<u>\$ 229,112</u>	<u>\$ 683,468</u>	<u>\$ 280,285</u>	<u>\$ (89,780)</u>	<u>\$ 1,103,085</u>

CITY OF HEALDSBURG
COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2022

	Private Purpose Trust Funds		Custodial Funds	
	Post RDA Successor Agency	Post RDA Debt Retirement Fund	Plaza Flowers Veterans Trust	Community Benefit Trust
Assets				
Cash and investments	\$ 3,546,033	\$ -	\$ 6,102	\$ 36,840
Cash and investments with fiscal agent		2,518,666		
Accounts receivable	3,677	9,945		
Interest receivable	6,492			75
Loans and notes receivable	3,052,667			
Capital assets, net of depreciation	528,300			
Total Assets	<u>7,137,169</u>	<u>2,528,611</u>	<u>6,102</u>	<u>36,915</u>
Liabilities				
Accounts payable		3,677		
Interest payable		614,770		
Noncurrent liabilities				
Due within one year		2,464,621		
Due in more than one year		34,595,450		
Total Liabilities		<u>37,678,518</u>		
Net Position				
Net position held in trust	<u>\$ 7,137,169</u>	<u>\$ (35,149,907)</u>	<u>\$ 6,102</u>	<u>\$ 36,915</u>

Custodial Funds

<u>Cultural Center Trust</u>	<u>Total</u>
\$ 77,328	\$ 3,666,303
	2,518,666
	13,622
158	6,725
	3,052,667
	<u>528,300</u>
<u>77,486</u>	<u>9,786,283</u>
	3,677
	614,770
	2,464,621
	<u>34,595,450</u>
	<u>37,678,518</u>
<u>\$ 77,486</u>	<u>\$ (27,892,235)</u>

CITY OF HEALDSBURG
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Fiscal Year Ended June 30, 2022

	Private Purpose Trust Funds		Custodial Funds	
	Post RDA Successor Agency	Post RDA Debt Retirement Fund	Plaza Flowers Veterans Trust	Community Benefit Trust
Additions				
Property taxes	\$ 3,909,586.00	\$ -	\$ -	\$ -
Use of money and property Transfers	(41,845)	120,310		(523)
		3,625,448		
Total Revenues	<u>3,867,741</u>	<u>3,745,758</u>		<u>(523)</u>
Deductions				
Community development	258,750		448	2,463
Interest expense		1,326,038		
Transfers	3,625,448			
Total Deductions	<u>3,884,198</u>	<u>1,326,038</u>	<u>448</u>	<u>2,463</u>
Change in Net Position	(16,457)	2,419,720	(448)	(2,986)
Net Position, beginning	<u>7,153,626</u>	<u>(37,569,627)</u>	<u>6,550</u>	<u>39,901</u>
Net Position, ending	<u>\$ 7,137,169</u>	<u>\$ (35,149,907)</u>	<u>\$ 6,102</u>	<u>\$ 36,915</u>

Custodial Funds

<u>Cultural Center Trust</u>	<u>Total</u>
\$ -	\$ 3,909,586
(1,146)	76,796
	<u>3,625,448</u>
<u>(1,146)</u>	<u>7,611,830</u>
	261,661
	1,326,038
	<u>3,625,448</u>
	<u>5,213,147</u>
(1,146)	2,398,683
<u>78,632</u>	<u>(30,290,918)</u>
<u>\$ 77,486</u>	<u>\$ (27,892,235)</u>