

CITY OF HEALDSBURG
FINANCIAL STATEMENTS
Year Ended June 30, 2017

City of Healdsburg
Financial Statements
Year Ended June 30, 2017

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FINANCIAL SECTION



Independent Auditor's Report

The Honorable City Council
City of Healdsburg, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Healdsburg, California (City), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Healdsburg, California, as of June 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2018, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Van Lant & Fankhaed, LLP

January 23, 2018

CITY OF HEALDSBURG
Management’s Discussion and Analysis
Fiscal Year Ended June 30, 2017

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, 2017. We encourage readers to consider the information presented here in conjunction with the accompanying Independent Auditor’s Report, the financial statements, and the accompanying notes to the financial statements.

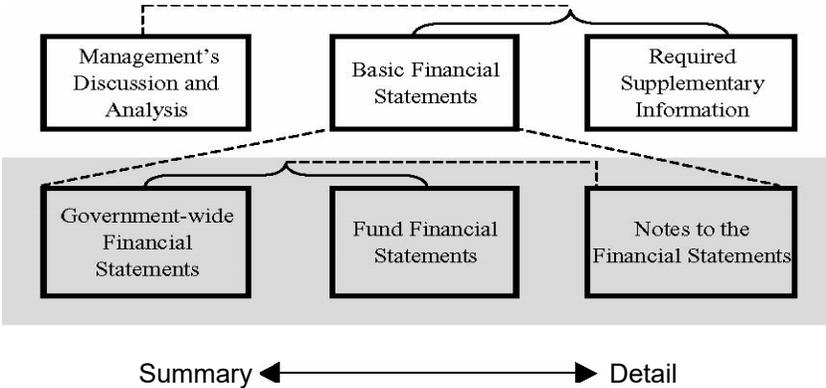
Financial Highlights

- City assets exceeded its liabilities by \$197.7 million (net position) at June 30, 2017. Of this amount, \$23 million (unrestricted net position) may be used to meet the government’s ongoing obligations to citizens and creditors.
- At the close of fiscal year 2016-17, City governmental funds reported combined ending fund balance of \$27.4 million, a decrease of \$6.4 million. The decrease is from capital outlay related to the City Hall Addition and Alteration Project, the Healdsburg Avenue Improvements Project, and the purchase of the affordable housing at 721 Center Street.
- City total net position increased by \$3 million during the fiscal year, compared to an increase of \$23 million in the prior year. The increase is attributable to the City’s governmental activities increasing \$1.3 million, while the business type activities increased by \$1.7 million. The net increase last year was contributed to an operating change in the Community Services and Streets Funds, and the transfer of redevelopment funds from trust funds to governmental funds. The current increase is a result of standard operations.
- At the end of fiscal year 2016-17, unassigned fund balance for the General Fund was \$5.4 million, or 40% of total General Fund expenditures.

Overview of the Basic Financial Statements

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

REQUIRED COMPONENTS OF THE ANNUAL FINANCIAL REPORT



CITY OF HEALDSBURG
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2017

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 78, reflect both the original and final budget figures for the General Fund. The budgeted Capital Outlay expenditure increased in the final budget by \$4.6 million from the original budget, with the approval of the construction contract for the City Hall Addition and Alteration Project. Additionally, budgetary schedules for the other governmental funds have been provided as required to demonstrate compliance with the budget.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental funds financial statements utilize the 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.

CITY OF HEALDSBURG
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2017

The City maintains fifteen individual governmental funds. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund as it is considered to be major fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of supplementary combining statements.

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

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

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

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

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

Government-Wide Financial Analysis

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

CITY OF HEALDSBURG
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2017

NET POSITION
June 30, 2017 and 2016

	Governmental Activities		Business-type Activities		Total Government	
	2017	2016	2017	2016	2017	2016
ASSETS						
Current and other assets	\$ 40,465,167	\$ 43,977,706	\$ 55,589,913	\$ 54,684,182	\$ 96,055,080	\$ 98,661,888
Capital assets	92,414,324	84,718,561	86,719,720	87,157,234	179,134,044	171,875,795
Total assets	132,879,491	128,696,267	142,309,633	141,841,416	275,189,124	270,537,683
DEFERRED OUTFLOWS OF RESOURCES						
Deferred Amounts on Refundings	-	-	985,314	1,040,054	985,314	1,040,054
Deferred Pension Related Items	5,358,711	2,403,114	2,381,792	1,223,268	7,740,503	3,626,382
Total deferred outflows	5,358,711	2,403,114	3,367,106	2,263,322	8,725,817	4,666,436
LIABILITIES						
Current Liabilities	6,154,437	3,613,016	1,217,986	1,025,326	7,372,423	4,638,342
Long-term liabilities	30,415,791	26,465,086	46,570,174	46,752,223	76,985,965	73,217,309
Total liabilities	36,570,228	30,078,102	47,788,160	47,777,549	84,358,388	77,855,651
DEFERRED INFLOWS OF RESOURCES						
Deferred Pension Related Items	1,343,057	1,972,308	533,896	741,343	1,876,953	2,713,651
NET POSITION						
Net Investment						
in Capital Assets	90,654,217	82,850,554	53,689,130	52,006,451	144,343,347	134,857,005
Restricted	16,646,965	23,556,035	13,696,202	10,910,661	30,343,167	34,466,696
Unrestricted	(6,976,265)	(7,357,618)	29,969,351	32,668,734	22,993,086	25,311,116
Total net position	\$ 100,324,917	\$ 99,048,971	\$ 97,354,683	\$ 95,585,846	\$ 197,679,600	\$ 194,634,817

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

CITY OF HEALDSBURG
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2017

CHANGE IN NET POSITION
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 and 2016

	Government Activities		Business-Type Activities		Totals	
	2017	2016	2017	2016	2017	2016
PROGRAM REVENUES						
Charges for Services	\$ 3,521,633	\$ 3,074,528	\$ 26,113,170	\$ 26,463,941	\$ 29,634,803	\$ 29,538,469
Operating Grants	494,139	561,759	-	-	494,139	561,759
Capital Grants	1,565,523	16,717,298	35,237	2,463,292	1,600,760	19,180,590
GENERAL REVENUES						
Property and Other Taxes	3,271,677	4,297,531	-	-	3,271,677	4,297,531
Sales and Use Taxes	6,748,164	6,433,825	-	-	6,748,164	6,433,825
Motor Vehicle in Lieu	-	4,716	-	-	-	4,716
Franchise Fees	505,822	472,258	-	-	505,822	472,258
Business License Taxes	270,145	264,794	-	-	270,145	264,794
Transient Occupancy Taxes	3,657,263	3,081,696	-	-	3,657,263	3,081,696
Gain/(Loss) on disposal of capital assets	1,777,724	-	-	(125,381)	1,777,724	(125,381)
Other Revenues	363,532	470,430	-	-	363,532	470,430
TOTAL REVENUES	\$ 22,175,622	\$ 35,378,835	\$ 26,148,407	\$ 28,801,852	\$ 48,324,029	\$ 64,180,687
EXPENSES						
Governmental Activities						
General Government	\$ 2,105,731	\$ 2,042,777	\$ -	\$ -	\$ 2,105,731	\$ 2,042,777
Public Safety	8,893,664	7,351,532	-	-	8,893,664	7,351,532
Planning and Building	1,718,094	1,548,403	-	-	1,718,094	1,548,403
Community Development	339,013	243,567	-	-	339,013	243,567
Community Services	3,315,062	3,039,936	-	-	3,315,062	3,039,936
Streets and Roads	3,486,845	2,432,525	-	-	3,486,845	2,432,525
Interest on Long Term Debt	217,215	265,945	-	-	217,215	265,945
Unallocated Depreciation	1,958,309	1,542,391	-	-	1,958,309	1,542,391
Business Type Activities						
Water	-	-	4,776,502	4,766,372	4,776,502	4,766,372
Sewer	-	-	7,039,400	7,368,721	7,039,400	7,368,721
Electric	-	-	11,479,496	11,001,815	11,479,496	11,001,815
Streets	-	-	-	-	-	-
Community Services	-	-	-	-	-	-
Non-Major Enterprise Funds	-	-	445,821	485,604	445,821	485,604
TOTAL EXPENSES	\$ 22,033,933	\$ 18,467,076	\$ 23,741,219	\$ 23,622,512	\$ 45,775,152	\$ 42,089,588
EXCESS (DEFICIENCY) OF REVENUES						
OVER EXPENDITURES BEFORE TRANSFERS	\$ 141,689	\$ 16,911,759	\$ 2,407,188	\$ 5,179,340	\$ 2,548,877	\$ 22,091,099
Transfers and other Financing						
Investment Earnings	\$ 305,347	\$ 375,368	\$ 190,559	\$ 549,332	\$ 495,906	\$ 924,700
Transfers In (Out)	828,910	47,745,151	(828,910)	(47,745,151)	-	-
TOTAL TRANSFERS AND OTHER FINANCING	\$ 1,134,257	\$ 48,120,519	\$ (638,351)	\$ (47,195,819)	\$ 495,906	\$ 924,700
CHANGE IN NET POSITION	\$ 1,275,946	\$ 65,032,278	\$ 1,768,837	\$ (42,016,479)	\$ 3,044,783	\$ 23,015,799
NET POSITION JULY 1	\$ 99,048,971	\$ 34,016,693	\$ 95,585,846	\$ 137,602,325	\$ 194,634,817	\$ 171,619,018
NET POSITION JUNE 30	\$ 100,324,917	\$ 99,048,971	\$ 97,354,683	\$ 95,585,846	\$ 197,679,600	\$ 194,634,817

By far the largest portion of the City's net position (73%) reflects its net investment in capital assets (e.g. land, buildings, utility plant, machinery, equipment, vehicles, and infrastructure), net of any related outstanding debt used to acquire those assets. The City uses these assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF HEALDSBURG
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2017

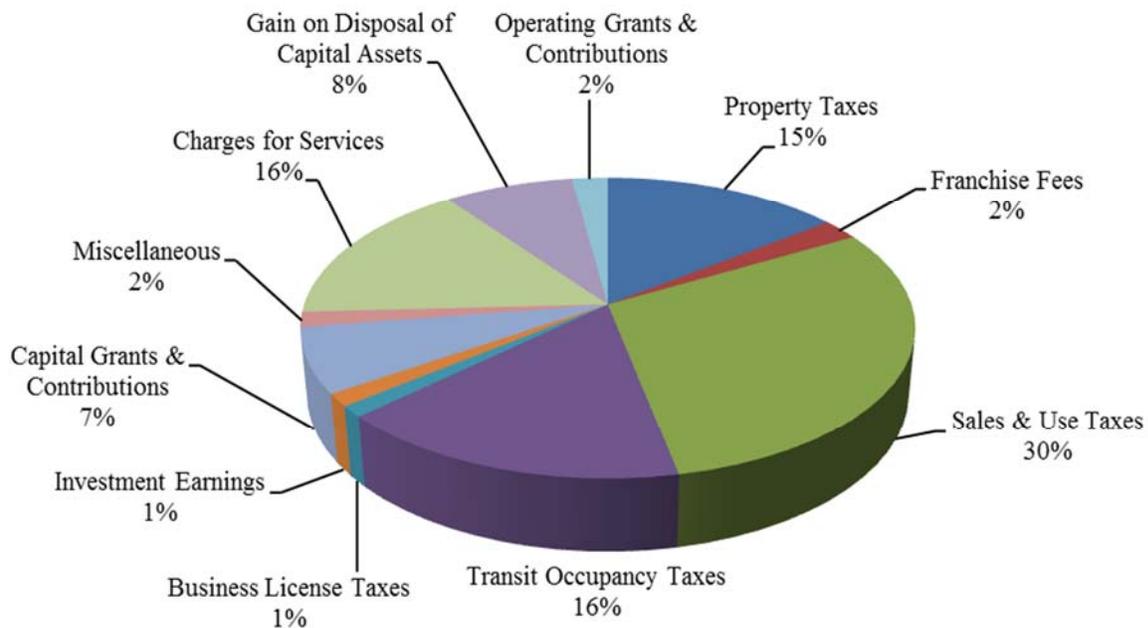
Another portion of the City's net position (\$30.3 million or 15.4%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$22.9 million (11.6%) may be used to meet the government's ongoing obligations to citizens, creditors, and to meet City imposed designations (e.g., reserves, pending litigations, contingencies, capital projects).

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

The statement of activities shows how the government's net position changed during fiscal year 2016-17 as compared to 2015-16. The City's net position increased overall by \$3.2 million during the current fiscal year.

Governmental Activities. The City recognizes future pension expenses according to GASB 68. The Deferred Pension Related Outflows of Resources of \$5.4 million and Deferred Pension Related Inflows of Resources of \$1.3 million increased the Unrestricted Net Position for Governmental Activities \$4 million. General governmental tax revenue (64%) includes property taxes, franchise fees, sales and use taxes, transient occupancy taxes, and business license taxes. Program revenues are 18% of the total revenues of the governmental activities, which include charges for services and operating contributions and grants. The chart below reflects information from page 16 and 17 of the Financial Statements.

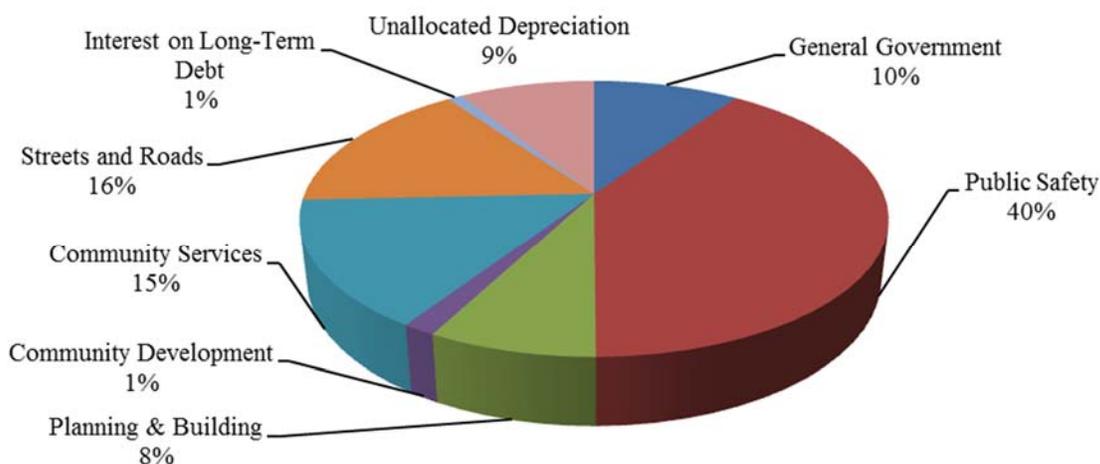
**REVENUES BY SOURCE – GOVERNMENTAL ACTIVITIES
FOR FISCAL YEAR ENDED JUNE 30, 2017**



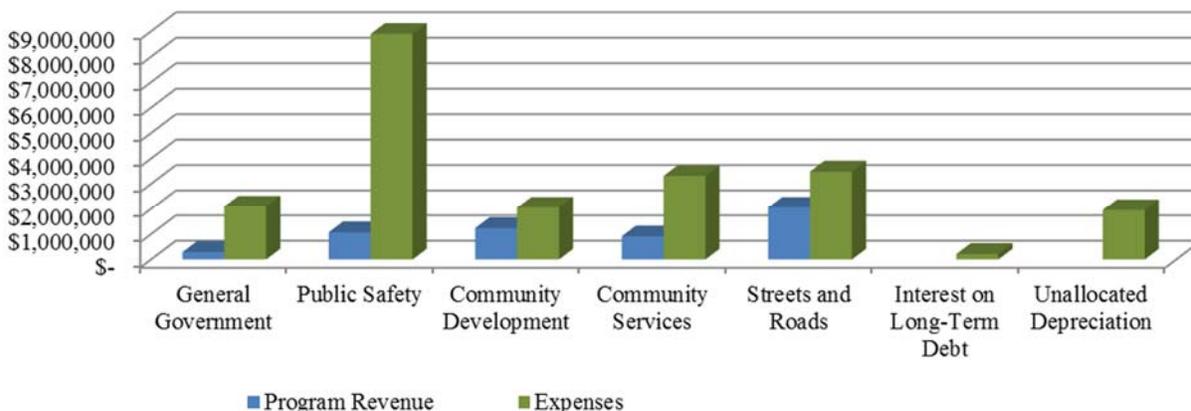
CITY OF HEALDSBURG
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2017

As for expenditures, public safety expenses are the most significant (41%) of all governmental activities expenses, followed by community services (15%), streets and roads (16%), general government (9%), planning and building (8%), interest on long-term debt (1%), and community development (1%). Depreciation expense is 9% of the total expenses for governmental activities. The chart below reflects information from the Financial Statements, Statement of Activities on page 16 and 17.

**EXPENSES BY FUNCTION/PROGRAM – GOVERNMENTAL ACTIVITIES
 FOR FISCAL YEAR ENDED JUNE 30, 2017**



**COMPARISON OF EXPENSES AND PROGRAM REVENUES
 GOVERNMENTAL ACTIVITIES
 FOR FISCAL YEAR ENDED JUNE 30, 2017**



CITY OF HEALDSBURG
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2017

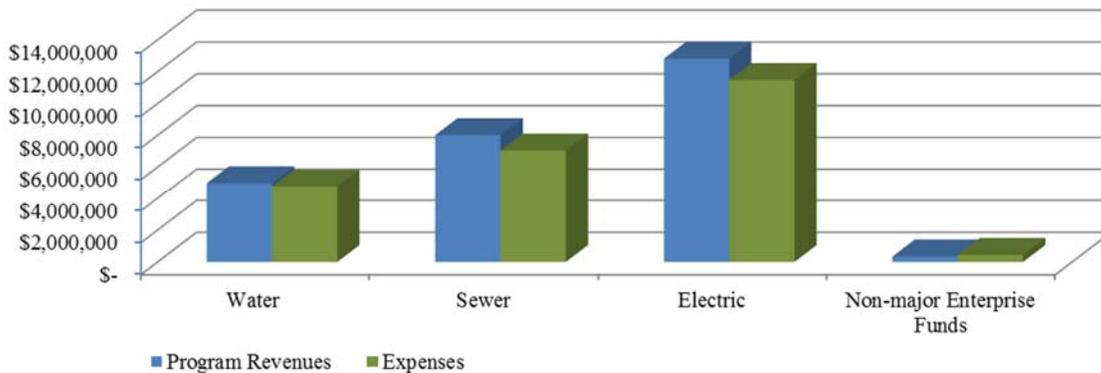
Business-Type Activities. The City recognizes future pension expenses according to GASB 68. The Deferred Pension Related Outflows of Resources of \$2.4 million and Deferred Pension Related Inflows of Resources of \$534 thousand increased the Unrestricted Net Position for Business-Type Activities \$1.8 million. During the fiscal year ended June 30, 2017, business-type activities increased the City's net position by \$1.8 million, as opposed to a \$42 million decrease in the fiscal year ended June 30, 2016. The operating change in the Community Services and Streets Funds contributed to \$47.7 million of the decrease. Other factors include:

- Operating expenses increased by \$118,707 (less than one-half percent)
- Charges for services decreased by \$350,771 (1%)
- Capital grants and contributions decreased by \$2.4 million (98%).

**REVENUES BY SOURCE – BUSINESS-TYPE ACTIVITIES
FOR FISCAL YEAR ENDED JUNE 30, 2017**



**EXPENSES AND PROGRAM REVENUES
BUSINESS-TYPE ACTIVITIES
FOR FISCAL YEAR ENDED JUNE 30, 2017**



CITY OF HEALDSBURG
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2017

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, 2017 the City's governmental funds reported total ending fund balances of \$27.4 million, a decrease of \$6.4 million from the prior fiscal year. This decrease may be contributed to the capital outlay related to the City Hall Addition and Alteration Project, the Healdsburg Avenue Improvements Project, and the purchase of the affordable housing at 721 Center Street. Approximately 19.7% of the total ending fund balances (\$5.4 million) is unassigned available for spending in the future at the government's discretion. The remainder of the fund balance is either nonspendable, restricted or committed. The most significant of these reserved fund balances are restricted for pension stabilization, low income housing and road improvements, \$3.5 million, \$7.2 million and \$1.4 million respectively.

General Fund revenues were \$333 thousand (2.3%) less than in the prior fiscal year, and expenditures increased by \$2.4 million (21.7%). While a decrease in property taxes accounts for the decrease revenue, property taxes from assessed value increased in fiscal year 2016-17. In fiscal year 2015-16, the City received the last payment related to the Triple Flip. The Triple Flip revenue was recorded as property tax in prior years. The increased expenditures may be contributed primarily to an increased capital outlay related to the City Hall Addition and Alteration Project.

Proprietary Funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The City's major enterprise funds are Water, Sewer and Electric. The major changes in enterprise net position are an increase of \$1.1 million to \$32.1 million in the Electric Fund, and a \$774 thousand increase to \$47.4 million in the Sewer Fund.

The Internal Service Funds had an increase in net position of \$984 thousand during the fiscal year, ending with a balance of \$7.6 million. This increase is attributable to a net increase in operating revenue. The operating revenue is made up of the service fees charged to each fund.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The City's investment in capital assets for its governmental and business-type activities at June 30, 2017, amounted to \$179.1 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, equipment, vehicles, infrastructure, and construction in progress. Depreciation expense for the year totaled \$4.9 million.

CITY OF HEALDSBURG
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2017

CAPITAL ASSETS

	Governmental Activities		Business-type Activities	
	2017	2016	2017	2016
Land and Land Rights	\$ 18,664,887	\$ 18,664,887	\$ 1,245,876	\$ 1,245,876
Right of Way	6,681,379	6,681,379	-	-
Construction in Progress	7,795,174	1,428,693	2,959,115	956,049
Land Improvements	2,410,228	1,754,468	-	-
Buildings	27,143,947	25,304,742	2,969,311	2,969,311
Streets	52,054,623	51,541,307	-	-
Utility Systems	-	-	109,116,011	109,116,011
Drainage	-	-	10,246,168	10,192,183
Machinery and Equipment	8,311,244	8,095,793	2,386,508	2,318,189
Operations	-	-	3,381,750	3,381,750
Infrastructure	912,056	912,056	-	-
Total	<u>\$ 123,973,538</u>	<u>\$ 114,383,325</u>	<u>\$ 132,304,739</u>	<u>\$ 130,179,369</u>

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

Long-Term Liabilities. The City's outstanding long-term liabilities, including bonds, loans payable, and compensated absences totaled \$77 million at June 30, 2017. Of this total, \$30.4 million (42.8%) was in governmental activities and \$46.6 million (60.5%) was in business-type activities.

LONG-TERM LIABILITIES

	Governmental Activities		Business-type Activities	
	2017	2016	2017	2016
Pension Obligation Bond	\$ 3,628,134	\$ 4,209,307	\$ 2,028,266	\$ 2,353,193
Net Pension Liability	20,966,030	16,384,791	8,365,158	6,629,673
Certificates of Participation	-	-	2,105,000	2,215,000
HUSD Capital Lease Payable	1,760,107	1,868,007	-	-
Revenue Bonds	-	-	31,910,904	33,276,288
Compensated Absences	1,713,832	1,565,509	-	-
Successor Agency Payable	1,894,688	1,997,472	2,160,846	2,278,069
Capital Leases	-	-	-	-
OPEB	453,000	440,000	-	-
Total	<u>\$ 30,415,791</u>	<u>\$ 26,465,086</u>	<u>\$ 46,570,174</u>	<u>\$ 46,752,223</u>

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

CITY OF HEALDSBURG
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2017

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

For the 2017-18 fiscal year, General Fund revenue projections continue to be conservative. Increases have been projected for property, sales & use, and transient occupancy taxes.

REQUESTS FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

City of Healdsburg
Statement of Net Position
June 30, 2017

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Investments	\$ 26,924,451	\$ 38,844,105	\$ 65,768,556
Cash and Investments with Fiscal Agents	-	143	143
Restricted Cash and Investments	2,662,028	266,901	2,928,929
Receivables:			
Accounts	833,621	3,852,163	4,685,784
Taxes	1,063,464	-	1,063,464
Notes	8,483,802	-	8,483,802
Interest	57,530	101,569	159,099
Due from Other Governments	567,399	-	567,399
Internal Balances	(3,678,664)	3,678,664	-
Prepays	11,639	2,823	14,462
Inventory	18,836	1,501,067	1,519,903
Investment in NCPA Reserves	-	5,875,407	5,875,407
Pension Stabilization Investments	3,521,061	1,467,071	4,988,132
Capital Assets, Not Being Depreciated	33,141,440	4,204,991	37,346,431
Capital Assets, Depreciated, Net	59,272,884	82,514,729	141,787,613
Total Assets	<u>132,879,491</u>	<u>142,309,633</u>	<u>275,189,124</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Refundings	-	985,314	985,314
Deferred Pension Related Items	5,358,711	2,381,792	7,740,503
Total Deferred Outflows of Resources	<u>5,358,711</u>	<u>3,367,106</u>	<u>8,725,817</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	4,508,058	540,872	5,048,930
Interest Payable	-	317,779	317,779
Deposits Payable	1,132,633	359,335	1,491,968
Claims Payable	48,581	-	48,581
Unearned Revenue	465,165	-	465,165
Noncurrent Liabilities:			
Due within One Year	1,707,329	1,967,591	3,674,920
Due in More Than One Year	28,708,462	44,602,583	73,311,045
Total Liabilities	<u>36,570,228</u>	<u>47,788,160</u>	<u>84,358,388</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Pension Related Items	1,343,057	533,896	1,876,953
NET POSITION			
Net Investment in Capital Assets	90,654,217	53,689,130	144,343,347
Restricted for:			
Capital Projects	-	12,229,131	12,229,131
Pensions	3,521,061	1,467,071	4,988,132
Community Development:			
Expendable	15,161	-	15,161
Nonexpendable	69,980	-	69,980
Housing	7,220,790	-	7,220,790
Landscaping and Lighting	263,513	-	263,513
Public Safety	138,030	-	138,030
Parks and Recreation:	3,043,192	-	3,043,192
Streets, highways, and related purposes	2,375,238	-	2,375,238
Unrestricted	(6,976,265)	29,969,351	22,993,086
Total Net Position	<u>\$ 100,324,917</u>	<u>\$ 97,354,683</u>	<u>\$ 197,679,600</u>

City of Healdsburg
Statement of Activities
Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	\$ 2,105,731	\$ 289,002	\$ -	\$ -
Public Safety	8,893,664	889,697	186,407	-
Planning and Building	1,718,094	1,034,735	-	-
Community Development	339,013	205,332	-	-
Community Services	3,315,062	914,111	-	-
Streets and Roads	3,486,845	188,756	307,732	1,565,523
Interest on Long-term Debt	217,215	-	-	-
Unallocated Depreciation	1,958,309	-	-	-
Total Governmental Activities	22,033,933	3,521,633	494,139	1,565,523
Business-type Activities:				
Water	4,776,502	4,982,540	-	-
Sewer	7,039,400	8,013,483	-	-
Electric	11,479,496	12,813,725	-	-
Non-major Enterprise Funds	445,821	303,422	-	35,237
Total Business-type Activities	23,741,219	26,113,170	-	35,237
Total Primary Government	\$ 45,775,152	\$ 29,634,803	\$ 494,139	\$ 1,600,760

General Revenues:

Taxes:

Property Taxes

Franchise Taxes

Sales and Use Taxes

Transient Occupancy Tax

Business License Taxes

Motor vehicle in lieu, unrestricted

Investment Earnings

Miscellaneous Revenues

Gain/(Loss) on Disposal of Capital Assets

Transfers In (Out)

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning of Year

Net Position - End of Year

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (1,816,729)	\$ -	\$ (1,816,729)
(7,817,560)	-	(7,817,560)
(683,359)	-	(683,359)
(133,681)	-	(133,681)
(2,400,951)	-	(2,400,951)
(1,424,834)	-	(1,424,834)
(217,215)	-	(217,215)
(1,958,309)	-	(1,958,309)
<u>(16,452,638)</u>	<u>-</u>	<u>(16,452,638)</u>
-	206,038	206,038
-	974,083	974,083
-	1,334,229	1,334,229
-	(107,162)	(107,162)
<u>-</u>	<u>2,407,188</u>	<u>2,407,188</u>
<u>(16,452,638)</u>	<u>2,407,188</u>	<u>(14,045,450)</u>
2,064,996	-	2,064,996
505,822	-	505,822
6,748,164	-	6,748,164
3,657,263	-	3,657,263
270,145	-	270,145
1,206,681	-	1,206,681
305,347	190,559	495,906
363,532	-	363,532
1,777,724	-	1,777,724
828,910	(828,910)	-
<u>17,728,584</u>	<u>(638,351)</u>	<u>17,090,233</u>
1,275,946	1,768,837	3,044,783
<u>99,048,971</u>	<u>95,585,846</u>	<u>194,634,817</u>
<u>\$ 100,324,917</u>	<u>\$ 97,354,683</u>	<u>\$ 197,679,600</u>

The accompanying notes are an integral part of this statement.

**City of Healdsburg
Balance Sheet
Governmental Funds
June 30, 2017**

	General	Community Services Special Revenue Fund	Capital Projects Streets	Non-major Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Investments	\$ 10,230,999	\$ 2,478,155	\$ 3,456,617	\$ 4,384,893	\$ 20,550,664
Restricted Cash and Investments	777,393	175,793	162,249	1,546,593	2,662,028
Pension Stabilization Investments	3,104,144	300,088	116,829	-	3,521,061
Receivables:					
Accounts	350,902	359,245	121	64,640	774,908
Taxes	1,056,923	-	-	6,541	1,063,464
Notes	-	-	-	8,474,020	8,474,020
Interest	22,532	6,554	8,908	10,288	48,282
Due from Other Governments	458,135	46,433	62,831	-	567,399
Prepaid Expenditures	1,406	-	-	-	1,406
Inventory	-	-	11,112	-	11,112
Due from Other Funds	23,553	-	-	-	23,553
Total Assets	\$ 16,025,987	\$ 3,366,268	\$ 3,818,667	\$ 14,486,975	\$ 37,697,897
LIABILITIES					
Accounts Payable	\$ 927,095	\$ 114,456	\$ 2,639,411	\$ 41,107	\$ 3,722,069
Deposits Payable	777,393	175,793	162,249	17,198	1,132,633
Due to Other Funds	-	-	-	38,553	38,553
Advances from Other Funds	3,399,390	-	-	-	3,399,390
Unearned Revenue	-	465,165	-	-	465,165
Total Liabilities	5,103,878	755,414	2,801,660	96,858	8,757,810
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenues - Accounts Receivable	223,867	-	39,741	54,600	318,208
Unavailable Revenues - Interest Receivable	-	-	-	1,207,815	1,207,815
Total Deferred Inflows of Resources	223,867	-	39,741	1,262,415	1,526,023
FUND BALANCES					
Nonspendable	1,406	-	11,112	69,980	82,498
Restricted	3,289,752	2,610,854	966,154	9,460,432	16,327,192
Committed	106,254	-	-	3,611,928	3,718,182
Assigned	1,875,423	-	-	-	1,875,423
Unassigned	5,425,407	-	-	(14,638)	5,410,769
Total Fund Balances	10,698,242	2,610,854	977,266	13,127,702	27,414,064
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 16,025,987	\$ 3,366,268	\$ 3,818,667	\$ 14,486,975	\$ 37,697,897

The accompanying notes are an integral part of this statement.

City of Healdsburg
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2017

Fund Balances of Governmental Funds \$ 27,414,064

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

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

Capital Assets	115,473,347
Accumulated Depreciation	(26,675,926)

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds:

HUSD Capital Lease Payable	(1,760,107)
Successor Agency Payable	(1,894,688)
Pension Obligation Bonds	(3,628,134)
Net Pension Liability	(20,966,030)
OPEB	(453,000)

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

Deferred Pension Related Items - Deferred Outflows	5,358,711
Deferred Pension Related Items - Deferred Inflows	(1,343,057)

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

7,273,714

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

1,526,023

Net Position of Governmental Activities \$ 100,324,917

The accompanying notes are an integral part of this statement.

City of Healdsburg
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2017

	General	Community Services Special Revenue Fund	Capital Projects Streets	Non-major Governmental Funds	Total Governmental Funds
REVENUES					
Property Taxes	\$ 3,246,166	\$ -	\$ -	\$ 212,969	\$ 3,459,135
Sales and Other Taxes	7,853,717	2,836,586	97,937	-	10,788,240
Charges for Services	738,111	785,346	142,167	42,521	1,708,145
Fines and Forfeitures	143,637	-	-	7,285	150,922
Licenses and Permits	1,151,407	-	-	-	1,151,407
Development Fees	24,361	-	177,602	102,960	304,923
Intergovernmental	239,857	307,732	1,295,492	230,289	2,073,370
Investment Earnings	161,947	19,066	1,427	25,305	207,745
Other Revenues	355,830	583	156,374	44,141	556,928
Total Revenues	<u>13,915,033</u>	<u>3,949,313</u>	<u>1,870,999</u>	<u>665,470</u>	<u>20,400,815</u>
EXPENDITURES					
Current:					
General Government	1,654,305	-	-	40,521	1,694,826
Public Safety	8,267,371	-	-	100,195	8,367,566
Community Development	-	-	-	339,013	339,013
Planning and Building	1,718,094	-	-	-	1,718,094
Community Services	-	3,315,062	-	-	3,315,062
Streets and Roads	-	-	1,282,928	-	1,282,928
Capital Outlay	1,857,101	204,324	7,040,474	1,839,204	10,941,103
Debt Service:					
Interest Expense	-	-	-	217,215	217,215
Principal	-	-	-	791,857	791,857
Total Expenditures	<u>13,496,871</u>	<u>3,519,386</u>	<u>8,323,402</u>	<u>3,328,005</u>	<u>28,667,664</u>
Excess (Deficiency) of Revenues Over Expenditures					
	<u>418,162</u>	<u>429,927</u>	<u>(6,452,403)</u>	<u>(2,662,535)</u>	<u>(8,266,849)</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	(3,003,980)	63,584	7,035,236	2,621,931	6,716,771
Transfers Out	191,835	(343,169)	(39,763)	(6,419,188)	(6,610,285)
Sale of Capital Assets	-	-	-	1,777,724	1,777,724
Total Other Financing Sources (Uses)	<u>(2,812,145)</u>	<u>(279,585)</u>	<u>6,995,473</u>	<u>(2,019,533)</u>	<u>1,884,210</u>
Net Change in Fund Balances	<u>(2,393,983)</u>	<u>150,342</u>	<u>543,070</u>	<u>(4,682,068)</u>	<u>(6,382,639)</u>
Fund Balances, Beginning of Year	<u>13,092,225</u>	<u>2,460,512</u>	<u>434,196</u>	<u>17,809,770</u>	<u>33,796,703</u>
Fund Balances, End of Year	<u>\$ 10,698,242</u>	<u>\$ 2,610,854</u>	<u>\$ 977,266</u>	<u>\$ 13,127,702</u>	<u>\$ 27,414,064</u>

The accompanying notes are an integral part of this statement.

City of Healdsburg
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Year Ended June 30, 2017

Net Changes in Fund Balances - Total Governmental Funds \$ (6,382,639)

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of these assets is allocated over their estimated useful lives as depreciation expense.

Capital Outlay	8,737,186
Depreciation Expense	(1,958,309)

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

Principal Repayments	791,857
Net Pension Liability	(4,581,239)

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

Deferred Pension Related Items - Deferred Outflows	2,955,597
Deferred Pension Related Items - Deferred Inflows	629,251

Governmental funds report all contributions in relation to the Annual Required Contribution (ARC) for OPEB as expenditures; however, in the Statement of Activities only the ARC is an expense. (13,000)

Some revenues reported in the Statement of Activities are not considered available to finance current expenditures and therefore are not reported as revenues in the governmental funds. 302,432

Internal service funds are used by management to charge the costs of certain activities, such as insurance and vehicle maintenance, to individual funds. The net revenue (expense) of the internal services funds is reported with governmental activities. 794,810

Change in Net Position of Governmental Activities \$ 1,275,946

The accompanying notes are an integral part of this statement.

City of Healdsburg
Statement of Net Position
Proprietary Funds
June 30, 2017

	Enterprise Funds			
	Water Fund	Sewer Fund	Electric Fund	Non-major Airport Fund
ASSETS				
Current Assets:				
Cash and Investments	\$ 5,405,919	\$ 19,733,576	\$ 13,433,261	\$ 271,349
Cash and Investments with Fiscal Agents	9	134	-	-
Investment in NCPA Reserves	-	-	5,875,407	-
Accounts Receivable - Net	903,900	1,058,454	1,881,408	8,401
Notes and Loans Receivable	-	-	-	-
Interest Receivable	13,252	48,733	38,919	665
Due from Other Funds	-	-	15,000	-
Advances to Other Funds	-	1,699,695	1,699,695	-
Prepaid Expenses	-	-	2,823	-
Inventory	83,371	22,727	1,375,181	19,788
Total Current Assets	6,406,451	22,563,319	24,321,694	300,203
Noncurrent Assets:				
Restricted Cash and Investments	-	-	266,901	-
Pension Stabilization Investments	350,472	513,812	602,787	-
Capital Assets, Not Being Depreciated				
Land	310,781	766,902	48,359	119,834
Construction in Progress	-	2,240,642	718,473	-
Total Capital Assets, Not Being Depreciated	310,781	3,007,544	766,832	119,834
Capital Assets, Depreciable				
Land Improvements	-	-	-	-
Buildings	1,474,503	206,166	447,835	840,807
Utility Systems	28,020,798	58,461,530	22,633,683	-
Drainage	-	10,246,168	-	-
Machinery and Equipment	608,220	525,751	1,043,027	209,510
Operations	-	-	-	3,381,750
Total Capital Assets, Depreciable	30,103,521	69,439,615	24,124,545	4,432,067
Less: Accumulated Depreciation	(11,578,379)	(20,805,997)	(11,799,672)	(1,400,971)
Total Capital Assets, Net	18,835,923	51,641,162	13,091,705	3,150,930
Total Noncurrent Assets	19,186,395	52,154,974	13,961,393	3,150,930
Total Assets	25,592,846	74,718,293	38,283,087	3,451,133
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Amounts on Refunding	-	985,314	-	-
Deferred Pension Related Items	703,711	703,711	974,370	-
Total Deferred Outflows of Resources	703,711	1,689,025	974,370	-

The accompanying notes are an integral part of this statement.

Enterprise Funds	Governmental Activities
Totals	Internal Service Funds
\$ 38,844,105	\$ 6,373,787
143	-
5,875,407	-
3,852,163	58,713
-	9,782
101,569	9,248
15,000	-
3,399,390	-
2,823	10,233
1,501,067	7,724
<u>53,591,667</u>	<u>6,469,487</u>
266,901	-
<u>1,467,071</u>	<u>-</u>
1,245,876	-
<u>2,959,115</u>	<u>-</u>
<u>4,204,991</u>	<u>-</u>
-	1,798,185
2,969,311	-
109,116,011	-
10,246,168	-
2,386,508	6,702,006
3,381,750	-
<u>128,099,748</u>	<u>8,500,191</u>
<u>(45,585,019)</u>	<u>(4,883,288)</u>
<u>86,719,720</u>	<u>3,616,903</u>
<u>88,453,692</u>	<u>3,616,903</u>
<u>142,045,359</u>	<u>10,086,390</u>
985,314	-
<u>2,381,792</u>	<u>-</u>
<u>3,367,106</u>	<u>-</u>

Continued

The accompanying notes are an integral part of this statement.

City of Healdsburg
Statement of Net Position - Continued
Proprietary Funds
June 30, 2017

	Enterprise Funds			
	Water Fund	Sewer Fund	Electric Fund	Non-major Airport Fund
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	\$ 69,100	\$ 305,316	\$ 149,559	\$ 16,897
Deposits Payable	5,813	131	337,719	15,672
Accrued Interest Payable	93,966	223,813	-	-
Claims Payable - Current	-	-	-	-
Compensated Absences - Current	-	-	-	-
Bonds Payable - Current	588,000	910,000	-	-
Payable to Successor Agency - Current	-	-	117,517	-
Pension Obligation Bonds Payable - Current	108,974	109,278	133,822	-
Total Current Liabilities	<u>865,853</u>	<u>1,548,538</u>	<u>738,617</u>	<u>32,569</u>
Noncurrent Liabilities:				
Compensated Absences	-	-	-	-
Payable to Successor Agency	-	-	2,043,329	-
Bonds Payable	8,233,000	24,284,904	-	-
Net Pension Liability	2,471,524	2,471,524	3,422,110	-
Pension Obligation Bonds Payable	500,595	501,946	673,651	-
Total Noncurrent Liabilities	<u>11,205,119</u>	<u>27,258,374</u>	<u>6,139,090</u>	<u>-</u>
Total Liabilities	<u>12,070,972</u>	<u>28,806,912</u>	<u>6,877,707</u>	<u>32,569</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Pension Related Items	<u>157,742</u>	<u>157,742</u>	<u>218,412</u>	<u>-</u>
NET POSITION				
Net Investment in Capital Assets	10,014,923	27,431,572	13,091,705	3,150,930
Restricted:				
Capital Projects	3,616,060	6,828,655	1,784,416	-
Pensions	350,472	513,812	602,787	-
Unrestricted	<u>86,388</u>	<u>12,668,625</u>	<u>16,682,430</u>	<u>267,634</u>
Total Net Position	<u>\$ 14,067,843</u>	<u>\$ 47,442,664</u>	<u>\$ 32,161,338</u>	<u>\$ 3,418,564</u>

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

Net Position of Business-type Activities

The accompanying notes are an integral part of this statement.

Enterprise Funds	Governmental Activities
Totals	Internal Service Funds
\$ 540,872	\$ 785,989
359,335	-
317,779	-
-	48,581
-	860,511
1,498,000	-
117,517	-
352,074	-
<u>3,185,577</u>	<u>1,695,081</u>
-	853,321
2,043,329	-
32,517,904	-
8,365,158	-
1,676,192	-
<u>44,602,583</u>	<u>853,321</u>
<u>47,788,160</u>	<u>2,548,402</u>
<u>533,896</u>	<u>-</u>
53,689,130	3,616,903
12,229,131	-
1,467,071	-
29,705,077	3,921,085
97,090,409	<u>\$ 7,537,988</u>
<u>264,274</u>	
<u>\$ 97,354,683</u>	

The accompanying notes are an integral part of this statement.

City of Healdsburg
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
Year Ended June 30, 2017

	Enterprise Funds			
	Water Fund	Sewer Fund	Electric Fund	Non-major Airport Fund
OPERATING REVENUES				
Charges for Services	\$ 4,768,132	\$ 7,325,396	\$ 12,140,284	\$ 140,485
Development Fees	184,881	667,930	240,650	-
Rental Income	-	-	-	161,605
Other Operating Revenues	29,527	20,157	432,791	1,332
Total Operating Revenues	4,982,540	8,013,483	12,813,725	303,422
OPERATING EXPENSES				
Purchase of Power	-	-	6,307,503	-
Maintenance and Operations	3,163,362	3,999,867	3,874,157	282,550
Administration	614,319	747,193	787,691	65,114
Insurance and Benefits Costs	-	-	-	-
Depreciation	600,526	1,353,995	510,206	98,157
Total Operating Expenses	4,378,207	6,101,055	11,479,557	445,821
Operating Income (Loss)	604,333	1,912,428	1,334,168	(142,399)
NONOPERATING REVENUES (EXPENSES)				
Interest Income	34,373	73,934	79,494	2,758
Interest Expense	(411,864)	(953,343)	(42,789)	-
Loss on Disposal of Capital Assets	-	-	-	-
Total Nonoperating Revenues (Expenses)	(377,491)	(879,409)	36,705	2,758
Income (Loss) Before Capital Contributions and Operating Transfers	226,842	1,033,019	1,370,873	(139,641)
Capital Contributions	-	-	-	35,237
Transfers In	-	60,167	60,000	-
Transfers Out	(351,002)	(319,029)	(276,446)	(2,600)
Total Transfers and Capital Contributions	(351,002)	(258,862)	(216,446)	32,637
Change in Net Position	(124,160)	774,157	1,154,427	(107,004)
Net Position - Beginning of Year	14,192,003	46,668,507	31,006,911	3,525,568
Net Position - End of Year	\$ 14,067,843	\$ 47,442,664	\$ 32,161,338	\$ 3,418,564
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				
Changes in Net Position of Business-type Activities				

The accompanying notes are an integral part of this statement.

Enterprise Funds	Governmental Activities
Totals	Internal Service Funds
\$ 24,374,297	\$ 3,826,982
1,093,461	-
161,605	235,847
483,807	49,441
<u>26,113,170</u>	<u>4,112,270</u>
6,307,503	-
11,319,936	2,379,437
2,214,317	866,829
-	373,035
2,562,884	365,172
<u>22,404,640</u>	<u>3,984,473</u>
<u>3,708,530</u>	<u>127,797</u>
190,559	(1,002)
(1,407,996)	-
-	17,008
<u>(1,217,437)</u>	<u>16,006</u>
<u>2,491,093</u>	<u>143,803</u>
35,237	-
120,167	973,817
(949,077)	(251,393)
<u>(793,673)</u>	<u>722,424</u>
1,697,420	866,227
	<u>6,671,761</u>
	<u>\$ 7,537,988</u>
<u>71,417</u>	
<u>\$ 1,768,837</u>	

The accompanying notes are an integral part of this statement.

City of Healdsburg
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2017

	Enterprise Funds		
	Water Fund	Sewer Fund	Electric Fund
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ 4,808,992	\$ 7,984,269	\$ 12,752,877
Payments to Employees for Services	(1,564,651)	(2,034,713)	(2,090,974)
Payments to Suppliers for Goods and Services	(2,072,358)	(2,477,489)	(8,699,700)
Net Cash Provided (Used) by Operating Activities	<u>1,171,983</u>	<u>3,472,067</u>	<u>1,962,203</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES			
Cash Paid from Interfund Borrowings	-	(1,699,695)	(1,699,695)
Cash Received from Other Funds	-	60,167	60,000
Cash Paid to Other Funds	(351,002)	(319,029)	(276,446)
Principal Paid on Loans Receivable	-	-	-
Net Cash Provided (Used) by Noncapital and Related Financing Activities	<u>(351,002)</u>	<u>(1,958,557)</u>	<u>(1,916,141)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and Construction of Capital Assets	(68,319)	(1,848,587)	(208,460)
Interest Paid	(417,595)	(936,625)	(42,789)
Capital Contributions From Successor Agency	-	-	(117,223)
Principal Paid on Capital Debt	(559,000)	(885,000)	-
Payments on Other Long-term Debt	(97,678)	(97,949)	(129,300)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(1,142,592)</u>	<u>(3,768,161)</u>	<u>(497,772)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Received	30,061	59,310	62,795
Net Cash Provided (Used) by Investing Activities	<u>30,061</u>	<u>59,310</u>	<u>62,795</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(291,550)</u>	<u>(2,195,341)</u>	<u>(388,915)</u>
Cash and Cash Equivalents, Beginning of the Year	6,047,950	22,442,863	20,567,271
Cash and Cash Equivalents, End of the Year	<u>\$ 5,756,400</u>	<u>\$ 20,247,522</u>	<u>\$ 20,178,356</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS			
Cash and Investments	5,405,919	19,733,576	13,433,261
Cash and Investments with Fiscal Agents	9	134	-
Investment NCPA Reserve	-	-	5,875,407
Restricted Cash and Investments	-	-	266,901
Pension Stabilization Investments	350,472	513,812	602,787
Total Cash and Cash Equivalents	<u>\$ 5,756,400</u>	<u>\$ 20,247,522</u>	<u>\$ 20,178,356</u>
Reconciliation of Operating Income (Loss) to			
Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ 604,333	\$ 1,912,428	\$ 1,334,168
Adjustments to Reconcile Operating Income (Loss) to			
Net Cash Provided (Used) by Operating Activities:			
Depreciation	600,526	1,353,995	510,206
Changes in Operating Assets and Liabilities:			
Decrease (Increase) in Accounts Receivable	(175,711)	(29,345)	(131,666)
Decrease (Increase) in Prepaid Expenses	-	-	(204)
Decrease (Increase) in Inventory	38,134	5,791	6,057
Decrease (Increase) in Deferred Outflows - Pensions	(342,291)	(342,291)	(473,942)
Increase (Decrease) in Accounts Payable	(6,637)	119,892	21,660
Increase (Decrease) in Claims Payable	-	-	-
Increase (Decrease) in Deferred Inflows - Pensions	(61,291)	(61,291)	(84,865)
Increase (Decrease) in Net Pension Liability	512,757	512,757	709,971
Increase (Decrease) in Compensated Absences Payable	-	-	-
Increase (Decrease) in Deposits Payable	2,163	131	70,818
TOTAL CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 1,171,983</u>	<u>\$ 3,472,067</u>	<u>\$ 1,962,203</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES			
Amortization Related to Long-term Debt	\$ -	\$ 23,356	\$ -

The accompanying notes are an integral part of this statement.

	Enterprise Funds	Governmental Activities
Non-major Airport Fund	Totals	Internal Service Funds
\$ 302,951	\$ 25,849,089	\$ 4,110,135
(31,425)	(5,721,763)	(547,750)
<u>(328,950)</u>	<u>(13,578,497)</u>	<u>(2,698,770)</u>
(57,424)	6,548,829	863,615
-	(3,399,390)	-
-	120,167	973,817
(2,600)	(949,077)	(251,393)
-	-	4,053
<u>(2,600)</u>	<u>(4,228,300)</u>	<u>726,477</u>
-	(2,125,366)	(1,296,302)
-	(1,397,009)	-
35,237	(81,986)	-
-	(1,444,000)	31,251
-	(324,927)	-
<u>35,237</u>	<u>(5,373,288)</u>	<u>(1,265,051)</u>
2,550	154,716	(4,432)
<u>2,550</u>	<u>154,716</u>	<u>(4,432)</u>
(22,237)	(2,898,043)	320,609
293,586	49,351,670	6,053,178
<u>\$ 271,349</u>	<u>\$ 46,453,627</u>	<u>\$ 6,373,787</u>
271,349	38,844,105	6,373,787
-	143	-
-	5,875,407	-
-	266,901	-
-	1,467,071	-
<u>\$ 271,349</u>	<u>\$ 46,453,627</u>	<u>\$ 6,373,787</u>
\$ (142,399)	\$ 3,708,530	\$ 127,797
98,157	2,562,884	365,172
1,024	(335,698)	(2,135)
-	(204)	764
(11,208)	38,774	23,648
-	(1,158,524)	-
(1,503)	133,412	195,189
-	-	4,857
-	(207,447)	-
-	1,735,485	-
-	-	148,323
<u>(1,495)</u>	<u>71,617</u>	<u>-</u>
<u>\$ (57,424)</u>	<u>\$ 6,548,829</u>	<u>\$ 863,615</u>
\$ -	\$ 23,356	\$ -

City of Healdsburg
Statement of Net Position
Fiduciary Funds
June 30, 2017

	Private-purpose Trust Funds
ASSETS	
Cash and Investments	\$ 3,574,560
Cash and Investments with Fiscal Agent	4,793,289
Receivables:	
Accounts	9,945
Notes	360,345
Interest	8,725
Receivable from the City of Healdsburg	4,055,534
Capital Assets, Not Being Depreciated	528,300
Capital Assets, Net of Accumulated Depreciation	359,641
Total Assets	13,690,339
LIABILITIES	
Accounts Payable	5,150
Interest Payable	864,540
Noncurrent Liabilities:	
Due within One Year	1,772,900
Due in More than One Year	45,669,200
Total Liabilities	48,311,790
NET POSITION	
Net Position (Deficit) Held in Trust for Successor Agency and Other Purposes	\$ (34,621,451)

The accompanying notes are an integral part of this statement.

City of Healdsburg
Statement of Changes in Net Position
Fiduciary Funds
Year Ended June 30, 2017

	Private-purpose Trust Funds
ADDITIONS	
Taxes and Assessments	\$ 3,987,226
Investment Earnings	164,590
Total Additions	4,151,816
DEDUCTIONS	
Community Development	365,865
Depreciation	20,696
Interest Expense	2,080,047
Total Deductions	2,466,608
Change in Net Position	1,685,208
Net Position - Beginning of Year	(36,306,659)
Net Position - End of Year	\$ (34,621,451)

The accompanying notes are an integral part of this statement.

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2017

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A) Reporting Entity

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

The criteria used in determining the scope of the reporting entity are based on the provisions of Governmental Accounting Standards Board Statement (GASB) No.14 as amended by GASB No. 39 and No. 61. The City of Healdsburg is the primary government unit. Component units are those entities which are financially accountable to the primary government, either because the City appoints a voting majority of the component units' Board or because the component unit will provide a financial benefit or impose a financial burden on the City.

The component unit has been accounted for as a "blended" component unit of the City. Despite being legally separate, the HPFA is so intertwined with the City that it is, in substance, part of the City's operations. Accordingly, the balances and transactions of this component unit are reported within the funds of the City. HPFA transactions are recorded in the Sewer Enterprise Fund. The following criteria were used in determining that the component unit was blended:

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

No separate financial statements are issued for HPFA.

The City participates in one joint power activity and a pooled arrangement through formally organized and separate entities. The financial activities of the Northern California Power Agency and the Redwood Empire Municipal Insurance Fund are not included in the accompanying basic financial statements as they are administered by boards separate from and independent of the City. (See Notes 10 and 11).

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

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

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2017

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

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

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

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

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

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2017

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Proprietary funds distinguish operating revenues from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary funds principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the current financial resources measurement focus, only current assets and current liabilities are generally included on their balance sheets. The reported fund balance (net current assets) is considered to be a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period. Noncurrent portions of long-term receivables due to governmental funds are reported on their balance sheets in spite of their spending measurement focus.

However, special reporting treatments are used to indicate that they should not be considered "available spendable resources" since they do not represent net current assets. Recognition of governmental fund type revenue represented by noncurrent receivables is deferred until they become current receivables.

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

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

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2017

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

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

Major Governmental Funds

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

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

The Streets Capital Projects Fund accounts for grant monies received that are restricted for street improvements.

Major Enterprise Funds

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

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

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

The 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.

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2017

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

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

Proprietary Fund Types

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

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

Fiduciary Fund Types

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

C) Encumbrances

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

D) Cash and Investments

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

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

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2017

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

E) Receivables and Payables

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

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

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

F) Inventory

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

G) Prepaids

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

H) Capital Assets

Capital Assets (including infrastructure) are recorded at cost where historical records are available and at an estimated original cost where no historical records exist. Donated capital assets received prior to the implementation of GASB 72 were recorded at fair value on the date of donation. Donated capital assets received subsequent to the implementation of GASB 72 are recorded at acquisition value as of the date received. Generally, capital asset purchases in excess of \$5,000 are capitalized if they have an expected useful life of 3 years or more.

Capital assets include additions to public domain (infrastructure) including certain improvements such as pavement, curb and gutter, sidewalks, traffic control devices, bridges, and right-of-way corridors within the City.

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

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2017

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

and accumulated depreciation is reported on the respective balance sheet/statement of net position.

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

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

I) Compensated Absences

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

J) Property Taxes

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

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

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

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

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2017

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

K) Claims Payable

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

L) Net Position

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

M) Net Position Flow Assumption

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

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

N) Fund Balance

Fund balances in governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last. The classifications are as follows:

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2017

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

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

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

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

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

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

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2017

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

O) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Specifically, the City has made certain estimates and assumptions relating to the collectability of its receivables (including accounts receivable), and notes receivable, the fair value of investments, valuation of capital assets and depreciation expense, OPEB liability, net pension liability, and the ultimate outcome of claims payable. Actual results could differ from those estimates and assumptions.

P) Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of financial position and balance sheet for the governmental funds will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has certain items, which arise only under the modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes, special assessments, grant receivables, and other miscellaneous receivables. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In addition, the City reports deferred inflows as a result of the City's implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which qualify for reporting in this category.

Q) Pensions

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

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2017

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

R) New Accounting Pronouncements

The Governmental Accounting Standards Board has issued the following Statements, which may affect the City's financial reporting requirements in the future:

GASB 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This statement was issued to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions. This GASB Statement is required to be implemented in financial statements issued for the periods beginning after June 15, 2017. The City has elected not to early implement this statement and has not determined its effect on the financial statements.

GASB 83, Certain Asset Retirement Obligations: This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

GASB 86, Certain Debt Extinguishment Issues: This Statement establishes reporting requirements for when a government places cash and other monetary assets acquired with only existing resources in an irrevocable trust to extinguish debt. In financial statements using the economic resources measurement focus, governments should recognize any difference between the reacquisition price (the amount required to be placed in the trust) and the net carrying amount of the debt defeased in substance using only existing resources as a separately identified gain or loss in the period of the defeasance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017.

GASB 87, Leases: This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2017

2) STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Deficit Fund Balances/Net Position

Nonmajor Governmental Funds - A deficit fund balance of \$14,638 exists in the North Area Special Revenue Fund. The City plans on removing the deficits through future development contributions and benefit assessments.

3) CASH AND INVESTMENTS

The City's cash and investments consisted of the following at June 30, 2017:

Cash on Hand	\$	1,904
Deposits with Financial Institutions		6,366,994
Investments		70,696,579
Pension Stabilization Investments		<u>4,988,132</u>
 Total Cash and Investments	 \$	 <u>82,053,609</u>

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

	<u>Government- Wide Statement of Net Position</u>	<u>Statement of Fiduciary Net Position</u>	<u>Total</u>
Unrestricted:			
Cash and Investments	\$ 65,768,556	\$ 3,574,560	\$ 69,343,116
Restricted:			
Cash and Investments	2,928,929	-	2,928,929
Pension Stabilization Investments	4,988,132	-	4,988,132
Cash and Investments with Fiscal Agent	<u>143</u>	<u>4,793,289</u>	<u>4,793,432</u>
	<u>\$ 73,685,760</u>	<u>\$ 8,367,849</u>	<u>\$ 82,053,609</u>

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

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

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2017

3) CASH AND INVESTMENTS - Continued

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

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

Investments Authorized by Debt Agreements

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio*	Maximum Investment In One Issuer
United States Treasury Obligations	None	None	None
United States Government Sponsored Enterprise Securities	None	None	None
Banker's Acceptances	30 days	None	None
Commercial Paper	270 days	None	None
Money Market Mutual Funds	N/A	None	None
Investment Contracts	30 years	None	None
Sonoma County Pooled Fund	N/A	10%	None

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2017

3) CASH AND INVESTMENTS - Continued

Disclosures Relating to Interest Rate Risk

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

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

Investment Type	Total	Remaining Maturity (in Months)			
		12 Months or Less	13 to 24 Months	25 to 48 Months	49 to 60 Months
Certificates of Deposit	\$ 2,496,867	\$ 1,501,430	\$ 501,690	\$ 493,747	\$
Money Market Funds	21,145	21,145			
Federal Agency Securities	24,124,252	3,992,440	1,988,020	9,974,498	8,169,294
U.S. Treasury Securities	5,971,100		1,993,200	3,977,900	
State Investment Pool	31,743,191	31,743,191			
Medium Term Notes	-				
Held by Bond Trustee:					
County Investment Pool	200,029	200,029			
Money Market Funds	6,139,995	6,139,995			
Total	\$ 70,696,579	\$ 43,598,230	\$ 4,482,910	\$ 14,446,145	\$ 8,169,294

Disclosures Relating to Credit Risk

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

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2017

3) CASH AND INVESTMENTS - Continued

Investment Type	Total as of June 30, 2017	Minimum Legal Rating	Rating as of Fiscal Year End			
			AAA	AA	A	Unrated
Certificates of Deposit	\$ 2,496,867	N/A	\$	\$	\$	\$ 2,496,867
Money Market Funds	21,145	N/A				21,145
Federal Agency Securities	24,124,252	N/A	24,124,252			
U.S. Treasury Securities	5,971,100	N/A	5,971,100			
State Investment Pool	31,743,191	N/A				31,743,191
Medium Term Notes	-	N/A				
Held by Bond Trustee:						
County Investment Pool	200,029	N/A				200,029
Money Market Funds	6,139,995	N/A	6,139,995			
Total	\$ 70,696,579		\$ 36,235,347	\$ -	\$ -	\$ 34,461,232

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total City's investments are as follows:

Issuer	Investment Type	Reported Amount	Maturity	Interest
FFCB	Federal agency securities	\$ 9,838,380	2019 – 2021	1.12 – 1.81%
FHLB	Federal agency securities	3,970,080	2018 – 2021	1.00 – 1.60%
FNMA	Federal agency securities	6,410,512	2018 – 2021	1.00 – 1.50%
FHLMC	Federal agency securities	3,905,280	2017 – 2021	1.15 – 1.60%

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

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

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2017

3) CASH AND INVESTMENTS - Continued

deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2017, \$6,116,994 of the City's deposits (bank balances) in excess of the Federal Depository Insurance limits were held in collateralized accounts. As of June 30, 2017, the City investments in the following investment types were held by the same broker-dealer (counterparty) that was used by the City to buy the securities:

Investment Type	Reported Amount
Certificates of deposit	\$ 2,496,867
Federal agency securities	24,124,252
U.S. Treasury securities	5,971,100
Money market funds	21,145

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

Fair Value

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 has the following recurring fair value measurements as of June 30, 2017:

- U.S. Treasury Securities of \$5,971,100 are valued using quoted market prices (Level 1 inputs)
- Federal Agency Securities of \$24,124,252 are valued using a matrix pricing model (Level 2 inputs)
- Certificates of Deposit of \$2,496,867 are valued using a matrix pricing model (Level 2 inputs)

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2017

3) CASH AND INVESTMENTS - Continued

Pension Stabilization Investment Program

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

As for duration, the investment manager will maintain the portfolio duration within +/- 25% of the benchmark duration at all times. The benchmark duration is the BC Aggregate Bond benchmark. At June 30, 2017, the benchmark duration was 5.50, and the plan's duration was 4.95. 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.

Purpose. 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	5%
Asset-backed Securities	5%
Collateral Mortgage Obligations	5%
Commercial Mortgage-backed Securities	5%
U.S. Government Debt Obligations	None
Corporate Debt Securities - U.S. or Foreign	5%
Eligible Instruments Issued Pursuant to SEC Rule 144(a)	10%
Municipal Bonds	5%

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2017

3) CASH AND INVESTMENTS - Continued

Pension stabilization investments held and the percentage of the pension investment portfolio at June 30, 2017 was as follows:

Pension Stabilization Investments	Fair Value	% of Portfolio
<i>Equity Investments</i>		
iShares Core S&P 500 Fund	\$ 467,591	9%
iShares S&P 500 Value Fund	133,089	3%
iShares S&P 500 Growth Fund	136,576	3%
iShares Russell MidCap Value Fund	113,345	2%
iShares Russell 2000 Value Fund	107,221	2%
iShares Russell 2000 Growth Fund	111,557	2%
iShares MSCI EAFE Index Fund	266,603	5%
Vanguard FTSE Emerging Markets ETF	94,725	2%
Vanguard REIT ETF	68,498	1%
<i>Fixed Income</i>		
Highmark Fixed Income Strategy	3,426,115	69%
<i>Cash</i>		
First American Prime Obligations Fund	62,812	1%
Total Pension Stabilization Investments	\$ 4,988,132	100%

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	Total	Remaining Maturity (in Months)		
		12 Months or Less	13 to 60 Months	More than 60 Months
U.S. Treasury Securities	\$ 753,768	\$ 75,584	\$ 252,137	\$ 426,047
Money Market Funds	62,812	62,812		
Federal Agency Securities	784,080			784,080
Municipal Bonds	61,353			61,353
Mutual Funds	1,499,205	1,499,205		
Corporate Bonds	1,826,914		990,649	836,265
Total	\$ 4,988,132	\$ 1,637,601	\$ 1,242,786	\$ 2,107,745

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2017

3) CASH AND INVESTMENTS - Continued

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the 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	Total as of June 30, 2017	Minimum Legal Rating	Rating as of Fiscal Year End			
			AAA	A/AA	BBB	Unrated
U.S. Treasury Securities	\$ 753,768	BBB-	\$ 753,768	\$	\$	\$
Money Market Funds	62,812	N/A				62,812
Federal Agency Securities	784,080	BBB-	784,080			
Municipal Bonds	61,353	BBB-		61,353		
Mutual Funds	1,499,205	N/A				1,499,205
Corporate Bonds	1,826,914	BBB-	337,074	740,629	749,211	
Total	\$ 4,988,132		\$ 1,874,922	\$ 801,982	\$ 749,211	\$ 1,562,017

Concentration of Credit Risk

The pension stabilization investment policy of the City contains limitations on the amount that can be invested in any one issuer. Pension stabilization investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total City's pension stabilization investments are as follows:

Issuer	Investment Type	Reported Amount	% of Portfolio
FNMA	Federal agency securities	\$ 583,159	11.7%

Fair Value

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, 2017:

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2017

3) CASH AND INVESTMENTS - Continued

- U.S. Treasury Securities of \$753,768 are valued using quoted market prices (Level 1 inputs)
- Federal Agency Securities of \$784,080 are valued using a matrix pricing model (Level 2 inputs)
- Municipal Bonds of \$61,353 are valued using a matrix pricing model (Level 2 inputs)
- Corporate Bonds of \$1,826,914 are valued using a matrix pricing model (Level 2 inputs)

4) INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

Due to/from Other Funds

The following amounts due to and due from other funds at June 30, 2017 represent temporary amounts advanced to pay for operating expenses or to cover short-term cash overdrafts:

Receivable Funds	Payable Funds	Amount
General Fund	Nonmajor Governmental Funds	\$ 23,553
Electric Fund	Nonmajor Governmental Funds	15,000
Total		<u>\$ 38,553</u>

Interfund Transfers

Transfers In	Transfers Out	Amount
General Fund	Nonmajor Governmental Funds	\$ 50,094
	Electric Fund	136,697
	Internal Service Funds	208,619
Community Services Fund	Nonmajor Governmental Funds	63,584
Streets Fund	General Fund	1,687,798
	Nonmajor Governmental Funds	4,626,841
	Water Fund	291,002
	Sewer Fund	319,029
	Electric Fund	110,566
Nonmajor Governmental Funds	General Fund	601,547
	Nonmajor Governmental Funds	1,618,504
	Streets Fund	39,763
	Community Services Fund	316,743
	Nonmajor Airport Fund	2,600
	Internal Service Funds	42,774
Sewer Fund	Nonmajor Governmental Funds	60,167
Electric Fund	Water Fund	60,000
Internal Service Fund	General Fund	918,209
	Community Services Fund	26,425
	Electric Fund	29,183
Total		<u>\$ 11,210,145</u>

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2017

4) INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS – Continued

The transfer from the Nonmajor Governmental Funds of \$50,094 to the General Fund was to fund a transitional housing agreement. The transfer to the General Fund from the Electric Fund of \$136,697 was for electric costs in-lieu of taxes. The transfer to the General Fund from the Internal Service Funds of \$208,619 was to fund project costs.

The Nonmajor Governmental Funds transferred \$63,584 to the Community Services Special Revenue Fund to fund project costs.

The General Fund transferred \$601,547 to the Nonmajor Governmental Funds was for debt service costs. The Nonmajor Governmental Funds transferred \$1,612,887 to other Nonmajor Governmental Funds for the purchase of low income housing properties. In addition, the remaining transfers to the Nonmajor Governmental Funds totaling \$407,947 was for debt service payments.

The Nonmajor Governmental Funds transferred \$60,167 to the Sewer Enterprise Fund to fund project costs.

The Water Enterprise Fund transferred \$60,000 to the Electric Enterprise Fund to fund project costs.

The transfers to the Internal Service Fund from the various funds was to pay for various project costs.

5) NOTES RECEIVABLE

Notes receivable in the amount of \$8,483,802 at June 30, 2017 consisted of the following:

Housing Loans	Amount
Individuals	\$ 2,363,400
Habitat for Humanity	315,000
Eden Housing	4,009,978
Healdsburg Pacific Associates	1,786,437
Burbank Housing	3,158,144
Subtotal	11,632,959
Less: Allowance for Uncollectible Loans	(3,158,939)
Net Housing Loans Receivable	8,474,020
Employee Computer Loans	9,782
Total Notes Receivable	\$ 8,483,802

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2017

6) CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2017 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets, Not Depreciated:				
Land	\$ 18,664,887	\$ -	\$ -	\$ 18,664,887
Right of Ways	6,681,379	-	-	6,681,379
Construction in Progress	1,428,693	6,384,664	(18,183)	7,795,174
Total Capital Assets, Not Depreciated	<u>26,774,959</u>	<u>6,384,664</u>	<u>(18,183)</u>	<u>33,141,440</u>
Capital Assets Being Depreciated:				
Land Improvements	1,754,468	655,760	-	2,410,228
Streets	51,541,307	513,316	-	52,054,623
Buildings	25,304,742	1,839,205	-	27,143,947
Machinery and Equipment	8,095,793	658,726	(443,275)	8,311,244
Infrastructure	912,056	-	-	912,056
Total Capital Assets Being Depreciated	<u>87,608,366</u>	<u>3,667,007</u>	<u>(443,275)</u>	<u>90,832,098</u>
Less Accumulated Depreciation:				
Land Improvements	380,367	161,804	-	542,171
Streets	11,376,505	1,032,012	-	12,408,517
Buildings	11,883,578	778,123	-	12,661,701
Machinery and Equipment	5,841,380	321,558	(429,031)	5,733,907
Infrastructure	182,934	29,984	-	212,918
Total Accumulated Depreciation	<u>29,664,764</u>	<u>2,323,481</u>	<u>(429,031)</u>	<u>31,559,214</u>
Total Capital Assets Being Depreciated, Net	<u>57,943,602</u>	<u>1,343,526</u>	<u>(14,244)</u>	<u>59,272,884</u>
Governmental Activities Capital Assets, Net	<u>\$ 84,718,561</u>	<u>\$ 7,728,190</u>	<u>\$ (32,427)</u>	<u>\$ 92,414,324</u>

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

Governmental Activities	Amount
Unallocated	\$ 1,958,309
Capital assets held by the City's internal service funds are charged to various functions based on their usage of the assets	<u>365,172</u>
Total Depreciation Expense	<u>\$ 2,323,481</u>

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2017

6) CAPITAL ASSETS – Continued

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital Assets, Not Depreciated:				
Land	\$ 1,245,876	\$ -	\$ -	\$ 1,245,876
Construction in Progress	956,049	2,003,066	-	2,959,115
Total Capital Assets, Not Depreciated	<u>2,201,925</u>	<u>2,003,066</u>	<u>-</u>	<u>4,204,991</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	2,969,311	-	-	2,969,311
Utility Systems	109,116,011	-	-	109,116,011
Drainage	10,192,183	53,985	-	10,246,168
Machinery and Equipment	2,318,189	68,319	-	2,386,508
Operations	3,381,750	-	-	3,381,750
Total Capital Assets Being Depreciated	<u>127,977,444</u>	<u>122,304</u>	<u>-</u>	<u>128,099,748</u>
Less Accumulated Depreciation:				
Buildings and Improvements	1,843,472	73,352	-	1,916,824
Utility Systems	34,721,381	2,138,123	-	36,859,504
Drainage	4,131,935	203,844	-	4,335,779
Machinery and Equipment	1,457,182	85,207	-	1,542,389
Operations	868,165	62,358	-	930,523
Total Accumulated Depreciation	<u>43,022,135</u>	<u>2,562,884</u>	<u>-</u>	<u>45,585,019</u>
Total Capital Assets Being Depreciated, Net	<u>84,955,309</u>	<u>(2,440,580)</u>	<u>-</u>	<u>82,514,729</u>
Business-type Activities Capital Assets, Net	<u>\$ 87,157,234</u>	<u>\$ (437,514)</u>	<u>\$ -</u>	<u>\$ 86,719,720</u>

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

Business-type Activities	Amount
Water	\$ 600,526
Sewer	1,353,995
Electric	510,206
Airport	<u>98,157</u>
Total Depreciation Expense - Business-type	<u>\$ 2,562,884</u>

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2017

6) CAPITAL ASSETS – Continued

Capital asset activity for the Successor Agency Private-purpose Trust Fund for the year ended June 30, 2017 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Fiduciary Funds:				
Capital Assets, Not Depreciated:				
Land	\$ 528,300	\$ -	\$ -	\$ 528,300
Total Capital Assets, Not Depreciated	528,300	-	-	528,300
Capital Assets Being Depreciated:				
Buildings	656,094	-	(35,223)	620,871
Total Capital Assets Being Depreciated	656,094	-	(35,223)	620,871
Less Accumulated Depreciation:				
Buildings	240,534	20,696	-	261,230
Total Accumulated Depreciation	240,534	20,696	-	261,230
Total Capital Assets Being Depreciated, Net	415,560	(20,696)	(35,223)	359,641
Fiduciary Funds Capital Assets, Net	\$ 943,860	\$ (20,696)	\$ (35,223)	\$ 887,941

7) LONG-TERM LIABILITIES

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2017, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental Activities:					
Pension Obligation Bonds	\$ 4,209,307	\$ -	\$ 581,173	\$ 3,628,134	\$ 629,727
Net Pension Liability	16,384,791	4,581,239	-	20,966,030	-
Compensated Absences	1,565,509	1,743,135	1,594,812	1,713,832	860,511
HUSD Capital Lease Payable	1,868,007	-	107,900	1,760,107	114,050
Successor Agency Payable	1,997,472	-	102,784	1,894,688	103,041
OPEB	440,000	38,000	25,000	453,000	-
Governmental Activities Long-term Liabilities	\$ 26,465,086	\$ 6,362,374	\$ 2,411,669	\$ 30,415,791	\$ 1,707,329

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2017

7) LONG-TERM LIABILITIES – Continued

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Business-type Activities:					
2005 D – CSCDA Water/Wastewater	\$ 2,215,000	\$ -	\$ 110,000	\$ 2,105,000	\$ 115,000
2014 Water Refunding Bonds	7,165,000	-	449,000	6,716,000	473,000
2015 Wastewater Refunding Bonds	25,515,000	-	885,000	24,630,000	910,000
Premium on Bonds	596,288	-	31,384	564,904	-
Successor Agency Payable	2,278,069	-	117,223	2,160,846	117,517
Net Pension Liability	6,629,673	1,735,485	-	8,365,158	-
Pension Obligation Bonds	2,353,193	-	324,927	2,028,266	352,074
Business-type Activities Long-term Liabilities	<u>\$ 46,752,223</u>	<u>\$ 1,735,485</u>	<u>\$ 1,917,534</u>	<u>\$ 46,570,174</u>	<u>\$ 1,967,591</u>

Governmental Activities:

A. Compensated Absences:

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

B. Pension Obligation Bonds

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

The bonds carry interest rates of 4.25% and 4.37% for Series A and B respectfully. The final maturity is June 30, 2020 and June 30, 2023 for Series A and B respectfully. Semi-annual payments of principal and interest are due each June 30 and December 31 for each issue. Because the City’s enterprise funds are partially responsible for debt service on these bonds, the liability for the bonds is split between the governmental activities and business-type activities as follows: \$3,628,134 in governmental activities, and \$2,028,266 in business-type activities. Future minimum debt service requirements for the Series A and B bonds are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2018	\$ 981,800	\$ 222,277	\$ 1,204,077
2019	1,061,600	181,481	1,243,081
2020	1,145,700	137,392	1,283,092
2021	761,300	94,493	855,793
2022	821,300	62,279	883,579
2023	884,700	27,537	912,237
Totals	<u>\$ 5,656,400</u>	<u>\$ 725,459</u>	<u>\$ 6,381,859</u>

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2017

7) LONG-TERM LIABILITIES – Continued

C. HUSD Capital Lease Payable

On February 1, 2014, the Healdsburg Public Financing Authority entered into a lease purchase agreement with the Healdsburg Unified School District (District) to purchase the Foss Creek School Property. As part of the agreement, the District loaned the City \$2,095,007 to be paid over a 15 year period with an interest rate of 2.4%. The book value of the property acquired through this capital lease and accumulated depreciation at June 30, 2017 was \$5,007,245 and \$667,633, respectively. The following represents the minimum required lease payments for the HUSD Capital Lease Payable:

Fiscal Year Ending June 30,	Principal	Interest	Total
2018	\$ 114,050	\$ 40,622	\$ 154,672
2019	118,441	38,884	157,325
2020	124,105	36,042	160,147
2021	129,969	33,063	163,032
2022	136,228	29,944	166,172
2023	142,685	26,675	169,360
2024	149,540	23,250	172,790
2025	156,690	19,661	176,351
2026	164,138	15,901	180,039
2027	171,706	12,238	183,944
2028	179,717	8,340	188,057
2029	172,838	4,028	176,866
Totals	<u>\$ 1,760,107</u>	<u>\$ 288,648</u>	<u>\$ 2,048,755</u>

D. Successor Agency Payable

In 2008, the former Redevelopment Agency of the City of Healdsburg (RDA) loaned the City of Healdsburg (City) \$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, 2017, the amount due from the Electric Fund and Governmental Activities was \$2,160,846 and \$1,894,688. The Community Services Special Revenue fund is expected to be responsible for principal and interest payments for the portion related to Governmental Activities.

The following represents the minimum required loan repayments for the Successor Agency Payable:

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2017

7) LONG-TERM LIABILITIES – Continued

Fiscal Year Ending June 30,	Principal	Interest	Total
2018	\$ 220,558	\$ 10,139	\$ 230,697
2019	221,109	9,587	230,696
2020	221,662	9,035	230,697
2021	222,216	8,481	230,697
2022	222,771	7,925	230,696
2023	223,328	7,368	230,696
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	226,134	4,562	230,696
2029	226,699	3,997	230,696
2030	227,266	3,430	230,696
2031	227,834	2,862	230,696
2032	228,404	2,293	230,697
2033	228,975	1,722	230,697
2034	229,547	1,149	230,696
2035	230,121	575	230,696
Totals	<u>\$ 4,055,534</u>	<u>\$ 97,000</u>	<u>\$ 4,152,534</u>

E. Other Post-employment Benefits (OPEB):

Plan Description:

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

Funding Policy:

The contribution requirements of plan members and the City are established and may be amended by the City, the City’s Council, and/or the employee associations. The City is currently funding this OPEB obligation on a pay-as-you-go basis. For the fiscal year ended June 30, 2017, the City paid \$25,000 in health care costs for its retirees and their covered dependents.

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2017

7) LONG-TERM LIABILITIES – Continued

Annual OPEB Cost and Net OPEB Obligation:

The City’s annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded liabilities of the plan over a period not to exceed twenty four years. The following table shows the components of the City’s annual OPEB cost for the fiscal year, the amount actually contributed to the plan, and changes in the net OPEB obligation to the Retiree Health Plan:

Annual Required Contribution (ARC)	\$	59,000
Interest on Net OPEB Obligation		17,000
Adjustment to ARC		(38,000)
Annual OPEB Cost		38,000
Actual Contributions Made		25,000
Increase in Net OPEB Obligation		13,000
Net OPEB Obligation - Beginning of Year		440,000
Net OPEB Obligation - End of Year	\$	453,000

The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ended June 30, 2017, 2016 and 2015 were as follows:

THREE-YEAR TREND INFORMATION				
Fiscal Year Ended	Annual OPEB Cost	Annual Contribution (Net of Adjustments)	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
6/30/15	\$ 36,000	\$ 22,000	33.85%	\$ 421,000
6/30/16	\$ 37,000	\$ 18,000	50.00%	\$ 440,000
6/30/17	\$ 38,000	\$ 25,000	65.79%	\$ 453,000

Funded Status and Funding Progress:

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

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about rates of employee turnover, retirement, mortality, as well as economic assumptions regarding claim costs per retiree, healthcare inflation, and interest rates. Amounts

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2017

7) LONG-TERM LIABILITIES – Continued

determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions:

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

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

Business-type Activities:

A. 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. The proceeds were placed in an irrevocable trust with an escrow agent to provide for future debt service payments on the 1996 Sewer improvement Certificates and the 2000 Series B Water and Sewer CSDA Certificates. The refunded bonds are considered to be defeased and the liability has been removed from long-term debt. Interest on the 2005 bonds is payable semiannually, on April 1 and October 1, with the principal payments due annually on October 1 of each year. Net revenues of the water and wastewater utilities are pledged as security for the bonds.

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

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2017

7) LONG-TERM LIABILITIES – Continued

Fiscal Year Ending June 30,	Principal	Interest	Total
2018	\$ 115,000	\$ 94,850	\$ 209,850
2019	115,000	90,250	205,250
2020	120,000	85,475	205,475
2021	125,000	80,375	205,375
2022	130,000	74,988	204,988
2023	135,000	68,850	203,850
2024	145,000	61,850	206,850
2025	150,000	54,475	204,475
2026	160,000	46,725	206,725
2027	170,000	38,475	208,475
2028	170,000	30,294	200,294
2029	180,000	22,200	202,200
2030	190,000	13,644	203,644
2031	200,000	4,625	204,625
Totals	<u>\$ 2,105,000</u>	<u>\$ 767,076</u>	<u>\$ 2,872,076</u>

B. 2014 Water Refunding Bonds

In February of 2014, the City issued \$7,965,000 in Water Revenue Refunding Bonds, to refund the 2001 A and 2002 C outstanding bonds (current refunding). Proceeds from the 2014 bonds were placed in escrow to refund in full the 2001 A and 2002 C bonds, and to pay costs of issuance.

The following represents the future debt service:

Fiscal Year Ending June 30,	Principal	Interest	Total
2018	\$ 473,000	\$ 268,899	\$ 741,899
2019	496,000	248,793	744,793
2020	508,000	227,959	735,959
2021	531,000	206,400	737,400
2022	557,000	183,824	740,824
2023	583,000	160,169	743,169
2024	604,000	135,539	739,539
2025	462,000	113,420	575,420
2026	484,000	93,790	577,790
2027	347,000	76,547	423,547
2028	253,000	64,097	317,097
2029	262,000	53,411	315,411
2030	270,000	42,371	312,371
2031	284,000	30,876	314,876
2032	297,000	18,820	315,820
2033	305,000	6,329	311,329
Totals	<u>\$ 6,716,000</u>	<u>\$ 1,931,244</u>	<u>\$ 8,647,244</u>

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2017

7) LONG-TERM LIABILITIES – Continued

C. 2015 Wastewater Revenue Refunding Bonds, Series A

In July of 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 following represents the future minimum debt service requirements for the 2015 Wastewater Revenue Refunding Bonds:

Fiscal Year Ending June 30,	Principal	Interest	Total
2018	\$ 910,000	\$ 881,600	\$ 1,791,600
2019	940,000	853,850	1,793,850
2020	975,000	820,250	1,795,250
2021	1,015,000	780,450	1,795,450
2022	1,055,000	739,050	1,794,050
2023	1,095,000	696,050	1,791,050
2024	1,140,000	651,350	1,791,350
2025	1,190,000	604,750	1,794,750
2026	1,235,000	556,250	1,791,250
2027	1,290,000	505,750	1,795,750
2028	1,335,000	459,925	1,794,925
2029	1,375,000	418,416	1,793,416
2030	1,420,000	373,856	1,793,856
2031	1,470,000	325,975	1,795,975
2032	1,520,000	274,569	1,794,569
2033	1,575,000	219,422	1,794,422
2034	1,635,000	160,219	1,795,219
2035	1,695,000	97,781	1,792,781
2036	1,760,000	33,000	1,793,000
Totals	<u>\$ 24,630,000</u>	<u>\$ 9,452,513</u>	<u>\$ 34,082,513</u>

Fiduciary Fund Long-term Liabilities:

Long-term liabilities of the former Healdsburg Redevelopment Agency were transferred to the Successor Agency Private-purpose Trust Fund during 2011-12 as a result of the State's action to dissolve redevelopment agencies. The following is a schedule of changes in long-term debt of the Successor Agency for the fiscal year ended June 30, 2017:

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2017

7) LONG-TERM LIABILITIES – Continued

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Tax Allocation Bonds:					
2002 Series B	\$ 1,315,000	\$ -	\$ 55,000	\$ 1,260,000	\$ 60,000
2010 Series	20,270,000	-	330,000	19,940,000	395,000
2014 Series A	9,858,300	-	473,200	9,385,100	488,600
2014 Series B	3,880,900	-	187,900	3,693,000	191,000
2015 Series A	9,216,600	-	405,900	8,810,700	412,700
2015 Series B	4,565,500	-	212,200	4,353,300	225,600
Total	<u>\$ 49,106,300</u>	<u>\$ -</u>	<u>\$ 1,664,200</u>	<u>\$ 47,442,100</u>	<u>\$ 1,772,900</u>

Tax Allocation Bonds:

A. 2002 Series B

In August 2004, the Agency issued \$1,800,000 Series B 2002 Tax Allocation Bonds. The Bonds were issued for the purpose of providing funds to finance the 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. Debt service payments will be made from tax increment revenue received by the Trust. Future debt service on these bonds is as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2018	\$ 60,000	\$ 58,425	\$ 118,425
2019	60,000	55,575	115,575
2020	65,000	52,606	117,606
2021	70,000	49,400	119,400
2022	70,000	46,075	116,075
2023	75,000	42,631	117,631
2024	80,000	38,950	118,950
2025	80,000	35,150	115,150
2026	85,000	31,231	116,231
2027	90,000	27,075	117,075
2028	95,000	22,681	117,681
2029	100,000	18,050	118,050
2030	105,000	13,181	118,181
2031	110,000	8,075	118,075
2032	115,000	2,731	117,731
Totals	<u>\$ 1,260,000</u>	<u>\$ 501,836</u>	<u>\$ 1,761,836</u>

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2017

7) LONG-TERM LIABILITIES – Continued

B. 2010 Series

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

Fiscal Year Ending June 30,	Principal	Interest	Total
2018	\$ 395,000	\$ 1,004,581	\$ 1,399,581
2019	460,000	988,963	1,448,963
2020	535,000	969,063	1,504,063
2021	610,000	946,163	1,556,163
2022	670,000	919,726	1,589,726
2023	710,000	889,513	1,599,513
2024	755,000	856,078	1,611,078
2025	800,000	818,619	1,618,619
2026	850,000	777,369	1,627,369
2027	660,000	738,794	1,398,794
2028	705,000	702,963	1,407,963
2029	750,000	664,768	1,414,768
2030	800,000	624,081	1,424,081
2031	855,000	580,638	1,435,638
2032	910,000	533,737	1,443,737
2033	2,995,000	428,790	3,423,790
2034	3,155,000	263,510	3,418,510
2035	3,325,000	89,359	3,414,359
Totals	<u>\$ 19,940,000</u>	<u>\$ 12,796,715</u>	<u>\$ 32,736,715</u>

C. 2014 Series A and B

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

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2017

7) LONG-TERM LIABILITIES – Continued

In May of 2014, the Successor Agency issued \$4,279,400 in 2014 Tax Allocation Refunding Bonds, Series B, to refund the outstanding 2002 Tax Allocation Bonds, Series C (current refunding). Proceeds from the 2014 Series B bonds were used to refund in full the 2002 Series C bonds, to establish a reserve fund, and to pay costs of issuance. As a result, the 2002 Series C bonds are considered defeased. Interest on the bonds is set at 3.4% with semi-annual debt service payments due on February 1 and August 1 of each year, with principal maturing annually August 1, 2014 through 2031. Debt service payments will be made from tax increment revenue received by the Trust. The following represents the future minimum debt service requirements:

Fiscal Year Ending June 30,	Tax Allocation Bonds - Series 2014A		
	Principal	Interest	Total
2018	\$ 488,600	\$ 310,787	\$ 799,387
2019	508,400	293,838	802,238
2020	522,700	276,310	799,010
2021	541,500	258,218	799,718
2022	559,600	239,499	799,099
2023	577,200	220,174	797,374
2024	599,000	200,178	799,178
2025	619,400	179,466	798,866
2026	639,000	158,073	797,073
2027	662,600	135,946	798,546
2028	685,300	113,031	798,331
2029	707,000	89,362	796,362
2030	732,600	64,889	797,489
2031	757,000	39,566	796,566
2032	785,200	13,348	798,548
Totals	<u>\$ 9,385,100</u>	<u>\$ 2,592,685</u>	<u>\$ 11,977,785</u>

Fiscal Year Ending June 30,	Tax Allocation Bonds - Series 2014B		
	Principal	Interest	Total
2018	\$ 191,000	\$ 122,315	\$ 313,315
2019	199,000	115,685	314,685
2020	206,800	108,786	315,586
2021	214,300	101,628	315,928
2022	221,600	94,217	315,817
2023	228,600	86,564	315,164
2024	235,400	78,676	314,076
2025	241,600	70,567	312,167
2026	252,500	62,167	314,667
2027	263,100	53,403	316,503
2028	268,200	44,370	312,570
2029	277,900	35,086	312,986
2030	287,300	25,478	312,778
2031	296,100	15,560	311,660
2032	309,600	5,263	314,863
Totals	<u>\$ 3,693,000</u>	<u>\$ 1,019,765</u>	<u>\$ 4,712,765</u>

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2017

7) LONG-TERM LIABILITIES – Continued

D. 2015 Series A and B

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

Fiscal Year Ending June 30,	Tax Allocation Bonds - Series 2015A		
	Principal	Interest	Total
2018	\$ 412,700	\$ 365,685	\$ 778,385
2019	424,200	347,901	772,101
2020	435,300	329,636	764,936
2021	441,100	311,013	752,113
2022	455,700	291,956	747,656
2023	464,700	272,397	737,097
2024	468,200	252,573	720,773
2025	481,300	232,396	713,696
2026	493,800	211,675	705,475
2027	740,500	185,447	925,947
2028	762,600	153,506	916,106
2029	788,200	120,551	908,751
2030	807,400	86,645	894,045
2031	830,300	51,844	882,144
2032	804,700	17,100	821,800
Totals	<u>\$ 8,810,700</u>	<u>\$ 3,230,325</u>	<u>\$ 12,041,025</u>

Fiscal Year Ending June 30,	Tax Allocation Bonds - Series 2015B		
	Principal	Interest	Total
2018	\$ 225,600	\$ 180,221	\$ 405,821
2019	233,600	170,463	404,063
2020	241,500	160,367	401,867
2021	249,000	149,944	398,944
2022	255,900	139,215	395,115
2023	267,500	128,093	395,593
2024	273,700	116,592	390,292
2025	289,500	104,624	394,124
2026	294,800	92,208	387,008
2027	304,800	79,467	384,267
2028	319,200	66,207	385,407
2029	328,000	52,454	380,454
2030	341,200	38,233	379,433
2031	353,800	23,464	377,264
2032	375,200	7,973	383,173
Totals	<u>\$ 4,353,300</u>	<u>\$ 1,509,525</u>	<u>\$ 5,862,825</u>

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2017

8) EMPLOYEES' RETIREMENT PLAN

General Information about the Defined Benefit Pension Plan

Plan Descriptions – All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan) administered by the California Public Employees' Retirement System (CalPERS.) The Plan consists of individual rate plans (benefit tiers) within a safety risk pool (police and fire) and a miscellaneous risk pool. Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The City sponsors six rate plans (three miscellaneous and three safety). Benefit provisions under the Plan are established by State statute and City ordinance and resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided – The Plan is a cost-sharing multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). A full description of the pension plan benefit provisions, assumptions for funding purposes but not accounting purposes, and membership information is listed in the June 30, 2015 Annual Actuarial Valuation Report. Details of the benefits provided can be obtained in Appendix B of the June 30, 2015 actuarial valuation report. This report is a publically available valuation report that can be obtained at CalPERS' website under Forms and Publications. The Plan's provisions and benefits in effect at June 30, 2017, are summarized as follows:

	Miscellaneous Classic Members	Miscellaneous 2nd Tier	Miscellaneous PEPRA
Hire date	Prior to December 16, 2012	On or after December 16, 2012	On or after January 1, 2013
Benefit formula	2.5% @ 55 single highest year	2% @ 60 36 month average	2% @ 62 36 month average
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	55	60	62
Monthly benefits, as a % of eligible compensation	2.5%	2%	2%
Required employee contribution rates	8%	7%	6.5%
Required employer contribution rates	10.808% + \$806,584	7.809% + \$492	6.93% + \$59
	Safety	Safety PEPRA	
Hire date	Prior to January 1, 2013	On or after January 1, 2013	
Benefit formula	3% @ 50 single highest year	2.7% @ 57 36 month average	
Benefit vesting schedule	5 years service	5 years service	
Benefit payments	monthly for life	monthly for life	
Retirement age	50	57	
Monthly benefits, as a % of eligible compensation	3%	2.7%	
Required employee contribution rates	9%	11.5%	
Required employer contribution rates	19.536% + \$394,602	12.082% + \$154	

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2017

8) EMPLOYEES' RETIREMENT PLAN – Continued

Contributions – Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan 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.

Beginning in fiscal year 2016, CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability. The dollar amounts are billed on a monthly basis. The City's required contribution for the unfunded liability was \$1,201,891 in fiscal year 2017.

The City's contributions to the Plan for the year ended June 30, 2017 were \$2,494,953.

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

As of June 30, 2017, the City reported a liability of \$29,331,189 for its proportionate share of the net pension liability. The City's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2016, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

The City's proportionate share of the net pension liability as of June 30, 2015 and 2016 was as follows:

Proportion - June 30, 2015	0.33530%
Proportion - June 30, 2016	0.33897%
Change - Increase (Decrease)	0.00367%

For the year ended June 30, 2017, the City recognized pension expense of \$3,860,857. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2017

8) EMPLOYEES' RETIREMENT PLAN – Continued

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 2,494,953	\$ -
Differences between actual and expected experience	-	20,258
Changes in assumptions	-	750,784
Change in employer's proportion	1,414,391	-
Differences between the employer's contributions and the employer's proportionate share of contributions	-	1,105,911
Net differences between projected and actual earnings on plan investments	3,831,159	-
Total	\$ 7,740,503	\$ 1,876,953

The \$2,494,953 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending June 30,	
2018	\$ 234,039
2019	382,016
2020	1,758,531
2021	994,011
2022	-
Thereafter	-

Actuarial Assumptions – The total pension liabilities in the June 30, 2015 actuarial valuations were determined using the following actuarial assumptions:

Valuation date	June 30, 2015
Measurement date	June 30, 2016
Actuarial cost method	entry-age normal
Actuarial assumptions:	
Discount rate	7.65%
Inflation	2.75%
Payroll growth	3.00%
Projected salary increase	(1)
Investment rate of return	7.65%
Mortality	(2)

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

(2) Derived using CalPERS' Membership Data for all Funds.

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2017

8) EMPLOYEES' RETIREMENT PLAN – Continued

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2015 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website.

Discount Rate – The discount rate used to measure the total pension liability was 7.65%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65% will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

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

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

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

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

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2017

8) EMPLOYEES' RETIREMENT PLAN – Continued

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (1)	Real Return Years 11+ (2)
Global Equity	51%	5.25%	5.71%
Global Fixed Income	20%	0.99%	2.43%
Inflation Sensitive	6%	0.45%	3.36%
Private Equity	10%	6.83%	6.95%
Real Estate	10%	4.50%	5.13%
Infrastructure and Forestland	2%	4.50%	5.09%
Liquidity	1%	-0.55%	-1.05%

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

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

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

1% Decrease	6.65%
Net Pension Liability	\$ 43,955,454
Current Discount Rate	7.65%
Net Pension Liability	\$ 29,331,189
1% Increase	8.65%
Net Pension Liability	\$ 17,274,398

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

Payable to the Pension Plan

At June 30, 2017, the City reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2017.

9) NET POSITION AND FUND BALANCES

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

A. Net Position

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

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2017

9) NET POSITION AND FUND BALANCES – Continued

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

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

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

B. Fund Balances

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

	General Fund	Community Services Fund	Streets Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:					
Prepays	\$ 1,406	\$ -	\$ -	\$ -	\$ 1,406
Inventory	-	-	11,112	-	11,112
Cultural Trust	-	-	-	69,980	69,980
Restricted for:					
Fire Facilities	185,608	-	-	-	185,608
Pension Rate Stabilization	3,104,144	300,088	116,829	-	3,521,061
Low Income Housing	-	-	-	7,220,790	7,220,790
Community Development	-	-	-	15,161	15,161
Landscaping and Lighting	-	-	-	256,141	256,141
Law Enforcement	-	-	-	138,030	138,030
Parks and Recreation	-	2,310,766	-	432,338	2,743,104
Road Improvements	-	-	849,325	1,397,972	2,247,297
Committed to:					
Low Income Housing	106,254	-	-	-	106,254
Miscellaneous Projects	-	-	-	3,440,246	3,440,246
Debt Service	-	-	-	171,682	171,682
Assigned to:					
Equipment Replacement	4,902,250	-	-	-	4,902,250
Economic Development	372,563	-	-	-	372,563
Unassigned	2,026,017	-	-	(14,638)	2,011,379
Total Fund Balance	<u>\$ 10,698,242</u>	<u>\$ 2,610,854</u>	<u>\$ 977,266</u>	<u>\$ 13,127,702</u>	<u>\$ 27,414,064</u>

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2017

10) NORTHERN CALIFORNIA POWER AGENCY

Background

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

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

Organization and Management

NCPA's governing body (the "Commission") is composed of one representative from each Member, each such representative being designated a Commissioner. The Commission is given the general management of the affairs, property and business of NCPA and is vested with all powers of NCPA. Under the NCPA Joint Powers Agreement, associate Members do not have a voting seat on the Commission, except as may be provided in a project agreement.

The management of NCPA is responsible for various areas of administration and planning of NCPA's operations and affairs. The overall management is under the direction of NCPA's General Manager, who serves at the discretion of the Commission. NCPA is organized into four separate divisions: (i) generation services, (ii) power management, (iii) legislative and regulatory, and (iv) administrative services.

Today, the organization is guided by an ethic of environmental stewardship, fiscal responsibility and community service, coupled with a strong sense of mission to advance the state of the art in renewable energy. Each NCPA Member has agreed to fund a pro rata share of certain assessments by NCPA and enter into power supply contract with NCPA to purchase power in support of bearing the costs of NCPA operations, energy and facilities. While governed by its Members, none of NCPA's obligations are those of its Members unless expressly assumed by them. As computed by

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2017

10) NORTHERN CALIFORNIA POWER AGENCY – Continued

NCPA amounts paid by the City to NCPA during the year ending June 30, 2017 were \$6.3 million for electric power acquisition charges and are reported as an expense of the Electric Utility Fund.

Additionally, the NCPA Commission identified and approved the funding of specific reserves for working capital, accumulated employee's post-retirement medical benefits, and billed property taxes for the geothermal project. The Commission also identified a number of contingent liabilities that may or may not be realized, the cost of which in most cases is difficult to estimate at this time. One such contingent liability is the steam filed depletion which will require funding to cover debt service and operational cost in excess of the expected value of the electric power. The General Operating Reserve (the "GOR") is intended to minimize the number and amount of individual reserves needed for each project, protect NCPA's financial condition and maintain its credit worthiness. These funds are available on demand, but the City has left them with NCPA as a reserve against these contingencies identified by NCPA. The City's GOR balance as computed by NCPA was \$5.8 million as of June 30, 2017. The most recent estimated funding recommended by NCPA equaled \$1.4 million.

NCPA Power Pool

The City is a member of a power pool operated by NCPA that also includes the following Members: Alameda, Biggs, Gridley, Lodi, Lompoc, Palo Alto, Plumas Sierra Rural Electric Cooperative, the Port of Oakland and Ukiah (each, an "NCPA Pool Member"). The ten NCPA Pool Members' service areas are connected to the CAISO-controlled grid. NCPA operates a central dispatch facility at NCPA's headquarters. The Central Dispatch Center balances loads and resources pursuant to CAISO tariff rules, for the ten NCPA Pool Members, and Santa Clara.

NCPA Geothermal Project

NCPA has developed a geothermal project (the "Geothermal Project") located on federal land in certain areas of Sonoma and Lake Counties, California (the "Geysers Area"). NCPA formed two not-for-profit corporations controlled by its Members to own the generating plants of the Geothermal Project. NCPA manages the Geothermal Project for the corporations and is entitled to all the capacity and energy generated by the Geothermal Project.

Combustion Turbine Project

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

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2017

10) NORTHERN CALIFORNIA POWER AGENCY – Continued

Lodi Energy Center

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

NCPA Condensed Financial Information

The information below summarizes NCPA's audited financial statements as of and for the fiscal year ending June 30, 2017 (in thousands), which is the latest information available:

Total Assets and Deferred Outflows	\$ 1,167,958
Total Liabilities and Deferred Inflows	1,133,898
Long-term Debt	737,022
Net Position	34,060
Revenues	479,727
Expenses (including refunds)	473,630
Decrease in Net Position	6,097

11) Risk Management

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

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

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2017

11) Risk Management – Continued

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

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

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

Changes in the Internal Service Funds claims liabilities amounts in fiscal year 2017 and 2016 were as follows:

	2017	2016
Balance, Beginning of Fiscal Year	\$ 43,724	\$ 17,478
Claims and Adjustments	670,178	40,000
Claims Payments	(665,321)	(13,754)
Balance, End of Fiscal Year	\$ 48,581	\$ 43,724

12) COMMITMENTS AND CONTINGENCIES

There are pending claims and litigation against the City, which are considered normal to the City’s operation. City management is of the opinion that potential claims against the City not covered by insurance resulting from such litigation would not materially affect the basic financial statements of the City beyond funded reserves. In addition, the City received a claim seeking \$1 Million in damages related to a complaint for slander of title claim. The probability of loss, if any, from this claim has not been determined and therefore, no accrual for this claim has been made in the City’s financial statements.

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2017

12) COMMITMENTS AND CONTINGENCIES - Continued

The City has entered into long-term electric power purchase generation assets and electric transmission contracts. These contracts were entered into by NCPA on behalf of various members (see Note 10) including the City. Under the terms of its NCPA joint venture agreement, the City is contingently liable for a portion of the bonded indebtedness issued by these agencies under take-or-pay or similar agreements. The City's estimated share of such debt outstanding at June 30, 2017 was \$13.1 million. Under certain circumstances, such as default or bankruptcy of other participants, the City may also be liable to pay a portion of the debt of these joint ventures on behalf of the other participants.

California-Oregon Transmission Project

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

Western Area Power Administration

In addition to commitments for power acquisitions through NCPA, the City has entered into a contract with the Western Area Power Administration (Western). Western is a federal Power Management Agency of the U.S. Department of Energy, which among other things is responsible for marketing electricity generated by the Central Valley Project. The contract with Western was renewed for the period January 1, 2005 through December 31, 2024.

Construction Commitments

The estimated amount of remaining construction contract obligations at year-end is \$12,127,810.

REQUIRED SUPPLEMENTARY INFORMATION

City of Healdsburg
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Fund
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 2,646,910	\$ 2,886,315	\$ 3,246,166	\$ 359,851
Sales and Other Taxes	7,897,513	7,897,513	7,853,717	(43,796)
Charges for Services	786,375	786,375	738,111	(48,264)
Fines and Forfeitures	92,000	92,000	143,637	51,637
Licenses and Permits	1,073,635	1,073,635	1,151,407	77,772
Development Fees	-	-	24,361	24,361
Intergovernmental	193,808	193,808	239,857	46,049
Investment Earnings	65,751	65,751	161,947	96,196
Other Revenues	120,588	193,888	355,830	161,942
Total Revenues	12,876,580	13,189,285	13,915,033	725,748
EXPENDITURES				
Current:				
General Government	1,641,214	2,031,200	1,654,305	376,895
Public Safety	7,814,907	7,923,585	8,267,371	(343,786)
Planning and Building	1,638,105	1,817,825	1,718,094	99,731
Capital Outlay	1,705,000	6,336,905	1,857,101	4,479,804
Total Expenditures	12,799,226	18,109,515	13,496,871	4,612,644
Excess (Deficiency) of Revenues over Expenditures	77,354	(4,920,230)	418,162	5,338,392
OTHER FINANCING SOURCES (USES)				
Transfers	647,413	5,642,855	(3,003,980)	(8,646,835)
Transfers Out	(3,444,729)	(5,493,022)	191,835	5,684,857
Total Other Financing Sources (Uses)	(2,797,316)	149,833	(2,812,145)	(2,961,978)
Net Change in Fund Balances	(2,719,962)	(4,770,397)	(2,393,983)	2,376,414
Fund Balance, Beginning of Year	13,092,225	13,092,225	13,092,225	-
Fund Balance, End of Year	<u>\$ 10,372,263</u>	<u>\$ 8,321,828</u>	<u>\$ 10,698,242</u>	<u>\$ 2,376,414</u>

City of Healdsburg
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Community Services Special Revenue Fund
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Sales and Other Taxes	\$ 2,605,487	\$ 2,605,487	\$ 2,836,586	\$ 231,099
Charges for Services	773,253	798,253	785,346	(12,907)
Intergovernmental	987,166	987,166	307,732	(679,434)
Investment Earnings	12,000	12,000	19,066	7,066
Successor Agency Bond Contributions	-	-	-	-
Other Revenues	2,000,000	2,000,000	583	(1,999,417)
Total Revenues	6,377,906	6,402,906	3,949,313	(2,453,593)
EXPENDITURES				
Current:				
Community Services	3,263,288	3,361,994	3,315,062	46,932
Capital Outlay	3,857,865	3,857,865	204,324	3,653,541
Total Expenditures	7,121,153	7,219,859	3,519,386	3,700,473
Excess (Deficiency) of Revenues Over Expenditures	(743,247)	(816,953)	429,927	1,246,880
OTHER FINANCING SOURCES (USES)				
Transfers In	1,040,865	1,040,865	63,584	(977,281)
Transfers Out	(832,769)	(859,194)	(343,169)	516,025
Total Other Financing Sources (Uses)	208,096	181,671	(279,585)	(461,256)
Net Change in Fund Balance	(535,151)	(635,282)	150,342	785,624
Fund Balance, Beginning of Year	2,460,512	2,460,512	2,460,512	-
Fund Balance, End of Year	\$ 1,925,361	\$ 1,825,230	\$ 2,610,854	\$ 785,624

City of Healdsburg
Required Supplementary Information
Year Ended June 30, 2017

SCHEDULE OF FUNDING PROGRESS FOR OPEB

(Amounts in Thousands)

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

City of Healdsburg
Required Supplementary Information
Year Ended June 30, 2017

Schedule of the City's Proportionate Share of the Net Pension Liability
Last 10 Years*

Measurement Date	Proportion of the Net Pension Liability	Proportionate Share of Net Pension Liability	Covered Employee Payroll	Proportionate Share of the Net Pension Liability as a % of Payroll	Plan Fiduciary Net Position as a % of the Total Pension Liability
2016	0.33897%	\$ 29,331,189	\$ 9,958,349	294.54%	72.92%
2015	0.33530%	23,014,464	8,299,645	277.29%	77.62%
2014	0.28460%	17,713,031	7,808,757	226.84%	82.46%

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

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2015 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 discount rate was changed from 7.5 percent (net of administrative expense) to 7.65 percent to correct for an adjustment to exclude administrative expense, beginning with the June 30, 2014 actuarial valuation.

*Fiscal year 2015 was the first year of implementation, therefore, not all 10 years of information are available.

City of Healdsburg
Required Supplementary Information
Year Ended June 30, 2017

Schedule of Plan Contributions
Last 10 Years*

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency/ (Excess)	Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2017	\$ 2,494,953	\$ (2,494,953)	\$ -	\$ 9,958,349	25.05%
2016	2,208,239	(2,208,239)	-	9,243,834	23.89%
2015	1,707,064	(1,707,064)	-	8,299,645	20.57%

Notes to the Schedule of Plan Contributions

Valuation Date: 6/30/2013, 6/30/2014, and 6/30/2015

*Fiscal year 2015 was the first year of implementation, therefore, not all 10 years of information are available.

City of Healdsburg
Notes to Required Supplementary Information
Year Ended June 30, 2017

Budgetary Information

Annual budgets are adopted for all governmental fund types on a basis consistent with accounting principles generally accepted in the United States of America. The City's budget ordinance requires that in June of each fiscal year the City Manager submit a preliminary budget that includes projected expenditures and the means of financing them, to the City Council for the fiscal year commencing the following July 1. As modified during public study sessions, the preliminary budget becomes the proposed budget. Following public hearings on the proposed budget, the final annual budget is adopted by the City Council. After adoption of the final budget, transfers of appropriations within funds can be made by the City Manager. Budget modifications between funds; increases or decreases to a fund's overall budget; or transfers that affect capital projects, must be approved by the City Council. Numerous properly authorized amendments are made during the fiscal year.

SUPPLEMENTARY INFORMATION

City of Healdsburg
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Streets Capital Projects Fund
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Sales and Other Taxes	\$ -	\$ -	\$ 97,937	\$ 97,937
Charges for Services	-	-	142,167	142,167
Development Fees	-	-	177,602	177,602
Intergovernmental	202,937	202,937	1,295,492	1,092,555
Investment Earnings	500	500	1,427	927
Other Revenues	82,000	82,000	156,374	74,374
	<u>285,437</u>	<u>285,437</u>	<u>1,870,999</u>	<u>1,585,562</u>
EXPENDITURES				
Current:				
Streets and Roads	953,278	953,278	1,282,928	(329,650)
Capital Outlay	2,937,466	14,101,287	7,040,474	7,060,813
	<u>3,890,744</u>	<u>15,054,565</u>	<u>8,323,402</u>	<u>6,731,163</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(3,605,307)</u>	<u>(14,769,128)</u>	<u>(6,452,403)</u>	<u>8,316,725</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	2,737,291	13,682,357	7,035,236	(6,647,121)
Transfers Out	(39,762)	(39,762)	(39,763)	(1)
	<u>2,697,529</u>	<u>13,642,595</u>	<u>6,995,473</u>	<u>(6,647,122)</u>
Net Change in Fund Balance	(907,778)	(1,126,533)	543,070	1,669,603
Fund Balance, Beginning of Year	434,196	434,196	434,196	-
Fund Balance, End of Year	<u>\$ (473,582)</u>	<u>\$ (692,337)</u>	<u>\$ 977,266</u>	<u>\$ 1,669,603</u>

City of Healdsburg
Combining Balance Sheet
Non-major Governmental Funds
June 30, 2017

	Special Revenue				
	Gas Tax	North Area	Benjamin Way Maintenance District	Public Safety	Strong Motion Education and Data
ASSETS					
Cash and Investments	\$ 1,398,688	\$ 362	\$ 7,354	\$ 155,228	\$ 2,267
Cash and Investments with Fiscal Agent	-	-	-	-	-
Receivables:					
Accounts	-	54,600	-	-	-
Taxes	-	-	-	-	-
Notes	-	-	-	-	-
Interest	3,429	-	18	-	6
Due from Other Governments	-	-	-	-	-
Total Assets	<u>\$ 1,402,117</u>	<u>\$ 54,962</u>	<u>\$ 7,372</u>	<u>\$ 155,228</u>	<u>\$ 2,273</u>
LIABILITIES					
Accounts Payable	\$ 4,145	\$ -	\$ -	\$ -	\$ -
Deposits Payable	-	-	-	17,198	-
Due to Other Funds	-	15,000	-	-	-
Unearned Revenue	-	-	-	-	-
Total Liabilities	<u>4,145</u>	<u>15,000</u>	<u>-</u>	<u>17,198</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenues - Accounts Receivable	-	54,600	-	-	-
Unavailable Revenues - Interest Receivable	-	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>54,600</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	1,397,972	-	7,372	138,030	2,273
Committed	-	-	-	-	-
Unassigned	-	(14,638)	-	-	-
Total Fund Balances	<u>1,397,972</u>	<u>(14,638)</u>	<u>7,372</u>	<u>138,030</u>	<u>2,273</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,402,117</u>	<u>\$ 54,962</u>	<u>\$ 7,372</u>	<u>\$ 155,228</u>	<u>\$ 2,273</u>

Area A Lighting and Landscaping	Special Revenue			Capital Projects	General Debt Service	Permanent Fund	Total Non-major Funds
	Media Center	Park Development Fees	Housing Successor Agency	Miscellaneous Projects		Cultural Trust	
\$ 255,499	\$ -	\$ 431,227	\$ -	\$ 1,888,917	\$ 169,855	\$ 75,496	\$ 4,384,893
-	-	-	-	1,546,593	-	-	1,546,593
-	9,986	54	-	-	-	-	64,640
5,130	-	-	-	-	1,411	-	6,541
-	-	-	8,474,020	-	-	-	8,474,020
626	-	1,057	-	4,736	416	-	10,288
-	-	-	-	-	-	-	-
<u>\$ 261,255</u>	<u>\$ 9,986</u>	<u>\$ 432,338</u>	<u>\$ 8,474,020</u>	<u>\$ 3,440,246</u>	<u>\$ 171,682</u>	<u>\$ 75,496</u>	<u>\$ 14,486,975</u>
\$ 5,114	\$ 9,986	\$ -	\$ 21,862	\$ -	\$ -	\$ -	\$ 41,107
-	-	-	-	-	-	-	17,198
-	-	-	23,553	-	-	-	38,553
-	-	-	-	-	-	-	-
5,114	9,986	-	45,415	-	-	-	96,858
-	-	-	-	-	-	-	54,600
-	-	-	1,207,815	-	-	-	1,207,815
-	-	-	1,207,815	-	-	-	1,262,415
-	-	-	-	-	-	69,980	69,980
256,141	-	432,338	7,220,790	-	-	5,516	9,460,432
-	-	-	-	3,440,246	171,682	-	3,611,928
-	-	-	-	-	-	-	(14,638)
256,141	-	432,338	7,220,790	3,440,246	171,682	75,496	13,127,702
<u>\$ 261,255</u>	<u>\$ 9,986</u>	<u>\$ 432,338</u>	<u>\$ 8,474,020</u>	<u>\$ 3,440,246</u>	<u>\$ 171,682</u>	<u>\$ 75,496</u>	<u>\$ 14,486,975</u>

City of Healdsburg
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Governmental Funds
Year Ended June 30, 2017

	Special Revenue				
	Gas Tax	North Area	Benjamin Way Maintenance District	Public Safety	Strong Motion Education and Data
REVENUES					
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for Services	-	-	-	2,000	-
Fines and Forfeitures	-	-	-	7,285	-
Development Fees	-	-	-	-	-
Intergovernmental	230,289	-	-	-	-
Investment Earnings	13,127	-	74	(38)	21
Other Revenues	-	-	-	4,940	510
Total Revenues	243,416	-	74	14,187	531
EXPENDITURES					
Current:					
General Government	-	-	-	-	-
Public Safety	-	-	-	100,195	-
Community Development	41,207	-	-	-	-
Capital Outlay	-	-	-	-	-
Debt Service:					
Interest Charges	-	-	-	-	-
Principal	-	-	-	-	-
Total Expenditures	41,207	-	-	100,195	-
Excess (Deficiency) of Revenues Over Expenditures	202,209	-	74	(86,008)	531
OTHER FINANCING SOURCES (USES)					
Transfers In	-	-	-	-	-
Transfers Out	(252,063)	-	-	-	-
Sale of Capital Assets	-	-	-	-	-
Total Other Financing Sources (Uses)	(252,063)	-	-	-	-
Net Change in Fund Balances	(49,854)	-	74	(86,008)	531
Fund Balances, Beginning of Year	1,447,826	(14,638)	7,298	224,038	1,742
Fund Balances, End of Year	\$ 1,397,972	\$ (14,638)	\$ 7,372	\$ 138,030	\$ 2,273

Area A Lighting and Landscaping	Special Revenue			Capital Projects	General Debt Service	Permanent Fund	Total Non-major Funds
	Media Center	Park Development Fees	Housing Successor Agency	Miscellaneous Projects		Cultural Trust	
\$ 187,458	\$ -	\$ -	\$ -	\$ -	\$ 25,511	\$ -	\$ 212,969
-	40,521	-	-	-	-	-	42,521
-	-	-	-	-	-	-	7,285
-	-	102,960	-	-	-	-	102,960
-	-	-	-	-	-	-	230,289
2,532	-	4,227	2,586	(946)	3,106	616	25,305
-	-	39	38,652	-	-	-	44,141
<u>189,990</u>	<u>40,521</u>	<u>107,226</u>	<u>41,238</u>	<u>(946)</u>	<u>28,617</u>	<u>616</u>	<u>665,470</u>
-	40,521	-	-	-	-	-	40,521
-	-	-	-	-	-	-	100,195
202,962	-	-	94,844	-	-	-	339,013
-	-	-	1,839,204	-	-	-	1,839,204
-	-	-	-	-	217,215	-	217,215
-	-	-	-	-	791,857	-	791,857
<u>202,962</u>	<u>40,521</u>	<u>-</u>	<u>1,934,048</u>	<u>-</u>	<u>1,009,072</u>	<u>-</u>	<u>3,328,005</u>
<u>(12,972)</u>	<u>-</u>	<u>107,226</u>	<u>(1,892,810)</u>	<u>(946)</u>	<u>(980,455)</u>	<u>616</u>	<u>(2,662,535)</u>
-	-	-	1,612,887	-	1,009,044	-	2,621,931
(5,616)	-	-	(50,094)	(6,111,415)	-	-	(6,419,188)
-	-	-	1,777,724	-	-	-	1,777,724
<u>(5,616)</u>	<u>-</u>	<u>-</u>	<u>3,340,517</u>	<u>(6,111,415)</u>	<u>1,009,044</u>	<u>-</u>	<u>(2,019,533)</u>
(18,588)	-	107,226	1,447,707	(6,112,361)	28,589	616	(4,682,068)
<u>274,729</u>	<u>-</u>	<u>325,112</u>	<u>5,773,083</u>	<u>9,552,607</u>	<u>143,093</u>	<u>74,880</u>	<u>17,809,770</u>
<u>\$ 256,141</u>	<u>\$ -</u>	<u>\$ 432,338</u>	<u>\$ 7,220,790</u>	<u>\$ 3,440,246</u>	<u>\$ 171,682</u>	<u>\$ 75,496</u>	<u>\$ 13,127,702</u>

City of Healdsburg
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Gas Tax Special Revenue Fund
Year Ended June 30, 2017

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Intergovernmental	\$ 245,350	\$ 230,289	\$ (15,061)
Investment Earnings	5,000	13,127	8,127
	<u>250,350</u>	<u>243,416</u>	<u>(6,934)</u>
EXPENDITURES			
Current:			
Community Development	<u>64,500</u>	<u>41,207</u>	<u>23,293</u>
	<u>64,500</u>	<u>41,207</u>	<u>23,293</u>
Excess (Deficiency) of Revenues over Expenditures	<u>185,850</u>	<u>202,209</u>	<u>16,359</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	<u>(351,063)</u>	<u>(252,063)</u>	<u>99,000</u>
	<u>(351,063)</u>	<u>(252,063)</u>	<u>99,000</u>
Net Change in Fund Balance	(165,213)	(49,854)	115,359
Fund Balance, Beginning of Year	<u>1,447,826</u>	<u>1,447,826</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 1,282,613</u></u>	<u><u>\$ 1,397,972</u></u>	<u><u>\$ 115,359</u></u>

City of Healdsburg
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - North Area Special Revenue Fund
Year Ended June 30, 2017

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Investment Earnings	\$ -	\$ -	\$ -
Other Revenues	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES			
Current:			
Community Development	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	-	-
Fund Balance, Beginning of Year	<u>(14,638)</u>	<u>(14,638)</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ (14,638)</u></u>	<u><u>\$ (14,638)</u></u>	<u><u>\$ -</u></u>

City of Healdsburg
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Benjamin Way Maintenance District Special Revenue Fund
Year Ended June 30, 2017

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental	\$ -	\$ -	\$ -
Investment Earnings	-	74	74
Total Revenues	<u>-</u>	<u>74</u>	<u>74</u>
EXPENDITURES			
Current:			
Community Development	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>74</u>	<u>74</u>
Net Change in Fund Balance	-	74	74
Fund Balance, Beginning of Year	<u>7,298</u>	<u>7,298</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 7,298</u></u>	<u><u>\$ 7,372</u></u>	<u><u>\$ 74</u></u>

City of Healdsburg
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Public Safety Special Revenue Fund
Year Ended June 30, 2017

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Charges for Services	\$ -	\$ 2,000	\$ 2,000
Fines and Forfeitures	-	7,285	7,285
Investment Earnings	-	(38)	(38)
Intergovernmental	-	-	-
Other Revenues	-	4,940	4,940
Total Revenues	<u>-</u>	<u>14,187</u>	<u>14,187</u>
EXPENDITURES			
Current:			
Public Safety	21,265	100,195	(78,930)
Capital Outlay	-	-	-
Total Expenditures	<u>21,265</u>	<u>100,195</u>	<u>(78,930)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(21,265)</u>	<u>(86,008)</u>	<u>(64,743)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(21,265)	(86,008)	(64,743)
Fund Balance, Beginning of Year	<u>224,038</u>	<u>224,038</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 202,773</u>	<u>\$ 138,030</u>	<u>\$ (64,743)</u>

City of Healdsburg
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Strong Motion Education and Data Special Revenue Fund
Year Ended June 30, 2017

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Investment Earnings	\$ -	\$ 21	\$ 21
Other Revenues	-	510	510
Total Revenues	<u>-</u>	<u>531</u>	<u>531</u>
EXPENDITURES			
Current:			
Community Development	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>531</u>	<u>531</u>
Net Change in Fund Balance	-	531	531
Fund Balance, Beginning of Year	<u>1,742</u>	<u>1,742</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 1,742</u>	<u>\$ 2,273</u>	<u>\$ 531</u>

City of Healdsburg
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Area A Lighting and Landscaping Special Revenue Fund
Year Ended June 30, 2017

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Property Taxes	\$ 185,116	\$ 187,458	\$ 2,342
Intergovernmental	-	-	-
Investment Earnings	817	2,532	1,715
	<u>185,933</u>	<u>189,990</u>	<u>4,057</u>
Total Revenues			
EXPENDITURES			
Current:			
Community Development	<u>213,707</u>	<u>202,962</u>	<u>10,745</u>
	<u>213,707</u>	<u>202,962</u>	<u>10,745</u>
Total Expenditures			
Excess (Deficiency) of Revenues over Expenditures	<u>(27,774)</u>	<u>(12,972)</u>	<u>14,802</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	<u>(5,616)</u>	<u>(5,616)</u>	<u>-</u>
	<u>(5,616)</u>	<u>(5,616)</u>	<u>-</u>
Total Other Financing Sources (Uses)			
Net Change in Fund Balance	(33,390)	(18,588)	14,802
Fund Balance, Beginning of Year	<u>274,729</u>	<u>274,729</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 241,339</u></u>	<u><u>\$ 256,141</u></u>	<u><u>\$ 14,802</u></u>

City of Healdsburg
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Media Center Special Revenue Fund
Year Ended June 30, 2017

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Charges for Services	\$ 40,000	\$ 40,521	\$ 521
Investment Earnings	-	-	-
Total Revenues	<u>40,000</u>	<u>40,521</u>	<u>521</u>
EXPENDITURES			
Current:			
General Government	<u>40,000</u>	<u>40,521</u>	<u>(521)</u>
Total Expenditures	<u>40,000</u>	<u>40,521</u>	<u>(521)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	-	-
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

City of Healdsburg
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Park Development Fees Special Revenue Fund
Year Ended June 30, 2017

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Development Fees	\$ -	\$ 102,960	\$ 102,960
Investment Earnings	-	4,227	4,227
Other Revenues	-	39	39
	<u>-</u>	<u>107,226</u>	<u>107,226</u>
Total Revenues	<u>-</u>	<u>107,226</u>	<u>107,226</u>
EXPENDITURES			
Current:			
General Government	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>107,226</u>	<u>107,226</u>
Net Change in Fund Balance	-	107,226	107,226
Fund Balance, Beginning of Year	325,112	325,112	-
Fund Balance, End of Year	<u>\$ 325,112</u>	<u>\$ 432,338</u>	<u>\$ 107,226</u>

City of Healdsburg
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Debt Service Fund
Year Ended June 30, 2017

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ -	\$ 25,511	\$ 25,511
Investment Earnings	-	3,106	3,106
Total Revenues	<u>-</u>	<u>28,617</u>	<u>28,617</u>
EXPENDITURES			
Debt Service:			
Interest	216,956	217,215	(259)
Principal	792,816	791,857	959
Total Expenditures	<u>1,009,772</u>	<u>1,009,072</u>	<u>700</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(1,009,772)</u>	<u>(980,455)</u>	<u>29,317</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	1,009,042	1,009,044	2
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>1,009,042</u>	<u>1,009,044</u>	<u>2</u>
Net Change in Fund Balance	(730)	28,589	29,319
Fund Balance, Beginning of Year	<u>143,093</u>	<u>143,093</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 142,363</u></u>	<u><u>\$ 171,682</u></u>	<u><u>\$ 29,319</u></u>

City of Healdsburg
Combining Balance Sheet
General Fund Activities
June 30, 2017

	General	Capital Replacement	Transaction & Use Tax	Economic Development
ASSETS				
Cash and Investments	\$ 4,094,933	\$ 5,461,560	\$ 56,771	\$ 371,652
Cash and Investments with Fiscal Agents	-	-	-	-
Receivables:				
Accounts	288,511	-	-	-
Taxes	1,056,923	-	-	-
Interest	7,601	13,411	139	911
Due from Other Governments	45,628	-	412,507	-
Prepaid Expenditures	1,406	-	-	-
Restricted Cash and Investments	777,393	-	-	-
Pension Stabilization Investments	3,104,144	-	-	-
Due from Other Funds	23,553	-	-	-
Total Assets	\$ 9,400,092	\$ 5,474,971	\$ 469,417	\$ 372,563
LIABILITIES				
Accounts Payable	\$ 337,623	\$ 572,721	\$ -	\$ -
Deposits Payable	777,393	-	-	-
Advances from Other Funds	-	3,399,390	-	-
Total Liabilities	1,115,016	3,972,111	-	-
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenues - Accounts Receivable	136,660	-	87,207	-
FUND BALANCES				
Nonspendable	1,406	-	-	-
Restricted	3,104,144	-	-	-
Committed	-	-	-	-
Assigned	-	1,502,860	-	372,563
Unassigned	5,042,866	-	382,210	-
Total Fund Balances	8,148,416	1,502,860	382,210	372,563
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 9,400,092	\$ 5,474,971	\$ 469,417	\$ 372,563

TOT Housing	Fire Facilities Impact Fees	Miscellaneous	Total General Fund
\$ 60,610	\$ 185,142	\$ 331	\$ 10,230,999
-	-	-	-
62,391	-	-	350,902
-	-	-	1,056,923
4	466	-	22,532
-	-	-	458,135
-	-	-	1,406
-	-	-	777,393
-	-	-	3,104,144
-	-	-	23,553
<u>\$ 123,005</u>	<u>\$ 185,608</u>	<u>\$ 331</u>	<u>\$ 16,025,987</u>
\$ 16,751	\$ -	\$ -	\$ 927,095
-	-	-	777,393
-	-	-	3,399,390
<u>16,751</u>	<u>-</u>	<u>-</u>	<u>5,103,878</u>
-	-	-	223,867
-	-	-	1,406
-	185,608	-	3,289,752
106,254	-	-	106,254
-	-	-	1,875,423
-	-	331	5,425,407
<u>106,254</u>	<u>185,608</u>	<u>331</u>	<u>10,698,242</u>
<u>\$ 123,005</u>	<u>\$ 185,608</u>	<u>\$ 331</u>	<u>\$ 16,025,987</u>

City of Healdsburg
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
General Fund Activities
Year Ended June 30, 2017

	General	Capital Replacement	Transaction & Use Tax	Economic Development
REVENUES				
Property Taxes	\$ 3,246,166	\$ -	\$ -	\$ -
Sales and Other Taxes	5,644,735	-	1,955,622	-
Charges for Services	738,111	-	-	-
Fines and Forfeitures	143,637	-	-	-
Licenses and Permits	1,151,407	-	-	-
Development Fees	-	-	-	-
Intergovernmental	239,857	-	-	-
Investment Earnings	110,107	42,314	10,675	3,733
Other Revenues	355,507	-	-	-
Total Revenues	<u>11,629,527</u>	<u>42,314</u>	<u>1,966,297</u>	<u>3,733</u>
EXPENDITURES				
Current:				
General Government	1,033,666	233,937	239,247	-
Public Safety	8,267,371	-	-	-
Planning and Building	1,718,094	-	-	-
Capital Outlay	-	1,857,101	-	-
Total Expenditures	<u>11,019,131</u>	<u>2,091,038</u>	<u>239,247</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>610,396</u>	<u>(2,048,724)</u>	<u>1,727,050</u>	<u>3,733</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	461,391	1,646,529	-	-
Transfers Out	<u>(1,820,703)</u>	<u>-</u>	<u>(3,099,362)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(1,359,312)</u>	<u>1,646,529</u>	<u>(3,099,362)</u>	<u>-</u>
Net Change in Fund Balances	(748,916)	(402,195)	(1,372,312)	3,733
Fund Balances, Beginning of Year	<u>8,897,332</u>	<u>1,905,055</u>	<u>1,754,522</u>	<u>368,830</u>
Fund Balances, End of Year	<u>\$ 8,148,416</u>	<u>\$ 1,502,860</u>	<u>\$ 382,210</u>	<u>\$ 372,563</u>

TOT Housing	Fire Facilities Impact Fees	Miscellaneous	Total General Fund
\$ -	\$ -	\$ -	\$ 3,246,166
253,360	-	-	7,853,717
-	-	-	738,111
-	-	-	143,637
-	-	-	1,151,407
-	24,361	-	24,361
-	-	-	239,857
26	(4,908)	-	161,947
323	-	-	355,830
<u>253,709</u>	<u>19,453</u>	<u>-</u>	<u>13,915,033</u>
147,455	-	-	1,654,305
-	-	-	8,267,371
-	-	-	1,718,094
-	-	-	1,857,101
<u>147,455</u>	<u>-</u>	<u>-</u>	<u>13,496,871</u>
<u>106,254</u>	<u>19,453</u>	<u>-</u>	<u>418,162</u>
-	-	-	2,107,920
-	-	-	(4,920,065)
-	-	-	(2,812,145)
106,254	19,453	-	(2,393,983)
-	166,155	331	13,092,225
<u>\$ 106,254</u>	<u>\$ 185,608</u>	<u>\$ 331</u>	<u>\$ 10,698,242</u>

City of Healdsburg
Combining Statement of Net Position
Water Fund Activities
June 30, 2017

	Water Operations	Water Capital Replacement	Water Capacity	Total Water Fund
ASSETS				
Current Assets:				
Cash and Investments	\$ 1,798,595	\$ 1,474,997	\$ 2,132,327	\$ 5,405,919
Cash and Investments with Fiscal Agent	9	-	-	9
Accounts Receivable - Net	903,900	-	-	903,900
Interest Receivable	4,002	3,616	5,634	13,252
Inventory	83,371	-	-	83,371
Total Current Assets	<u>2,789,877</u>	<u>1,478,613</u>	<u>2,137,961</u>	<u>6,406,451</u>
Noncurrent Assets:				
Pension Stabilization Investments	350,472	-	-	350,472
Capital Assets, Not Being Depreciated				
Land	310,781	-	-	310,781
Total Capital Assets, Not Being Depreciated	<u>310,781</u>	<u>-</u>	<u>-</u>	<u>310,781</u>
Capital Assets, Depreciable				
Buildings	1,474,503	-	-	1,474,503
Utility Systems	28,020,798	-	-	28,020,798
Machinery and Equipment	608,220	-	-	608,220
Total Capital Assets, Depreciable	<u>30,103,521</u>	<u>-</u>	<u>-</u>	<u>30,103,521</u>
Less: Accumulated Depreciation	<u>(11,578,379)</u>	<u>-</u>	<u>-</u>	<u>(11,578,379)</u>
Total Capital Assets, Net	<u>18,835,923</u>	<u>-</u>	<u>-</u>	<u>18,835,923</u>
Total Noncurrent Assets	<u>19,186,395</u>	<u>-</u>	<u>-</u>	<u>19,186,395</u>
Total Assets	<u>21,976,272</u>	<u>1,478,613</u>	<u>2,137,961</u>	<u>25,592,846</u>
DEFERRED OUTFLOWS				
Deferred Pension Related Items	703,711	-	-	703,711
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	68,586	514	-	69,100
Deposits Payable	5,813	-	-	5,813
Accrued Interest Payable	93,966	-	-	93,966
Bonds Payable - Current	588,000	-	-	588,000
Pension Obligation Bonds Payable - Current	108,974	-	-	108,974
Total Current Liabilities	<u>865,339</u>	<u>514</u>	<u>-</u>	<u>865,853</u>
Noncurrent Liabilities:				
Net Pension Liability	2,471,524	-	-	2,471,524
Bonds Payable	8,233,000	-	-	8,233,000
Pension Obligation Bonds Payable	500,595	-	-	500,595
Total Noncurrent Liabilities	<u>11,205,119</u>	<u>-</u>	<u>-</u>	<u>11,205,119</u>
Total Liabilities	<u>12,070,458</u>	<u>514</u>	<u>-</u>	<u>12,070,972</u>
DEFERRED INFLOWS				
Deferred Pension Related Items	157,742	-	-	157,742
NET POSITION				
Net Investment in Capital Assets	10,014,923	-	-	10,014,923
Restricted:				
Capital Projects	-	1,478,099	2,137,961	3,616,060
Pensions	350,472	-	-	350,472
Unrestricted	86,388	-	-	86,388
Total Net Position	<u>\$ 10,451,783</u>	<u>\$ 1,478,099</u>	<u>\$ 2,137,961</u>	<u>\$ 14,067,843</u>

City of Healdsburg
Combining Statement of Revenues, Expenses, and Changes in Net Position
Water Fund Activities
Year Ended June 30, 2017

	Water Operations	Water Capital Replacement	Water Capacity	Total Water Fund
OPERATING REVENUES				
Charges for Services	\$ 4,768,132	\$ -	\$ -	\$ 4,768,132
Development Fees	-	-	184,881	184,881
Other Operating Revenues	29,527	-	-	29,527
Total Operating Revenues	<u>4,797,659</u>	<u>-</u>	<u>184,881</u>	<u>4,982,540</u>
OPERATING EXPENSES				
Maintenance and Operations	3,121,584	41,778	-	3,163,362
Administration	614,319	-	-	614,319
Depreciation	600,526	-	-	600,526
Total Operating Expenses	<u>4,336,429</u>	<u>41,778</u>	<u>-</u>	<u>4,378,207</u>
Operating Income (Loss)	<u>461,230</u>	<u>(41,778)</u>	<u>184,881</u>	<u>604,333</u>
NONOPERATING REVENUES (EXPENSES)				
Interest Income	22,752	13,099	(1,478)	34,373
Interest Expense	(411,864)	-	-	(411,864)
Total Nonoperating Revenues (Expenses)	<u>(389,112)</u>	<u>13,099</u>	<u>(1,478)</u>	<u>(377,491)</u>
Income (Loss) Before Capital Contributions and Operating Transfers	72,118	(28,679)	183,403	226,842
Transfers In	150,000	502,118	-	652,118
Transfers Out	(791,002)	-	(212,118)	(1,003,120)
Change in Net Position	(568,884)	473,439	(28,715)	(124,160)
Net Position - Beginning of Year	<u>11,020,667</u>	<u>1,004,660</u>	<u>2,166,676</u>	<u>14,192,003</u>
Net Position - End of Year	<u>\$ 10,451,783</u>	<u>\$ 1,478,099</u>	<u>\$ 2,137,961</u>	<u>\$ 14,067,843</u>

City of Healdsburg
Combining Statement of Net Position
Sewer Fund Activities
June 30, 2017

	Sewer Operations	Drainage	Sewer Capital Replacement	Sewer Capacity
ASSETS				
Current Assets:				
Cash and Investments	\$ 9,617,019	\$ -	\$ 4,406,166	\$ 4,144,019
Cash and Investments with Fiscal Agents	134	-	-	-
Accounts Receivable - Net	981,098	77,356	-	-
Interest Receivable	21,010	-	10,936	10,211
Due from Other Funds	-	-	-	-
Advances to Other Funds	-	-	1,699,695	-
Inventory	22,727	-	-	-
Total Current Assets	<u>10,641,988</u>	<u>77,356</u>	<u>6,116,797</u>	<u>4,154,230</u>
Noncurrent Assets:				
Pension Stabilization Investments	422,068	91,744	-	-
Capital Assets, Not Being Depreciated				
Land	682,880	84,022	-	-
Construction in Progress	2,240,642	-	-	-
Total Capital Assets, Not Being Depreciated	<u>2,923,522</u>	<u>84,022</u>	<u>-</u>	<u>-</u>
Capital Assets, Depreciable				
Buildings	206,166	-	-	-
Utility Systems	58,461,530	-	-	-
Drainage	-	10,246,168	-	-
Machinery and Equipment	525,751	-	-	-
Total Capital Assets, Depreciable	<u>59,193,447</u>	<u>10,246,168</u>	<u>-</u>	<u>-</u>
Less: Accumulated Depreciation	<u>(16,470,219)</u>	<u>(4,335,778)</u>	<u>-</u>	<u>-</u>
Total Capital Assets, Net	<u>45,646,750</u>	<u>5,994,412</u>	<u>-</u>	<u>-</u>
Total Noncurrent Assets	<u>46,068,818</u>	<u>6,086,156</u>	<u>-</u>	<u>-</u>
Total Assets	<u>56,710,806</u>	<u>6,163,512</u>	<u>6,116,797</u>	<u>4,154,230</u>
DEFERRED OUTFLOWS				
Deferred Amounts on Refunding	985,314	-	-	-
Deferred Pension Related Items	703,711	131	-	-
Total Deferred Outflows	<u>1,689,025</u>	<u>131</u>	<u>-</u>	<u>-</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	161,309	18,900	125,107	-
Deposits Payable	-	131	-	-
Due to Other Funds	-	1,101,477	-	-
Accrued Interest Payable	223,813	-	-	-
Bonds Payable - Current	910,000	-	-	-
Pension Obligation Bonds Payable - Current	109,278	-	-	-
Total Current Liabilities	<u>1,404,400</u>	<u>1,120,508</u>	<u>125,107</u>	<u>-</u>
Noncurrent Liabilities:				
Net Pension Liability	2,471,524	-	-	-
Bonds Payable	24,284,904	-	-	-
Pension Obligation Bonds Payable	501,946	-	-	-
Total Noncurrent Liabilities	<u>27,258,374</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>28,662,774</u>	<u>1,120,508</u>	<u>125,107</u>	<u>-</u>
DEFERRED INFLOWS				
Deferred Pension Related Items	157,742	-	-	-
NET POSITION				
Net Investment in Capital Assets	21,437,160	5,994,412	-	-
Restricted:				
Capital Projects	-	-	-	4,154,230
Pensions	422,068	91,744	-	-
Unrestricted	<u>7,720,087</u>	<u>(1,043,152)</u>	<u>5,991,690</u>	<u>-</u>
Total Net Position	<u>\$ 29,579,315</u>	<u>\$ 5,043,004</u>	<u>\$ 5,991,690</u>	<u>\$ 4,154,230</u>

Drainage Capacity	Total Sewer Fund
\$ 1,566,372	\$ 19,733,576
-	134
-	1,058,454
6,576	48,733
1,101,477	1,101,477
-	1,699,695
-	22,727
<u>2,674,425</u>	<u>23,664,796</u>
-	513,812
-	766,902
-	2,240,642
-	<u>3,007,544</u>
-	206,166
-	58,461,530
-	10,246,168
-	525,751
-	<u>69,439,615</u>
-	<u>(20,805,997)</u>
-	51,641,162
-	52,154,974
<u>2,674,425</u>	<u>75,819,770</u>
-	985,314
-	703,842
-	<u>1,689,156</u>
-	305,316
-	131
-	1,101,477
-	223,813
-	910,000
-	109,278
-	<u>2,650,015</u>
-	2,471,524
-	24,284,904
-	501,946
-	<u>27,258,374</u>
-	<u>29,908,389</u>
-	157,742
-	27,431,572
2,674,425	6,828,655
-	513,812
-	<u>12,668,625</u>
<u>\$ 2,674,425</u>	<u>\$ 47,442,664</u>

City of Healdsburg
Combining Statement of Revenues, Expenses, and Changes in Net Position
Sewer Fund Activities
Year Ended June 30, 2017

	Sewer Operations	Drainage	Sewer Capital Replacement	Sewer Capacity
OPERATING REVENUES				
Charges for Services	\$ 6,623,357	\$ 702,039	\$ -	\$ -
Development Fees	-	-	-	566,867
Other Operating Revenues	19,012	1,145	-	-
Total Operating Revenues	<u>6,642,369</u>	<u>703,184</u>	<u>-</u>	<u>566,867</u>
OPERATING EXPENSES				
Maintenance and Operations	1,787,456	572,410	1,640,001	-
Administration	666,463	80,730	-	-
Depreciation	1,150,151	203,844	-	-
Total Operating Expenses	<u>3,604,070</u>	<u>856,984</u>	<u>1,640,001</u>	<u>-</u>
Operating Income (Loss)	<u>3,038,299</u>	<u>(153,800)</u>	<u>(1,640,001)</u>	<u>566,867</u>
NONOPERATING REVENUES (EXPENSES)				
Interest Income	55,282	1,990	15,351	1,528
Interest Expense	(953,343)	-	-	-
Total Nonoperating Revenues (Expenses)	<u>(898,061)</u>	<u>1,990</u>	<u>15,351</u>	<u>1,528</u>
Income (Loss) Before Capital Contributions and Operating Transfers	2,140,238	(151,810)	(1,624,650)	568,395
Transfers In	17,361	-	1,830,167	-
Transfers Out	(1,500,000)	(17,361)	(249,153)	(270,000)
Change in Net Position	657,599	(169,171)	(43,636)	298,395
Net Position - Beginning of Year	<u>28,921,716</u>	<u>5,212,175</u>	<u>6,035,326</u>	<u>3,855,835</u>
Net Position - End of Year	<u>\$ 29,579,315</u>	<u>\$ 5,043,004</u>	<u>\$ 5,991,690</u>	<u>\$ 4,154,230</u>

Drainage Capacity	Total Sewer Fund
\$ -	\$ 7,325,396
101,063	667,930
-	20,157
<u>101,063</u>	<u>8,013,483</u>
-	3,999,867
-	747,193
-	1,353,995
<u>-</u>	<u>6,101,055</u>
<u>101,063</u>	<u>1,912,428</u>
(217)	73,934
<u>-</u>	<u>(953,343)</u>
<u>(217)</u>	<u>(879,409)</u>
100,846	1,033,019
-	1,847,528
<u>(69,876)</u>	<u>(2,106,390)</u>
30,970	774,157
<u>2,643,455</u>	<u>46,668,507</u>
<u>\$ 2,674,425</u>	<u>\$ 47,442,664</u>

City of Healdsburg
Combining Statement of Net Position
Electric Fund Activities
June 30, 2017

	Electric Operations	Capital Replacement	Electric Public Benefit	Electric Capacity	Total Electric Fund
ASSETS					
Current Assets:					
Cash and Investments	\$ 10,292,635	\$ 63,943	\$ 1,296,716	\$ 1,779,967	\$ 13,433,261
Investment in NCPA Reserves	5,875,407	-	-	-	5,875,407
Accounts Receivable - Net	1,881,408	-	-	-	1,881,408
Interest Receivable	31,289	-	3,181	4,449	38,919
Due from Other Funds	15,000	-	-	-	15,000
Advances to Other Funds	-	1,699,695	-	-	1,699,695
Prepaid Expenses	2,823	-	-	-	2,823
Inventory	1,375,181	-	-	-	1,375,181
Total Current Assets	<u>19,473,743</u>	<u>1,763,638</u>	<u>1,299,897</u>	<u>1,784,416</u>	<u>24,321,694</u>
Noncurrent Assets:					
Restricted Cash and Investments	266,901	-	-	-	266,901
Pension Stabilization Investments	602,787	-	-	-	602,787
Capital Assets, Not Being Depreciated					
Land	48,359	-	-	-	48,359
Construction in Progress	718,473	-	-	-	718,473
Total Capital Assets, Not Being Depreciated	<u>766,832</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>766,832</u>
Capital Assets, Depreciable					
Buildings	447,835	-	-	-	447,835
Utility Systems	22,633,683	-	-	-	22,633,683
Machinery and Equipment	1,043,027	-	-	-	1,043,027
Total Capital Assets, Depreciable	<u>24,124,545</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,124,545</u>
Less: Accumulated Depreciation	<u>(11,799,672)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(11,799,672)</u>
Total Capital Assets, Net	<u>13,091,705</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,091,705</u>
Total Noncurrent Assets	<u>13,961,393</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,961,393</u>
Total Assets	<u>33,435,136</u>	<u>1,763,638</u>	<u>1,299,897</u>	<u>1,784,416</u>	<u>38,283,087</u>
DEFERRED OUTFLOWS					
Deferred Pension Related Items	974,370	-	-	-	974,370
LIABILITIES					
Current Liabilities:					
Accounts Payable and Accrued Liabilities	50,690	38,536	60,333	-	149,559
Payable to Successor Agency - Current	117,517	-	-	-	117,517
Deposits Payable	337,719	-	-	-	337,719
Pension Obligation Bonds Payable - Current	133,822	-	-	-	133,822
Total Current Liabilities	<u>639,748</u>	<u>38,536</u>	<u>60,333</u>	<u>-</u>	<u>738,617</u>
Noncurrent Liabilities:					
Payable to Successor Agency	2,043,329	-	-	-	2,043,329
Net Pension Liability	3,422,110	-	-	-	3,422,110
Pension Obligation Bonds Payable	673,651	-	-	-	673,651
Total Noncurrent Liabilities	<u>6,139,090</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,139,090</u>
Total Liabilities	<u>6,778,838</u>	<u>38,536</u>	<u>60,333</u>	<u>-</u>	<u>6,877,707</u>
DEFERRED INFLOWS					
Deferred Pension Related Items	218,412	-	-	-	218,412
NET POSITION					
Net Investment in Capital Assets	13,091,705	-	-	-	13,091,705
Restricted:					
Capital Projects	-	-	-	1,784,416	1,784,416
Pensions	602,787	-	-	-	602,787
Unrestricted	13,717,764	1,725,102	1,239,564	-	16,682,430
Total Net Position	<u>\$ 27,412,256</u>	<u>\$ 1,725,102</u>	<u>\$ 1,239,564</u>	<u>\$ 1,784,416</u>	<u>\$ 32,161,338</u>

City of Healdsburg
Combining Statement of Revenues, Expenses, and Changes in Net Position
Electric Fund Activities
Year Ended June 30, 2017

	Electric Operations	Capital Replacement	Electric Public Benefit	Electric Capacity	Total Electric Fund
OPERATING REVENUES					
Charges for Services	\$ 11,811,582	\$ -	\$ 328,702	\$ -	\$ 12,140,284
Development Fees	183,333	-	-	57,317	240,650
Other Operating Revenues	47,009	-	385,782	-	432,791
Total Operating Revenues	<u>12,041,924</u>	<u>-</u>	<u>714,484</u>	<u>57,317</u>	<u>12,813,725</u>
OPERATING EXPENSES					
Purchase of Power	6,307,503	-	-	-	6,307,503
Maintenance and Operations	3,258,502	154,719	460,936	-	3,874,157
Administration	787,691	-	-	-	787,691
Depreciation	510,206	-	-	-	510,206
Total Operating Expenses	<u>10,863,902</u>	<u>154,719</u>	<u>460,936</u>	<u>-</u>	<u>11,479,557</u>
Operating Income (Loss)	<u>1,178,022</u>	<u>(154,719)</u>	<u>253,548</u>	<u>57,317</u>	<u>1,334,168</u>
NONOPERATING REVENUES (EXPENSES)					
Interest Income	79,673	930	12,126	(13,235)	79,494
Interest Expense	(42,789)	-	-	-	(42,789)
Total Nonoperating Revenues (Expenses)	<u>36,884</u>	<u>930</u>	<u>12,126</u>	<u>(13,235)</u>	<u>36,705</u>
Income (Loss) Before Capital Contributions and Operating Transfers	1,214,906	(153,789)	265,674	44,082	1,370,873
Transfers In	3,445	1,148,360	-	-	1,151,805
Transfers Out	(1,066,697)	(110,566)	(32,628)	(158,360)	(1,368,251)
Change in Net Position	151,654	884,005	233,046	(114,278)	1,154,427
Net Position - Beginning of Year	<u>27,260,602</u>	<u>841,097</u>	<u>1,006,518</u>	<u>1,898,694</u>	<u>31,006,911</u>
Net Position - End of Year	<u>\$ 27,412,256</u>	<u>\$ 1,725,102</u>	<u>\$ 1,239,564</u>	<u>\$ 1,784,416</u>	<u>\$ 32,161,338</u>

City of Healdsburg
Combining Statement of Net Position
Internal Service Funds
June 30, 2017

	Insurance and Benefit	Vehicle Maintenance	Information Services	Building Maintenance	Totals
ASSETS					
Current Assets:					
Cash and Investments	\$ 2,628,697	\$ 1,933,971	\$ 1,106,493	\$ 704,626	\$ 6,373,787
Accounts Receivable - Net	12,801	300	-	45,612	58,713
Notes and Loans Receivable	-	-	9,782	-	9,782
Interest Receivable	-	4,779	2,727	1,742	9,248
Prepaid Expenses	-	10,233	-	-	10,233
Inventory	-	7,724	-	-	7,724
Total Current Assets	<u>2,641,498</u>	<u>1,957,007</u>	<u>1,119,002</u>	<u>751,980</u>	<u>6,469,487</u>
Noncurrent Assets:					
Capital Assets, Depreciable					
Land and Improvements	-	-	-	1,798,185	1,798,185
Machinery and Equipment	-	5,424,803	1,277,203	-	6,702,006
Total Capital Assets	<u>-</u>	<u>5,424,803</u>	<u>1,277,203</u>	<u>1,798,185</u>	<u>8,500,191</u>
Less Accumulated Depreciation	<u>-</u>	<u>(3,761,167)</u>	<u>(964,342)</u>	<u>(157,779)</u>	<u>(4,883,288)</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>-</u>	<u>1,663,636</u>	<u>312,861</u>	<u>1,640,406</u>	<u>3,616,903</u>
Total Noncurrent Assets	<u>-</u>	<u>1,663,636</u>	<u>312,861</u>	<u>1,640,406</u>	<u>3,616,903</u>
Total Assets	<u>2,641,498</u>	<u>3,620,643</u>	<u>1,431,863</u>	<u>2,392,386</u>	<u>10,086,390</u>
LIABILITIES					
Current Liabilities:					
Accounts Payable and Accrued Liabilities	605,482	36,779	51,638	92,090	785,989
Claims Payable - Current	30,590	-	-	17,991	48,581
Compensated Absences - Current	860,511	-	-	-	860,511
Total Current Liabilities	<u>1,496,583</u>	<u>36,779</u>	<u>51,638</u>	<u>110,081</u>	<u>1,695,081</u>
Noncurrent Liabilities:					
Compensated Absences	853,321	-	-	-	853,321
Total Noncurrent Liabilities	<u>853,321</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>853,321</u>
Total Liabilities	<u>2,349,904</u>	<u>36,779</u>	<u>51,638</u>	<u>110,081</u>	<u>2,548,402</u>
NET POSITION					
Net Investment in Capital Assets	-	1,663,636	312,861	1,640,406	3,616,903
Unrestricted	291,594	1,920,228	1,067,364	641,899	3,921,085
Total Net Position	<u>\$ 291,594</u>	<u>\$ 3,583,864</u>	<u>\$ 1,380,225</u>	<u>\$ 2,282,305</u>	<u>\$ 7,537,988</u>

City of Healdsburg
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
Year Ended June 30, 2017

	Insurance and Benefit	Vehicle Maintenance	Information Services	Building Maintenance	Totals
OPERATING REVENUES					
Charges for Services	\$ -	\$ 1,285,590	\$ 1,603,862	\$ 937,530	\$ 3,826,982
Rental Income	-	-	-	235,847	235,847
Other Operating Revenues	-	7,248	1,149	41,044	49,441
Total Operating Revenues	-	1,292,838	1,605,011	1,214,421	4,112,270
OPERATING EXPENSES					
Maintenance and Operations	-	333,394	1,474,248	571,795	2,379,437
Administration	-	395,705	123,937	347,187	866,829
Insurance and Benefits Costs	-	-	-	373,035	373,035
Depreciation	-	138,548	112,381	114,243	365,172
Total Operating Expenses	-	867,647	1,710,566	1,406,260	3,984,473
Operating Income (Loss)	-	425,191	(105,555)	(191,839)	127,797
NONOPERATING REVENUES (EXPENSES)					
Interest Income	-	520	(882)	(640)	(1,002)
Gain/(Loss) on Disposal of Capital Assets	-	31,251	(14,243)	-	17,008
Total Nonoperating Revenues (Expenses)	-	31,771	(15,125)	(640)	16,006
Income (Loss) Before Capital Contributions and Operating Transfers	-	456,962	(120,680)	(192,479)	143,803
Transfers In	-	104,758	-	869,059	973,817
Transfers Out	-	(11,964)	(20,455)	(218,974)	(251,393)
Change in Net Position	-	549,756	(141,135)	457,606	866,227
Net Position - Beginning of Year	291,594	3,034,108	1,521,360	1,824,699	6,671,761
Net Position - End of Year	\$ 291,594	\$ 3,583,864	\$ 1,380,225	\$ 2,282,305	\$ 7,537,988

City of Healdsburg
Combining Statement of Cash Flows
Internal Service Funds
Year Ended June 30, 2017

	Insurance and Benefit	Vehicle Maintenance	Information Services
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ 1,485	\$ 1,292,538	\$ 1,605,286
Payments to Employees for Services	148,323	(212,822)	(281,035)
Payments to Suppliers for Goods and Services	190,290	(500,888)	(1,326,817)
Net Cash Provided (Used) by Operating Activities	<u>340,098</u>	<u>578,828</u>	<u>(2,566)</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES			
Cash Received from Other Funds	-	104,758	-
Cash Paid to Other Funds	-	(11,964)	(20,455)
Loans repaid/(Issued)	-	-	4,053
Net Cash Provided (Used) by Noncapital and Related Financing Activities	<u>-</u>	<u>92,794</u>	<u>(16,402)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Cash Received from Sale of Capital Assets	-	31,251	-
Acquisition and Construction of Capital Assets	-	(658,725)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>-</u>	<u>(627,474)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Received	-	(1,349)	(1,860)
Net Cash Provided (Used) by Investing Activities	<u>-</u>	<u>(1,349)</u>	<u>(1,860)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	340,098	42,799	(20,828)
Cash and Cash Equivalents, Beginning of the Year	<u>2,288,599</u>	<u>1,891,172</u>	<u>1,127,321</u>
Cash and Cash Equivalents, End of the Year	<u>\$ 2,628,697</u>	<u>\$ 1,933,971</u>	<u>\$ 1,106,493</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ -	\$ 425,191	\$ (105,555)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation	-	138,548	112,381
Changes in Operating Assets and Liabilities:			
Decrease (Increase) in Accounts Receivable	1,485	(300)	275
Decrease (Increase) in Prepaid Expenses	-	764	-
Decrease (Increase) in Inventory	-	18,756	2,385
Increase (Decrease) in Accounts Payable	203,424	(4,131)	(12,052)
Increase (Decrease) in Claims Payable	(13,134)	-	-
Increase (Decrease) in Compensated Absences Payable	148,323	-	-
TOTAL CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 340,098</u>	<u>\$ 578,828</u>	<u>\$ (2,566)</u>

<u>Building Maintenance</u>	<u>Totals</u>
\$ 1,210,826	\$ 4,110,135
(202,216)	(547,750)
<u>(1,061,355)</u>	<u>(2,698,770)</u>
(52,745)	863,615
869,059	973,817
(218,974)	(251,393)
<u>-</u>	<u>4,053</u>
650,085	726,477
-	31,251
<u>(637,577)</u>	<u>(1,296,302)</u>
(637,577)	(1,265,051)
(1,223)	(4,432)
<u>(1,223)</u>	<u>(4,432)</u>
(41,460)	320,609
746,086	6,053,178
<u>\$ 704,626</u>	<u>\$ 6,373,787</u>
\$ (191,839)	\$ 127,797
114,243	365,172
(3,595)	(2,135)
-	764
2,507	23,648
7,948	195,189
17,991	4,857
<u>-</u>	<u>148,323</u>
<u>\$ (52,745)</u>	<u>\$ 863,615</u>

City of Healdsburg
Combining Statement of Fiduciary Net Position
Private-purpose Trust Funds
June 30, 2017

	Redevelopment Agency DBD	Senior Center Trust	Community Benefit Trust	Plaza Flowers Veterans Trust
ASSETS				
Cash and Investments	\$ -	\$ -	\$ 172,152	\$ 2,956
Cash and Investments with Fiscal Agent	-	200,029	-	-
Receivables:				
Accounts	-	-	-	-
Notes	-	-	-	-
Interest	-	-	422	-
Advances to City of Healdsburg	-	-	-	-
Capital Assets, Not Being Depreciated	-	-	-	-
Capital Assets, Net of Accumulated Depreciation	-	-	-	-
Total Assets	-	200,029	172,574	2,956
LIABILITIES				
Accounts Payable	-	-	1,450	-
Interest Payable	-	-	-	-
Noncurrent Liabilities				
Due within One Year	-	-	-	-
Due in More than One Year	-	-	-	-
Total Liabilities	-	-	1,450	-
NET POSITION				
Net Position (Deficit) Held in Trust for Successor Agency and Other Purposes	<u>\$ -</u>	<u>\$ 200,029</u>	<u>\$ 171,124</u>	<u>\$ 2,956</u>

Post RDA Successor Agency	Post RDA Debt Retirement Fund	Totals
\$ 562,187	\$ 2,837,265	\$ 3,574,560
-	4,593,260	4,793,289
-	9,945	9,945
360,345	-	360,345
8,303	-	8,725
4,055,534	-	4,055,534
528,300	-	528,300
<u>359,641</u>	<u>-</u>	<u>359,641</u>
<u>5,874,310</u>	<u>7,440,470</u>	<u>13,690,339</u>
3,700	-	5,150
-	864,540	864,540
-	1,772,900	1,772,900
<u>-</u>	<u>45,669,200</u>	<u>45,669,200</u>
<u>3,700</u>	<u>48,306,640</u>	<u>48,311,790</u>
<u>\$ 5,870,610</u>	<u>\$ (40,866,170)</u>	<u>\$ (34,621,451)</u>

City of Healdsburg
Combining Statement of Changes in Fiduciary Net Position
Private-purpose Trust Funds
Year Ended June 30, 2017

	Redevelopment Agency DBD	Senior Center Trust	Community Benefit Trust	Plaza Flowers Veterans Trust
ADDITIONS				
Taxes and Assessments	\$ -	\$ -	\$ -	\$ -
Investment Earnings	-	22,750	987	1
Transfers	-	-	-	-
Total Revenues	-	22,750	987	1
DEDUCTIONS				
Community Development	3,164	2,971	11,450	372
Depreciation	-	-	-	-
Interest Expense	-	-	-	-
Transfers	-	-	-	-
Total Deductions	3,164	2,971	11,450	372
Change in Net Position	(3,164)	19,779	(10,463)	(371)
Net Position (Deficit), Beginning	3,164	180,250	181,587	3,327
Net Position (Deficit), Ending	<u>\$ -</u>	<u>\$ 200,029</u>	<u>\$ 171,124</u>	<u>\$ 2,956</u>

Post RDA Successor Agency	Post RDA Debt Retirement Fund	Totals
\$ 3,987,226	\$ -	\$ 3,987,226
18,056	122,796	164,590
<u>-</u>	<u>3,769,805</u>	<u>3,769,805</u>
<u>4,005,282</u>	<u>3,892,601</u>	<u>7,921,621</u>
347,908	-	365,865
20,696	-	20,696
-	2,080,047	2,080,047
<u>3,769,805</u>	<u>-</u>	<u>3,769,805</u>
<u>4,138,409</u>	<u>2,080,047</u>	<u>6,236,413</u>
(133,127)	1,812,554	1,685,208
<u>6,003,737</u>	<u>(42,678,724)</u>	<u>(36,306,659)</u>
<u>\$ 5,870,610</u>	<u>\$ (40,866,170)</u>	<u>\$ (34,621,451)</u>