

CITY OF HEALDSBURG
FINANCIAL STATEMENTS
Year Ended June 30, 2018

City of Healdsburg
Financial Statements
Year Ended June 30, 2018

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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, 2018, 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, 2018, 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.

Change in Accounting Principle

As described in Note 9 to the financial statements, in fiscal year 2017-18, the City adopted new accounting guidance, *GASBS No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial

statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 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

December 28, 2018

CITY OF HEALDSBURG
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2018

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, 2018. 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.

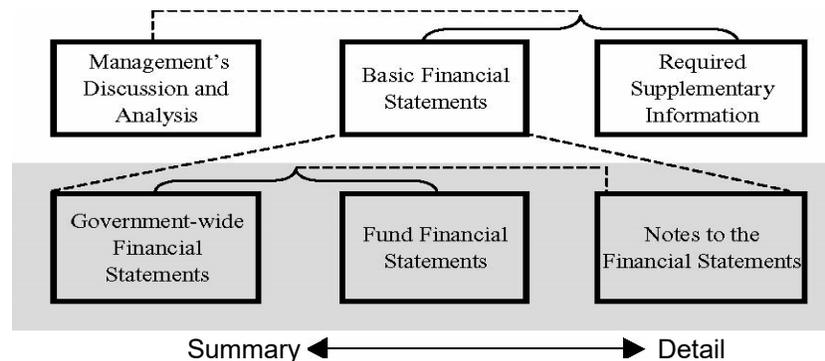
Financial Highlights

- City assets exceeded its liabilities by \$199.9 million (net position) at June 30, 2018. Of this amount, \$17.6 million (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- At the close of fiscal year 2017-18, City governmental funds reported combined ending fund balance of \$20.5 million, a decrease of \$6.9 million. The decrease is primarily related to capital outlay from the City Hall Addition and Alteration Project and the Healdsburg Avenue Improvements Project.
- City total net position increased by \$2.6 million during the fiscal year, compared to an increase of \$3 million in the prior year. The increase is attributable to the City's governmental activities decreasing \$868 thousand, while the business type activities increased by \$3.5 million.
- At the end of fiscal year 2017-18, unassigned fund balance for the General Fund was \$2.8 million, or 16.7% 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, 2018

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

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

CITY OF HEALDSBURG
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2018

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

The City maintains 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.

CITY OF HEALDSBURG
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2018

Government-Wide Financial Analysis

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

NET POSITION						
June 30, 2018 and 2017						
ASSETS	Governmental Activities		Business-type Activities		Total Government	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 32,251,752	\$ 40,465,167	\$ 55,452,861	\$ 55,589,913	\$ 87,704,613	\$ 96,055,080
Capital assets	99,746,551	92,414,324	89,358,483	86,719,720	189,105,034	179,134,044
Total assets	131,998,303	132,879,491	144,811,344	142,309,633	276,809,647	275,189,124
DEFERRED OUTFLOWS OF RESOURCES						
Deferred Amounts on Refundings	-	-	930,575	985,314	930,575	985,314
Deferred Pension Related Items	6,547,531	5,358,711	2,722,828	2,381,792	9,270,359	7,740,503
Total deferred outflows	6,547,531	5,358,711	3,653,403	3,367,106	10,200,934	8,725,817
LIABILITIES						
Current Liabilities	4,185,278	6,154,437	1,330,293	1,217,986	5,515,571	7,372,423
Long-term liabilities	34,330,352	30,415,791	45,859,456	46,570,174	80,189,808	76,985,965
Total liabilities	38,515,630	36,570,228	47,189,749	47,788,160	85,705,379	84,358,388
DEFERRED INFLOWS OF RESOURCES						
Deferred OPEB Related Items	35,000	-	-	-	35,000	-
Deferred Pension Related Items	943,399	1,343,057	455,076	533,896	1,398,475	1,876,953
Total deferred inflows	978,399	1,343,057	455,076	533,896	1,433,475	1,876,953
NET POSITION						
Net Investment						
in Capital Assets	97,723,763	90,654,217	57,802,537	53,689,130	155,526,300	144,343,347
Restricted	15,167,600	16,646,965	11,505,377	13,696,202	26,672,977	30,343,167
Unrestricted	(13,839,558)	(6,976,265)	31,512,008	29,969,351	17,672,450	22,993,086
Total net position	\$ 99,051,805	\$ 100,324,917	\$ 100,819,922	\$ 97,354,683	\$ 199,871,727	\$ 197,679,600

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, 2018

CHANGE IN NET POSITION
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 and 2017

	Government Activities		Business-Type Activities		Totals	
	2018	2017	2018	2017	2018	2017
PROGRAM REVENUES						
Charges for Services	\$ 3,778,328	\$ 3,521,633	\$ 27,259,639	\$ 26,113,170	\$ 31,037,967	\$ 29,634,803
Operating Grants	436,620	494,139	-	-	436,620	494,139
Capital Grants	522,555	1,565,523	68,271	35,237	590,826	1,600,760
GENERAL REVENUES						
Property and Other Taxes	2,247,755	2,064,996	-	-	2,247,755	2,064,996
Sales and Use Taxes	6,784,893	6,748,164	-	-	6,784,893	6,748,164
Motor Vehicle in Lieu	1,283,559	1,206,681	-	-	1,283,559	1,206,681
Franchise Fees	560,876	505,822	-	-	560,876	505,822
Business License Taxes	197,733	270,145	-	-	197,733	270,145
Transient Occupancy Taxes	4,285,556	3,657,263	-	-	4,285,556	3,657,263
Gain/(Loss) on disposal of capital assets	-	1,777,724	-	-	-	1,777,724
Other Revenues	159,014	363,532	-	-	159,014	363,532
TOTAL REVENUES	\$ 20,256,889	\$ 22,175,622	\$ 27,327,910	\$ 26,148,407	\$ 47,584,799	\$ 48,324,029
EXPENSES						
Governmental Activities						
General Government	\$ 2,915,592	\$ 2,105,731	\$ -	\$ -	\$ 2,915,592	\$ 2,105,731
Public Safety	9,785,902	8,893,664	-	-	9,785,902	8,893,664
Planning and Building	1,724,351	1,718,094	-	-	1,724,351	1,718,094
Community Development	261,167	339,013	-	-	261,167	339,013
Community Services	3,698,083	3,315,062	-	-	3,698,083	3,315,062
Streets and Roads	619,155	3,486,845	-	-	619,155	3,486,845
Interest on Long Term Debt	190,277	217,215	-	-	190,277	217,215
Unallocated Depreciation	2,558,349	1,958,309	-	-	2,558,349	1,958,309
Business Type Activities						
Water	-	-	5,172,077	4,776,502	5,172,077	4,776,502
Sewer	-	-	7,322,240	7,039,400	7,322,240	7,039,400
Electric	-	-	11,051,909	11,479,496	11,051,909	11,479,496
Streets	-	-	-	-	-	-
Community Services	-	-	-	-	-	-
Non-Major Enterprise Funds	-	-	445,706	445,821	445,706	445,821
TOTAL EXPENSES	\$ 21,752,876	\$ 22,033,933	\$ 23,991,932	\$ 23,741,219	\$ 45,744,808	\$ 45,775,152
EXCESS (DEFICIENCY) OF REVENUES						
OVER EXPENDITURES BEFORE TRANSFERS	\$ (1,495,987)	\$ 141,689	\$ 3,335,978	\$ 2,407,188	\$ 1,839,991	\$ 2,548,877
Transfers and other Financing						
Investment Earnings	\$ 372,800	\$ 305,347	\$ 384,336	\$ 190,559	\$ 757,136	\$ 495,906
Transfers In (Out)	255,075	828,910	(255,075)	(828,910)	-	-
TOTAL TRANSFERS AND OTHER FINANCING	\$ 627,875	\$ 1,134,257	\$ 129,261	\$ (638,351)	\$ 757,136	\$ 495,906
CHANGE IN NET POSITION	\$ (868,112)	\$ 1,275,946	\$ 3,465,239	\$ 1,768,837	\$ 2,597,127	\$ 3,044,783
NET POSITION JULY 1	100,324,917	99,048,971	97,354,683	95,585,846	197,679,600	194,634,817
RESTATEMENT OF NET POSITION	(405,000)	-	-	-	(405,000)	-
NET POSITION JUNE 30	\$ 99,051,805	\$ 100,324,917	\$ 100,819,922	\$ 97,354,683	\$ 199,871,727	\$ 197,679,600

By far the largest portion of the City's net position (77.8%) reflects its net investment in capital assets (e.g. land, buildings, utility plant, machinery, equipment, vehicles, and infrastructure), net of any related outstanding debt used to acquire those assets. The City uses these assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Another portion of the City's net position (\$26.7 million or 13.3%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted

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Fiscal Year Ended June 30, 2018

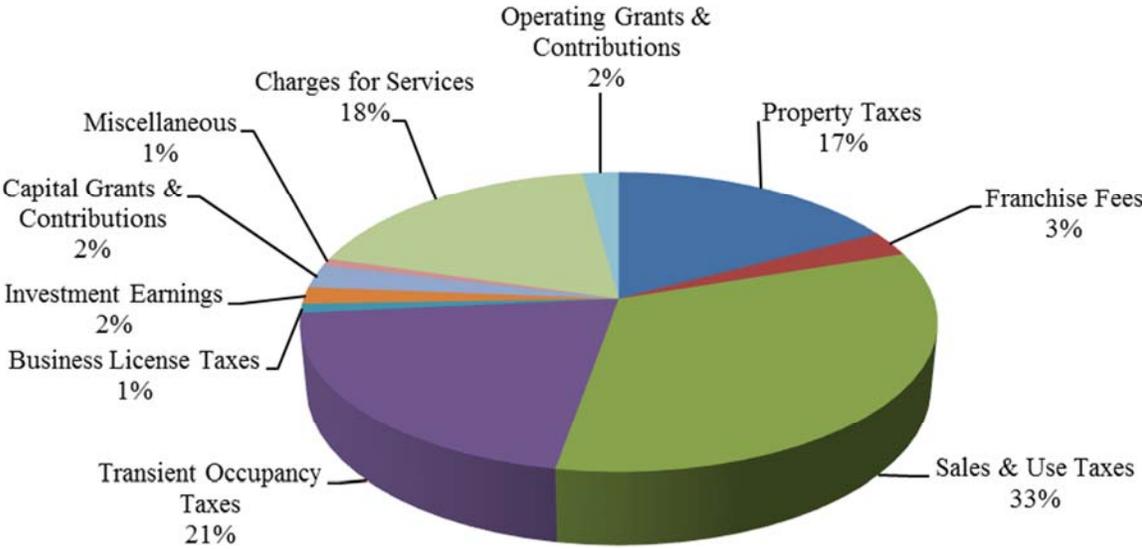
net position, \$17.7 million (8.9%) may be used to meet the government's ongoing obligations to citizens, creditors, and to meet City imposed designations (e.g., reserves, pending litigations, contingencies, capital projects).

At the end of the current fiscal year, the City is able to report positive balances in all three categories of 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 2017-18 as compared to 2016-17. The City's net position increased overall by \$2.6 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 \$6.5 million and Deferred Pension Related Inflows of Resources of \$943 thousand increased the Unrestricted Net Position for Governmental Activities \$5.6 million. General governmental tax revenue (74.5%) includes property taxes, franchise fees, sales and use taxes, transient occupancy taxes, and business license taxes. Program revenues are 22.9% 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.

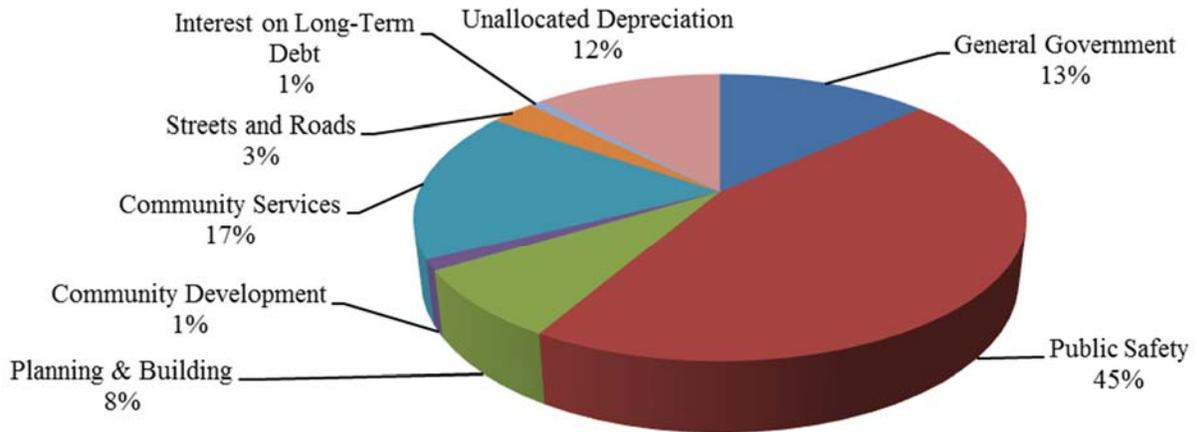
**REVENUES BY SOURCE – GOVERNMENTAL ACTIVITIES
FOR FISCAL YEAR ENDED JUNE 30, 2018**



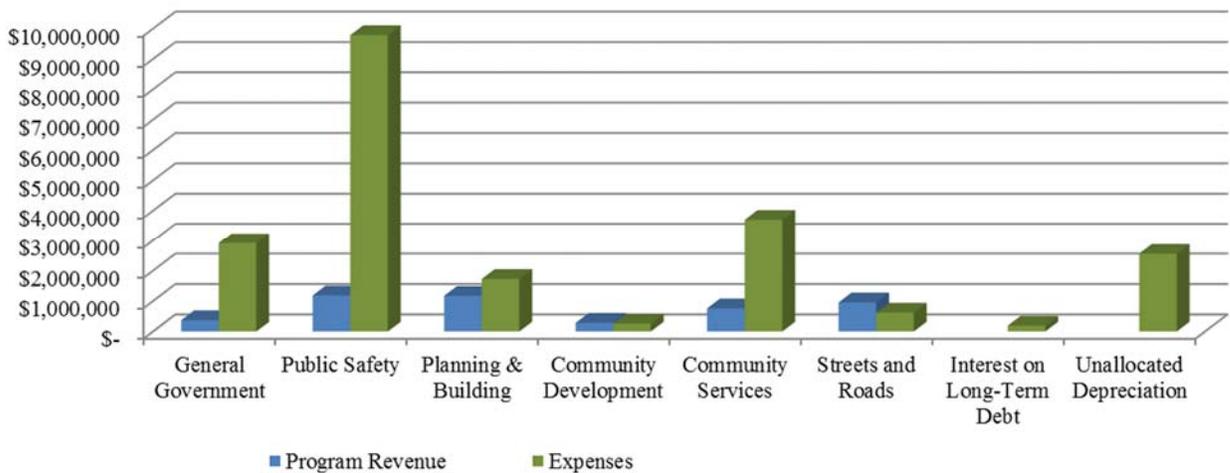
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As for expenditures, public safety expenses are the most significant (45%) of all governmental activities expenses, followed by community services (17%), streets and roads (3%), general government (13%), planning and building (8%), interest on long-term debt (1%), and community development (1%). Depreciation expense is 12% of the total expenses for governmental activities. The chart below reflects information from the Financial Statements, Statement of Activities on page 16.

**EXPENSES BY FUNCTION/PROGRAM – GOVERNMENTAL ACTIVITIES
 FOR FISCAL YEAR ENDED JUNE 30, 2018**



**COMPARISON OF EXPENSES AND PROGRAM REVENUES
 GOVERNMENTAL ACTIVITIES
 FOR FISCAL YEAR ENDED JUNE 30, 2018**

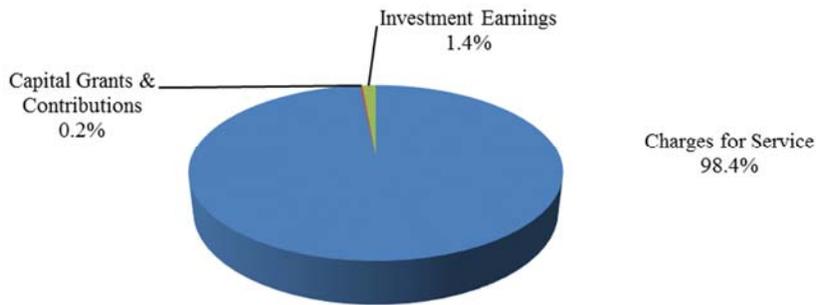


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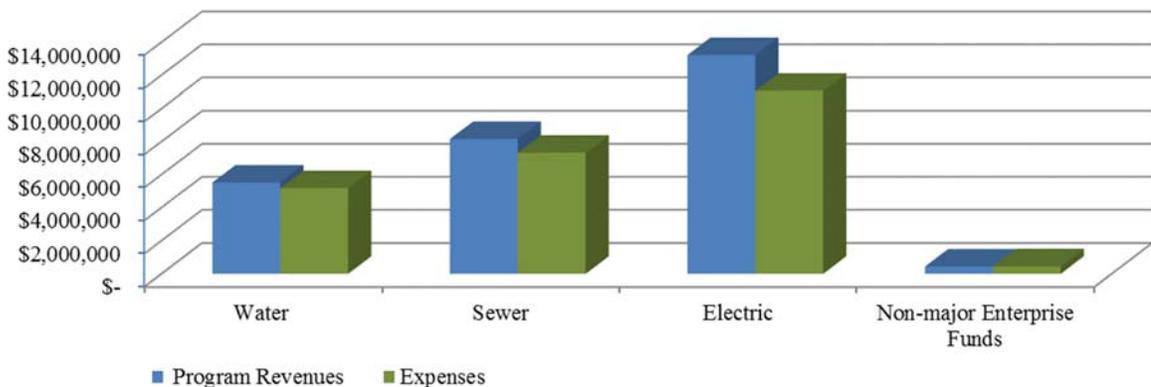
Business-Type Activities. The City recognizes future pension expenses according to GASB 68. The Deferred Pension Related Outflows of Resources of \$2.7 million and Deferred Pension Related Inflows of Resources of \$455 thousand increased the Unrestricted Net Position for Business-Type Activities \$2.3 million. During the fiscal year ended June 30, 2018, business-type activities increased the City's net position by \$3.5 million, as opposed to a \$1.8 million increase in the fiscal year ended June 30, 2017. Factors contributing to the increase include:

- Operating expenses increased by \$250,713 (1%),
- Charges for services increased by \$1.1 million (4%), and
- Capital grants and contributions increased by \$33 thousand.

**REVENUES BY SOURCE – BUSINESS-TYPE ACTIVITIES
FOR FISCAL YEAR ENDED JUNE 30, 2018**



**EXPENSES AND PROGRAM REVENUES
BUSINESS-TYPE ACTIVITIES
FOR FISCAL YEAR ENDED JUNE 30, 2018**



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

CITY OF HEALDSBURG
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2018

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, 2018, the City's governmental funds reported total ending fund balances of \$20.5 million, a decrease of \$6.9 million from the prior fiscal year. This decrease may be contributed to the capital outlay related to the City Hall Addition and Alteration Project and the Healdsburg Avenue Improvements Project. Approximately 12.5% of the total ending fund balances (\$2.6 million) is unassigned available for spending in the future at the government's discretion. The remainder of the fund balance is either nonspendable, restricted, assigned or committed. The most significant of these reserved fund balances are restricted for pension stabilization, low income housing, and community services, \$4 million, \$7 million and \$2.7 million respectively.

General Fund revenues were \$1.1 million (8.1%) more than in the prior fiscal year, and expenditures increased by \$3.3 million (24.1%). Essentially, all major general fund revenues saw an increase over fiscal year 2016-17. The increased expenditures may be contributed primarily to an increased capital outlay related to the City Hall Addition and Alteration Project, and the Healdsburg Avenue Improvement 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 \$2.2 million to \$34.4 million in the Electric Fund, and a \$833 thousand increase to \$48.3 million in the Sewer Fund.

The Internal Service Funds had an increase in net position of \$528 thousand during the fiscal year, ending with a balance of \$8.1 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, 2018, amounted to \$189 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 \$5.6 million.

CITY OF HEALDSBURG
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2018

CAPITAL ASSETS

	Governmental Activities		Business-type Activities	
	2018	2017	2018	2017
Land and Land Rights	\$ 20,185,371	\$ 18,664,887	\$ 1,245,876	\$ 1,245,876
Right of Way	6,681,379	6,681,379	-	-
Construction in Progress	15,061,998	7,795,174	4,666,336	2,959,115
Land Improvements	2,899,418	2,410,228	-	-
Buildings	26,939,537	27,143,947	3,019,311	2,969,311
Streets	52,258,576	52,054,623	-	-
Utility Systems	-	-	112,513,865	109,116,011
Drainage	-	-	10,246,168	10,246,168
Machinery and Equipment	8,297,552	8,311,244	2,395,127	2,386,508
Operations			3,381,750	3,381,750
Infrastructure	912,056	912,056	-	-
Total	\$ 133,235,887	\$ 123,973,538	\$ 137,468,433	\$ 132,304,739

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 \$80.2 million at June 30, 2018. Of this total, \$34.3 million (42.3%) was in governmental activities and \$45.9 million (57.7%) was in business-type activities.

LONG-TERM LIABILITIES

	Governmental Activities		Business-type Activities	
	2018	2017	2018	2017
Pension Obligation Bond	\$ 2,998,407	\$ 3,628,134	\$ 1,676,192	\$ 2,028,266
Net Pension Liability	24,050,572	20,966,030	9,653,413	8,365,158
Certificates of Participation	-	-	1,990,000	2,105,000
HUSD Capital Lease Payable	1,647,007	1,760,107	-	-
Revenue Bonds	-	-	30,496,521	31,910,904
Compensated Absences	1,744,124	1,713,832	-	-
Successor Agency Payable	1,791,647	1,894,688	2,043,330	2,160,846
Capital Leases	375,781	-	-	-
Claims Payable	833,811	48,581	-	-
OPEB	889,000	453,000	-	-
Total	\$ 34,330,349	\$ 30,464,372	\$ 45,859,456	\$ 46,570,174

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, 2018

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

For the 2018-19 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, 2018

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Investments	\$ 18,268,096	\$ 38,053,482	\$ 56,321,578
Cash and Investments with Fiscal Agents	-	154	154
Restricted Cash and Investments	1,924,621	488,575	2,413,196
Receivables:			
Accounts	887,507	3,934,580	4,822,087
Taxes	225,791	-	225,791
Notes	8,506,911	-	8,506,911
Interest	74,865	102,773	177,638
Due from Other Governments	1,340,264	-	1,340,264
Internal Balances	(3,732,398)	3,732,398	-
Prepays	239,068	2,823	241,891
Inventory	23,137	1,402,309	1,425,446
Property Held for Resale	453,100	-	453,100
Investment in NCPA Reserves	-	6,024,851	6,024,851
Pension Stabilization Investments	4,040,790	1,710,916	5,751,706
Capital Assets, Not Being Depreciated	41,928,748	5,912,212	47,840,960
Capital Assets, Depreciated, Net	57,817,803	83,446,271	141,264,074
Total Assets	<u>131,998,303</u>	<u>144,811,344</u>	<u>276,809,647</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Refundings	-	930,575	930,575
Deferred Pension Related Items	6,547,531	2,722,828	9,270,359
Total Deferred Outflows of Resources	<u>6,547,531</u>	<u>3,653,403</u>	<u>10,200,934</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	2,901,454	512,769	3,414,223
Interest Payable	-	304,897	304,897
Deposits Payable	901,327	512,627	1,413,954
Unearned Revenue	382,500	-	382,500
Noncurrent Liabilities:			
Due within One Year	1,749,773	2,049,499	3,799,272
Due in More Than One Year	32,580,576	43,809,957	76,390,533
Total Liabilities	<u>38,515,630</u>	<u>47,189,749</u>	<u>85,705,379</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Pension Related Items	943,399	455,076	1,398,475
Deferred OPEB Related Items	35,000	-	35,000
Total Deferred Inflows of Resources	<u>978,399</u>	<u>455,076</u>	<u>1,433,475</u>
NET POSITION			
Net Investment in Capital Assets	97,723,763	57,802,537	155,526,300
Restricted for:			
Capital Projects	-	9,794,461	9,794,461
Pensions	3,521,061	1,710,916	5,231,977
Community Development:			
Expendable	15,222	-	15,222
Nonexpendable	69,980	-	69,980
Housing	7,012,273	-	7,012,273
Landscaping and Lighting	260,436	-	260,436
Public Safety	101,325	-	101,325
Parks and Recreation:	3,078,570	-	3,078,570
Streets, highways, and related purposes	1,108,733	-	1,108,733
Unrestricted	(13,839,558)	31,512,008	17,672,450
Total Net Position	<u>\$ 99,051,805</u>	<u>\$ 100,819,922</u>	<u>\$ 199,871,727</u>

The accompanying notes are an integral part of this statement.

City of Healdsburg
Statement of Activities
Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	\$ 2,915,592	\$ 373,283	\$ -	\$ -
Public Safety	9,785,902	994,011	190,687	-
Planning and Building	1,724,351	1,173,086	-	-
Community Development	261,167	286,748	-	-
Community Services	3,698,083	762,890	-	-
Streets and Roads	619,155	188,310	245,933	522,555
Interest on Long-term Debt	190,277	-	-	-
Unallocated Depreciation	2,558,349	-	-	-
Total Governmental Activities	21,752,876	3,778,328	436,620	522,555
Business-type Activities:				
Water	5,172,077	5,517,138	-	-
Sewer	7,322,240	8,157,569	-	-
Electric	11,051,909	13,217,836	-	-
Non-major Enterprise Funds	445,706	367,096	-	68,271
Total Business-type Activities	23,991,932	27,259,639	-	68,271
Total Primary Government	\$ 45,744,808	\$ 31,037,967	\$ 436,620	\$ 590,826

General Revenues:

Taxes:

Property Taxes

Franchise Taxes

Sales and Use Taxes

Transient Occupancy Tax

Business License Taxes

Motor vehicle in lieu, unrestricted

Investment Earnings

Miscellaneous Revenues

Transfers In (Out)

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning of Year

Restatement of Net Position

Net Position - End of Year

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (2,542,309)	\$ -	\$ (2,542,309)
(8,601,204)	-	(8,601,204)
(551,265)	-	(551,265)
25,581	-	25,581
(2,935,193)	-	(2,935,193)
337,643	-	337,643
(190,277)	-	(190,277)
(2,558,349)	-	(2,558,349)
<u>(17,015,373)</u>	<u>-</u>	<u>(17,015,373)</u>
-	345,061	345,061
-	835,329	835,329
-	2,165,927	2,165,927
-	(10,339)	(10,339)
<u>-</u>	<u>3,335,978</u>	<u>3,335,978</u>
<u>(17,015,373)</u>	<u>3,335,978</u>	<u>(13,679,395)</u>
2,247,755	-	2,247,755
560,876	-	560,876
6,784,893	-	6,784,893
4,285,556	-	4,285,556
197,733	-	197,733
1,283,559	-	1,283,559
372,800	384,336	757,136
159,014	-	159,014
255,075	(255,075)	-
<u>16,147,261</u>	<u>129,261</u>	<u>16,276,522</u>
(868,112)	3,465,239	2,597,127
100,324,917	97,354,683	197,679,600
<u>(405,000)</u>	<u>-</u>	<u>(405,000)</u>
<u>\$ 99,051,805</u>	<u>\$ 100,819,922</u>	<u>\$ 199,871,727</u>

The accompanying notes are an integral part of this statement.

City of Healdsburg
Balance Sheet
Governmental Funds
June 30, 2018

	Special Revenue Funds		
	General	Community Services	Housing Successor Agency
ASSETS			
Cash and Investments	\$ 5,820,836	\$ 2,279,997	\$ 494
Restricted Cash and Investments	-	178,168	-
Pension Stabilization Investments	3,554,576	349,967	-
Receivables:			
Accounts	321,739	453,050	-
Taxes	214,439	-	-
Notes	-	-	8,495,798
Interest	51,647	6,447	-
Due from Other Governments	1,236,944	-	-
Prepaid Expenditures	4,269	-	-
Inventory	-	-	-
Property Held for Resale	-	-	453,100
Due from Other Funds	825,511	-	-
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 12,029,961</u>	<u>\$ 3,267,629</u>	<u>\$ 8,949,392</u>
LIABILITIES			
Accounts Payable	\$ 669,974	\$ 80,743	\$ 8,016
Deposits Payable	518,367	178,168	-
Due to Other Funds	-	-	535,000
Advances from Other Funds	3,410,448	-	-
Unearned Revenue	-	382,500	-
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>4,598,789</u>	<u>641,411</u>	<u>543,016</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenues - Accounts Receivable	43,440	-	-
Unavailable Revenues - Interest Receivable	-	-	1,394,103
	<u> </u>	<u> </u>	<u> </u>
Total Deferred Inflows of Resources	<u>43,440</u>	<u>-</u>	<u>1,394,103</u>
FUND BALANCES			
Nonspendable	4,269	-	-
Restricted	3,764,652	2,626,218	7,012,273
Committed	453,769	-	-
Assigned	372,649	-	-
Unassigned	2,792,393	-	-
	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>7,387,732</u>	<u>2,626,218</u>	<u>7,012,273</u>
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 12,029,961</u>	<u>\$ 3,267,629</u>	<u>\$ 8,949,392</u>

The accompanying notes are an integral part of this statement.

Capital Projects	Non-major Governmental Funds	Total Governmental Funds
Streets		
\$ 1,576,618	\$ 2,239,557	\$ 11,917,502
182,623	1,563,830	1,924,621
136,247	-	4,040,790
-	54,600	829,389
-	11,352	225,791
-	-	8,495,798
1,928	4,998	65,020
78,310	25,010	1,340,264
-	-	4,269
11,170	-	11,170
-	-	453,100
-	-	825,511
<u>\$ 1,986,896</u>	<u>\$ 3,899,347</u>	<u>\$ 30,133,225</u>
\$ 1,815,278	\$ 8,006	\$ 2,582,017
182,623	22,169	901,327
-	305,511	840,511
-	-	3,410,448
-	-	382,500
<u>1,997,901</u>	<u>335,686</u>	<u>8,116,803</u>
52,594	54,600	150,634
-	-	1,394,103
<u>52,594</u>	<u>54,600</u>	<u>1,544,737</u>
11,170	69,980	85,419
136,247	2,004,093	15,543,483
-	1,449,626	1,903,395
-	-	372,649
<u>(211,016)</u>	<u>(14,638)</u>	<u>2,566,739</u>
<u>(63,599)</u>	<u>3,509,061</u>	<u>20,471,685</u>
<u>\$ 1,986,896</u>	<u>\$ 3,899,347</u>	<u>\$ 30,133,225</u>

The accompanying notes are an integral part of this statement.

City of Healdsburg
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2018

Fund Balances of Governmental Funds \$ 20,471,685

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	123,771,345
Accumulated Depreciation	(28,687,872)

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	(1,647,007)
Successor Agency Payable	(1,791,647)
Pension Obligation Bonds	(2,998,407)
Net Pension Liability	(24,050,572)
Total OPEB Liability	(889,000)

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

Deferred Pension Related Items - Deferred Outflows	6,547,531
Deferred Pension Related Items - Deferred Inflows	(943,399)
Deferred OPEB Related Items - Deferred Inflows	(35,000)

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.

7,759,411

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

1,544,737

Net Position of Governmental Activities \$ 99,051,805

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, 2018

	General	Special Revenue Funds		Capital Projects
		Community Services	Housing Successor Agency	Streets
REVENUES				
Property Taxes	\$ 3,529,834	\$ -	\$ -	\$ -
Sales and Other Taxes	8,637,456	3,061,858	-	112,438
Charges for Services	1,007,804	713,215	-	261,619
Fines and Forfeitures	189,943	-	-	-
Licenses and Permits	1,092,491	-	-	-
Development Fees	19,601	-	-	118,233
Intergovernmental	139,442	245,933	-	184,005
Investment Earnings	183,031	23,752	1	6,279
Other Revenues	245,899	3,217	78,575	71,057
Total Revenues	15,045,501	4,047,975	78,576	753,631
EXPENDITURES				
Current:				
General Government	1,722,990	-	-	-
Public Safety	9,252,283	-	-	-
Community Development	-	-	53,577	-
Planning and Building	1,724,351	-	-	-
Community Services	-	3,698,083	-	-
Streets and Roads	-	-	-	1,344,759
Capital Outlay	4,054,154	76,257	233,516	3,966,733
Debt Service:				
Interest Expense	-	-	-	-
Principal	-	-	-	-
Total Expenditures	16,753,778	3,774,340	287,093	5,311,492
Excess (Deficiency) of Revenues Over Expenditures	(1,708,277)	273,635	(208,517)	(4,557,861)
OTHER FINANCING SOURCES (USES)				
Transfers In	136,697	61,082	-	3,556,759
Transfers Out	(1,738,930)	(319,353)	-	(39,763)
Total Other Financing Sources (Uses)	(1,602,233)	(258,271)	-	3,516,996
Net Change in Fund Balances	(3,310,510)	15,364	(208,517)	(1,040,865)
Fund Balances, Beginning of Year	10,698,242	2,610,854	7,220,790	977,266
Fund Balances, End of Year	\$ 7,387,732	\$ 2,626,218	\$ 7,012,273	\$ (63,599)

The accompanying notes are an integral part of this statement.

Non-major Governmental Funds	Total Governmental Funds
\$ 209,552	\$ 3,739,386
-	11,811,752
51,907	2,034,545
4,099	194,042
-	1,092,491
20,876	158,710
325,697	895,077
72,309	285,372
852	399,600
685,292	20,610,975
30,354	1,753,344
7,521	9,259,804
207,590	261,167
-	1,724,351
-	3,698,083
3,735	1,348,494
-	8,330,660
190,277	190,277
845,868	845,868
1,285,345	27,412,048
(600,053)	(6,801,073)
1,036,045	4,790,583
(2,833,843)	(4,931,889)
(1,797,798)	(141,306)
(2,397,851)	(6,942,379)
5,906,912	27,414,064
\$ 3,509,061	\$ 20,471,685

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, 2018

Net Changes in Fund Balances - Total Governmental Funds \$ (6,942,379)

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	9,059,999
Depreciation Expense	(2,558,349)
Loss on Disposal	(215,598)

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	845,868
Net Pension Liability	(3,084,542)
Total OPEB Liability	(31,000)

Amounts for deferred inflows and deferred outflows related to the City's Net Pension and OPEB Liabilities are not reported in the funds. This is the net change in deferred inflows and outflows related to these liabilities:

Deferred Pension Related Items - Deferred Outflows	1,188,820
Deferred Pension Related Items - Deferred Inflows	399,658
Deferred OPEB Related Items - Deferred Inflows	(35,000)

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.

18,714

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.

485,697

Change in Net Position of Governmental Activities

\$ (868,112)

The accompanying notes are an integral part of this statement.

City of Healdsburg
Statement of Net Position
Proprietary Funds
June 30, 2018

	Enterprise Funds			
	Water Fund	Sewer Fund	Electric Fund	Non-major Airport Fund
ASSETS				
Current Assets:				
Cash and Investments	\$ 4,177,885	\$ 18,555,578	\$ 15,119,006	\$ 201,013
Cash and Investments with Fiscal Agents	24	130	-	-
Investment in NCPA Reserves	-	-	6,024,851	-
Accounts Receivable - Net	989,573	1,105,558	1,830,406	9,043
Notes and Loans Receivable	-	-	-	-
Interest Receivable	9,958	51,531	40,764	520
Due from Other Funds	-	-	15,000	-
Advances to Other Funds	-	1,705,224	1,705,224	-
Prepaid Expenses	-	-	2,823	-
Inventory	76,995	24,227	1,267,840	33,247
Total Current Assets	5,254,435	21,442,248	26,005,914	243,823
Noncurrent Assets:				
Restricted Cash and Investments	-	-	488,575	-
Pension Stabilization Investments	408,725	599,214	702,977	-
Capital Assets, Not Being Depreciated				
Land	310,781	766,902	48,359	119,834
Construction in Progress	1,593,612	1,725,259	1,261,005	86,460
Total Capital Assets, Not Being Depreciated	1,904,393	2,492,161	1,309,364	206,294
Capital Assets, Depreciable				
Land Improvements	-	-	-	-
Buildings	1,474,503	206,166	447,835	890,807
Utility Systems	28,020,798	61,246,191	23,246,876	-
Drainage	-	10,246,168	-	-
Machinery and Equipment	598,391	544,199	1,043,027	209,510
Operations	-	-	-	3,381,750
Total Capital Assets, Depreciable	30,093,692	72,242,724	24,737,738	4,482,067
Less: Accumulated Depreciation	(12,152,823)	(22,160,358)	(12,297,670)	(1,499,099)
Total Capital Assets, Net	19,845,262	52,574,527	13,749,432	3,189,262
Total Noncurrent Assets	20,253,987	53,173,741	14,940,984	3,189,262
Total Assets	25,508,422	74,615,989	40,946,898	3,433,085
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Amounts on Refunding	-	930,575	-	-
Deferred Pension Related Items	804,472	804,472	1,113,884	-
Total Deferred Outflows of Resources	804,472	1,735,047	1,113,884	-

The accompanying notes are an integral part of this statement.

Enterprise Funds	Governmental Activities
Totals	Internal Service Funds
\$ 38,053,482	\$ 6,350,594
154	-
6,024,851	-
3,934,580	58,118
-	11,113
102,773	9,845
15,000	-
3,410,448	-
2,823	234,799
1,402,309	11,967
<u>52,946,420</u>	<u>6,676,436</u>
488,575	-
<u>1,710,916</u>	<u>-</u>
1,245,876	-
<u>4,666,336</u>	<u>-</u>
<u>5,912,212</u>	<u>-</u>
-	2,287,375
3,019,311	-
112,513,865	-
10,246,168	-
2,395,127	7,177,167
3,381,750	-
<u>131,556,221</u>	<u>9,464,542</u>
<u>(48,109,950)</u>	<u>(4,801,464)</u>
<u>89,358,483</u>	<u>4,663,078</u>
<u>91,557,974</u>	<u>4,663,078</u>
<u>144,504,394</u>	<u>11,339,514</u>
930,575	-
<u>2,722,828</u>	<u>-</u>
<u>3,653,403</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, 2018

	Enterprise Funds			
	Water Fund	Sewer Fund	Electric Fund	Non-major Airport Fund
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	\$ 43,770	\$ 113,253	\$ 344,925	\$ 10,821
Deposits Payable	7,805	131	488,575	16,116
Accrued Interest Payable	87,909	216,988	-	-
Claims Payable - Current	-	-	-	-
Compensated Absences - Current	-	-	-	-
Bonds Payable - Current	611,000	940,000	-	-
Payable to Successor Agency - Current	-	-	117,810	-
Pension Obligation Bonds Payable - Current	114,440	114,759	151,490	-
Capital Leases Payable - Current	-	-	-	-
Total Current Liabilities	<u>864,924</u>	<u>1,385,131</u>	<u>1,102,800</u>	<u>26,937</u>
Noncurrent Liabilities:				
Compensated Absences	-	-	-	-
Claims Payable	-	-	-	-
Payable to Successor Agency	-	-	1,925,520	-
Bonds Payable	7,622,000	23,313,521	-	-
Net Pension Liability	2,852,145	2,852,145	3,949,123	-
Pension Obligation Bonds Payable	389,291	390,332	515,880	-
Capital Leases Payable	-	-	-	-
Total Noncurrent Liabilities	<u>10,863,436</u>	<u>26,555,998</u>	<u>6,390,523</u>	<u>-</u>
Total Liabilities	<u>11,728,360</u>	<u>27,941,129</u>	<u>7,493,323</u>	<u>26,937</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Pension Related Items	<u>134,454</u>	<u>134,454</u>	<u>186,168</u>	<u>-</u>
NET POSITION				
Net Investment in Capital Assets	11,612,262	29,251,581	13,749,432	3,189,262
Restricted:				
Capital Projects	2,774,719	6,031,408	988,334	-
Pensions	408,725	599,214	702,977	-
Unrestricted	<u>(345,626)</u>	<u>12,393,250</u>	<u>18,940,548</u>	<u>216,886</u>
Total Net Position	<u>\$ 14,450,080</u>	<u>\$ 48,275,453</u>	<u>\$ 34,381,291</u>	<u>\$ 3,406,148</u>

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

Net Position of Business-type Activities

The accompanying notes are an integral part of this statement.

<u>Enterprise Funds</u>	<u>Governmental Activities</u>
<u>Totals</u>	<u>Internal Service Funds</u>
\$ 512,769	\$ 319,437
512,627	-
304,897	-
-	190,959
-	495,115
1,551,000	-
117,810	-
380,689	-
-	161,049
<u>3,379,792</u>	<u>1,166,560</u>
-	1,249,009
-	642,852
1,925,520	-
30,935,521	-
9,653,413	-
1,295,503	-
-	214,732
<u>43,809,957</u>	<u>2,106,593</u>
<u>47,189,749</u>	<u>3,273,153</u>
<u>455,076</u>	<u>-</u>
57,802,537	4,287,297
9,794,461	-
1,710,916	-
<u>31,205,058</u>	<u>3,779,064</u>
100,512,972	<u>\$ 8,066,361</u>
<u>306,950</u>	
<u>\$ 100,819,922</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, 2018

	Enterprise Funds			
	Water Fund	Sewer Fund	Electric Fund	Non-major Airport Fund
OPERATING REVENUES				
Charges for Services	\$ 5,350,338	\$ 7,458,267	\$ 12,225,926	\$ 139,722
Development Fees	137,927	657,579	93,836	-
Rental Income	-	-	-	170,234
Other Operating Revenues	28,873	41,723	898,074	57,140
Total Operating Revenues	5,517,138	8,157,569	13,217,836	367,096
OPERATING EXPENSES				
Purchase of Power	-	-	5,590,202	-
Maintenance and Operations	3,558,328	4,280,392	4,150,794	282,154
Administration	636,142	770,518	800,118	65,424
Insurance and Benefits Costs	-	-	-	-
Depreciation	602,721	1,354,360	497,999	98,128
Total Operating Expenses	4,797,191	6,405,270	11,039,113	445,706
Operating Income (Loss)	719,947	1,752,299	2,178,723	(78,610)
NONOPERATING REVENUES (EXPENSES)				
Interest Income	46,138	122,627	215,048	523
Interest Expense	(383,848)	(926,359)	(37,121)	-
Gain/Loss on Disposal of Capital Assets	-	-	-	-
Total Nonoperating Revenues (Expenses)	(337,710)	(803,732)	177,927	523
Income (Loss) Before Capital Contributions and Operating Transfers	382,237	948,567	2,356,650	(78,087)
Capital Contributions	-	-	-	68,271
Transfers In	-	-	-	-
Transfers Out	-	(115,778)	(136,697)	(2,600)
Total Transfers and Capital Contributions	-	(115,778)	(136,697)	65,671
Change in Net Position	382,237	832,789	2,219,953	(12,416)
Net Position - Beginning of Year	14,067,843	47,442,664	32,161,338	3,418,564
Net Position - End of Year	\$ 14,450,080	\$ 48,275,453	\$ 34,381,291	\$ 3,406,148
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
\$ 25,174,253	\$ 3,845,035
889,342	-
170,234	256,158
<u>1,025,810</u>	<u>5,257</u>
<u>27,259,639</u>	<u>4,106,450</u>
5,590,202	-
12,271,668	2,199,097
2,272,202	903,174
-	402,742
<u>2,553,208</u>	<u>481,013</u>
<u>22,687,280</u>	<u>3,986,026</u>
<u>4,572,359</u>	<u>120,424</u>
384,336	9,573
(1,347,328)	-
-	1,995
<u>(962,992)</u>	<u>11,568</u>
<u>3,609,367</u>	<u>131,992</u>
68,271	-
-	444,154
<u>(255,075)</u>	<u>(47,773)</u>
<u>(186,804)</u>	<u>396,381</u>
3,422,563	528,373
	<u>7,537,988</u>
	<u>\$ 8,066,361</u>
<u>42,676</u>	
<u>\$ 3,465,239</u>	

The accompanying notes are an integral part of this statement.

City of Healdsburg
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2018

	Enterprise Funds		
	Water Fund	Sewer Fund	Electric Fund
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ 5,433,457	\$ 8,110,465	\$ 13,419,694
Payments to Employees for Services	(1,762,052)	(1,998,584)	(2,161,651)
Payments to Suppliers for Goods and Services	(2,194,800)	(2,989,317)	(7,721,501)
Net Cash Provided (Used) by Operating Activities	<u>1,476,605</u>	<u>3,122,564</u>	<u>3,536,542</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES			
Cash Paid from Interfund Borrowings	-	(5,529)	(5,529)
Cash Received from Other Funds	-	-	-
Cash Paid to Other Funds	-	(115,778)	(136,697)
Payments on Other Long-term Debt	(105,838)	(106,133)	(140,103)
Principal Paid on Loans Receivable	-	-	-
Net Cash Provided (Used) by Noncapital and Related Financing Activities	<u>(105,838)</u>	<u>(227,440)</u>	<u>(282,329)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and Construction of Capital Assets	(1,612,060)	(2,287,726)	(1,155,725)
Interest Paid	(389,905)	(909,828)	(37,121)
Principal Paid on Successor Agency Payable	-	-	(117,516)
Proceeds from Issuance of Capital Debt	-	-	-
Principal Paid on Capital Debt	(588,000)	(910,000)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(2,589,965)</u>	<u>(4,107,554)</u>	<u>(1,310,362)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Received	49,432	119,830	213,202
Net Cash Provided (Used) by Investing Activities	<u>49,432</u>	<u>119,830</u>	<u>213,202</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(1,169,766)</u>	<u>(1,092,600)</u>	<u>2,157,053</u>
Cash and Cash Equivalents, Beginning of the Year	5,756,400	20,247,522	20,178,356
Cash and Cash Equivalents, End of the Year	<u>\$ 4,586,634</u>	<u>\$ 19,154,922</u>	<u>\$ 22,335,409</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS			
Cash and Investments	4,177,885	18,555,578	15,119,006
Cash and Investments with Fiscal Agents	24	130	-
Investment NCPA Reserve	-	-	6,024,851
Restricted Cash and Investments	-	-	488,575
Pension Stabilization Investments	408,725	599,214	702,977
Total Cash and Cash Equivalents	<u>\$ 4,586,634</u>	<u>\$ 19,154,922</u>	<u>\$ 22,335,409</u>
Reconciliation of Operating Income (Loss) to			
Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ 719,947	\$ 1,752,299	\$ 2,178,723
Adjustments to Reconcile Operating Income (Loss) to			
Net Cash Provided (Used) by Operating Activities:			
Depreciation	602,721	1,354,360	497,999
Changes in Operating Assets and Liabilities:			
Decrease (Increase) in Accounts Receivable	(85,673)	(47,104)	51,002
Decrease (Increase) in Prepaid Expenses	-	-	-
Decrease (Increase) in Inventory	6,376	(1,500)	107,341
Decrease (Increase) in Deferred Outflows - Pensions	(100,761)	(100,761)	(139,514)
Increase (Decrease) in Accounts Payable	(25,330)	(192,063)	195,366
Increase (Decrease) in Claims Payable	-	-	-
Increase (Decrease) in Deferred Inflows - Pensions	(23,288)	(23,288)	(32,244)
Increase (Decrease) in Net Pension Liability	380,621	380,621	527,013
Increase (Decrease) in Compensated Absences Payable	-	-	-
Increase (Decrease) in Deposits Payable	1,992	-	150,856
TOTAL CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 1,476,605</u>	<u>\$ 3,122,564</u>	<u>\$ 3,536,542</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES			
Amortization Related to Long-term Debt	\$ -	\$ 54,739	\$ -

The accompanying notes are an integral part of this statement.

Enterprise Funds		Governmental
Non-major Airport Fund	Totals	Internal Service Funds
\$ 366,898	\$ 27,330,514	\$ 4,107,045
(52,212)	(5,974,499)	(853,355)
(314,901)	(13,220,519)	(2,531,497)
(215)	8,135,496	722,193
-	(11,058)	-
-	-	50,000
(2,600)	(255,075)	361,735
-	(352,074)	-
-	-	(16,685)
(2,600)	(618,207)	395,050
(136,460)	(5,191,971)	(1,541,527)
-	(1,336,854)	-
68,271	(49,245)	-
-	-	375,781
-	(1,498,000)	16,333
(68,189)	(8,076,070)	(1,149,413)
668	383,132	8,977
668	383,132	8,977
(70,336)	(175,649)	(23,193)
271,349	46,453,627	6,373,787
<u>\$ 201,013</u>	<u>\$ 46,277,978</u>	<u>\$ 6,350,594</u>
201,013	38,053,482	6,350,594
-	154	-
-	6,024,851	-
-	488,575	-
-	1,710,916	-
<u>\$ 201,013</u>	<u>\$ 46,277,978</u>	<u>\$ 6,350,594</u>
\$ (78,610)	\$ 4,572,359	\$ 120,424
98,128	2,553,208	481,013
(642)	(82,417)	595
-	-	(224,566)
(13,459)	98,758	(4,243)
-	(341,036)	-
(6,076)	(28,103)	(466,552)
-	-	785,230
-	(78,820)	-
-	1,288,255	-
-	-	30,292
444	153,292	-
<u>\$ (215)</u>	<u>\$ 8,135,496</u>	<u>\$ 722,193</u>
\$ -	\$ 54,739	\$ -

City of Healdsburg
Statement of Net Position
Fiduciary Funds
June 30, 2018

	Private-purpose Trust Funds
ASSETS	
Cash and Investments	\$ 4,056,039
Cash and Investments with Fiscal Agent	2,711,605
Receivables:	
Notes	359,739
Interest	9,454
Receivable from the City of Healdsburg	3,834,976
Capital Assets, Not Being Depreciated	528,300
Capital Assets, Net of Accumulated Depreciation	338,945
Total Assets	11,839,058
LIABILITIES	
Interest Payable	739,809
Noncurrent Liabilities:	
Due within One Year	1,900,200
Due in More than One Year	44,036,555
Total Liabilities	46,676,564
NET POSITION	
Net Position (Deficit) Held in Trust for Successor Agency and Other Purposes	\$ (34,837,506)

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, 2018

	Private-purpose Trust Funds
ADDITIONS	
Taxes and Assessments	\$ 3,869,142
Investment Earnings	147,334
Other	5,000
	4,021,476
DEDUCTIONS	
Community Development	313,345
Depreciation	20,696
Interest Expense	1,532,900
Bond Issuance Costs	2,370,590
	4,237,531
Total Additions	4,021,476
Total Deductions	4,237,531
Change in Net Position	(216,055)
Net Position - Beginning of Year	(34,621,451)
Net Position - End of Year	\$ (34,837,506)

The accompanying notes are an integral part of this statement.

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2018

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 11 and 12).

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, 2018

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, 2018

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, 2018

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 Housing Successor Agency Special Revenue Fund accounts for housing assets from the former Redevelopment Agency, including notes receivable.

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.

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2018

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

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

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

Proprietary Fund Types

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

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

Fiduciary Fund Types

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

C) Encumbrances

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

D) Cash and Investments

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

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2018

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

E) Receivables and Payables

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

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

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

F) Inventory

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

G) Prepaids

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

H) Capital Assets

Capital Assets (including infrastructure) are recorded at cost where historical records are available and at an estimated original cost where no historical records exist. 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.

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2018

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Capital assets used in operations are depreciated over their estimated useful lives using the straight-line method in the Government-wide Financial Statements and in the Fund Financial Statements of the Proprietary Funds. Depreciation is charged as an expense against operations and accumulated depreciation is reported on the respective balance sheet/statement of net position. The lives used for depreciation purposes of each capital asset class are:

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

I) Compensated Absences

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

J) Property Taxes

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

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

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

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, 2018

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, 2018

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, 2018

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 in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. In addition, the City reports deferred outflows relating to debt 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 in accordance with GASB Statement No. 68.

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, 2018

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

R) Other Postemployment Benefits

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used: June 30, 2018 Valuation Date, June 30, 2018 Measurement Date, July 1, 2017 through June 30, 2018 Measurement Period.

S) 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 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 84 - Fiduciary Activities: This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

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. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

GASB 88 – Certain Disclosures Related to Debt: The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2018

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

GASB 89 – Accounting for Interest Cost Incurred before the End of a Construction Period: This Statement establishes accounting requirements for interest cost incurred before the end of a construction period, effective for reporting periods beginning after December 15, 2019.

GASB 90 – Majority Equity Interests: The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

In addition, the City implemented *GASB 75 - Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* as of June 30, 2018 (see Notes 9 and 14). This statement was issued to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions.

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, 2018:

Cash on Hand	\$	1,904
Deposits with Financial Institutions		2,980,962
Investments		62,519,706
Pension Stabilization Investments		5,751,706
Total Cash and Investments		\$ 71,254,278

The City's cash and investments are reported in these financial statements as follows:

	Government-wide Statement of Net Position	Statement of Fiduciary Net Position	Total
Unrestricted:			
Cash and Investments	\$ 56,321,578	\$ 4,056,039	\$ 60,377,617
Restricted:			
Cash and Investments	2,413,196	-	2,413,196
Pension Stabilization Investments	5,751,706	-	5,751,706
Cash and Investments with Fiscal Agent	154	2,711,605	2,711,759
Total Cash and Investments	\$ 64,486,634	\$ 6,767,644	\$ 71,254,278

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2018

3) CASH AND INVESTMENTS - Continued

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

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

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

*Excluding amounts held by bond trustee 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.

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2018

3) CASH AND INVESTMENTS - Continued

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

Disclosures Relating to Interest Rate Risk

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

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

Investment Type	Total	Remaining Maturity			
		12 Months Or Less	13 to 24 Months	25 to 48 Months	49 to 60 Months
Certificates of Deposit	\$ 3,456,718	\$ 499,615	\$ 1,490,580	\$ 1,466,523	\$ -
Money Market Mutual Funds	14,602	14,602	-	-	-
Federal Agency Securities	20,997,966	1,985,280	5,349,193	12,514,470	1,149,023
U.S. Treasury Securities	5,916,880	1,997,880	1,968,680	1,950,320	-
State Investment Pool	26,798,202	26,798,202	-	-	-
Medium Term Notes	1,059,772	-	-	-	1,059,772
Held by Bond Trustee:					
County Investment Pool	213,606	213,606	-	-	-
Money Market Mutual Funds	4,061,960	4,061,960	-	-	-
Total Pooled Investments	\$ 62,519,706	\$ 35,571,145	\$ 8,808,453	\$ 15,931,313	\$ 2,208,795

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

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2018

3) CASH AND INVESTMENTS - Continued

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

Investment Type	Total	Minimum Legal Rating	Rating as of Year End			
			AAA	AA	A	Not Rated
Certificates of Deposit	\$ 3,456,718	N/A	\$ -	\$ -	\$ -	\$ 3,456,718
Money Market Mutual Funds	14,602	N/A	-	-	-	14,602
Federal Agency Securities	20,997,966	N/A	20,997,966	-	-	-
U.S. Treasury Securities	5,916,880	N/A	5,916,880	-	-	-
State Investment Pool	26,798,202	N/A	-	-	-	26,798,202
Medium Term Notes	1,059,772	N/A	1,059,772	-	-	-
Held by Bond Trustee:						
County Investment Pool	213,606	N/A	-	-	-	213,606
Money Market Mutual Funds	4,061,960	N/A	-	-	-	4,061,960
Total Pooled Investments	\$ 62,519,706		\$ 27,974,618	\$ -	\$ -	\$ 34,545,088

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	\$ 9,726,440	2019-2021	1.12 - 1.81
FNMA	Federal Agency Securities	5,349,193	2020-2021	1.20 - 1.50
FHLMC	Federal Agency Securities	4,001,453	2021-2023	1.60 - 3.20

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 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

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2018

3) CASH AND INVESTMENTS - Continued

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, 2018, \$2,730,939 of the City's deposits (bank balances) in excess of the Federal Depository Insurance limits were held in collateralized accounts. As of June 30, 2018, the City investments in the following investment types were held by the same broker-dealer (counterparty) that was used by the City to buy the securities:

<u>Investment Type</u>	<u>Reported Amount</u>
Certificates of deposit	\$ 3,456,718
Federal agency securities	20,997,966
U.S. Treasury securities	5,916,880
Medium Term Notes	1,059,772
Money market funds	14,602

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, 2018:

- U.S. Treasury Securities of \$5,916,880 are valued using quoted market prices (Level 1 inputs)
- Federal Agency Securities of \$20,997,966 are valued using a matrix pricing model (Level 2 inputs)
- Medium Term Notes of \$1,059,772 are valued using a matrix pricing model (Level 2 inputs)
- Certificates of Deposit of \$3,456,718 are valued using a matrix pricing model (Level 2 inputs)

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2018

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, 2018, 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, 2018

3) CASH AND INVESTMENTS - Continued

Pension stabilization investments held and the percentage of the pension investment portfolio at June 30, 2018 was as follows:

Pension Stabilization Investments	Fair Value	% of Portfolio
<i>Equity Investments</i>		
iShares Core S&P 500 Fund	\$ 495,859	9%
iShares S&P 500 Value Fund	232,925	4%
iShares S&P 500 Growth Fund	156,593	3%
iShares Russell MidCap Value Fund	132,800	2%
iShares Russell 2000 Value Fund	152,500	3%
iShares Russell 2000 Growth Fund	131,180	2%
iShares MSCI EAFE Index Fund	294,936	5%
Vanguard FTSE Emerging Markets ETF	101,575	2%
Vanguard REIT ETF	63,938	1%
<i>Fixed Income</i>		
Highmark Fixed Income Strategy	3,967,689	69%
<i>Cash</i>		
First American Prime Obligations Fund	21,711	0%
Total Pension Stabilization Investments	\$ 5,751,706	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		
		12 Months Or Less	13 to 60 Months	More than 60 Months
U.S. Treasury Securities	\$ 1,001,058	\$ -	\$ 592,732	\$ 408,326
Money Market Mutual Funds	21,711	21,711	-	-
Federal Agency Securities	758,071	-	27,910	730,161
Municipal Bonds	59,436	-	-	59,436
Mutual Funds	1,762,306	1,762,306	-	-
Corporate Bonds	2,149,124	24,971	1,180,439	943,714
Total	\$ 5,751,706	\$ 1,808,988	\$ 1,801,081	\$ 2,141,637

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 City's pension stabilization investment policy and the actual rating, by Standard and Poor's, as of fiscal year end for each investment type:

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2018

3) CASH AND INVESTMENTS - Continued

Investment Type	Total	Minimum Legal Rating	Rating as of Year End			Unrated
			AAA	A/AA	BBB	
U.S. Treasury Securities	\$ 1,001,058	BBB-	\$ 1,001,058	\$ -	\$ -	\$ -
Money Market Mutual Funds	21,711	N/A	-	-	-	21,711
Federal Agency Securities	758,071	BBB-	758,071	-	-	-
Municipal Bonds	59,436	BBB-	-	59,436	-	-
Mutual Funds	1,762,306	N/A	-	-	-	1,762,306
Corporate Bonds	2,149,124	BBB-	278,098	876,967	994,059	-
Total	\$ 5,751,706		\$ 2,037,227	\$ 936,403	\$ 994,059	\$ 1,784,017

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	\$ 595,545	10.4

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, 2018:

- U.S. Treasury Securities of \$1,001,058 are valued using quoted market prices (Level 1 inputs)
- Federal Agency Securities of \$758,071 are valued using a matrix pricing model (Level 2 inputs)
- Municipal Bonds of \$59,436 are valued using a matrix pricing model (Level 2 inputs)
- Corporate Bonds of \$2,149,124 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, 2018 represent temporary amounts advanced to pay for operating expenses or to cover short-term cash overdrafts:

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2018

4) INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS – Continued

Receivable Funds	Payable Funds	Amount
General Fund	Housing Successor Fund	\$ 535,000
	Nonmajor Governmental Funds	290,511
Electric Fund	Nonmajor Governmental Funds	15,000
Total		<u>\$ 840,511</u>

Interfund Transfers

Transfers In	Transfers Out	Amount
General Fund	Electric Fund	\$ 136,697
Community Services Fund	Nonmajor Governmental Funds	61,082
Streets Fund	General Fund	718,836
	Nonmajor Governmental Funds	2,722,145
	Sewer Fund	115,778
Nonmajor Governmental Funds	General Fund	625,940
	Nonmajor Governmental Funds	5,616
	Streets Fund	39,763
	Community Services Fund	319,353
	Nonmajor Airport Fund	2,600
	Internal Service Funds	42,773
Internal Service Fund	General Fund	394,154
	Internal Service Funds	5,000
	Nonmajor Governmental Funds	45,000
Total		<u>\$ 5,234,737</u>

The transfer to the General Fund from the Electric Fund of \$136,697 was for payment in-lieu of taxes.

The Nonmajor Governmental Funds transferred \$61,082 to the Community Services Special Revenue Fund to fund project costs.

The transfers to the Streets Fund, totaling \$3,556,759, from the General Fund, Nonmajor Governmental Funds, and Sewer Fund were for street projects.

The transfers to the Nonmajor Governmental Funds, totaling \$1,036,045, from the General Fund, Nonmajor Governmental Funds, Streets Fund, Community Services Fund, Nonmajor Airport Fund, and Internal Service Funds were to pay debt service costs.

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

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2018

5) NOTES RECEIVABLE

Notes receivable in the amount of \$8,506,911 at June 30, 2018 consisted of the following:

Housing Loans	Amount
Individuals	\$ 2,245,661
Habitat for Humanity	315,000
Riverfield Homes	640,306
Eden Housing	4,095,691
Healdsburg Pacific Associates	1,839,447
Burbank Housing	3,208,409
Subtotal	12,344,514
Less: Allowance for Uncollectible Loans	(3,848,716)
Net Housing Loans Receivable	8,495,798
Employee Computer Loans	11,113
Total Notes Receivable	<u>\$ 8,506,911</u>

6) CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2018 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets, Not Depreciated:				
Land	\$ 18,664,887	\$ 1,520,484	\$ -	\$ 20,185,371
Right of Ways	6,681,379	-	-	6,681,379
Construction in Progress	7,795,174	7,309,826	(43,002)	15,061,998
Total Capital Assets, Not Depreciated	<u>33,141,440</u>	<u>8,830,310</u>	<u>(43,002)</u>	<u>41,928,748</u>
Capital Assets Being Depreciated:				
Land Improvements	2,410,228	489,190	-	2,899,418
Streets	52,054,623	203,953	-	52,258,576
Buildings	27,143,947	-	(204,410)	26,939,537
Machinery and Equipment	8,311,244	1,078,074	(1,091,766)	8,297,552
Infrastructure	912,056	-	-	912,056
Total Capital Assets Being Depreciated	<u>90,832,098</u>	<u>1,771,217</u>	<u>(1,296,176)</u>	<u>91,307,139</u>
Less Accumulated Depreciation:				
Land Improvements	542,171	289,115	-	831,286
Streets	12,408,517	1,038,115	-	13,446,632
Buildings	12,661,701	831,857	(37,981)	13,455,577
Machinery and Equipment	5,733,907	850,291	(1,071,259)	5,512,939
Infrastructure	212,918	29,984	-	242,902
Total Accumulated Depreciation	<u>31,559,214</u>	<u>3,039,362</u>	<u>(1,109,240)</u>	<u>33,489,336</u>
Net Capital Assets Being Depreciated	<u>59,272,884</u>	<u>(1,268,145)</u>	<u>(186,936)</u>	<u>57,817,803</u>
Total Governmental Activities	<u>\$ 92,414,324</u>	<u>\$ 7,562,165</u>	<u>\$ (229,938)</u>	<u>\$ 99,746,551</u>

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2018

6) CAPITAL ASSETS – Continued

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

Governmental Activities	Amount
Unallocated	\$ 2,558,349
Capital assets held by the City's internal service funds are charged to various functions based on their usage of the assets	481,013
Total Depreciation Expense	\$ 3,039,362

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital Assets, Not Depreciated:				
Land	\$ 1,245,876	\$ -	\$ -	\$ 1,245,876
Construction in Progress	2,959,115	4,447,490	(2,740,269)	4,666,336
Total Capital Assets, Not Depreciated	4,204,991	4,447,490	(2,740,269)	5,912,212
Capital Assets Being Depreciated:				
Buildings and Improvements	2,969,311	50,000	-	3,019,311
Utility Systems	109,116,011	3,397,854	-	112,513,865
Drainage	10,246,168	-	-	10,246,168
Machinery and Equipment	2,386,508	36,896	(28,277)	2,395,127
Operations	3,381,750	-	-	3,381,750
Total Capital Assets Being Depreciated	128,099,748	3,484,750	(28,277)	131,556,221
Less Accumulated Depreciation:				
Buildings and Improvements	1,916,824	73,208	-	1,990,032
Utility Systems	36,859,504	2,132,529	-	38,992,033
Drainage	4,335,779	204,923	-	4,540,702
Machinery and Equipment	1,542,389	80,218	(28,277)	1,594,330
Operations	930,523	62,330	-	992,853
Total Accumulated Depreciation	45,585,019	2,553,208	(28,277)	48,109,950
Net Capital Assets Being Depreciated	82,514,729	931,542	-	83,446,271
Total Business-type Activities	\$ 86,719,720	\$ 5,379,032	\$ (2,740,269)	\$ 89,358,483

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

Business Type Activities	Amount
Water	\$ 602,721
Sewer	1,354,360
Electric	497,999
Airport	98,128
Total Depreciation Expense - Business Type	\$ 2,553,208

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2018

6) CAPITAL ASSETS – Continued

Capital asset activity for the Successor Agency Private-purpose Trust Fund for the year ended June 30, 2018 is as follows:

Fiduciary Funds	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Not Depreciated:				
Land	\$ 528,300	\$ -	\$ -	\$ 528,300
Total Capital Assets, Not Depreciated	528,300	-	-	528,300
Capital Assets Being Depreciated:				
Buildings	620,871	-	-	620,871
Total Capital Assets Being Depreciated	620,871	-	-	620,871
Less Accumulated Depreciation:				
Buildings	261,230	20,696	-	281,926
Total Accumulated Depreciation	261,230	20,696	-	281,926
Net Capital Assets Being Depreciated	359,641	(20,696)	-	338,945
Total Fiduciary Funds	<u>\$ 887,941</u>	<u>\$ (20,696)</u>	<u>\$ -</u>	<u>\$ 867,245</u>

7) LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2018, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental Activities:					
Pension Obligation Bonds	\$ 3,628,134	\$ -	\$ 629,727	\$ 2,998,407	\$ 680,910
Net Pension Liability	20,966,030	3,084,542	-	24,050,572	-
Compensated Absences	1,713,832	487,652	457,360	1,744,124	495,115
HUSD Capital Lease	1,760,107	-	113,100	1,647,007	118,441
Successor Agency Payable	1,894,688	-	103,041	1,791,647	103,299
Capital Lease Payable	-	536,830	161,049	375,781	161,049
Claims Payable	48,581	1,492,394	707,164	833,811	190,959
Total OPEB Liability	-	889,000	-	889,000	-
Net OPEB Obligation	453,000	-	453,000	-	-
Total	<u>\$ 30,464,372</u>	<u>\$ 6,490,418</u>	<u>\$ 2,624,441</u>	<u>\$ 34,330,349</u>	<u>\$ 1,749,773</u>
Business-type Activities:					
2005D - CSCDA Water/Wastewater	\$ 2,105,000	\$ -	\$ 115,000	\$ 1,990,000	\$ 115,000
2014 Water Refunding Bonds	6,716,000	-	473,000	6,243,000	496,000
2015 Wastewater Refunding Bonds	24,630,000	-	910,000	23,720,000	940,000
Premium on Bonds	564,904	-	31,383	533,521	-
Successor Agency Payable	2,160,846	-	117,516	2,043,330	117,810
Net Pension Liability	8,365,158	1,288,255	-	9,653,413	-
Pension Obligation Bonds	2,028,266	-	352,074	1,676,192	380,689
Total	<u>\$ 46,570,174</u>	<u>\$ 1,288,255</u>	<u>\$ 1,998,973</u>	<u>\$ 45,859,456</u>	<u>\$ 2,049,499</u>

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2018

7) LONG-TERM LIABILITIES – Continued

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 (safety) 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: \$2,998,407 in governmental activities, and \$1,676,192 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
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>\$ 4,674,600</u>	<u>\$ 503,182</u>	<u>\$ 5,177,782</u>

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, 2018 was \$5,007,245 and \$834,541, respectively. The following represents the minimum required lease payments for the HUSD Capital Lease Payable:

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2018

7) LONG-TERM LIABILITIES – Continued

Fiscal Year Ending June 30,	Principal	Interest	Total
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	173,788	4,028	177,816
Totals	<u>\$ 1,647,007</u>	<u>\$ 248,026</u>	<u>\$ 1,895,033</u>

D. Capital Lease Payable

In March 2018, the City entered into a lease purchase agreement with Cisco Capital for the purchase and implementation of information technology related capital improvements. As part of the financing agreement, the City borrowed \$536,831, to be paid over a 3-year period with a stated 0% interest rate. The lease matures on May 15, 2021. The book value of the capital improvements and accumulated depreciation on the assets were \$536,831 and \$0, respectively, as of June 30, 2018. Future minimum debt service requirements on the lease are as follows:

Fiscal Year Ending June 30,	Principal
2019	\$ 161,049
2020	161,049
2021	53,683
Totals	<u>\$ 375,781</u>

E. Successor Agency Payable

In 2008, the former Redevelopment Agency of the City of Healdsburg (RDA) loaned the City of Healdsburg \$4,495,000 (\$2,395,000 to the Electric Fund for upgrades to Badger Substation and \$2,100,000 to the Community Services Fund for long-term lease of a school facility) in accordance with executed loan agreements. In January 2012, the Board of Directors for the RDA adopted a resolution forgiving the loans between the RDA and the City. In June 2015, the California Department of Finance disallowed the forgiveness of the loans. The Successor Agency to the former RDA is now responsible for the collection of this loan payment. The loans are payable annually over a period of 20 years at an interest rate of .25%. As of June 30, 2018, the amount due from Governmental Activities and the Electric Fund was \$1,791,647 and \$2,043,329, respectively. The Community Services Special Revenue fund is expected to be responsible for principal and interest payments for the portion related to Governmental Activities.

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2018

7) LONG-TERM LIABILITIES – Continued

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

Fiscal Year Ending June 30,	Principal	Interest	Total
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
2024-2028	1,125,044	28,437	1,153,481
2029-2033	1,139,178	14,304	1,153,482
2034-2035	459,668	1,724	461,392
Totals	<u>\$ 3,834,976</u>	<u>\$ 86,861</u>	<u>\$ 3,921,837</u>

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, 2018

7) LONG-TERM LIABILITIES – Continued

Fiscal Year Ending June 30,	Principal	Interest	Total
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>\$ 1,990,000</u>	<u>\$ 672,226</u>	<u>\$ 2,662,226</u>

B. 2014 Water Refunding Bonds

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

Fiscal Year Ending June 30,	Principal	Interest	Total
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>\$ 6,243,000</u>	<u>\$ 1,662,345</u>	<u>\$ 7,905,345</u>

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2018

7) LONG-TERM LIABILITIES – Continued

C. 2015 Wastewater Revenue Refunding Bonds, Series A

In July 2015, the City issued \$26,625,000 in Wastewater Revenue Refunding Bonds, Series A, to refund the 2005 and 2006 Wastewater Revenue bonds (current refunding). Proceeds from the 2015 bonds were placed in escrow to refund in full the 2005 and 2006 bonds, and to pay costs of issuance. The following represents the future minimum debt service requirements for the 2015 Wastewater Revenue Refunding Bonds:

Fiscal Year Ending June 30,	Principal	Interest	Total
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
2024-2028	6,190,000	2,778,025	8,968,025
2029-2033	7,360,000	1,612,238	8,972,238
2034-2036	5,090,000	291,000	5,381,000
Totals	<u>\$ 23,720,000</u>	<u>\$ 8,570,913</u>	<u>\$ 32,290,913</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 in fiscal year 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, 2018:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Tax Allocation Bonds:					
2002 Series B	\$ 1,260,000	\$ -	\$ 60,000	\$ 1,200,000	\$ 60,000
2010 Series	19,940,000	-	19,940,000	-	-
2014 Series A	9,385,100	-	488,600	8,896,500	508,400
2014 Series B	3,693,000	-	191,000	3,502,000	199,000
2015 Series A	8,810,700	-	412,700	8,398,000	424,200
2015 Series B	4,353,300	-	225,600	4,127,700	233,600
2017 Refunding	-	17,150,000	-	17,150,000	475,000
Premium on Bonds	-	2,662,555	-	2,662,555	-
Total	<u>\$ 47,442,100</u>	<u>\$ 19,812,555</u>	<u>\$ 21,317,900</u>	<u>\$ 45,936,755</u>	<u>\$ 1,900,200</u>

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2018

7) LONG-TERM LIABILITIES – Continued

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
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>\$ 1,200,000</u>	<u>\$ 443,411</u>	<u>\$ 1,643,411</u>

B. 2014 Series A and B

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

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

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2018

7) LONG-TERM LIABILITIES – Continued

Fiscal Year Ending June 30,	Tax Allocation Bonds - Series 2014A		
	Principal	Interest	Total
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
2024-2028	3,205,300	786,694	3,991,994
2029-2032	2,981,800	207,165	3,188,965
Totals	<u>\$ 8,896,500</u>	<u>\$ 2,281,898</u>	<u>\$ 11,178,398</u>

Fiscal Year Ending June 30,	Tax Allocation Bonds - Series 2014B		
	Principal	Interest	Total
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
2024-2028	1,260,800	309,183	1,569,983
2029-2032	1,170,900	81,387	1,252,287
Totals	<u>\$ 3,502,000</u>	<u>\$ 897,450</u>	<u>\$ 4,399,450</u>

C. 2015 Series A and B

In January 2015, the Successor Agency issued \$9,568,200 in 2015 Tax Allocation Refunding Bonds, Series A, and \$4,750,800 in 2015 Tax Allocation Refunding Bonds, Series B, to refund the outstanding 2003 Tax Allocation Bonds, Series A and B (current refunding). Interest on the 2015 bonds is 4.25% with semi-annual debt service payments due on February 1 and August 1 of each year, with principal maturing annually August 1, 2015 through 2031. Future debt service payments will be made from tax increment revenue received by the Trust, and is as follows:

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2018

7) LONG-TERM LIABILITIES – Continued

Fiscal Year Ending June 30,	Tax Allocation Bonds - Series 2015A		
	Principal	Interest	Total
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	\$ 8,398,000	\$ 2,864,640	\$ 11,262,640

Fiscal Year Ending June 30,	Tax Allocation Bonds - Series 2015B		
	Principal	Interest	Total
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	\$ 4,127,700	\$ 1,329,304	\$ 5,457,004

D. 2017 Tax Allocation Refunding Bonds

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

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2018

7) LONG-TERM LIABILITIES – Continued

The Successor Agency refunded the 2010 Bonds to reduce total debt service by approximately \$3.6 million, and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately \$3 million. Future debt service payments will be made from tax increment revenue received by the Trust, and is as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2019	\$ 475,000	\$ 759,900	\$ 1,234,900
2020	535,000	747,125	1,282,125
2021	605,000	730,025	1,335,025
2022	660,000	707,750	1,367,750
2023	695,000	680,650	1,375,650
2024-2028	3,690,000	2,860,000	6,550,000
2029-2033	6,140,000	1,903,175	8,043,175
2034-2035	4,350,000	134,050	4,484,050
Totals	<u>\$ 17,150,000</u>	<u>\$ 8,522,675</u>	<u>\$ 25,672,675</u>

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, 2016 Annual Actuarial Valuation Report. Details of the benefits provided can be obtained in Appendix B of the June 30, 2016 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, 2018, are summarized as follows:

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2018

8) EMPLOYEES' RETIREMENT PLAN – Continued

	Miscellaneous Classic Members	Miscellaneous 2nd Tier	Miscellaneous PEPRA
	Prior to	On or after	On or after
Hire date	December 16, 2012	December 16, 2012	January 1, 2013
Benefit formula	2.5% @ 55	2% @ 60	2% @ 62
	single highest year	36 month average	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	10.848% + \$960,683	7.850% + \$35	6.908% + \$233
	Safety	Safety	
	Prior to	On or after	
Hire date	January 1, 2013	January 1, 2013	
Benefit formula	3% @ 50	2.7% @ 57	
	single highest year	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	19.723% + \$487,226	11.990% + \$449	

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 \$1,448,626 in fiscal year 2018.

The City's contributions to the Plan for the year ended June 30, 2018 were \$2,791,313.

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows to Pensions

As of June 30, 2018, the City reported a liability of \$33,703,985 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, 2017, and

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2018

8) EMPLOYEES' RETIREMENT PLAN – Continued

the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 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, 2016 and 2017 was as follows:

Proportion - June 30, 2016	0.33897%
Proportion - June 30, 2017	0.33985%
Change - Increase (Decrease)	0.00088%

For the year ended June 30, 2018, the City recognized pension expense of \$5,155,776. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 2,791,313	\$ -
Differences between actual and expected experience	89,070	346,376
Changes in assumptions	4,592,201	-
Change in employer's proportion	687,466	78,241
Differences between the employer's contributions and the employer's proportionate share of contributions	-	973,858
Net differences between projected and actual earnings on plan investments	1,110,309	-
Total	<u>\$ 9,270,359</u>	<u>\$ 1,398,475</u>

The \$2,791,313 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ending June 30,</u>	
2019	\$ 1,241,630
2020	2,829,469
2021	1,665,413
2022	(655,941)
2023	-
Thereafter	-

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2018

8) EMPLOYEES' RETIREMENT PLAN – Continued

Actuarial Assumptions – The total pension liabilities in the June 30, 2016 actuarial valuations were determined using the following actuarial assumptions:

Valuation date	June 30, 2016
Measurement date	June 30, 2017
Actuarial cost method	entry-age normal
Actuarial assumptions:	
Discount rate	7.15%
Inflation	2.75%
Payroll growth	3.00%
Projected salary increase	(1)
Investment rate of return	7.15%
Mortality	(2)

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

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

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2016 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 7.15%. 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 7.15% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15% 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.

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

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

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2018

8) EMPLOYEES' RETIREMENT PLAN – Continued

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

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (1)	Real Return Years 11+ (2)
Global Equity	47%	4.90%	5.38%
Global Fixed Income	19%	0.80%	2.27%
Inflation Sensitive	6%	0.60%	1.39%
Private Equity	12%	6.60%	6.63%
Real Estate	11%	2.80%	5.21%
Infrastructure and Forestland	3%	3.90%	5.36%
Liquidity	2%	-0.40%	-0.90%

(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	6.15%
Net Pension Liability	\$ 50,106,393
Current Discount Rate	7.15%
Net Pension Liability	\$ 33,703,985
1% Increase	8.15%
Net Pension Liability	\$ 20,181,371

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, 2018, the City reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2018.

9) OTHER POSTEMPLOYMENT BENEFITS

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

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2018

9) OTHER POSTEMPLOYMENT BENEFITS – Continued

Benefits Provided – 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 75. Medical coverage is provided for the surviving spouse of retired employees and the surviving spouse of active employees who upon death had attained age 50 and who had a minimum of 10 years of service with a REMIF City. The Plan does not provide a publicly available financial report.

Employees Covered by Benefit Terms – As of the June 30, 2018 actuarial valuation, the following current and former employees were covered by the benefit terms under the Plan:

Inactives currently receiving benefits	12
Active employees	124
Total	136

Contributions – The City does not make contributions towards an OPEB plan. See “Benefits Provided” above for more information.

Total OPEB Liability - The City’s Total OPEB liability was measured as of June 30, 2018 and was determined by an actuarial valuation dated June 30, 2018, based on the following actuarial methods and assumptions:

Valuation Date	June 30, 2018
Actuarial Cost Method	Entry Age Actuarial Cost
Contribution Policy	No pre-funding
Mortality	Mortality projected fully generational with Scale MP-2017 CalPERS 1997-2015 Experience Study
Age at Retirement	50 (52 for PEPRA)
Health Care Trend Rate	7.50% initial, 4.00% ultimate - Non-Medicare
Inflation Rate	2.75%
Salary Changes	3.00%
Discount Rate	3.58% - Bond Buyer 20-year Bond Index as of 6/30/17 3.87% - Bond Buyer 20-year Bond Index as of 6/30/18

Changes in the Total OPEB Liability

	Total OPEB Liability (TOL)
Balance at June 30, 2017	\$ 858,000
Changes in the year:	
Service cost	52,000
Interest on the total OPEB liability	33,000
Assumption Changes	(39,000)
Benefit payments, including refunds	(15,000)
Net changes	31,000
Balance at June 30, 2018	\$ 889,000

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2018

9) OTHER POSTEMPLOYMENT BENEFITS – Continued

Sensitivity of the Total OPEB Liability to changes in the Discount Rate - The following presents the total OPEB liability of the City if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease (2.87%)	Discount Rate (3.87%)	1% Increase (4.87%)
Total OPEB liability (asset)	\$ 1,031,000	\$ 889,000	\$ 773,000

Sensitivity of the Total OPEB Liability to changes in the Healthcare Cost Trend Rates - The following presents the total OPEB liability of the City, as well as what the City’s total OPEB would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	1% Decrease	Current Healthcare Trend	1% Increase
Total OPEB liability (asset)	\$ 754,000	\$ 889,000	\$ 1,058,000

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB - For the year ended June 30, 2018, the City recognized OPEB expense of \$81,000. The City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB Contributions Subsequent to the Measurement Date	\$ -	\$ -
Changes of Assumptions	-	35,000
Net differences between actual and expected experience	-	-
Total	\$ -	\$ 35,000

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

Year Ending June 30,	
2019	\$ (4,000)
2020	(4,000)
2021	(4,000)
2020	(4,000)
2023	(4,000)
Thereafter	(15,000)

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2018

10) NET POSITION AND FUND BALANCES

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

A. Net Position

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

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

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

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

B. Fund Balances

	General Fund	Community Services Fund	Housing Successor Agency Fund	Streets Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:						
Prepays	\$ 4,269	\$ -	\$ -	\$ -	\$ -	\$ 4,269
Inventory	-	-	-	11,170	-	11,170
Cultural Trust	-	-	-	-	69,980	69,980
Restricted for:						
Fire Facilities	210,076	-	-	-	-	210,076
Pension Rate Stabilization	3,554,576	349,967	-	136,247	-	4,040,790
Low Income Housing	-	-	7,012,273	-	-	7,012,273
Community Development	-	-	-	-	25,022	25,022
Landscaping and Lighting	-	-	-	-	253,062	253,062
Law Enforcement	-	-	-	-	101,325	101,325
Parks and Recreation	-	2,276,251	-	-	452,352	2,728,603
Road Improvements	-	-	-	-	1,172,332	1,172,332
Committed to:						
Low Income Housing	453,769	-	-	-	-	453,769
Miscellaneous Projects	-	-	-	-	1,273,296	1,273,296
Debt Service	-	-	-	-	176,330	176,330
Assigned to:						
Equipment Replacement	-	-	-	-	-	-
Economic Development	372,649	-	-	-	-	372,649
Unassigned	2,792,393	-	-	(211,016)	(14,638)	2,566,739
Total Fund Balance	<u>\$ 7,387,732</u>	<u>\$ 2,626,218</u>	<u>\$ 7,012,273</u>	<u>\$ (63,599)</u>	<u>\$ 3,509,061</u>	<u>\$ 20,471,685</u>

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2018

10) NET POSITION AND FUND BALANCES - Continued

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 above.

11) NORTHERN CALIFORNIA POWER AGENCY

Background

The City is a member of the Northern California Power Agency (NCPA), headquartered in Roseville, California. NCPA is a joint exercise of powers agency formed in 1968 under the Joint Exercise of Powers Act, Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "Act"). NCPA's Members currently consist of twelve cities with publicly owned electric utility distribution systems, a public utility district, a city port department, 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.

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2018

11) NORTHERN CALIFORNIA POWER AGENCY – Continued

Today, the organization is guided by an ethic of environmental stewardship, fiscal responsibility and community service, coupled with a strong sense of mission to advance the state of the art in renewable energy. Each NCPA Member has agreed to fund a pro rata share of certain assessments by NCPA and enter into power supply contract with NCPA to purchase power in support of bearing the costs of NCPA operations, energy and facilities. While governed by its Members, none of NCPA's obligations are those of its Members unless expressly assumed by them. As computed by NCPA amounts paid by the City to NCPA during the year ending June 30, 2018 were \$5.6 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 \$6.0 million as of June 30, 2018. The most recent estimated funding recommended by NCPA equaled \$1.14 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

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2018

11) NORTHERN CALIFORNIA POWER AGENCY – Continued

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.

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, 2018 (in thousands), which is the latest information available:

Total Assets	\$ 1,133,656
Total Liabilities	1,095,588
Long-term Debt	770,599
Net Position	38,068
Revenues	570,052
Expenses	566,044
Decrease in Net Position	4,008

12) 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.

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2018

12) RISK MANAGEMENT - Continued

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.

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 2018 and 2017 were as follows:

	2018	2017
Balance, Beginning of Fiscal Year	\$ 48,581	\$ 43,724
Claims and Adjustments	1,492,394	670,178
Claims Payments	(707,164)	(665,321)
Balance, End of Fiscal Year	\$ 833,811	\$ 48,581

In accordance with the REMIF governing documents, REMIF Board has the authority to levy a cash assessment for any pooled coverage program on the Participating member. Due to unfavorable claims development and underfunding, REMIF's overall audited equity balance reflects a deficit of \$4.23 million.

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2018

12) RISK MANAGEMENT - Continued

On March 22, 2018, the REMIF Board approved assessment for the following programs to be collected beginning in the 2018/2019 fiscal year:

- Workers' Compensation - \$6 million to be collected over 6 years.
- Liability program - \$2.5 million to be collected over 5 years.

The City is liable for \$270,503 and \$563,308 to be paid over 5 and 6 years, for the Workers' Compensation and Liability program, respectively. The total claims liability of \$833,811 includes the assessments of \$270,503 and \$563,308, Workers' Compensation and Liability program, respectively.

13) COMMITMENTS AND CONTINGENCIES

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

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.

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, 2018 was \$12.5 million. Under certain circumstances, such as default or bankruptcy of other participants, the City may also be liable to pay a portion of the debt of these joint ventures on behalf of the other participants.

California-Oregon Transmission Project

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

City of Healdsburg
Notes to Financial Statements
Year Ended June 30, 2018

13) COMMITMENTS AND CONTINGENCIES

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 \$10,792,297.

14) RESTATEMENT OF NET POSITION

The City implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, in fiscal year 2017-18. As a result, the beginning net position for Governmental Activities, in the Statement of Activities, was restated to reduce net position by \$405,000 in the Governmental Activities.

REQUIRED SUPPLEMENTARY INFORMATION

City of Healdsburg
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Fund
Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 2,977,613	\$ 2,977,613	\$ 3,529,834	\$ 552,221
Sales and Other Taxes	7,834,656	8,335,668	8,637,456	301,788
Charges for Services	991,843	830,243	1,007,804	177,561
Fines and Forfeitures	87,000	92,000	189,943	97,943
Licenses and Permits	964,635	956,035	1,092,491	136,456
Development Fees	-	-	19,601	19,601
Intergovernmental	125,508	164,508	139,442	(25,066)
Investment Earnings	68,501	68,501	183,031	114,530
Other Revenues	23,010	201,210	245,899	44,689
	<u>13,072,766</u>	<u>13,625,778</u>	<u>15,045,501</u>	<u>1,419,723</u>
EXPENDITURES				
Current:				
General Government	2,141,998	2,156,444	1,722,990	433,454
Public Safety	8,025,447	8,391,254	9,252,283	(861,029)
Planning and Building	1,484,178	1,691,720	1,724,351	(32,631)
Capital Outlay	1,900,000	1,966,200	4,054,154	(2,087,954)
	<u>13,551,623</u>	<u>14,205,618</u>	<u>16,753,778</u>	<u>(2,548,160)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(478,857)</u>	<u>(579,840)</u>	<u>(1,708,277)</u>	<u>(1,128,437)</u>
OTHER FINANCING SOURCES (USES)				
Transfers	2,492,563	607,763	136,697	(471,066)
Transfers Out	(337,000)	(2,789,613)	(1,738,930)	1,050,683
	<u>2,155,563</u>	<u>(2,181,850)</u>	<u>(1,602,233)</u>	<u>579,617</u>
Net Change in Fund Balances	1,676,706	(2,761,690)	(3,310,510)	(548,820)
Fund Balance, Beginning of Year	<u>10,698,242</u>	<u>10,698,242</u>	<u>10,698,242</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 12,374,948</u>	<u>\$ 7,936,552</u>	<u>\$ 7,387,732</u>	<u>\$ (548,820)</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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Sales and Other Taxes	\$ 2,683,654	\$ 2,683,654	\$ 3,061,858	\$ 378,204
Charges for Services	784,472	784,472	713,215	(71,257)
Intergovernmental	134,066	134,066	245,933	111,867
Investment Earnings	12,000	12,000	23,752	11,752
Successor Agency Bond Contributions	-	-	-	-
Other Revenues	1,877,405	700,000	3,217	(696,783)
Total Revenues	5,491,597	4,314,192	4,047,975	(266,217)
EXPENDITURES				
Current:				
Community Services	3,665,548	3,425,352	3,698,083	(272,731)
Capital Outlay	2,655,540	2,645,661	76,257	2,569,404
Total Expenditures	6,321,088	6,071,013	3,774,340	2,296,673
Excess (Deficiency) of Revenues Over Expenditures	(829,491)	(1,756,821)	273,635	2,030,456
OTHER FINANCING SOURCES (USES)				
Transfers In	-	1,530,242	61,082	(1,469,160)
Transfers Out	-	(585,236)	(319,353)	265,883
Total Other Financing Sources (Uses)	-	945,006	(258,271)	(1,203,277)
Net Change in Fund Balance	(829,491)	(811,815)	15,364	827,179
Fund Balance, Beginning of Year	2,610,854	2,610,854	2,610,854	-
Fund Balance, End of Year	\$ 1,781,363	\$ 1,799,039	\$ 2,626,218	\$ 827,179

City of Healdsburg
Required Supplementary Information
Year Ended June 30, 2018

CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
Last 10 Years*

	Measurement Period
	2018
Total OPEB Liability	
Service cost	\$ 52,000
Interest on total OPEB liability	33,000
Changes in assumptions	(39,000)
Changes in benefits	-
Benefit payments, including refunds	(15,000)
Net change in total OPEB liability	31,000
Total OPEB liability - beginning	858,000
Total OPEB liability - ending (a)	\$ 889,000
Covered - employee payroll	\$ 13,380,000
Total OPEB liability as a percentage of covered payroll	6.64%

*Fiscal year 2018 was the first year of implementation; therefore, 10 years of information is not yet available.

Notes to Schedule:

No assets are accumulated in a trust that meets the criteria in GASBS No. 75, paragraph 4, to pay related benefits.

Benefit Changes: None

Changes in Assumptions: None

City of Healdsburg
Required Supplementary Information
Year Ended June 30, 2018

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 Payroll	Proportionate Share of the Net Pension Liability as a % of Payroll	Plan Fiduciary Net Position as a % of the Total Pension Liability
2017	0.33985%	\$ 33,703,985	\$ 9,958,349	338.45%	71.61%
2016	0.33897%	29,331,189	9,243,834	317.31%	72.92%
2015	0.33530%	23,014,464	8,299,645	277.29%	77.62%
2014	0.28460%	17,713,031	7,808,757	226.84%	82.46%

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

Notes to the Schedule:

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

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

City of Healdsburg
Required Supplementary Information
Year Ended June 30, 2018

Schedule of Plan Contributions
Last 10 Years*

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency/ (Excess)	Covered Payroll	Contributions as a % of Covered Payroll
2018	\$ 2,791,313	\$ (2,791,313)	\$ -	\$ 10,170,288	27.45%
2017	2,494,953	(2,494,953)	-	9,958,349	25.05%
2016	2,208,239	(2,208,239)	-	9,243,834	23.89%
2015	1,707,064	(1,707,064)	-	8,299,645	20.57%

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

Notes to the Schedule:

Valuation Date: 6/30/2013, 6/30/2014, 6/30/2015, and 6/30/2016

City of Healdsburg
Notes to Required Supplementary Information
Year Ended June 30, 2018

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.

The City does not prepare a budget for the Housing Successor Agency Special Revenue Fund.

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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Sales and Other Taxes	\$ 2,000,000	\$ 2,000,000	\$ 112,438	\$ (1,887,562)
Charges for Services	-	-	261,619	261,619
Development Fees	-	-	118,233	118,233
Intergovernmental	-	160,000	184,005	24,005
Investment Earnings	500	500	6,279	5,779
Other Revenues	82,000	82,000	71,057	(10,943)
Total Revenues	2,082,500	2,242,500	753,631	(1,488,869)
EXPENDITURES				
Current:				
Streets and Roads	1,383,867	1,404,848	1,344,759	60,089
Capital Outlay	2,825,000	13,467,720	3,966,733	9,500,987
Total Expenditures	4,208,867	14,872,568	5,311,492	9,561,076
Excess (Deficiency) of Revenues Over Expenditures	(2,126,367)	(12,630,068)	(4,557,861)	8,072,207
OTHER FINANCING SOURCES (USES)				
Transfers In	825,000	11,598,036	3,556,759	(8,041,277)
Transfers Out	(39,762)	(39,762)	(39,763)	(1)
Total Other Financing Sources (Uses)	785,238	11,558,274	3,516,996	(8,041,278)
Net Change in Fund Balance	(1,341,129)	(1,071,794)	(1,040,865)	30,929
Fund Balance, Beginning of Year	977,266	977,266	977,266	-
Fund Balance, End of Year	\$ (363,863)	\$ (94,528)	\$ (63,599)	\$ 30,929

City of Healdsburg
Combining Balance Sheet
Non-major Governmental Funds
June 30, 2018

	Special Revenue				
	Gas Tax	North Area	Benjamin Way Maintenance District	Public Safety	Strong Motion Education and Data
ASSETS					
Cash and Investments	\$ 1,144,358	\$ 362	\$ 7,355	\$ 124,221	\$ 3,112
Cash and Investments with Fiscal Agent	-	-	-	-	-
Receivables:					
Accounts	-	54,600	-	-	-
Taxes	-	-	-	-	-
Interest	2,964	-	19	-	8
Due from Other Governments	25,010	-	-	-	-
Total Assets	\$ 1,172,332	\$ 54,962	\$ 7,374	\$ 124,221	\$ 3,120
LIABILITIES					
Accounts Payable	\$ -	\$ -	\$ -	\$ 727	\$ -
Deposits Payable	-	-	-	22,169	-
Due to Other Funds	-	15,000	-	-	-
Total Liabilities	-	15,000	-	22,896	-
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenues - Accounts Receivable	-	54,600	-	-	-
Total Deferred Inflows of Resources	-	54,600	-	-	-
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	1,172,332	-	7,374	101,325	3,120
Committed	-	-	-	-	-
Unassigned	-	(14,638)	-	-	-
Total Fund Balances	1,172,332	(14,638)	7,374	101,325	3,120
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 1,172,332	\$ 54,962	\$ 7,374	\$ 124,221	\$ 3,120

Area A Lighting and Landscaping	Special Revenue		Capital Projects	General Debt Service	Permanent Fund	Total Non-major Funds
	Media Center	Park Development Fees	Miscellaneous Projects		Cultural Trust	
\$ 249,372	\$ 9,800	\$ 451,186	\$ -	\$ 175,276	\$ 74,515	\$ 2,239,557
-	-	-	1,563,807	23	-	1,563,830
-	-	-	-	-	-	54,600
10,321	-	-	-	1,031	-	11,352
648	-	1,166	-	-	193	4,998
-	-	-	-	-	-	25,010
<u>\$ 260,341</u>	<u>\$ 9,800</u>	<u>\$ 452,352</u>	<u>\$ 1,563,807</u>	<u>\$ 176,330</u>	<u>\$ 74,708</u>	<u>\$ 3,899,347</u>
\$ 7,279	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,006
-	-	-	-	-	-	22,169
-	-	-	290,511	-	-	305,511
<u>7,279</u>	<u>-</u>	<u>-</u>	<u>290,511</u>	<u>-</u>	<u>-</u>	<u>335,686</u>
-	-	-	-	-	-	54,600
-	-	-	-	-	-	54,600
-	-	-	-	-	69,980	69,980
253,062	9,800	452,352	-	-	4,728	2,004,093
-	-	-	1,273,296	176,330	-	1,449,626
-	-	-	-	-	-	(14,638)
<u>253,062</u>	<u>9,800</u>	<u>452,352</u>	<u>1,273,296</u>	<u>176,330</u>	<u>74,708</u>	<u>3,509,061</u>
<u>\$ 260,341</u>	<u>\$ 9,800</u>	<u>\$ 452,352</u>	<u>\$ 1,563,807</u>	<u>\$ 176,330</u>	<u>\$ 74,708</u>	<u>\$ 3,899,347</u>

City of Healdsburg
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Governmental Funds
Year Ended June 30, 2018

	Special Revenue				
	Gas Tax	North Area	Benjamin Way Maintenance District	Public Safety	Strong Motion Education and Data
REVENUES					
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for Services	-	-	-	11,753	-
Fines and Forfeitures	-	-	-	4,099	-
Development Fees	-	-	-	-	-
Intergovernmental	325,673	-	-	24	-
Investment Earnings	1,422	-	2	(60)	(5)
Other Revenues	-	-	-	-	852
Total Revenues	327,095	-	2	15,816	847
EXPENDITURES					
Current:					
General Government	-	-	-	-	-
Public Safety	-	-	-	7,521	-
Community Development	-	-	-	-	-
Streets and Roads	3,735	-	-	-	-
Debt Service:					
Interest Charges	-	-	-	-	-
Principal	-	-	-	-	-
Total Expenditures	3,735	-	-	7,521	-
Excess (Deficiency) of Revenues Over Expenditures	323,360	-	2	8,295	847
OTHER FINANCING SOURCES (USES)					
Transfers In	-	-	-	-	-
Transfers Out	(549,000)	-	-	(45,000)	-
Total Other Financing Sources (Uses)	(549,000)	-	-	(45,000)	-
Net Change in Fund Balances	(225,640)	-	2	(36,705)	847
Fund Balances, Beginning of Year	1,397,972	(14,638)	7,372	138,030	2,273
Fund Balances, End of Year	<u>\$ 1,172,332</u>	<u>\$ (14,638)</u>	<u>\$ 7,374</u>	<u>\$ 101,325</u>	<u>\$ 3,120</u>

Area A Lighting and Landscaping	Special Revenue		Capital Projects	General Debt Service	Permanent Fund	Total Non-major Funds
	Media Center	Park Development Fees	Miscellaneous Projects		Cultural Trust	
\$ 208,071	\$ -	\$ -	\$ -	\$ 1,481	\$ -	\$ 209,552
-	40,154	-	-	-	-	51,907
-	-	-	-	-	-	4,099
-	-	20,876	-	-	-	20,876
-	-	-	-	-	-	325,697
(17)	-	211	67,277	3,267	212	72,309
-	-	-	-	-	-	852
<u>208,054</u>	<u>40,154</u>	<u>21,087</u>	<u>67,277</u>	<u>4,748</u>	<u>212</u>	<u>685,292</u>
-	30,354	-	-	-	-	30,354
-	-	-	-	-	-	7,521
205,517	-	1,073	-	-	1,000	207,590
-	-	-	-	-	-	3,735
-	-	-	-	190,277	-	190,277
-	-	-	-	845,868	-	845,868
<u>205,517</u>	<u>30,354</u>	<u>1,073</u>	<u>-</u>	<u>1,036,145</u>	<u>1,000</u>	<u>1,285,345</u>
<u>2,537</u>	<u>9,800</u>	<u>20,014</u>	<u>67,277</u>	<u>(1,031,397)</u>	<u>(788)</u>	<u>(600,053)</u>
-	-	-	-	1,036,045	-	1,036,045
(5,616)	-	-	(2,234,227)	-	-	(2,833,843)
<u>(5,616)</u>	<u>-</u>	<u>-</u>	<u>(2,234,227)</u>	<u>1,036,045</u>	<u>-</u>	<u>(1,797,798)</u>
(3,079)	9,800	20,014	(2,166,950)	4,648	(788)	(2,397,851)
<u>256,141</u>	<u>-</u>	<u>432,338</u>	<u>3,440,246</u>	<u>171,682</u>	<u>75,496</u>	<u>5,906,912</u>
<u>\$ 253,062</u>	<u>\$ 9,800</u>	<u>\$ 452,352</u>	<u>\$ 1,273,296</u>	<u>\$ 176,330</u>	<u>\$ 74,708</u>	<u>\$ 3,509,061</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, 2018

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Intergovernmental	\$ 252,863	\$ 325,673	\$ 72,810
Investment Earnings	5,000	1,422	(3,578)
	<u>257,863</u>	<u>327,095</u>	<u>69,232</u>
EXPENDITURES			
Current:			
Streets and Roads	<u>1,500</u>	<u>3,735</u>	<u>(2,235)</u>
	<u>1,500</u>	<u>3,735</u>	<u>(2,235)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>256,363</u>	<u>323,360</u>	<u>66,997</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	<u>(1,374,000)</u>	<u>(549,000)</u>	<u>825,000</u>
	<u>(1,374,000)</u>	<u>(549,000)</u>	<u>825,000</u>
Net Change in Fund Balance	(1,117,637)	(225,640)	891,997
Fund Balance, Beginning of Year	<u>1,397,972</u>	<u>1,397,972</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 280,335</u></u>	<u><u>\$ 1,172,332</u></u>	<u><u>\$ 891,997</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, 2018

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Investment Earnings	\$ -	\$ -	\$ -
Other Revenues	-	-	-
	<hr/>	<hr/>	<hr/>
Total Revenues	-	-	-
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
Current:			
Community Development	-	-	-
	<hr/>	<hr/>	<hr/>
Total Expenditures	-	-	-
	<hr/>	<hr/>	<hr/>
Excess (Deficiency) of Revenues over Expenditures	-	-	-
	<hr/>	<hr/>	<hr/>
Net Change in Fund Balance	-	-	-
Fund Balance, Beginning of Year	(14,638)	(14,638)	-
	<hr/>	<hr/>	<hr/>
Fund Balance, End of Year	<u>\$ (14,638)</u>	<u>\$ (14,638)</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, 2018

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental	\$ -	\$ -	\$ -
Investment Earnings	-	2	2
Total Revenues	<u>-</u>	<u>2</u>	<u>2</u>
EXPENDITURES			
Current:			
Community Development	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>2</u>	<u>2</u>
Net Change in Fund Balance	-	2	2
Fund Balance, Beginning of Year	<u>7,372</u>	<u>7,372</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 7,372</u></u>	<u><u>\$ 7,374</u></u>	<u><u>\$ 2</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, 2018

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Charges for Services	\$ -	\$ 11,753	\$ 11,753
Fines and Forfeitures	-	4,099	4,099
Investment Earnings	-	(60)	(60)
Intergovernmental	-	24	24
	<u>-</u>	<u>15,816</u>	<u>15,816</u>
Total Revenues	<u>-</u>	<u>15,816</u>	<u>15,816</u>
EXPENDITURES			
Current:			
Public Safety	-	7,521	(7,521)
Capital Outlay	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>7,521</u>	<u>(7,521)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>8,295</u>	<u>8,295</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	(45,000)	(45,000)	-
	<u>(45,000)</u>	<u>(45,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(45,000)</u>	<u>(45,000)</u>	<u>-</u>
Net Change in Fund Balance	(45,000)	(36,705)	8,295
Fund Balance, Beginning of Year	<u>138,030</u>	<u>138,030</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 93,030</u>	<u>\$ 101,325</u>	<u>\$ 8,295</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, 2018

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Investment Earnings	\$ -	\$ (5)	\$ (5)
Other Revenues	-	852	852
Total Revenues	-	847	847
EXPENDITURES			
Current:			
Community Development	-	-	-
Total Expenditures	-	-	-
Excess (Deficiency) of Revenues over Expenditures	-	847	847
Net Change in Fund Balance	-	847	847
Fund Balance, Beginning of Year	2,273	2,273	-
Fund Balance, End of Year	<u>\$ 2,273</u>	<u>\$ 3,120</u>	<u>\$ 847</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, 2018

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Property Taxes	\$ 188,817	\$ 208,071	\$ 19,254
Investment Earnings	274	(17)	(291)
	<u>189,091</u>	<u>208,054</u>	<u>18,963</u>
EXPENDITURES			
Current:			
Community Development	<u>203,026</u>	<u>205,517</u>	<u>(2,491)</u>
	<u>203,026</u>	<u>205,517</u>	<u>(2,491)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(13,935)</u>	<u>2,537</u>	<u>16,472</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>
Net Change in Fund Balance	(19,551)	(3,079)	16,472
Fund Balance, Beginning of Year	<u>256,141</u>	<u>256,141</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 236,590</u></u>	<u><u>\$ 253,062</u></u>	<u><u>\$ 16,472</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, 2018

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Charges for Services	\$ 40,000	\$ 40,154	\$ 154
Total Revenues	<u>40,000</u>	<u>40,154</u>	<u>154</u>
EXPENDITURES			
Current:			
General Government	40,000	30,354	9,646
Total Expenditures	<u>40,000</u>	<u>30,354</u>	<u>9,646</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>9,800</u>	<u>9,800</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	-	9,800	9,800
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ -</u></u>	<u><u>\$ 9,800</u></u>	<u><u>\$ 9,800</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, 2018

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Development Fees	\$ -	\$ 20,876	\$ 20,876
Investment Earnings	-	211	211
Total Revenues	<u>-</u>	<u>21,087</u>	<u>21,087</u>
EXPENDITURES			
Current:			
Community Development	-	1,073	(1,073)
Total Expenditures	<u>-</u>	<u>1,073</u>	<u>(1,073)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>20,014</u>	<u>20,014</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	(274,840)	-	274,840
Total Other Financing Sources (Uses)	<u>(274,840)</u>	<u>-</u>	<u>274,840</u>
Net Change in Fund Balance	(274,840)	20,014	294,854
Fund Balance, Beginning of Year	<u>432,338</u>	<u>432,338</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 157,498</u></u>	<u><u>\$ 452,352</u></u>	<u><u>\$ 294,854</u></u>

City of Healdsburg
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Capital Projects Fund
Year Ended June 30, 2018

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Investment Earnings	\$ -	\$ 67,277	\$ 67,277
Other Revenues	-	-	-
Total Revenues	<u>-</u>	<u>67,277</u>	<u>67,277</u>
EXPENDITURES			
Capital Outlay	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>67,277</u>	<u>67,277</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	<u>(3,175,537)</u>	<u>(2,234,227)</u>	<u>941,310</u>
Total Other Financing Sources (Uses)	<u>(3,175,537)</u>	<u>(2,234,227)</u>	<u>941,310</u>
Net Change in Fund Balance	(3,175,537)	(2,166,950)	1,008,587
Fund Balance, Beginning of Year	<u>3,440,246</u>	<u>3,440,246</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 264,709</u>	<u>\$ 1,273,296</u>	<u>\$ 1,008,587</u>

City of Healdsburg
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Debt Service Fund
Year Ended June 30, 2018

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ -	\$ 1,481	\$ 1,481
Investment Earnings	-	3,267	3,267
Total Revenues	<u>-</u>	<u>4,748</u>	<u>4,748</u>
EXPENDITURES			
Debt Service:			
Interest	189,928	190,277	(349)
Principal	846,817	845,868	949
Total Expenditures	<u>1,036,745</u>	<u>1,036,145</u>	<u>600</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(1,036,745)</u>	<u>(1,031,397)</u>	<u>5,348</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	1,036,045	1,036,045	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>1,036,045</u>	<u>1,036,045</u>	<u>-</u>
Net Change in Fund Balance	(700)	4,648	5,348
Fund Balance, Beginning of Year	<u>171,682</u>	<u>171,682</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 170,982</u></u>	<u><u>\$ 176,330</u></u>	<u><u>\$ 5,348</u></u>

City of Healdsburg
Combining Balance Sheet
General Fund Activities
June 30, 2018

	General	Capital Replacement	Transaction & Use Tax	Economic Development
ASSETS				
Cash and Investments	\$ 3,160,045	\$ 1,207,204	\$ 621,131	\$ 371,688
Receivables:				
Accounts	237,742	-	-	-
Taxes	214,439	-	-	-
Interest	45,845	3,092	1,206	961
Due from Other Governments	879,213	-	357,731	-
Prepaid Expenditures	4,269	-	-	-
Pension Stabilization Investments	3,554,576	-	-	-
Due from Other Funds	690,511	-	-	-
	<u>8,786,640</u>	<u>1,210,296</u>	<u>980,068</u>	<u>372,649</u>
Total Assets	<u>\$ 8,786,640</u>	<u>\$ 1,210,296</u>	<u>\$ 980,068</u>	<u>\$ 372,649</u>
LIABILITIES				
Accounts Payable	\$ 377,201	\$ 276,641	\$ -	\$ -
Deposits Payable	518,367	-	-	-
Advances from Other Funds	-	3,410,448	-	-
	<u>895,568</u>	<u>3,687,089</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>895,568</u>	<u>3,687,089</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenues - Accounts Receivable	43,440	-	-	-
FUND BALANCES				
Nonspendable	4,269	-	-	-
Restricted	3,554,576	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	372,649
Unassigned	4,288,787	(2,476,793)	980,068	-
	<u>7,847,632</u>	<u>(2,476,793)</u>	<u>980,068</u>	<u>372,649</u>
Total Fund Balances	<u>7,847,632</u>	<u>(2,476,793)</u>	<u>980,068</u>	<u>372,649</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 8,786,640</u>	<u>\$ 1,210,296</u>	<u>\$ 980,068</u>	<u>\$ 372,649</u>

TOT Housing	Fire Facilities Impact Fees	Miscellaneous	Total General Fund
\$ 250,903	\$ 209,534	\$ 331	\$ 5,820,836
83,997	-	-	321,739
-	-	-	214,439
1	542	-	51,647
-	-	-	1,236,944
-	-	-	4,269
-	-	-	3,554,576
135,000	-	-	825,511
<u>\$ 469,901</u>	<u>\$ 210,076</u>	<u>\$ 331</u>	<u>\$ 12,029,961</u>
\$ 16,132	\$ -	\$ -	\$ 669,974
-	-	-	518,367
-	-	-	3,410,448
<u>16,132</u>	<u>-</u>	<u>-</u>	<u>4,598,789</u>
-	-	-	43,440
-	-	-	4,269
-	210,076	-	3,764,652
453,769	-	-	453,769
-	-	-	372,649
-	-	331	2,792,393
<u>453,769</u>	<u>210,076</u>	<u>331</u>	<u>7,387,732</u>
<u>\$ 469,901</u>	<u>\$ 210,076</u>	<u>\$ 331</u>	<u>\$ 12,029,961</u>

City of Healdsburg
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
General Fund Activities
Year Ended June 30, 2018

	General	Capital Replacement	Transaction & Use Tax	Economic Development
REVENUES				
Property Taxes	\$ 3,529,834	\$ -	\$ -	\$ -
Sales and Other Taxes	5,912,662	-	2,113,467	-
Charges for Services	1,007,804	-	-	-
Fines and Forfeitures	189,943	-	-	-
Licenses and Permits	1,092,491	-	-	-
Development Fees	-	-	-	-
Intergovernmental	139,442	-	-	-
Investment Earnings	164,244	17,820	(4,006)	86
Other Revenues	245,511	-	-	-
Total Revenues	<u>12,281,931</u>	<u>17,820</u>	<u>2,109,461</u>	<u>86</u>
EXPENDITURES				
Current:				
General Government	1,305,450	9,519	143,801	-
Public Safety	9,252,283	-	-	-
Planning and Building	1,724,351	-	-	-
Capital Outlay	-	4,054,154	-	-
Total Expenditures	<u>12,282,084</u>	<u>4,063,673</u>	<u>143,801</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(153)</u>	<u>(4,045,853)</u>	<u>1,965,660</u>	<u>86</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	462,007	66,200	-	-
Transfers Out	(762,638)	-	(1,367,802)	-
Total Other Financing Sources (Uses)	<u>(300,631)</u>	<u>66,200</u>	<u>(1,367,802)</u>	<u>-</u>
Net Change in Fund Balances	<u>(300,784)</u>	<u>(3,979,653)</u>	<u>597,858</u>	<u>86</u>
Fund Balances, Beginning of Year	<u>8,148,416</u>	<u>1,502,860</u>	<u>382,210</u>	<u>372,563</u>
Fund Balances, End of Year	<u>\$ 7,847,632</u>	<u>\$ (2,476,793)</u>	<u>\$ 980,068</u>	<u>\$ 372,649</u>

TOT Housing	Fire Facilities Impact Fees	Miscellaneous	Total General Fund
\$ -	\$ -	\$ -	\$ 3,529,834
611,327	-	-	8,637,456
-	-	-	1,007,804
-	-	-	189,943
-	-	-	1,092,491
-	19,601	-	19,601
-	-	-	139,442
20	4,867	-	183,031
388	-	-	245,899
<u>611,735</u>	<u>24,468</u>	<u>-</u>	<u>15,045,501</u>
264,220	-	-	1,722,990
-	-	-	9,252,283
-	-	-	1,724,351
-	-	-	4,054,154
<u>264,220</u>	<u>-</u>	<u>-</u>	<u>16,753,778</u>
<u>347,515</u>	<u>24,468</u>	<u>-</u>	<u>(1,708,277)</u>
-	-	-	528,207
-	-	-	(2,130,440)
-	-	-	(1,602,233)
347,515	24,468	-	(3,310,510)
<u>106,254</u>	<u>185,608</u>	<u>331</u>	<u>10,698,242</u>
<u>\$ 453,769</u>	<u>\$ 210,076</u>	<u>\$ 331</u>	<u>\$ 7,387,732</u>

City of Healdsburg
Combining Statement of Net Position
Water Fund Activities
June 30, 2018

	Water Operations	Water Capital Replacement	Water Capacity	Total Water Fund
ASSETS				
Current Assets:				
Cash and Investments	\$ 1,403,665	\$ 1,884,160	\$ 890,060	\$ 4,177,885
Cash and Investments with Fiscal Agent	24	-	-	24
Accounts Receivable - Net	989,573	-	-	989,573
Interest Receivable	3,922	4,812	1,224	9,958
Inventory	76,995	-	-	76,995
Total Current Assets	<u>2,474,179</u>	<u>1,888,972</u>	<u>891,284</u>	<u>5,254,435</u>
Noncurrent Assets:				
Pension Stabilization Investments	408,725	-	-	408,725
Capital Assets, Not Being Depreciated				
Land	310,781	-	-	310,781
Total Capital Assets, Not Being Depreciated	<u>1,904,393</u>	<u>-</u>	<u>-</u>	<u>1,904,393</u>
Capital Assets, Depreciable				
Buildings	1,474,503	-	-	1,474,503
Utility Systems	28,020,798	-	-	28,020,798
Machinery and Equipment	598,391	-	-	598,391
Total Capital Assets, Depreciable	<u>30,093,692</u>	<u>-</u>	<u>-</u>	<u>30,093,692</u>
Less: Accumulated Depreciation	<u>(12,152,823)</u>	<u>-</u>	<u>-</u>	<u>(12,152,823)</u>
Total Capital Assets, Net	<u>19,845,262</u>	<u>-</u>	<u>-</u>	<u>19,845,262</u>
Total Noncurrent Assets	<u>20,253,987</u>	<u>-</u>	<u>-</u>	<u>20,253,987</u>
Total Assets	<u>22,728,166</u>	<u>1,888,972</u>	<u>891,284</u>	<u>25,508,422</u>
DEFERRED OUTFLOWS				
Deferred Pension Related Items	804,472	-	-	804,472
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	38,233	5,537	-	43,770
Deposits Payable	7,805	-	-	7,805
Accrued Interest Payable	87,909	-	-	87,909
Bonds Payable - Current	611,000	-	-	611,000
Pension Obligation Bonds Payable - Current	114,440	-	-	114,440
Total Current Liabilities	<u>859,387</u>	<u>5,537</u>	<u>-</u>	<u>864,924</u>
Noncurrent Liabilities:				
Net Pension Liability	2,852,145	-	-	2,852,145
Bonds Payable	7,622,000	-	-	7,622,000
Pension Obligation Bonds Payable	389,291	-	-	389,291
Total Noncurrent Liabilities	<u>10,863,436</u>	<u>-</u>	<u>-</u>	<u>10,863,436</u>
Total Liabilities	<u>11,722,823</u>	<u>5,537</u>	<u>-</u>	<u>11,728,360</u>
DEFERRED INFLOWS				
Deferred Pension Related Items	134,454	-	-	134,454
NET POSITION				
Net Investment in Capital Assets	11,612,262	-	-	11,612,262
Restricted:				
Capital Projects	-	1,883,435	891,284	2,774,719
Pensions	408,725	-	-	408,725
Unrestricted	<u>(345,626)</u>	<u>-</u>	<u>-</u>	<u>(345,626)</u>
Total Net Position	<u>\$ 11,675,361</u>	<u>\$ 1,883,435</u>	<u>\$ 891,284</u>	<u>\$ 14,450,080</u>

City of Healdsburg
Combining Statement of Revenues, Expenses, and Changes in Net Position
Water Fund Activities
Year Ended June 30, 2018

	Water Operations	Water Capital Replacement	Water Capacity	Total Water Fund
OPERATING REVENUES				
Charges for Services	\$ 5,350,338	\$ -	\$ -	\$ 5,350,338
Development Fees	-	-	137,927	137,927
Other Operating Revenues	28,873	-	-	28,873
Total Operating Revenues	<u>5,379,211</u>	<u>-</u>	<u>137,927</u>	<u>5,517,138</u>
OPERATING EXPENSES				
Maintenance and Operations	3,353,798	194,030	10,500	3,558,328
Administration	636,142	-	-	636,142
Depreciation	602,721	-	-	602,721
Total Operating Expenses	<u>4,592,661</u>	<u>194,030</u>	<u>10,500</u>	<u>4,797,191</u>
Operating Income (Loss)	<u>786,550</u>	<u>(194,030)</u>	<u>127,427</u>	<u>719,947</u>
NONOPERATING REVENUES (EXPENSES)				
Interest Income	20,876	(634)	25,896	46,138
Interest Expense	(383,848)	-	-	(383,848)
Total Nonoperating Revenues (Expenses)	<u>(362,972)</u>	<u>(634)</u>	<u>25,896</u>	<u>(337,710)</u>
Income (Loss) Before Capital Contributions and Operating Transfers	423,578	(194,664)	153,323	382,237
Transfers In	-	600,000	-	600,000
Transfers Out	800,000	-	(1,400,000)	(600,000)
Change in Net Position	1,223,578	405,336	(1,246,677)	382,237
Net Position - Beginning of Year	<u>10,451,783</u>	<u>1,478,099</u>	<u>2,137,961</u>	<u>14,067,843</u>
Net Position - End of Year	<u>\$ 11,675,361</u>	<u>\$ 1,883,435</u>	<u>\$ 891,284</u>	<u>\$ 14,450,080</u>

City of Healdsburg
Combining Statement of Net Position
Sewer Fund Activities
June 30, 2018

	Sewer Operations	Drainage	Sewer Capital Replacement	Sewer Capacity
ASSETS				
Current Assets:				
Cash and Investments	\$ 8,694,703	\$ -	\$ 4,908,036	\$ 3,166,935
Cash and Investments with Fiscal Agents	130	-	-	-
Accounts Receivable - Net	1,036,004	69,554	-	-
Interest Receivable	20,034	10,665	2,065	11,409
Due from Other Funds	-	-	-	-
Advances to Other Funds	-	-	1,705,224	-
Inventory	24,227	-	-	-
Total Current Assets	<u>9,775,098</u>	<u>80,219</u>	<u>6,615,325</u>	<u>3,178,344</u>
Noncurrent Assets:				
Pension Stabilization Investments	492,221	106,993	-	-
Capital Assets, Not Being Depreciated				
Land	682,880	84,022	-	-
Construction in Progress	1,612,369	112,890	-	-
Total Capital Assets, Not Being Depreciated	<u>2,295,249</u>	<u>196,912</u>	<u>-</u>	<u>-</u>
Capital Assets, Depreciable				
Buildings	206,166	-	-	-
Utility Systems	61,246,191	-	-	-
Drainage	-	10,246,168	-	-
Machinery and Equipment	544,199	-	-	-
Total Capital Assets, Depreciable	<u>61,996,556</u>	<u>10,246,168</u>	<u>-</u>	<u>-</u>
Less: Accumulated Depreciation	<u>(17,619,657)</u>	<u>(4,540,701)</u>	<u>-</u>	<u>-</u>
Total Capital Assets, Net	<u>46,672,148</u>	<u>5,902,379</u>	<u>-</u>	<u>-</u>
Total Noncurrent Assets	<u>47,164,369</u>	<u>6,009,372</u>	<u>-</u>	<u>-</u>
Total Assets	<u>56,939,467</u>	<u>6,089,591</u>	<u>6,615,325</u>	<u>3,178,344</u>
DEFERRED OUTFLOWS				
Deferred Amounts on Refunding	930,575	-	-	-
Deferred Pension Related Items	804,472	131	-	-
Total Deferred Outflows	<u>1,735,047</u>	<u>131</u>	<u>-</u>	<u>-</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	49,772	33,894	29,587	-
Deposits Payable	-	131	-	-
Due to Other Funds	-	1,059,802	-	-
Accrued Interest Payable	216,988	-	-	-
Bonds Payable - Current	940,000	-	-	-
Pension Obligation Bonds Payable - Current	114,759	-	-	-
Total Current Liabilities	<u>1,321,519</u>	<u>1,093,827</u>	<u>29,587</u>	<u>-</u>
Noncurrent Liabilities:				
Net Pension Liability	2,852,145	-	-	-
Bonds Payable	23,313,521	-	-	-
Pension Obligation Bonds Payable	390,332	-	-	-
Total Noncurrent Liabilities	<u>26,555,998</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>27,877,517</u>	<u>1,093,827</u>	<u>29,587</u>	<u>-</u>
DEFERRED INFLOWS				
Deferred Pension Related Items	134,454	-	-	-
NET POSITION				
Net Investment in Capital Assets	23,349,202	5,902,379	-	-
Restricted:				
Capital Projects	-	-	-	3,178,344
Pensions	492,221	106,993	-	-
Unrestricted	6,821,120	(1,013,608)	6,585,738	-
Total Net Position	<u>\$ 30,662,543</u>	<u>\$ 4,995,764</u>	<u>\$ 6,585,738</u>	<u>\$ 3,178,344</u>

Drainage Capacity	Total Sewer Fund
\$ 1,785,904	\$ 18,555,578
-	130
-	1,105,558
7,358	51,531
1,059,802	1,059,802
-	1,705,224
-	24,227
<u>2,853,064</u>	<u>22,502,050</u>
-	599,214
-	766,902
-	1,725,259
-	<u>2,492,161</u>
-	206,166
-	61,246,191
-	10,246,168
-	544,199
-	<u>72,242,724</u>
-	<u>(22,160,358)</u>
-	<u>52,574,527</u>
-	<u>53,173,741</u>
<u>2,853,064</u>	<u>75,675,791</u>
-	930,575
-	804,603
-	<u>1,735,178</u>
-	113,253
-	131
-	1,059,802
-	216,988
-	940,000
-	114,759
-	<u>2,444,933</u>
-	2,852,145
-	23,313,521
-	390,332
-	<u>26,555,998</u>
-	<u>29,000,931</u>
-	134,454
-	29,251,581
2,853,064	6,031,408
-	599,214
-	<u>12,393,250</u>
<u>\$ 2,853,064</u>	<u>\$ 48,275,453</u>

City of Healdsburg
Combining Statement of Revenues, Expenses, and Changes in Net Position
Sewer Fund Activities
Year Ended June 30, 2018

	Sewer Operations	Drainage	Sewer Capital Replacement	Sewer Capacity
OPERATING REVENUES				
Charges for Services	\$ 6,757,635	\$ 700,632	\$ -	\$ -
Development Fees	-	-	-	371,880
Other Operating Revenues	27,105	14,618	-	-
Total Operating Revenues	<u>6,784,740</u>	<u>715,250</u>	<u>-</u>	<u>371,880</u>
OPERATING EXPENSES				
Maintenance and Operations	2,854,008	462,940	931,675	27,575
Administration	689,118	81,400	-	-
Depreciation	1,149,437	204,923	-	-
Total Operating Expenses	<u>4,692,563</u>	<u>749,263</u>	<u>931,675</u>	<u>27,575</u>
Operating Income (Loss)	<u>2,092,177</u>	<u>(34,013)</u>	<u>(931,675)</u>	<u>344,305</u>
NONOPERATING REVENUES (EXPENSES)				
Interest Income	55,682	4,134	25,723	24,176
Interest Expense	(926,359)	-	-	-
Total Nonoperating Revenues (Expenses)	<u>(870,677)</u>	<u>4,134</u>	<u>25,723</u>	<u>24,176</u>
Income (Loss) Before Capital Contributions and Operating Transfers	1,221,500	(29,879)	(905,952)	368,481
Transfers In	17,361	-	1,500,000	-
Transfers Out	(155,633)	(17,361)	-	(1,344,367)
Change in Net Position	1,083,228	(47,240)	594,048	(975,886)
Net Position - Beginning of Year	<u>29,579,315</u>	<u>5,043,004</u>	<u>5,991,690</u>	<u>4,154,230</u>
Net Position - End of Year	<u>\$ 30,662,543</u>	<u>\$ 4,995,764</u>	<u>\$ 6,585,738</u>	<u>\$ 3,178,344</u>

Drainage Capacity	Total Sewer Fund
\$ -	\$ 7,458,267
285,699	657,579
-	41,723
<u>285,699</u>	<u>8,157,569</u>
4,194	4,280,392
-	770,518
-	1,354,360
<u>4,194</u>	<u>6,405,270</u>
<u>281,505</u>	<u>1,752,299</u>
12,912	122,627
-	(926,359)
<u>12,912</u>	<u>(803,732)</u>
294,417	948,567
-	1,517,361
<u>(115,778)</u>	<u>(1,633,139)</u>
178,639	832,789
<u>2,674,425</u>	<u>47,442,664</u>
<u>\$ 2,853,064</u>	<u>\$ 48,275,453</u>

City of Healdsburg
Combining Statement of Net Position
Electric Fund Activities
June 30, 2018

	Electric Operations	Capital Replacement	Electric Public Benefit	Electric Capacity	Total Electric Fund
ASSETS					
Current Assets:					
Cash and Investments	\$ 10,420,257	\$ 2,085,637	\$ 1,629,698	\$ 983,414	\$ 15,119,006
Investment in NCPA Reserves	6,024,851	-	-	-	6,024,851
Accounts Receivable - Net	1,830,406	-	-	-	1,830,406
Interest Receivable	31,628	-	4,216	4,920	40,764
Due from Other Funds	15,000	-	-	-	15,000
Advances to Other Funds	-	1,705,224	-	-	1,705,224
Prepaid Expenses	2,823	-	-	-	2,823
Inventory	1,267,840	-	-	-	1,267,840
Total Current Assets	<u>19,592,805</u>	<u>3,790,861</u>	<u>1,633,914</u>	<u>988,334</u>	<u>26,005,914</u>
Noncurrent Assets:					
Restricted Cash and Investments	488,575	-	-	-	488,575
Pension Stabilization Investments	702,977	-	-	-	702,977
Capital Assets, Not Being Depreciated					
Land	48,359	-	-	-	48,359
Construction in Progress	1,261,005	-	-	-	1,261,005
Total Capital Assets, Not Being Depreciated	<u>1,309,364</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,309,364</u>
Capital Assets, Depreciable					
Buildings	447,835	-	-	-	447,835
Utility Systems	23,246,876	-	-	-	23,246,876
Machinery and Equipment	1,043,027	-	-	-	1,043,027
Total Capital Assets, Depreciable	<u>24,737,738</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,737,738</u>
Less: Accumulated Depreciation	<u>(12,297,670)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(12,297,670)</u>
Total Capital Assets, Net	<u>13,749,432</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,749,432</u>
Total Noncurrent Assets	<u>14,940,984</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,940,984</u>
Total Assets	<u>34,533,789</u>	<u>3,790,861</u>	<u>1,633,914</u>	<u>988,334</u>	<u>40,946,898</u>
DEFERRED OUTFLOWS					
Deferred Pension Related Items	1,113,884	-	-	-	1,113,884
LIABILITIES					
Current Liabilities:					
Accounts Payable and Accrued Liabilities	49,048	291,304	4,573	-	344,925
Payable to Successor Agency - Current	117,810	-	-	-	117,810
Deposits Payable	488,575	-	-	-	488,575
Pension Obligation Bonds Payable - Current	151,490	-	-	-	151,490
Total Current Liabilities	<u>806,923</u>	<u>291,304</u>	<u>4,573</u>	<u>-</u>	<u>1,102,800</u>
Noncurrent Liabilities:					
Payable to Successor Agency	1,925,520	-	-	-	1,925,520
Net Pension Liability	3,949,123	-	-	-	3,949,123
Pension Obligation Bonds Payable	515,880	-	-	-	515,880
Total Noncurrent Liabilities	<u>6,390,523</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,390,523</u>
Total Liabilities	<u>7,197,446</u>	<u>291,304</u>	<u>4,573</u>	<u>-</u>	<u>7,493,323</u>
DEFERRED INFLOWS					
Deferred Pension Related Items	186,168	-	-	-	186,168
NET POSITION					
Net Investment in Capital Assets	13,749,432	-	-	-	13,749,432
Restricted:					
Capital Projects	-	-	-	988,334	988,334
Pensions	702,977	-	-	-	702,977
Unrestricted	13,811,650	3,499,557	1,629,341	-	18,940,548
Total Net Position	<u>\$ 28,264,059</u>	<u>\$ 3,499,557</u>	<u>\$ 1,629,341</u>	<u>\$ 988,334</u>	<u>\$ 34,381,291</u>

City of Healdsburg
Combining Statement of Revenues, Expenses, and Changes in Net Position
Electric Fund Activities
Year Ended June 30, 2018

	Electric Operations	Capital Replacement	Electric Public Benefit	Electric Capacity	Total Electric Fund
OPERATING REVENUES					
Charges for Services	\$ 11,891,384	\$ -	\$ 334,542	\$ -	\$ 12,225,926
Development Fees	6,765	-	-	87,071	93,836
Other Operating Revenues	402,711	19,331	476,032	-	898,074
Total Operating Revenues	<u>12,300,860</u>	<u>19,331</u>	<u>810,574</u>	<u>87,071</u>	<u>13,217,836</u>
OPERATING EXPENSES					
Purchase of Power	5,590,202	-	-	-	5,590,202
Maintenance and Operations	2,576,310	1,157,776	416,708	-	4,150,794
Administration	800,118	-	-	-	800,118
Depreciation	497,999	-	-	-	497,999
Total Operating Expenses	<u>9,464,629</u>	<u>1,157,776</u>	<u>416,708</u>	<u>-</u>	<u>11,039,113</u>
Operating Income (Loss)	<u>2,836,231</u>	<u>(1,138,445)</u>	<u>393,866</u>	<u>87,071</u>	<u>2,178,723</u>
NONOPERATING REVENUES (EXPENSES)					
Interest Income	185,945	530	(644)	29,217	215,048
Interest Expense	(37,121)	-	-	-	(37,121)
Total Nonoperating Revenues (Expenses)	<u>148,824</u>	<u>530</u>	<u>(644)</u>	<u>29,217</u>	<u>177,927</u>
Income (Loss) Before Capital Contributions and Operating Transfers	2,985,055	(1,137,915)	393,222	116,288	2,356,650
Transfers In	3,445	2,912,370	-	-	2,915,815
Transfers Out	(2,136,697)	-	(3,445)	(912,370)	(3,052,512)
Change in Net Position	851,803	1,774,455	389,777	(796,082)	2,219,953
Net Position - Beginning 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>
Net Position - End of Year	<u>\$ 28,264,059</u>	<u>\$ 3,499,557</u>	<u>\$ 1,629,341</u>	<u>\$ 988,334</u>	<u>\$ 34,381,291</u>

City of Healdsburg
Combining Statement of Net Position
Internal Service Funds
June 30, 2018

	Insurance and Benefit	Vehicle Maintenance	Information Services	Building Maintenance	Totals
ASSETS					
Current Assets:					
Cash and Investments	\$ 2,622,112	\$ 2,147,895	\$ 799,520	\$ 781,067	\$ 6,350,594
Accounts Receivable - Net	16,538	-	-	41,580	58,118
Notes and Loans Receivable	-	-	11,113	-	11,113
Interest Receivable	-	5,733	2,085	2,027	9,845
Prepaid Expenses	222,265	12,534	-	-	234,799
Inventory	-	11,967	-	-	11,967
Total Current Assets	<u>2,860,915</u>	<u>2,178,129</u>	<u>812,718</u>	<u>824,674</u>	<u>6,676,436</u>
Noncurrent Assets:					
Capital Assets, Depreciable					
Land and Improvements	-	-	-	2,287,375	2,287,375
Machinery and Equipment	-	5,536,563	1,640,604	-	7,177,167
Total Capital Assets	-	5,536,563	1,640,604	2,287,375	9,464,542
Less Accumulated Depreciation	-	(3,714,134)	(749,733)	(337,597)	(4,801,464)
Total Capital Assets, Net of Accumulated Depreciation	<u>-</u>	<u>1,822,429</u>	<u>890,871</u>	<u>1,949,778</u>	<u>4,663,078</u>
Total Noncurrent Assets	<u>-</u>	<u>1,822,429</u>	<u>890,871</u>	<u>1,949,778</u>	<u>4,663,078</u>
Total Assets	<u>2,860,915</u>	<u>4,000,558</u>	<u>1,703,589</u>	<u>2,774,452</u>	<u>11,339,514</u>
LIABILITIES					
Current Liabilities:					
Accounts Payable and Accrued Liabilities	261,889	38,076	8,993	10,479	319,437
Claims Payable - Current	107,896	-	-	83,063	190,959
Compensated Absences - Current	495,115	-	-	-	495,115
Capital Lease Payable - Current	-	-	161,049	-	161,049
Total Current Liabilities	<u>864,900</u>	<u>38,076</u>	<u>170,042</u>	<u>93,542</u>	<u>1,166,560</u>
Noncurrent Liabilities:					
Claims Payable	455,412	-	-	187,440	642,852
Compensated Absences	1,249,009	-	-	-	1,249,009
Capital Lease Payable	-	-	214,732	-	214,732
Total Noncurrent Liabilities	<u>1,704,421</u>	<u>-</u>	<u>214,732</u>	<u>187,440</u>	<u>1,249,009</u>
Total Liabilities	<u>2,569,321</u>	<u>38,076</u>	<u>384,774</u>	<u>280,982</u>	<u>2,415,569</u>
NET POSITION					
Net Investment in Capital Assets	-	1,822,429	515,090	1,949,778	4,287,297
Unrestricted	291,594	2,140,053	803,725	543,692	3,779,064
Total Net Position	<u>\$ 291,594</u>	<u>\$ 3,962,482</u>	<u>\$ 1,318,815</u>	<u>\$ 2,493,470</u>	<u>\$ 8,066,361</u>

City of Healdsburg
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
Year Ended June 30, 2018

	Insurance and Benefit	Vehicle Maintenance	Information Services	Building Maintenance	Totals
OPERATING REVENUES					
Charges for Services	\$ -	\$ 1,272,821	\$ 1,623,164	\$ 949,050	\$ 3,845,035
Rental Income	-	-	-	256,158	256,158
Other Operating Revenues	-	5,257	-	-	5,257
Total Operating Revenues	-	1,278,078	1,623,164	1,205,208	4,106,450
OPERATING EXPENSES					
Maintenance and Operations	-	342,759	1,438,983	417,355	2,199,097
Administration	-	417,434	113,688	372,052	903,174
Insurance and Benefits Costs	-	-	-	402,742	402,742
Depreciation	-	185,504	115,691	179,818	481,013
Total Operating Expenses	-	945,697	1,668,362	1,371,967	3,986,026
Operating Income (Loss)	-	332,381	(45,198)	(166,759)	120,424
NONOPERATING REVENUES (EXPENSES)					
Interest Income	-	2,199	8,250	(876)	9,573
Gain/(Loss) on Disposal of Capital Assets	-	6,002	(4,007)	-	1,995
Total Nonoperating Revenues (Expenses)	-	8,201	4,243	(876)	11,568
Income (Loss) Before Capital Contributions and Operating Transfers	-	340,582	(40,955)	(167,635)	131,992
Transfers In	-	50,000	-	394,154	444,154
Transfers Out	-	(11,964)	(20,455)	(15,354)	(47,773)
Change in Net Position	-	378,618	(61,410)	211,165	528,373
Net Position - Beginning of Year	291,594	3,583,864	1,380,225	2,282,305	7,537,988
Net Position - End of Year	\$ 291,594	\$ 3,962,482	\$ 1,318,815	\$ 2,493,470	\$ 8,066,361

City of Healdsburg
Combining Statement of Cash Flows
Internal Service Funds
Year Ended June 30, 2018

	Insurance and Benefit	Vehicle Maintenance	Information Services
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ (3,737)	\$ 1,278,378	\$ 1,623,164
Payments to Employees for Services	30,292	(240,679)	(416,340)
Payments to Suppliers for Goods and Services	(33,140)	(524,761)	(1,178,976)
Net Cash Provided (Used) by Operating Activities	<u>(6,585)</u>	<u>512,938</u>	<u>27,848</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES			
Cash Received from Other Funds	-	50,000	-
Cash Paid to Other Funds	-	(11,964)	(20,455)
Loans repaid/(Issued)	-	-	(1,331)
Net Cash Provided (Used) by Noncapital and Related Financing Activities	<u>-</u>	<u>38,036</u>	<u>(21,786)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from Capital Lease	-	-	375,781
Cash Received from Sale of Capital Assets	-	16,333	-
Acquisition and Construction of Capital Assets	-	(354,629)	(697,708)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>-</u>	<u>(338,296)</u>	<u>(321,927)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Received	-	1,246	8,892
Net Cash Provided (Used) by Investing Activities	<u>-</u>	<u>1,246</u>	<u>8,892</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(6,585)	213,924	(306,973)
Cash and Cash Equivalents, Beginning of the Year	2,628,697	1,933,971	1,106,493
Cash and Cash Equivalents, End of the Year	<u>\$ 2,622,112</u>	<u>\$ 2,147,895</u>	<u>\$ 799,520</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ -	\$ 332,381	\$ (45,198)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation	-	185,504	115,691
Changes in Operating Assets and Liabilities:			
Decrease (Increase) in Accounts Receivable	(3,737)	300	-
Decrease (Increase) in Prepaid Expenses	(222,265)	(2,301)	-
Decrease (Increase) in Inventory	-	(4,243)	-
Increase (Decrease) in Accounts Payable	(343,593)	1,297	(42,645)
Increase (Decrease) in Claims Payable	532,718	-	-
Increase (Decrease) in Compensated Absences Payable	30,292	-	-
TOTAL CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (6,585)</u>	<u>\$ 512,938</u>	<u>\$ 27,848</u>

<u>Building Maintenance</u>	<u>Totals</u>
\$ 1,209,240	\$ 4,107,045
(226,628)	(853,355)
<u>(794,620)</u>	<u>(2,531,497)</u>
187,992	722,193
-	50,000
394,154	361,735
<u>(15,354)</u>	<u>(16,685)</u>
378,800	395,050
-	375,781
-	16,333
<u>(489,190)</u>	<u>(1,541,527)</u>
(489,190)	(1,149,413)
<u>(1,161)</u>	<u>8,977</u>
<u>(1,161)</u>	<u>8,977</u>
76,441	(23,193)
<u>704,626</u>	<u>6,373,787</u>
<u>\$ 781,067</u>	<u>\$ 6,350,594</u>
\$ (166,759)	\$ 120,424
179,818	481,013
4,032	595
-	(224,566)
-	(4,243)
(81,611)	(466,552)
252,512	785,230
-	<u>30,292</u>
<u>\$ 187,992</u>	<u>\$ 722,193</u>

City of Healdsburg
Combining Statement of Fiduciary Net Position
Private-purpose Trust Funds
June 30, 2018

	Redevelopment Agency DBD	Senior Center Trust	Community Benefit Trust	Plaza Flowers Veterans Trust
ASSETS				
Cash and Investments	\$ -	\$ -	\$ 121,372	\$ 7,536
Cash and Investments with Fiscal Agent	-	213,606	-	-
Receivables:				
Notes	-	-	-	-
Interest	-	-	314	-
Advances to City of Healdsburg	-	-	-	-
Capital Assets, Not Being Depreciated	-	-	-	-
Capital Assets, Net of Accumulated Depreciation	-	-	-	-
Total Assets	-	213,606	121,686	7,536
LIABILITIES				
Interest Payable	-	-	-	-
Noncurrent Liabilities				
Due within One Year	-	-	-	-
Due in More than One Year	-	-	-	-
Total Liabilities	-	-	-	-
NET POSITION				
Net Position (Deficit) Held in Trust for Successor Agency and Other Purposes	\$ -	\$ 213,606	\$ 121,686	\$ 7,536

Post RDA Successor Agency	Post RDA Debt Retirement Fund	Totals
\$ 2,987,824	\$ 939,307	\$ 4,056,039
-	2,497,999	2,711,605
359,739	-	359,739
9,140	-	9,454
3,834,976	-	3,834,976
528,300	-	528,300
338,945	-	338,945
<u>8,058,924</u>	<u>3,437,306</u>	<u>11,839,058</u>
-	739,809	739,809
-	1,900,200	1,900,200
-	44,036,555	44,036,555
<u>-</u>	<u>46,676,564</u>	<u>46,676,564</u>
<u>\$ 8,058,924</u>	<u>\$ (43,239,258)</u>	<u>\$ (34,837,506)</u>

City of Healdsburg
Combining Statement of Changes in Fiduciary Net Position
Private-purpose Trust Funds
Year Ended June 30, 2018

	Redevelopment Agency DBD	Senior Center Trust	Community Benefit Trust	Plaza Flowers Veterans Trust
ADDITIONS				
Taxes and Assessments	\$ -	\$ -	\$ -	\$ -
Investment Earnings	-	16,612	208	-
Transfers	-	-	-	-
Other	-	-	-	5,000
	<u>-</u>	<u>16,612</u>	<u>208</u>	<u>5,000</u>
Total Revenues	<u>-</u>	<u>16,612</u>	<u>208</u>	<u>5,000</u>
DEDUCTIONS				
Community Development	-	3,035	49,646	420
Depreciation	-	-	-	-
Interest Expense	-	-	-	-
Transfers	-	-	-	-
Bond Issuance Costs	-	-	-	-
	<u>-</u>	<u>3,035</u>	<u>49,646</u>	<u>420</u>
Total Deductions	<u>-</u>	<u>3,035</u>	<u>49,646</u>	<u>420</u>
Change in Net Position	-	13,577	(49,438)	4,580
Net Position (Deficit), Beginning	<u>-</u>	<u>200,029</u>	<u>171,124</u>	<u>2,956</u>
Net Position (Deficit), Ending	<u>\$ -</u>	<u>\$ 213,606</u>	<u>\$ 121,686</u>	<u>\$ 7,536</u>

Post RDA Successor Agency	Post RDA Debt Retirement Fund	Totals
\$ 3,869,142	\$ -	\$ 3,869,142
112	130,402	147,334
-	1,400,000	1,400,000
-	-	5,000
<u>3,869,254</u>	<u>1,530,402</u>	<u>5,421,476</u>
260,244	-	313,345
20,696	-	20,696
-	1,532,900	1,532,900
1,400,000	-	1,400,000
-	2,370,590	2,370,590
<u>1,680,940</u>	<u>3,903,490</u>	<u>5,637,531</u>
2,188,314	(2,373,088)	(216,055)
<u>5,870,610</u>	<u>(40,866,170)</u>	<u>(34,621,451)</u>
<u>\$ 8,058,924</u>	<u>\$ (43,239,258)</u>	<u>\$ (34,837,506)</u>