

CITY OF HEALDSBURG, CALIFORNIA
BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

City of Healdsburg
Basic Financial Statements
For the year ended June 30, 2023
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Healdsburg (City), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Northern California Power Agency, which represent 14 percent, 16 percent, and 40 percent, respectively, of the assets, net position, and operating revenues of the Electric Fund. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the City's equity in Northern California Power Agency is based solely on the reports of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.

Responsibilities of Management for the Financial Statements

The City's 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.

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 GAAS 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 GAAS, 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, budgetary comparison schedules for the General Fund and major special revenue fund, and the required pension and OPEB schedules on pages 5-15 and 103-112 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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

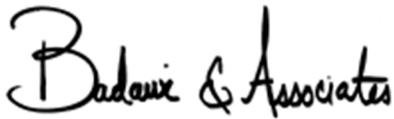
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The budgetary comparison schedule for the streets capital project fund, the combining and individual nonmajor governmental fund statements, the budgetary comparison schedules for the nonmajor governmental funds and the combining General Fund Activities, Water Fund Activities, Sewer Fund Activities, Electric Fund Activities, Internal Service Funds, and Fiduciary Funds are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The budgetary comparison schedule for the streets capital project fund, the combining and individual nonmajor governmental fund statements, the budgetary comparison schedules for the nonmajor governmental funds and the combining General Fund Activities, Water Fund Activities, Sewer Fund Activities, Electric Fund Activities, Internal Service Funds, and Fiduciary 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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, The budgetary comparison schedule for the streets capital project fund, the combining and individual nonmajor governmental fund statements, the budgetary comparison schedules for the nonmajor governmental funds and the combining General Fund Activities, Water Fund Activities, Sewer Fund Activities, Electric Fund Activities, Internal Service Funds, and Fiduciary Funds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2024 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Badawi & Associates". The signature is written in a cursive, flowing style.

Badawi & Associates, CPAs
Berkeley, California
January 29, 2024

CITY OF HEALDSBURG
Management’s Discussion and Analysis
Fiscal Year Ended June 30, 2023

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, 2023. 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.

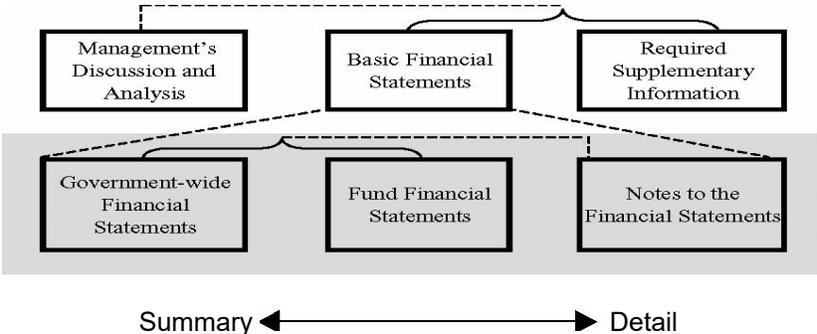
Financial Highlights

- Total City assets exceeded liabilities by \$239.77 million (net position) at June 30, 2023, an increase of \$12.75 million, or 5.63% over the prior fiscal year net position.
- The City’s current fiscal year change in net position of \$12.75 million was 2.5% greater than the prior fiscal year change in net position of \$12.43 million. Citywide revenues decreased \$3.41 million from the previous fiscal year while expenses decreased \$3.73 million. The revenue reductions were driven by a \$7.24 reduction in Capital Grants associated largely with the one-time Project Homekey Grant, offset partially by an increase in one-time Operating Grants of \$1.22 million and the increase in Use of Money and Property of \$2.78 million reflecting the change in interest earnings. The expense reductions were driven by a \$6.02 million reduction in general governmental activity largely associated with the Project Homekey Grant, and a \$3.36 million increase in Public Safety expenses driven by the purchase of a new Aerial Ladder Truck and cost-of-living increases.
- At the close of fiscal year 2022-23, City governmental funds reported combined ending fund balance of \$31.93 million, an increase of \$1.89 million or 6.30% from the prior fiscal year.
- At the end of fiscal year 2022-23, unassigned fund balance for the General Fund was \$8.76 million, or 41.98% of total General Fund expenditures. This represents a \$3.36 million growth in the unassigned fund balance from the prior year largely associated with the building of funds to support upcoming large capital projects. The General Fund Balance sheet is on page 27.

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, 2023

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 103, 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

CITY OF HEALDSBURG
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2023

the government-wide financial statements, the governmental funds financial statements utilize the modified accrual method of accounting, which focuses on near-term inflow and outflow of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financial requirements.

The City maintains twenty-three individual governmental funds. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, 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 the Financial Statements. The notes provide additional information that is essential to a full understanding of the government-wide and fund financial statements.

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

CITY OF HEALDSBURG
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2023

both governmental and business-type activities.

NET POSITION
June 30, 2023 and 2022

	Governmental Activities		Business-type Activities		Total Government	
	2023	2022	2023	2022	2023	2022
ASSETS						
Current and other assets	\$ 56,486,974	\$ 42,713,406	\$ 40,473,447	\$ 42,710,347	\$ 96,960,421	\$ 85,423,753
Capital assets	116,407,669	113,922,014	103,068,284	104,161,035	219,475,953	218,083,049
Total assets	<u>172,894,643</u>	<u>156,635,420</u>	<u>143,541,731</u>	<u>146,871,382</u>	<u>316,436,374</u>	<u>303,506,802</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred Amounts on Refundings	-	-	656,876	711,616	656,876	711,616
Deferred Pension Related Items	13,752,602	6,403,739	5,278,010	2,100,952	19,030,612	8,504,691
Deferred OPEB Related Items	120,012	137,203	55,031	64,038	175,043	201,241
Total deferred outflows	<u>13,872,614</u>	<u>6,540,942</u>	<u>5,989,917</u>	<u>2,876,606</u>	<u>19,862,531</u>	<u>9,417,548</u>
LIABILITIES						
Current Liabilities	16,091,393	5,628,478	3,255,721	3,515,838	19,347,114	9,144,316
Long-term liabilities	36,719,400	23,497,268	36,624,578	32,708,509	73,343,978	56,205,777
Total liabilities	<u>52,810,793</u>	<u>29,125,746</u>	<u>39,880,299</u>	<u>36,224,347</u>	<u>92,691,092</u>	<u>65,350,093</u>
DEFERRED INFLOWS OF RESOURCES						
Lease	301,930	210,477	-	-	301,930	210,477
Deferred Pension Related Items	2,572,948	14,204,687	1,224,087	6,358,772	3,797,035	20,563,459
Deferred OPEB Related Items	295,645	321,075	135,568	149,858	431,213	470,933
Total deferred inflows	<u>3,170,523</u>	<u>14,736,239</u>	<u>1,359,655</u>	<u>6,508,630</u>	<u>4,530,178</u>	<u>21,244,869</u>
NET POSITION						
Net Investment						
in Capital Assets	115,992,639	111,681,510	79,775,942	78,295,402	195,768,581	189,976,912
Restricted	23,126,103	25,078,239	17,445,953	16,533,729	40,572,056	41,611,968
Committed	-	-	-	-	-	-
Assigned	-	315,545	-	-	-	315,545
Unrestricted	(8,332,802)	(17,760,917)	11,069,799	12,185,880	2,736,997	(5,575,037)
Total net position	<u>\$ 130,785,940</u>	<u>\$ 119,314,377</u>	<u>\$ 108,291,694</u>	<u>\$ 107,015,011</u>	<u>\$ 239,077,634</u>	<u>\$ 226,329,388</u>

By far the largest portion of the City's net position (81.88%) 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 (\$40.57 million or 16.97%) represents resources that are subject to external restrictions on how they may be used, noted above as restricted and committed net position.

CITY OF HEALDSBURG
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2023

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, 2023 and 2022					
	Government Activities		Business-Type Activities		Totals	
	2023	2022	2023	2022	2023	2022
PROGRAM REVENUES						
Charges for Services	\$ 4,421,908	\$ 5,545,226	\$ 29,981,566	\$ 30,394,456	\$ 34,403,474	\$ 35,939,682
Operating Grants and Contributions	3,981,680	2,761,203	-	-	3,981,680	2,761,203
Capital Grants and Contributions	1,048,884	9,343,818	1,163,423	108,016	2,212,307	9,451,834
GENERAL REVENUES						
Property and Other Taxes	3,094,769	2,758,260	-	-	3,094,769	2,758,260
Sales and Use Taxes	9,277,749	9,395,151	-	-	9,277,749	9,395,151
Motor Vehicle in Lieu	1,868,973	1,636,099	-	-	1,868,973	1,636,099
Franchise Fees	789,088	699,119	-	-	789,088	699,119
Business License Taxes	302,636	261,310	-	-	302,636	261,310
Transient Occupancy Taxes	9,804,566	10,691,290	-	-	9,804,566	10,691,290
Use of Money and Property	900,543	(589,448)	716,338	(576,252)	1,616,881	(1,165,700)
Other Revenues (Misc)	1,746,298	77,319	-	-	1,746,298	77,319
TOTAL REVENUES	\$ 37,237,094	\$ 42,579,347	\$ 31,861,327	\$ 29,926,220	\$ 69,098,421	\$ 72,505,567
EXPENSES						
Governmental Activities						
General Government	\$ 3,744,233	\$ 9,765,583	\$ -	\$ -	\$ 3,744,233	\$ 9,765,583
Public Safety	11,039,857	7,681,297	-	-	11,039,857	7,681,297
Community Development	1,433,300	534,729	-	-	1,433,300	534,729
Community Services	5,577,915	4,286,641	-	-	5,577,915	4,286,641
Streets and Roads	1,199,594	2,498,470	-	-	1,199,594	2,498,470
Interest on Long Term Debt	36,703	79,746	-	-	36,703	79,746
Unallocated Depreciation	2,893,849	2,920,035	-	-	2,893,849	2,920,035
Business Type Activities						
Water	-	-	4,826,995	6,963,686	4,826,995	6,963,686
Sewer	-	-	8,959,877	10,041,386	8,959,877	10,041,386
Electric	-	-	16,216,357	14,844,513	16,216,357	14,844,513
Non-Major Enterprise Funds (Airport)	-	-	421,495	459,581	421,495	459,581
TOTAL EXPENSES	\$ 25,925,451	\$ 27,766,501	\$ 30,424,724	\$ 32,309,166	\$ 56,350,175	\$ 60,075,667
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE TRANSFERS	\$ 11,311,643	\$ 14,812,846	\$ 1,436,603	\$ (2,382,946)	\$ 12,748,246	\$ 12,429,900
Transfers						
Transfers In (Out)	\$ 159,920	\$ (29,882)	\$ (159,920)	\$ 29,882	\$ -	\$ -
TOTAL TRANSFERS	\$ 159,920	\$ (29,882)	\$ (159,920)	\$ 29,882	\$ -	\$ -
CHANGE IN NET POSITION	\$ 11,471,563	\$ 14,782,964	\$ 1,276,683	\$ (2,353,064)	\$ 12,748,246	\$ 12,429,900
NET POSITION JULY 1	119,314,377	104,531,413	107,015,011	109,368,075	226,329,388	213,899,488
RESTATEMENT OF NET POSITION	-	-	-	-	-	-
NET POSITION JUNE 30	\$ 130,785,940	\$ 119,314,377	\$ 108,291,694	\$ 107,015,011	\$ 239,077,634	\$ 226,329,388

The Change in Net Position shows how the government's net position changed during fiscal year 2022-23 as compared to fiscal year 2021-22. The City's current fiscal year change in net position of \$12.75 million, compared to the prior fiscal year change in net position of \$12.43 million, resulted in an increase of \$318 thousand (2.50%).

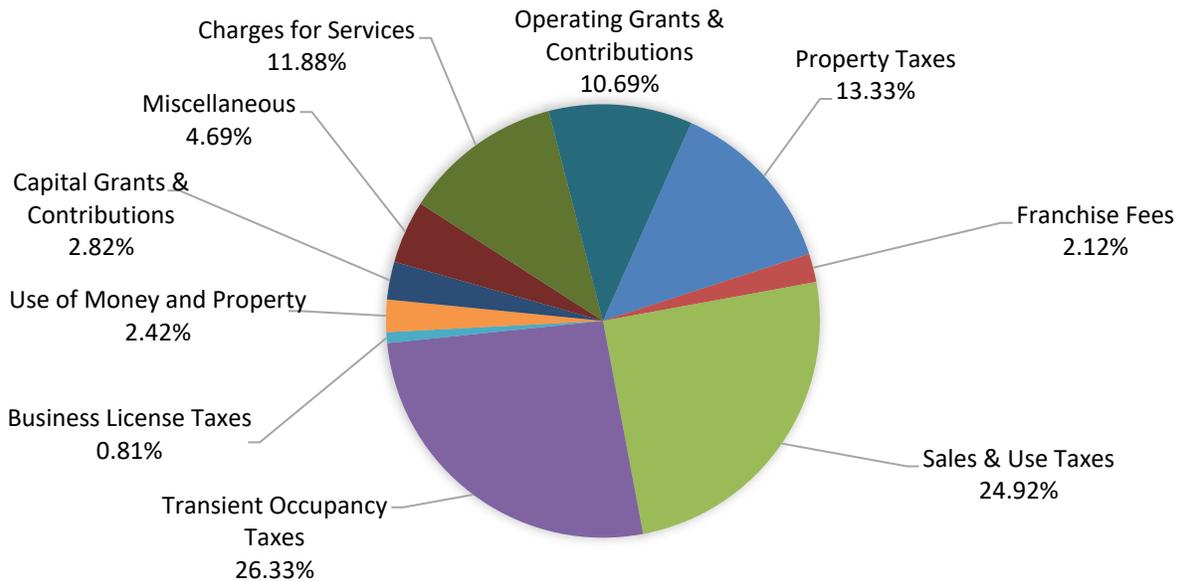
Governmental Activities. Net Governmental activities (before transfers) decreased \$3.50 million during the fiscal year ended June 30, 2023. Revenue decreased 5.34 million or 12.55%, and expenses decreased \$1.84 million or 6.63%. Factors contributing to the current fiscal year decrease in revenue include:

CITY OF HEALDSBURG
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2023

- Charges for services decreased \$1.12 million
- Operating grants and contributions increased \$1.22 million
- Capital grants and contributions decreased \$8.29 million
- Use of money and property increased \$1.49 million
- Other revenues increased \$1.67 million

The chart below reflects information from the Statement of Activities, page 22 of the Financial Statements. The largest revenue source for governmental activities is transient occupancy taxes (26.33%), followed by sales and use tax (24.92%), property taxes (13.33%), and charges for services (11.88%).

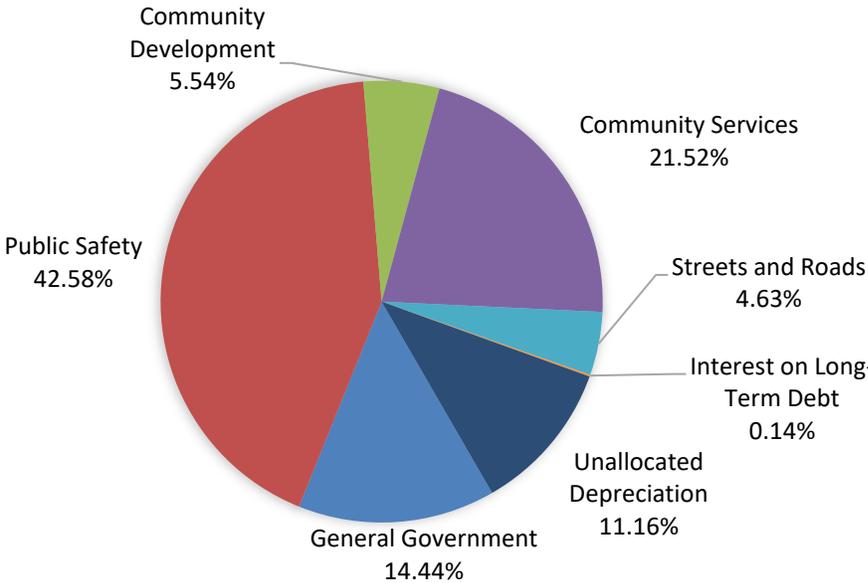
REVENUES BY SOURCE – GOVERNMENTAL ACTIVITIES
FOR FISCAL YEAR ENDED JUNE 30, 2023



As for expenditures, public safety expenses are the most significant (42.58%) of all governmental activity expenses, followed by community services (21.52%), general government (14.44%), community development (5.54%) and streets and roads (4.63%). Depreciation expense is 11.16% of the total expenses for governmental activities. The chart below reflects information from the Financial Statements, Statement of Activities on page 22.

EXPENSES BY FUNCTION/PROGRAM – GOVERNMENTAL ACTIVITIES
FOR FISCAL YEAR ENDED JUNE 30, 2023

CITY OF HEALDSBURG
Management’s Discussion and Analysis
Fiscal Year Ended June 30, 2023



The chart below is a side-by-side comparison of program expenses and revenue for governmental activities. For the fiscal year 2022-23, program expenses exceeded program revenues for all governmental activity programs except for streets and roads due to an increase in operating grants and contributions.

**COMPARISON OF EXPENSES AND PROGRAM REVENUES
 GOVERNMENTAL ACTIVITIES
 FOR FISCAL YEAR ENDED JUNE 30, 2023**



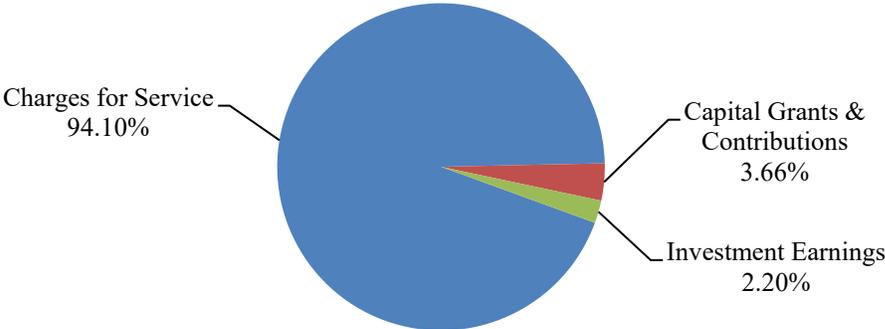
Business-Type Activities. As of June 30, 2023, the total net position of business-type activities was \$108.29 million.

- Total revenue of \$31.86 million is mainly comprised of charges for services of \$29.98 million, capital grants and contributions of \$1.16 million and use of money and property of \$716 thousand.
- Revenue exceeded operating expenses of \$30.42 million, resulting in a current fiscal

CITY OF HEALDSBURG
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2023

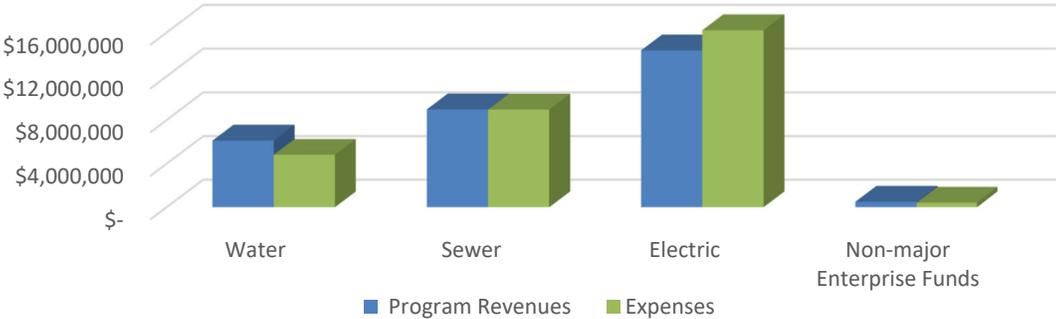
year net position increase of \$1.28 million.

**REVENUES BY SOURCE – BUSINESS-TYPE ACTIVITIES
 FOR FISCAL YEAR ENDED JUNE 30, 2023**



The chart below is a side-by-side comparison of program expense and revenue for business-type activities. For the fiscal year 2022-23, program revenue exceeded program expenses for Water, Sewer, and Non-major Enterprise Funds.

**EXPENSES AND PROGRAM REVENUES
 BUSINESS-TYPE ACTIVITIES
 FOR FISCAL YEAR ENDED JUNE 30, 2023**



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, 2023, the City’s governmental funds Balance Sheet on page 27, reported total ending fund balances of \$31.93 million, an increase of \$1.89 million from the prior fiscal year.

Approximately 27.40% of the total ending fund balances (\$8.75 million) is unassigned and

CITY OF HEALDSBURG
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2023

available for spending in the future at the government's discretion. The remainder of the fund balance is either non-spendable, restricted, or assigned. The most significant of these reserved fund balances are restricted for pension stabilization, housing successor agency, and community services, \$5.27 million, \$6.91 million, and \$4.26 million, respectively.

General Fund revenues were \$5.54 million (19.37%) less than in the prior fiscal year, and expenditures remained comparable to the prior year, only decreasing \$127 thousand. The decrease in revenues was the result of a decrease in intergovernmental, sales and other taxes and charges for services, \$7.34 million, \$278 thousand, and \$178 thousand, respectively. The decrease in revenue was offset by an increase in property taxes, use of money and property and other, donations, and services totaling \$2.24 million.

Proprietary Funds. The City's proprietary funds Revenues, Expenses, and Changes in Net Position, page 34, 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 an increase in the Water Fund of \$1.88 million to \$21.91 million, an increase in the Sewer Fund of \$801 thousand to \$46.57 million and a decrease in the Electric Fund of \$1.36 million to \$36.17 million.

The Internal Service Funds had an increase in net position of \$806 thousand during the fiscal year, ending with a balance of \$9.88 million. This increase is attributable to investment income of \$330 thousand, a gain on the sale of fixed assets of \$60 thousand, contributions and transfers of \$883 thousand offset by an operating loss of \$467 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, 2023, amounted to \$219.47 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, equipment, vehicles, infrastructure, and construction in progress. Depreciation expenses for the fiscal year 2022-2023 totaled \$8.59 million.

CITY OF HEALDSBURG
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2023

	Governmental Activities		Business-type Activities	
	2023	2022	2023	2022
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	2,063,109	5,799,988	2,059,348	2,044,538
Land Improvements	5,103,414	4,334,889	-	-
Streets	77,070,760	74,780,162	-	-
Buildings	40,337,604	33,245,829	3,040,870	3,040,870
Machinery and Equipment	12,468,525	12,117,148	3,317,312	3,114,170
Infrastructure	1,515,614	1,515,614	-	-
Utility Systems	-	-	141,878,471	139,372,716
Drainage	-	-	12,006,300	11,822,810
Operations	-	-	4,046,891	4,046,891
Lease Assets	232,135	232,135	-	-
Total	<u>\$ 165,665,838</u>	<u>\$ 158,900,442</u>	<u>\$ 167,595,069</u>	<u>\$ 164,687,872</u>
Less Accumulated Depreciation	<u>(49,258,169)</u>	<u>(44,978,428)</u>	<u>(64,526,785)</u>	<u>(60,526,837)</u>
Net Capital Assets	<u>\$ 116,407,669</u>	<u>\$ 113,922,014</u>	<u>\$ 103,068,284</u>	<u>\$ 104,161,035</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, OPEB, and compensated absences totaled \$73.34 million at June 30, 2023. Of this total, \$36.72 million (50.1%) was in governmental activities and \$36.62 million (49.9%) was in business-type activities.

	Governmental Activities		Business-type Activities	
	2023	2022	2023	2022
Pension Obligation Bond	\$ -	\$ -	\$ -	\$ -
Net Pension Liability	32,546,984	17,963,535	12,903,870	6,989,288
Certificates of Participation	-	-	1,220,000	1,365,000
HUSD Capital Lease Payable	-	994,907	-	-
Equipment Finance Purchase	-	479,600	-	-
Revenue Bonds	-	-	20,840,600	22,584,600
Compensated Absences	2,025,725	1,763,873	-	-
Successor Agency Payable	1,167,966	1,272,564	1,332,040	1,451,330
Capital Leases	56,381	88,373	-	-
Claims Payable	206,903	252,462	-	-
OPEB	715,442	681,953	328,068	318,292
Total	<u>\$ 36,719,401</u>	<u>\$ 23,497,268</u>	<u>\$ 36,624,578</u>	<u>\$ 32,708,509</u>

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The financial outlook of the City remains positive as we slowly return to business as usual following the global COVID-19 pandemic and its economic impacts. The Consumer Price Index (CPI) for All Urban Consumers in the San Francisco Area was at 6.8% in June of 2022 and fell to 2.9% as of June 2023. The Fiscal Year 2023-24 budget reflects the latter more modest inflationary figures on most goods, however in certain markets like new vehicles and specialized Utility

CITY OF HEALDSBURG
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2023

equipment inflation has continued to exceed 10% resulting in budget adjustments accordingly. The Federal Reserve's aggressive response to combatting inflation continues to result in meaningful interest earnings that are expected to continue into the next year. In the General Fund, property tax revenue expectations reflect the growth associated with recent development, while the sales tax and transient occupancy tax expectations reflect a slight decline and a leveling off respectively. The State Department of Water Resources proclaimed the 2022-23 Water Year (Oct-Sept) as a "miracle year" of extremely wet conditions following the intense drought of the previous year. Program revenues in the Water and Sewer funds rebounded in fiscal year 2022-23 with the adoption of new Utility rates, however water conservation has continued beyond expectations and program revenues are struggling to keep up with the program expenses. The Fiscal Year 2023-24 Budget for the Water and Sewer Enterprises continues implementing short term cost saving measures as the City completes an updated financial analysis to inform future rates. While program expenses far exceeded the program revenues in the Electric Utility for Fiscal Year 2022-23, updated rates effective November 2023, are anticipated to begin operational realignment while supporting large capital projects in Fiscal Year 2023-24. The City has several large capital projects included in the upcoming budget funded in part by grants, developer contributions, and community donations. The City remains committed to evaluating our governmental practices, opportunities for greater operational efficiencies, and ensuring the best possible utilization of taxpayer provided resources.

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.

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BASIC FINANCIAL STATEMENTS

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**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**

City of Healdsburg
Statement of Net Position
June 30, 2023

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 36,014,422	\$ 22,925,154	\$ 58,939,576
Cash and investments with fiscal agent	277,974	382	278,356
Pension stabilization investments	5,268,156	2,224,171	7,492,327
Investment in NCPA Reserves	-	5,765,802	5,765,802
Accounts receivable	3,128,954	4,233,480	7,362,434
Loans and notes receivable	9,497,291	-	9,497,291
Interest receivable	173,216	74,267	247,483
Intergovernmental receivable	2,419,812	472,746	2,892,558
Lease receivable	309,722	-	309,722
Internal balances	(2,281,260)	2,281,260	-
Deposits	1,599,586	-	1,599,586
Inventory	19,195	2,496,185	2,515,380
Prepaid items	59,906	-	59,906
Total current assets	56,486,974	40,473,447	96,960,421
Noncurrent assets:			
Capital assets:			
Nondepreciable	28,937,786	3,305,225	32,243,011
Depreciable	136,728,052	164,289,844	301,017,896
Less accumulated depreciation	(49,258,169)	(64,526,785)	(113,784,954)
Total noncurrent assets	116,407,669	103,068,284	219,475,953
Total assets	172,894,643	143,541,731	316,436,374
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges on refunding	-	656,876	656,876
Pension related	13,752,602	5,278,010	19,030,612
OPEB related	120,012	55,031	175,043
Total deferred outflows of resources	13,872,614	5,989,917	19,862,531

City of Healdsburg
Statement of Net Position
June 30, 2023

	Primary Government		
	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	2,740,867	528,799	3,269,666
Retentions payable	326,657	-	326,657
Interest payable	-	225,556	225,556
Unearned revenue	10,164,021	-	10,164,021
Deposits payable	1,808,941	493,076	2,302,017
Compensated absences - due within one year	823,236	-	823,236
Claims and judgements - due within one year	91,082	-	91,082
Other long-term liabilities - due within one year	136,589	2,008,290	2,144,879
Total current liabilities	16,091,393	3,255,721	19,347,114
Noncurrent liabilities:			
Compensated absences, due in more than one year	2,025,725	-	2,025,725
Claims payable, due in more than one year	206,903	-	206,903
Net pension liability	32,546,984	12,903,870	45,450,854
Other long-term liabilities, due in more than one year	1,224,347	23,392,640	24,616,987
Other post-employment benefits liability	715,442	328,068	1,043,510
Total noncurrent liabilities	36,719,401	36,624,578	73,343,979
Total liabilities	52,810,794	39,880,299	92,691,093
DEFERRED INFLOWS OF RESOURCES			
Lease	301,930	-	301,930
Pension related	2,572,948	1,224,087	3,797,035
OPEB related	295,645	135,568	431,213
Total deferred inflows of resources	3,170,523	1,359,655	4,530,178
NET POSITION			
Net investment in capital assets	115,992,639	79,775,942	195,768,581
Restricted for:			
Lighting and landscaping	345,972	-	345,972
Pension	5,268,156	2,224,171	7,492,327
Capital projects	1,524,910	15,221,782	16,746,692
Community services	4,902,394	-	4,902,394
Nonexpendable permanent endowments	277,974	-	277,974
Debt service	165,391	-	165,391
Streets and roads	1,341,291	-	1,341,291
Public safety	7,036,311	-	7,036,311
Housing	2,263,704	-	2,263,704
Total restricted	23,126,103	17,445,953	40,572,056
Unrestricted	(8,332,802)	11,069,799	2,736,997
Total net position	\$ 130,785,940	\$ 108,291,694	\$ 239,077,634

City of Healdsburg
Statement of Activities
For the year ended June 30, 2023

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
General government	\$ 3,744,233	\$ 2,141,619	\$ 5,886	\$ 343,868	\$ 2,491,373
Public safety	11,039,857	710,580	570,000	-	1,280,580
Streets and roads	1,199,594	203,257	2,994,596	252,322	3,450,175
Community development	1,433,300	118,676	374,901	220,000	713,577
Community services	5,577,915	1,247,776	36,297	232,694	1,516,767
Interest and fiscal charges	36,703	-	-	-	-
Unallocated depreciation	2,893,849	-	-	-	-
Total governmental activities	25,925,451	4,421,908	3,981,680	1,048,884	9,452,472
Business-type Activities:					
Water	4,826,995	6,126,631	-	444,950	6,571,581
Sewer	8,959,877	8,974,937	-	585,848	9,560,785
Electric	16,216,357	14,371,097	-	132,625	14,503,722
Airport	421,495	508,901	-	-	508,901
Total business-type activities	30,424,724	29,981,566	-	1,163,423	31,144,989
Total primary government	\$ 56,350,175	\$ 34,403,474	\$ 3,981,680	\$ 2,212,307	\$ 40,597,461

General Revenues:

Taxes:

Transient occupancy taxes

Sales taxes

Property taxes

Franchise taxes

Business license taxes

Motor vehicle in lieu, unrestricted

Use of money and property

Miscellaneous

Special item

Transfers

Total general revenues and transfers

Change in net position

Net position - beginning of year

Net position - end of year

Net (Expense) Revenue
and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (1,252,860)	\$ -	\$ (1,252,860)
(9,759,277)	-	(9,759,277)
2,250,581	-	2,250,581
(719,723)	-	(719,723)
(4,061,148)	-	(4,061,148)
(36,703)	-	(36,703)
(2,893,849)	-	(2,893,849)
<u>(16,472,979)</u>	<u>-</u>	<u>(16,472,979)</u>
-	1,744,586	1,744,586
-	600,908	600,908
-	(1,712,635)	(1,712,635)
-	87,406	87,406
<u>-</u>	<u>720,265</u>	<u>720,265</u>
<u>(16,472,979)</u>	<u>720,265</u>	<u>(15,752,714)</u>
9,804,566	-	9,804,566
9,277,749	-	9,277,749
3,094,769	-	3,094,769
789,088	-	789,088
302,636	-	302,636
1,868,973	-	1,868,973
900,543	716,338	1,616,881
1,746,298	-	1,746,298
-	-	-
159,920	(159,920)	-
<u>27,944,542</u>	<u>556,418</u>	<u>28,500,960</u>
11,471,563	1,276,683	12,748,246
<u>119,314,377</u>	<u>107,015,011</u>	<u>226,329,388</u>
<u>\$ 130,785,940</u>	<u>\$ 108,291,694</u>	<u>\$ 239,077,634</u>

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FUND FINANCIAL STATEMENTS

Governmental Fund Financial Statements

Proprietary Fund Financial Statements

Fiduciary Fund Financial Statements

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City of Healdsburg

Balance Sheet

Governmental Funds

June 30, 2023

	General	Special Revenue Fund Community Services	Capital Projects Fund Streets	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 12,314,294	\$ 9,822,115	\$ 1,472,174	\$ 3,418,942	\$ 27,027,525
Cash and investments with fiscal agents	-	-	-	277,974	277,974
Pension stabilization investments	4,636,083	454,953	177,120	-	5,268,156
Accounts receivable	1,662,604	1,177,029	119,553	91,683	3,050,869
Loans and notes receivable	928,378	-	22,880	8,542,046	9,493,304
Interest receivable	113,236	32,066	4,569	9,546	159,417
Intergovernmental receivable	2,024,979	280,522	44,626	69,685	2,419,812
Lease receivable	309,722	-	-	-	309,722
Due from other funds	907,116	-	-	-	907,116
Deposits	1,599,586	-	-	-	1,599,586
Inventory	-	-	10,012	-	10,012
Prepaid items	5,843	-	-	-	5,843
Total assets	\$ 24,501,841	\$ 11,766,685	\$ 1,850,934	\$ 12,409,876	\$ 50,529,336
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ 557,027	\$ 341,887	\$ 98,185	\$ 29,520	\$ 1,026,619
Advances to other funds	2,266,260	-	-	-	2,266,260
Due to other funds	-	-	904,893	17,223	922,116
Deposits payable	1,773,818	18,134	12,678	4,311	1,808,941
Retention payable	-	6,304	320,353	-	326,657
Unearned revenue	3,310,851	6,683,012	116,858	53,300	10,164,021
Total liabilities	7,907,956	7,049,337	1,452,967	104,354	16,514,614
Deferred Inflows of Resources					
Lease	301,930	-	-	-	301,930
Unavailable revenue - interest	-	-	-	1,779,546	1,779,546
Total deferred inflows of resources	301,930	-	-	1,779,546	2,081,476
Fund Balances:					
Nonspendable	5,843	-	10,012	277,974	293,829
Restricted	7,196,587	4,717,348	387,955	10,261,340	22,563,230
Assigned	325,919	-	-	-	325,919
Unassigned	8,763,606	-	-	(13,338)	8,750,268
Total fund balances	16,291,955	4,717,348	397,967	10,525,976	31,933,246
Total liabilities, deferred inflows of resources and fund balances	\$ 24,501,841	\$ 11,766,685	\$ 1,850,934	\$ 12,409,876	\$ 50,529,336

See accompanying Notes to Basic Financial Statements.

City of Healdsburg
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2023

Total Fund Balances - Total Governmental Funds \$ 31,933,246

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities were not current financial resources. Therefore, they were not reported in the Governmental Funds Balance Sheet. Except for the internal service funds reported below, the capital assets were adjusted as follows:

	Government- Wide Statement of Net Position	Internal Service Funds	Total
Nondepreciable	\$ 28,937,786	\$ -	\$ 28,937,786
Depreciable, net	87,469,883	(5,679,920)	81,789,963
Total capital assets	\$ 116,407,669	\$ (5,679,920)	110,727,749

Internal service funds were used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of the Internal service funds were included in governmental activities in the Government-Wide Statement of Net Position.

9,876,367

Unavailable revenues recorded in the fund financial statements resulting from activities in which revenues were earned but were not available are reclassified as revenues in the Government-Wide Financial Statements.

1,779,546

In the Government-Wide Financial Statements, deferred employer contributions for pension and OPEB, certain differences between actuarial estimates and actual results, and other adjustments resulting from changes in assumptions and benefits are deferred in the current year.

	Government- Wide Statement of Net Position	Internal Service Funds	
Deferred outflows of resources related to pension	\$ 13,752,602	\$ -	13,752,602
Deferred outflows of resources related to OPEB	120,012	-	120,012
Deferred inflows of resources related to pension	(2,572,948)	-	(2,572,948)
Deferred inflows of resources related to OPEB	(295,645)	-	(295,645)

Long-term liabilities were not due and payable in the current period. Therefore, they were not reported in the Governmental Funds Balance Sheet.

	Government- Wide Statement of Net Position	Internal Service Funds	Total
Compensated absences - due within one year	\$ (823,236)	\$ 823,236	\$ -
Compensated absences - due in more than one year	(2,025,725)	2,025,725	-
Long-term debt - due within one year	(136,589)		(136,589)
Long-term debt - due in more than one year	(1,224,347)	88,373	(1,135,974)
Net pension liability	(32,546,984)	-	(32,546,984)
Net OPEB liability	(715,442)	-	(715,442)
Total long-term liabilities	\$ (37,472,323)	\$ 2,937,334	(34,534,989)

Net Position of Governmental Activities **\$ 130,785,940**

City of Healdsburg
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2023

	General	Special Revenue Fund Community Services	Capital Projects Fund Streets	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:					
Property taxes	\$ 4,963,741	\$ -	\$ -	\$ 248,583	\$ 5,212,324
Sales and other taxes	12,559,758	7,170,135	141,510	-	19,871,403
Development fees	461,913	-	202,415	118,677	783,005
Intergovernmental	1,352,570	232,694	449,281	544,949	2,579,494
Fines and forfeitures	33,477	-	-	-	33,477
Licenses and permits	1,674,828	-	-	-	1,674,828
Use of money and property	411,265	28,393	34,917	118,123	592,698
Charges for services	984,616	1,239,308	(691)	-	2,223,233
Other, donations, and reimbursements	622,216	997,134	262,786	100,276	1,982,412
Total revenues	23,064,384	9,667,664	1,090,218	1,130,608	34,952,874
EXPENDITURES:					
Current:					
General government	7,149,723	-	-	-	7,149,723
Public safety	12,471,629	-	-	2,411	12,474,040
Streets and roads	-	-	2,265,947	2,700	2,268,647
Community development	1,254,356	-	-	252,874	1,507,230
Community services	-	7,434,282	-	-	7,434,282
Debt service:					
Principal retirement	-	-	-	1,809,664	1,809,664
Interest and fiscal charges	-	-	-	36,053	36,053
Total expenditures	20,875,708	7,434,282	2,265,947	2,103,702	32,679,639
REVENUES OVER (UNDER) EXPENDITURES	2,188,676	2,233,382	(1,175,729)	(973,094)	2,273,235
OTHER FINANCING SOURCES (USES):					
Transfers in	199,112	-	1,107,146	1,857,220	3,163,478
Transfers out	(1,606,710)	(1,484,769)	(17,857)	(433,176)	(3,542,512)
Total other financing sources (uses)	(1,407,598)	(1,484,769)	1,089,289	1,424,044	(379,034)
Net change in fund balances	781,078	748,613	(86,440)	450,950	1,894,201
FUND BALANCES:					
Beginning of year	15,510,877	3,968,735	484,407	10,075,026	30,039,045
Beginning of year, as restated	15,510,877	3,968,735	484,407	10,075,026	30,039,045
End of year	\$ 16,291,955	\$ 4,717,348	\$ 397,967	\$ 10,525,976	\$ 31,933,246

See accompanying Notes to Basic Financial Statements.

City of Healdsburg

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Government-Wide Statement of Activities For the year ended June 30, 2023

Net Change in Fund Balances - Total Governmental Funds	\$ 1,894,201
Amounts reported for governmental activities in the Government-Wide Statement of Activities were different because:	
Governmental funds reported capital outlay as expenditures. However, in the Government-Wide Statement of Activities, the cost of those assets was allocated over their estimated lives as depreciation expense. This was the amount of capital assets recorded in the current period, net of the amount related to internal service funds.	3,933,634
Donated capital assets was reported in the Government-Wide Statement of Activities as revenues, whereas, donated capital assets was not reported as revenues in the governmental funds	2,421,503
Depreciation expense on capital assets was reported in the Government-Wide Statement of Activities, but did not require the use of current financial resources. Therefore, depreciation expense was not reported as expenditures in the governmental funds, net of the amount related to internal service funds.	(2,893,849)
Debt proceeds provide current financial resources to governmental funds, but issuing debt increased long-term liabilities in the Government-Wide Statement of Net Position. Repayment of debt was an expenditure in governmental funds, but the repayment reduced long-term liabilities in the Government-Wide Statement of Net Position. Long-term debt repayments	1,809,664
Current year employer pension contributions are recorded as expenditures in the governmental funds, however, these amounts are reported as a deferred outflow of resources in the Government-Wide Statement of Net Position.	3,610,709
Pension income/(expense) is reported in the Government-Wide Statement of Activities does not require the use of current financial resources, and therefore is not reported as expenditures in governmental funds.	786,445
OPEB expense is reported in the Government-Wide Statement of Activities does not require the use of current financial resources, and therefore is not reported as expenditures in governmental funds.	(25,250)
Unavailable revenues recorded in the fund financial statements resulting from activities in which revenues were earned but were not available are reclassified as revenues in the Government-Wide Financial Statements.	(871,024)
Internal service funds were used by management to charge the costs of certain activities, such as insurance and fleet management, to individual funds. The net revenue of the internal service funds was reported with governmental activities.	805,530
Change in Net Position of Governmental Activities	\$ 11,471,563

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City of Healdsburg
Statement of Net Position
Proprietary Funds
June 30, 2023

	Business-Type Activities					Governmental Activities - Internal Service Funds
	Water Fund	Sewer Fund	Electric Fund	Non-major Airport Fund	Totals	
ASSETS						
Current Assets:						
Cash and investments	\$ 3,646,280	\$ 7,751,482	\$ 11,195,913	\$ 331,479	\$ 22,925,154	\$ 8,986,897
Cash and investments with fiscal agents	67	315	-	-	382	-
Pension stabilization investments	531,338	778,971	913,862	-	2,224,171	-
Investment in NCPA reserves	-	-	5,765,802	-	5,765,802	-
Accounts receivable	1,058,583	1,183,651	1,975,400	15,846	4,233,480	78,085
Loans and notes receivable	-	-	-	-	-	3,987
Interest receivable	11,938	24,876	36,397	1,056	74,267	13,799
Intergovernmental receivable	347,486	34,831	-	90,429	472,746	-
Due from other funds	-	1,086,445	15,000	53,683	1,155,128	-
Inventory	98,165	20,466	2,361,662	15,892	2,496,185	9,183
Prepaid items	-	-	-	-	-	54,063
Total current assets	5,693,857	10,881,037	22,264,036	508,385	39,347,315	9,146,014
Noncurrent:						
Advances to other funds	-	1,133,130	1,133,130	-	2,266,260	-
Capital assets:						
Land	310,781	766,902	48,360	119,834	1,245,877	-
Construction in progress	696,609	458,257	753,747	150,735	2,059,348	-
Depreciable buildings and improvements	1,443,869	258,359	447,834	890,804	3,040,866	-
Depreciable utility systems	36,445,109	86,027,381	31,412,283	-	153,884,773	-
Depreciable operations	-	-	-	4,256,401	4,256,401	-
Depreciable equipment	655,480	1,450,725	1,001,599	-	3,107,804	14,910,901
Accumulated depreciation	(15,519,930)	(31,930,008)	(15,020,099)	(2,056,748)	(64,526,785)	(9,230,981)
Net capital assets	24,031,918	57,031,616	18,643,724	3,361,026	103,068,284	5,679,920
Total noncurrent assets	24,031,918	58,164,746	19,776,854	3,361,026	105,334,544	5,679,920
Total assets	29,725,775	69,045,783	42,040,890	3,869,411	144,681,859	14,825,934
DEFERRED OUTFLOWS OF RESOURCES						
Deferred loss on debt refunding	-	656,876	-	-	656,876	-
Pension related	1,559,412	1,559,412	2,159,186	-	5,278,010	-
OPEB related	16,056	20,841	18,134	-	55,031	-
Total deferred outflows of resources	1,575,468	2,237,129	2,177,320	-	5,989,917	-

See accompanying Notes to Basic Financial Statements.

City of Healdsburg
Statement of Net Position
Proprietary Funds
June 30, 2023

	Business-Type Activities				Totals	Governmental Activities - Internal Service Funds
	Water Fund	Sewer Fund	Electric Fund	Non-major Airport Fund		
LIABILITIES						
Current liabilities:						
Accounts payable and accrued liabilities	111,352	134,157	264,316	18,974	528,799	1,714,248
Due to other funds	-	1,086,445	-	53,683	1,140,128	-
Deposits payable	21,130	950	452,278	18,718	493,076	-
Interest payable	53,387	168,541	3,628	-	225,556	-
Bonds payable - current	749,000	1,140,000	-	-	1,889,000	-
Loans payable - current	-	-	119,290	-	119,290	-
Lease liabilities - current	-	-	-	-	-	31,992
Compensated absences - current	-	-	-	-	-	823,236
Claims payable - current	-	-	-	-	-	91,082
Total current liabilities	934,869	2,530,093	839,512	91,375	4,395,849	2,660,558
Noncurrent liabilities:						
Bonds payable	4,184,000	17,876,600	-	-	22,060,600	-
Loan payable	-	-	1,332,040	-	1,332,040	-
Lease liabilities	-	-	-	-	-	56,381
Compensated absences	-	-	-	-	-	2,025,725
Claims payable	-	-	-	-	-	206,903
Net pension liability	3,812,507	3,812,507	5,278,856	-	12,903,870	-
Net OPEB liability	95,718	124,245	108,105	-	328,068	-
Total noncurrent liabilities	8,092,225	21,813,352	6,719,001	-	36,624,578	2,289,009
Total liabilities	9,027,094	24,343,445	7,558,513	91,375	41,020,427	4,949,567
DEFERRED INFLOWS OF RESOURCES						
Pension related	361,662	361,662	500,763	-	1,224,087	-
OPEB related	39,554	51,342	44,672	-	135,568	-
Total deferred inflows of resources	401,216	413,004	545,435	-	1,359,655	-
NET POSITION						
Net investment in capital assets	19,098,985	38,672,207	19,776,854	3,361,026	80,909,072	5,591,547
Restricted	3,051,692	8,215,235	6,179,026	-	17,445,953	-
Unrestricted	(277,744)	(360,979)	10,158,382	417,010	9,936,669	4,284,820
Total net position	\$ 21,872,933	\$ 46,526,463	\$ 36,114,262	\$ 3,778,036	\$ 108,291,694	\$ 9,876,367

City of Healdsburg
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the year ended June 30, 2023

	Business-Type Activities				Totals	Governmental Activities - Internal Service Funds
	Water Fund	Sewer Fund	Electric Fund	Non-major Airport Fund		
OPERATING REVENUES:						
Charges for services	\$ 5,580,333	\$ 7,825,788	\$ 12,938,524	\$ 196,978	\$ 26,541,623	\$ 7,161,093
Development fees	125,504	805,078	17,093	-	947,675	-
Rental income	-	-	-	189,924	189,924	-
Intergovernmental	393,727	157,689	-	114,615	666,031	-
Other	27,067	186,382	1,415,480	7,384	1,636,313	45,520
Total operating revenues	6,126,631	8,974,937	14,371,097	508,901	29,981,566	7,206,613
OPERATING EXPENSES:						
Purchase of power	-	-	9,204,568	-	9,204,568	-
Salaries and benefits	1,760,104	2,520,839	2,155,731	13,208	6,449,882	2,880,088
Maintenance and operations	1,147,220	2,234,805	2,510,028	239,412	6,131,465	2,684,892
Administration	834,162	1,157,020	1,676,410	43,139	3,710,731	415,009
Amortization	-	-	-	-	-	72,107
Depreciation	859,186	2,335,781	679,245	125,736	3,999,948	1,621,032
Total operating expenses	4,600,672	8,248,445	16,225,982	421,495	29,496,594	7,673,128
Operating income (loss)	1,525,959	726,492	(1,854,885)	87,406	484,972	(466,515)
NONOPERATING REVENUES (EXPENSES):						
Investment income (loss)	104,691	167,092	439,083	5,472	716,338	329,992
Interest expense	(226,323)	(711,432)	9,625	-	(928,130)	(650)
Gain (loss) on sale of fixed assets	-	-	-	-	-	59,881
Total nonoperating revenues (expenses)	(121,632)	(544,340)	448,708	5,472	(211,792)	389,223
Income before contributions and transfers	1,404,327	182,152	(1,406,177)	92,878	273,180	(77,292)
CONTRIBUTIONS AND TRANSFERS:						
Transfers in	-	-	-	-	-	587,705
Transfers out	(7,204)	(7,203)	(144,663)	(850)	(159,920)	(48,751)
Capital contributions	444,950	585,848	132,625	-	1,163,423	343,868
Total contributions and transfers	437,746	578,645	(12,038)	(850)	1,003,503	882,822
Change in net position	1,842,073	760,797	(1,418,215)	92,028	1,276,683	805,530
NET POSITION:						
Beginning of year	20,030,860	45,765,666	37,532,477	3,686,008	107,015,011	9,070,837
End of year	<u>\$ 21,872,933</u>	<u>\$ 46,526,463</u>	<u>\$ 36,114,262</u>	<u>\$ 3,778,036</u>	<u>\$ 108,291,694</u>	<u>\$ 9,876,367</u>

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City of Healdsburg
Combining Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2023

	Business-Type Activities				Totals	Governmental
	Water Fund	Sewer Fund	Electric Fund	Airport Fund		Activities - Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:						
Receipts from customers	\$ 5,254,104	\$ 8,704,978	\$ 13,553,122	\$ 152,393	\$ 27,664,597	\$ 7,156,286
Receipts from other operating activities	420,794	344,071	1,415,480	311,923	2,492,268	45,520
Payments to suppliers	(2,000,956)	(3,621,179)	(13,678,514)	(265,233)	(19,565,882)	(2,227,814)
Payments to employees	(2,472,052)	(3,223,109)	(3,134,181)	(13,208)	(8,842,550)	(2,466,299)
Net cash provided (used) by operating activities	1,201,890	2,204,761	(1,844,093)	185,875	1,748,433	2,507,693
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Interfund borrowing	-	1,246,443	1,246,443	-	2,492,886	(21,784)
Transfers in	-	-	-	-	-	2,435,454
Transfers out	(7,204)	(7,203)	(144,663)	(850)	(159,920)	(1,896,500)
Net cash provided (used) by non-capital financing activities	(7,204)	1,239,240	1,101,780	(850)	2,332,966	517,170
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Interest paid	(234,059)	(722,382)	9,327	-	(947,114)	(650)
Principal payment on debt	(813,341)	(1,221,983)	(245,286)	-	(2,280,610)	(1,156,777)
Cash received from sale of capital assets	-	-	-	-	-	59,881
Acquisition and construction of capital assets	(630,117)	(1,608,525)	(1,615,956)	(100,696)	(3,955,294)	(373,638)
Net cash provided (used) by capital and related financing activities	(1,677,517)	(3,552,890)	(1,851,915)	(100,696)	(7,183,018)	(1,471,184)
CASH FLOWS FROM INVESTING ACTIVITIES:						
Investment income (loss)	101,119	158,109	577,391	4,914	841,533	325,765
Net cash provided (used) by investing activities	101,119	158,109	577,391	4,914	841,533	325,765
Increase (Decrease) in cash and cash equivalents	(381,712)	49,220	(2,016,837)	89,243	(2,260,086)	1,879,444
CASH AND INVESTMENTS - Beginning of Fiscal Year	4,559,397	8,481,548	14,126,612	242,236	27,409,793	7,107,453
CASH AND INVESTMENTS - End of Fiscal Year	\$ 4,177,685	\$ 8,530,768	\$ 12,109,775	\$ 331,479	\$ 25,149,707	\$ 8,986,897
RECONCILIATION OF CASH & CASH EQUIVALENTS						
Cash and investments	\$ 3,646,280	\$ 7,751,482	\$ 11,195,913	\$ 331,479	\$ 22,925,154	\$ 8,986,897
Cash and investments with fiscal agents	67	315	-	-	382	-
Pension stabilization investments	531,338	778,971	913,862	-	2,224,171	-
	\$ 4,177,685	\$ 8,530,768	\$ 12,109,775	\$ 331,479	\$ 25,149,707	\$ 8,986,897

City of Healdsburg
Combining Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2023

	Business-Type Activities				Totals	Governmental Activities - Internal Service Funds
	Water Fund	Sewer Fund	Electric Fund	Airport Fund		
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET						
CASH PROVIDED (USED) BY OPERATING ACTIVITIES:						
Operating income (loss)	1,525,959	726,492	(1,854,885)	87,406	484,972	(466,515)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating) operating activities:						
Depreciation and amortization	859,186	2,335,781	679,245	125,736	3,999,948	1,693,139
Changes in assets and liabilities:					-	
(Increase) decrease in receivable	(458,131)	74,262	297,518	(44,936)	(131,287)	25,193
(Increase) decrease in inventories	(20,601)	454	(259,299)	35,726	(243,720)	7,313
Increase (decrease) in prepaid items	-	-	-	-	-	(54,063)
Increase (decrease) in deferred outflows of resources - OPEB related	604,680	599,895	841,346	-	2,045,921	-
Increase (decrease) in deferred outflows of resources - pension related	(1,539,935)	(1,535,838)	(2,138,199)	-	(5,213,972)	-
Increase (decrease) in accounts payable and accrued liabilities	1,027	(158,147)	(28,209)	(18,408)	(203,737)	918,837
Increase (decrease) in in deposits payable	6,398	(150)	299,987	351	306,586	(30,000)
Increase (decrease) in retention payable	-	(71,661)	-	-	(71,661)	-
Increase (decrease) in claims payable	-	-	-	-	-	(671,299)
Increase (decrease) in OPEB	(1,091)	7,073	3,794	-	9,776	-
Increase (decrease) in net pension liability	1,747,490	1,747,490	2,419,602	-	5,914,582	-
Increase (decrease) in compensated absences	-	-	-	-	-	1,085,088
Increase (decrease) in deferred inflows of resources - OPEB related	(6,026)	(3,824)	(4,440)	-	(14,290)	-
Increase (decrease) in deferred inflows of resources - pension related	(1,517,066)	(1,517,066)	(2,100,553)	-	(5,134,685)	-
Net cash provided by operating activities	\$ 1,201,890	\$ 2,204,761	\$ (1,844,093)	\$ 185,875	\$ 1,748,433	\$ 2,507,693
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES						
Capital contribution	\$ 444,950	\$ 585,848	\$ 132,625	\$ -	\$ 1,163,423	\$ 343,868
Amortization related to deferred loss on debt refu	\$ -	\$ 54,740	\$ -	\$ -	\$ 54,740	\$ -

City of Healdsburg
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2023

	Private Purpose	
	Trust Fund	Custodial Funds
ASSETS		
Cash and investments	\$ 3,426,142	\$ 122,078
Cash and investments with fiscal agents	2,557,012	-
Loans and notes receivable	2,831,568	-
Interest receivable	14,459	376
Nondepreciable capital assets	528,300	-
Total assets	9,357,481	122,454
LIABILITIES		
Interest payable	577,321	-
Long-term liabilities:		-
Long-term debt - due within one year	2,396,300	-
Long-term debt - due in more than one year	32,199,150	-
Total liabilities	35,172,771	-
NET POSITION		
Net position held for private purposes	(25,815,290)	-
Net position held for Individuals, organizations, and other governments	-	122,454
Total Net Position	\$ (25,815,290)	\$ 122,454

City of Healdsburg
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the year ended June 30, 2023

	Private Purpose	
	Trust Fund	Custodial Funds
ADDITIONS:		
Property taxes	\$ 3,502,551	\$ -
Use of money and property	190,086	2,387
Transfers in	3,629,628	-
Total additions	7,322,265	2,387
DEDUCTIONS:		
Community development	258,750	436
Interest expense	1,236,439	-
Transfers out	3,629,628	-
Total deductions	5,124,817	436
Change in net position	2,197,448	1,951
NET POSITION:		
Beginning of year	(28,012,738)	120,503
End of year	\$ (25,815,290)	\$ 122,454

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NOTES TO BASIC FINANCIAL STATEMENTS

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City of Healdsburg

Notes to Basic Financial Statements

For the Year Ended June 30, 2023

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 (US GAAP) 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
For the Year Ended June 30, 2023

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
For the Year Ended June 30, 2023

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 despite 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
For the Year Ended June 30, 2023

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 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 susceptible to accrual as revenue of the current period. All other revenue items are 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. Custodial funds also use the accrual basis of accounting, but, since they are custodial in nature and do not involve the measurement of results of operations, they do not have a measurement focus.

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

Major Governmental Funds

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

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
For the Year Ended June 30, 2023

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
For the Year Ended June 30, 2023

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 based on 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
For the Year Ended June 30, 2023

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 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. For this report, the following timeframes are used:

- Valuation Date: June 30, 2021
- Measurement Date: June 30, 2022
- Measurement Period: July 1, 2021 through June 30, 2022

City of Healdsburg
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

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:

- Valuation Date: June 30, 2022
- Measurement Date: June 30, 2023
- Measurement Period: July 1, 2022 through June 30, 2023

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:

	Secured	Unsecured
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 1

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.

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.

City of Healdsburg
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

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.

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 after the implementation of GASB Statement No. 72 are recorded at acquisition value as of the date received. Generally, capital asset purchases more than \$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
For the Year Ended June 30, 2023

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

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

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.

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.

City of Healdsburg
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

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).

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.

City of Healdsburg
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

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.

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.

City of Healdsburg
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

F. New Accounting Pronouncements

In 2023, the City adopted new account standards in order to conform with the following Government Accounting Standards Board Statements:

GASB Statement No.91 – Conduit Debt Obligation – The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligation, and (3) related note disclosures. This Statement clarifies the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. This Statement also addresses arrangements – often characterized as leases – that are associated with conduit debt obligations. The requirements of this statement did not impact to the City during current fiscal year.

GASB Statement No. 94 – Public-Private and Public-Public Partnerships and Availability Payment Arrangements - The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange like transaction. The requirements of this statement did not apply to the City during current fiscal year.

GASB Statement No. 96 – Subscription-Based Information Technology Arrangements - This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a tight-to-use subscription asset – an intangible asset – and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. The requirements of this Statement will improve

City of Healdsburg
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

F. New Accounting Pronouncements, Continued

financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. That definition and uniform guidance will result in greater consistency in practice. Establishing the capitalization criteria for implementation costs also will reduce diversity and improve comparability in financial reporting by governments. This Statement also will enhance the relevance and reliability of a government’s financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government’s SBITA activities and evaluate a government’s obligations and assets resulting from SBITAs. The requirements of this statement did not apply to the City during current fiscal year.

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
Nonmajor Funds:			
General debt service fund			
Principal retirement	\$ 1,809,608	\$ 1,809,801	\$ (193)

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.

City of Healdsburg
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

3. CASH AND INVESTMENTS

Cash and investments as of June 30, 2023 are classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and investments	\$ 58,939,576
Restricted cash and investments with fiscal agents	278,356
Pension stabilization investments	7,492,327
Investment in NCPA Reserves	5,765,802
Fiduciary funds:	
Cash investments	3,548,220
Restricted cash and investments with fiscal agents	<u>2,557,012</u>
Total cash and investments	<u><u>\$ 78,581,293</u></u>

Cash and investments as of June 30, 2023 consist of the following:

Cash on hand	\$ 2,780
Deposits with financial institutes	5,932,237
Pension stabilization investments	7,492,327
Investment in NCPA Reserves	5,765,802
Investments	<u>59,388,147</u>
Total cash and investments	<u><u>\$ 78,581,293</u></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
For the Year Ended June 30, 2023

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
US Treasury Bills, Bonds and Notes	None	100%	None
Federal Agency Securities	None	100%	None
Local Agency Bonds	None	30%	5% per single issuer
State of California Obligations	None	30%	5% per single issuer
CA Local Agency Obligations	None	30%	5% per single issuer
Obligations of other 49 States	None	30%	5% per single issuer
U.S Government Money Market Funds	90 Days	20%	10% per single issuer
Commercial Paper	270 Days	25%	5% per single issuer
Negotiable Certificates of Deposit	5 years	30%	5% per single issuer
Repurchase Agreements	92 Days	20%	5% per single issuer
Medium-term Corporate Bonds	5 years	30%	5% per single issuer
Mortgage Pass-Through Securities and Collateralized Mortgage Obligations	5 years	10%	5% per single issuer
Supranationals	5 years	30%	10% per single issuer
Joint Powers Authority (Local Government Investment Pools)	N/A	100%	None
Local Agency Investment Fund	N/A	100%	State maximum
Sonoma County Pooled Fund	N/A	10%	10% of total portfolio

*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
For the Year Ended June 30, 2023

3. CASH AND INVESTMENTS, Continued

B. Investments Authorized by Debt Agreements, Continued

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
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:

Investment Type	Totals	(Remaining maturity in Months)			
		12 Months or Less	13 to 24 Months	25 - 60 Months	More than 60 Months
Corporate Issues	11,969,036	\$ -	\$ 707,473	3,421,975	\$ 7,839,588
Foreign Issues	786,655	-	-	499,517	287,138
Taxable Municipal Issues	371,925	-	-	371,925	-
U.S. Treasury Securities	24,478,923	8,616,770	7,682,195	4,134,530	4,045,428
State Investment Pool (LAIF)	17,109,632	17,109,632	-	-	-
Money Market Mutual Funds	1,836,608	1,836,608	-	-	-
Held by Fiscal Agents:					
County Investment Pool	277,974	277,974	-	-	-
Money Market Mutual Funds	2,557,394	2,557,394	-	-	-
Total	\$ 59,388,147	\$ 30,398,378	\$ 8,389,668	\$ 8,427,947	\$ 12,172,154

City of Healdsburg
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

3. CASH AND INVESTMENTS, Continued

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).

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	Rating as of Fiscal Year End				Not Rated
		Minimum Legal Rating	AAA	AA	A	
Corporate Issues	\$ 11,969,036	N/A	\$ 114,804	\$ -	\$ 660,074	\$ 11,194,158
Foreign Issues	786,655	N/A	-	-	-	786,655
Taxable Municipal Issues	371,925	N/A	-	-	-	371,925
U.S. Treasury Securities	24,478,923	N/A	-	2,104,795	-	22,374,128
State Investment Pool (LAIF)	17,109,632	N/A	-	-	-	17,109,632
Money Market Mutual Funds	1,836,608	N/A	-	-	-	1,836,608
Held by Fiscal Agents:						
County Investment Pool	277,974	N/A	-	-	-	277,974
Money Market Mutual Funds	2,557,394	N/A	-	-	-	1,836,608
Total	<u>\$ 59,388,147</u>		<u>\$ 114,804</u>	<u>\$ 2,104,795</u>	<u>\$ 660,074</u>	<u>\$ 55,787,688</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.

City of Healdsburg
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

3. CASH AND INVESTMENTS, Continued

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.

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, 2023, 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>
Corporate Issues	\$ 11,969,036
Foreign Issues	786,655
Money Market Funds	1,836,608
Taxable Municipal Issues	371,925
U.S. Treasury Securities	24,478,923

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.

City of Healdsburg
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

3. CASH AND INVESTMENTS, Continued

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, 2023:

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)
Corporate Issues	\$ 11,969,036	\$ -	\$ 1,093,642	\$ -
Foreign Issues	786,655	-	707,380	-
Taxable Municipal Issues	371,925	-	707,380	-
U.S. Treasury Securities	24,478,923	-	707,380	-
Total	37,606,539	\$ -	\$ 3,215,782	\$ -
<i>Investments not subject to leveling disclosure:</i>				
Money Market Mutual Funds	4,394,002			
State Investment Pool (LAIF)	17,109,632			
County Investment Pool	277,974			
	<u>59,388,147</u>			

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

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.

City of Healdsburg
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

3. CASH AND INVESTMENTS, Continued

J. Pension Stabilization Investment Program, Continued

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, 2023, 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.

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

Pension stabilization investments held and the percentage of the pension investment portfolio at June 30, 2023 was as follows:

Pension Stabilization Investments	Fair Value	% of Portfolio
Federal Agency Securities		
F.H.L.M.C Gd	\$ 57,068	0.76%
F.H.L.M.C	614,103	8.20%
F.N.M.A	1,039,184	13.87%
U.S Treasury Securities	1,220,175	16.29%
Corporate Bonds	1,579,264	21.08%
Mutual Funds	2,538,617	33.88%
Municipal Issues	128,636	1.72%
Money Market Mutual Funds	315,280	4.21%
Total Pension Stabilization Investments	\$ 7,492,327	100%

City of Healdsburg
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

3. CASH AND INVESTMENTS, Continued

J. Pension Stabilization Investment Program, Continued

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:

Investment Type	Totals	Remaining maturity (in Months)			
		12 Months or Less	13 to 24 Months	26-60 Months	More Than 60 Months
Federal Agency Securities					
F.H.L.M.C Gd	\$ 57,068				\$ 57,068
F.H.L.M.C	614,103				614,103
F.N.M.A	1,039,184				1,039,184
U.S Treasury Securities	1,220,175	-	72,777	-	1,147,398
Corporate Bonds	1,579,264	39,026	200,298	34,338	1,305,602
Mutual Funds	2,538,617	2,538,617	-	-	128,636
Municipal Issues	128,636	-	-	-	128,636
Money Market Mutual Funds	315,280	315,280	-	-	-
	<u>\$ 7,492,327</u>	<u>\$ 2,892,923</u>	<u>\$ 273,075</u>	<u>\$ 34,338</u>	<u>\$ 4,420,627</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:

Investment Type	Amount	Minimum Legal	Rating as of Fiscal Year End					
			Aaa	A	AA	AAA	BBB	Not Rated
Federal Agency Securities								
F.H.L.M.C Gd	\$ 57,068	BBB-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 57,068
F.H.L.M.C	614,103	BBB-	-	-	-	-	-	614,103
F.N.M.A	1,039,184	BBB-	-	-	-	-	-	1,039,184
U.S Treasury Securities	1,220,175	N/A	1,147,399	-	-	-	-	72,776
Corporate Bonds	1,579,264	BBB-	53,453	405,288	109,902	229,752	722,302	58,567
Mutual Funds	2,538,617	N/A	-	-	-	-	-	2,538,617
Municipal Issues	128,636	BBB-	30,110	27,919	56,125	14,482	-	-
Money Market Mutual Funds	315,280	N/A	-	-	-	-	-	315,280
Total	<u>7,492,327</u>		<u>\$1,230,962</u>	<u>\$ 433,207</u>	<u>\$ 166,027</u>	<u>\$ 244,234</u>	<u>\$ 722,302</u>	<u>\$4,695,595</u>

City of Healdsburg
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

3. CASH AND INVESTMENTS, Continued

J. Pension Stabilization Investment Program, Continued

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:

Investment Type	Issuer	Fair Value	Interest Rate	Percentage of Portfolio
Federal Agency Securities	F.H.L.M.C	\$ 614,103	2.00% - 4.00%	8.20%
Federal Agency Securities	F.N.M.A	1,039,184	2.00% - 4.00%	13.87%

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, 2023:

	Totals	Level 1	Level 2	Level 3
Federal Agency Securities	\$ 1,710,355	\$ -	\$ 1,710,355	\$ -
U.S. Treasury Securities	1,220,175	-	1,220,175	-
Corporate Bonds	1,579,264	-	1,579,264	-
Municipal Issues	128,636	-	128,636	-
	4,638,430	\$ -	\$ 4,638,430	\$ -
<i>Investments not subject to leveling disclosure:</i>				
Mutual Funds	2,538,617			
Money Market Mutual Funds	315,280			
	<u>7,492,327</u>			

City of Healdsburg
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

4. ACCOUNTS RECEIVABLE

The following is a list of accounts receivable at June 30, 2023:

	Receivable	Allowance	Net
Governmental Activities			
Accounts	\$ 3,128,954	\$ -	\$ 3,128,954
Intergovernmental	2,419,812	-	2,419,812
	<u>\$ 5,548,766</u>	<u>\$ -</u>	<u>\$ 5,548,766</u>
Business-type Activities			
Accounts	\$ 4,233,480	\$ -	\$ 4,233,480

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.

Verizon

In May 2023, 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 for a period of 5 years. Monthly rent for the first year shall be \$2,157 commencing on May 2023 and increasing by 3 percent each year thereafter.

The City's lease receivable activities for the year ended June 30, 2023 were as follows:

	Lease Receivable			Balance at 6/30/2023	Deferred Inflows of Resources
	Balance at 7/1/2022	Additions	Deletions		Balance at At 6/30/2023
Governmental Activities					
Metro PCS	\$ 214,988	\$ -	\$ (30,610)	\$ 184,378	\$ 177,093
Verizon	-	129,142	(3,798)	125,344	124,837
	<u>\$ 214,988</u>	<u>\$ 129,142</u>	<u>\$ (34,408)</u>	<u>\$ 309,722</u>	<u>\$ 301,930</u>

City of Healdsburg
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

6. NOTES AND LOANS RECEIVABLE

The following schedule summarizes notes and loans receivable as of June 30, 2023:

Funds	Amount
Major governmental funds	
General Fund	\$ 928,378
Streets capital projects fund	22,880
Nonmajor governmental fund	
Housing Successor Agency special revenue fund	8,542,046
Internal service funds	
Information Services fund	3,987
	<u>\$ 9,497,291</u>

Notes receivable in the amount of \$9,497,291 consists of the combination of the following:

Notes Receivable	Amount
Governmental Activities:	
Individuals	\$ 2,201,214
Business Stabilization Loans	182,478
Riverfield Homes	290,950
Healdsburg Family Limited Partnership	4,574,708
Healdsburg Pacific Associates	2,194,524
Burbank Housing	5,252,635
Eden Mill District LP	250,000
Monte Vina	604,388
Subtotal	15,550,897
Less: Allowances for uncollectible loans	(6,080,473)
Mutual Agreement loan	22,880
Employee computer loans	3,987
Total net notes and loan receivable	<u>\$ 9,497,291</u>

City of Healdsburg
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

7. INTERFUND ACTIVITY

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.

The following represents the interfund activity of the City for the fiscal year ended June 30, 2023:

Fund	Due From Other Funds	Due to Other Funds
Major governmental funds		
General fund	\$ 907,116	\$ -
Streets capital projects fund	-	904,893
Major enterprise funds		
Sewer Fund	1,086,445	1,086,445
Electric Fund	15,000	-
Nonmajor governmental funds		
North Area special revenue fund	-	15,000
Media Center special revenue fund	-	2,223
Nonmajor enterprise fund		
Airport fund	53,683	53,683
Totals	\$ 2,062,244	\$ 2,062,244

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.

Transfers Out	Transfers In				
	Governmental Funds				
	General Fund	Streets	Non-Major Governmental Funds	Internal Service Funds	Total Transfers Out
Governmental Funds:					
General Fund	\$ -	\$ 716,845	\$ 384,341	\$ 505,524	\$ 1,606,710
Community Services	-	-	1,402,588	82,181	1,484,769
Streets	-	-	17,857	-	17,857
Non-Major Governmental Funds	40,042	390,301	2,833	-	433,176
Proprietary Funds:					
Water Fund	7,204	-	-	-	7,204
Sewer Fund	7,203	-	-	-	7,203
Electric Fund	144,663	-	-	-	144,663
Airport Fund	-	-	850	-	850
Internal Service Funds	-	-	48,751	-	48,751
Total Transfers In	\$ 199,112	\$ 1,107,146	\$ 1,857,220	\$ 587,705	\$ 3,751,183

City of Healdsburg
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

7. INTERFUND ACTIVITY, Continued

C. Advances To/ From Other Funds

At June 30, 2023, advances to/advances from other funds were as follows:

Advance From Other Funds (Funds receiving loans)	Advance To Other Funds (Funds making loans)		
	Proprietary Funds		
	Sewer Fund	Electric Fund	Total
Governmental Funds:			
General Fund	\$ 1,133,130	\$ 1,133,130	\$ 2,266,260
Total	\$ 1,133,130	\$ 1,133,130	\$ 2,266,260

On January 7, 2017, the Sewer Enterprise Fund and the Electric Enterprise Fund advanced each in the amounts \$1,587,500 to the General Fund for the City Hall renovation. The advance bears interest rate adjusted on July 1 of each year to equal the then LAIF rate on May 31 of the prior fiscal year. The principal and interest payments are due in 15 equal installments. As of June 30, 2023, the outstanding amount of the advance was \$2,266,260.

City of Healdsburg
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

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, 2023 is as follows:

	Balance at July 1, 2022	Additions	Deletions	Transfers	Balance at June 30, 2023
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	5,799,988	3,933,632	-	(7,670,511)	2,063,109
Total capital assets not being depreciated	32,674,665	3,933,632	-	(7,670,511)	28,937,786
Capital assets, being depreciated:					
Land improvements	4,334,889	768,525	-	-	5,103,414
Streets	74,780,162	1,936,114	-	354,484	77,070,760
Buildings	33,245,829	-	-	7,091,775	40,337,604
Machinery and equipment	12,117,148	434,368	(307,243)	224,252	12,468,525
Infrastructure	1,515,614	-	-	-	1,515,614
Lease assets	232,135	-	-	-	232,135
Total capital assets, being depreciated	126,225,777	3,139,007	(307,243)	7,670,511	136,728,052
Less accumulated depreciation for:					
Land improvements	(1,946,702)	(42,280)	-	-	(1,988,982)
Streets	(18,335,964)	(1,604,030)	-	-	(19,939,994)
Buildings	(16,891,640)	(1,135,240)	-	-	(18,026,880)
Machinery and equipment	(7,332,961)	(1,691,276)	307,247	-	(8,716,990)
Infrastructure	(399,054)	(42,055)	-	-	(441,109)
Less accumulated amortization for:					
Lease assets	(72,107)	(72,107)	-	-	(144,214)
Total accumulated depreciation & Amortization	(44,978,428)	(4,586,988)	307,247	-	(49,258,169)
Total capital assets, being depreciated, net	81,247,349	(1,447,981)	4	7,670,511	87,469,883
Governmental activities capital assets, net	\$113,922,014	\$ 2,485,651	\$ 4	\$ -	\$116,407,669

Depreciation and amortization were charged to functions/programs of the primary government as follows:

Governmental Activities	Depreciation	Amortization	Total
Unallocated	\$ 2,893,849	\$ -	\$ 2,893,849
Internal service funds	1,621,032	72,107	1,693,139
Total	\$ 4,514,881	\$ 72,107	\$ 4,586,988

City of Healdsburg
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

8. CAPITAL ASSETS, Continued

A summary of changes in property, improvements, and equipment in the Enterprise Funds for the fiscal year ended June 30, 2023 is as follows:

	Balance at July 1, 2022	Additions	Deletions	Transfers	Balance at June 30, 2023
Business-types activities:					
Capital assets, not being depreciated:					
Land	\$ 1,245,877	\$ -	\$ -	\$ -	\$ 1,245,877
Construction in progress	2,044,538	1,540,632	-	(1,525,822)	2,059,348
Total capital assets not being depreciated	3,290,415	1,540,632	-	(1,525,822)	3,305,225
Capital assets, being depreciated:					
Buildings and improvements	3,040,870	-	-	-	3,040,870
Utility systems	139,372,716	979,933	-	1,525,822	141,878,471
Drainage	11,822,810	183,490	-	-	12,006,300
Machinery & equipment	3,114,170	203,142	-	-	3,317,312
Operations	4,046,891	-	-	-	4,046,891
Total capital assets, being depreciated	161,397,457	1,366,565	-	1,525,822	164,289,844
Less accumulated depreciation for:					
Buildings and improvements	(2,278,542)	(81,480)	-	-	(2,360,022)
Utility systems	(49,356,934)	(3,382,822)	-	-	(52,739,756)
Drainage	(5,462,102)	(258,168)	-	-	(5,720,270)
Machinery & equipment	(2,130,331)	(182,394)	-	-	(2,312,725)
Operations	(1,298,928)	(95,084)	-	-	(1,394,012)
Total accumulated depreciation	(60,526,837)	(3,999,948)	-	-	(64,526,785)
Total capital assets, being depreciated, net	100,870,620	(2,633,383)	-	1,525,822	99,763,059
Business-type activities capital assets, net	\$ 104,161,035	\$ (1,092,751)	\$ -	\$ -	\$ 103,068,284

Depreciation expense was charged to the following functions:

Business-type activities	Amount
Water	\$ 859,186
Sewer	2,335,781
Electric	679,245
Airport	125,736
	\$ 3,999,948

City of Healdsburg
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

9. RIGHT TO USE LEASE 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 reported in the capital assets schedule and is amortized on a straight-line basis over the term of the related lease.

10. LONG-TERM LIABILITY

A. Changes in Long-term Liability

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

	Balance at July 1, 2022	Additions	Deletions	Balance at June 30, 2023	Due Within One Year
Governmental activities:					
Other debt					
Pension obligation bonds	\$ 567,520	\$ -	\$ (567,520)	\$ -	\$ -
Lease liabilities	159,815	-	(71,442)	88,373	31,992
Successor Agency payable	1,376,900	-	(104,337)	1,272,563	104,597
Total other debt	2,104,235	-	(743,299)	1,360,936	136,589
Direct borrowings and direct placements					
HUSD finance purchase	1,137,807	-	(1,137,807)	-	-
Equipment finance purchase	947,393	-	(947,393)	-	-
Total direct borrowings and direct placements	2,085,200	-	(2,085,200)	-	-
Total governmental long-term debt	\$ 4,189,435	\$ -	\$ (2,828,499)	\$ 1,360,936	\$ 136,589

City of Healdsburg
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

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, 2022	Additions	Deletions	Balance at June 30, 2023	Due Within One Year
Business-type activities:					
Direct borrowings and direct placements					
2005D - CSCDA Water/Sewer	\$ 1,500,000	\$ -	\$ (135,000)	\$ 1,365,000	\$ 145,000
2014 Water Refunding Bonds	4,151,000	-	(583,000)	3,568,000	604,000
2015 Wastewater Refunding Bonds	19,735,000	-	(1,095,000)	18,640,000	1,140,000
Premium on Bonds	407,983	-	(31,383)	376,600	-
Total direct borrowings and direct placements	<u>25,793,983</u>	<u>-</u>	<u>(1,844,383)</u>	<u>23,949,600</u>	<u>1,889,000</u>
Other debt					
Successor Agency payable	1,570,322	-	(118,992)	1,451,330	119,290
Pension obligation bonds	317,235	-	(317,235)	-	-
Total other debt	<u>1,887,557</u>	<u>-</u>	<u>(436,227)</u>	<u>1,451,330</u>	<u>119,290</u>
Total business-type long-term debt	<u>\$ 27,681,540</u>	<u>\$ -</u>	<u>\$ (2,280,610)</u>	<u>\$ 25,400,930</u>	<u>\$ 2,008,290</u>

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. The remaining balance has been fully paid-off during fiscal year 2023.

C. HUSD Finance Purchase

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 cost of the property acquired through this finance purchase and accumulated depreciation at June 30, 2023 was \$5,007,245 and \$1,669,082, respectively. Upon and during the continuance of an event of default, the principal of and interest accrued on all payments may be declared to be due and payable immediately. The remaining balance has been fully paid-off during fiscal year 2023.

City of Healdsburg
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

10. LONG-TERM LIABILITY, Continued

D. Equipment Finance Purchase

In January 2021, the City entered into a finance 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. 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 remaining balance has been fully paid-off during fiscal year 2023.

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, 2023, the amount due from Governmental Activities and the Electric Fund was \$1,272,563 and \$1451,330, respectively. The Community Services Special Revenue fund is expected to be responsible for principal and interest payments for the portion related to Governmental Activities.

Successor Agency Payable			
Fiscal Year	Principal	Interest	Total
2024	\$ 223,887	\$ 6,810	\$ 230,697
2025	224,446	6,250	230,696
2026	225,007	5,689	230,696
2027	225,570	5,126	230,696
2028	226,133	4,563	230,696
2029-2033	1,139,176	14,304	1,153,480
2034-2036	459,674	1,725	461,399
Totals	<u>\$ 2,723,893</u>	<u>\$ 44,467</u>	<u>\$ 2,768,360</u>
Reported as:			
Governmental activities	\$ 1,272,563		
Business-type activities	<u>1,451,330</u>		
	<u>\$ 2,723,893</u>		

City of Healdsburg
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

10. LONG-TERM LIABILITY, Continued

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.

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, 2023. The right to use asset is discussed in more detail in Note 9.

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 \$87,921 at June 30, 2023. 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, 2023, were as follows:

Lease Liabilities			
Fiscal Year	Principal	Interest	Total
2024	\$ 31,992	\$ 379	\$ 32,371
2025	32,156	214	32,370
2026	24,225	52	24,277
Totals	<u>\$ 88,373</u>	<u>\$ 645</u>	<u>\$ 89,018</u>

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
For the Year Ended June 30, 2023

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
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	170,000	30,294	810,763
2029-2032	570,000	40,469	610,469
Totals	<u>\$ 1,365,000</u>	<u>\$ 272,288</u>	<u>\$ 2,247,757</u>

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
2024	\$ 604,000	\$ 135,539	\$ 739,539
2025	462,000	113,420	575,420
2026	484,000	93,790	577,790
2027	347,000	76,547	423,547
2028	253,000	64,097	317,097
2029-2033	1,418,000	151,807	1,569,807
Totals	<u>\$ 3,568,000</u>	<u>\$ 635,200</u>	<u>\$ 4,203,200</u>

City of Healdsburg
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

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 Bond, Series A			
Fiscal Year	Principal	Interest	Total
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	1,335,000	459,925	1,794,925
2029-2033	7,360,000	1,612,238	8,972,238
2034-2037	5,090,000	291,000	5,381,000
Totals	<u>\$ 18,640,000</u>	<u>\$ 4,681,263</u>	<u>\$ 23,321,263</u>

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, 2023, the City’s liability for earned vacation and compensation pay is \$2,848,961.

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
For the Year Ended June 30, 2023

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. PEPRA 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, 2023, are summarized as follows:

Hire Date	Miscellaneous Classic Member	Miscellaneous 2nd Tier	Miscellaneous PEPRA
	16, 2012	On and after December 16, 2012	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	13.02%	9.30%	7.76%
Unfunded liability	\$2,177,597	\$10,707	\$26,093

Hire Date	Safety	Safety PEPRA
	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	23.75%	12.78%
Unfunded liability	\$1,183,330	\$15,782

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
For the Year Ended June 30, 2023

11. PENSION PLAN, Continued

A. General Information about the Pension Plan, Continued

For the measurement period June 30, 2022, the City's contribution for the plan was as follows:

	<u>Miscellaneous</u>	<u>Safety</u>	<u>Total</u>
Contributions - employer	\$ 2,972,337	\$ 1,835,933	\$ 4,808,270

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

As of June 30, 2023, 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>
Cost sharing plan	\$ 45,450,854

C. Net Pension Liability

The City's net pension liability of the Plan is measured as the proportionate share of net pension liability. The net pension liability of the Plan is measured as of June 30, 2022, and the total pension liability for the Plan used to calculate the net pension liability was determined by actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 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, 2021 and 2022 was as follows:

Proportion - June 30, 2021	0.46138%
Proportion - June 30, 2022	<u>0.39349%</u>
Change - Increase (Decrease)	<u><u>-0.06789%</u></u>

City of Healdsburg
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

11. PENSION PLAN, Continued

C. Net Pension Liability, Continued

For the fiscal year ended June 30, 2023, the City recognized pension expense/(income) of \$2,121,879, 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	\$ 4,630,937	\$ -
Differences between Expected and Actual Experience	1,256,251	569,541
Net differences between projected and actual earnings on plan investments	7,918,108	2,057,463
Difference between employer's contributions and the employer's proportionate share on contributions	-	-
Change in Employer's Proportion	156,710	1,170,031
Pension Contributions Made Subsequent to Measurement Date	5,068,606	-
Total	\$ 19,030,612	\$ 3,797,035

Deferred outflows of resources reported as \$5,068,606 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, 2024. 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 June 30	Deferred Outflows/(Inflows) of Resources
2024	\$ 2,308,920
2025	1,891,507
2026	1,125,686
2027	4,838,858
Total	\$ 10,164,971

Actuarial Assumptions - The total pension liabilities in the June 30, 2021 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Methods	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary Increase	Varies by Entry Age and Service
Mortality Rate	Derived using CalPERS' Membership Data for all Funda
Post Retirement Benefit Increase	The Lesser of Contract COLA or 2.30% until Purchasing Power Proection Allowance floor on purchasing power applies, 2.30% thereafter

City of Healdsburg
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

11. PENSION PLAN, Continued

C. Net Pension Liability, Continued

The mortality rate was developed based on CalPERS specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries. For more details, refer to the 2021 experience study report that can be found on the CalPERS website.

Long-Term Expected Rate of Return

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 Basis points.

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

Asset Class (1)	Assumed Asset Allocation	Real Return (1,2)
Global Equity - Cap-weighted	30.00%	4.54%
Global Equity - Non-Cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	50.00%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	-0.59%
	100.00%	

(1) An expected inflation of 2.30% used for this period.

(2) Figures are based on the 2021 Asset Liability Management study.

City of Healdsburg
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

11. PENSION PLAN, Continued

C. Net Pension Liability, Continued

Discount Rate

The discount rate used to measure the total pension liability as of the measurement date of June 30, 2022 for the Plan was 6.90%, which differs from the discount rate used as of the measurement date of June 30, 2021, of 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. A detailed report testing these projections can be obtained from the CalPERS website.

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 6.90 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 (5.90 percent) or 1 percentage-point higher (7.90 percent) than the current rate:

	Discount Rate - 1% 5.90%	Current Discount Rate 6.90%	Discount Rate +1% 7.90%
Net Pension Liability	\$ 66,523,016	\$ 45,450,854	\$ 28,154,090

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

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.

City of Healdsburg
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

12. RISK MANAGEMENT (CIRA), Continued

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).

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.

City of Healdsburg
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

12. RISK MANAGEMENT (CIRA), Continued

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, 2023 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.

Changes in the Internal Service Funds claims liabilities amounts in fiscal year 2023, 2022, and 2021 were as follows:

	2023	2022	2021
Balance, beginning of fiscal year	\$ 390,404	\$ 441,634	\$ 575,367
Claims and adjustments	817,809	1,812,088	762,040
Claims payments	(910,228)	(1,863,318)	(895,773)
Balance, end of fiscal year	<u>\$ 297,985</u>	<u>\$ 390,404</u>	<u>\$ 441,634</u>
Due within one year	<u>\$ 91,082</u>	<u>\$ 137,942</u>	<u>\$ 137,942</u>
Due in more than one year	<u>\$ 206,903</u>	<u>\$ 252,462</u>	<u>\$ 303,692</u>

The total claims liability of \$297,985 includes the assessments of \$237,985 and \$60,000, Liability and Worker’s Compensation programs, respectively.

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

City of Healdsburg
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

13. NORTHERN CALIFORNIA POWER AGENCY, Continued

Organization and Management

during which all remaining aspects, including financing, construction and operation of the NCPA Project are undertaken.

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.

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, 2023 were \$9.2 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 \$5,765,802 as of June 30, 2023. The most recent estimated funding recommended by NCPA equaled \$1,181,165.

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.

City of Healdsburg
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

13. NORTHERN CALIFORNIA POWER AGENCY, Continued

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.

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 Agency has the right to the electric output of the project for 50 years from February 1982. The Agency 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.

As part of a refinancing plan in November 2004, the Agency 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 Agency 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.

City of Healdsburg
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

13. NORTHERN CALIFORNIA POWER AGENCY, Continued

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 remaining swap for the 2008 Hydroelectric Refunding Series A (\$85,160,000) was 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 Agency would have paid using fixed-rate debt. While the swap was a derivative instrument and carried additional risks, the Agency's swap policy and favorable negotiations helped to reduce such risks.

On May 5, 2022, the Agency redeemed the outstanding 2008 Hydroelectric Refunding Series A variable rate bonds with proceeds from the 2022 Hydroelectric Refunding Series A fixed rate bonds. In conjunction with this redemption, NCPA terminated the remaining 2008 Hydroelectric Refunding Series A swap with Citigroup and made a swap termination payment fee of \$11,928,000. The termination fee payment was funded with proceeds from the 2022 Hydroelectric Refunding Series B fixed rate bonds in addition to \$630,322 paid directly by NCPA from the Hydroelectric Project revenue account. Concurrently, NCPA terminated the Letter of Credit with Bank of America.

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. The actual total savings at the time of the variable rate bond redemption and the termination of the swap and letter of credit was \$14,300,000.

The NCPA deferred the loss on the swap termination and recorded \$11,928,000 in deferred outflows that will be amortized over the ten-year life of the 2022 Hydroelectric Refunding Series B fixed rate bonds when the amounts will be recovered through rates.

As noted, the swap was terminated on May 5, 2022 and as a result, there was no remaining notional value or fair value due from (to) the counterparty at June 30, 2022.

NCPA Financial Information

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

City of Healdsburg
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

14. OTHER POST-RETIREMENT PLAN

The City reports the following total OPEB liability as of the June 30, 2023 measurement date:

	Governmental Activities	Business-type Activities	Total
OPEB liability	\$ 715,442	\$ 328,068	\$ 1,043,510
Deferred outflows of resources	\$ 120,012	\$ 55,031	\$ 175,043
Deferred inflows of resources:	\$ 295,645	\$ 135,568	\$ 431,213

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 measurement date June 30, 2023, the following current and former employees were covered by the benefit terms under the Plan:

Active employees	139
Inactive employees or beneficiaries currently receiving benefits	17
	<u>156</u>

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.

City of Healdsburg
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

14. OTHER POST-RETIREMENT PLAN, Continued

Total OPEB Liability

The City's total OPEB liability was measured and determined based on the following dates, actuarial methods, and assumptions:

Actuaial Assumptions:

Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Contribution Policy	No pre-funding
Discount Rate	3.65% (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 full generational with Scale MP-2021
Medical Trent	6.25% for 2024, decreasing to an ultimate rate of 3.75% in 2076
Healthecare Participation at Retirement	Currently covered - 50% Currently waived - 0%

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 3.65 percent.

Changes in Total OPEB Liability

The Changes in the total OPEB liability were as follows:

	Total OPEB Liability
Balance at June 30, 2022 (Measurement date)	\$ 1,000,245
Service Cost	44,669
Interest	36,570
Assumption Changes	(14,231)
Benefit Payments	(23,743)
Net Change during 2022-23	43,265
Balance at June 30, 2023 (Measurement date)	\$ 1,043,510

City of Healdsburg
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

14. OTHER POST-RETIREMENT PLAN, Continued

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 that is one percentage point lower or one percentage point higher than the current rate:

Total OPEB Liability		
1% Lower (2.65%)	Current Discount Rate (3.65%)	1% Higher (4.65%)
\$ 1,183,032	\$ 1,043,510	\$ 925,214

The following presents the total OPEB liability of the City if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

Total OPEB Liability		
1% Lower	Current Trend Rate	1% Higher
\$ 899,483	\$ 1,043,510	\$ 1,219,553

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

For the fiscal year ended June 30, 2023, the City recognized OPEB expense of \$53,486. The City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumption	\$ 175,043	\$ 248,509
Differences between expected and actual experience	-	182,704
Total	\$ 175,043	\$ 431,213

City of Healdsburg
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

14. OTHER POST-RETIREMENT PLAN, Continued

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

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

For the Fiscal Year Ending June 30	Recognized Net Deferred Outflows (Inflows) of Resources
2024	\$ (27,753)
2025	(27,753)
2026	(27,753)
2027	(26,753)
2028	(23,753)
Thereafter	(122,405)
Total	<u>\$ (256,170)</u>

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, 2023 was \$8.8 million.

Under certain circumstances, such as default or bankruptcy of other participants, the City may also be liable to pay a portion of the debt of these joint ventures on behalf of the other participants.

California-Oregon Transmission Project

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

City of Healdsburg
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

15. COMMITMENTS AND CONTINGENCIES, Continued

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 \$497,804.

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.

City of Healdsburg
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

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	\$5,843	\$ -	\$ -	\$ -	\$5,843
Inventory	-	-	10,012	-	10,012
Legally Contractually required to be maintained intact	-	-	-	277,974	277,974
Total Nonspendable	5,843	-	10,012	277,974	293,829
<u>Restricted for:</u>					
Lighting and landscaping	-	-	-	338,054	338,054
Community services	-	4,262,395	-	1,182,095	5,444,490
Affordable housing	2,263,704	-	-	6,915,498	9,179,202
Parking expansion	-	-	-	410,878	410,878
Public safety	9,763	-	-	104,125	113,888
Pension rate stabilization	4,636,083	454,953	177,120	-	5,268,156
L&M Village	287,037	-	-	-	287,037
Tree mitigation	-	-	-	-	-
Streets and roads	-	-	210,835	1,138,374	1,349,209
Strong motion	-	-	-	6,925	6,925
Deb service	-	-	-	165,391	165,391
Total Restricted	7,196,587	4,717,348	387,955	10,261,340	22,563,230
<u>Assigned for:</u>					
General plan update	325,919	-	-	-	325,919
Total Assigned	325,919	-	-	-	325,919
Unassigned	8,763,606	-	-	(13,338)	8,750,268
Total Fund Balances	\$ 16,291,955	\$ 4,717,348	\$ 397,967	\$ 10,525,976	\$ 31,933,246

City of Healdsburg
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

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
For the Year Ended June 30, 2023

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, 2023 were as follows:

Fiduciary Activities:	Balance at July 1, 2022	Additions	Deletions	Balance at June 30, 2023
Capital assets, not being depreciated:				
Land	\$ 528,300	\$ -	\$ -	\$ 528,300
Total Capital Assets, not being depreciated	<u>528,300</u>			<u>528,300</u>
Fiduciary activities capital assets, net	<u>\$ 528,300</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 528,300</u>

The following is a schedule of long-term liabilities for the fiscal year ended June 30, 2023:

	Balance at July 1, 2022	Additions	Reductions	Balance at June 30, 2023	Due Within One Year
2022 Series B	\$ 935,000	\$ -	\$ (75,000)	\$ 860,000	\$ 80,000
2014 Series A	6,764,300	-	(577,200)	6,187,100	599,000
2014 Series B	2,660,300	-	(228,600)	2,431,700	235,400
2015 Series A	6,641,700	-	(464,700)	6,177,000	468,200
2015 Series B	3,147,700	-	(267,500)	2,880,200	273,700
2017 Refunding	14,875,000	-	(695,000)	14,180,000	740,000
Unamortized bond premium	2,036,071	-	(156,621)	1,879,450	-
Total other Long-term debt	<u>\$ 37,060,071</u>	<u>\$ -</u>	<u>\$ (2,464,621)</u>	<u>\$ 34,595,450</u>	<u>\$ 2,396,300</u>

City of Healdsburg
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

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
2024	\$ 80,000	\$ 38,950	\$ 118,950
2025	80,000	35,150	115,150
2026	85,000	31,231	116,231
2027	90,000	27,075	117,075
2028	95,000	22,681	117,681
2029-2033	430,000	42,038	472,038
Totals	<u>\$ 860,000</u>	<u>\$ 197,125</u>	<u>\$ 1,057,125</u>

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.

City of Healdsburg
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

17. SUCCESSOR AGENCY TO THE FORMER REDEVELOPMENT AGENCY, Continued

B. 2014 Series A and B, Continued

Debt service payments will be made from tax increment revenue received by the Trust. The following represents the future minimum debt service requirements:

2014 Tax Allocation Bond Series A			
Fiscal Year	Principal	Interest	Total
2024	\$ 599,000	\$ 200,178	\$ 799,178
2025	619,400	179,466	798,866
2026	639,000	158,073	797,073
2027	662,600	135,946	798,546
2028	685,300	113,031	798,331
2029-2033	2,981,800	207,165	3,188,965
Totals	<u>\$ 6,187,100</u>	<u>\$ 993,859</u>	<u>\$ 7,180,959</u>

2014 Tax Allocation Bond Series B			
Fiscal Year	Principal	Interest	Total
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	268,200	44,370	312,570
2029-2033	1,170,900	81,388	1,252,288
Totals	<u>\$ 2,431,700</u>	<u>\$ 390,570</u>	<u>\$ 2,822,270</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.

City of Healdsburg
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

17. SUCCESSOR AGENCY TO THE FORMER REDEVELOPMENT AGENCY, Continued

C. 2015 Series A and B, Continued

Future debt service payments will be made from tax increment revenue received by the Trust, and is as follows:

2015 Tax Allocation Bond Series A			
Fiscal Year	Principal	Interest	Total
2024	\$ 468,200	\$ 252,573	\$ 720,773
2025	481,300	232,396	713,696
2026	493,800	211,675	705,475
2027	740,500	185,447	925,947
2028	762,600	153,506	916,106
2029-2033	3,230,600	276,140	3,506,740
Totals	<u>\$ 6,177,000</u>	<u>\$ 1,311,736</u>	<u>\$ 7,488,736</u>

2015 Tax Allocation Bond Series B			
Fiscal Year	Principal	Interest	Total
2024	\$ 273,700	\$ 116,592	\$ 390,292
2025	289,500	104,624	394,124
2026	294,800	92,208	387,008
2027	304,800	79,467	384,267
2028	319,200	66,207	385,407
2029-2033	1,398,200	122,124	1,520,324
Totals	<u>\$ 2,880,200</u>	<u>\$ 581,222</u>	<u>\$ 3,461,422</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.

City of Healdsburg
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

17. SUCCESSOR AGENCY TO THE FORMER REDEVELOPMENT AGENCY, Continued

D. 2017 Tax Allocation Refunding Bonds, Continued

Future debt service payments will be made from tax increment revenue received by the Trust, and is as follows:

2017 Tax Allocation Refunding Bond			
Fiscal Year	Principal	Interest	Total
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	685,000	499,375	1,184,375
2029-2033	6,140,000	1,903,175	8,043,175
2034-2036	4,350,000	134,050	4,484,050
Totals	<u>\$ 14,180,000</u>	<u>\$ 4,897,225</u>	<u>\$ 19,077,225</u>

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**REQUIRED
SUPPLEMENTARY INFORMATION**

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City of Healdsburg

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

General Fund

For the year ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 4,710,919	\$ 4,799,482	\$ 4,963,741	\$ 164,259
Sales and other taxes	12,716,950	12,624,950	12,559,758	(65,192)
Development fees	348,333	348,333	461,913	113,580
Intergovernmental	3,620,433	3,651,157	1,352,570	(2,298,587)
Fines and forfeitures	54,000	27,000	33,477	6,477
Licenses and permits	1,525,236	1,585,236	1,674,828	89,592
Use of money and property	187,024	187,024	411,265	224,241
Charges for services	565,911	565,911	984,616	418,705
Other, donations, and reimbursements	188,432	354,095	622,216	268,121
Total revenues	23,917,238	24,143,188	23,064,384	(1,078,804)
EXPENDITURES:				
Current:				
General government	11,316,261	7,645,563	7,149,723	495,840
Public safety	12,434,395	12,596,019	12,471,629	124,390
Community development	1,933,276	1,494,466	1,254,356	240,110
Total expenditures	25,683,932	21,736,048	20,875,708	860,340
REVENUES OVER (UNDER) EXPENDITURES	(1,766,694)	2,407,140	2,188,676	(218,464)
OTHER FINANCING SOURCES (USES):				
Transfers in	6,005,842	3,483,120	199,112	(3,284,008)
Transfers out	(8,991,127)	(4,931,118)	(1,606,710)	3,324,408
Total other financing sources (uses)	(2,985,285)	(1,447,998)	(1,407,598)	40,400
Net change in fund balances	\$ (4,751,979)	\$ 959,142	781,078	\$ (178,064)
FUND BALANCES:				
Beginning of year			15,510,877	
End of year			<u>\$ 16,291,955</u>	

City of Healdsburg

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Community Services

For the year ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Sales and other taxes	\$ 7,991,602	\$ 7,611,602	\$ 7,170,135	\$ (441,467)
Intergovernmental	205,000	205,000	232,694	27,694
Use of money and property	26,220	26,220	28,393	2,173
Charges for services	510,900	510,900	1,239,308	728,408
Other, donations, and reimbursements	1,375,374	628,165	997,134	368,969
Total revenues	10,109,096	8,981,887	9,667,664	685,777
EXPENDITURES:				
Current:				
Community services	10,691,032	7,699,493	7,434,282	265,211
Total expenditures	10,691,032	7,699,493	7,434,282	265,211
REVENUES OVER (UNDER) EXPENDITURES	(581,936)	1,282,394	2,233,382	950,988
OTHER FINANCING SOURCES (USES):				
Transfers in	1,628,611	313,306	-	(313,306)
Transfers out	(2,015,482)	(1,786,888)	(1,484,769)	302,119
Total other financing sources (uses)	(386,871)	(1,473,582)	(1,484,769)	(11,187)
Net change in fund balances	\$ (968,807)	\$ (191,188)	748,613	\$ 939,801
FUND BALANCES:				
Beginning of year			3,968,735	
End of year			<u>\$ 4,717,348</u>	

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City of Healdsburg
Required Supplementary Information
For the year ended June 30, 2023

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

Miscellaneous

Measurement Date	<u>6/30/2014</u>	<u>6/30/2015</u>	<u>6/30/2016</u>	<u>6/30/2017</u>
proportion of the Net pension liability	0.28460%	0.33530%	0.33897%	0.33985%
proportionate share of the net pension liability	\$ 17,713,031	\$ 23,014,464	\$ 29,331,189	\$ 33,703,985
Plan's covered payroll	\$ 7,808,757	\$ 8,299,645	\$ 9,243,834	\$ 9,958,349
Plan's proportionate share of the net pension liability as percentage of its covered payroll	226.84%	277.29%	317.31%	338.45%
Fiduciary net position as a percentage of the total pension liability	82.46%	77.62%	72.92%	71.61%

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: The CalPERS discount rate was increased from 7.5% to 7.65% in fiscal year 2016, decreased from 7.65% to 7.15% in fiscal year 2018, and then decreased from 7.15% to 6.9% in fiscal year 2023. The CalPERS mortality assumptions were adjusted in fiscal year 2019.

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



<u>6/30/2018</u>	<u>6/30/2019</u>	<u>6/30/2020</u>	<u>6/30/2021</u>	<u>6/30/2022</u>
0.34843%	0.35464%	0.36105%	0.46138%	0.39349%
\$ 33,575,940	\$ 36,340,001	\$ 39,284,228	\$ 24,952,824	\$ 45,450,854
\$ 10,170,288	\$ 11,027,420	\$ 14,438,000	\$ 16,188,697	\$ 16,715,521
330.14%	329.54%	272.09%	154.14%	271.91%
72.96%	72.41%	71.82%	69.89%	76.68%

City of Healdsburg
Required Supplementary Information
For the year ended June 30, 2023

*Schedule of Pension Plan Contributions - Last 10 Fiscal Years**

Miscellaneous

Fiscal Year Ended	2015	2016	2017	2018
Contractually Required Contributions	\$ 1,707,064	\$ 2,208,239	\$ 2,494,953	\$ 2,791,313
Contributions in relation to actuarially Determined contributions	(1,707,064)	(2,208,239)	(2,494,953)	(2,791,313)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 8,299,645	\$ 9,243,834	\$ 9,958,349	\$ 10,170,288
Contributions as a percentage of covered payroll	20.57%	23.89%	25.05%	27.45%

Notes to Schedule:

Methods and assumptions used to determine contribution rates:

Valuation date	6/30/2020
Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Asset valuation method	Market value
Inflation	2.50%
Salary increase	Depending on age, service, and type of employment
Investment rate of return	7.00%
Retirement age	Depending on age, service, and type of employment
Mortality	Based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board

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

2019	2020	2021	2022	2023
\$ 3,263,776	\$ 3,824,645	\$ 3,321,038	\$ 4,808,270	\$ 5,068,606
(3,263,776)	(3,824,645)	(3,321,038)	(4,808,270)	(5,068,606)
\$ -	\$ -	\$ -	\$ -	\$ -
\$ 11,027,420	\$ 14,438,000	\$ 16,188,697	\$ 16,715,521	\$ 17,847,293
29.60%	26.49%	20.51%	28.77%	28.40%

City of Healdsburg
Required Supplementary Information
For the year ended June 30, 2023

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

Measurement Date	6/30/2018	6/30/2019	6/30/2020	6/30/2021
TOTAL OPEB LIABILITY				
Service cost	\$ 52,000	\$ 51,000	\$ 56,673	\$ 70,471
Interest on the Total OPEB Liability	33,000	36,000	37,159	29,725
Difference between Expected and Actual Experience	-	-	(31,683)	-
Changes of Assumptions	(39,000)	53,000	220,458	10,405
Benefit payments	(15,000)	(16,000)	(16,000)	(10,000)
Net change in the total OPEB liability	31,000	124,000	266,607	100,601
Total OPEB liability - beginning	858,000	889,000	1,013,000	1,279,607
Total OPEB liability - ending (a)	\$ 889,000	\$ 1,013,000	\$ 1,279,607	\$ 1,380,208
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	n/a	n/a	n/a	n/a
Covered employee payroll ¹	\$ 10,170,288	\$ 11,027,420	\$ 14,438,000	\$ 16,188,697
Net OPEB liability as a percentage of covered payroll	8.74%	9.19%	8.86%	8.53%

Notes to the 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, 2020, the discount rate changed from 3.50% to 2.21%

For fiscal year ended June 30, 2019, the discount rate changed from 3.87% to 3.50%

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.

<u>6/30/2022</u>	<u>6/30/2023</u>
\$ 73,355	\$ 44,669
31,288	36,570
(201,375)	-
(273,231)	(14,231)
<u>(10,000)</u>	<u>(23,743)</u>
(379,963)	43,265
<u>1,380,208</u>	<u>1,000,245</u>
<u>\$ 1,000,245</u>	<u>\$ 1,043,510</u>
n/a	n/a
\$ 16,715,251	\$ 17,847,293
5.98%	5.85%

City of Healdsburg

Notes to Required Supplementary Information

For the year ended June 30, 2023

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.
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.

SUPPLEMENTARY INFORMATION

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City of Healdsburg

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Streets

For the year ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Sales and other taxes	\$ 141,469	\$ 141,469	\$ 141,510	\$ 41
Development fees	-	-	202,415	202,415
Intergovernmental	30,000	92,639	449,281	356,642
Use of money and property	13,797	13,797	34,917	21,120
Charges for services	-	-	(691)	(691)
Other, donations, and reimbursements	935,000	335,599	262,786	(72,813)
Total revenues	1,120,266	583,504	1,090,218	506,714
EXPENDITURES:				
Current:				
Streets and roads	5,965,525	2,299,364	2,265,947	33,417
Total expenditures	5,965,525	2,299,364	2,265,947	33,417
REVENUES OVER (UNDER) EXPENDITURES	(4,845,259)	(1,715,860)	(1,175,729)	540,131
OTHER FINANCING SOURCES (USES):				
Transfers in	3,439,233	1,107,161	1,107,146	(15)
Transfers out	(17,857)	(17,857)	(17,857)	-
Total other financing sources (uses)	3,421,376	1,089,304	1,089,289	(15)
Net change in fund balances	\$ (1,423,883)	\$ (626,556)	(86,440)	\$ 540,116
FUND BALANCES:				
Beginning of year			484,407	
End of year			\$ 397,967	

City of Healdsburg
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2023

	Special Revenue Funds			
	Gas Tax	North Area	Benjamin Way Maintenance District	Public Safety
ASSETS				
Cash and investments	\$ 1,057,350	\$ 1,662	\$ 7,892	\$ 108,398
Cash and investments with fiscal agents	-	-	-	-
Accounts receivable	-	53,300	-	-
Loans and notes receivable	-	-	-	-
Interest receivable	3,421	-	26	-
Intergovernmental receivable	69,685	-	-	-
Total assets	\$ 1,130,456	\$ 54,962	\$ 7,918	\$ 108,398
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ 318
Due to other funds	-	15,000	-	-
Deposits payable	-	-	-	3,955
Unearned revenue	-	53,300	-	-
Total liabilities	-	68,300	-	4,273
Deferred Inflows of Resources				
Unavailable revenue - interest	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	1,130,456	-	7,918	104,125
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	(13,338)	-	-
Total fund balances	1,130,456	(13,338)	7,918	104,125
Total liabilities, deferred inflows of resources and fund balances	\$ 1,130,456	\$ 54,962	\$ 7,918	\$ 108,398

Special Revenue Funds							Special Revenue Fund
Strong Motion Education and Data	Area A Lighting and Landscaping	Media Center	Park Development Fees	Parking Impact Fees	Housing Successor Agency	Opioid Settlement	
\$ 6,903	\$ 344,997	\$ -	\$ 1,106,339	\$ 423,763	\$ 135,200	\$ 60,691	
-	-	-	-	-	-	-	-
-	6,280	9,595	4,114	-	18,394	-	-
-	-	-	-	-	8,542,046	-	-
22	1,127	-	3,579	1,371	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 6,925</u>	<u>\$ 352,404</u>	<u>\$ 9,595</u>	<u>\$ 1,114,032</u>	<u>\$ 425,134</u>	<u>\$ 8,695,640</u>	<u>\$ 60,691</u>	
\$ -	\$ 14,350	\$ -	\$ -	\$ 14,256	\$ 596	\$ -	
-	-	2,223	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	14,350	2,223	-	14,256	596	-	-
-	-	-	-	-	1,779,546	-	-
-	-	-	-	-	1,779,546	-	-
-	-	-	-	-	-	-	-
6,925	338,054	7,372	1,114,032	410,878	6,915,498	60,691	
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>6,925</u>	<u>338,054</u>	<u>7,372</u>	<u>1,114,032</u>	<u>410,878</u>	<u>6,915,498</u>	<u>60,691</u>	
<u>\$ 6,925</u>	<u>\$ 352,404</u>	<u>\$ 9,595</u>	<u>\$ 1,114,032</u>	<u>\$ 425,134</u>	<u>\$ 8,695,640</u>	<u>\$ 60,691</u>	

City of Healdsburg
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2023

	Permanent Fund	Capital Projects Fund	Debt Service Fund	Total Nonmajor Governmental Funds
	Senior Trust Center	Misc. Projects	General Debt Service	
ASSETS				
Cash and investments	\$ -	\$ -	\$ 165,747	\$ 3,418,942
Cash and investments with fiscal agents	277,974	-	-	277,974
Accounts receivable	-	-	-	91,683
Loans and notes receivable	-	-	-	8,542,046
Interest receivable	-	-	-	9,546
Intergovernmental receivable	-	-	-	69,685
Total assets	\$ 277,974	\$ -	\$ 165,747	\$ 12,409,876
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ 29,520
Due to other funds	-	-	-	17,223
Deposits payable	-	-	356	4,311
Unearned revenue	-	-	-	53,300
Total liabilities	-	-	356	104,354
Deferred Inflows of Resources				
Unavailable revenue - interest	-	-	-	1,779,546
Total deferred inflows of resources	-	-	-	1,779,546
Fund Balances:				
Nonspendable	277,974	-	-	277,974
Restricted	-	-	165,391	10,261,340
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	(13,338)
Total fund balances	277,974	-	165,391	10,525,976
Total liabilities, deferred inflows of resources and fund balances	\$ 277,974	\$ -	\$ 165,747	\$ 12,409,876

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City of Healdsburg

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the year ended June 30, 2023

	Special Revenue Funds			
	Gas Tax	North Area	Benjamin Way Maintenance District	Public Safety
REVENUES:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Development fees	-	-	-	-
Intergovernmental	544,949	-	-	-
Use of money and property	19,528	-	169	-
Other, donations, and reimbursements	-	-	-	-
Total revenues	564,477	-	169	-
EXPENDITURES:				
Current:				
Public safety	-	-	-	2,411
Streets and roads	2,700	-	-	-
Community development	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
interest and fiscal charges	-	-	-	-
Total expenditures	2,700	-	-	2,411
REVENUES OVER (UNDER)				
EXPENDITURES	561,777	-	169	(2,411)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	(390,301)	-	-	-
Total other financing sources (uses)	(390,301)	-	-	-
Special item	-	-	-	-
Net change in fund balances	171,476	-	169	(2,411)
FUND BALANCES:				
Beginning of year	958,980	(13,338)	7,749	106,536
End of year	\$ 1,130,456	\$ (13,338)	\$ 7,918	\$ 104,125

Special Revenue Funds							Special Revenue Fund
Strong Motion Education and Data	Area A Lighting and Landscaping	Media Center	Park Development Fees	Parking Impact Fees	Housing Successor Agency	Opiod Settlement	
\$ -	\$ 248,583	\$ -	\$ -	\$ -	\$ -	\$ -	
-	-	-	91,663	27,014	-	-	
-	-	-	-	-	-	-	
127	5,971	-	23,965	9,721	28,506	-	
926	-	38,559	-	-	-	60,691	
1,053	254,554	38,559	115,628	36,735	28,506	60,691	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	215,732	-	-	31,888	996	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	215,732	-	-	31,888	996	-	
1,053	38,822	38,559	115,628	4,847	27,510	60,691	
-	17,106	-	-	-	-	-	
-	(2,833)	(40,000)	-	-	-	-	
-	14,273	(40,000)	-	-	-	-	
-	-	-	-	-	-	-	
1,053	53,095	(1,441)	115,628	4,847	27,510	60,691	
5,872	284,959	8,813	998,404	406,031	6,887,988	-	
\$ 6,925	\$ 338,054	\$ 7,372	\$ 1,114,032	\$ 410,878	\$ 6,915,498	\$ 60,691	

City of Healdsburg

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the year ended June 30, 2023

	Permanent Fund	Capital Projects Fund	Debt Service Fund	Total Nonmajor Governmental Funds
	Senior Trust Center	Misc. Projects	General Debt Service	
REVENUES:				
Property taxes	\$ -	\$ -	\$ -	\$ 248,583
Development fees	-	-	-	118,677
Intergovernmental	-	-	-	544,949
Use of money and property	29,693	442	1	118,123
Other, donations, and reimbursements	100	-	-	100,276
Total revenues	29,793	442	1	1,130,608
EXPENDITURES:				
Current:				
Public safety	-	-	-	2,411
Streets and roads	-	-	-	2,700
Community development	4,258	-	-	252,874
Debt service:				
Principal retirement	-	-	1,809,664	1,809,664
interest and fiscal charges	-	-	36,053	36,053
Total expenditures	4,258	-	1,845,717	2,103,702
REVENUES OVER (UNDER) EXPENDITURES	25,535	442	(1,845,716)	(973,094)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	1,840,114	1,857,220
Transfers out	-	(42)	-	(433,176)
Total other financing sources (uses)	-	(42)	1,840,114	1,424,044
Special item	-	-	-	-
Net change in fund balances	25,535	400	(5,602)	450,950
FUND BALANCES:				
Beginning of year	252,439	(400)	170,993	10,075,026
End of year	\$ 277,974	\$ -	\$ 165,391	\$ 10,525,976

City of Healdsburg

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Gas Tax

For the year ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 623,413	\$ 623,413	\$ 544,949	\$ (78,464)
Use of money and property	8,296	8,296	19,528	11,232
Total revenues	631,709	631,709	564,477	(67,232)
EXPENDITURES:				
Current:				
Streets and roads	2,700	2,700	2,700	-
Total expenditures	2,700	2,700	2,700	-
REVENUES OVER (UNDER) EXPENDITURES	629,009	629,009	561,777	(67,232)
OTHER FINANCING SOURCES (USES):				
Transfers out	(1,063,576)	(390,159)	(390,301)	(142)
Total other financing sources (uses)	(1,063,576)	(390,159)	(390,301)	(142)
Net change in fund balances	\$ (434,567)	\$ 238,850	171,476	\$ (67,374)
FUND BALANCES:				
Beginning of year			958,980	
End of year			\$ 1,130,456	

City of Healdsburg

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

North Area

For the year ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES:				
Current:				
General government	-	-	-	-
Total expenditures	-	-	-	-
Net change in fund balances	\$ -	\$ -	-	\$ -
FUND BALANCES:				
Beginning of year			(13,338)	
End of year			<u>\$ (13,338)</u>	

City of Healdsburg

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Benjamin Way Maintenance District

For the year ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 39	\$ 39	\$ 169	\$ 130
Total revenues	39	39	169	130
EXPENDITURES:				
Current:				
General government	-	-	-	-
Total expenditures	-	-	-	-
Net change in fund balances	\$ 39	\$ 39	169	\$ 130
FUND BALANCES:				
Beginning of year			7,749	
End of year			<u>\$ 7,918</u>	

City of Healdsburg

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Public Safety

For the year ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES:				
Current:				
Public safety	-	10,300	2,411	7,889
Total expenditures	-	10,300	2,411	7,889
Net change in fund balances	\$ -	\$ (10,300)	(2,411)	\$ 7,889
FUND BALANCES:				
Beginning of year			106,536	
End of year			\$ 104,125	

City of Healdsburg

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Strong Motion Education and Data

For the year ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 26	\$ 26	\$ 127	\$ 101
Other, donations, and reimbursements	200	200	926	726
Total revenues	226	226	1,053	827
EXPENDITURES:				
Current:				
General government	-	-	-	-
Total expenditures	-	-	-	-
Net change in fund balances	\$ 226	\$ 226	1,053	\$ 827
FUND BALANCES:				
Beginning of year			5,872	
End of year			\$ 6,925	

City of Healdsburg

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Area A Lighting and Landscaping

For the year ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 254,374	\$ 254,374	\$ 248,583	\$ (5,791)
Use of money and property	1,049	1,049	5,971	4,922
Total revenues	255,423	255,423	254,554	(869)
EXPENDITURES:				
Current:				
Community development	242,965	242,965	215,732	27,233
Total expenditures	242,965	242,965	215,732	27,233
REVENUES OVER (UNDER) EXPENDITURES	12,458	12,458	38,822	26,364
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	17,106	17,106
Transfers out	(2,833)	(2,833)	(2,833)	-
Total other financing sources (uses)	(2,833)	(2,833)	14,273	17,106
Net change in fund balances	\$ 9,625	\$ 9,625	53,095	\$ 43,470
FUND BALANCES:				
Beginning of year			284,959	
End of year			\$ 338,054	

City of Healdsburg

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Media Center

For the year ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Other, donations, and reimbursements	\$ 40,000	\$ 40,000	\$ 38,559	\$ (1,441)
Total revenues	40,000	40,000	38,559	(1,441)
EXPENDITURES:				
Current:				
General government	-	-	-	-
Total expenditures	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	40,000	40,000	38,559	(1,441)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	(40,000)	(40,000)	(40,000)	-
Total other financing sources (uses)	(40,000)	(40,000)	(40,000)	-
Net change in fund balances	\$ -	\$ -	(1,441)	\$ (1,441)
FUND BALANCES:				
Beginning of year			8,813	
End of year			<u>\$ 7,372</u>	

City of Healdsburg

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Park Development Fees

For the year ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Development fees	\$ -	\$ -	\$ 91,663	\$ 91,663
Use of money and property	5,452	5,452	23,965	18,513
Total revenues	5,452	5,452	115,628	110,176
EXPENDITURES:				
Current:				
General government	-	-	-	-
Total expenditures	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	5,452	5,452	115,628	110,176
OTHER FINANCING SOURCES (USES):				
Transfers out	(998,611)	-	-	-
Total other financing sources (uses)	(998,611)	-	-	-
Net change in fund balances	\$ (993,159)	\$ 5,452	115,628	\$ 110,176
FUND BALANCES:				
Beginning of year			998,404	
End of year			<u>\$ 1,114,032</u>	

City of Healdsburg

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Parking Impact Fees

For the year ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Development fees	\$ -	\$ -	\$ 27,014	\$ 27,014
Use of money and property	2,019	2,019	9,721	7,702
Total revenues	2,019	2,019	36,735	34,716
EXPENDITURES:				
Current:				
Community development	-	36,672	31,888	4,784
Total expenditures	-	36,672	31,888	4,784
Net change in fund balances	\$ 2,019	\$ (34,653)	4,847	\$ 39,500
FUND BALANCES:				
Beginning of year			406,031	
End of year			<u>\$ 410,878</u>	

City of Healdsburg

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Housing Successor Agency

For the year ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 28,506	\$ 28,506
Total revenues	-	-	28,506	28,506
EXPENDITURES:				
Current:				
Community development	1,000	1,000	996	4
Total expenditures	1,000	1,000	996	4
Net change in fund balances	\$ (1,000)	\$ (1,000)	27,510	\$ 28,510
FUND BALANCES:				
Beginning of year			6,887,988	
End of year			\$ 6,915,498	

City of Healdsburg

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Opioid Settlement

For the year ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Other, donations, and reimbursements	\$ -	\$ -	\$ 60,691	\$ 60,691
Total revenues	-	-	60,691	60,691
EXPENDITURES:				
Current:				
General government	-	-	-	-
Total expenditures	-	-	-	-
Net change in fund balances	\$ -	\$ -	60,691	\$ 60,691
FUND BALANCES:				
Beginning of year			-	
End of year			\$ 60,691	

City of Healdsburg

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Senior Trust Center

For the year ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 11,749	\$ 11,749	\$ 29,693	\$ 17,944
Other, donations, and reimbursements	-	-	100	100
Total revenues	11,749	11,749	29,793	18,044
EXPENDITURES:				
Current:				
Community development	4,000	4,000	4,258	(258)
Total expenditures	4,000	4,000	4,258	(258)
REVENUES OVER (UNDER) EXPENDITURES	7,749	7,749	25,535	17,786
Net change in fund balances	\$ 7,749	\$ 7,749	25,535	\$ 17,786
FUND BALANCES:				
Beginning of year			252,439	
End of year			\$ 277,974	

City of Healdsburg

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Misc. Projects

For the year ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 442	\$ 442
Total revenues	-	-	442	442
EXPENDITURES:				
Current:				
General government	-	-	-	-
Total expenditures	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	-	-	442	442
OTHER FINANCING SOURCES (USES):				
Transfers out	(85,523)	-	(42)	(42)
Total other financing sources (uses)	(85,523)	-	(42)	(42)
Net change in fund balances	\$ (85,523)	\$ -	400	\$ 400
FUND BALANCES:				
Beginning of year			(400)	
End of year			\$ -	

City of Healdsburg

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

General Debt Service

For the year ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 1	\$ 1
Total revenues	-	-	1	1
EXPENDITURES:				
Debt service:				
Principal retirement	1,809,608	1,809,608	1,809,664	(56)
interest and fiscal charges	39,759	39,759	36,053	3,706
Total expenditures	1,849,367	1,849,367	1,845,717	3,650
REVENUES OVER (UNDER) EXPENDITURES	(1,849,367)	(1,849,367)	(1,845,716)	3,651
OTHER FINANCING SOURCES (USES):				
Transfers in	1,840,115	1,840,115	1,840,114	(1)
Total other financing sources (uses)	1,840,115	1,840,115	1,840,114	(1)
Net change in fund balances	\$ (9,252)	\$ (9,252)	(5,602)	\$ 3,650
FUND BALANCES:				
Beginning of year			170,993	
End of year			<u>\$ 165,391</u>	

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City of Healdsburg
Combining Balance Sheet
General Fund Activities
June 30, 2023

	General	Capital Replacement	Transaction & Use Tax	Economic Development
ASSETS				
Cash and investments	\$ 5,872,653	\$ 247,151	\$ 4,150,963	\$ 48,806
Pension stabilization investments	4,636,083	-	-	-
Accounts receivable	1,410,268	-	29,473	-
Loans and notes receivable	-	-	178,378	-
Interest receivable	99,615	-	13,432	158
Intergovernmental receivable	1,475,872	-	549,107	-
Lease receivable	309,722	-	-	-
Due from other funds	907,116	-	-	-
Deposits	-	1,599,586	-	-
Prepaid items	5,843	-	-	-
Total assets	\$ 14,717,172	\$ 1,846,737	\$ 4,921,353	\$ 48,964
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 384,327	\$ 9,008	\$ 82,500	\$ -
Advances to other funds	-	2,266,260	-	-
Deposits payable	1,773,818	-	-	-
Unearned revenue	1,711,265	1,599,586	-	-
Total liabilities	3,869,410	3,874,854	82,500	-
Deferred Inflows of Resources				
Lease related	301,930	-	-	-
Total deferred inflows of resources	301,930	-	-	-
Fund Balances:				
Nonspendable	5,843	-	-	-
Restricted	4,636,083	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	5,903,906	(2,028,117)	4,838,853	48,964
Total fund balances	10,545,832	(2,028,117)	4,838,853	48,964
Total liabilities, deferred inflows of resources and fund balances	\$ 14,717,172	\$ 1,846,737	\$ 4,921,353	\$ 48,964

TOT Housing	Tree Mitigation	Fire Facilities Impact Fees	L&M Village	Long Range Planning Fund	Total General Funds
\$ 1,338,870	\$ -	\$ 9,732	\$ 320,200	\$ 325,919	\$ 12,314,294
-	-	-	-	-	4,636,083
222,863	-	-	-	-	1,662,604
750,000	-	-	-	-	928,378
-	-	31	-	-	113,236
-	-	-	-	-	2,024,979
-	-	-	-	-	309,722
-	-	-	-	-	907,116
-	-	-	-	-	1,599,586
-	-	-	-	-	5,843
<u>\$ 2,311,733</u>	<u>\$ -</u>	<u>\$ 9,763</u>	<u>\$ 320,200</u>	<u>\$ 325,919</u>	<u>\$ 24,501,841</u>
\$ 48,029	\$ -	\$ -	\$ 33,163	\$ -	\$ 557,027
-	-	-	-	-	2,266,260
-	-	-	-	-	1,773,818
-	-	-	-	-	3,310,851
<u>48,029</u>	<u>-</u>	<u>-</u>	<u>33,163</u>	<u>-</u>	<u>7,907,956</u>
-	-	-	-	-	301,930
-	-	-	-	-	301,930
-	-	-	-	-	5,843
2,263,704	-	9,763	287,037	-	7,196,587
-	-	-	-	-	-
-	-	-	-	325,919	325,919
-	-	-	-	-	8,763,606
<u>2,263,704</u>	<u>-</u>	<u>9,763</u>	<u>287,037</u>	<u>325,919</u>	<u>16,291,955</u>
<u>\$ 2,311,733</u>	<u>\$ -</u>	<u>\$ 9,763</u>	<u>\$ 320,200</u>	<u>\$ 325,919</u>	<u>\$ 24,501,841</u>

City of Healdsburg

Statement of Revenues, Expenditures and Changes in Fund Balances

General Funds

For the year ended June 30, 2023

	General	Capital Replacement	Transaction & Use Tax	Economic Development
REVENUES:				
Property taxes	\$ 4,963,741	\$ -	\$ -	\$ -
Sales and other taxes	8,235,822	-	2,923,284	-
Development fees	446,124	-	-	-
Intergovernmental	1,029,790	102,780	-	-
Fines and forfeitures	33,477	-	-	-
Licenses and permits	1,674,828	-	-	-
Use of money and property	360,052	(392)	48,116	400
Charges for services	951,178	-	-	-
Other, donations, and reimbursements	620,312	-	-	-
Total revenues	18,315,324	102,388	2,971,400	400
EXPENDITURES:				
Current:				
General government	4,581,140	2,132,106	436,477	-
Public safety	12,471,629	-	-	-
Community development	-	-	-	-
Total expenditures	17,052,769	2,132,106	436,477	-
REVENUES OVER (UNDER) EXPENDITURES	1,262,555	(2,029,718)	2,534,923	400
OTHER FINANCING SOURCES (USES):				
Transfers in	806,487	2,365,263	-	-
Transfers out	(1,628,143)	-	(723,678)	-
Total other financing sources (uses)	(821,656)	2,365,263	(723,678)	-
Net change in fund balances	440,899	335,545	1,811,245	400
FUND BALANCES:				
Beginning of year	10,104,933	(2,363,662)	3,027,608	48,564
End of year	\$ 10,545,832	\$ (2,028,117)	\$ 4,838,853	\$ 48,964

TOT Housing	Tree Mitigation	Fire Facilities Impact Fees	L&M Village	Long Range Planning Fund	Total General Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,963,741
1,400,652	-	-	-	-	12,559,758
-	-	15,789	-	-	461,913
-	-	-	220,000	-	1,352,570
-	-	-	-	-	33,477
-	-	-	-	-	1,674,828
12	195	2,882	-	-	411,265
-	-	-	-	33,438	984,616
700	-	-	1,204	-	622,216
1,401,364	195	18,671	221,204	33,438	23,064,384
-	-	-	-	-	7,149,723
-	-	-	-	-	12,471,629
640,847	-	-	613,509	-	1,254,356
640,847	-	-	613,509	-	20,875,708
760,517	195	18,671	(392,305)	33,438	2,188,676
-	-	-	-	-	3,171,750
(5,669)	(8,685)	(143,372)	(2,069,801)	-	(4,579,348)
(5,669)	(8,685)	(143,372)	(2,069,801)	-	(1,407,598)
754,848	(8,490)	(124,701)	(2,462,106)	33,438	781,078
1,508,856	8,490	134,464	2,749,143	292,481	15,510,877
\$ 2,263,704	\$ -	\$ 9,763	\$ 287,037	\$ 325,919	\$ 16,291,955

City of Healdsburg
Combining Statement of Net Position
Water Fund Activities
June 30, 2023

	Water Operations	Water Capital Replacement	Water Debt Service	Water Capacity	Totals
ASSETS					
Current Assets:					
Cash and investments	\$ 1,400,099	\$ 919,460	\$ -	\$ 1,326,721	\$ 3,646,280
Cash and investments with fiscal agents	67	-	-	-	67
Pension stabilization investments	531,338	-	-	-	531,338
Accounts receivable	1,045,441	-	-	13,142	1,058,583
Interest receivable	7,646	-	-	4,292	11,938
Intergovernmental receivable	-	347,486	-	-	347,486
Inventory	98,165	-	-	-	98,165
Total current assets	3,082,756	1,266,946	-	1,344,155	5,693,857
Noncurrent:					
Capital assets:					
Land	310,781	-	-	-	310,781
Construction in progress	-	696,609	-	-	696,609
Depreciable buildings and improvements	1,443,869	-	-	-	1,443,869
Depreciable utility systems	36,445,109	-	-	-	36,445,109
Depreciable equipment	655,480	-	-	-	655,480
Accumulated depreciation	(15,519,930)	-	-	-	(15,519,930)
Net capital assets	23,335,309	696,609	-	-	24,031,918
Total noncurrent assets	23,335,309	696,609	-	-	24,031,918
Total assets	26,418,065	1,963,555	-	1,344,155	29,725,775
DEFERRED OUTFLOWS OF RESOURCES					
Pension related	1,559,412	-	-	-	1,559,412
OPEB related	16,056	-	-	-	16,056
Total deferred outflows of resources	1,575,468	-	-	-	1,575,468
LIABILITIES					
Current liabilities:					
Accounts payable and accrued liabilities	20,538	90,814	-	-	111,352
Deposits payable	21,130	-	-	-	21,130
Interest payable	53,387	-	-	-	53,387
Bonds payable - current	749,000	-	-	-	749,000
Total current liabilities	844,055	90,814	-	-	934,869
Noncurrent liabilities:					
Bonds payable	4,184,000	-	-	-	4,184,000
Net pension liability	3,812,507	-	-	-	3,812,507
Net OPEB liability	95,718	-	-	-	95,718
Total noncurrent liabilities	8,092,225	-	-	-	8,092,225
Total liabilities	8,936,280	90,814	-	-	9,027,094
DEFERRED INFLOWS OF RESOURCES					
Pension related	361,662	-	-	-	361,662
OPEB related	39,554	-	-	-	39,554
Total deferred inflows of resources	401,216	-	-	-	401,216
NET POSITION					
Net investment in capital assets	18,402,376	696,609	-	-	19,098,985
Restricted	531,405	1,176,132	-	1,344,155	3,051,692
Unrestricted	(277,744)	-	-	-	(277,744)
Total net position	\$ 18,656,037	\$ 1,872,741	\$ -	\$ 1,344,155	\$ 21,872,933

City of Healdsburg

Combining Statement of Revenues, Expenses and Changes in Net Position

Water Fund Activities

For the year ended June 30, 2023

	Water Operations	Water Capital Replacement	Debt Service	Water Capacity	Totals
OPERATING REVENUES:					
Charges for services	\$ 5,580,333	\$ -	\$ -	\$ -	\$ 5,580,333
Development fees	40,054	-	-	85,450	125,504
Intergovernmental	-	393,727	-	-	393,727
Other	27,067	-	-	-	27,067
Total operating revenues	5,647,454	393,727	-	85,450	6,126,631
OPERATING EXPENSES:					
Salaries and benefits	1,760,104	-	-	-	1,760,104
Maintenance and operations	1,092,110	55,110	-	-	1,147,220
Administration	834,162	-	-	-	834,162
Depreciation	859,186	-	-	-	859,186
Total operating expenses	4,545,562	55,110	-	-	4,600,672
Operating income (loss)	1,101,892	338,617	-	85,450	1,525,959
NONOPERATING REVENUES (EXPENSES):					
Investment income (loss)	64,840	(6,150)	-	46,001	104,691
Interest expense	(226,323)	-	-	-	(226,323)
Total nonoperating revenues (expenses)	(161,483)	(6,150)	-	46,001	(121,632)
Income before contributions and transfers	940,409	332,467	-	131,451	1,404,327
CONTRIBUTIONS AND TRANSFERS:					
Transfers in	226,344	-	-	-	226,344
Transfers out	(7,204)	-	(205,375)	(20,969)	(233,548)
Capital contributions	444,950	-	-	-	444,950
Total contributions and transfers	664,090	-	(205,375)	(20,969)	437,746
Change in net position	1,604,499	332,467	(205,375)	110,482	1,842,073
NET POSITION:					
Beginning of year	17,051,538	1,540,274	205,375	1,233,673	20,030,860
End of year	<u>\$ 18,656,037</u>	<u>\$ 1,872,741</u>	<u>\$ -</u>	<u>\$ 1,344,155</u>	<u>\$ 21,872,933</u>

City of Healdsburg
Combining Statement of Net Position
Sewer Fund Activities
June 30, 2023

	Sewer Operations	Drainage	Sewer Capital Replacement	Sewer Capacity	Drainage Capacity	Totals
ASSETS						
Current Assets:						
Cash and investments	\$ 1,507,429	\$ 9,076	\$ 1,485,762	\$ 3,354,876	\$ 1,394,339	\$ 7,751,482
Cash and investments with	315	-	-	-	-	315
Pension stabilization investments	639,882	139,089	-	-	-	778,971
Accounts receivable	1,079,899	75,512	-	21,796	6,444	1,183,651
Interest receivable	9,511	-	-	10,854	4,511	24,876
Intergovernmental receivable	-	-	34,831	-	-	34,831
Due from other funds	1,086,445	-	-	-	-	1,086,445
Inventory	20,466	-	-	-	-	20,466
Total current assets	4,343,947	223,677	1,520,593	3,387,526	1,405,294	10,881,037
Noncurrent:						
Advances to other funds	-	-	1,133,130	-	-	1,133,130
Capital assets:						
Land	682,880	84,022	-	-	-	766,902
Construction in progress	-	-	458,257	-	-	458,257
Depreciable buildings and	258,359	-	-	-	-	258,359
Depreciable utility systems	74,021,082	12,006,299	-	-	-	86,027,381
Depreciable equipment	1,450,725	-	-	-	-	1,450,725
Accumulated depreciation	(26,209,756)	(5,720,252)	-	-	-	(31,930,008)
Net capital assets	50,203,290	6,370,069	458,257	-	-	57,031,616
Total noncurrent assets	50,203,290	6,370,069	1,591,387	-	-	58,164,746
Total assets	54,547,237	6,593,746	3,111,980	3,387,526	1,405,294	69,045,783
DEFERRED OUTFLOWS OF RESOURCES						
Deferred loss on debt refunding	656,876	-	-	-	-	656,876
Pension related	1,559,412	-	-	-	-	1,559,412
OPEB related	20,841	-	-	-	-	20,841
Total deferred outflows	2,237,129	-	-	-	-	2,237,129
LIABILITIES						
Current liabilities:						
Accounts payable and	119,842	3,721	10,594	-	-	134,157
Due to other funds	-	1,086,445	-	-	-	1,086,445
Deposits payable	950	-	-	-	-	950
Interest payable	168,541	-	-	-	-	168,541
Unearned revenue	-	-	-	-	-	-
Bonds payable - current	1,140,000	-	-	-	-	1,140,000
Total current liabilities	1,429,333	1,090,166	10,594	-	-	2,530,093
Noncurrent liabilities:						
Bonds payable	17,876,600	-	-	-	-	17,876,600
Net pension liability	3,812,507	-	-	-	-	3,812,507
Net OPEB liability	124,245	-	-	-	-	124,245
Total noncurrent liabilities	21,813,352	-	-	-	-	21,813,352
Total liabilities	23,242,685	1,090,166	10,594	-	-	24,343,445
DEFERRED INFLOWS OF RESOURCES						
Pension related	361,662	-	-	-	-	361,662
OPEB related	51,342	-	-	-	-	51,342
Total deferred inflows	413,004	-	-	-	-	413,004
NET POSITION						
Net investment in capital assets	31,843,881	6,370,069	458,257	-	-	38,672,207
Restricted	640,197	139,089	2,643,129	3,387,526	1,405,294	8,215,235
Unrestricted	644,599	(1,005,578)	-	-	-	(360,979)
Total net position	\$ 33,128,677	\$ 5,503,580	\$ 3,101,386	\$ 3,387,526	\$ 1,405,294	\$ 46,526,463

City of Healdsburg

Combining Statement of Revenues, Expenses and Changes in Net Position

Sewer Fund Activities

For the year ended June 30, 2023

	Sewer Operations	Drainage	Sewer Capital Replacement	Sewer Capacity	Drainage Capacity	Totals
OPERATING REVENUES:						
Charges for services	\$ 7,066,249	\$ 759,539	\$ -	\$ -	\$ -	\$ 7,825,788
Development fees	-	-	-	666,474	138,604	805,078
Intergovernmental	-	-	157,689	-	-	157,689
Other	164,522	21,860	-	-	-	186,382
Total operating revenues	7,230,771	781,399	157,689	666,474	138,604	8,974,937
OPERATING EXPENSES:						
Salaries and benefits	2,140,900	379,939	-	-	-	2,520,839
Maintenance and operations	2,011,445	223,360	-	-	-	2,234,805
Administration	998,219	158,801	-	-	-	1,157,020
Depreciation	2,077,613	258,168	-	-	-	2,335,781
Total operating expenses	7,228,177	1,020,268	-	-	-	8,248,445
Operating income (loss)	2,594	(238,869)	157,689	666,474	138,604	726,492
NONOPERATING REVENUES (EXPENSES):						
Investment income (loss)	78,130	4,805	(14,465)	74,554	24,068	167,092
Interest expense	(711,432)	-	-	-	-	(711,432)
Total nonoperating revenues (expenses)	(633,302)	4,805	(14,465)	74,554	24,068	(544,340)
Income before contributions and transfers	(630,708)	(234,064)	143,224	741,028	162,672	182,152
CONTRIBUTIONS AND TRANSFERS:						
Transfers in	1,721,400	-	-	-	-	1,721,400
Transfers out	(7,204)	-	(1,525,822)	(195,577)	-	(1,728,603)
Capital contributions	402,358	183,490	-	-	-	585,848
Total contributions and transfers	2,116,554	183,490	(1,525,822)	(195,577)	-	578,645
Change in net position	1,485,846	(50,574)	(1,382,598)	545,451	162,672	760,797
NET POSITION:						
Beginning of year	31,642,831	5,554,154	4,483,984	2,842,075	1,242,622	45,765,666
End of year	\$ 33,128,677	\$ 5,503,580	\$ 3,101,386	\$ 3,387,526	\$ 1,405,294	\$ 46,526,463

City of Healdsburg
Combining Statement of Net Position
Electric Fund Activities
June 30, 2023

	Electric Operations	Capital Replacement	Electric Public Benefit	Electric Capacity	Totals
ASSETS					
Current Assets:					
Cash and investments	\$ 6,909,141	\$ 513,148	\$ 3,647,292	\$ 126,332	\$ 11,195,913
Cash and investments with fiscal agents	-	-	-	-	-
Pension stabilization investments	913,862	-	-	-	913,862
Investment in NCPA reserves	5,765,802	-	-	-	5,765,802
Accounts receivable	1,810,614	164,262	524	-	1,975,400
Loans and notes receivable	-	-	-	-	-
Interest receivable	24,173	-	11,815	409	36,397
Intergovernmental receivable	-	-	-	-	-
Lease receivable	-	-	-	-	-
Due from other funds	15,000	-	-	-	15,000
Inventory	2,361,662	-	-	-	2,361,662
Total current assets	17,800,254	677,410	3,659,631	126,741	22,264,036
Noncurrent:					
Advances to other funds	-	1,133,130	-	-	1,133,130
Capital assets:					
Land	48,360	-	-	-	48,360
Construction in progress	-	753,747	-	-	753,747
Depreciable buildings and improvements	447,834	-	-	-	447,834
Depreciable utility systems	31,412,283	-	-	-	31,412,283
Depreciable equipment	1,001,599	-	-	-	1,001,599
Accumulated depreciation	(15,020,099)	-	-	-	(15,020,099)
Net capital assets	17,889,977	753,747	-	-	18,643,724
Total noncurrent assets	17,889,977	1,886,877	-	-	19,776,854
Total assets	35,690,231	2,564,287	3,659,631	126,741	42,040,890
DEFERRED OUTFLOWS OF RESOURCES					
Pension related	2,159,186	-	-	-	2,159,186
OPEB related	18,134	-	-	-	18,134
Total deferred outflows of resources	2,177,320	-	-	-	2,177,320
LIABILITIES					
Current liabilities:					
Accounts payable and accrued liabilities	219,199	26,812	18,305	-	264,316
Deposits payable	165,647	286,631	-	-	452,278
Interest payable	3,628	-	-	-	3,628
Loans payable - current	119,290	-	-	-	119,290
Total current liabilities	507,764	313,443	18,305	-	839,512
Noncurrent liabilities:					
Loan payable	1,332,040	-	-	-	1,332,040
Net pension liability	5,278,856	-	-	-	5,278,856
Net OPEB liability	108,105	-	-	-	108,105
Total noncurrent liabilities	6,719,001	-	-	-	6,719,001
Total liabilities	7,226,765	313,443	18,305	-	7,558,513
DEFERRED INFLOWS OF RESOURCES					
Lease	-	-	-	-	-
Pension related	500,763	-	-	-	500,763
OPEB related	44,672	-	-	-	44,672
Total deferred inflows of resources	545,435	-	-	-	545,435
NET POSITION					
Net investment in capital assets	17,889,977	1,886,877	-	-	19,776,854
Restricted	913,862	1,497,097	3,641,326	126,741	6,179,026
Unrestricted	11,291,512	(1,133,130)	-	-	10,158,382
Total net position	\$ 30,095,351	\$ 2,250,844	\$ 3,641,326	\$ 126,741	\$ 36,114,262

City of Healdsburg
Combining Statement of Revenues, Expenses and Changes in Net Position
Electric Fund Activities
For the year ended June 30, 2023

	Electric Operations	Capital Replacement	Electric Public Benefit	Electric Capacity	Totals
OPERATING REVENUES:					
Charges for services	\$ 12,583,824	\$ -	\$ 354,700	\$ -	\$ 12,938,524
Development fees	9,260	-	-	7,833	17,093
Other	666,336	165,281	583,863	-	1,415,480
Total operating revenues	13,259,420	165,281	938,563	7,833	14,371,097
OPERATING EXPENSES:					
Purchase of power	9,204,568	-	-	-	9,204,568
Salaries and benefits	2,031,535	-	124,196	-	2,155,731
Maintenance and operations	2,159,452	10,327	340,249	-	2,510,028
Administration	1,676,410	-	-	-	1,676,410
Depreciation	679,245	-	-	-	679,245
Total operating expenses	15,751,210	10,327	464,445	-	16,225,982
Operating income (loss)	(2,491,790)	154,954	474,118	7,833	(1,854,885)
NONOPERATING REVENUES (EXPENSES):					
Investment income (loss)	357,029	-	70,638	11,416	439,083
Interest expense	9,625	-	-	-	9,625
Total nonoperating revenues (expenses)	366,654	-	70,638	11,416	448,708
Income before contributions and transfers	(2,125,136)	154,954	544,756	19,249	(1,406,177)
CONTRIBUTIONS AND TRANSFERS:					
Transfers in	4,252	533,087	-	-	537,339
Transfers out	(677,750)	-	(4,252)	-	(682,002)
Capital contributions	132,625	-	-	-	132,625
Total contributions and transfers	(540,873)	533,087	(4,252)	-	(12,038)
Change in net position	(2,666,009)	688,041	540,504	19,249	(1,418,215)
NET POSITION:					
Beginning of year	32,761,360	1,562,803	3,100,822	107,492	37,532,477
End of year	\$ 30,095,351	\$ 2,250,844	\$ 3,641,326	\$ 126,741	\$ 36,114,262

City of Healdsburg
Combining Statement of Net Position
Internal Service Funds
June 30, 2023

	Insurance and Benefit	Vehicle Maintenance	Information Services	Building Maintenance	Vehicle Replacement	Totals
ASSETS						
Current Assets:						
Cash and investments	\$ 4,750,365	\$ 74,787	\$ 1,420,170	\$ 417,475	\$ 2,324,100	\$ 8,986,897
Accounts receivable	20,111	-	-	57,974	-	78,085
Loans and notes receivable	-	-	3,987	-	-	3,987
Interest receivable	-	282	4,618	1,380	7,519	13,799
Inventory	-	9,183	-	-	-	9,183
Prepaid items	-	17,717	36,346	-	-	54,063
Total current assets	<u>4,770,476</u>	<u>101,969</u>	<u>1,465,121</u>	<u>476,829</u>	<u>2,331,619</u>	<u>9,146,014</u>
Noncurrent:						
Capital assets:						
Depreciable equipment	-	8,731,667	2,557,996	3,621,238	-	14,910,901
Accumulated depreciation	-	(5,372,259)	(2,120,368)	(1,738,354)	-	(9,230,981)
Net capital assets	-	3,359,408	437,628	1,882,884	-	5,679,920
Total noncurrent assets	-	3,359,408	437,628	1,882,884	-	5,679,920
Total assets	<u>4,770,476</u>	<u>3,461,377</u>	<u>1,902,749</u>	<u>2,359,713</u>	<u>2,331,619</u>	<u>14,825,934</u>
LIABILITIES						
Current liabilities:						
Accounts payable and accrued liabilities	884,068	527,937	147,132	93,070	62,041	1,714,248
Lease liabilities - current	-	-	31,992	-	-	31,992
Compensated absences - current	823,236	-	-	-	-	823,236
Claims payable - current	91,082	-	-	-	-	91,082
Total current liabilities	<u>1,798,386</u>	<u>527,937</u>	<u>179,124</u>	<u>93,070</u>	<u>62,041</u>	<u>2,660,558</u>
Noncurrent liabilities:						
Lease liabilities	-	-	56,381	-	-	56,381
Compensated absences	2,025,725	-	-	-	-	2,025,725
Claims payable	206,903	-	-	-	-	206,903
Total noncurrent liabilities	<u>2,232,628</u>	<u>-</u>	<u>56,381</u>	<u>-</u>	<u>-</u>	<u>2,289,009</u>
Total liabilities	<u>4,031,014</u>	<u>527,937</u>	<u>235,505</u>	<u>93,070</u>	<u>62,041</u>	<u>4,949,567</u>
NET POSITION						
Net investment in capital assets	-	3,359,408	349,255	1,882,884	-	5,591,547
Unrestricted	739,462	(425,968)	1,317,989	383,759	2,269,578	4,284,820
Total net position	<u>\$ 739,462</u>	<u>\$ 2,933,440</u>	<u>\$ 1,667,244</u>	<u>\$ 2,266,643</u>	<u>\$ 2,269,578</u>	<u>\$ 9,876,367</u>

City of Healdsburg
Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
For the year ended June 30, 2023

	Insurance and Benefit	Vehicle Maintenance	Information Services	Building Maintenance	Vehicle Replacement	Totals
OPERATING REVENUES:						
Charges for services	\$ 1,571,055	\$ 1,051,029	\$ 2,717,728	\$ 1,114,340	\$ 706,941	\$ 7,161,093
Other	-	20	-	45,500	-	45,520
Total operating revenues	1,571,055	1,051,049	2,717,728	1,159,840	706,941	7,206,613
OPERATING EXPENSES:						
Salaries and benefits	1,392,938	441,748	723,225	322,177	-	2,880,088
Maintenance and operations	-	461,508	1,449,263	460,253	313,868	2,684,892
Administration	-	165,251	169,424	80,334	-	415,009
Amortization	-	-	72,107	-	-	72,107
Depreciation	-	999,196	288,270	333,566	-	1,621,032
Total operating expenses	1,392,938	2,067,703	2,702,289	1,196,330	313,868	7,673,128
Operating income (loss)	178,117	(1,016,654)	15,439	(36,490)	393,073	(466,515)
NONOPERATING REVENUES (EXPENSES):						
Investment income (loss)	-	57,801	26,155	263,363	(17,327)	329,992
Interest expense	-	-	(650)	-	-	(650)
Gain (loss) on sale of fixed assets	-	13,798	-	-	46,083	59,881
Total nonoperating revenues (expenses)	-	71,599	25,505	263,363	28,756	389,223
Income before contributions and transfers	178,117	(945,055)	40,944	226,873	421,829	(77,292)
CONTRIBUTIONS AND TRANSFERS:						
Transfers in	-	491,705	-	96,000	1,847,749	2,435,454
Transfers out	-	(1,862,488)	(22,675)	(11,337)	-	(1,896,500)
Capital contributions	-	343,868	-	-	-	343,868
Total contributions and transfers	-	(1,026,915)	(22,675)	84,663	1,847,749	882,822
Change in net position	178,117	(1,971,970)	18,269	311,536	2,269,578	805,530
NET POSITION:						
Beginning of year	561,345	4,905,410	1,648,975	1,955,107	-	9,070,837
End of year	<u>\$ 739,462</u>	<u>\$ 2,933,440</u>	<u>\$ 1,667,244</u>	<u>\$ 2,266,643</u>	<u>\$ 2,269,578</u>	<u>\$ 9,876,367</u>

City of Healdsburg
Combining Statement of Cash Flows
Internal Service Funds
For the year ended June 30, 2023

	Insurance and Benefit	Vehicle Maintenance	Information Services	Building Maintenance	Vehicle Replacement	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:						
Receipts from customers	\$ 1,571,962	\$ 1,027,229	\$ 2,716,274	\$ 1,133,880	\$ 706,941	\$ 7,156,286
Receipts from other operating activities	-	20	-	45,500	-	45,520
Payments to suppliers	199,184	(166,133)	(1,526,349)	(482,689)	(251,827)	(2,227,814)
Payments to employees	(979,149)	(441,748)	(723,225)	(322,177)	-	(2,466,299)
Net cash provided by (used) by operating activities	791,997	419,368	466,700	374,514	455,114	2,507,693
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Interfund borrowing	-	-	-	(21,784)	-	(21,784)
Transfers in	-	491,705	-	96,000	1,847,749	2,435,454
Transfers out	-	(1,862,488)	(22,675)	(11,337)	-	(1,896,500)
Principal payment on debt	(137,942)	(947,393)	(71,442)	-	-	(1,156,777)
Net cash provided (used) by noncapital financing activities	(137,942)	(2,318,176)	(94,117)	62,879	1,847,749	(639,607)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Interest paid	-	-	(650)	-	-	(650)
Cash received (loss) from sale of capital assets	-	13,798	-	-	46,083	59,881
Acquisition and construction of capital assets	-	2,559	(93,060)	(283,137)	-	(373,638)
Net cash provided (used) by capital and related financing activities	-	16,357	(93,710)	(283,137)	46,083	(314,407)
CASH FLOWS FROM INVESTING ACTIVITIES:						
Investment income (loss)	-	64,735	23,893	261,983	(24,846)	325,765
Net cash provided by (used in) investing activities	-	64,735	23,893	261,983	(24,846)	325,765
Net cash flows	654,055	(1,817,716)	302,766	416,239	2,324,100	1,879,444
CASH AND INVESTMENTS - Beginning of year	4,096,310	1,892,503	1,117,404	1,236	-	7,107,453
CASH AND INVESTMENTS - End of year	\$ 4,750,365	\$ 74,787	\$ 1,420,170	\$ 417,475	\$ 2,324,100	\$ 8,986,897
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:						
Operating income (loss)	\$ 178,117	\$ (1,016,654)	\$ 15,439	\$ (36,490)	\$ 393,073	\$ (466,515)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation and amortization	-	999,196	360,377	333,566	-	1,693,139
(Increase) decrease in accounts receivables	907	6,200	(1,454)	19,540	-	25,193
(Increase) decrease in inventory	-	7,313	-	-	-	7,313
Increase (decrease) in prepaid items	-	(17,717)	(36,346)	-	-	(54,063)
Increase (decrease) in accounts payable and accrued liabilities	199,184	471,030	128,684	57,898	62,041	918,837
Increase (decrease) in in deposits payable	-	(30,000)	-	-	-	(30,000)
Increase (decrease) in claims payable	(671,299)	-	-	-	-	(671,299)
Increase (decrease) in compensated absences	1,085,088	-	-	-	-	1,085,088
Net cash provided by (used in) operating activities	\$ 791,997	\$ 419,368	\$ 466,700	\$ 374,514	\$ 455,114	\$ 2,507,693
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES						
Capital contribution	\$ -	\$ 343,868	\$ -	\$ -	\$ -	\$ 343,868

City of Healdsburg
Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2023

	<u>Private Purpose Trust Funds</u>		
	<u>Post RDA Successor Agency</u>	<u>Post RDA Debt Retirement Fund</u>	<u>Total</u>
ASSETS			
Cash and investments	\$ 3,408,680	\$ 17,462	\$ 3,426,142
Cash and investments with fiscal agents	-	2,557,012	2,557,012
Interest receivable	14,459	-	14,459
Loans and notes receivable	2,831,568	-	2,831,568
Nondepreciable capital assets	528,300	-	528,300
Total assets	<u>6,783,007</u>	<u>2,574,474</u>	<u>9,357,481</u>
LIABILITIES			
Interest payable	-	577,321	577,321
Long-term liabilities:			
Long-term debt - due within one year	-	2,396,300	2,396,300
Long-term debt - due in more than one year	-	32,199,150	32,199,150
Total liabilities	<u>-</u>	<u>35,172,771</u>	<u>35,172,771</u>
NET POSITION			
Net position held for private purposes	<u>6,783,007</u>	<u>(32,598,297)</u>	<u>(25,815,290)</u>
Total Net Position	<u>\$ 6,783,007</u>	<u>\$ (32,598,297)</u>	<u>\$ (25,815,290)</u>

City of Healdsburg

Combining Statement of Changes in Fiduciary Net Position

Fiduciary Funds

For the year ended June 30, 2023

	Private Purpose Trust Funds		
	Post RDA Successor Agency	Post RDA Debt Retirement Fund	Total
ADDITIONS:			
Property taxes	\$ 3,502,551	\$ -	\$ 3,502,551
Use of money and property	31,665	158,421	190,086
Transfers in	-	3,629,628	3,629,628
Total additions	3,534,216	3,788,049	7,322,265
DEDUCTIONS:			
Community development	258,750	-	258,750
Interest expense	-	1,236,439	1,236,439
Transfers out	3,629,628	-	3,629,628
Total deductions	3,888,378	1,236,439	5,124,817
Change in net position	(354,162)	2,551,610	2,197,448
NET POSITION:			
Beginning of year	7,137,169	(35,149,907)	(28,012,738)
End of year	<u>\$ 6,783,007</u>	<u>\$ (32,598,297)</u>	<u>\$ (25,815,290)</u>

City of Healdsburg
Combining Statement of Fiduciary Net Position
Custodial Funds
June 30, 2023

	Custodial Funds			
	Plaza Flowers Veterans Trust	Community Benefit Trust	Cultural Center	Total
ASSETS				
Cash and investments	\$ 5,666	\$ 37,492	\$ 78,920	\$ 122,078
Interest receivable	-	121	255	376
Total assets	5,666	37,613	79,175	122,454
NET POSITION				
Net position held for other governments	5,666	37,613	79,175	122,454
Total Net Position	\$ 5,666	\$ 37,613	\$ 79,175	\$ 122,454

City of Healdsburg
Combining Statement of Changes in Fiduciary Net Position
Custodial Funds
For the year ended June 30, 2023

	Custodial Funds			
	Plaza Flowers Veterans Trust	Community Benefit Trust	Cultural Center	Total
ADDITIONS:				
Use of money and property	\$ -	\$ 698	\$ 1,689	\$ 2,387
Total additions	-	698	1,689	2,387
DEDUCTIONS:				
Community development	436	-	-	436
Total deductions	436	-	-	436
Change in net position	(436)	698	1,689	1,951
NET POSITION:				
Beginning of year	6,102	36,915	77,486	120,503
End of year	<u>\$ 5,666</u>	<u>\$ 37,613</u>	<u>\$ 79,175</u>	<u>\$ 122,454</u>