



Where everything



City of
Santa Rosa,
California

comes together.



Comprehensive **A**nnual
Financial **R**eport

For the Fiscal Year Ended June 30, 2015



City of Santa Rosa
Santa Rosa, California

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2015

Prepared by the
Department of Finance

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Introductory Section





December 31, 2015

To the Citizens of the City of Santa Rosa, California and to the Honorable Mayor and Members of the City Council:

The Charter of the City of Santa Rosa requires an independent audit of all the accounts of the City in conformance with generally accepted auditing standards. This Comprehensive Annual Financial Report, prepared in conformance with generally accepted accounting principles (GAAP) and audited by independent certified public accountants appointed by the City Council, fulfills that requirement.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based on a comprehensive framework of internal control that is established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Macias Gini & O'Connell LLP has issued an unmodified ("clean") opinion on the City of Santa Rosa's financial statements for the fiscal year ended June 30, 2015. The independent auditor's report is located at the front of the financial section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the City

The City of Santa Rosa, a charter city incorporated in 1868, is located 55 miles north of San Francisco. It is the county seat for Sonoma County, one of California's premier wine growing regions, and is the gateway to tourist destinations in the redwoods and on the coast. Santa Rosa is the 28th most populous city in the state. It occupies approximately 41 square miles and serves a population of 173,071.

The City of Santa Rosa is empowered to levy a variety of local taxes. It also receives an allocation of general sales tax combined with state Education Revenue Augmentation Fund property tax revenues equal to 1% of taxable sales, a voter approved tax for public safety services of an additional 1/4% effective until March 2019 for any general government purpose. Allocation of

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general property tax revenues to the City from the County pursuant to state law equals 12% of the 1% property tax levied within its boundaries.

All revenues allocated by state law and legislative action are protected from reduction by a constitutional amendment passed by California voters. The City is empowered by statute to extend its corporate limits and to add unincorporated areas within its boundaries through annexation, which it has done from time to time.

The City of Santa Rosa has operated under the council-manager form of government since adoption of a charter update in 1923. Policy making and legislative authority are vested in a City Council (Council) consisting of seven members all of whom are elected at large on a non-partisan basis. Following the biannual Council election, the Council selects one of its members as Mayor, serving as the executive head of the City for a two year term. The Council also appoints the City Manager as the administrative head of the City who in turn appoints the heads of the various departments. Council members serve staggered four year terms with four of the Council elected in one election and three elected two years later.

The City of Santa Rosa provides a full range of services including police and fire protection; construction and maintenance of streets, highways and other infrastructure, water, storm water and wastewater utilities; housing services through its Housing Authority, economic development, transit, parking, and recreation and parks, including a municipal golf course. Boards appointed by the City Council are responsible for policy direction of the Housing Authority and the City's utilities as authorized in state law and the City's charter. Independent school districts provide K-12 and community college education services.

The City Charter requires the Council to publish the locations where the current budget can be reviewed and a notice of public hearing to solicit input from constituents and stakeholders regarding future budgets by March 31st of each year. It also requires the Council to adopt the budget by June 30th. The budget serves as the foundation for the City of Santa Rosa's financial planning and control. The budget is prepared by fund and department or project. The City Manager is authorized to transfer an unlimited amount of appropriations within any fund so long as the total appropriations are not increased. The City Manager is also authorized to transfer up to \$50,000 of appropriations between funds; and up to \$100,000 of appropriations between funds within one enterprise activity. In addition, the City Manager or their designee is authorized to increase appropriations upon receipt of grant awards of up to \$500,000. Other than increasing appropriations upon receipt of grant awards, only the City Council has the authority to increase total appropriations subject to the appropriation limitations established by state law. Budget appropriations lapse at the end of the fiscal year, with the exception of contract commitments and capital improvements, which are carried over until the commitment is met, or the project has been completed.

The legal level of budgetary control is by fund, although budgets are adopted within funds at the department/division level in all operating funds and at the project level in the capital projects funds.

Local Economy

The City of Santa Rosa includes a diverse workforce with the largest private employment sectors being trade and transportation, professional and business services, leisure and hospitality and manufacturing. The City also serves as a retail and commercial center for a five-county area that includes the Sonoma County, portions of the Napa Valley, and surrounding agricultural and timber communities.

The City is experiencing steady economic recovery. The median sales price for a home in Santa Rosa continued its growth trend, increasing by 11.4% to \$488,800. Property tax revenues increased by approximately \$2 million compared to FY 2013-14, largely as a result of Proposition 8 adjustments. Sales tax revenues, bolstered by both retail sales and new car sales, also saw a 5% growth compared to FY 2013-14. Sales Tax also continues to be augmented in the amount of approximately \$8.2 million by Measure P, a quarter-cent general Sales Tax increase passed by the voters in 2010.

While the growth in Property Tax and Sales Tax revenue is positive, it is tempered by projections of Property Tax revenues plateauing for future years, and the perceived inability for new car sales to continue to drive Sales Tax increases. Additionally, Measure P expires in March 2019, leaving a significant gap in General Fund revenue.

Trends and Prospects

General Fund revenues in total are projected to grow at a steady pace, albeit a low percentage rate. Comparing total budgeted General Fund revenues in FY 2015-16 to FY 2014-15, General Fund budgeted revenues increased from \$138.5 million to \$141.9 million, or roughly 2%. Total budgeted General Fund revenues are forecasted to grow at approximately 2% until fiscal years 2018-19 and 2019-20 when the City is projected to stop collecting Measure P tax revenue.

Property and sales taxes are forecasted to grow at 2% and 4%, respectively, over the next five years. These two revenue sources combine to represent approximately 48% of General Fund revenue in FY 2015-16. Of these two sources, sales tax is the most volatile source of revenue and it makes up approximately 31% of total General Fund revenue. The forecasted increases in property taxes is consistent with valuations and the growth in taxes allowable under Proposition 13. The sales tax forecast is based on analyses of sales tax sectors specific to Santa Rosa, combined with state and local trends. The percentage increase represents the “most likely” scenario for growth.

State Budget

The state budget outlook, according to the Legislative Analyst’s Office (LAO) and based on a scenario of moderate economic growth that continues through 2019-20, estimates revenues higher than estimates. The growth in revenue allows for funding the State’s Proposition 98 obligations, moderate expenditure growth, and growth of reserves. The LAO estimates 2015-16 reserves to be \$4.2 billion.

Projecting forward, the LAO projects a positive budget situation through 2016-17, with the state budget “better prepared for an economic downturn than it has been at any point in decades.” Revenues are projected to exceed spending, and much of that gain is deposited into the “rainy day” fund created by Proposition 2.

CalPERS

The City contracts with the California Public Employees’ Retirement System (CalPERS) to administer the City’s employee retirement benefits for the Miscellaneous, Fire and Police groups. During the past several years the City’s employer contribution rates, as a percent of pensionable salary, have increased and are anticipated to continue to increase.

	Fiscal Year 2014/15	Fiscal Year 2015/16	Fiscal Year 2016/17
Miscellaneous Group	17.942%	19.862%	21.774%
Fire Group	31.508%	33.019%	35.701%
Police Group	32.585%	34.605%	38.251%

The impacts of these City retirement rate increases have been evaluated and are taken into account in the City’s long range financial forecasting and planning processes.

Other Postemployment Benefit Plan

Contained within Note 9 of the Notes to the Basic Financial Statements is a statement that, in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 45, the City’s stipend plans for providing other postemployment benefits are described as defined benefit arrangements. This description is applied solely for the purpose of presenting this financial report in accordance with generally accepted accounting principles (GAAP). As a point of clarification, all of the City’s stipend plans are clearly described as defined contribution arrangements in the various governing plan documents. It is also the intent of the City and the various labor groups participating in these stipend programs that these plans be administered, as the plan documents are titled, as defined contribution plans. Therefore, the various stipend plans are evaluated bi-annually by an actuary and benefit amounts are susceptible to change depending on the results of the actuary’s report.

Long Range Financial Planning

The City has transitioned from a five-year financial forecasting model to a 10-year, Long Range Financial Plan. This Plan was used as part of the budget development process for 2015-16. Finance staff updates the Plan at least twice a year, and presents to the Council as part of the Mid-year financial update. The Plan, and its assumptions is also reviewed by the Long-Term Financial Policy council subcommittee.

As with most forecasting models, the Long Range Financial Plan is designed to be a planning tool. The Plan shows five years of actual General Fund revenue and expenditure data is shown to provide trend context. The revenues and expenditures tie to the City's financial system and are broken into categories that show the most relevant information for policy makers (i.e., major revenue sources, salaries, retirement benefits, healthcare costs, IT costs, etc.). The Plan is designed to be dynamic and allow policy makers to plan for different budgeting scenarios.

Major Initiatives

In general, the City had many notable accomplishments during the 2014-15 fiscal year. These include approving the Winter Shelter Bed Program and Samuel Jones Hall which added 50 beds; allocating \$1 million of General Fund funding to sponsor the development of 79 affordable housing units at the Crossroads Project; creating and filling a Community Engagement Director position as recommended by the Open Government Taskforce; and using one-time funds for a variety of community enhancements such as the Open Door Initiative; Bayer Park and Garden; Prince Gateway Splash Pad; Street Light Re-energizing Program and the City Website Redesign.

The Finance department reallocated 20% of the City's investment portfolio to higher yield investments while increasing the \$275 million portfolio's overall duration. This allows for the City to take advantage of higher market yields, resulting in higher returns, while still ensuring portfolio security. The Revenue Division undertook a significant version upgrade to their utility billing software system. In addition, Finance led a program to upgrade credit card terminals at major payment counters in City offices to allow for chip and pin technology, Apple Pay, and Google Wallet to keep on the forefront payment industry standards.

Through its Economic Development efforts, the City launched Phase II of the Out There SR Destination Campaign including microsite, welcome wagon mobile recording and photo studio, and merchandise store. It also promoted the Downtown including partnering with Parking on the Parking validation program and radio campaign, installation of new Shop Rosa banners, curating City's downtown web portal and interactive downtown shopping map, and supporting downtown Tree Lighting event. Economic Development continued Shop Rosa to encourage residents to shop local and promote the importance of the multiplier effect in the local economy through social media and marketing campaigns. It also provided Industry Cluster Support by attending the Beer, Cider and Distilleries conference, participated on the event planning committee, hosted a wastewater panel discussion, and introduced an Out There SR outreach table to promote entitlement services and City merchandise. Finally, Economic Development supported local entrepreneurial ecosystem events including sponsoring SoCo Nexus Regional Investment Summit, Go Local's Chow Down Hoe Down, Sustainable Enterprise Conference, Leadership Institute Social Equity work shop, County Economic Development Board Doing Business with

Government Procurement Day, Community Action Partnerships Second Annual Business Convention and Sonoma County BEST Site Selector Conference.

The Police Department increased department reporting and transparency to provide easily accessible information of Use of Force, Critical Incidents, complaints and personnel investigations. The department also continued their regional collaboration with groups including the Family Justice Center to efficiently and effectively address domestic violence and form a Domestic Violence Response Team, and the Sonoma County Mobile Support Team to address mental health issues in the field.

Transportation and Public Works managed 48 CIP construction projects with a contract value of over \$38 million. Of these projects, 48% were designed by City staff. The Transit division implemented a new Day Pass for CityBus travel and adopted efficiency improvements for Santa Rosa Paratransit service. Transit also developed and implemented the Sonoma Access program, a web and phone based service to provide countywide information about transportation options to residents in Sonoma County. This program is being transitioned to the Area Agency on Aging for its on-going operation and support.

With the state immersed in a severe drought, Santa Rosa Water emphasized its conservation efforts in the community. The department completed a successful drought outreach campaign, with customers reducing water use by 19%. It also partnered with the Sonoma County Department of Health Service to provide 2,000 low-income students with water education and reusable water bottles as part of the “Take it From the TAP!” education program focused on where our water comes from, water quality, and environmental stewardship.

Santa Rosa Water received \$800,000 in grant funding from the State to transform the City Hall lawn and landscape into a beautiful demonstration garden and community gathering area that will feature water-use efficiency and storm water best management practices, which includes native/low water-use plants, bio-swales, and rainwater harvesting. The department also instituted an increased Green Exchange rebate amount resulting in a 243% increase in participation or 343 participants. Since the inception of the Green Exchange Program, over 2.4 million square feet of turf have been removed.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2014.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. Such reports must satisfy both U.S. generally accepted accounting principles (GAAP) and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the City expects to receive the GFOA's Distinguished Budget Presentation award for its fiscal year 2015/16 budget document adopted June 17, 2015. To qualify for this award the City's budget document had to be judged proficient as a policy document, a financial plan, an operations guide and a communications device.

Acknowledgments

The preparation of the Comprehensive Annual Financial Report on a timely basis was made possible by the dedicated efforts of the Financial Reporting Division staff of the Finance Department. Each individual has our sincere appreciation for the professionalism, dedication and contributions made in the preparation of this report. Credit also must be given to the Mayor, City Council members, City Manager and City departments for their support in maintaining the highest standards of professionalism in the management of the City of Santa Rosa's finances.

Respectfully submitted,



SEAN MCGLYNN
City Manager



DEBORAH LAUCHNER
Chief Financial Officer



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Santa Rosa
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director/CEO

PRINCIPAL OFFICERS (JUNE 30, 2015)

Elected Officials



John Sawyer
Mayor



Chris Coursey
Vice Mayor



Erin Carlstrom
Council Member



Julie Combs
Council Member



Ernesto Olivares
Council Member



Tom Schwedhelm
Council Member



Gary Wysocky
Council Member

Executive Team



Sean McGlynn
City Manager



Gloria Hurtado
Deputy Manager



Chuck Regalia
Assistant Manager



Deborah Lauchner
Chief Financial Officer



Fran Elm
Director of Human Resources



David Guhin
Director of Utilities



Caroline Fowler
City Attorney



David Gouin
Director of Economic Development & Housing



Anthony Gossner
Fire Chief



Eric McHenry
Chief Technology Officer



Jason Nutt
Director of Transportation and Public Works



David Guhin
Acting Director of Community Development



Nanette Smejkal
Director of Recreation & Parks



Robert L. Schreeder
Police Chief

BOARDS AND COMMISSIONS (JUNE 30, 2015)

ADA Committee
Art in Public Places Committee
Bicycle and Pedestrian Advisory Board
Board of Building Regulation Appeals
Board of Community Services
Board of Public Utilities
Community Advisory Board
Cultural Heritage Board
Design Review Board
Housing Authority
Mayor's Open Government Task Force
Measure "O" Citizens Oversight Committee
Personnel Board
Planning Commission
Roseland Area Projects Steering Committee
Santa Rosa Tourism Business Improvements Area Advisory Board
Subdivision Committee
Subregional Technical Advisory Committee
Successor Agency to the Redevelopment Agency of the City of Santa Rosa
Successor Agency Oversight Board
Violence Prevention Partnership
Waterways Advisory Committee

COUNCIL SUBCOMMITTEES

City Council / BPU Liaison Subcommittee
Downtown Subcommittee
Economic Development Subcommittee
Joint City/County Roseland Annexation Committee
Long Term Financial Policy Committee

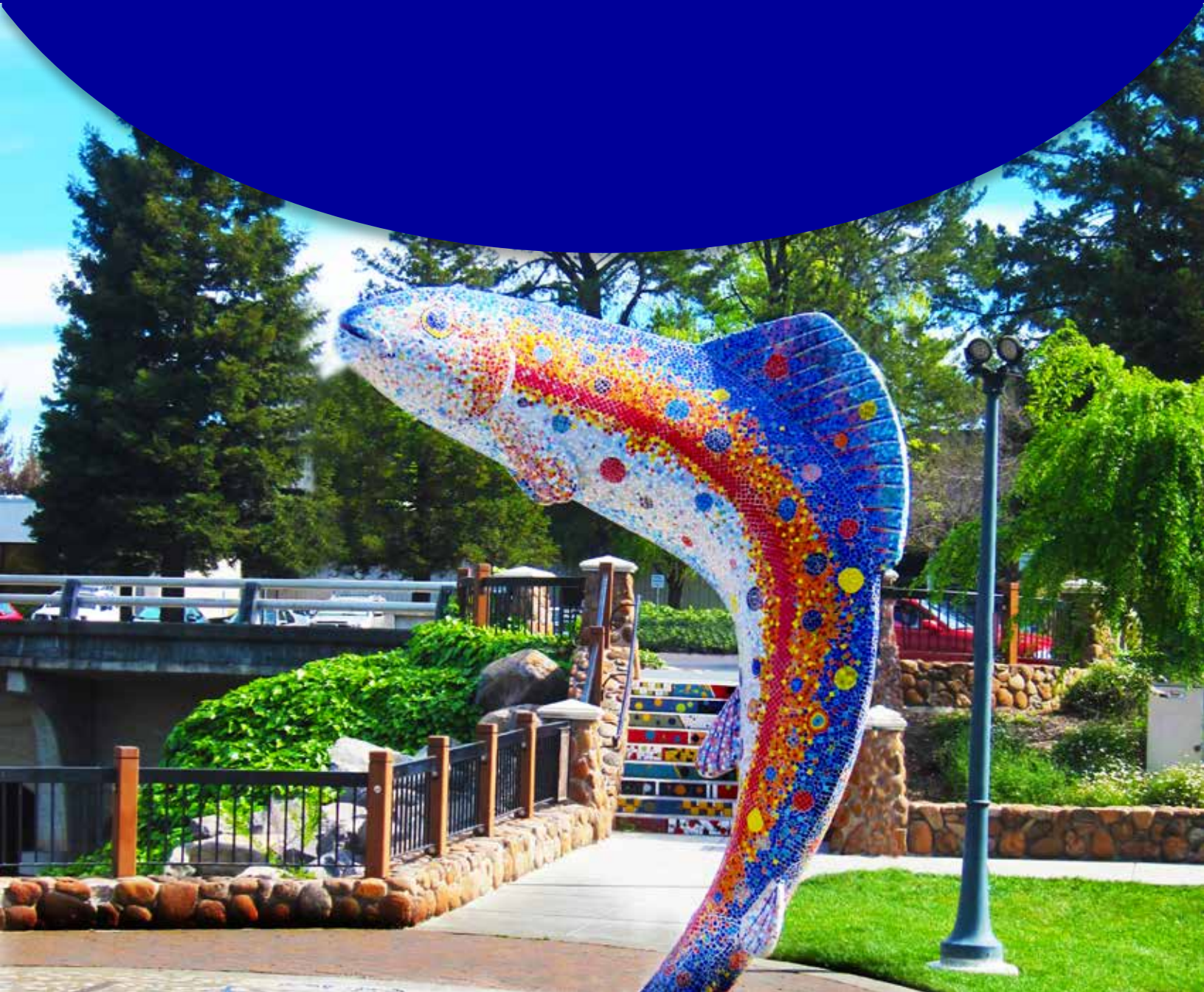
ORGANIZATIONAL CHART

As of June 30, 2015



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Financial Section





Certified
Public
Accountants



Independent
Auditor's Report

Sacramento

Walnut Creek

Oakland

Los Angeles

Century City

Newport Beach

San Diego

Independent Auditor's Report

City Council of the City of Santa Rosa
Santa Rosa, California

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Macias Gini & O'Connell LLP
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Walnut Creek, CA 94596

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Emphasis of Matter

Change in Accounting Principles

As discussed in Note 2(r) to the basic financial statements, effective July 1, 2014, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*. Our opinions are 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, the Schedule of Changes in the Net Pension Liability and Related Ratios and the Schedule of Contributions for Pension Plans, Postemployment Healthcare Plan Schedules of Funding Progress, General Fund Schedule of Revenues – Budget and Actual, and General Fund Schedule of Expenditures – Budget and Actual (Budget Basis), as listed in the accompanying 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 introductory section, the combining and individual nonmajor fund financial statements and schedules included in the other supplementary information section, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2015 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 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.

Macias Gini & O'Connell LLP
Sacramento, California
December 31, 2015

CITY OF SANTA ROSA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015
(Unaudited)

As management of the City of Santa Rosa (City) we offer readers of the City's financial statements this overview and analysis of the City's financial activities for the fiscal year ended June 30, 2015. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal and the City's basic financial statements, which follow this section. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

FINANCIAL HIGHLIGHTS

- The assets of the City of Santa Rosa exceeded liabilities by \$657,506 (*net position*) at June 30, 2015, a decrease of \$254,684, or 27.9 percent over the prior fiscal year, which was primarily due to the implementation of GASB Statement Nos. 68 and 71 recognizing the net pension liability, which decreased beginning net position by \$279,302. Of the net position amount, \$66,297 is restricted for specific purposes (*restricted net position*), \$655,468 is net investment in capital assets, and the remaining balance is unrestricted.
- Government-wide revenues increased by \$3,686 or 1.2 percent primarily due to increases in property taxes of \$2,080, sales taxes from the State of \$1,615, operating grants and contributions of \$1,092, motor vehicle in lieu fees of \$976 and various other revenues offset by a decrease in charges for services of \$3,705.
- Government-wide expenses increased by \$9,927 or 3.6 percent from the prior year. Governmental activity expenses increased \$5,722, primarily related to public safety of \$1,552 and public works of \$3,971, while business-type activity expenses increased \$4,205, primarily in wastewater utility of \$5,140.
- The City's governmental funds reported combined ending fund balances of \$115,110, an increase of \$5,338 from the prior year. This was due to an increase in the General Fund fund balance of \$9,705 offset by a decrease in nonmajor governmental funds fund balance of \$4,367.
- The General Fund spendable, unrestricted fund balance was \$51,423, or 41.1 percent of total General Fund expenditures \$125,108. Of this amount, \$35,059 or 28.0 percent of General Fund expenditures is unassigned. The remaining balance of \$16,364 is assigned for subsequent year appropriations.
- The City's total long-term obligations increased by \$203,891 or 46.9 percent in comparison with the prior year. The increase is primarily due to the recognition of the net pension liability of \$218,207.

OVERVIEW OF THE 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 comprise three components 1) Government-wide financial statements; 2) Fund financial statements and 3) Notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of City finances, in a manner similar to a private-sector business. These statements provide both long-term and short-term information about the City's overall financial status.

The *Statement of Net Position* presents information on all of the City's assets and 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 is improving or deteriorating.

The *Statement of Activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows (i.e., accrual basis of accounting). Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods, such as revenues pertaining to uncollected taxes and expenses pertaining to earned but unused vacation leave.

Both of these 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 portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, parks and recreation, and housing opportunity and other. The business-type activities of the City include a golf course, transit service, storm water operations, water utility, wastewater utility and parking facilities.

The government-wide financial statements include the City (primary government), and the legally separate discretely presented Housing Authority component unit. Financial information for the component unit is reported separately from the financial information presented for the primary government itself.

Fund Financial Statements

A fund is a grouping of related accounts, which are used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate finance-related legal compliance. All of the funds of the City can be divided into three categories: *governmental funds*, *proprietary funds* and *fiduciary 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, governmental funds financial statements focus on *near-term inflows* and *outflows 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 determining what financial resources are available in the near future to finance the City's programs.

The governmental funds focus is narrower than that of the government-wide financial statements. It is therefore useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. This comparison facilitates a better understanding of the long-term impact associated with the government's near-term financing decisions. The governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains several individual governmental funds organized according to their type (special revenue, debt service, and capital projects). 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, which is considered to be a major fund. Data from the remaining nonmajor 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 *combining statements* on C-1 and C-2.

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

- *Enterprise 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 water utility, wastewater utility, parking, municipal transit, storm water, and golf funds.
- *Internal service funds* are used to report activities that provide supplies and services for certain City programs and activities. The City uses internal service funds to account for equipment maintenance and replacement, insurance programs, information services, and pension benefits on a cost-reimbursement basis. Because these services 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. Individual fund data for the internal service funds is provided in the form of *combining statements* on E-1 through E-4.

Fiduciary funds are used to account for resources held for the benefit of winding down the activities of the former Redevelopment Agency and for parties outside the City. Since the resources of these funds are not available to support the City's own programs, they are not reflected in the government-wide financial statements. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Required Supplementary Information (RSI) is presented concerning the City's General Fund budgetary schedule. The City adopts an annual budget for its General Fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with this budget. RSI is also presented about the City's participation in the California Public Employees' Retirement System defined benefit pension plans and the City's defined other postemployment benefits (OPEB) plans.

The combining and individual fund statements and schedules referred to earlier provide information for nonmajor governmental, enterprise, internal service, and agency funds and are presented immediately following the other required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Analysis of Net Position – As noted earlier, net position may serve as a useful indicator of a government's financial position. For the City, assets exceeded liabilities by \$657.5 million at the close of the current fiscal year.

Net Position June 30, 2015 and 2014 (Amounts in thousands)

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 175,276	\$ 195,093	\$ 246,560	\$ 240,262	\$ 421,836	\$ 435,355
Capital assets, net	341,369	340,632	590,933	597,147	932,302	937,779
Total assets	<u>516,645</u>	<u>535,725</u>	<u>837,493</u>	<u>837,409</u>	<u>1,354,138</u>	<u>1,373,134</u>
Deferred outflows of resources	<u>17,482</u>	<u>-</u>	<u>8,247</u>	<u>4,521</u>	<u>25,729</u>	<u>4,521</u>
Current and other liabilities	11,028	13,058	17,723	17,973	28,751	31,031
Long-term liabilities	253,047	75,099	385,278	359,335	638,325	434,434
Total liabilities	<u>264,075</u>	<u>88,157</u>	<u>403,001</u>	<u>377,308</u>	<u>667,076</u>	<u>465,465</u>
Deferred inflows of resources	<u>42,504</u>	<u>-</u>	<u>12,781</u>	<u>-</u>	<u>55,285</u>	<u>-</u>
Net position:						
Net investment in capital assets	329,148	331,886	326,320	320,849	655,468	652,735
Restricted net position	59,829	57,911	6,468	7,214	66,297	65,125
Unrestricted net position	<u>(161,429)</u>	<u>57,771</u>	<u>97,170</u>	<u>136,559</u>	<u>(64,259)</u>	<u>194,330</u>
Total net position	<u>\$ 227,548</u>	<u>\$ 447,568</u>	<u>\$ 429,958</u>	<u>\$ 464,622</u>	<u>\$ 657,506</u>	<u>\$ 912,190</u>

Following are the primary components of the City's net position:

- The investment in capital assets (e.g. infrastructure, land, buildings, improvements other than buildings, construction in progress, and equipment), less any related debt used to acquire assets still outstanding, represents the largest portion of the City's net position of \$655,468 or 99.7 percent. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its 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 because, generally, proceeds from sale of capital assets are not used to liquidate these liabilities. Net investment in capital assets decreased for governmental activities due to expenditures of debt proceeds used to purchase fire apparatus and in the construction of a fire station. Business-type net investment in capital assets increased primarily as a result of a decrease in outstanding debt in the wastewater fund.
- External restrictions represent \$66,297 or 10.1 percent of net position. These are resources that are subject to external restrictions on how they may be used including: \$42,596 restricted for the construction of major capital projects, \$6,468 restricted for debt service, and \$4,444 restricted for public safety programs. Restricted net position decreased in business-type activities due to the maturity of debt issuances.
- The remaining net position of (\$64,259) or (9.8) percent are unrestricted. Unrestricted net position decreased in governmental activities and business-type activities primarily due to the net pension liability recognition upon the implementation of Governmental Accounting Standards Board (GASB) Statement Nos. 68 and 71.

As of July 1, 2014, the City implemented GASB Statement Nos. 68 and 71 and at June 30, 2015, the City recorded net pension liability, deferred outflows of resources for pension contributions subsequent to the measurement date, and deferred inflows of resources for net difference between projected and actual earnings on pension plan investments in the amount of \$218,207, \$21,678, and \$55,285, respectively.

The following table indicates the changes in net position for governmental and business-type activities:

**Change in Net Position
For the Fiscal Year Ended June 30**
(Amounts in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$ 19,493	\$ 19,578	\$ 124,018	\$ 127,638	\$ 143,511	\$ 147,216
Operating grants and contributions	9,915	9,803	10,641	9,661	20,556	19,464
Capital grants and contributions	7,224	4,523	9,914	13,088	17,138	17,611
General revenues:						
Property taxes	23,118	21,038	-	-	23,118	21,038
Utility users tax	9,778	9,645	-	-	9,778	9,645
City-levied sales taxes	16,327	15,890	-	-	16,327	15,890
Other taxes	20,061	18,548	-	-	20,061	18,548
Sales taxes from State	34,047	32,432	-	-	34,047	32,432
Motor vehicle in lieu fees	11,553	10,577	-	-	11,553	10,577
Development impact mitigation charges	3,422	3,283	-	-	3,422	3,283
Unrestricted investment income	883	663	1,097	878	1,980	1,541
Other	6,954	7,792	1,644	1,366	8,598	9,158
Total revenues	<u>162,775</u>	<u>153,772</u>	<u>147,314</u>	<u>152,631</u>	<u>310,089</u>	<u>306,403</u>
Expenses:						
General government	24,060	23,404	-	-	24,060	23,404
Public safety	80,925	79,373	-	-	80,925	79,373
Public works	29,257	25,286	-	-	29,257	25,286
Recreation and parks	19,191	18,666	-	-	19,191	18,666
Housing opportunity and others	365	1,225	-	-	365	1,225
Interest on long-term liabilities	1,791	1,913	-	-	1,791	1,913
Water Utility	-	-	36,079	34,899	36,079	34,899
Wastewater Utility	-	-	72,785	67,645	72,785	67,645
Parking	-	-	4,949	5,577	4,949	5,577
Municipal Transit	-	-	13,453	13,994	13,453	13,994
Golf Course	-	-	938	1,912	938	1,912
Storm Water	-	-	1,678	1,650	1,678	1,650
Total expenses	<u>155,589</u>	<u>149,867</u>	<u>129,882</u>	<u>125,677</u>	<u>285,471</u>	<u>275,544</u>
Excess before transfers	7,186	3,905	17,432	26,954	24,618	30,859
Transfers	1,673	1,693	(1,673)	(1,693)	-	-
Change in net position	<u>8,859</u>	<u>5,598</u>	<u>15,759</u>	<u>25,261</u>	<u>24,618</u>	<u>30,859</u>
Net position, beginning of year, as reported	447,568	442,766	464,622	439,361	912,190	882,127
Restatements	(228,879)	(796)	(50,423)	-	(279,302)	(796)
Net position, beginning of year, restated	<u>218,689</u>	<u>441,970</u>	<u>414,199</u>	<u>439,361</u>	<u>632,888</u>	<u>881,331</u>
Net position, end of year	<u>\$ 227,548</u>	<u>\$ 447,568</u>	<u>\$ 429,958</u>	<u>\$ 464,622</u>	<u>\$ 657,506</u>	<u>\$ 912,190</u>

Governmental activities increased the City's net position by \$8,859 or 4.1 percent. The current year change accounted for a 4 percent increase in total governmental activities net position. This increase was higher than the \$5,598 increase in the prior fiscal year.

The key elements of this increase of the change in net position were:

- Total governmental activities revenues increased \$9,003 or 5.9 percent mostly attributable to increases in capital grants and contributions of \$2,701, property taxes of \$2,080, and sales taxes from the State of \$1,615.
- Total governmental activities expenses increased by \$5,722 or 3.8 percent primarily due to a increase in public safety of \$1,552 and public works of \$3,971.

Business-type activities net position increased by \$15,759, or 3.8 percent, which reflects a decrease from last year's increase of \$25,261. All enterprises reported an increase in net position with the exception of Transit.

The key elements of this increase of the change in net position were:

- Total business-type activities revenues decreased by \$5,317 or (3.5) percent primarily due to the citizens effort in relation to the drought and lower water sales
- Total business-type activity expenses increased by \$4,205 or 3.3 percent as compared to the prior year due primarily to increased maintenance and operational activity in the Water and Wastewater Enterprise funds.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of resources that are available to provide services. In particular, unrestricted fund balance may serve as a useful measure of a government's net spendable resources.

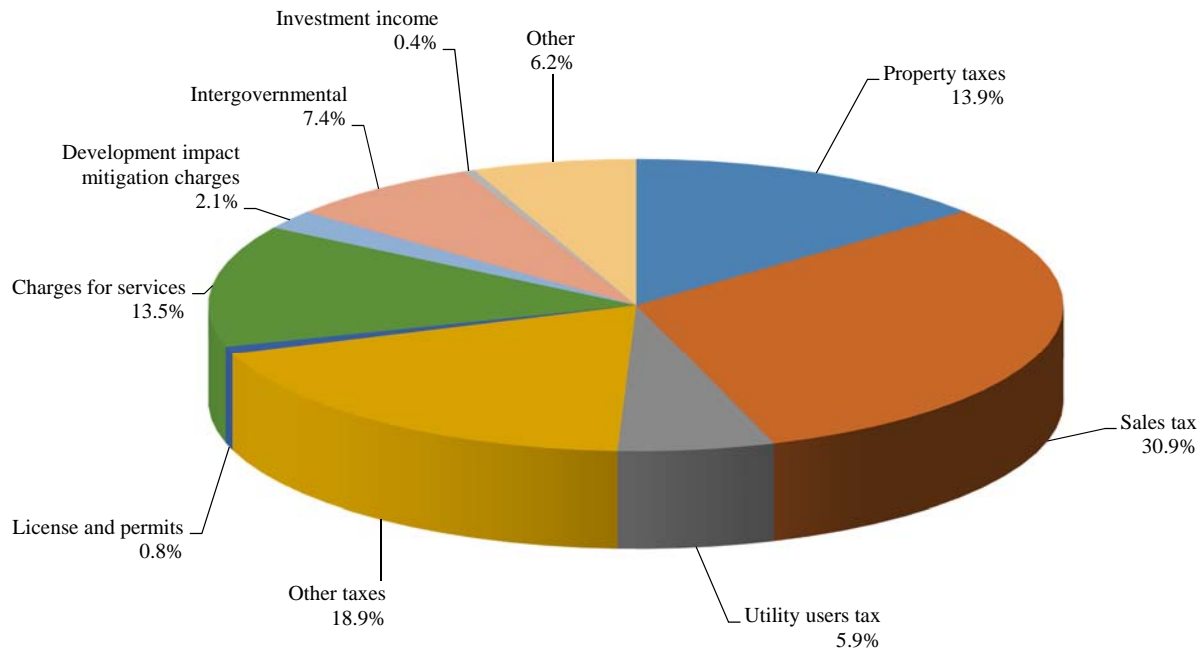
As of the end of fiscal year 2014/15, the City's governmental funds reported combined fund balances of \$115,110, an increase of \$5,338 in comparison with the prior year. Of this amount \$7,130 is defined as nonspendable and \$58,903 is restricted for specified purposes. The remaining \$49,077 constitutes *spendable*, unrestricted fund balance, both assigned and unassigned. The City Council has appropriated \$16,364 of this amount through budget resolutions tied to its core financial planning processes for operations and capital assets. The remaining unassigned balance of \$32,713 is available for spending at the City's discretion.

Revenues – The following table presents the amount of revenues from various sources, as well as increases or decreases from the prior year.

**Revenues Classified by Source
Governmental Funds
(Amounts in thousands)**

Revenues by Source	FY 2015		FY 2014		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
Property taxes	\$ 23,118	13.9%	\$ 21,038	13.4%	\$ 2,080	9.9%
Sales tax	51,483	30.9%	49,340	31.5%	2,143	4.3%
Utility users tax	9,778	5.9%	9,645	6.2%	133	1.4%
Other taxes	31,429	18.9%	28,948	18.5%	2,481	8.6%
License and permits	1,407	0.8%	1,569	1.0%	(162)	-10.3%
Charges for services	22,412	13.5%	22,212	14.2%	200	0.9%
Development impact mitigation charges	3,422	2.1%	3,283	2.1%	139	4.2%
Intergovernmental	12,518	7.4%	11,391	7.2%	1,127	9.9%
Investment income	637	0.4%	480	0.3%	157	32.7%
Other	10,298	6.2%	8,795	5.6%	1,503	17.1%
Total	\$ 166,502	100.0%	\$ 156,701	100.0%	\$ 9,801	6.3%

Revenues by Source



The following provides an explanation of revenues by source and changes from the prior year.

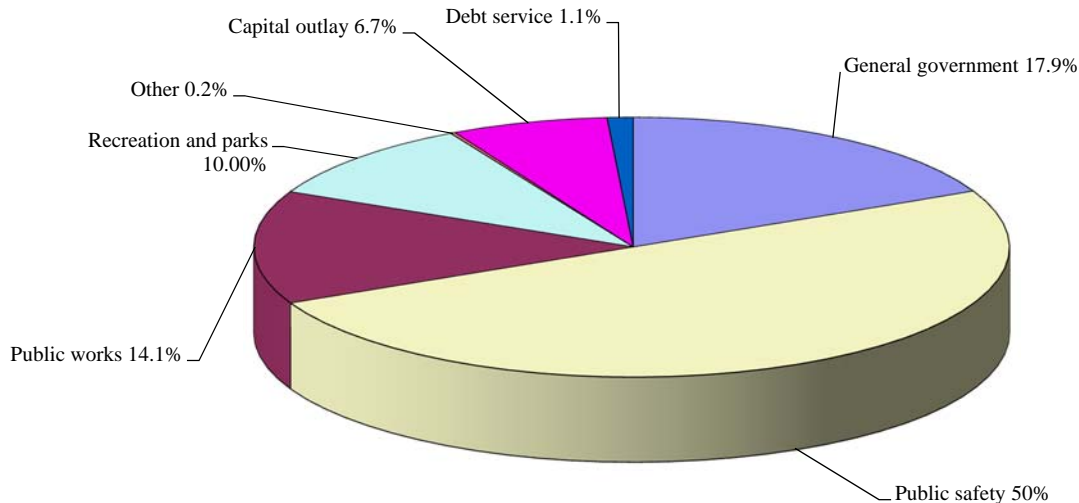
- Property taxes increased by \$2,080 or 9.9 percent primarily due to an increase in assessed property values.
- Other taxes increased \$2,481 or 8.6 percent primarily due to an increase in motor vehicle in lieu fees and increases in occupancy tax revenues.
- Intergovernmental increased \$1,127 or 9.9 percent as the City received an increase in grant revenues related to Fire SAFER grants, Fire grant to purchase a simulator to train fire fighters to drive all regular apparatus, various Police grants, a \$1 million grant from Proposition 40 California River Parkways grant which was offset by \$1 million decrease in state gas tax funds.
- Other increased \$1,503 or 17.1% due to an increase in state mandated cost reimbursements and fire mutual aid reimbursements.

Expenditures – The following table presents expenditures by function compared to prior year amounts.

Expenditures by Function
Governmental Funds
(Amounts in thousands)

Expenditures by Function	FY 2015		FY 2014		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
Current:						
General government	\$29,113	17.9%	\$26,981	17.6%	\$2,132	7.9%
Public safety	81,571	50.0%	76,564	50.1%	5,007	6.5%
Public works	23,008	14.1%	18,976	12.4%	4,032	21.2%
Recreation and parks	16,197	10.0%	15,629	10.2%	568	3.6%
Other	380	0.2%	1,149	0.8%	(769)	-66.9%
Capital outlay	10,966	6.7%	11,810	7.7%	(844)	-7.1%
Debt service	1,874	1.1%	1,813	1.2%	61	3.4%
Total	<u>\$163,109</u>	<u>100.0%</u>	<u>\$152,922</u>	<u>100.0%</u>	<u>\$10,187</u>	<u>6.7%</u>

Expenditures by Function



The following provides an explanation of the expenditures by function that changed significantly over the prior year.

- General Government – expenditures increased \$2,132 or 7.9 percent due to reclassifications of GASB 54 special revenue funds Neighborhood Revitalization and Economic Development supported previously by transfers.
- Public safety – expenditures increased \$5,007 or 6.5 percent primarily due to the Police department’s filling vacant sworn positions and increasing staff levels.
- Public works – expenditures increased \$4,032 or 21.2 percent due to increased activity on street projects categorized as maintenance activities.
- Other – expenditures decreased \$769 or (66.9) percent due to the General fund one time transfer in the prior year of \$1 million to the Housing Authority providing funding for Affordable Housing.
- Capital outlay – expenditures decreased \$844 or (7.1) percent due to a decrease in capitalizable activities and an increase in maintenance type activities.

The General Fund is the chief operating fund of the City. As a measure of the General Fund’s liquidity, it may be useful to compare the spendable, unrestricted fund balance and total fund balance to total fund expenditures. The spendable, unrestricted General Fund balance of \$51,423 represents 41.1 percent of total General Fund expenditures of \$125,108 while the total fund balance of \$58,553 represents 46.8 percent of that same amount. The assigned portion of the spendable, unrestricted fund balance was \$16,364.

During the fiscal year, the City’s General Fund fund balance increased by \$9,705. This increase resulted primarily from increased property taxes, sales taxes and other tax revenues.

Proprietary Funds

The City's proprietary funds statements provide the same type of information found in the government-wide financial statements, but in more detail.

At the end of the fiscal year, the unrestricted net position for the Wastewater Utility were \$45,763; for the Water Utility \$42,638 and the remaining nonmajor enterprise funds \$4,029. Included within the unrestricted net position are amounts already committed to ongoing capital projects.

Total net position of the enterprise funds increased \$15,481. Key factors resulting in this increase are as follows:

- The Water Utility change in net position was \$4,907, a decrease of \$4,486 from last year's increase of \$9,393. The decrease is primarily due to a decrease in sale of water of \$4,323.
- The Wastewater Utility change in net position was \$10,551, a decrease of \$4,567 from last year's increase of \$15,118. The decrease is primarily due to increases in maintenance and operation expenses of \$3,164 and depreciation expenses of \$2,390.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund actual revenues were higher than estimated revenues by \$2,825 or 2.0 percent. Sales tax revenue was higher because of an increase in auto sales and wholesale construction purchases. Intergovernmental revenue was lower due to timing of grant receipts.

Actual expenditures were \$5,147 or 3.9 percent less than final budget appropriations. Expenditures were less than appropriations in the Finance and Police departments primarily due to vacant positions.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's net investment in capital assets for its governmental and business-type activities as of June 30, 2015, amounted to \$932.3 million (net of accumulated depreciation). Net investment in capital assets includes infrastructure, land, buildings, improvements other than buildings, intangible assets, equipment and construction in progress. The total decrease in the City's net investment in capital assets for the current period was 0.6 percent.

Major capital asset events during the current fiscal year included the following:

- Sewer and water main replacements throughout the City.
- Continued Construction of Stony Point Rd from Hwy 12 to Hearn Ave.
- Completion of Santa Rosa Ave widening.
- Continued Construction of a new fire station at Fountaingrove Parkway and Newgate Court.
- Completion of West College Pond 1 Divider Levee.

For government-wide and proprietary fund financial statement presentation, all depreciable capital assets were depreciated from acquisition date to the end of the current fiscal year. Governmental fund financial statements record capital asset purchases as expenditures.

City of Santa Rosa's capital assets, net of accumulated depreciation, for the governmental and business-type activities are presented below to illustrate changes from the prior year (amounts in thousands):

	Governmental Activities		Business-type Activities		Total		Increase/ (Decrease)
	2015	2014	2015	2014	2015	2014	Percent of Change
Land	\$ 53,583	\$ 53,026	\$ 16,258	\$ 16,079	\$ 69,841	\$ 69,105	1.1%
Buildings	31,897	34,289	163,325	168,385	195,222	202,674	-3.7%
Improvements other than buildings	31,909	35,359	336,840	327,779	368,749	363,138	1.5%
Intangibles	3,608	3,186	1,211	1,122	4,819	4,308	11.9%
Equipment	16,206	14,470	45,789	51,477	61,995	65,947	-6.0%
Infrastructure	178,339	172,088	-	-	178,339	172,088	3.6%
Construction in progress	25,827	28,214	27,510	32,305	53,337	60,519	-11.9%
Total	<u>\$ 341,369</u>	<u>\$ 340,632</u>	<u>\$ 590,933</u>	<u>\$ 597,147</u>	<u>\$ 932,302</u>	<u>\$ 937,779</u>	-0.6%

Among the significant construction commitments was \$1.8 million for Stony Point Rd from Hwy 12 to Hearn Ave, \$1.6 million for a water main replacement and \$1.4 million for sewer main replacement in Austin Way, \$1.2 million for groundwater supply development, and \$1 million for Hearn Ave at Highway 101 Interchange.

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

Debt Administration

At June 30, 2015, the City had total long-term debt outstanding of \$381.2 million as compared to \$399.5 million in the prior year. This amount was comprised of \$29.9 million of pension obligation bonds, \$13.2 million of certificates of participation, \$274.9 million of revenue bonds and \$63.2 million of loans payable. During the year, retirement of debt amounted to \$22.2 million, while accreted interest on capital appreciation bonds added \$4.5 million to the debt. The City insures all long-term fixed-rate revenue bonds.

The City's ordinance imposes a limit on the amount of general obligation bonds the City can have outstanding at any given time. As of June 30, 2015, the City's debt limit (3.75% of assessed valuation) was \$793 million. At June 30, 2015, the City had \$37 million in outstanding debt applicable to the limit.

Additional information about the City's long-term obligations can be found in Note 7 to the basic financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

- In fiscal year 2015/16, total General Fund revenues are budgeted at \$138.8 million, or approximately 5.1% growth over fiscal year 2014/15 budgeted revenues.
- Sales tax revenue accounts for approximately 32% of General Fund revenues. Growth of this revenue source has been strong, particularly in the auto sales sector, and is expected to grow at least 7.5% in fiscal year 2015/16.
- Property tax receipts, which account for 17% of General Fund revenues, are budgeted to be approximately 17% higher in fiscal year 2015/16 consistent with increases in assessed values in the City.
- Vehicle license fee revenues, which essentially fluctuate consistent with assessed property valuation growth or decline, are expected to increase in fiscal year 2015/16 approximately 12% over the previous fiscal year's budget.

All of these factors were considered in preparing the City's budget for fiscal year 2015/16.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Santa Rosa, California's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer, 90 Santa Rosa Ave., 2nd Floor, Santa Rosa, CA 95404.

CITY OF SANTA ROSA
STATEMENT OF NET POSITION
JUNE 30, 2015
(Amounts in Thousands)

Statement A-1

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Housing Authority
ASSETS				
Cash and investments	\$ 138,617	\$ 171,762	\$ 310,379	\$ 8,280
Receivables (net of allowances for uncollectibles):				
Accounts	7,519	17,546	25,065	132
Interest	311	389	700	15
Intergovernmental	16,511	6,901	23,412	1,117
Assessments	223	-	223	-
Internal balances	700	(700)	-	-
Receivable from Successor Agency	7,251	-	7,251	-
Inventory of supplies	1,227	1,085	2,312	-
Prepaid expenses	2,701	332	3,033	-
Restricted assets:				
Cash and investments	216	45,290	45,506	175
Interest receivable	-	41	41	23,023
Other	-	3,307	3,307	-
Notes and loans receivable - long-term	-	607	607	101,452
Capital assets:				
Nondepreciable	79,410	43,768	123,178	198
Depreciable, net	261,959	547,165	809,124	448
Total assets	<u>516,645</u>	<u>837,493</u>	<u>1,354,138</u>	<u>134,840</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred payments of pension contributions	17,482	4,196	21,678	-
Deferred losses on refundings	-	4,051	4,051	-
Total deferred outflows of resources	<u>17,482</u>	<u>8,247</u>	<u>25,729</u>	<u>-</u>
LIABILITIES				
Accounts payable and accrued liabilities	5,327	10,008	15,335	352
Accrued interest payable	646	3,818	4,464	-
Unearned revenue	4,724	3,225	7,949	-
Deposits	2	672	674	175
Payable to Successor Agency	329	-	329	-
Long-term obligations:				
Due within one year	11,270	21,954	33,224	-
Due beyond one year	53,574	322,252	375,826	5,700
Net OPEB obligation	11,068	-	11,068	-
Net pension liability	177,135	41,072	218,207	-
Total liabilities	<u>264,075</u>	<u>403,001</u>	<u>667,076</u>	<u>6,227</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred gains on pension investments	42,504	12,781	55,285	-
NET POSITION				
Net investment in capital assets	329,148	326,320	655,468	646
Restricted for:				
Debt service	-	6,468	6,468	-
Housing programs	-	-	-	125,870
Parks	6,912	-	6,912	-
Public safety	4,444	-	4,444	-
Roads	6,153	-	6,153	-
Public and capital facilities	29,531	-	29,531	-
Other purposes	12,789	-	12,789	-
Unrestricted	(161,429)	97,170	(64,259)	2,097
Total net position	<u>\$ 227,548</u>	<u>\$ 429,958</u>	<u>\$ 657,506</u>	<u>\$ 128,613</u>

The notes to the basic financial statements are an integral part of this statement.

**CITY OF SANTA ROSA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Amounts in Thousands)**

	Expenses	Program Revenues		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Functions/Programs:				
Governmental activities:				
General government	\$ 24,060	\$ 9,890	\$ 266	\$ 638
Public safety	80,925	3,735	4,797	415
Public works	29,257	2,143	4,308	6,139
Recreation and parks	19,191	3,725	544	32
Housing opportunity and other	365	-	-	-
Interest on long-term liabilities	1,791	-	-	-
Total governmental activities	<u>155,589</u>	<u>19,493</u>	<u>9,915</u>	<u>7,224</u>
Business-type activities:				
Water Utility	36,079	39,579	51	1,640
Wastewater Utility	72,785	75,474	500	7,463
Parking	4,949	4,283	63	431
Municipal Transit	13,453	2,082	9,949	380
Golf Course	938	470	-	-
Storm Water	1,678	2,130	78	-
Total business-type activities	<u>129,882</u>	<u>124,018</u>	<u>10,641</u>	<u>9,914</u>
Total primary government	<u>\$ 285,471</u>	<u>\$ 143,511</u>	<u>\$ 20,556</u>	<u>\$ 17,138</u>
Component unit:				
Housing Authority	<u>\$ 20,456</u>	<u>\$ 211</u>	<u>\$ 18,400</u>	<u>\$ -</u>
General revenues				
Taxes:				
Property taxes				
Utility users tax				
City-levied sales taxes				
Business tax				
Real property transfer tax				
Occupancy tax				
Franchise fees				
Other taxes				
Contributions not restricted to specific programs:				
Sales taxes from State				
Motor vehicle in lieu fees				
Development impact mitigation charges				
Grants not restricted to specific programs				
Unrestricted investment income				
Other				
Transfers				
Total general revenues and transfers				
Changes in net position				
Net position, beginning of year, as previously reported				
Change in accounting principles				
Net position, beginning of year, as restated				
Net position, end of year				

The notes to the basic financial statements are an integral part of this statement.

Statement A-2

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Housing Authority
\$ (13,266)	\$ -	\$ (13,266)	\$ -
(71,978)	-	(71,978)	-
(16,667)	-	(16,667)	-
(14,890)	-	(14,890)	-
(365)	-	(365)	-
(1,791)	-	(1,791)	-
<u>(118,957)</u>	<u>-</u>	<u>(118,957)</u>	<u>-</u>
-	5,191	5,191	-
-	10,652	10,652	-
-	(172)	(172)	-
-	(1,042)	(1,042)	-
-	(468)	(468)	-
-	530	530	-
<u>-</u>	<u>14,691</u>	<u>14,691</u>	<u>-</u>
<u>(118,957)</u>	<u>14,691</u>	<u>(104,266)</u>	<u>-</u>
-	-	-	(1,845)
23,118	-	23,118	-
9,778	-	9,778	-
16,327	-	16,327	-
3,973	-	3,973	-
2,966	-	2,966	-
5,209	-	5,209	-
7,728	-	7,728	-
185	-	185	-
34,047	-	34,047	-
11,553	-	11,553	-
3,422	-	3,422	-
-	-	-	4,286
883	1,097	1,980	3,247
6,954	1,644	8,598	422
1,673	(1,673)	-	-
<u>127,816</u>	<u>1,068</u>	<u>128,884</u>	<u>7,955</u>
<u>8,859</u>	<u>15,759</u>	<u>24,618</u>	<u>6,110</u>
447,568	464,622	912,190	122,503
<u>(228,879)</u>	<u>(50,423)</u>	<u>(279,302)</u>	<u>-</u>
<u>218,689</u>	<u>414,199</u>	<u>632,888</u>	<u>122,503</u>
<u>\$ 227,548</u>	<u>\$ 429,958</u>	<u>\$ 657,506</u>	<u>\$ 128,613</u>

**CITY OF SANTA ROSA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015
(Amounts in Thousands)**

Statement A-3

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and investments	\$ 36,640	\$ 55,769	\$ 92,409
Receivables (net of allowances for uncollectibles):			
Accounts	3,435	4,069	7,504
Interest	93	122	215
Intergovernmental	11,706	4,805	16,511
Assessments	223	-	223
Due from other funds	6,136	-	6,136
Inventory of supplies	767	-	767
Prepaid items	1,086	-	1,086
Restricted cash and investments	-	216	216
Advances to other funds	6,501	1,439	7,940
	<u>\$ 66,587</u>	<u>\$ 66,420</u>	<u>\$ 133,007</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts payable and accrued liabilities	\$ 2,299	\$ 1,795	\$ 4,094
Due to other funds	-	1,385	1,385
Advances from other funds	-	329	329
Unearned revenue	744	3,980	4,724
Deposits	2	-	2
	<u>3,045</u>	<u>7,489</u>	<u>10,534</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	4,989	2,374	7,363
FUND BALANCES			
Nonspendable:			
Advances	5,277	-	5,277
Inventory of supplies	767	-	767
Prepaid items	1,086	-	1,086
Restricted:			
Debt service	-	1,459	1,459
Parks	-	6,912	6,912
Public safety	-	4,444	4,444
Roads	-	6,153	6,153
Public and capital facilities	-	29,520	29,520
Other purposes	-	10,415	10,415
Assigned:			
Carry over of appropriations	16,364	-	16,364
Unassigned	35,059	(2,346)	32,713
	<u>58,553</u>	<u>56,557</u>	<u>115,110</u>
TOTAL FUND BALANCES	<u>58,553</u>	<u>56,557</u>	<u>115,110</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 66,587</u>	<u>\$ 66,420</u>	<u>\$ 133,007</u>

The notes to the basic financial statements are an integral part of this statement.

Statement A-4

CITY OF SANTA ROSA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
JUNE 30, 2015
(Amounts in Thousands)

Fund balances - total governmental funds (Statement A-3)		\$ 115,110
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.</p>		333,775
<p>Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.</p>		7,363
<p>Internal service funds are used by management to charge the costs of equipment and replacement, insurance, information services and pension benefits to individual funds. The assets and liabilities are included in governmental activities in the statement of net position.</p>		(14,463)
<p>Deferred outflows and inflows of resources for pension items in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.</p>		
<p style="padding-left: 20px;">Deferred outflows of resources</p>		16,715
<p style="padding-left: 20px;">Deferred inflows of resources</p>		(40,167)
<p>Certain liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds.</p>		
<p style="padding-left: 20px;">Capital lease obligation</p>	\$ (5,856)	
<p style="padding-left: 20px;">Certificates of participation</p>	(8,836)	
<p style="padding-left: 20px;">Accrued interest payable on long-term obligations</p>	(246)	
<p style="padding-left: 20px;">Pollution remediation</p>	(600)	
<p style="padding-left: 20px;">Net pension liability</p>	(169,623)	
<p style="padding-left: 20px;">Compensated absences</p>	(5,624)	(190,785)
Net position of governmental activities (Statement A-1)		\$ 227,548

The notes to the basic financial statements are an integral part of this statement.

CITY OF SANTA ROSA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Amounts in Thousands)

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:			
Property taxes	\$ 23,118	\$ -	\$ 23,118
Sales taxes	43,338	8,145	51,483
Utility users tax	9,778	-	9,778
Other taxes	31,429	-	31,429
License and permits	1,407	-	1,407
Charges for services	22,318	94	22,412
Development impact mitigation charges	-	3,422	3,422
Intergovernmental	3,584	8,934	12,518
Fines and forfeitures	1,933	534	2,467
Investment earnings	249	404	653
Net change in the fair value of investments	-	(16)	(16)
Contribution from property owners	-	662	662
Other	4,293	2,876	7,169
TOTAL REVENUES	141,447	25,055	166,502
EXPENDITURES:			
Current:			
General government	24,379	4,734	29,113
Public safety	73,786	7,785	81,571
Public works	11,117	11,891	23,008
Recreation and parks	14,410	1,787	16,197
Other	380	-	380
Capital outlay	741	10,225	10,966
Debt service:			
Principal	283	1,025	1,308
Interest	12	554	566
TOTAL EXPENDITURES	125,108	38,001	163,109
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	16,339	(12,946)	3,393
OTHER FINANCING SOURCES (USES):			
Proceeds from sale of capital assets	30	-	30
Capital lease financing	1,048	-	1,048
Transfers in	155	12,323	12,478
Transfers out	(7,867)	(3,744)	(11,611)
TOTAL OTHER FINANCING SOURCES (USES)	(6,634)	8,579	1,945
CHANGES IN FUND BALANCES	9,705	(4,367)	5,338
FUND BALANCES, beginning of year	48,848	60,924	109,772
FUND BALANCES, end of year	\$ 58,553	\$ 56,557	\$ 115,110

The notes to the basic financial statements are an integral part of this statement.

CITY OF SANTA ROSA
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES** **Statement A-6**
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Amounts in Thousands)

Changes in fund balances - total governmental funds (Statement A-5) \$ 5,338

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

Governmental funds report capital outlay as expenditures. However, in
the statement of activities, the cost of those assets is allocated over
their estimated useful lives and reported as depreciation expense.

Capital outlay	\$ 10,966	
Depreciation	(12,414)	(1,448)

In the statement of activities, capital assets donated to the City are reported as
a capital contribution, whereas in the governmental funds, capital assets donated
do not increase financial resources. Thus, the change in net position differs from
the change in fund balance by the fair value of the asset donated.

2,657

In the statement of activities, only the gain on the sale of capital assets is
reported, whereas in the governmental funds, the proceeds from the
sale increases financial resources. Thus, the change in net position differs
from the change in fund balance by the value of the asset sold.

(1,084)

Revenues in the governmental funds are recognized when resources are available
while revenues are recognized in the statement of activities when they are earned.

277

Pension contribution made subsequent to the measurement date is an expenditure
in the governmental funds, but reported as a deferred outflows of resources
in the government-wide financial statements.

16,715

Pension expenses reported in the statement of activities do not require the
use of current financial resources and, therefore, are not reported as
expenditures in governmental funds.

(14,952)

Capital lease financing provides current financial resources to governmental funds,
but increases long-term liabilities in the statement of net position.
This is the amount of capital lease during the year.

(1,048)

Repayment of long-term debt is reported as an expenditure in the governmental funds,
but the repayment reduces long-term liabilities in the statement of net position.

In the current year, these amounts consist of:

Capital lease payments	\$ 1,093	
Certificates of participation payments	215	1,308

Some expenses reported in the statement of activities do not require the
use of current financial resources and therefore are not reported as
expenditures in governmental funds.

Change in accrued interest payable	\$ 3	
Amortization of issuance discount	(5)	
Change in pollution remediation liability	85	
Change in compensated absences liability	(344)	(261)

Internal service funds are used by management to charge the costs of
certain activities to individual funds. The net expense of the internal
service funds is reported with governmental activities.

1,357

Changes in net position of governmental activities (Statement A-2)

\$ 8,859

The notes to the basic financial statements are an integral part of this statement.

Statement of Fund
Net Position

CITY OF SANTA ROSA
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015
(Amounts in Thousands)

Statement A-7

	Business-type Activities - Enterprise Funds				Governmental Activities
	Water Utility Fund	Was te water Utility Fund	No nma jor Enterprise Funds	Total	Internal Service Funds
ASSETS					
CURRENT ASSETS					
Cash and investments	\$ 59,773	\$ 95,795	\$ 16,194	\$ 171,762	\$ 46,208
Accounts receivable, net of allowance for uncollectible accounts	6,046	11,342	158	17,546	15
Interest receivable	135	217	37	389	96
Intergovernmental receivable	52	-	6,849	6,901	-
Inventory of supplies	-	1,085	-	1,085	460
Prepaid expenses	-	181	151	332	1,615
Restricted assets:					
For interest, bond redemption, and construction					
Cash and investments	1,603	43,230	457	45,290	-
Interest receivable	-	41	-	41	-
Intergovernmental receivable	-	-	3,294	3,294	-
Assessments receivable	-	-	13	13	-
TOTAL CURRENT ASSETS	67,609	151,891	27,153	246,653	48,394
NONCURRENT ASSETS					
Notes receivable	-	607	-	607	-
Capital assets:					
Nondepreciable	11,291	29,835	2,642	43,768	-
Depreciable, net	129,893	385,947	31,325	547,165	7,594
TOTAL NONCURRENT ASSETS	141,184	416,389	33,967	591,540	7,594
TOTAL ASSETS	208,793	568,280	61,120	838,193	55,988
DEFERRED OUTFLOWS OF RESOURCES					
Deferred payments of pension contributions	1,460	1,642	1,094	4,196	767
Deferred losses on refundings	-	4,020	31	4,051	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,460	5,662	1,125	8,247	767
LIABILITIES					
CURRENT LIABILITIES					
Accounts payable and accrued liabilities	3,763	1,856	470	6,089	1,233
Due to other funds	-	-	4,751	4,751	-
Unearned revenue	778	2,446	1	3,225	-
Accrued interest payable	192	-	114	306	400
Workers' compensation and general liability claims	-	-	-	-	3,036
Compensated absences payable	571	612	359	1,542	260
Bonds payable, net	-	-	188	188	2,540
Customer deposits	672	-	-	672	-
Payable from restricted assets:					
Accounts payable and accrued liability	1	652	3,266	3,919	-
Accrued interest payable	-	3,499	13	3,512	-
Loans payable - current portion	-	7,128	-	7,128	-
Bonds payable - current portion	294	12,302	500	13,096	-
TOTAL CURRENT LIABILITIES	6,271	28,495	9,662	44,428	7,469
NONCURRENT LIABILITIES					
Advances from other funds	-	-	689	689	-
Workers' compensation and general liability claims	-	-	-	-	10,754
Compensated absences payable	110	36	34	180	23
Loans payable	-	56,153	-	56,153	-
Bonds payable	11,971	249,761	4,187	265,919	27,315
Net OPEB obligation	-	-	-	-	11,068
Net pension liability	14,294	16,073	10,705	41,072	7,512
TOTAL NONCURRENT LIABILITIES	26,375	322,023	15,615	364,013	56,672
TOTAL LIABILITIES	32,646	350,518	25,277	408,441	64,141
DEFERRED INFLOWS OF RESOURCES					
Deferred gains on pension investments	4,448	5,002	3,331	12,781	2,337
NET POSITION					
Net investment in capital assets	130,521	166,676	29,123	326,320	7,594
Restricted for:					
Debt service	-	5,983	485	6,468	-
Unrestricted	42,638	45,763	4,029	92,430	(17,317)
TOTAL NET POSITION	\$ 173,159	\$ 218,422	\$ 33,637	425,218	\$ (9,723)
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				4,740	
Net position of business-type activities (Statement A-1)				<u>\$ 429,958</u>	

The notes to the basic financial statements are an integral part of this statement.

CITY OF SANTA ROSA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Amounts in Thousands)

Statement A-8

	Business-type Activities - Enterprise Funds				Governmental
	Water Utility Fund	Wastewater Utility Fund	Nonmajor Enterprise Funds	Total	Internal Service Funds
OPERATING REVENUES					
Charges for services	\$ 11,688	\$ 75,176	\$ 8,966	\$ 95,830	\$ 43,474
Sale of water	27,891	298	-	28,189	-
TOTAL OPERATING REVENUES	39,579	75,474	8,966	124,019	43,474
OPERATING EXPENSES					
Purchase of water	11,947	-	-	11,947	-
Maintenance and operation	11,620	31,130	14,230	56,980	35,364
Administration	5,790	8,742	3,824	18,356	5,157
Depreciation	6,356	19,758	2,569	28,683	1,966
TOTAL OPERATING EXPENSES	35,713	59,630	20,623	115,966	42,487
OPERATING INCOME (LOSS)	3,866	15,844	(11,657)	8,053	987
NONOPERATING REVENUES (EXPENSES)					
Intergovernmental revenue	51	500	9,400	9,951	-
Measure M revenue	-	-	690	690	-
Investment earnings	387	697	62	1,146	256
Net change in the fair value of investments	(15)	(30)	(4)	(49)	(10)
Interest expense	(546)	(13,335)	(314)	(14,195)	(1,223)
Gain (loss) on disposal of capital assets	(19)	89	131	201	23
Other	646	534	263	1,443	796
NET NONOPERATING REVENUES (EXPENSES)	504	(11,545)	10,228	(813)	(158)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS					
	4,370	4,299	(1,429)	7,240	829
Capital contributions	1,640	7,463	811	9,914	-
Transfers in	169	140	1,392	1,701	806
Transfers out	(1,272)	(1,351)	(751)	(3,374)	-
CHANGES IN NET POSITION	4,907	10,551	23	15,481	1,635
NET POSITION, beginning of year, as previously reported	185,801	227,603	46,756		22,683
Change in accounting principles	(17,549)	(19,732)	(13,142)		(34,041)
NET POSITION, beginning of year, as restated	168,252	207,871	33,614		(11,358)
NET POSITION, end of year	\$ 173,159	\$ 218,422	\$ 33,637		\$ (9,723)
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				278	
Change in net position of business-type activities (Statement A-2)				\$ 15,759	

The notes to the basic financial statements are an integral part of this statement.

CITY OF SANTA ROSA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Amounts in Thousands)

	Business-type Activities - Enterprise Funds				Governmental
	Water Utility Fund	Wastewater Utility Fund	Nonmajor Enterprise Funds	Total	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 40,170	\$ 75,122	\$ 9,091	\$ 124,383	\$ -
Cash received from other funds	-	-	-	-	43,538
Cash paid to suppliers for goods and services	(12,282)	(17,628)	(3,046)	(32,956)	(28,490)
Cash paid to employees for services	(12,132)	(17,052)	(10,985)	(40,169)	(6,775)
Cash paid for interfund services used	(4,556)	(5,757)	(4,145)	(14,458)	(2,112)
Cash received from other sources	646	534	263	1,443	796
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	11,846	35,219	(8,822)	38,243	6,957
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Operating grants received	-	500	6,963	7,463	-
Transfers in from other funds	169	140	1,392	1,701	806
Transfers out to other funds	(1,272)	(1,351)	(751)	(3,374)	-
Receipt from other funds	-	-	2,625	2,625	-
Payment of interfund loan	-	-	(29)	(29)	-
Receipt of note receivable	-	207	-	207	-
Principal paid on pension obligation bonds	-	-	-	-	(2,860)
Interest paid on pension obligation bonds	-	-	-	-	(1,239)
NET CASH PROVIDED BY (USED IN) NONCAPITAL FINANCING ACTIVITIES	(1,103)	(504)	10,200	8,593	(3,293)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from sale of capital assets	-	89	9	98	23
Acquisition and construction of capital assets	(9,515)	(10,991)	(122)	(20,628)	(2,578)
Principal paid on bonds and notes	(285)	(18,155)	(655)	(19,095)	-
Interest paid on bonds and notes	(589)	(10,226)	(298)	(11,113)	-
Capital contributions	1,478	7,284	785	9,547	-
NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	(8,911)	(31,999)	(281)	(41,191)	(2,555)
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from maturities of investments with trustees	425	5,484	-	5,909	-
Purchases of investments with trustees	(650)	(16,179)	-	(16,829)	-
Interest on investments	347	749	55	1,151	225
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	122	(9,946)	55	(9,769)	225
CHANGES IN CASH AND CASH EQUIVALENTS	1,954	(7,230)	1,152	(4,124)	1,334
CASH AND CASH EQUIVALENTS, beginning of year	58,322	123,881	15,499	197,702	44,874
CASH AND CASH EQUIVALENTS, end of year	\$ 60,276	\$ 116,651	\$ 16,651	\$ 193,578	\$ 46,208

CITY OF SANTA ROSA
STATEMENT OF CASH FLOWS (Continued)
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Amounts in Thousands)

Statement A-9

	Business-type Activities - Enterprise Funds				Governmental
	Water Utility Fund	Wastewater Utility Fund	Nonmajor Enterprise Funds	Total	Internal Service Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES					
Operating income (loss)	\$ 3,866	\$ 15,844	\$ (11,657)	\$ 8,053	\$ 987
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES					
Depreciation	6,356	19,758	2,569	28,683	1,966
Other nonoperating revenues	646	534	263	1,443	796
Changes in assets and liabilities:					
Accounts receivable	1,007	927	125	2,059	64
Inventory of supplies	-	(77)	-	(77)	(165)
Prepaid expenses	-	-	50	50	(62)
Accounts payable and accrued liabilities	600	(208)	(6)	386	(158)
Workers' compensation and general liability claims	-	-	-	-	423
Customer deposits	(31)	-	-	(31)	-
Unearned revenue	(385)	(1,279)	-	(1,664)	-
Compensated absences payable	54	19	34	107	(39)
Net OPEB obligation	-	-	-	-	3,285
Net pension liability and related items	(267)	(299)	(200)	(766)	(140)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ 11,846	\$ 35,219	\$ (8,822)	\$ 38,243	\$ 6,957
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION					
Cash and investments	\$ 59,773	\$ 95,795	\$ 16,194	\$ 171,762	\$ 46,208
Restricted cash and investments	1,603	43,230	457	45,290	-
Less investments not meeting the definition of cash equivalents	(1,100)	(22,374)	-	(23,474)	-
Total cash and cash equivalents	\$ 60,276	\$ 116,651	\$ 16,651	\$ 193,578	\$ 46,208
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of capital assets on accounts payable	\$ (309)	\$ 571	\$ -	\$ 262	\$ -
Capitalized interest	39	1,096	-	1,135	-
Accrued and accreted interest on capital appreciation bonds and state loans	-	4,523	-	4,523	-
Contributions of capital assets from developers	162	179	-	341	-
Book value on disposed capital assets	19	-	(122)	(103)	-
Change in fair value of investments	(9)	66	(4)	53	(10)

The notes to the basic financial statements are an integral part of this statement.

CITY OF SANTA ROSA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2015
(Amounts in Thousands)

	Successor Agency Private-Purpose Trust Fund	Agency Funds
ASSETS		
Cash and investments	\$ 20,045	\$ 10,303
Interest receivable	43	5
Intergovernmental receivable	-	135
Notes and loans receivable	1,176	-
Advances to City funds	329	-
Property held for resale	9,604	-
Nondepreciable capital assets	148	-
	<hr/>	<hr/>
Total assets	31,345	10,443
	<hr/>	<hr/>
LIABILITIES		
Accounts payable	7	4,206
Payroll payable	-	2,742
Interest payable	598	-
Due to bondholders	-	3,188
Deposits	-	307
Advances from other funds	7,251	-
Long-term obligations:		
Due within one year	1,920	-
Due beyond one year	42,305	-
	<hr/>	<hr/>
Total liabilities	52,081	10,443
	<hr/>	<hr/>
NET POSITION		
Held in trust	\$ (20,736)	\$ -
	<hr/> <hr/>	<hr/> <hr/>

The notes to the basic financial statements are an integral part of this statement.

Statement A-11

CITY OF SANTA ROSA
STATEMENT OF CHANGE IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Amounts in Thousands)

	Successor Agency Private-Purpose Trust Fund
ADDITIONS	
Incremental property tax	\$ 1,774
Investment income	110
Other	438
	<hr/>
Total additions	2,322
	<hr/>
DEDUCTIONS	
Community development	1,154
Debt service interest	2,733
	<hr/>
Total deductions	3,887
	<hr/>
CHANGE IN NET POSITION	(1,565)
NET POSITION, beginning of year	(19,171)
	<hr/>
NET POSITION, end of year	\$ (20,736)
	<hr/> <hr/>

The notes to the basic financial statements are an integral part of this statement.

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**NOTES TO THE
BASIC FINANCIAL STATEMENTS**

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NOTE 1 – REPORTING ENTITY

The City of Santa Rosa, California (the City) is a municipal corporation governed by an elected seven-member council. The governmental reporting entity consists of the City (Primary Government) and its component units. Component units are legally separate organizations for which the City Council is financially accountable or other organizations whose nature and significant relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and (i) either the City's ability to impose its will on the organization or (ii) there is potential for the organization to provide a financial benefit to or impose a financial burden on the City. The basic financial statements include one discretely presented component unit – the Housing Authority of the City of Santa Rosa (the Authority), and one fiduciary component unit – the Successor Agency to the former Redevelopment Agency (the Successor Agency). The Authority is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the primary government. The governing body of this component unit is appointed by the City Council. However, the Authority is fiscally dependent upon the City because the City provides substantial funding to the Authority. The Authority utilizes City personnel as staff members on a cost-reimbursement basis. The Successor Agency is a separate public entity governed by the City Council. The Successor Agency is also subject to the direction of an Oversight Board.

The Successor Agency was created to serve as a custodian for the assets and to wind down the affairs of the former Redevelopment Agency. In general, the Successor Agency's assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments). The Successor Agency is allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former Redevelopment Agency until all enforceable obligations of the former Redevelopment Agency have been paid in full and all assets have been liquidated. Based upon the nature of the Successor Agency's custodial role, the Successor Agency's financial information is reported as a private-purpose trust fund in the City's basic financial statements.

The Authority was established to ensure adequate, decent, safe and sanitary housing for low-income persons within the City. To meet these needs, the Authority is participating in the following programs: Rental Housing Assistance, Housing Production, Housing Conservation/Preservation, Public Services, and Housing Services and Compliance.

State law specifies all rights, duties, privileges, and immunities for housing authorities. The Authority derives the majority of its revenue from federal funding and program income. These funds must be used to facilitate the housing needs of low and moderate income persons.

Complete financial statements of the Authority can be obtained from:

City of Santa Rosa
Finance Department
90 Santa Rosa Ave., 2nd Floor
Santa Rosa, CA 95404

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation

Government-wide Financial Statements

The statement of net position and statement of activities display information about the primary government (the City) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. In general, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are charges to other City departments from the Water Utility and Wastewater Utility Funds. These charges have not been eliminated because elimination would distort the direct costs and program revenues reported in the statement of activities. These statements distinguish between the *governmental* and *business-type* activities of the City and between the City and its discretely presented component unit. Governmental activities, which normally are supported by taxes, intergovernmental revenues and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and; therefore, are clearly identifiable to a particular function. Program revenues include 1) fees, fines and charges paid by the recipients of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented instead as general revenues.

Fund Financial Statements

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenues of the City's enterprise and internal service funds are charges for customer services including: water, sewer and storm water charges, parking and golf course fees, public transportation fares, equipment maintenance and usage fees, insurance charges, information services support charges, and pension benefit charges. Operating expenses for enterprise funds and internal service funds include the cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The City reports the following major governmental fund:

The *General Fund* is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the City that are not accounted for through other funds.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City reports the following major enterprise funds:

The *Water Utility Fund* accounts for the revenues and expenses related to providing a safe and economical water supply for municipal, industrial and fire suppression use. In addition, the City pledges income derived from the sale of water to pay debt service on the water revenue bonds.

The *Wastewater Utility Fund* accounts for the revenues and expenses related to providing a collection, treatment and disposal system for the City's wastewater and the subregional wastewater system. In addition, the City pledges income derived from the acquired or constructed wastewater facility to pay debt service on the wastewater revenue bonds.

The City reports the following additional fund types:

Internal Service Funds account for the City's insurance programs, information services, and pension benefits on a cost-reimbursement basis, and the equipment maintenance and replacement operations on a projected replacement value basis.

The *Successor Agency Private-Purpose Trust Fund* accounts for the assets and liabilities of the dissolved Redevelopment Agency being held pending distribution to the appropriate taxing entities after payment of enforceable obligations as directed by Assembly Bills 1x26 and 1484.

The *Agency Funds* account for assets held by the City as an agent for various local governments, special assessments, surety bonds and performance deposits and for the City's clearing accounts.

(b) Measurement Focus, Basis of Accounting

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. Agency funds do not have a measurement focus. The government-wide, proprietary and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property, sales and utility users taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from sales and utility users taxes are recognized when the underlying transactions take place. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Property, sales, and other taxes, interest, certain state and federal grants and charges for services are accrued as revenue when their receipt occurs within sixty days after the end of the accounting period so as to be both measurable and available. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and pollution remediation are recorded only when payment is due. General capital assets acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financing sources.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

(c) Cash and Cash Equivalents

Proprietary fund types' cash and investments are deposited in the City's cash and investment pool, invested in short-term money market securities or cash held by financial institutions for future construction and debt service payments. Amounts invested in the City's cash and investment pool are, in substance, demand deposits and are, therefore, considered cash equivalents for purposes of the statement of cash flows. Amounts invested in money market securities and cash held by financial institutions are highly liquid (including those classified as restricted assets on the statement of fund net position), with original maturities less than three months, and are, therefore, also considered cash equivalents.

(d) Investments

Investments are stated at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Valuations are obtained by using quotations obtained from independent published sources.

(e) Inventory of Supplies

Inventory of supplies are valued at cost (weighted average), which approximates the market value. The consumption method is used to account for the inventories. Under the consumption method, the costs of governmental fund type inventories are recorded as expenditures when consumed rather than when purchased.

(f) Prepaid Expenses/Items

Payments made to vendors for services that will benefit periods beyond June 30, are recorded as prepaid items, and in governmental fund financial statements are offset equally by nonspendable fund balance, which indicates that they are not in spendable form.

(g) Restricted Assets

Certain proceeds of the City's enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the enterprise funds and business-type activities statements of net position because they are maintained in separate bank accounts and their use is limited by applicable bond covenants. The governmental funds balance sheet and governmental activities statement of net position report restricted assets that represent contract retention held by a third party bank, and deposits held in lieu of performance bonds. The Housing Authority also has restricted assets in the form of deposits and notes and loans receivable, in addition to the interest receivable thereon. The notes and loans receivable consist of housing rehabilitation and housing opportunity notes and loans.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Capital Assets

Capital assets (including infrastructure) are recorded at historical cost or at estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair value on the date contributed. Capital assets include public domain (infrastructure) capital assets consisting of certain improvements including roads, bridges, lighting systems, and storm drainage systems. The City defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Capital assets used in operations are depreciated or amortized (assets under capital leases) using the straight-line method over the lesser of the capital lease period or their estimated useful lives in the government-wide, proprietary funds and fiduciary fund statements.

The estimated useful lives are as follows:

Infrastructure	20 to 100 years
Buildings	30 to 50 years
Improvements	20 to 50 years
Intangibles	20 years
Equipment	3 to 12 years

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives is not capitalized. Improvements are capitalized and, for government-wide and proprietary fund type statements, are depreciated over the remaining useful lives of the related capital assets.

Interest is capitalized on business-type activities and enterprise fund type capital assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period.

(i) Compensated Absences

The City reports compensated absences for accrued vacation. City employees have a vested interest in accrued vacation time and all vacation hours will eventually either be used or paid by the City. Generally, employees earn and use their current vacation hours with a small portion being accrued or unused each year. As this occurs, the City incurs an obligation to pay for these unused hours. This liability is recorded in the government-wide statement of net position and in the various proprietary funds to reflect the City's obligation to fund such costs from future operations. A liability is recorded in the governmental funds balance sheet when it is due and payable. Sick leave benefits do not vest and no liability is recorded.

(j) Long-term Obligations

Long-term debt is recognized as a liability in governmental fund financial statements when due or when resources have been accumulated in the debt service funds for payment early in the following year. For other governmental fund long-term obligations, only that portion expected to be liquidated with expendable available financial resources is reported as a fund liability of a governmental fund type to the extent they are due and payable. The total obligation is reported in the government-wide statement of net position. Long-term liabilities expected to be financed from proprietary and fiduciary fund type operations are accounted for in those funds. The current portion of bonds payable in the government-wide, enterprise funds, and private-purpose trust fund statements represents principal payments to be made in the ensuing fiscal year adjusted for unamortized bond premiums and discounts.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Net Position/Fund Balances

Net Position Presentation

The government-wide, proprietary fund, and fiduciary fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted, and unrestricted.

Net Investment In Capital Assets – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category. Deferred outflows of resources – deferred loss on refundings related to debt for capital acquisition would increase the balance.

Restricted Net Position – This category represents assets externally restricted by creditors, grantors, contributors or laws or regulations of other governments and internally restricted by law through constitutional provisions or enabling legislation reduced by liabilities related to those assets. Net position restricted by enabling legislation include resources restricted by local Measure O totaling \$4,126,307.

Unrestricted Net Position – This category represents net position of the City, not restricted for any project or other purpose.

Governmental Fund Balance Presentation

The governmental fund financial statements utilize a fund balance presentation. Fund balances are categorized as nonspendable, restricted, committed, assigned, and unassigned.

As of June 30, 2015, classifications of fund balance are described below:

Nonspendable – to reflect amounts that cannot be spent because they are (1) not in spendable form, such as prepaid items, inventories, and long-term receivables for which the payment of proceeds are not restricted or committed with respect to the nature of the specific expenditures of that fund, or (2) legally or contractually required to remain intact. For the General Fund, the advances to other funds of \$6,501,000 includes accrued interest of \$1,224,000 that is deferred as unavailable, leaving the net of \$5,277,000 as nonspendable fund balance.

Restricted – to reflect amounts that are restricted by external parties such as creditors or imposed by grants, laws, or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. As of June 30, 2015, the City General Fund had no restricted fund balance.

Committed – to reflect amounts that can only be used for specific purposes pursuant to constraints imposed by a formal action of the entity’s “highest level of decision-making authority,” which would be by an ordinance passed by the City Council. As of June 30, 2015, the City had no committed fund balance.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assigned – to reflect amounts that have been allocated by resolution of the City Council or the Chief Financial Officer in which the City’s intent is to use the funds for a specific purpose. The General Fund balance sheet (Statement A-3) assigned fund balance of \$16,364,000 represents the amount necessary to cover the deficit of subsequent year budgeted revenues under the carryover and subsequent year appropriations as required under Governmental Accounting Standards Board (GASB) Statement No. 54. This amount equates to the total amount of appropriations being carried over to the subsequent year.

Unassigned – to reflect amounts that constitute the residual balances that have no restrictions placed on them in the General Fund. For other governmental funds, as restrictions exceed available resources, only deficit amounts are reported in the unassigned category.

When both restricted and unrestricted resources are available for use, it is the City’s practice to use restricted resources first, and then unrestricted resources as they are needed. The City does not have a policy on the order of spending of unrestricted amounts when an expenditure is incurred for which amounts in any of the unrestricted fund balance classifications could be used. Therefore, by default under GASB Statement No. 54, the City uses committed resources first, then assigned resources, and unassigned resources last as they are needed.

(l) **Revenue Recognition for Water and Wastewater Utility Enterprise Funds**

Revenue is recorded as billed to customers on a cyclical basis. All customers are billed monthly. Amounts unbilled at June 30 are accrued and recognized as revenue. At June 30, 2015, the billed and unbilled receivables are shown net of an allowance for uncollectibles for the Water and the Wastewater Utility funds in the amount of \$27,120 and \$50,694, respectively.

(m) **Bond Premiums/Discounts**

In governmental fund types, bond premiums/discounts are recognized in the period bond proceeds are received. Bond premiums/discounts for the government-wide statement of net position and proprietary and fiduciary fund types are amortized over the term of the bonds using a method that approximates the interest method. Government-wide statement bond premiums/discounts and bond premiums/discounts for proprietary and fiduciary fund types are presented as an increase/reduction of the face amount of bonds payable.

(n) **Deferred Outflows and Inflows of Resources**

A deferred outflow of resources is defined as a consumption of net position by the government that is applicable to a future reporting period. At June 30, 2015, the City reported loss on advance refunding and pension contributions subsequent to measurement as deferred outflows of resources.

A deferred inflow of resources is defined as an acquisition of net position by the government that is applicable to a future reporting period. At June 30, 2015, the City reported unavailable revenues on the governmental funds financial statements and net difference between projected and actual earnings on pension plan investments on the governmental-wide and proprietary funds financial statements as deferred inflows of resources.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Interfund Transactions

Interfund transactions are reflected as loans, services provided, reimbursements or transfers. Loans reported as receivables and payables as appropriate, are subject to elimination upon consolidation and are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances”. Advances in the General Fund are reported as nonspendable fund balance in the fund financial statements, which indicates that they are not in spendable form.

Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers within governmental or proprietary funds are netted as part of the reconciliation to the government-wide presentation.

(p) Property Tax Levy, Collection and Maximum Rates

The State of California (the State) Constitution Article XIII A provides that the combined maximum property tax rate on any given property may not exceed 1% of its assessed value unless an additional amount for general obligation debt has been approved by voters. Assessed value is calculated at 100% of market value as defined by Article XIII A and may be adjusted by no more than 2% per year unless the property is improved, sold or transferred. The State Legislature has determined the method of distribution of receipts from a 1% tax levy among the counties, cities, school districts and other districts.

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

	Secured	Unsecured
Valuation Lien Dates	January 1	January 1
Levy Dates	July 1	July 1
Due Dates	50% on November 1 50% on February 1	August 31
Delinquent after	December 10 (for November) April 10 (for February)	August 31

The term “unsecured” refers to taxes on personal property other than land and buildings. These “unsecured” taxes are secured by liens on the personal property being taxed. Sonoma County distributes to the City the entire amount of each year’s levy and in return receives all penalties and interest on delinquent payments.

(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 Santa Rosa’s California Public Employees’ Retirement System (CalPERS) 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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Implementation of New Pronouncements

The City implemented the following GASB Statements during the fiscal year ended June 30, 2015:

In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*. The primary objective of this statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria.

In November 2013, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. This statement is intended to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issues related to amounts associated with contributions, if any, made by a state of local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government’s beginning net pension liability.

As of July 1, 2014, the City restated its net position to record beginning net pension liability and beginning deferred outflows of resources related to pensions, as well as wrote off the net pension asset of \$24,819,000 as follows:

	Net Position, at Beginning of Year		
	As Previously Reported	GASB Statement Nos. 68 and 71	As Restated
Primary Government:			
Governmental Activities.....	\$ 447,568,000	\$ (228,879,000)	\$ 218,689,000
Business-type Activities.....	464,622,000	(50,423,000)	414,199,000
Total Primary Government.....	<u>\$ 912,190,000</u>	<u>\$ (279,302,000)</u>	<u>\$ 632,888,000</u>
Water Utility Enterprise Fund.....	<u>\$ 185,801,000</u>	<u>\$ (17,549,000)</u>	<u>\$ 168,252,000</u>
Wastewater Utility Enterprise Fund.....	<u>\$ 227,603,000</u>	<u>\$ (19,732,000)</u>	<u>\$ 207,871,000</u>
Nonmajor Enterprise Fund.....	<u>\$ 46,756,000</u>	<u>\$ (13,142,000)</u>	<u>\$ 33,614,000</u>
Internal Service Funds.....	<u>\$ 22,683,000</u>	<u>\$ (34,041,000)</u>	<u>\$ (11,358,000)</u>

In January 2013, GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*. The statement establishes accounting and financial reporting standards for governments that combine or dispose of their operations. The new standard is effective for periods beginning after December 15, 2013. Implementation of this statement did not have a significant impact on the City for the fiscal year ended June 30, 2015.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) New Pronouncements Effective in the Future

The City is currently analyzing its accounting practices to determine the potential impact on the financial statements for the following GASB Statements:

In February 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application*. This statement addresses accounting and financial reporting issues related to fair value measurements. The requirements of this statement are effective for the City's fiscal year ending June 30, 2016.

In June 2015, GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68*. This statement establishes requirements for those pensions and pension plans that are not administrated through a trust meeting specified criteria and thus are not covered by Statements Nos. 67 and 68. The requirements of this statement are effective for the City's fiscal year ending June 30, 2016.

In June 2015, GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This statement addresses reporting by OPEB plans that administer benefits on behalf of governments. The requirements of this statement are effective for the City's fiscal year ending June 30, 2017.

In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement addresses reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments. The requirements of this statement are effective for the City's fiscal year ending June 30, 2018.

In June 2015, GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. This statement reduces the hierarchy of generally accepted accounting principles to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the account treatment for a transaction or other event is not specific with a source of authoritative GAAP. The requirements of this statement are effective for the City's fiscal year ending June 30, 2016.

In August 2015, GASB issued Statement No. 77, *Tax Abatement Disclosures*. This statement requires governments that enter into tax abatement agreements to disclose certain information about the agreements. The requirements of this statement are effective for the City's fiscal year ending June 30, 2017.

In December 2015, the GASB issued Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this statement is to address a practice issue regarding the scope and applicability of Statement No. 68 associated with pensions provided through certain cost-sharing multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. Such plans are not considered a state or local government pension plan and are used to provide benefits to both employees of state and local governments and employees of employers that are not state or local governments. The requirements of this statement are effective for the City's fiscal year ending June 30, 2017.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In December 2015, the GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. This statement establishes criteria for an external investment pool to qualify for making the election to measure all investments at amortized cost for financial reporting purposes. Pool participants should also measure their investments at amortized cost if the external pool meets these criteria. If an external investment pool does not meet the criteria, then the pool should apply the provisions in paragraph 16 of Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Pool participants should measure their investments in that pool at fair value in accordance with paragraph 11 of Statement No. 31. This statement establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost and for governments that participate in those pools. The requirements of this statement are effective for the City’s fiscal year ending June 30, 2017.

(t) 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 3 – CASH AND INVESTMENTS

The City maintains a cash and investment pool that is available for use by all funds and component units. Each fund type's and component unit's portion of this pool is included on the statement of net position/balance sheet as “Cash and investments”.

At June 30, 2015, total City cash and investments are reported as follows (in thousands):

Primary government:		
Cash and investments	\$	310,379
Restricted cash and investments		45,506
Component unit:		
Housing Authority:		
Cash and investments		8,280
Restricted cash and investments		175
Successor Agency Private-Purpose Trust Fund		
Cash and investments		20,045
Agency funds		
Cash and investments		10,303
Total cash and investments	\$	<u><u>394,688</u></u>

NOTE 3 – CASH AND INVESTMENTS (Continued)

Authorized Investments by City Policy

The City has adopted an investment policy pursuant to Government Code Section 53601, which authorizes the investments in U.S. Treasury securities, Federal agencies, California and other state municipalities, corporate notes, mortgage-backed securities, commercial paper, negotiable certificates of deposit, time deposits/time certificates of deposit, bankers' acceptances, repurchase agreements, reverse repurchase agreements, mutual funds, money market funds, government pools, and California's Local Agency Investment Fund (LAIF); however, the City's policy prohibits investments in reverse repurchase agreements. The City selects its investments based on safety, liquidity and yield. The following table identifies the permitted investment types authorized per the City's investment policy. The table also identifies certain provisions that address interest rate risk, credit risk and concentration risk (NRSRO = Nationally Recognized Statistical Rating Organization).

Permitted Investments	Maximum % of Portfolio	Maximum Maturity	Maximum % per Issuer/Fund	Credit Requirements
U.S. Treasury securities	100%	5 years	none	none
Federal agencies	100%	5 years	none	none
California municipalities	100%	5 years	10%	Rated in one of the two highest categories by a NRSRO
Other State municipalities	100%	5 years	10%	Rated in one of the two highest categories by a NRSRO
Corporate notes	30%	5 years	10%	"A"
Mortgage-backed securities	20%	5 years	none	"A" rated issuer debt and rated "AA" by NRSRO
Commercial paper	25%	270 days	10%	"A-1" or equivalent
Negotiable certificates of deposit	30%	5 years	10%	"A"
Time deposits/time certificates of deposit	100%	365 days	none	none
Bankers' acceptances	40%	180 days	10%	none
Repurchase agreements	20%	365 days	10%	none
Mutual funds	15%	none	10%	Highest rating by two NRSROs
Money market funds	20%	none	none	Highest rating by two NRSROs, unless advisor has over \$500 million in funds under management
Government pools	15%	none	none	Investment advisor requirements
LAIF	\$50 million	none	none	none

NOTE 3 – CASH AND INVESTMENTS (Continued)

Investments Authorized by Debt Agreements

Investments of debt proceeds held by bond trustee are governed by the provisions of the debt agreements and to the extent that they are permissible investments of funds of the City.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. At June 30, 2015, the carrying and bank balance of the City’s demand deposits were \$17,568,000 and \$14,757,000, respectively. Of the City’s bank balance, \$1,980,000 was FDIC-insured and \$12,617,000 was collateralized with securities held by the pledging financial institutions at 110% of the City’s deposits in accordance with the State of California Government Code, leaving \$160,000 uninsured and uncollateralized.

Custodial Credit Risk – Investments

The City’s investments consist of pooled investments, dedicated investment funds, and other funds held by trustees. The dedicated investment funds represent restricted funds and relate to bond proceeds of the Water and Wastewater Utility Enterprise Funds and assessment districts. The other funds held by trustees are made either in accordance with bond covenants and are pledged for payment of principal, interest, and specified capital improvements or in accordance with trust agreements. All investments held by a custodian are in the City’s name.

Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates, the City’s investment policy specifies that the City’s investments shall be diversified by investing in securities with varying maturities.

As of June 30, 2015, the City held investments in two medium-term corporate notes and one negotiable certificate of deposit that are callable and sensitive to interest rate changes with the following terms (amounts in thousands):

Medium-term Corporate Notes				
Amount	Maturity Date	Call Date	Call Terms	
\$ 4,510	05/15/17	04/13/17	Continuously callable	
4,778	03/01/18	02/01/18	Continuously callable	

Negotiable Certificates of Deposits				
Amount	Maturity Date	Call Date	Call Terms	
\$ 4,595	09/11/17	08/11/17	Continuously callable	

NOTE 3 – CASH AND INVESTMENTS (Continued)

Credit Risk

The City's investment policy adheres to the guidance provided by the prudent investor standard as defined by the California Government Code (CA53600.3). As of June 30, 2015, the City had the following cash and investments (amounts in thousands):

	Credit Rating	Investment Maturities (in Years)			Total
		Less than 1	1 – 2	2 – 3	
Pooled investments:					
U.S. Treasury	AA+/Aaa	\$ 5,580	\$ 70,783	\$ 35,971	\$ 112,334
U.S. Government Agencies	AA+/Aaa	2,176	17,943	9,598	29,717
Asset-Backed Securities	AA+/Aaa	-	-	2,235	2,235
Medium-term corporate notes	See Below	1,525	26,099	46,608	74,232
Commercial paper	A-1/P-1	5,482	-	-	5,482
Negotiable certificates of deposit	See Below	9,802	30,073	4,596	44,471
Municipal bonds	See Below	5,765	-	349	6,114
Money market mutual funds	AAAm	50,393	-	-	50,393
LAIF – pooled investment	Not Rated	20,008	-	-	20,008
Total pooled investments		<u>100,731</u>	<u>144,898</u>	<u>99,357</u>	<u>344,986</u>
Restricted investments with trustees and other dedicated investments:					
Commercial paper	A-1+/P-1	6,133	-	-	6,133
Money market mutual funds	AAAm	103	-	-	103
U.S. Government Agencies	AA+/Aaa	7,656	760	-	8,416
U.S. Treasury	AA+/Aaa	505	1,765	-	2,270
Total restricted investments		<u>14,397</u>	<u>2,525</u>	<u>-</u>	<u>16,922</u>
Other investments:					
Money market mutual funds	AAAm	7,851	-	-	7,851
U.S. Government Agencies	AA+/Aaa	7,361	-	-	7,361
Total other investments		<u>15,212</u>	<u>-</u>	<u>-</u>	<u>15,212</u>
Total investments		<u>\$ 130,340</u>	<u>\$ 147,423</u>	<u>\$ 99,357</u>	<u>377,120</u>
Demand deposits					<u>17,568</u>
Total cash and investments					<u>\$ 394,688</u>

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The value of the pool shares in LAIF, which may be withdrawn, is determined on an amortized cost basis, which is different than the fair value of the pooled treasury's portion in the pool. Withdrawals from LAIF are done on a dollar for dollar basis.

NOTE 3 – CASH AND INVESTMENTS (Continued)

The total amount invested by all public agencies in LAIF at June 30, 2015 was \$21.5 billion. LAIF is part of the California Pooled Money Investment Account (PMIA), which at June 30, 2015 had a balance of \$71.6 billion. Of this amount, \$1.9 billion is held in demand deposits and \$69.6 billion is held in investments. Of the \$69.6 billion, 2.08% was invested in structured notes and asset-backed securities. PMIA is not SEC-registered, but is required to invest according to California Government Code. The average maturity of PMIA investments was 239 days as of June 30, 2015.

The Local Investment Advisory Board has oversight responsibility for LAIF. The Board consists of five members as designated by state statute.

Following is a table indicating the credit ratings for the City’s investment in medium-term corporate notes (amounts in thousands):

Amount	Standard & Poor’s	Moody’s Investors Service
\$ 2,611	A	A1
13,851	A+	A1
5,004	AA	A1
4,510	AA+	A1
5,018	AA-	A1
11,764	A	A2
6,617	A+	A2
1,760	A-	A2
3,884	AA	A2
4,778	A	A3
2,713	A-	A3
8,772	AA-	Aa3
2,950	AAA	Aaa
<u>\$ 74,232</u>		

Following is a table indicating the credit ratings for the City’s investment in negotiable certificates of deposit (amounts in thousands):

Amount	Standard & Poor’s	Moody’s Investors Service
\$ 9,801	A-1	P-1
4,609	A	A1
4,003	AA-	Aa2
9,599	AA-	Aa1
5,491	A+	Aa3
5,484	A+	Aa2
5,484	AA-	Aa3
<u>\$ 44,471</u>		

Following is a table indicating the credit ratings for the City’s investment in municipal bonds (amounts in thousands):

Amount	Standard & Poor’s	Moody’s Investors Service
\$ 2,102	AAA	Aa1
749	AA	Aa2
3,263	AA-	Not Rated
<u>\$ 6,114</u>		

NOTE 3 – CASH AND INVESTMENTS (Continued)

Concentration of Credit Risk

The City diversifies its portfolio by issuer by requiring that no more than 10% of the portfolio be invested in any one issuer's name for certain types of investments (see table above). As of June 30, 2015, the City had no investments with any one issuer in excess of 5% except for money market funds, investment pools, and U.S. Treasury, which are not subject to the 10% limitation.

NOTE 4 – NOTES AND LOANS RECEIVABLE

Long-term notes and loans receivable at June 30, 2015 were as follows (amounts in thousands):

Description	Interest Rate	Maturity	Amount Receivable
<i>Business-Type Activities:</i>			
Dairy improvement loans	0%	Various	\$ 607

Description	Interest Rate	Maturity	Amount Receivable
<i>Component Unit – Housing Authority:</i>			
Housing Rehabilitation and Opportunity Deferred Repayment Notes and Loans	0-10.00%	Various	\$ 101,452

NOTE 5 – INTERFUND TRANSACTIONS

Due From (To) Other Funds

Due from other funds and due to other funds amounts are current balances expected to be repaid during the following year. At June 30, 2015, the General Fund is due \$1,384,923 from nonmajor governmental funds and \$4,750,862 from the nonmajor enterprise funds for negative positions each had in the City's investment pool.

Advances To (From) Other Funds

Advances to other funds and from other funds are long-term amounts expected to be repaid beyond the following year. At June 30, 2015, the Successor Agency Private-Purpose Trust Fund owes \$6,500,848 to the General Fund and \$749,912 to nonmajor governmental funds for loans the City made to the former Redevelopment Agency related to the Gateways Redevelopment Project Area, the Transit-Oriented Redevelopment Project Area (TORPA), and to the Santa Rosa Center Project Area.

The nonmajor enterprise funds owe \$689,076 to the nonmajor governmental funds for a loan the Park Acquisition and Development Fund made to the Golf Course Fund for golf course improvements.

NOTE 5 – INTERFUND TRANSACTIONS (Continued)

The nonmajor governmental funds owe \$329,000 to the Successor Agency Private-Purpose Trust Fund for a \$3,290,000 loan the former Redevelopment Agency made to the Southwest Area Development Impact Fee Fund in fiscal year 2005/06 for the construction of a fire station that is being repaid in annual principal only payments of \$329,000 through fiscal year 2015/16.

Transfers

The following schedule briefly summarizes the City’s transfer activity for the fiscal year ended June 30, 2015 (amounts in thousands):

(a) Between Governmental and Business-type Activities:

Transfer From	Transfer To	Amount	Purpose
General Fund	Nonmajor Enterprise Funds	\$ 1,392	Parking enforcement (\$910), Golf Course (\$472), and Transit administrative assistance (\$10)
Nonmajor Governmental Funds	Wastewater Utility Enterprise Fund	10	Return unused capital outlay
	Water Utility Enterprise Fund	10	Return unused capital outlay
		<u>20</u>	
Water Utility Enterprise Fund	Nonmajor Governmental Funds	1,131	Capital outlay (\$1,069) and debt service (\$62)
	Internal Service Funds	11	Technology assistance
		<u>1,142</u>	
Wastewater Utility Enterprise Fund	Nonmajor Governmental Funds	1,236	Capital outlay (\$1,119) and debt service (\$117)
	Internal Service Funds	11	Technology assistance
		<u>1,247</u>	
Nonmajor Enterprise Funds	Nonmajor Governmental Funds	696	Capital outlay (\$505), debt service (\$35), and reclassification (\$156)
Total		<u>\$ 4,497</u>	

(b) Between Funds within the Governmental or Business-type Activities⁽¹⁾:

Transfer From	Transfer To	Amount	Purpose
General Fund	Nonmajor Governmental Funds	\$ 5,963	Operating assistance (\$495), capital outlay (\$5,163), and debt service (\$305)
	Internal Service Funds	512	Software development (\$473) and insurance (\$39)
		<u>6,475</u>	
Nonmajor Enterprise Funds	Water Utility Enterprise Fund	55	Capital outlay
Nonmajor Governmental Funds	General Fund	155	Administrative assistance and cost reimbursement (\$84) and reclassification (\$71).
	Internal Service Funds	272	Technology assistance
	Nonmajor Governmental Funds	3,297	Capital outlay (\$2,921), debt service (\$368), and Administrative (\$8)
		<u>3,724</u>	
Water Utility Enterprise Fund	Wastewater Utility Enterprise Fund	130	Debt service
Wastewater Utility Enterprise Fund	Water Utility Enterprise Fund	104	Capital outlay
Total		<u>\$ 10,488</u>	

⁽¹⁾ These transfers were eliminated in the consolidation, by column, for the governmental and business-type activities.

NOTE 6 – CAPITAL ASSETS

The following is a summary of changes in capital assets of the primary government for the fiscal year ended June 30, 2015 (amounts in thousands):

	Balance July 1, 2014	Additions	Reductions	Balance June 30, 2015
PRIMARY GOVERNMENT				
Governmental activities				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 53,026	\$ 559	\$ (2)	\$ 53,583
Construction in progress	28,214	7,124	(9,511)	25,827
Total capital assets, not being depreciated	81,240	7,683	(9,513)	79,410
<i>Capital assets, being depreciated:</i>				
Infrastructure	239,864	11,696	-	251,560
Buildings	63,884	456	(1,521)	62,819
Improvements other than buildings	166,010	-	-	166,010
Intangibles	4,023	635	-	4,658
Equipment	64,351	5,242	(1,171)	68,422
Total capital assets, being depreciated	538,132	18,029	(2,692)	553,469
<i>Less accumulated depreciation for:</i>				
Infrastructure	67,776	5,445	-	73,221
Buildings	29,595	1,772	(445)	30,922
Improvements other than buildings	130,651	3,450	-	134,101
Intangibles	837	212	-	1,049
Equipment	49,881	3,501	(1,165)	52,217
Total accumulated depreciation	278,740	14,380	(1,610)	291,510
Total capital assets, being depreciated, net	259,392	3,649	(1,082)	261,959
Governmental activities capital assets, net	\$ 340,632	\$ 11,332	\$ (10,595)	\$ 341,369
Business-type activities				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 16,079	\$ 179	\$ -	\$ 16,258
Construction in progress	32,305	14,459	(19,254)	27,510
Total capital assets, not being depreciated	48,384	14,638	(19,254)	43,768
<i>Capital assets, being depreciated:</i>				
Buildings	267,208	2,783	-	269,991
Improvements other than buildings	533,895	21,472	-	555,367
Intangibles	1,374	158	-	1,532
Equipment	120,440	2,569	(516)	122,493
Total capital assets, being depreciated	922,917	26,982	(516)	949,383
<i>Less accumulated depreciation for:</i>				
Buildings	98,823	7,843	-	106,666
Improvements other than buildings	206,116	12,534	(123)	218,527
Intangibles	252	69	-	321
Equipment	68,963	8,237	(496)	76,704
Total accumulated depreciation	374,154	28,683	(619)	402,218
Total capital assets, being depreciated, net	548,763	(1,701)	103	547,165
Business-type activities capital assets, net	\$ 597,147	\$ 12,937	\$ (19,151)	\$ 590,933

NOTE 6 – CAPITAL ASSETS (Continued)

The following is a summary of changes in capital assets of component unit for the fiscal year ended June 30, 2015 (amounts in thousands):

	Balance July 1, 2014	Additions	Reductions	Balance June 30, 2015
COMPONENT UNIT				
Housing Authority				
<i>Capital assets, not being depreciated</i>				
Land	\$ 198	\$ -	\$ -	\$ 198
Construction in progress	32	-	(32)	-
Total capital assets, not being depreciated	<u>230</u>	<u>-</u>	<u>(32)</u>	<u>198</u>
<i>Capital assets, being depreciated</i>				
Buildings and improvements	663	-	-	663
Equipment	24	81	-	105
Total capital assets, being depreciated	<u>687</u>	<u>81</u>	<u>-</u>	<u>768</u>
<i>Less accumulated depreciation for:</i>				
Buildings and improvements	270	22	-	292
Equipment	21	7	-	28
Less accumulated depreciation	<u>291</u>	<u>29</u>	<u>-</u>	<u>320</u>
Total depreciable capital assets, net	<u>396</u>	<u>52</u>	<u>-</u>	<u>448</u>
Total capital assets, net	<u>\$ 626</u>	<u>\$ 52</u>	<u>\$ -</u>	<u>\$ 646</u>

Net capitalized interest for the fiscal year ended June 30, 2015 in the business-type activities capital assets increased the carrying value of such capital assets by \$1,135,116.

Depreciation

Depreciation expense was charged to governmental functions as follows (amounts in thousands):

General government	\$ 1,966
Public safety	765
Public works	6,607
Recreation and parks	3,076
Depreciation on capital assets held by the City's internal service funds is charged to the various functions based on their usage of the assets.	<u>1,966</u>
Total depreciation expense – governmental functions	<u>\$ 14,380</u>

Depreciation expense was charged to the business-type functions as follows (amounts in thousands):

Water Utility	\$ 6,356
Wastewater Utility	19,758
Municipal Transit	1,529
Parking	551
Golf Course	<u>489</u>
Total depreciation expense – business-type functions	<u>\$ 28,683</u>

NOTE 6 – CAPITAL ASSETS (Continued)

At June 30, 2015, the significant construction commitments included the following (amounts in thousands):

	Expended through June 30, 2015	Encumbered
Governmental activities		
Capital Projects Fund:		
Stony Point Rd from Hwy 12 to Hearn Ave	\$ 17,847	\$ 1,892
Hearn Ave at Highway 101 Interchange	1,029	1,047
Roseland Annexation Plan	261	430
Building Acquisition 655 1st	4,264	361
Delport McMinn	16	251
Business-type activities		
Water Utility Fund:		
Water Main Replacement Austin Way	275	1,630
Groundwater Supply Development	10,333	1,202
Station 3 Pump Upgrade	742	1,128
Wastewater Utility Fund:		
Sewer Main Replacement Austin Way	455	1,447
Treatment Plant Filter Valve Actuator Refurbishment	45	1,371
Sewer Main Replacement King Street	739	1,180

NOTE 7 – LONG-TERM OBLIGATIONS

The City issued pension bonds to fund the net actuarial accrued liability in 2003, which were refunded in August, 2013. In addition, the City issued water and wastewater improvement bonds and obtained state loans and parking improvement bonds to provide funds for water, wastewater and parking projects, golf improvement certificates of participation to fund municipal golf course improvements, and building acquisition certificates of participation to fund the purchase of the office buildings located at 637 and 655 First Street, Santa Rosa, California.

NOTE 7 – LONG-TERM OBLIGATIONS (Continued)

Bonds and loans outstanding at June 30, 2015 consisted of the following (amounts in thousands):

Type of indebtedness (purpose)	Final Maturity	Installment Amounts	Interest Rates	Original Issue Amount	Outstanding at June 30, 2015
<u>Governmental activities</u>					
2007 Building Acquisition Certificates of Participation	2037-38	\$ 65-515	4.0-4.75%	\$ 9,960	\$ 8,960
2013 Pension Obligation Refunding Bonds	2024-25	2,540-3,630	1.66-4.89%	32,175	29,855
Total Governmental Activities				42,135	38,815
Less unamortized discounts					(124)
Total Governmental Activities, net					38,691
<u>Business-type activities</u>					
<i>Water Revenue Bonds</i>					
2008 Water Revenue Bonds	2038-39	235-840	3.65-5.0%	13,850	12,290
Less unamortized discount					(25)
Total Water Revenue Bonds, net					12,265
<i>Wastewater Improvement Bonds</i>					
1992 Wastewater Revenue Refunding Bonds, Series B	2015-16	1,810-2,425	6.00%	37,180	2,425
1992 Wastewater Refunding Improvement Bonds	2015-16	1,295-1,730	6.00%	26,190	1,730
1993 Wastewater Revenue Refunding Bonds, Series A	2016-17	1,170-1,365	5.25%	19,135	2,660
2002 Wastewater Revenue Bonds, Series B (capital appreciation bonds)	2032-33	1,624-3,409	5.35-5.79%	39,878	39,878
2007 Wastewater Revenue Bonds, Series A	2037-38	175-5,995	4.0-5.0%	67,010	45,900
2008 Wastewater Revenue Bonds, Series A	2028-29	70-6,450	4.0-5.25%	48,630	48,075
2012 Wastewater Revenue Refunding Bonds, Series A	2033-34	1,095-17,965	5.00%	53,240	53,240
2014 Wastewater Revenue Bonds, Series A	2029-30	80-6,820	3.00-5.00%	14,765	14,325
Total Wastewater Improvement Bonds				306,028	208,233
Plus unamortized premiums					10,777
Less unamortized discounts					(48)
Plus accreted interest					43,101
Total Wastewater Improvement Bonds, net					262,063
<i>Wastewater State Loans Payable</i>					
2000 State of California Loan Agreement	2024-25	23-7,383	2.4 – 2.7%	132,963	62,860
California Energy Commission Loan	2019-20	4-5	3.95%	760	421
Total Wastewater State Loans Payable				133,723	63,281
<i>Parking Improvement Bonds:</i>					
1998 Santa Rosa Central Parking Services Facilities	2015-16	365-500	5.1-5.4%	7,340	500
<i>Golf Improvement Certificates of Participation:</i>					
2005A Certificates of Participation	2030-31	110-255	3.0-4.5%	3,850	3,010
2005B Certificates of Participation	2030-31	45-125	4.57-5.44%	1,725	1,390
Less unamortized discount				-	(25)
Total Golf Improvement Certificates, net				5,575	4,375
Total Business-type activities				466,516	342,484
Total Primary Government				\$ 508,651	\$ 381,175
<u>Component Unit</u>					
<i>Housing Authority:</i>					
State of California Housing Finance Agency					
Catalina Self-Help Project	2017-18	0-4,634	3%	\$ 5,000	\$ 5,000
Plus accrued interest					700
Total Housing Authority				\$ 5,000	\$ 5,700
<u>Successor Agency</u>					
Exchange Bank Loan	2022-23	158-11,372	6.95%	\$ 14,700	\$ 12,799
2005A Certificates of Participation		20-140	3.5-4.75%	1,500	1,015
2005B Certificates of Participation	2027-28	200-1,315	5.02-5.81%	13,850	9,515
2002 Southwest Area Bonds	2033-34	185-640	4.0-6.0%	9,690	7,710
2005A Southwest Area Bonds	2033-34	165-1,370	3.0-5.0%	14,090	12,345
2005B Southwest Area Bonds	2020-21	105-170	4.54-5.5%	2,120	750
Total Successor Agency bonds and loans				55,950	44,134
Plus unamortized discount and premium, net					91
Total Successor Agency, net				\$ 55,950	\$ 44,225

NOTE 7 – LONG-TERM OBLIGATIONS (Continued)

The following is a summary of long-term obligation transactions for the fiscal year ended June 30, 2015 (amounts in thousands):

	Balance July 1, 2014	Additions	Retirements	Balance June 30, 2015	Amounts Due Within One Year
Governmental activities:					
Building Acquisition Project Certificates of Participation	\$ 9,175	\$ -	\$ 215	\$ 8,960	\$ 225
Pension Obligation Bonds	32,715	-	2,860	29,855	2,540
Less unamortized discounts	(129)	-	(5)	(124)	(6)
Total bonds and COPs payable	41,761	-	3,070	38,691	2,759
Capital Lease Obligations	5,901	1,048	1,093	5,856	964
Pollution Remediation	685	-	85	600	-
Worker's Compensation and General Liability Claims	13,367	3,459	3,036	13,790	3,036
Compensated Absences	5,602	4,816	4,511	5,907	4,511
Total governmental activities - long-term obligations	\$ 67,316	\$ 9,323	\$ 11,795	\$ 64,844	\$ 11,270
Business-type activities:					
Water Revenue Bonds	\$ 12,575	\$ -	\$ 285	\$ 12,290	\$ 295
Wastewater Revenue and Refunding Improvement Bonds	217,718	-	9,485	208,233	11,635
Accreted Interest on Capital Appreciation Bonds	38,578	4,523	-	43,101	-
Parking Improvement Bonds	970	-	470	500	500
Golf Certificates of Participation	4,585	-	185	4,400	190
Plus unamortized premiums	11,467	-	690	10,777	690
Less unamortized discounts	(124)	-	(26)	(98)	(26)
Total bonds and COPs payable	285,769	4,523	11,089	279,203	13,284
State Loans Payable	71,951	-	8,670	63,281	7,128
Compensated Absences	1,615	1,722	1,615	1,722	1,542
Total business-type activities - long-term obligations	\$ 359,335	\$ 6,245	\$ 21,374	\$ 344,206	\$ 21,954
Component Unit:					
<i>Housing Authority:</i>					
State of California Housing Finance Agency					
Catalina Self-Help Project	\$ 5,000	\$ -	\$ -	\$ 5,000	\$ -
Accrued interest	700	-	-	700	-
Total Housing Authority - long-term obligations	\$ 5,700	\$ -	\$ -	\$ 5,700	\$ -

Compensated absences typically have been liquidated in the General Fund and proprietary funds. Workers' Compensation and General Liability Claims liabilities typically have been liquidated in the internal service funds.

As of June 30, 2015, annual debt service requirements of governmental activities to maturity are as follows (amounts in thousands):

Year ending June 30:	Building Acquisition Project Certificates of Participation		Pension Obligation Bonds		Capital Lease Obligations	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 225	\$ 425	\$ 2,540	\$ 1,190	\$ 964	\$ 271
2017	230	415	2,600	1,135	712	257
2018	245	404	2,670	1,063	728	244
2019	255	393	2,760	974	744	230
2020	270	381	2,860	872	761	216
2021-2025	1,545	1,699	16,425	2,237	1,947	437
2026-2030	1,945	1,285	-	-	-	-
2031-2035	2,460	748	-	-	-	-
2036-2038	1,785	134	-	-	-	-
Total	\$ 8,960	\$ 5,884	\$ 29,855	\$ 7,471	\$ 5,856	\$ 1,655

NOTE 7 – LONG-TERM OBLIGATIONS (Continued)

As of June 30, 2015, annual debt service requirements of business-type activities to maturity are as follows (amounts in thousands):

Year ending June 30:	Water Revenue Bonds		Wastewater Improvement Bonds			Wastewater State Loans Payable	
	Principal	Interest	Principal	Interest	Accreted Interest	Principal	Interest
2016	\$ 295	\$ 578	\$ 11,635	\$ 7,982	\$ -	\$ 7,128	\$ 1,613
2017	310	567	12,200	7,414	-	7,311	1,430
2018	320	554	8,315	7,004	2,645	7,499	1,243
2019	330	542	8,492	6,694	2,778	7,691	1,050
2020	345	528	8,704	6,376	2,886	7,837	853
2021-2025	1,965	2,394	52,532	26,436	25,863	25,815	1,402
2026-2030	2,465	1,879	69,916	14,079	44,169	-	-
2031-2035	3,135	1,188	35,810	3,910	35,190	-	-
2036-2039	3,125	322	629	43	-	-	-
Total	\$ 12,290	\$ 8,552	\$ 208,233	\$ 79,938	\$ 113,531	\$ 63,281	\$ 7,591

Year ending June 30:	Parking Improvement Bonds		Golf Certificates of Participation	
	Principal	Interest	Principal	Interest
2016	\$ 500	\$ 13	\$ 190	\$ 203
2017	-	-	200	195
2018	-	-	210	186
2019	-	-	215	175
2020	-	-	230	165
2021-2025	-	-	1,315	649
2026-2030	-	-	1,660	299
2031	-	-	380	9
Total	\$ 500	\$ 13	\$ 4,400	\$ 1,881

As of June 30, 2015, annual debt service requirements of the Housing Authority's loan to maturity are as follows (amounts in thousands):

Year ending June 30:	State of California Housing Finance Agency Catalina Self-Help Project	
	Principal	Interest
2016	\$ -	\$ -
2017	-	-
2018	5,000	700
Total	\$ 5,000	\$ 700

NOTE 7 – LONG-TERM OBLIGATIONS (Continued)

Special Assessment Debt

All outstanding special assessment debt issued in the name of the City was issued under the 1915 Bond Act. The property owners in the assessment districts are responsible for repayment of the debt. The possibility of the City assuming a secondary liability is considered remote as the underlying property values were evaluated before the assessment districts were established. These bonds were issued after January 1986 and provide the City with no obligation to make any advances from the City treasury. These bonds are, accordingly, not included in the City's basic financial statements. However, the City is acting in an agent capacity for the property owners in these assessment districts. Bonds outstanding at June 30, 2015 totaled \$8,820,000.

Special Assessment Bonds at June 30, 2015 were comprised of (amount in thousands):

Description	Interest Rates	Final Maturity	Outstanding June 30, 2015
Fountaingrove Parkway Extension (2011 refunding)	1.75-5.0%	2019	\$ 5,110
Santa Rosa Townhouses (1998 refunding)	5.50-5.65%	2016	190
Santa Rosa Avenue Fire Protection	8.10%	2016	70
Skyhawk (2011 refunding)	1.75-5.375%	2021	2,165
Nielsen Ranch	6.40-6.70%	2023	1,285
Total			<u>\$ 8,820</u>

Legal Debt Limit

As of June 30, 2015, the City's debt limit (3.75% of assessed valuation) was \$793 million. At June 30, 2015, the City had \$39 million in outstanding debt applicable to the limit.

Arbitrage

Under U.S. Treasury Department regulations, all governmental tax-exempt debt issued after August 31, 1986 is subject to arbitrage rebate requirements. The requirements stipulate, in general, the earnings from the investment of tax-exempt bond proceeds that exceed related interest expenditures on the bonds must be remitted to the Federal government on every fifth anniversary of each bond issue. The City has evaluated each bond issued subject to the arbitrage rebate requirements and has determined that no arbitrage liability exists at June 30, 2015.

Conduit Debt

From time to time, the Authority has issued Multi-family Housing Revenue Bonds to provide funds to builders for the construction of multi-family housing projects. The bonds are payable solely from the revenues collected by the builders of the projects. The Authority is not obligated in any manner for repayment of the indebtedness. Accordingly, the liabilities are not reported in the Authority's basic financial statements.

As of June 30, 2015, the Authority had participated in the issuance of fourteen series of Multi-family Housing Revenue Bonds. The aggregate principal amount payable was \$53,392,145.

NOTE 7 – LONG-TERM OBLIGATIONS (Continued)

Capital Leases

In November 2008, the City entered into a lease agreement as lessee for financing the acquisition of the Enterprise Resource Planning System at a total cost of \$3,300,000. In December 2013, the City entered into another lease agreement as lessee for financing the construction of a fire station at a total cost of \$3,590,000. In May 2014, the City entered into another lease agreement as lessee for financing the acquisition of fire engines at a total cost of \$1,956,626. In June 2015, the City entered into another lease agreement as lessee for financing the acquisition of an aerial fire truck at a total cost of \$1,048,136. These leases qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date. The net book value of assets acquired through the four previously-mentioned capital leases as of June 30, 2015, was \$1,825,386, \$3,590,000, \$1,938,690, and \$1,022,636, respectively.

Pledged Revenues

The City has pledged future water and wastewater customer revenues, net of specified operating expenses, to repay \$13,850,000 of water system revenue bonds issued in 2008; \$37,180,000 of wastewater system revenue bonds issued in 1992; \$19,135,000 of wastewater bonds issued in 1993; \$39,878,000 of wastewater bonds issued in 2002; \$67,010,000 of wastewater bonds issued in 2007; \$48,630,000 of wastewater bonds issued in 2008; \$53,240,000 of wastewater bonds issued in 2012; \$14,765,000 of wastewater bonds issued in 2014; and \$132,963,000 of State Water Resources Control Board loans issued in 2000. Proceeds from the bonds and loans provided financing for utility enterprise capital projects. The bonds and loans are payable solely from water and wastewater net revenues and are payable through 2039 for the water bonds; 2038 for the wastewater bonds and 2025 for the State Water Resources Control Board loans. Annual principal and interest on the wastewater bonds and loans is projected to require less than 59% and 58% of the net revenues for fiscal years 2015-16 and 2016-17, respectively. Revenue projections beyond June 30, 2015 have not been prepared for the water bonds. Total principal and interest remaining to be paid is \$20,842,000 on the water bonds; \$399,921,000 on the wastewater bonds and \$70,872,000 on the wastewater loans. Principal and interest paid for the current year and total customer net revenues were \$874,000 and \$16,362,000 for the water bonds and \$26,594,000 and \$50,037,000 for the wastewater bonds and loans, respectively.

Pollution Remediation

The City's total estimated pollution remediation obligation was \$600,000 as of June 30, 2015. This amount represents the estimated remaining costs for remediation of two polluted sites located throughout the City. The costs for these two sites reflect varying phases of remediation efforts, including investigation, tank removal, soil remediation and groundwater monitoring requirements since completing soil remediation. During required assessments, each of the two citywide sites were found to be polluted with industrial-use petroleum hydrocarbons, with the source for all being leaking underground tanks. The City has committed to and appropriated funds for remediation. The estimated remaining costs are based on State Underground Tank Fund project cost guidelines. The number of sites have decreased from previous years due to the new low impact criteria adopted by the Regional Water Quality Control Board.

These obligations are estimates and subject to changes resulting from price increases or reductions, technology, or changes in applicable laws and regulations.

NOTE 8 – PENSION PLANS

Plan Descriptions

All qualified permanent and probationary employees are eligible to participate in the City of Santa Rosa’s separate Safety Police, Safety Fire and Miscellaneous Plans (Plans), agent multiple-employer defined benefit pension plans administered by the California Public Employees’ Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

The Plans’ provisions and benefits in effect at June 30, 2015, are summarized as follows:

	Miscellaneous		
	Prior to July 8, 2012	July 8, 2012 to December 31, 2012	On or after January 1, 2013
Hire date			
Benefit formula	3.0% @ 60	2.5% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50-60	50-55	52-67
Monthly benefits, as a % of eligible compensation	2.0% to 3.0%	2.0% to 2.5%	1.0% to 2.5%
Required employee contribution rates	8%	8%	6.25%
Required employer contribution rates	17.942%	17.942%	17.942%
	Safety Police		
	Prior to July 8, 2012	July 8, 2012 to December 31, 2012	On or after January 1, 2013
Hire date			
Benefit formula	3% @ 50	3% @ 55	2.7% @ 57
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	50	50-55	50-57
Monthly benefits, as a % of eligible compensation	3.0%	2.4% to 3.0%	2.0% to 2.7%
Required employee contribution rates	9%	9%	9%
Required employer contribution rates	32.585%	32.585%	32.585%
	Safety Fire		
	Prior to July 8, 2012	July 8, 2012 to December 31, 2012	On or after January 1, 2013
Hire date			
Benefit formula	3% @ 50	3% @ 55	2.7% @ 57
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	50	50-55	50-57
Monthly benefits, as a % of eligible compensation	3.0%	2.4% to 3.0%	2.0% to 2.7%
Required employee contribution rates	9%	9%	9%
Required employer contribution rates	31.508%	31.508%	31.508%

NOTE 8 – PENSION PLANS (Continued)

Employees Covered

At June 30, 2013, the most recent information available, the following employees were covered by the benefits of the City’s Plans:

	<u>Miscellaneous</u>	<u>Safety Police</u>	<u>Safety Fire</u>
Inactive employees or beneficiaries currently receiving benefits	847	211	140
Inactive employees entitled to but not yet receiving benefits	591	58	23
Active employees	884	162	123
Total	<u>2,322</u>	<u>431</u>	<u>286</u>

Contributions

For the fiscal year ended June 30, 2015, the City’s actuarially determined contributions were as follows:

Miscellaneous Plan	\$ 10,947,989
Safety Police Plan	6,058,453
Safety Fire Plan	<u>4,672,542</u>
Total	<u>\$ 21,678,984</u>

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 both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City of Santa Rosa is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Net Pension Liability

The City of Santa Rosa’s net pension liability for each Plan is measured as the total pension liability, less the pension plan’s fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2014, using an annual actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown in the following pages.

NOTE 8 – PENSION PLANS (Continued)

Actuarial Assumptions

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

	Miscellaneous	Safety Police	Safety Fire
Valuation Date	June 30, 2013	June 30, 2013	June 30, 2013
Measurement Date	June 30, 2014	June 30, 2014	June 30, 2014
Actuarial Cost Method	Entry-Age Normal Cost Method		
Actuarial Assumptions:			
Discount Rate	7.5%	7.5%	7.5%
Inflation	2.75%	2.75%	2.75%
Investment Rate of Return	7.5% ⁽¹⁾	7.5% ⁽¹⁾	7.5% ⁽¹⁾
Mortality	Based on rates of CalPERS Experience Study		

⁽¹⁾ Net of pension plan investment expenses, including inflation

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

Discount Rate

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

According to GASB Statement No. 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. This difference was deemed immaterial by the City.

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

NOTE 8 – PENSION PLANS (Continued)

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 in the preceding and rounded down to the nearest one quarter of one percent.

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

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 ⁽¹⁾	Real Return Years 11+ ⁽²⁾
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0	0.99	2.43
Inflation Sensitive	6.0	0.45	3.36
Private Equity	12.0	6.83	6.95
Real Estate	11.0	4.50	5.13
Infrastructure and Forestland	3.0	4.50	5.09
Liquidity	2.0	(0.55)	(1.05)

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

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

NOTE 8 – PENSION PLANS (Continued)

Changes in the Net Pension Liability

The changes in the Net Pension Liability for each Plan follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Miscellaneous Plan:			
Balance at June 30, 2013 ⁽¹⁾	\$ 564,176,807	\$ 422,290,595	\$ 141,886,212
Changes in the year:			
Service cost	12,022,619	-	12,022,619
Interest on the total pension liability	41,859,568	-	41,859,568
Contribution - employer	-	10,337,394	(10,337,394)
Contribution - employee	-	5,340,882	(5,340,882)
Net investment income ⁽²⁾	-	72,935,599	(72,935,599)
Benefit payments, including refunds of employee contributions	(24,121,091)	(24,121,091)	-
Net changes during measurement period	<u>29,761,096</u>	<u>64,492,784</u>	<u>(34,731,688)</u>
Balance at June 30, 2014	<u>\$ 593,937,903</u>	<u>\$ 486,783,379</u>	<u>\$ 107,154,524</u>
Safety Police Plan:			
Balance at June 30, 2013 ⁽¹⁾	\$ 226,720,289	\$ 154,737,132	\$ 71,983,157
Changes in the year:			
Service cost	5,408,113	-	5,408,113
Interest on the total pension liability	16,810,183	-	16,810,183
Contribution - employer	-	5,438,385	(5,438,385)
Contribution - employee	-	1,939,044	(1,939,044)
Net investment income ⁽²⁾	-	26,738,838	(26,738,838)
Benefit payments, including refunds of employee contributions	(10,577,140)	(10,577,140)	-
Net changes during measurement period	<u>11,641,156</u>	<u>64,492,784</u>	<u>(11,897,971)</u>
Balance at June 30, 2014	<u>\$ 238,361,445</u>	<u>\$ 178,276,259</u>	<u>\$ 60,085,186</u>
Safety Fire Plan:			
Balance at June 30, 2013 ⁽¹⁾	\$ 182,229,666	\$ 121,316,173	\$ 60,913,493
Changes in the year:			
Service cost	4,062,709	-	4,062,709
Interest on the total pension liability	13,504,043	-	13,504,043
Contribution - employer	-	4,525,323	(4,525,323)
Contribution - employee	-	1,860,238	(1,860,238)
Net investment income ⁽²⁾	-	21,127,101	(21,127,101)
Benefit payments, including refunds of employee contributions	(8,414,202)	(8,414,202)	-
Net changes during measurement period	<u>9,152,550</u>	<u>19,098,460</u>	<u>(9,945,910)</u>
Balance at June 30, 2014	<u>\$ 191,382,216</u>	<u>\$ 140,414,633</u>	<u>\$ 50,967,583</u>

⁽¹⁾ The fiduciary net position includes receivables for employee service buybacks, deficiency reserves, fiduciary self insurance and OPEB expense.

⁽²⁾ Net of administrative expenses.

NOTE 8 – PENSION PLANS (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City of Santa Rosa for each Plan, calculated using the discount rate for each Plan, as well as what the City of Santa Rosa’s net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Miscellaneous	Safety Police	Safety Fire
1% Decrease	6.50%	6.50%	6.50%
Net Pension Liability	\$181,143,347	\$92,308,218	\$76,070,241
Current Discount Rate	7.50%	7.50%	7.50%
Net Pension Liability	\$107,154,524	\$60,085,186	\$50,967,583
1% Increase	8.50%	8.50%	8.50%
Net Pension Liability	\$45,118,450	\$33,564,283	\$30,136,947

Pension Plan Fiduciary Net Position

Detailed information about each pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports

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

For the fiscal year ended June 30, 2015, the City of Santa Rosa recognized pension expense of \$19,010,787. At June 30, 2015, the City of Santa Rosa reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Miscellaneous		Safety Police		Safety Fire	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 10,947,989	\$ -	\$ 6,058,453	\$ -	\$ 4,672,542	\$ -
Net differences between projected and actual earnings on plan investments	-	(33,345,166)	-	(12,226,446)	-	(9,713,642)
Total	\$ 10,947,989	\$ (33,345,166)	\$ 6,058,453	\$ (12,226,446)	\$ 4,672,542	\$ (9,713,642)

\$21,678,984 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 fiscal year ending June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	
2015	\$ (13,821,313)
2016	(13,821,313)
2017	(13,821,313)
2018	(13,821,315)
Total	\$ (55,285,254)

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN

Plan Description

The City sponsors a single-employer defined benefit postemployment healthcare plan (the Plan) to provide medical insurance benefits to eligible retired employees and their spouses. The Plan is administered by a third party. Benefit provisions are established and may be amended by the City. The Plan does not issue a publicly available financial report.

The City has a stand-alone medical program for Miscellaneous employees, providing medical insurance options through City healthcare plans. Medical coverage for Safety employees is provided through the CalPERS healthcare program (PEMHCA).

The City allows retirees to continue participating in the medical insurance program after retirement, with some retirees eligible to receive a stipend from retiree medical stipend plans established for some bargaining units. The following summarizes the retiree healthcare benefits:

- **GASB 45 Stipend Plan Definition:** While by definition of GASB Statement No. 45, the stipend plans are described as defined benefit arrangements, the City's intent from the onset is to provide a defined contribution arrangement and the terms of the plan clearly grant the City the authority to reduce benefits upon recommendation by an actuary. The plan documents specify that the plans are defined contribution plans and do not guarantee a specific benefit level.
- **Retiree Medical Stipend Plans:** The City contributes to retiree medical stipend plans for Fire, Maintenance, SRCEA, Transit, Police Management, Police Officers and Police Civilian Technical employees. Stipend amounts and eligibility and vesting requirements vary by bargaining unit.
- **PEMHCA Minimum:** Safety retirees participating in PEMHCA receive the PEMHCA minimum required employer contribution towards the retiree monthly premium in addition to the stipend.
- **Implied Subsidy:** An implied subsidy generally exists when retiree premiums are based on blended active and retiree experience. Since PEMHCA is a community rated plan for the City, no implied subsidy is required for the PEMHCA plan. The City's actuary has determined that no implied subsidy is required for the City's stand-alone medical plan.

Funding Policy

The City currently contributes to the various stipend plans based on a percentage of payroll, which varies by bargaining group and is determined by their respective Memorandum of Understanding (MOU). The City's actuarially determined contribution rates were 5.6% for the Stipend Plan and 2.3% for the PEMHCA plan, which was based on the June 30, 2013 actuarial valuations. This results in partial pre-funding for these plans based on the benefit levels selected by the plan trustees. On average, the City contributes approximately 42% of the annual required contribution for the stipend plans. The City contributes on a pay-as-you-go basis for the PEMHCA minimum benefits. For fiscal year 2014/15, the City contributed \$1,956,000 in benefit payments (\$163,000 for the PEMHCA minimum and \$1,793,000 for the stipend plans).

As of June 30, 2015, the total fair value of the funds set aside in irrevocable plan trusts for the stipend plans was \$21,526,000.

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN (Continued)

Annual Other Postemployment Benefit Cost and Net Obligation

The City’s annual other postemployment benefit (OPEB) cost (expense) is calculated based on the Annual Required Contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

The following table shows the components of the City’s annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the City’s net OPEB obligation (in thousands).

	PEMHCA	Stipend	Total
Annual required contribution	\$ 1,081	\$ 4,196	\$ 5,277
Interest on net OPEB obligation	184	142	326
Adjustment to annual required contribution	(212)	(150)	(362)
Annual OPEB cost	1,053	4,188	5,241
Contribution/Benefits made	163	1,793	1,956
Increase in net OPEB obligation	890	2,395	3,285
Net OPEB obligation – beginning of year	4,680	3,103	7,783
Net OPEB obligation – end of year	\$ 5,570	\$ 5,498	\$ 11,068

The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net postemployment healthcare plan obligation were as follows (amounts in thousands):

Fiscal Year Ended	Annual OPEB Cost	Benefit Payments/ Contributions Made	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2013	\$ 4,321	\$ 1,716	39.7%	\$ 4,638
June 30, 2014	4,971	1,826	36.7%	7,783
June 30, 2015	5,241	1,956	37.3%	11,068

Funded Status

The funded status of the Plan as of June 30, 2013, was as follows (amounts in thousands):

	PEMHCA	Stipend
Actuarial Accrued Liability (AAL)	\$ 10,901	\$ 47,059
Actuarial Value of Plan Assets	-	16,238
Unfunded Actuarial Accrued Liability (UAAL)	\$ 10,901	\$ 30,821
Funded Ratio (Actuarial value of plan assets/AAL)	-	34.5%
Covered Payroll (active plan members)*	\$ 46,133	\$ 73,206
UAAL as a Percentage of Covered Payroll	23.6%	42.1%

* Fire and Police participants’ covered payroll of \$30,155 is included in both the PEMHCA and Stipend Plans.

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN (Continued)

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Of the \$41.7 million of UAAL, \$30.8 million is associated with the City's retiree medical stipend plans and the remaining \$10.9 million is associated with medical coverage for Safety employees provided through the CalPERS healthcare program. As mentioned under the funding policy, the City had approximately \$21.5 million set aside in irrevocable trusts at June 30, 2015, to fund the AAL associated with the stipend plans estimated to be \$47.1 million as of June 30, 2013. These funds held in trust qualify as plan assets.

The stipend plans provide that an actuarial valuation be performed no less than every two years at which time the City withholds the right to reduce benefits to the level recommended by the actuary, if necessary. Alternatively, employees are provided the option of increasing contributions to avoid a reduction in benefits should the actuary determine that a given plan is underfunded.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by the employer and Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between employer and plan members to that point. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made into the future. The actuarial methods and the assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2013 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 3% inflation rate and a 4.6% and 4.0% investment rate of return (net of administrative expenses) for the stipend plan and PEHMCA minimum benefits, respectively. PEMHCA minimum was assumed to increase at a rate of 4.5% per year. Safety employees' stipend was assumed to increase at a rate of 3% per year. Other bargaining units' stipends were assumed to remain level. Salary scale and demographic assumptions for withdrawal, mortality, disability, and retirement rates were based on CalPERS 1997-2007 Experience Study. Post retirement mortality is projected fully generational with scale AA from 2010.

The actuarial value of assets is based on the market value of assets with investment gains and losses spread over a 5-year rolling period. In addition, the actuarial value cannot be less than 80% or more than 120% of market value.

The UAAL was amortized over a 26-year closed period as a level percentage of payroll.

NOTE 10 – JOINT VENTURES

Sonoma County Waste Management Agency

The City participates in the Sonoma County Waste Management Agency (SCWMA), with Sonoma County and the nine other cities in the County. Each member of the joint venture has a representative on the Board of Directors. The Board of Directors is responsible for governing the joint venture as a separate entity. The Board of Directors, or a designee, is responsible for the preparation of an annual budget, assessing fees, and entering into contracts and is authorized to sue and become obligated when sued. The purpose of SCWMA is to conduct a yard waste composting, wood waste recovery system, household hazardous material recovery program, and a public education program in the County of Sonoma.

The expenditures of SCWMA are primarily funded by dumping fees collected when reusable resources are disposed of at the County landfill site. Funding for SCWMA also comes from the sale of composted and recycled products. No direct funding is required of the participants in the joint venture.

The following summary of GAAP basis audited financial information at and for the fiscal year ended June 30, 2014 was provided by SCWMA (amounts in thousands).

Total assets	\$ 10,257
Total liabilities	<u>1,006</u>
Net position	<u>\$ 9,251</u>
Total revenues	\$ 5,988
Total expenses	<u>5,479</u>
Change in net position	<u>\$ 509</u>

SCWMA had no debt outstanding at June 30, 2014.

Complete financial statements for SCWMA can be obtained from Sonoma County Waste Management Agency, 2300 County Center Drive, Suite B 100, Santa Rosa, CA 95403.

Sonoma County Public Safety Consortium

A Joint Powers Agreement was established to create a separate public agency effective July 1, 2008 to operate, maintain and improve a public safety communication and data management system comprised of Computer Aided Dispatch (CAD), Records Management System (RMS) and Mobile Data computing (MDC) technology. The Consortium members are the cities of Cotati, Petaluma, Rohnert Park, Santa Rosa, Sonoma, Town of Windsor, Redwood Empire Dispatch Communications Authority (REDCOM), the Santa Rosa Junior College (SRJC) and the County of Sonoma (the County). In addition to the Sonoma County Public Safety Consortium (SCPSC) members, other public safety entities have limited access to the integrated CAD and RMS as non-affiliated agencies. As a member, the City pays its proportionate share of 26.381% of the total costs incurred by the Consortium. The City paid \$627,415 during the year.

NOTE 10 – JOINT VENTURES (Continued)

A summary of audited financial information on SCPSC at and for fiscal year ended June 30, 2014 (the most current available audited financial information) is as follows (amounts in thousands).

Total assets	\$ 4,842
Total liabilities	<u>581</u>
Net position	<u>\$ 4,261</u>
Total revenues	\$ 2,159
Total expenses	<u>2,158</u>
Change in net position	<u>\$ 1</u>

SCPSC had no debt outstanding at June 30, 2014.

Complete financial statements for SCPSC can be obtained from Sonoma County Public Safety Consortium, 100 Santa Rosa Avenue, Santa Rosa, CA 95404.

Sonoma County Library

A Joint Powers Agreement was established to create a distinct public entity, apart from the parties to the agreement, effective January 27, 1975, and amended August 1, 2014. The purpose of the agreement is to consolidate existing public library services and continue the operation of free public library services throughout the County of Sonoma. The members of the Sonoma County Library are the County of Sonoma, the Town of Windsor and the cities of Santa Rosa, Cloverdale, Healdsburg, Petaluma, Rohnert Park, Cotati, Sebastopol, and Sonoma. The Library Commission is the governing and administrative body of the Sonoma County Library. The Commission is responsible for operational, administrative and fiscal oversight of the library, adopting an annual budget, issuing debt and/or levying taxes when approved and all other duties consistent with the Joint Powers Agreement and applicable law. Each member of the Library has an appointed Commissioner. In addition, the County of Sonoma and the City of Santa Rosa have one jointly appointed Commissioner.

A summary of audited financial information on the Sonoma County Library at and for the fiscal year ended June 30, 2014 (the most current available audited financial information) is as follows (amounts in thousands).

Total assets	\$ 13,784
Total liabilities	<u>7,695</u>
Net position	<u>\$ 6,089</u>
Total revenues	\$ 16,469
Total expenses	<u>16,710</u>
Change in net position	<u>\$ (241)</u>

The Sonoma County Library had no debt outstanding at June 30, 2014.

Complete financial statements for the Sonoma County Library can be obtained online at www.sonomalibrary.org.

NOTE 11 – SELF-INSURANCE

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; natural disasters; unemployment coverage and providing health benefits to employees, and their dependents. The City is self-insured for its liability insurance, workers' compensation insurance, and unemployment benefits. The City has chosen to establish a risk financing internal service fund where assets are set aside for claim settlements associated with the above risks of loss up to certain limits. Excess coverage for liability insurance is provided by the California Joint Powers Risk Management Authority (CJPRMA) and the California Transit Systems Joint Powers Insurance Authority (CalTIP), public joint powers authorities whose purpose is to develop and fund programs of excess insurance for their member entities. The City obtains health insurance from either private carriers (Kaiser) or from public entity health insurance pools, CalPERS for its safety employees and California State Association of Counties Excess Insurance Authority (CSAC-EIA) for miscellaneous employees. The CSAC-EIA health insurance is a pooled program with joint purchased excess insurance for claims over \$700,000. The City pays premiums, which are reviewed annually, to the CSAC-EIA health program. Excess coverage for workers' compensation is provided by CSAC-EIA, a public joint powers authority, after payment of a self-insurance retention.

Self-insurance coverage is as follows:

Type of Coverage	Self-Insurance	Authority	Authorities coverage
General Liability	Up to \$500,000 per occurrence	CJPRMA	\$500,000 to \$40,000,000 per occurrence
Transit Liability	Up to \$100,000 per occurrence	Cal TIP	\$100,000 to \$10,000,000 per occurrence
Workers Compensation	Up to \$500,000 per occurrence	CSAC-EIA	\$500,000 to Statutory Limits
Property Coverage	Deductible of \$25,000	CSAC-EIA	\$600,000,000 All Risk Combined Limits for all members, includes \$415,000,000 for Flood
Earthquake Coverage	50/50 Coshare of	CSAC-EIA	\$47,000,000 For Subregional Wastewater Facility only
Health Benefits	Premium Based	CSAC-EIA for Self-Insured Programs Kaiser (Commercial Insurance) CalPERS for Safety employees	Reserve levels are included in pool premiums Commercial Reserve levels are included in premiums
Other Insurance			
Crime Bond	\$2,500 deductible	CSAC-EIA	\$15,000,000 per occurrence
Pollution Liability	\$75,000 SIR	CSAC-EIA	\$10,000,000 per occurrence
Cyber Liability	\$100,000 SIR	CSAC-EIA	\$2,000,000 per occurrence

Amounts in excess of these limits are self-insured. Property damage risks are covered on an occurrence basis up to \$600,000,000 by pooled and commercial insurance purchased from independent third parties through the CSAC-EIA. All properties are insured at full replacement values. For the past three fiscal years, no settlement amounts have exceeded commercial or Authorities insurance coverage.

The City, along with other Bay Area governments, is a member of the CJPRMA, a public-entity risk pool. CJPRMA provides excess liability and property damage coverage protection for the member agencies. CJPRMA is governed by a Board of Directors, which comprises officials appointed by each participating member. Premiums paid to CJPRMA are subject to possible refund based on the results of actuarial studies and approval by CJPRMA's Board of Directors. In the opinion of the City's management, premiums paid

NOTE 11 – SELF-INSURANCE (Continued)

represent the best available estimate of the ultimate cost of the City’s participation in CJPRMA and, accordingly, the accompanying basic financial statements of the City include no provisions for possible refunds or additional assessments. Actual refunds and assessments arising from retrospective premium adjustments relating to prior loss years will be recorded in the City’s basic financial statements in the year they become known. For the fiscal year ended June 30, 2015, the City paid premiums to CJPRMA of \$587,160, which are included in the internal service fund in the accompanying basic financial statements.

A summary of audited financial information on the CJPRMA authority as of and for the fiscal year ended June 30, 2014 is as follows (amounts in thousands):

Total assets	\$ 93,802
Total liabilities	<u>47,737</u>
Net position	<u>\$ 46,065</u>
Total revenues	\$ 11,053
Total expenses	<u>15,176</u>
Change in net position	<u>\$ (4,123)</u>

CJPRMA had no debt outstanding at June 30, 2014.

Complete financial statements for CJPRMA can be obtained from CJPRMA, 3201 Doolan Road, Suite 285, Livermore, CA 94551 or at www.cjprma.org.

The City, along with other California governments, is a member of the CalTIP, a public-entity risk pool. CalTIP provides liability coverage and excess insurance for transit related services to its participating members. CalTIP is governed by a Board of Directors, which comprises officials appointed by each participating member. Premiums paid to CalTIP are subject to retroactive assessments. Actual refunds and assessments arising from retrospective premium adjustments relating to prior loss years will be recorded in the City’s basic financial statements in the year they become known. For the fiscal year ended June 30, 2015, the City paid premiums to CalTIP of \$92,157, which are included in the internal service fund in the accompanying basic financial statements.

A summary of audited financial information on CalTIP as of and for the fiscal year ended April 30, 2014 is as follows (amounts in thousands):

Total assets	\$ 24,999
Total liabilities	<u>13,648</u>
Net position	<u>\$ 11,351</u>
Total revenues	\$ 7,776
Total expenses	<u>9,744</u>
Change in net position	<u>\$ (1,968)</u>

CalTIP had no debt outstanding at April 30, 2014.

Complete financial statements for CalTIP can be obtained from CalTIP, 1414 K Street, Suite 320, Sacramento, CA 95814.

NOTE 11 – SELF-INSURANCE (Continued)

The unpaid claims liabilities included in the self-insurance internal service fund are based on the results of actuarial studies and include amounts for incurred but not reported (IBNR) claims. IBNR claims are claims that are incurred through the end of the fiscal year but not reported until after that date and the development of known claims over time. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts and other economic and social factors. Allocated claims adjustment expenses are included in the claims liability balance. The actuarial determined liability assumes a 3% discount rate. It is the City's practice to obtain full actuarial studies annually. Annual premiums are charged by the self-insurance fund using various allocation methods that include actual cost, trends in claims experience and number of participants.

Changes in the balances of claims liabilities during the past two fiscal years are as follows (amounts in thousands):

	Year ended June 30	
	2015	2014
Unpaid claims, beginning of fiscal year	\$ 13,367	\$ 13,971
Incurred claims and changes in estimates	3,459	2,558
Claim payments net of subrogation	(3,036)	(3,162)
Unpaid claims, end of fiscal year	<u>\$ 13,790</u>	<u>\$ 13,367</u>

NOTE 12 – RELATED PARTY TRANSACTIONS

Contributions to the Housing Authority (Authority)

The City has designated the Authority to administer its U.S. Department of Housing and Urban Development grants. As such, the Community Development Block Grant of \$2,290,157 and HOME grant of \$577,820 were received directly by the Authority. The City contributed \$36,000 to the Authority for a Fair Housing grant, \$180,093 for Tierra Springs Apartment complex, \$300,000 fair market value of property to be converted into a 7 unit rental housing project and \$164,219 for administration.

Administrative Costs

The Authority pays the City for various administrative costs, including personnel costs, incurred by the City on their behalf. The amount paid for salaries and benefits of the City employees for the year was \$1,967,494 for the Authority.

NOTE 13 – SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1x 26 (AB 1x 26) that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City that previously had reported the former Redevelopment Agency within the reporting entity of the City as a discretely presented component unit. In June 2012, the Legislature adopted AB 1484, which amended portions of AB 1x 26 and added certain new provisions. AB 1x 26 and AB 1484 are collectively referred to herein as the "Bill."

NOTE 13 – SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY (Continued)

The Bill provides that upon dissolution of a redevelopment agency, either the city or another unit of local government will agree to serve as the “successor agency” to hold the assets until they are distributed to other units of state and local government. The successor agency is defined as being a separate legal entity from the City. On January 10, 2012, the City Council elected to become the Successor Agency for the former Redevelopment Agency in accordance with the Bill as part of City resolution number 28029. The assets and activities of the Successor Agency for the former Redevelopment Agency are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City.

Subject to the approval of the oversight board and the State of California Department of Finance (DOF), remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

Successor agencies are allocated property tax revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agencies until all enforceable obligations of the prior redevelopment agencies have been paid in full and all assets have been liquidated.

DOF has rejected a number of obligations on the Successor Agency’s Recognized Obligations Payment Schedules that the Successor Agency, after consultation with legal counsel, considered enforceable. These rejected items include loans from the City to the former Redevelopment Agency, since transferred to the Successor Agency, totaling \$7,250,760 that were approved by the oversight board. These loans are reflected as “advances to other funds” on the City’s balance sheets of the General Fund for \$6,500,848 and the Brownfields Grant Special Revenue Fund for \$749,912 and, as such, were assets that were at risk as a result of the DOF’s position.

The City and Successor Agency exhausted their remedies with the DOF and filed a lawsuit challenging the DOF’s determination on the City-Agency loans. Further, the Successor Agency has complied with all DOF reporting criteria to date and will continue to comply with all such requirements. The City, the Successor Agency and the DOF are in the final stages of negotiating a settlement agreement (the “DOF Settlement Agreement”) regarding litigation involving the enforceability of certain loan agreements entered post-dissolution of the Former Agency in which the City and Successor Agency prevailed. Under the proposed DOF Settlement Agreement, the Successor Agency will be permitted to repay in full loans made by the City to the Former Agency with proceeds from the sale of certain property previously owned by the Former Agency. In addition, under the proposed terms of the DOF Settlement Agreement, the DOF will be required to issue a Finding of Completion to the Successor Agency within ten business days of the payment by the Successor Agency of amounts in its possession related to the Former Agency’s Low and Moderate-Income Housing Fund and other funds and accounts. The final terms of the DOF Settlement Agreement, if and when signed, may differ from those described above. Accordingly, no provision for an allowance on the City’s receivable that may result has been recorded in the basic financial statements.

Another pending issue relates to a loan with the Exchange Bank, which has a balloon payment due on June 1, 2023 in the amount of \$10,636,535. The DOF has denied the Successor Agency’s request to allow it to either establish a reserve from periodic allocations of property tax revenue or to prepay a portion of the outstanding loan out of funds currently held by the Successor Agency. The Successor Agency retained \$5,556,782 from the former Redevelopment Agency’s low and moderate income housing funds, which

**NOTE 13 – SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT
AGENCY (Continued)**

DOF has initially determined should be paid to the County Auditor-Controller for disbursement to the affected taxing entities. Due to this finding, the Successor Agency has diligently worked to refund all its outstanding debt obligations, including the Exchange Bank loan, into two bonds. In November 2015, the City issued tax-exempt and taxable 2015 Tax Allocation Refunding Bonds to refund the outstanding debt of the Successor Agency.

The following is a summary of changes in capital assets of the Successor Agency for the fiscal year ended June 30, 2015 (amounts in thousands):

	Balance July 1, 2014	Additions	Reductions	Balance June 30, 2015
<i>Capital assets, not being depreciated</i>				
Land	\$ 3,790	\$ -	\$ (3,642)	\$ 148
<i>Capital assets, being depreciated</i>				
Buildings and improvements	10,930	-	(10,930)	-
Equipment	99	-	-	99
Total capital assets, being depreciated	11,029	-	(10,930)	99
<i>Less accumulated depreciation for:</i>				
Buildings and improvements	4,562	406	(4,968)	-
Equipment	99	-	-	99
Less accumulated depreciation	4,661	406	(4,968)	99
Total depreciable capital assets, net	6,368	(406)	(5,962)	-
Total capital assets, net	\$ 10,158	\$ (406)	\$ (9,604)	\$ 148

During the year, the Successor Agency transferred capital assets in the amount of \$9,604,000 to property held for resale as the property is expected to be sold during the fiscal year ending June 30, 2016.

Bonds and loans outstanding at June 30, 2015 of the Successor Agency consisted of the following (amounts in thousands):

Type of indebtedness (purpose)	Final Maturity	Installment Amounts	Interest Rates	Original Issue Amount	Outstanding at June 30, 2015
Exchange Bank Loan	2022-23	\$ 158-11,372	6.375%	\$ 14,700	\$ 12,800
2005A Certificates of Participation	2027-28	20-140	3.5-4.75%	1,500	1,015
2005B Certificates of Participation	2027-28	200-1,315	5.02-5.81%	13,850	9,515
2002 Southwest Area Bonds	2033-34	185-640	4.0-6.0%	9,690	7,710
2005A Southwest Area Bonds	2033-34	165-1,370	3.0-5.0%	14,090	12,345
2005B Southwest Area Bonds	2020-21	105-170	4.54-5.5%	2,120	750
Total Successor Agency bonds and loans				55,950	44,135
Plus unamortized premiums					91
Less unamortized discount					(1)
Total Successor Agency, net				\$ 55,950	\$ 44,225

NOTE 13 – SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY (Continued)

The following is a summary of long-term obligation transactions of the Successor Agency for the fiscal year ended June 30, 2015 (amounts in thousands):

	Balance			Balance		Amounts Due Within One Year
	July 1, 2014	Additions	Retirements	June 30, 2015		
Exchange Bank Loan	\$ 13,069	\$ -	\$ 269	\$ 12,800	\$ 285	
2005 Certificates of Participation	11,430	-	900	10,530	965	
2002 Southwest Area Bonds	7,945	-	235	7,710	245	
2005 A Southwest Area Bonds	12,625	-	280	12,345	285	
2005 B Southwest Area Bonds	875	-	125	750	135	
Plus unamortized premiums	96	-	5	91	5	
Less unamortized discount	(3)	-	(2)	(1)	-	
Total Successor Agency - long-term obligations	<u>\$ 46,037</u>	<u>\$ -</u>	<u>\$ 1,812</u>	<u>\$ 44,225</u>	<u>\$ 1,920</u>	

As of June 30, 2015, annual debt service requirements of the Successor Agency's certificates of participation, bonds and loan to maturity are as follows (amounts in thousands):

Year ending June 30:	Certificates of Participation		Southwest Area Tax Allocation Bonds		Southwest Area 2005 Series A and B		Exchange Bank Loan	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 965	\$ 570	\$ 245	\$ 443	\$ 420	\$ 620	\$ 285	\$ 821
2017	1,030	516	260	429	435	600	307	800
2018	1,110	456	275	415	465	578	327	780
2019	1,190	390	290	399	485	556	306	800
2020	1,275	320	305	382	505	530	291	742
2021-2025	4,150	624	1,815	1,620	2,955	2,229	11,284	2,096
2026-2030	810	71	2,415	1,005	3,755	1,403	-	-
2031-2034	-	-	2,105	229	4,075	413	-	-
Total	<u>\$ 10,530</u>	<u>\$ 2,947</u>	<u>\$ 7,710</u>	<u>\$ 4,922</u>	<u>\$ 13,095</u>	<u>\$ 6,929</u>	<u>\$ 12,800</u>	<u>\$ 6,039</u>

Pledged Revenues

Prior to the dissolution of the former Redevelopment Agency on February 1, 2012, at which time the former Redevelopment Agency's liabilities were transferred to the Successor Agency, the former Redevelopment Agency had pledged a portion of housing tax increment revenues to repay \$14,700,000 of the housing tax revenues loan issued in 2008 and a portion of tax increment revenues from the Southwest Redevelopment Project Area to repay \$9,690,000 of tax allocation bonds issued in 2002 and \$16,210,000 of tax allocation bonds issued in 2005. Proceeds from the loan provided financing for affordable housing projects approved by the Authority. Proceeds from the bonds provided financing for various redevelopment projects. The loan is payable solely from housing tax increment revenues and is payable through 2023. The bonds are payable solely from tax increment revenues from the Southwest Redevelopment Project Area and are payable through 2034.

Annual principal and interest on the loan was projected to require about 70% of housing tax increment revenues through fiscal year ending June 30, 2023. Annual principal and interest on the bonds was projected to require about 70% of tax increment revenues from the Southwest Redevelopment Project Area through fiscal year ending June 30, 2021 and 67% through fiscal year ending June 30, 2034. Total principal and interest remaining to be paid is \$18,839,000 on the loan and \$32,656,000 on the bonds. For the current

**NOTE 13 – SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT
AGENCY (Continued)**

year total principal and interest paid on the loan was \$1,106,000. For the current year total principal and interest paid on the bonds was \$1,734,000. All tax increment revenue received by the Successor Agency after the dissolution date in the amount of \$1,774,000 was deposited in the Successor Agency's Obligation Retirement Fund as required by the Bill.

NOTE 14 – CONTINGENCIES

Litigation and Environmental Matters

The City is directly and indirectly involved in various suits relating principally to claims arising from construction contracts, personal injury, and property damage. In addition, the City has identified several sites within the City's boundary, which require environmental assessment and could result in undetermined cleanup costs. The potential costs to the City related to these environmental sites are highly uncertain, and the determination of the City's liability is dependent on the extent, if any, to which such costs are recoverable from insurance or other parties. As a result, no liability has been accrued by the City relating to these environmental matters as of June 30, 2015.

NOTE 15 – DEFICIT FUND BALANCE AND NET POSITION

The City reported a deficit fund balance of \$2,334,527 in its Capital Improvement Nonmajor Capital Project Fund as a result of significant capital improvement activities. The deficit is expected to be funded by future transfers in from other funds.

The City reported a deficit net position of \$20,736,000 in its Successor Agency Private-Purpose Trust Fund as a result of having long-term obligations issued for redevelopment purposes for which the related capital assets reside with others. In theory, the deficit should decrease as these long-term obligations are paid down with future incremental property tax revenues.

The City reported a deficit net position of \$3,602,777 in its Insurance Internal Service Fund as a result of the City not charging its other funds enough to cover the increase in its net OPEB obligation and the effect of the Net Pension Liability.

The City reported a deficit net position of \$2,452,375 in its Information Services Fund as a result of the effect of the Net Pension Liability.

The City reported a deficit net position of \$26,140,172 in its Pension Benefit Internal Service Fund attributable to its restatement of fund balance due to implementing GASB 68. The fund no longer reflects a net pension asset to offset the debt obtained in prior years to pay PERS for the net actuarial accrued liability in 2003.

NOTE 16 – SUBSEQUENT EVENTS

On July 27, 2015, the Successor Agency received \$12,115,698 from the sale of the Hyatt Vineyard Creek property to the Thayer Group. These funds were included as part of a lawsuit the Successor Agency filed against the California Department of Finance and as part of the settlement agreement, the City loans to the former Redevelopment Agency were to be paid in full with the proceeds. The lawsuit was agreed to by Council and signed by the Mayor on December 15, 2015. As a result of the legal action, the City loans were paid in full and the Successor Agency received a Finding of Completion on December 22, 2015.

On November 20, 2015, the Successor Agency issued \$39,685,000 in Tax Allocation Refunding Bonds. These bonds were issued in two parts to refund the taxable and non-taxable debt of the former Redevelopment Agency in full and to provide for a level debt service for the remaining dissolution process.

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Required Supplementary Information



SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

Miscellaneous Plan:

	2014 ⁽²⁾
Total Pension Liability	
Service cost	\$ 12,022,619
Interest on the total pension liability	41,859,568
Benefit payments, including refunds of employee contributions	(24,121,091)
Net change in total pension liability	29,761,096
Total pension liability beginning	564,176,807
Total pension liability ending (a)	593,937,903
Plan Fiduciary net position	
Contributions – employer	10,337,394
Contributions – employee	5,340,882
Net investment income ⁽¹⁾	72,935,599
Benefit payments	(24,121,091)
Net change in plan fiduciary net position	64,492,784
Plan fiduciary net position – beginning	422,290,595
Plan fiduciary net position - ending (b)	486,783,379
Net pension liability - ending (a)-(b)	\$ 107,154,524
Plan fiduciary net position as a percentage of the total pension liability	81.96%
Covered - employee payroll	\$ 59,617,700
Plan Net Pension Liability as a percentage of covered Employee Payroll	179.74%

(1) Net of administrative expenses.

(2) Historical information is required only for measurement periods for which GASB Statement No. 68 is applicable.

Note to Schedule

Benefit Changes - The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2013. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions - There are no changes in assumptions.

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

Safety Police Plan:

	2014 ⁽²⁾
Total Pension Liability	
Service cost	\$ 5,408,113
Interest on the total pension liability	16,810,183
Benefit payments, including refunds of employee contributions	(10,577,140)
Net change in total pension liability	<u>11,641,156</u>
Total pension liability beginning	<u>226,720,289</u>
Total pension liability ending (a)	<u>238,361,445</u>
Plan Fiduciary net position	
Contributions – employer	5,438,385
Contributions – employee	1,939,044
Net investment income ⁽¹⁾	26,738,838
Benefit payments	(10,577,140)
Net change in plan fiduciary net position	<u>23,539,127</u>
Plan fiduciary net position – beginning	<u>154,737,132</u>
Plan fiduciary net position - ending (b)	<u>178,276,259</u>
Net pension liability - ending (a)-(b)	<u>\$ 60,085,186</u>
Plan fiduciary net position as a percentage of the total pension liability	74.79%
Covered - employee payroll	\$ 25,211,927
Plan Net Pension Liability as a percentage of covered Employee Payroll	238.32%

(1) Net of administrative expenses.

(2) Historical information is required only for measurement periods for which GASB Statement No. 68 is applicable.

Note to Schedule

Benefit Changes - The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2013. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions - There are no changes in assumptions.

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

Safety Fire Plan:

	2014 ⁽²⁾
Total Pension Liability	
Service cost	\$ 4,062,709
Interest on the total pension liability	13,504,043
Benefit payments, including refunds of employee contributions	(8,414,202)
Net change in total pension liability	9,152,550
Total pension liability beginning	182,229,666
Total pension liability ending (a)	191,382,216
Plan Fiduciary net position	
Contributions – employer	4,525,323
Contributions – employee	1,860,238
Net investment income ⁽¹⁾	21,127,101
Benefit payments	(8,414,202)
Net change in plan fiduciary net position	19,098,460
Plan fiduciary net position – beginning	121,316,173
Plan fiduciary net position - ending (b)	140,414,633
Net pension liability - ending (a)-(b)	<u>\$ 50,967,583</u>
Plan fiduciary net position as a percentage of the total pension liability	73.37%
Covered - employee payroll	\$ 17,819,087
Plan Net Pension Liability as a percentage of covered Employee Payroll	286.03%

(1) Net of administrative expenses.

(2) Historical information is required only for measurement periods for which GASB Statement No. 68 is applicable.

Note to Schedule

Benefit Changes - The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2013. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions - There are no changes in assumptions.

SCHEDULE OF CONTRIBUTIONS

Miscellaneous Plan:

	2014	2015
Actuarially Determined Contribution	\$ 10,337,394	\$ 10,947,989
Contributions in Relation to the Actuarilly Determined Contribution	(10,337,394)	(10,947,989)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Covered Employee Payroll	\$ 59,617,700	\$ 61,001,877
Contribution as a Percentage of Covered Employee Payroll	17.34%	17.95%

Safety Police Plan:

	2014	2015
Actuarially Determined Contribution	\$ 5,438,385	\$ 6,058,453
Contributions in Relation to the Actuarilly Determined Contribution	(5,438,385)	(6,058,453)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Covered Employee Payroll	\$ 25,211,927	\$ 26,841,038
Contribution as a Percentage of Covered Employee Payroll	21.57%	22.57%

Safety Fire Plan:

	2014	2015
Actuarially Determined Contribution	\$ 4,525,323	\$ 4,672,542
Contributions in Relation to the Actuarilly Determined Contribution	(4,525,323)	(4,672,542)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Covered Employee Payroll	\$ 17,819,087	\$ 18,294,409
Contribution as a Percentage of Covered Employee Payroll	25.40%	25.54%

Notes to Schedule

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Years 2013-14 and 2014-15 were from the June 30, 2011 and 2012 public agency valuations, respectively.

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	For details, see June 30, 2011 Funding Valuation Report.
Asset Valuation Method	Actuarial Value of Assets
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	3.00%
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation.
Retirement Age	The probabilities of Retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

**POSTEMPLOYMENT HEALTHCARE PLAN
SCHEDULES OF FUNDING PROGRESS**
(Dollar Amounts in Thousands)

Schedule of funding progress for OPEB for PEMHCA:

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	Unfunded Actuarial Liability As a Percentage of Payroll
6/30/2009	\$ -	\$ 5,986	\$ 5,986	0.0%	\$ 48,887	12.2%
6/30/2011	-	8,332	8,332	0.0%	45,520	18.3%
6/30/2013	-	10,901	10,901	0.0%	46,133	23.6%

Schedule of funding progress for OPEB for Stipend:

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	Unfunded Actuarial Liability As a Percentage of Payroll
6/30/2009 ¹	\$ 6,629	\$ 20,430	\$ 13,801	32.4%	\$ 77,974	17.7%
6/30/2011	12,256	37,560	25,304	32.6%	72,624	34.8%
6/30/2013	16,238	47,059	30,821	34.5%	73,206	42.1%

¹Excluding the Police stipend plan in Actuarial Accrued Liability, Actuarial Value of Assets and Unfunded Actuarial Accrued Liability.

CITY OF SANTA ROSA
 GENERAL FUND
 SCHEDULE OF REVENUES
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
REVENUES:				
Property taxes	\$ 20,341,514	\$ 22,341,514	\$ 23,118,059	\$ 776,545
Sales taxes	41,583,655	41,983,655	43,338,044	1,354,389
Utility users tax	9,858,710	9,858,710	9,778,207	(80,503)
Other taxes	29,499,037	29,499,037	31,428,766	1,929,729
Licenses and permits	1,865,979	1,865,979	1,406,754	(459,225)
Charges for services	22,282,511	22,301,792	22,317,453	15,661
Intergovernmental	2,724,888	6,220,920	3,584,049	(2,636,871)
Fines and forfeitures	1,740,522	1,740,522	1,932,557	192,035
Investment earnings	144,933	144,933	248,982	104,049
Net change in the fair value of investments	-	-	(577)	(577)
Other	2,028,636	2,663,053	4,292,963	1,629,910
	<u>\$ 132,070,385</u>	<u>\$ 138,620,115</u>	<u>\$ 141,445,257</u>	<u>\$ 2,825,142</u>
TOTAL REVENUES				

The note to the required supplementary information is an integral part of this schedule.

Schedule B-2

**CITY OF SANTA ROSA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL (BUDGET BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Original Budget	Final Budget	Actual (Budget Basis)	Variance With Final Budget Positive (Negative)
GENERAL GOVERNMENT				
City Council:				
Salaries	\$ 123,762	\$ 123,762	\$ 153,034	\$ (29,272)
Employee benefits	147,860	147,860	136,484	11,376
Services and supplies	537,929	537,929	447,499	90,430
TOTAL CITY COUNCIL	809,551	809,551	737,017	72,534
City Manager:				
Salaries	1,447,589	1,539,759	1,381,048	158,711
Employee benefits	574,602	574,602	538,288	36,314
Services and supplies	1,039,886	1,236,886	1,102,787	134,099
TOTAL CITY MANAGER	3,062,077	3,351,247	3,022,123	329,124
City Attorney:				
Salaries	1,459,756	1,472,645	1,482,109	(9,464)
Employee benefits	539,025	539,025	554,703	(15,678)
Services and supplies	150,903	150,903	139,150	11,753
TOTAL CITY ATTORNEY	2,149,684	2,162,573	2,175,962	(13,389)
Human Resources:				
Salaries	1,120,627	1,229,376	1,135,930	93,446
Employee benefits	438,841	467,492	458,276	9,216
Services and supplies	379,306	465,091	290,568	174,523
TOTAL HUMAN RESOURCES	1,938,774	2,161,959	1,884,774	277,185
Finance:				
Salaries	4,278,792	4,244,208	3,974,739	269,469
Employee benefits	1,901,633	1,901,633	1,861,652	39,981
Services and supplies	2,699,489	2,739,214	2,231,998	507,216
Capital outlay	-	30,275	-	30,275
TOTAL FINANCE	8,879,914	8,915,330	8,068,389	846,941
Community Development:				
Salaries	2,714,124	2,644,302	2,626,661	17,641
Employee benefits	1,117,497	1,063,714	1,078,851	(15,137)
Services and supplies	826,397	1,137,276	803,909	333,367
TOTAL COMMUNITY DEVELOPMENT	4,658,018	4,845,292	4,509,421	335,871
Nondepartmental:				
Salaries	1,400,000	338,639	-	338,639
Liability and fire insurance	1,254,472	1,254,472	1,254,472	-
Services and supplies	3,106,565	3,052,911	2,726,522	326,389
TOTAL NONDEPARTMENTAL	5,761,037	4,646,022	3,980,994	665,028
TOTAL GENERAL GOVERNMENT	27,259,055	26,891,974	24,378,680	2,513,294

CITY OF SANTA ROSA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL (BUDGET BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Original Budget	Final Budget	Actual (Budget Basis)	Variance With Final Budget Positive (Negative)
PUBLIC SAFETY				
Fire:				
Salaries	\$ 17,650,537	\$ 18,004,795	\$ 17,740,740	\$ 264,055
Employee benefits	10,393,800	10,350,994	10,168,109	182,885
Services and supplies	3,183,774	3,095,647	3,062,591	33,056
Capital outlay	314,806	314,806	314,806	-
Debt service:				
Principal	438,595	438,595	282,695	155,900
Interest	11,574	11,574	11,574	-
TOTAL FIRE	31,993,086	32,216,411	31,580,515	635,896
Police:				
Salaries	25,535,170	26,028,795	25,483,537	545,258
Employee benefits	14,051,492	14,051,491	13,564,201	487,290
Services and supplies	5,195,694	5,186,216	4,580,015	606,201
Capital outlay	306,784	336,276	314,940	21,336
TOTAL POLICE	45,089,140	45,602,778	43,942,693	1,660,085
TOTAL PUBLIC SAFETY	77,082,226	77,819,189	75,523,208	2,295,981
PUBLIC WORKS				
Salaries	6,259,343	6,371,898	6,335,559	36,339
Employee benefits	2,958,835	2,958,835	3,129,162	(170,327)
Services and supplies	3,680,533	3,673,568	3,695,542	(21,974)
Capital outlay	88,751	32,430	46,913	(14,483)
TOTAL PUBLIC WORKS	12,987,462	13,036,731	13,207,176	(170,445)
RECREATION AND PARKS				
Salaries	5,881,524	5,596,948	5,743,061	(146,113)
Employee benefits	2,182,019	2,182,019	2,322,085	(140,066)
Services and supplies	7,084,032	7,108,587	6,344,522	764,065
Capital outlay	-	94,214	64,130	30,084
TOTAL RECREATION AND PARKS	15,147,575	14,981,768	14,473,798	507,970
TOTAL GENERAL FUND	\$ 132,476,318	\$ 132,729,662	\$ 127,582,862	\$ 5,146,800

**GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL (BUDGET BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Original Budget	Final Budget	Actual (Budget Basis)	Variance With Final Budget Positive (Negative)
Salaries	\$ 67,871,224	\$ 67,595,127	\$ 66,056,418	\$ 1,538,709
Employee benefits	34,305,604	34,237,665	33,811,811	425,854
Services and supplies	27,884,508	28,384,228	25,425,103	2,959,125
Liability and fire insurance	1,254,472	1,254,472	1,254,472	-
Capital outlay	710,341	808,001	740,789	67,212
Debt service:				
Principal	438,595	438,595	282,695	155,900
Interest	11,574	11,574	11,574	-
TOTAL GENERAL FUND	\$ 132,476,318	\$ 132,729,662	\$ 127,582,862	\$ 5,146,800

**EXPLANATION OF DIFFERENCES BETWEEN SCHEDULE OF EXPENDITURES
AND GAAP EXPENDITURES:**

General government	\$ 24,378,680
Public safety	74,599,193
Public works	13,160,263
Recreation and parks	14,409,668
Capital outlay	740,789
Debt service:	
Principal	282,695
Interest	11,574
Total expenditures budget basis	127,582,862

Expenditures budgeted that for GAAP purposes are recorded in the funds that receive the resources to pay for them:

Federal Narcotics Asset Forfeiture Fund	(150,000)
State Narcotics Asset Forfeiture Fund	(75,000)
Traffic Safety Fund	(487,791)
Gas Tax Fund	(1,792,000)
Expendable Trust Funds	(15,737)
Successor Agency Trust	-
Supplemental Law Enforcement Services Fund	(100,000)
Measure M Fund	(235,000)

Transfers out to component units are not budgeted for budgetary purposes and are reported as other expenditures for financial reporting purposes.

	380,313
Total expenditures GAAP basis	\$ 125,107,647

The note to the required supplementary information is an integral part of this schedule.

(Concluded)

BUDGETS

Budgets are adopted for all governmental funds, except the Brownfields Grant, Measure Q, Sidewalk Program Owner Contribution, Environmental Crimes, Library Improvement, Street Light Fee, Downtown BIA, Expendable special revenue funds and the Capital Improvements capital projects fund. All budgets are adopted on a basis consistent with GAAP with the exception of some Special Revenue and Capital Project funds expenditures that are budgeted for as transfers out to other funds, like the General Fund, which budget for those expenditures. The budget is legally required to be adopted prior to July 1 for the ensuing year.

The City Manager is authorized to transfer an unlimited amount of appropriations within any fund so long as the total appropriations are not increased. The City Manager is also authorized to transfer up to \$50,000 of appropriations between funds. In addition, the City Manager is authorized to transfer up to \$100,000 of appropriations between funds within one enterprise activity. Finally, the City Manager or their designee is authorized to increase appropriations upon receipt of grant awards of up to \$500,000. Other than increasing appropriations upon receipt of grant awards, only the City Council has the authority to increase total appropriations subject to the appropriation limitations established by state law.

The legal level of budgetary control is by fund, although budgets are adopted within funds at the department/division level in all operating funds and at the project level in the capital projects funds.

Other Supplementary Information



NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for revenues derived from 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, charter provisions or ordinance to finance particular functions or activities of government. The various funds and sources are:

- (a) Measure M Fund receives funding from the County for construction of eligible transportation projects that improve the quality of roads, sidewalks, and bike lanes.
- (b) Art In-Lieu Fee Fund accounts for developer contributions in lieu of installation of public art on project sites and income received from art programs and events to fund public artwork, cultural programs, maintenance/conservation, and administrative costs relating to the Art in Public Places Program.
- (c) Measure O Fund receives sales tax used to fund enhanced Fire and Police services and Neighborhood Safety / Gang Prevention programs.
- (d) Homeless Shelter Operations Fund accounts for funding for the operations of the Samuel Jones Hall shelter.
- (e) Federal Grants Fund accounts for funds from various Federal grant programs including Justice Assistance Grants, Natural Resource Conservation Services.
- (f) Brownfields Grant Fund receives grants from the Environmental Protection Agency to provide loans to the former Redevelopment Agency and property owners for cleanup of toxic waste.
- (g) Federal Narcotics Asset Forfeiture Fund is used for specified police activities (excluding regular salary) from confiscated assets of convicted drug felons.
- (h) Traffic Safety Fund accounts for revenues received from misdemeanor moving violations and is restricted for traffic safety purposes.
- (i) Gas Tax Fund accounts for funds from the State of California under the Street and Highway Code Sections 2103, 2105, 2106, 2107 and 2107.5. The use of funds is restricted to street related projects, which can include related public facilities for non-motorized traffic, e.g. bike & pedestrian paths.
- (j) Measure Q Fund receives funding from the Sonoma-Marín Area Rail Transit (SMART) District to provide funds for construction of eligible transportation projects related to the SMART rail system and bicycle/pedestrian pathway along the rail corridor within the City.
- (k) State Grants Fund accounts for funds from various State grant programs including but not limited to State Transportation Improvement Program, Office of Traffic Safety, and State Department of Public Health.
- (l) Sidewalk Program Owner Contribution Fund accounts for funds from property owners used to reconstruct sidewalks.

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS (Continued)

- (m) Environmental Crimes Fund accounts for restitution on environmental crimes used for future investigative expenditures.
- (n) Supplemental Law Enforcement Services Fund receives funds from the State of California to supplement local law enforcement activities.
- (o) Library Improvement Fund receives funds from the County Library system to make improvements to the City's libraries.
- (p) Public Facilities Improvement Fee Fund accounts for fees imposed on residential development for public facilities.
- (q) Street Light Fee Fund accounts for fees imposed on developers to provide street lights
- (r) AB 434 Fund accounts for funds from Bay Area Air Quality Management District to implement projects and programs to reduce air pollution from motor vehicles.
- (s) State Narcotics Asset Forfeiture Fund is used for specified police activities (excluding regular salary) from confiscated assets of convicted drug felons.
- (t) Change for Kids Fund accounts for contributions for lower income youth recreation opportunities.
- (u) Mobilehome Rent Stabilization Fund receives an annual fee to administer the mobilehome rent control ordinance 3072.
- (v) Prop 1B Fund accounts for monies received from the State for local road rehabilitation.
- (w) Tourism Business Improvement Area (BIA) Fund was established via ordinance 3946 to collect a 3% assessment on lodging operators within City limits. Two-thirds of the assessment collected is for administration and 30% and 70% of the remaining third is retained by the City for Economic Development and Chamber of Commerce, respectively.
- (x) Downtown BIA Fund accounts for assessments that have been levied on businesses within a business improvement area in downtown Santa Rosa. The funds are used for improvements and promoting activities that benefit the businesses in the specified area.
- (y) Special Tax Districts Fund accounts for special taxes levied on property owners to fund maintenance and other municipal services.
- (z) Expendable Fund accounts for revenues received for various purposes including but not limited to developer performance relief and/or default, recreation programs and other public needs and interests.

NONMAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECTS FUNDS

The Capital Project Funds account for the accumulation of resources used for the acquisition or construction of general capital assets.

- (a) The Capital Improvements Fund accounts for the accumulation of resources used for the acquisition or construction of general capital assets.
- (b) Federal ISTEA Fund accounts for grants from the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA) program used to provide funds for construction of eligible transportation projects that focus on safety and congestion.
- (c) Capital Facilities Fee Fund accounts for fees imposed on residential and commercial development for public facilities, e.g. street widening, traffic signals, freeway interchanges, bike paths, and storm drains.
- (d) Park Acquisition and Development Fund accounts for revenues received from fees imposed on developers to assist with funding the acquisition and construction of neighborhood and community parks.
- (e) Southwest Area Development Impact Fee Fund accounts for fees imposed on developers for public improvements in the southwest area of the City.
- (f) Southeast Area Development Impact Fee Fund accounts for fees imposed on developers for public improvements in the southeast area of the City.

DEBT SERVICE FUNDS

The Debt Service Funds account for the accumulation of resources for, and the payment of, general long-term debt principal and interest. The various funds and sources are:

- (a) The 2007 Building Acquisition Certificates of Participation (COPs) Fund accounts for debt service receipts and expenditures related to the COPs maturing through fiscal year 2037-38. Proceeds from the issuance of the COPs were used for the acquisition of the Chamber Plaza building.
- (b) The ARP Capital Lease Fund accounts for debt service receipts and expenditures related to the 7-year capital lease with Sun Trust Equipment Finance and Leasing Corporation. The City entered into this agreement on November 21, 2008. The proceeds of this capital lease are financing the Enterprise Resource Planning System, also known as the Admins Replacement System (ARP).
- (c) The Fire Station Capital Lease Fund accounts for debt service receipts and expenditures related to the 12-year capital lease with BBVA Compass Bank. The City entered into this agreement on December 10, 2013. The proceeds of this capital lease are financing the construction of a fire station located at the southeast corner of Newgate Court and Fountaingrove Parkway.

CITY OF SANTA ROSA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015

	Special Revenue Funds						
	Measure M Fund	Art In-lieu Fee Fund	Measure O Fund	Homeless Shelter Operations Fund	Federal Grants Fund	Brownfields Grant Fund	Federal Narcotics Asset Forfeiture Fund
ASSETS							
Cash and investments	\$ -	\$ 272,463	\$ 3,054,515	\$ 82,698	\$ -	\$ 96,306	\$ 26,269
Receivables:							
Accounts	-	27,021	3,780	-	-	-	-
Interest	(424)	620	6,949	-	-	-	60
Intergovernmental	704,421	10,000	1,305,100	25,000	33,062	-	-
Restricted cash and investments	-	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	749,912	-
TOTAL ASSETS	\$ 703,997	\$ 310,104	\$ 4,370,344	\$ 107,698	\$ 33,062	\$ 846,218	\$ 26,329
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICIT)							
LIABILITIES							
Accounts payable and accrued liabilities	\$ -	\$ 1,624	\$ 244,037	\$ 72,698	\$ -	\$ -	\$ -
Due to other funds	186,524	-	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-	-
Unearned revenue	-	27,021	-	35,000	-	-	-
TOTAL LIABILITIES	186,524	28,645	244,037	107,698	-	-	-
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue	-	-	-	-	33,062	74,316	-
FUND BALANCES (DEFICIT):							
Restricted:							
Debt service	-	-	-	-	-	-	-
Parks	-	-	612,796	-	-	-	-
Public Safety	-	-	3,513,511	-	-	-	26,329
Roads	517,473	-	-	-	-	-	-
Public and capital facilities	-	281,459	-	-	-	-	-
Other purposes	-	-	-	-	-	771,902	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICIT)	517,473	281,459	4,126,307	-	-	771,902	26,329
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICIT)	\$ 703,997	\$ 310,104	\$ 4,370,344	\$ 107,698	\$ 33,062	\$ 846,218	\$ 26,329

(Continued)

Statement C-1

Special Revenue Funds						
Traffic Safety Fund	Gas Tax Fund	Measure Q Fund	State Grants Fund	Sidewalk Program Owner Contribution Fund	Environmental Crimes Fund	Supplemental Law Enforcement Services Fund
\$ -	\$ 5,590,136	\$ -	\$ -	\$ 1,955	\$ 61,831	\$ 361,317
-	-	-	-	-	-	-
-	12,717	-	-	4	-	822
86,391	-	-	1,255,480	-	-	66,866
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 86,391</u>	<u>\$ 5,602,853</u>	<u>\$ -</u>	<u>\$ 1,255,480</u>	<u>\$ 1,959</u>	<u>\$ 61,831</u>	<u>\$ 429,005</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	10,600	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	10,600	-	-	-
-	-	-	1,190,859	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
86,391	-	-	-	-	-	429,005
-	5,602,853	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	54,021	1,959	61,831	-
-	-	-	-	-	-	-
<u>86,391</u>	<u>5,602,853</u>	<u>-</u>	<u>54,021</u>	<u>1,959</u>	<u>61,831</u>	<u>429,005</u>
<u>\$ 86,391</u>	<u>\$ 5,602,853</u>	<u>\$ -</u>	<u>\$ 1,255,480</u>	<u>\$ 1,959</u>	<u>\$ 61,831</u>	<u>\$ 429,005</u>

(Continued)

CITY OF SANTA ROSA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015

	Special Revenue Funds					
	Library Improvement Fund	Public Facilities Improvement Fee Fund	Street Light Fee Fund	AB 434 Fund	State Narcotics Asset Forfeiture Fund	Change For Kids Fund
ASSETS						
Cash and investments	\$ 46,683	\$ 162,908	\$ 99,842	\$ -	\$ 388,050	\$ 38,779
Receivables:						
Accounts	-	-	-	-	-	1,697
Interest	106	371	-	-	883	-
Intergovernmental	-	-	-	102,351	-	-
Restricted cash and investments	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 46,789</u>	<u>\$ 163,279</u>	<u>\$ 99,842</u>	<u>\$ 102,351</u>	<u>\$ 388,933</u>	<u>\$ 40,476</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICIT)						
LIABILITIES						
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ 3,146	\$ -	\$ 1,938
Due to other funds	-	-	-	99,205	-	-
Advances from other funds	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>102,351</u>	<u>-</u>	<u>1,938</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	-	-	-	-	-	-
FUND BALANCES (DEFICIT):						
Restricted:						
Debt service	-	-	-	-	-	-
Parks	-	-	-	-	-	-
Public Safety	-	-	-	-	388,933	-
Roads	-	-	-	-	-	-
Public and capital facilities	46,789	163,279	-	-	-	-
Other purposes	-	-	99,842	-	-	38,538
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICIT)	<u>46,789</u>	<u>163,279</u>	<u>99,842</u>	<u>-</u>	<u>388,933</u>	<u>38,538</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICIT)	<u>\$ 46,789</u>	<u>\$ 163,279</u>	<u>\$ 99,842</u>	<u>\$ 102,351</u>	<u>\$ 388,933</u>	<u>\$ 40,476</u>

(Continued)

Statement C-1

Special Revenue Funds

Mobilehome Rent Stabilization Fund	Prop 1B Fund	Tourism BIA Fund	Downtown BIA Fund	Special Tax Districts Fund	Expendable Fund
\$ 451,965	\$ 32,433	\$ 422,096	\$ -	\$ 1,173,596	\$ 7,560,325
2,409	-	-	-	2,397	113,510
1,028	74	960	-	2,670	16,009
-	-	137,804	-	2,772	-
-	-	-	-	-	49,050
-	-	-	-	-	-
<u>\$ 455,402</u>	<u>\$ 32,507</u>	<u>\$ 560,860</u>	<u>\$ -</u>	<u>\$ 1,181,435</u>	<u>\$ 7,738,894</u>
\$ -	\$ -	\$ 24,203	\$ -	\$ -	\$ 33,971
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	24,203	-	-	33,971
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	491,197	-
-	-	-	-	-	-
-	32,507	-	-	-	-
-	-	-	-	-	-
455,402	-	536,657	-	690,238	7,704,923
-	-	-	-	-	-
<u>455,402</u>	<u>32,507</u>	<u>536,657</u>	<u>-</u>	<u>1,181,435</u>	<u>7,704,923</u>
<u>\$ 455,402</u>	<u>\$ 32,507</u>	<u>\$ 560,860</u>	<u>\$ -</u>	<u>\$ 1,181,435</u>	<u>\$ 7,738,894</u>

CITY OF SANTA ROSA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015

	Capital Projects Funds					
	Capital Improvements Fund	Federal ISTEA Fund	Capital Facilities Fee Fund	Park Acquisition and Development Fund	Southwest Area Development Impact Fee Fund	Southeast Area Development Impact Fee Fund
ASSETS						
Cash and investments	\$ -	\$ -	\$ 12,113,842	\$ 5,107,195	\$ 13,607,256	\$ 3,557,625
Receivables:						
Accounts	-	-	1,222,967	1,199,599	1,176,508	319,066
Interest	179	-	27,837	11,619	30,956	8,093
Intergovernmental	-	1,075,784	-	-	-	-
Restricted cash and investments	167,425	-	-	-	-	-
Advances to other funds	-	-	-	689,076	-	-
TOTAL ASSETS	\$ 167,604	\$ 1,075,784	\$ 13,364,646	\$ 7,007,489	\$ 14,814,720	\$ 3,884,784
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICIT)						
LIABILITIES						
Accounts payable and accrued liabilities	\$ 1,413,537	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	1,088,594	-	-	-	-	-
Advances from other funds	-	-	-	-	329,000	-
Unearned revenue	-	-	1,222,967	1,199,599	1,176,508	319,066
TOTAL LIABILITIES	2,502,131	-	1,222,967	1,199,599	1,505,508	319,066
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	-	1,075,784	-	-	-	-
FUND BALANCES (DEFICIT):						
Restricted:						
Debt service	-	-	-	-	-	-
Parks	-	-	-	5,807,890	-	-
Public Safety	-	-	-	-	-	-
Roads	-	-	-	-	-	-
Public and capital facilities	11,472	-	12,141,679	-	13,309,212	3,565,718
Other purposes	-	-	-	-	-	-
Unassigned	(2,345,999)	-	-	-	-	-
TOTAL FUND BALANCES (DEFICIT)	(2,334,527)	-	12,141,679	5,807,890	13,309,212	3,565,718
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICIT)	\$ 167,604	\$ 1,075,784	\$ 13,364,646	\$ 7,007,489	\$ 14,814,720	\$ 3,884,784

(Continued)

Statement C-1

Debt Service Funds				
2007 Building Acquisition COPs Fund	ARP Capital Lease Fund	Fire Station Capital Lease Fund		Total
\$ 1,459,436	\$ -	\$ -		\$ 55,769,521
-	-	-		4,068,954
21	-	-		121,554
-	-	-		4,805,031
-	-	-		216,475
-	-	-		1,438,988
<u>\$ 1,459,457</u>	<u>\$ -</u>	<u>\$ -</u>		<u>\$ 66,420,523</u>
\$ -	\$ -	\$ -		\$ 1,795,154
-	-	-		1,384,923
-	-	-		329,000
-	-	-		3,980,161
<u>-</u>	<u>-</u>	<u>-</u>		<u>7,489,238</u>
-	-	-		2,374,021
1,459,457	-	-		1,459,457
-	-	-		6,911,883
-	-	-		4,444,169
-	-	-		6,152,833
-	-	-		29,519,608
-	-	-		10,415,313
-	-	-		(2,345,999)
<u>1,459,457</u>	<u>-</u>	<u>-</u>		<u>56,557,264</u>
<u>\$ 1,459,457</u>	<u>\$ -</u>	<u>\$ -</u>		<u>\$ 66,420,523</u>

(Concluded)

CITY OF SANTA ROSA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Special Revenue Funds

	Measure M Fund	Art In-lieu Fee Fund	Measure O Fund	Homeless Shelter Operations Fund	Federal Grants Fund	Brownfields Grant Fund	Federal Narcotics Asset Forfeiture Fund
REVENUES:							
Sales taxes	\$ -	\$ -	\$ 8,144,862	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-	-
Development impact mitigation charges	-	-	-	-	-	-	-
Intergovernmental	2,054,642	30,000	-	160,000	39,742	-	-
Fines and forfeitures	-	-	-	-	-	-	-
Investment earnings	4,319	1,643	21,852	-	-	-	641
Net change in the fair value of investments	(360)	(41)	(1,358)	-	-	-	(166)
Contribution from property owners	-	-	-	-	-	-	-
Other	-	33,340	3,780	82,700	-	-	-
TOTAL REVENUES	2,058,601	64,942	8,169,136	242,700	39,742	-	475
EXPENDITURES:							
Current:							
General government	-	-	1,412,760	711,122	-	-	-
Public safety	-	-	5,826,523	-	-	-	150,000
Public works	1,608,183	-	-	-	39,742	-	-
Recreation and parks	-	59,710	586,496	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
TOTAL EXPENDITURES	1,608,183	59,710	7,825,779	711,122	39,742	-	150,000
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	450,418	5,232	343,357	(468,422)	-	-	(149,525)
OTHER FINANCING SOURCES (USES):							
Transfers in	-	34,482	-	468,422	-	-	-
Transfers out	(1,250,385)	-	(965,375)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(1,250,385)	34,482	(965,375)	468,422	-	-	-
CHANGES IN FUND BALANCES	(799,967)	39,714	(622,018)	-	-	-	(149,525)
FUND BALANCES, beginning of year	1,317,440	241,745	4,748,325	-	-	771,902	175,854
FUND BALANCES (DEFICIT), end of year	\$ 517,473	\$ 281,459	\$ 4,126,307	\$ -	\$ -	\$ 771,902	\$ 26,329

(Continued)

Statement C-2

Special Revenue Funds

Traffic Safety Fund	Gas Tax Fund	Measure Q Fund	State Grants Fund	Sidewalk Program Owner Contribution Fund	Environmental Crimes Fund	Supplemental Law Enforcement Services Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	4,307,674	196,000	1,584,110	-	-	261,361
533,544	-	-	-	-	-	-
-	39,536	-	-	13	-	2,354
-	(19)	-	-	(1)	-	56
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>533,544</u>	<u>4,347,191</u>	<u>196,000</u>	<u>1,584,110</u>	<u>12</u>	<u>-</u>	<u>263,771</u>
-	-	-	33,140	-	-	-
487,792	-	-	38,196	-	-	100,000
-	2,686,544	196,000	1,492,997	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>487,792</u>	<u>2,686,544</u>	<u>196,000</u>	<u>1,564,333</u>	<u>-</u>	<u>-</u>	<u>100,000</u>
<u>45,752</u>	<u>1,660,647</u>	<u>-</u>	<u>19,777</u>	<u>12</u>	<u>-</u>	<u>163,771</u>
-	-	-	156,423	-	-	-
-	(757,383)	-	(146,449)	-	-	-
-	(757,383)	-	9,974	-	-	-
<u>45,752</u>	<u>903,264</u>	<u>-</u>	<u>29,751</u>	<u>12</u>	<u>-</u>	<u>163,771</u>
<u>40,639</u>	<u>4,699,589</u>	<u>-</u>	<u>24,270</u>	<u>1,947</u>	<u>61,831</u>	<u>265,234</u>
<u>\$ 86,391</u>	<u>\$ 5,602,853</u>	<u>\$ -</u>	<u>\$ 54,021</u>	<u>\$ 1,959</u>	<u>\$ 61,831</u>	<u>\$ 429,005</u>

(Continued)

CITY OF SANTA ROSA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Special Revenue Funds					Change For Kids Fund
	Library Improvement Fund	Public Facilities Improvement Fee Fund	Street Light Fee Fund	AB 434 Fund	State Narcotics Asset Forfeiture Fund	
REVENUES:						
Sales taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-
Development impact mitigation charges	-	-	-	-	-	-
Intergovernmental	-	-	-	197,265	-	-
Fines and forfeitures	-	-	-	-	-	-
Interest	300	1,317	-	-	2,559	-
Net change in the fair value of investments	(12)	(126)	-	-	(44)	-
Contribution from property owners	-	-	-	-	-	-
Other	-	-	-	-	129,737	24,912
TOTAL REVENUES	288	1,191	-	197,265	132,252	24,912
EXPENDITURES:						
Current:						
General government	-	-	-	197,265	-	-
Public safety	-	-	-	-	75,000	-
Public works	-	199	-	-	-	-
Recreation and parks	-	-	-	-	-	8,154
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
TOTAL EXPENDITURES	-	199	-	197,265	75,000	8,154
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	288	992	-	-	57,252	16,758
OTHER FINANCING SOURCES (USES):						
Transfers in	-	-	-	-	-	-
Transfers out	-	(78,255)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	(78,255)	-	-	-	-
CHANGES IN FUND BALANCES	288	(77,263)	-	-	57,252	16,758
FUND BALANCES, beginning of year	46,501	240,542	99,842	-	331,681	21,780
FUND BALANCES (DEFICIT), end of year	\$ 46,789	\$ 163,279	\$ 99,842	\$ -	\$ 388,933	\$ 38,538

(Continued)

Statement C-2

Special Revenue Funds

Mobilehome Rent Stabilization Fund	Prop IB Fund	Tourism BIA Fund	Downtown BIA Fund	Special Tax Districts Fund	Expendable Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
93,859	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
2,898	289	2,785	-	7,237	39,272
(82)	(48)	(25)	-	(168)	(1,983)
-	-	-	-	185,369	464,799
-	-	518,563	-	-	2,082,876
<u>96,675</u>	<u>241</u>	<u>521,323</u>	<u>-</u>	<u>192,438</u>	<u>2,584,964</u>
56,297	-	429,734	663	-	63
-	-	-	-	-	1,074,091
-	37,126	-	-	1,804	235,854
-	-	-	-	17,063	865,986
-	-	-	-	-	-
-	-	-	-	-	-
<u>56,297</u>	<u>37,126</u>	<u>429,734</u>	<u>663</u>	<u>18,867</u>	<u>2,175,994</u>
40,378	(36,885)	91,589	(663)	173,571	408,970
-	-	-	-	-	-
-	-	(71,494)	-	(37,416)	(389,670)
-	-	(71,494)	-	(37,416)	(389,670)
40,378	(36,885)	20,095	(663)	136,155	19,300
415,024	69,392	516,562	663	1,045,280	7,685,623
<u>\$ 455,402</u>	<u>\$ 32,507</u>	<u>\$ 536,657</u>	<u>\$ -</u>	<u>\$ 1,181,435</u>	<u>\$ 7,704,923</u>

(Continued)

CITY OF SANTA ROSA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Capital Projects Funds					
	Capital Improvements Fund	Federal IS TEA Fund	Capital Facilities Fee Fund	Park Acquisition and Development Fund	Southwest Area Development Impact Fee Fund	Southeast Area Development Impact Fee Fund
REVENUES:						
Sales taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-
Development impact mitigation charges	-	-	1,401,194	1,560,015	404,181	56,280
Intergovernmental	-	57,098	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Interest	621	-	85,484	76,879	87,780	24,181
Net change in the fair value of investments	(21)	-	(5,451)	301	(3,565)	(1,553)
Contribution from property owners	12,000	-	-	-	-	-
Other	-	-	-	-	-	-
TOTAL REVENUES	12,600	57,098	1,481,227	1,637,195	488,396	78,908
EXPENDITURES:						
Current:						
General government	1,890,083	-	-	-	-	-
Public safety	32,630	-	1,068	-	-	-
Public works	4,257,855	103,307	585,662	-	6,825	638,952
Recreation and parks	248,473	-	-	-	-	-
Capital outlay	6,895,628	109,649	3,085,619	79,506	54,905	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
TOTAL EXPENDITURES	13,324,669	212,956	3,672,349	79,506	61,730	638,952
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(13,312,069)	(155,858)	(2,191,122)	1,557,689	426,666	(560,044)
OTHER FINANCING SOURCES (USES):						
Transfers in	10,777,807	-	-	-	-	-
Transfers out	(19,466)	-	(14,051)	(7,612)	(4,609)	(684)
TOTAL OTHER FINANCING SOURCES (USES)	10,758,341	-	(14,051)	(7,612)	(4,609)	(684)
CHANGES IN FUND BALANCES	(2,553,728)	(155,858)	(2,205,173)	1,550,077	422,057	(560,728)
FUND BALANCES, beginning of year	219,201	155,858	14,346,852	4,257,813	12,887,155	4,126,446
FUND BALANCES (DEFICIT), end of year	\$ (2,334,527)	\$ -	\$ 12,141,679	\$ 5,807,890	\$ 13,309,212	\$ 3,565,718

(Continued)

Statement C-2

Debt Service Funds			
2007 Building Acquisition COPs Fund	ARP Capital Lease Fund	Fire Station Capital Lease Fund	Total
\$ -	\$ -	\$ -	\$ 8,144,862
-	-	-	93,859
-	-	-	3,421,670
-	46,412	-	8,934,304
-	-	-	533,544
2,190	-	-	404,150
(1,645)	-	-	(16,311)
-	-	-	662,168
-	-	-	2,875,908
<u>545</u>	<u>46,412</u>	<u>-</u>	<u>25,054,154</u>
2,920	-	-	4,734,047
-	-	-	7,785,300
-	-	-	11,891,050
-	-	-	1,785,882
-	-	-	10,225,307
215,000	528,639	280,972	1,024,611
<u>435,106</u>	<u>32,389</u>	<u>86,755</u>	<u>554,250</u>
<u>653,026</u>	<u>561,028</u>	<u>367,727</u>	<u>38,000,447</u>
<u>(652,481)</u>	<u>(514,616)</u>	<u>(367,727)</u>	<u>(12,946,293)</u>
2,920	514,616	367,727	12,322,397
-	-	-	(3,742,849)
<u>2,920</u>	<u>514,616</u>	<u>367,727</u>	<u>8,579,548</u>
(649,561)	-	-	(4,366,745)
<u>2,109,018</u>	<u>-</u>	<u>-</u>	<u>60,924,009</u>
<u>\$ 1,459,457</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,557,264</u>

(Concluded)

**CITY OF SANTA ROSA
MEASURE M SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Final Budget	Actual (Budget Basis)	Variance With Final Budget Positive (Negative)
REVENUES - Intergovernmental	\$ 2,436,129	\$ 2,054,642	\$ (381,487)
Investment earnings	-	4,319	4,319
Net change in the fair value of investments	-	(360)	(360)
TOTAL REVENUE	<u>2,436,129</u>	<u>2,058,601</u>	<u>(377,528)</u>
OTHER FINANCING USES			
Transfers out	(3,718,222)	(2,858,568)	859,654
CHANGES IN FUND BALANCE	<u>\$ (1,282,093)</u>	<u>(799,967)</u>	<u>\$ 482,126</u>
FUND BALANCE, beginning of year		1,317,440	
FUND BALANCE, end of year		<u>\$ 517,473</u>	

Schedule C-4

**CITY OF SANTA ROSA
ART IN-LIEU SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Final Budget	Actual (Budget Basis)	Variance With Final Budget Positive (Negative)
REVENUES			
Intergovernmental	\$ 30,000	\$ 30,000	\$ -
Investment earnings	-	1,643	1,643
Net change in the fair value of investments	-	(41)	(41)
Other	93,500	33,340	(60,160)
TOTAL REVENUE	123,500	64,942	(58,558)
EXPENDITURES - Recreation and parks	73,442	59,710	13,732
EXCESS OF REVENUES OVER EXPENDITURES	50,058	5,232	(44,826)
OTHER FINANCING SOURCES			
Transfers in	34,482	34,482	-
CHANGES IN FUND BALANCE	\$ 84,540	39,714	\$ (44,826)
FUND BALANCE, beginning of year		241,745	
FUND BALANCE, end of year		\$ 281,459	

**CITY OF SANTA ROSA
MEASURE O SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Final Budget	Actual (Budget Basis)	Variance With Final Budget Positive (Negative)
REVENUES			
Sales tax	\$ 7,740,450	\$ 8,144,862	\$ 404,412
Investment earnings	-	21,852	21,852
Net change in the fair value of investments	-	(1,358)	(1,358)
Other	-	3,780	3,780
TOTAL REVENUE	<u>7,740,450</u>	<u>8,169,136</u>	<u>428,686</u>
EXPENDITURES			
Current:			
General government	1,455,102	1,412,760	42,342
Public safety:			
Police	3,400,906	3,189,845	211,061
Fire	2,654,452	2,636,678	17,774
Recreation and parks	611,366	586,496	24,870
TOTAL EXPENDITURES	<u>8,121,826</u>	<u>7,825,779</u>	<u>296,047</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(381,376)	343,357	724,733
OTHER FINANCING USES			
Transfers out	(965,375)	(965,375)	-
CHANGES IN FUND BALANCE	<u>\$ (1,346,751)</u>	<u>(622,018)</u>	<u>\$ 724,733</u>
FUND BALANCE, beginning of year		<u>4,748,325</u>	
FUND BALANCE, end of year		<u>\$ 4,126,307</u>	

Schedule C-6

**CITY OF SANTA ROSA
HOMELESS SHELTER OPERATIONS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Final Budget	Actual (Budget Basis)	Variance With Final Budget Positive (Negative)
REVENUES			
Intergovernmental	\$ 160,000	\$ 160,000	\$ -
Other	90,600	82,700	(7,900)
TOTAL REVENUES	250,600	242,700	(7,900)
EXPENDITURES:			
General government	769,586	711,122	58,464
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(518,986)	(468,422)	50,564
OTHER FINANCING SOURCES			
Transfers in	518,986	468,422	(50,564)
CHANGES IN FUND BALANCE	\$ -	-	\$ -
FUND BALANCE, beginning of year		-	
FUND BALANCE, end of year		\$ -	

CITY OF SANTA ROSA
FEDERAL GRANTS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Final Budget	Actual (Budget Basis)	Variance With Final Budget Positive (Negative)
REVENUES			
Intergovernmental	\$ 898,000	\$ 39,742	\$ (858,258)
OTHER FINANCING USES			
Transfers out	(898,000)	(39,742)	858,258
CHANGES IN FUND BALANCE	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
FUND BALANCE, beginning of year		<u>-</u>	
FUND BALANCE, end of year		<u>\$ -</u>	

Schedule C-8

**CITY OF SANTA ROSA
FEDERAL NARCOTICS ASSET FORFEITURE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Final Budget	Actual (Budget Basis)	Variance With Final Budget Positive (Negative)
REVENUES:			
Intergovernmental	\$ 20,000	\$ -	\$ (20,000)
Investment earnings	-	641	641
Net change in the fair value of investments	-	(166)	(166)
TOTAL REVENUES	20,000	475	(19,525)
OTHER FINANCING USES			
Transfers out	(150,000)	(150,000)	-
CHANGES IN FUND BALANCE	\$ (130,000)	(149,525)	\$ (19,525)
FUND BALANCE, beginning of year		175,854	
FUND BALANCE, end of year		\$ 26,329	

CITY OF SANTA ROSA
TRAFFIC SAFETY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Final Budget	Actual (Budget Basis)	Variance With Final Budget Positive (Negative)
REVENUES - Fines and forfeitures	\$ 400,000	\$ 533,544	\$ 133,544
OTHER FINANCING USES			
Transfers out	(400,000)	(487,792)	(87,792)
CHANGES IN FUND BALANCE	<u>\$ -</u>	<u>45,752</u>	<u>\$ 45,752</u>
FUND BALANCE, beginning of year		<u>40,639</u>	
FUND BALANCE, end of year		<u>\$ 86,391</u>	

Schedule C-10

**CITY OF SANTA ROSA
GAS TAX SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Final Budget	Actual (Budget Basis)	Variance With Final Budget Positive (Negative)
REVENUES			
Intergovernmental	\$ 4,219,236	\$ 4,307,674	\$ 88,438
Investment earnings	-	39,536	39,536
Net change in the fair value of investments	-	(19)	(19)
TOTAL REVENUES	<u>4,219,236</u>	<u>4,347,191</u>	<u>127,955</u>
OTHER FINANCING USES			
Transfers out	<u>(8,356,822)</u>	<u>(3,443,927)</u>	<u>4,912,895</u>
CHANGES IN FUND BALANCE	<u>\$ (4,137,586)</u>	<u>903,264</u>	<u>\$ 5,040,850</u>
FUND BALANCE, beginning of year		<u>4,699,589</u>	
FUND BALANCE, end of year		<u>\$ 5,602,853</u>	

CITY OF SANTA ROSA
STATE GRANTS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Final Budget	Actual (Budget Basis)	Variance With Final Budget Positive (Negative)
REVENUES - Intergovernmental	\$ 8,442,240	\$ 1,584,110	\$ (6,858,130)
EXPENDITURES - Police	38,196	38,196	-
EXCESS OF REVENUES OVER EXPENDITURES	8,404,044	1,545,914	(6,858,130)
OTHER FINANCING SOURCES (USES)			
Transfers in	156,423	156,423	-
Transfers out	(8,548,267)	(1,672,586)	6,875,681
TOTAL OTHER FINANCING SOURCES (USES)	(8,391,844)	(1,516,163)	6,875,681
CHANGES IN FUND BALANCE	\$ 12,200	29,751	\$ 17,551
FUND BALANCE, beginning of year		24,270	
FUND BALANCE, end of year		\$ 54,021	

Schedule C-12

**CITY OF SANTA ROSA
SUPPLEMENTAL LAW ENFORCEMENT SERVICES SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Final Budget	Actual (Budget Basis)	Variance With Final Budget Positive (Negative)
REVENUES			
Intergovernmental	\$ -	\$ 261,361	\$ 261,361
Investment earnings	-	2,354	2,354
Net change in the fair value of investments	-	56	56
TOTAL REVENUES	-	263,771	263,771
OTHER FINANCING USES			
Transfers out	(100,000)	(100,000)	-
CHANGES IN FUND BALANCE	\$ (100,000)	163,771	\$ 263,771
FUND BALANCE, beginning of year		265,234	
FUND BALANCE, end of year		\$ 429,005	

CITY OF SANTA ROSA
PUBLIC FACILITIES IMPROVEMENT FEE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Final Budget	Actual (Budget Basis)	Variance With Final Budget Positive (Negative)
REVENUES			
Investment earnings	\$ -	\$ 1,317	\$ 1,317
Net change in the fair value of investments	-	(126)	(126)
TOTAL REVENUES	-	1,191	1,191
OTHER FINANCING USES			
Transfers out	(194,856)	(78,454)	116,402
CHANGES IN FUND BALANCE	<u>\$ (194,856)</u>	<u>(77,263)</u>	<u>\$ 117,593</u>
FUND BALANCE, beginning of year		<u>240,542</u>	
FUND BALANCE, end of year		<u>\$ 163,279</u>	

Schedule C-14

**CITY OF SANTA ROSA
AB 434 SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Final Budget	Actual (Budget Basis)	Variance With Final Budget Positive (Negative)
REVENUES - Intergovernmental	\$ 241,452	\$ 197,265	\$ (44,187)
EXPENDITURES - General government	<u>197,265</u>	<u>197,265</u>	<u>-</u>
CHANGES IN FUND BALANCE	<u>\$ 44,187</u>	<u>-</u>	<u>\$ (44,187)</u>
FUND BALANCE, beginning of year		<u>-</u>	
FUND BALANCE, end of year		<u>\$ -</u>	

CITY OF SANTA ROSA
STATE NARCOTICS ASSET FORFEITURE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Final Budget	Actual (Budget Basis)	Variance With Final Budget Positive (Negative)
REVENUES			
Investment earnings	\$ -	\$ 2,559	\$ 2,559
Net change in the fair value of investments	-	(44)	(44)
Other	65,000	129,737	64,737
TOTAL REVENUES	65,000	132,252	67,252
OTHER FINANCING USES			
Transfers out	(75,000)	(75,000)	-
CHANGES IN FUND BALANCE	\$ (10,000)	57,252	\$ 67,252
FUND BALANCE, beginning of year		331,681	
FUND BALANCE, end of year		\$ 388,933	

Schedule C-16

**CITY OF SANTA ROSA
CHANGE FOR KIDS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Final Budget	Actual (Budget Basis)	Variance With Final Budget Positive (Negative)
REVENUES - Other	\$ 27,000	\$ 24,912	\$ (2,088)
EXPENDITURES - Recreation and parks	28,025	8,154	19,871
CHANGES IN FUND BALANCE	<u>\$ (1,025)</u>	16,758	<u>\$ 17,783</u>
FUND BALANCE, beginning of year		<u>21,780</u>	
FUND BALANCE, end of year		<u>\$ 38,538</u>	

CITY OF SANTA ROSA
MOBILEHOME RENT STABILIZATION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Final Budget	Actual (Budget Basis)	Variance With Final Budget Positive (Negative)
REVENUES			
Charges for services	\$ 83,287	\$ 93,859	\$ 10,572
Investment earnings	-	2,898	2,898
Net change in the fair value of investments	-	(82)	(82)
TOTAL REVENUES	83,287	96,675	13,388
EXPENDITURES - General government	106,759	56,297	50,462
CHANGES IN FUND BALANCE	<u>\$ (23,472)</u>	40,378	<u>\$ 63,850</u>
FUND BALANCE, beginning of year		<u>415,024</u>	
FUND BALANCE, end of year		<u>\$ 455,402</u>	

Schedule C-18

**CITY OF SANTA ROSA
PROP 1B SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Final Budget	Actual (Budget Basis)	Variance With Final Budget Positive (Negative)
REVENUES			
Intergovernmental	\$ 57,188	\$ -	\$ (57,188)
Investment earnings	-	289	289
Net change in the fair value of investments	-	(48)	(48)
TOTAL REVENUES	57,188	241	(56,947)
OTHER FINANCING USES			
Transfers out	(67,866)	(37,126)	30,740
CHANGES IN FUND BALANCE	\$ (10,678)	(36,885)	\$ (26,207)
FUND BALANCE, beginning of year		69,392	
FUND BALANCE, end of year		\$ 32,507	

CITY OF SANTA ROSA
TOURISM BIA SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Final Budget	Actual (Budget Basis)	Variance With Final Budget Positive (Negative)
REVENUES - Other	\$ 425,000	\$ 518,563	\$ 93,563
Investment earnings	-	2,785	2,785
Net change in the fair value of investments	-	(25)	(25)
TOTAL REVENUE	425,000	521,323	96,323
EXPENDITURES - General government	429,734	429,734	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(4,734)	91,589	96,323
OTHER FINANCING USES			
Transfers out	-	(71,494)	(71,494)
CHANGES IN FUND BALANCE	\$ (4,734)	20,095	\$ 24,829
FUND BALANCE, beginning of year		516,562	
FUND BALANCE, end of year		\$ 536,657	

Schedule C-20

**CITY OF SANTA ROSA
SPECIAL TAX DISTRICTS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Final Budget	Actual (Budget Basis)	Variance With Final Budget Positive (Negative)
REVENUES			
Investment earnings	\$ -	\$ 7,237	\$ 7,237
Net change in the fair value of investments	-	(168)	(168)
Other	202,661	185,369	(17,292)
TOTAL REVENUES	202,661	192,438	(10,223)
EXPENDITURES			
Current:			
Public works	7,300	1,804	5,496
Recreation and parks	70,952	17,063	53,889
TOTAL EXPENDITURES	78,252	18,867	59,385
EXCESS OF REVENUES OVER EXPENDITURES	124,409	173,571	49,162
OTHER FINANCING USES			
Transfers out	(37,428)	(37,416)	12
CHANGES IN FUND BALANCE	\$ 86,981	136,155	\$ 49,174
FUND BALANCE, beginning of year		1,045,280	
FUND BALANCE, end of year		\$ 1,181,435	

**CITY OF SANTA ROSA
FEDERAL ISTE A CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Final Budget	Actual (Budget Basis)	Variance With Final Budget Positive (Negative)
REVENUES - Intergovernmental	\$ 4,390,521	\$ 57,098	\$ (4,333,423)
OTHER FINANCING USES			
Transfers out	(4,546,379)	(212,956)	4,333,423
CHANGES IN FUND BALANCE	<u>\$ (155,858)</u>	<u>(155,858)</u>	<u>\$ -</u>
FUND BALANCE, beginning of year		<u>155,858</u>	
FUND BALANCE, end of year		<u>\$ -</u>	

Schedule C-22

**CITY OF SANTA ROSA
CAPITAL FACILITIES FEE CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Final Budget	Actual (Budget Basis)	Variance With Final Budget Positive (Negative)
REVENUES			
Development impact mitigation charges	\$ -	\$ 1,401,194	\$ 1,401,194
Investment earnings	-	85,484	85,484
Net change in the fair value of investments	-	(5,451)	(5,451)
	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	-	1,481,227	1,481,227
OTHER FINANCING USES			
Transfers out	(13,512,531)	(3,686,400)	9,826,131
	<hr/>	<hr/>	<hr/>
CHANGES IN FUND BALANCE	<u>\$ (13,512,531)</u>	<u>(2,205,173)</u>	<u>\$ 11,307,358</u>
FUND BALANCE, beginning of year		<hr/> 14,346,852	
FUND BALANCE, end of year		<u><u>\$ 12,141,679</u></u>	

CITY OF SANTA ROSA
PARK ACQUISITION AND DEVELOPMENT CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Final Budget	Actual (Budget Basis)	Variance With Final Budget Positive (Negative)
REVENUES			
Development impact mitigation charges			
Park acquisition fee zone #1	\$ 132,163	\$ 745,501	\$ 613,338
Park acquisition fee zone #2	102,331	190,083	87,752
Park acquisition fee zone #3	332,384	375,711	43,327
Park acquisition fee zone #4	194,346	248,720	54,374
Investment earnings	47,415	76,879	29,464
Net change in the fair value of investments	-	301	301
	<u>808,639</u>	<u>1,637,195</u>	<u>828,556</u>
TOTAL REVENUES			
OTHER FINANCING USES			
Transfers out	<u>(2,978,790)</u>	<u>(87,118)</u>	<u>2,891,672</u>
CHANGES IN FUND BALANCE			
	<u>\$ (2,170,151)</u>	<u>1,550,077</u>	<u>\$ 3,720,228</u>
FUND BALANCE, beginning of year			
		<u>4,257,813</u>	
FUND BALANCE, end of year			
		<u>\$ 5,807,890</u>	

Schedule C-24

**CITY OF SANTA ROSA
SOUTHWEST AREA DEVELOPMENT IMPACT FEE CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Final Budget	Actual (Budget Basis)	Variance With Final Budget Positive (Negative)
REVENUES			
Development impact mitigation charges	\$ 250,000	\$ 404,181	\$ 154,181
Investment earnings	-	87,780	87,780
Net change in the fair value of investments	-	(3,565)	(3,565)
	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	250,000	488,396	238,396
OTHER FINANCING USES			
Transfers out	(12,957,838)	(66,339)	12,891,499
	<hr/>	<hr/>	<hr/>
CHANGES IN FUND BALANCE	<u>\$ (12,707,838)</u>	422,057	<u>\$ 13,129,895</u>
FUND BALANCE, beginning of year		<hr/> 12,887,155	
FUND BALANCE, end of year		<hr/> <u>\$ 13,309,212</u>	

CITY OF SANTA ROSA
SOUTHEAST AREA DEVELOPMENT IMPACT FEE CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Final Budget	Actual (Budget Basis)	Variance With Final Budget Positive (Negative)
REVENUES			
Development impact mitigation charges	\$ 500,000	\$ 56,280	\$ (443,720)
Investment earnings	-	24,181	24,181
Net change in the fair value of investments	-	(1,553)	(1,553)
	<u>500,000</u>	<u>78,908</u>	<u>(421,092)</u>
TOTAL REVENUES			
OTHER FINANCING USES			
Transfers out	(3,692,094)	(639,636)	3,052,458
	<u>(3,192,094)</u>	<u>(560,728)</u>	<u>\$ 2,631,366</u>
CHANGES IN FUND BALANCE			
FUND BALANCE, beginning of year		4,126,446	
FUND BALANCE, end of year		<u>\$ 3,565,718</u>	

Schedule C-26

**CITY OF SANTA ROSA
2007 BUILDING ACQUISITION CERTIFICATES OF PARTICIPATION DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Final Budget	Actual (Budget Basis)	Variance With Final Budget Positive (Negative)
REVENUES:			
Investment earnings	\$ -	\$ 2,190	\$ 2,190
Net change in fair value of investments	-	(1,645)	(1,645)
TOTAL REVENUE	-	545	545
EXPENDITURES			
General Government	2,800	2,920	(120)
Debt service			
Principal	215,000	215,000	-
Interest	435,106	435,106	-
TOTAL EXPENDITURES	652,906	653,026	(120)
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(652,906)	(652,481)	425
OTHER FINANCING SOURCES			
Transfer in	-	2,920	2,920
CHANGES IN FUND BALANCE	\$ (652,906)	(649,561)	\$ 3,345
FUND BALANCE, beginning of year		2,109,018	
FUND BALANCE, end of year		\$ 1,459,457	

**CITY OF SANTA ROSA
ARP CAPITAL LEASE DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Final Budget	Actual (Budget Basis)	Variance With Final Budget Positive (Negative)
REVENUES:			
Intergovernmental	\$ 46,412	\$ 46,412	\$ -
EXPENDITURES			
Debt service			
Principal	528,639	528,639	-
Interest	32,389	32,389	-
TOTAL EXPENDITURES	561,028	561,028	-
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(514,616)	(514,616)	-
OTHER FINANCING SOURCES			
Transfer in	514,616	514,616	-
CHANGES IN FUND BALANCE	\$ -	-	\$ -
FUND BALANCE, beginning of year		-	
FUND BALANCE, end of year		\$ -	

Schedule C-28

**CITY OF SANTA ROSA
FIRE STATION CAPITAL LEASE
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Final Budget	Actual (Budget Basis)	Variance With Final Budget Positive (Negative)
EXPENDITURES			
Debt service			
Principal	\$ 280,972	\$ 280,972	\$ -
Interest	86,755	86,755	-
TOTAL EXPENDITURES	367,727	367,727	-
OTHER FINANCING SOURCES			
Transfer in	367,727	367,727	-
CHANGES IN FUND BALANCE	\$ -	-	\$ -
FUND BALANCE, beginning of year		-	
FUND BALANCE, end of year		\$ -	

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NONMAJOR ENTERPRISE FUNDS

Enterprise funds account for the financing of self-supporting activities, which render services on a user charge basis to the general public. The various nonmajor enterprise funds are:

- (a) Parking Fund accounts for the revenues and expenses related to providing public parking within the City.
- (b) Municipal Transit Fund accounts for the revenues and expenses related to providing a public transit system throughout the City.
- (c) Golf Course Fund accounts for the revenues and expenses related to maintaining and operating a public golf course.
- (d) Storm Water Fund accounts for the revenues and expenses related to activities designated to improve storm water quality.

CITY OF SANTA ROSA
COMBINING STATEMENT OF FUND NET POSITION
NONMAJOR ENTERPRISE FUNDS
JUNE 30, 2015

Statement D-1

	Parking Fund	Municipal Transit Fund	Golf Course Fund	Storm Water Fund	Total
ASSETS					
CURRENT ASSETS:					
Cash and investments	\$ 13,579,541	\$ -	\$ 1,331,214	\$ 1,283,190	\$ 16,193,945
Accounts receivable, net of allowance for uncollectible accounts	8,703	28,211	76,400	45,108	158,422
Interest receivable	30,790	-	3,029	2,939	36,758
Intergovernmental	-	6,728,985	-	119,618	6,848,603
Prepaid items	-	150,862	-	-	150,862
Restricted assets:					
For interest, bond redemption and construction					
Cash and investments	456,902	-	-	-	456,902
Intergovernmental receivable	27,982	3,265,765	-	-	3,293,747
Assessment receivable	13,455	-	-	-	13,455
TOTAL CURRENT ASSETS	14,117,373	10,173,823	1,410,643	1,450,855	27,152,694
NONCURRENT ASSETS					
Capital assets					
Nondepreciable	1,772,952	440,801	427,800	-	2,641,553
Depreciable, net	8,162,652	13,873,450	9,289,658	-	31,325,760
TOTAL NONCURRENT ASSETS	9,935,604	14,314,251	9,717,458	-	33,967,313
TOTAL ASSETS	24,052,977	24,488,074	11,128,101	1,450,855	61,120,007
DEFERRED OUTFLOWS OF RESOURCES					
Deferred payments of pension contributions	327,545	766,358	-	-	1,093,903
Deferred losses on refundings	30,897	-	-	-	30,897
TOTAL DEFERRED OUTFLOWS OF RESOURCES	358,442	766,358	-	-	1,124,800
LIABILITIES					
CURRENT LIABILITIES					
Accounts payable and accrued liabilities	84,309	291,924	44,974	48,497	469,704
Due to other funds	-	4,750,862	-	-	4,750,862
Unearned revenue	-	969	-	-	969
Accrued interest payable	-	10,818	102,778	-	113,596
Compensated absences payable	93,849	265,569	-	-	359,418
Bonds payable - current portion	-	-	188,358	-	188,358
TOTAL PAYABLE FROM UNRESTRICTED ASSETS	178,158	5,320,142	336,110	48,497	5,882,907
Payable from restricted assets:					
Accounts payable and accrued liabilities	-	3,265,765	-	-	3,265,765
Accrued interest payable	13,352	-	-	-	13,352
Bonds payable - current portion	500,000	-	-	-	500,000
TOTAL CURRENT LIABILITIES	691,510	8,585,907	336,110	48,497	9,662,024
NONCURRENT LIABILITIES					
Advances from other funds	-	-	689,076	-	689,076
Compensated absences payable	-	33,505	-	-	33,505
Bonds payable	-	-	4,187,012	-	4,187,012
Net pension liability	3,203,920	7,500,817	-	-	10,704,737
TOTAL NONCURRENT LIABILITIES	3,203,920	7,534,322	4,876,088	-	15,614,330
TOTAL LIABILITIES	3,895,430	16,120,229	5,212,198	48,497	25,276,354
DEFERRED INFLOWS OF RESOURCES					
Deferred gains on pension investments	997,021	2,334,161	-	-	3,331,182
NET POSITION					
Net investment in capital assets	9,466,501	14,314,251	5,342,088	-	29,122,840
Restricted for:					
Debt service	484,987	-	-	-	484,987
Unrestricted	9,567,480	(7,514,209)	573,815	1,402,358	4,029,444
TOTAL NET POSITION	\$ 19,518,968	\$ 6,800,042	\$ 5,915,903	\$ 1,402,358	\$ 33,637,271

Statement D-2

CITY OF SANTA ROSA
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Parking Fund	Municipal Transit Fund	Golf Course Fund	Storm Water Fund	Total
OPERATING REVENUES					
Charges for services	\$ 4,282,672	\$ 2,082,391	\$ 470,359	\$ 2,130,371	\$ 8,965,793
OPERATING EXPENSES					
Maintenance and operation	2,953,567	10,092,639	191,670	991,275	14,229,151
Administration	1,399,839	1,739,359	-	685,275	3,824,473
Depreciation	551,336	1,528,671	489,216	-	2,569,223
TOTAL OPERATING EXPENSES	4,904,742	13,360,669	680,886	1,676,550	20,622,847
OPERATING INCOME (LOSS)	(622,070)	(11,278,278)	(210,527)	453,821	(11,657,054)
NONOPERATING REVENUES (EXPENSES)					
Intergovernmental revenue	62,598	9,259,514	-	78,000	9,400,112
Measure M revenue	-	689,491	-	-	689,491
Investment earnings	83,739	(38,177)	8,080	8,765	62,407
Net change in the fair value of investments	(2,665)	(1,452)	(30)	(313)	(4,460)
Interest expense	(58,036)	-	(255,767)	-	(313,803)
Gain on disposal of capital assets	130,790	-	-	-	130,790
Other	84,380	12,710	102,774	63,095	262,959
NET NONOPERATING REVENUES (EXPENSES)	300,806	9,922,086	(144,943)	149,547	10,227,496
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(321,264)	(1,356,192)	(355,470)	603,368	(1,429,558)
Capital contributions	430,927	380,382	-	-	811,309
Transfers in	910,040	10,000	471,800	-	1,391,840
Transfers out	(11,372)	(179,705)	-	(559,750)	(750,827)
CHANGES IN NET POSITION	1,008,331	(1,145,515)	116,330	43,618	22,764
NET POSITION, beginning of year, as previously stated	22,443,947	17,153,974	5,799,573	1,358,740	46,756,234
Change in Accounting principles	(3,933,310)	(9,208,417)	-	-	(13,141,727)
NET POSITION, beginning of year	18,510,637	7,945,557	5,799,573	1,358,740	33,614,507
NET POSITION, end of year	\$ 19,518,968	\$ 6,800,042	\$ 5,915,903	\$ 1,402,358	\$ 33,637,271

CITY OF SANTA ROSA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Parking Fund	Municipal Transit Fund	Golf Course Fund	Storm Water Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 4,273,969	\$ 2,241,228	\$ 422,172	\$ 2,153,357	\$ 9,090,726
Cash paid to suppliers for goods and services	(725,457)	(1,695,107)	(139,425)	(486,282)	(3,046,271)
Cash paid to employees for services	(2,870,959)	(6,936,563)	-	(1,176,739)	(10,984,261)
Cash paid for interfund services used	(824,000)	(3,289,754)	(30,752)	-	(4,144,506)
Cash inflow from other sources	84,380	12,710	102,774	63,095	262,959
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(62,067)	(9,667,486)	354,769	553,431	(8,821,353)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Operating grants received	62,598	6,878,184	-	22,222	6,963,004
Transfers in from other funds	910,040	10,000	471,800	-	1,391,840
Transfers out to other funds	(11,372)	(179,705)	-	(559,750)	(750,827)
Receipt from other funds	-	2,624,422	-	-	2,624,422
Payment of interfund loan	-	-	(29,024)	-	(29,024)
NET CASH PROVIDED BY (USED IN) NONCAPITAL FINANCING ACTIVITIES	961,266	9,332,901	442,776	(537,528)	10,199,415
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from sale of capital assets	8,618	-	-	-	8,618
Acquisition and construction of capital assets	(55,715)	(13,034)	(53,812)	-	(122,561)
Principal paid on bonds and notes	(470,001)	-	(185,001)	-	(655,002)
Interest paid on bonds and notes	(39,689)	-	(257,774)	-	(297,463)
Capital contributions	404,399	380,382	-	-	784,781
NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	(152,388)	367,348	(496,587)	-	(281,627)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest on investments	73,080	(32,763)	6,869	7,788	54,974
CHANGES IN CASH AND CASH EQUIVALENTS	819,891	-	307,827	23,691	1,151,409
CASH AND CASH EQUIVALENTS, beginning of year	13,216,552	-	1,023,387	1,259,499	15,499,438
CASH AND CASH EQUIVALENTS, end of year	\$ 14,036,443	\$ -	\$ 1,331,214	\$ 1,283,190	\$ 16,650,847

CITY OF SANTA ROSA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Parking Fund	Municipal Transit Fund	Golf Course Fund	Storm Water Fund	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN)					
OPERATING ACTIVITIES:					
Operating income (loss)	\$ (622,070)	\$ (11,278,278)	\$ (210,527)	\$ 453,821	\$ (11,657,054)
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN)					
OPERATING ACTIVITIES:					
Depreciation	551,336	1,528,671	489,216	-	2,569,223
Miscellaneous nonoperating income	84,380	12,710	102,774	63,095	262,959
Changes in assets and liabilities:					
Accounts receivable	(8,703)	158,837	(48,187)	22,986	124,933
Prepaid items	-	50,287	-	-	50,287
Accounts payable and accrued liabilities	(20,606)	(21,023)	21,493	13,529	(6,607)
Compensated absences payable	13,510	21,107	-	-	34,617
Net pension liability and related items	(59,914)	(139,797)	-	-	(199,711)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ (62,067)</u>	<u>\$ (9,667,486)</u>	<u>\$ 354,769</u>	<u>\$ 553,431</u>	<u>\$ (8,821,353)</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION					
Cash and investments	\$ 13,579,541	\$ -	\$ 1,331,214	\$ 1,283,190	\$ 16,193,945
Restricted cash and investments	456,902	-	-	-	456,902
Total cash and cash equivalents	<u>\$ 14,036,443</u>	<u>\$ -</u>	<u>\$ 1,331,214</u>	<u>\$ 1,283,190</u>	<u>\$ 16,650,847</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES					
Book value on disposed capital assets	\$ (122,172)	\$ -	\$ -	\$ -	\$ (122,172)
Change in fair value of investments	(2,665)	(1,452)	(30)	(313)	(4,460)

CITY OF SANTA ROSA
COMBINING SCHEDULE OF CAPITAL ASSETS AND DEPRECIATION
ALL ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Schedule D-4

	COST			Balances June 30
	Balances July 1	Additions	Deletions	
WATER UTILITY FUND				
Land	\$ 1,155,575	\$ -	\$ -	\$ 1,155,575
Buildings	16,256,669	2,109,167	-	18,365,836
Improvements other than buildings	161,185,418	9,191,970	-	170,377,388
Equipment	27,015,751	1,771,145	115,708	28,671,188
Intangibles	305,589	-	-	305,589
Construction in progress	13,800,728	6,754,102	10,419,196	10,135,634
	<u>219,719,730</u>	<u>19,826,384</u>	<u>10,534,904</u>	<u>229,011,210</u>
WASTEWATER UTILITY FUND				
Land	12,281,436	179,841	-	12,461,277
Buildings	221,037,866	674,441	-	221,712,307
Improvements other than buildings	363,311,058	12,280,279	-	375,591,337
Equipment	70,583,404	607,887	245,797	70,945,494
Intangibles	311,543	-	-	311,543
Construction in progress	18,280,250	7,703,818	8,610,283	17,373,785
	<u>685,805,557</u>	<u>21,446,266</u>	<u>8,856,080</u>	<u>698,395,743</u>
PARKING FUND				
Land	1,772,952	-	-	1,772,952
Buildings	15,183,496	-	-	15,183,496
Improvements other than buildings	5,101,169	-	-	5,101,169
Equipment	2,642,779	122,719	70,097	2,695,401
Intangibles	-	158,212	-	158,212
Construction in progress	225,216	-	225,216	-
	<u>24,925,612</u>	<u>280,931</u>	<u>295,313</u>	<u>24,911,230</u>
MUNICIPAL TRANSIT FUND				
Land	440,801	-	-	440,801
Buildings	4,612,170	-	-	4,612,170
Improvements other than buildings	3,147,824	-	-	3,147,824
Equipment	18,700,957	13,034	79,386	18,634,605
Intangibles	756,949	-	-	756,949
	<u>27,658,701</u>	<u>13,034</u>	<u>79,386</u>	<u>27,592,349</u>
GOLF COURSE FUND				
Land	427,800	-	-	427,800
Buildings	10,117,138	-	-	10,117,138
Improvements other than buildings	1,149,096	-	-	1,149,096
Equipment	1,440,363	53,812	5,268	1,488,907
	<u>13,134,397</u>	<u>53,812</u>	<u>5,268</u>	<u>13,182,941</u>
STORM WATER FUND				
Equipment	56,720	-	-	56,720
TOTAL	<u>\$ 971,300,717</u>	<u>\$ 41,620,427</u>	<u>\$ 19,770,951</u>	<u>\$ 993,150,193</u>

(Continued)

ACCUMULATED DEPRECIATION

Balances July 1	Depreciation Expense	Deletions	Balances June 30	June 30 Net book value
\$ -	\$ -	\$ -	\$ -	\$ 1,155,575
2,995,549	371,795	-	3,367,344	14,998,492
62,805,537	3,843,472	-	66,649,009	103,728,379
15,619,129	2,125,763	96,437	17,648,455	11,022,733
147,251	15,280	-	162,531	143,058
-	-	-	-	10,135,634
81,567,466	6,356,310	96,437	87,827,339	141,183,871
-	-	-	-	12,461,277
84,813,653	6,749,024	-	91,562,677	130,149,630
137,567,531	8,445,991	-	146,013,522	229,577,815
40,644,388	4,547,290	245,797	44,945,881	25,999,613
76,505	15,577	-	92,082	219,461
-	-	-	-	17,373,785
263,102,077	19,757,882	245,797	282,614,162	415,781,581
-	-	-	-	1,772,952
8,422,173	266,276	-	8,688,449	6,495,047
4,601,720	46,242	122,172	4,525,790	575,379
1,592,666	238,159	70,097	1,760,728	934,673
-	659	-	659	157,553
-	-	-	-	-
14,616,559	551,336	192,269	14,975,626	9,935,604
-	-	-	-	440,801
1,334,057	119,026	-	1,453,083	3,159,087
334,209	151,009	-	485,218	2,662,606
10,132,162	1,220,788	79,386	11,273,564	7,361,041
28,385	37,848	-	66,233	690,716
11,828,813	1,528,671	79,386	13,278,098	14,314,251
-	-	-	-	427,800
1,257,151	337,238	-	1,594,389	8,522,749
806,796	47,114	-	853,910	295,186
917,588	104,864	5,268	1,017,184	471,723
2,981,535	489,216	5,268	3,465,483	9,717,458
56,720	-	-	56,720	-
\$ 374,153,170	\$ 28,683,415	\$ 619,157	\$ 402,217,428	\$ 590,932,765

(Concluded)

CITY OF SANTA ROSA
SCHEDULE OF REVENUES, EXPENSES AND TRANSFERS
WASTEWATER UTILITY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Local Wastewater System	Subregional Wastewater System	Wastewater Utility Fund Total
OPERATING REVENUES			
Charges for services	\$ 64,281,132	\$ 10,894,847	\$ 75,175,979
Sale of water	-	298,401	298,401
TOTAL OPERATING REVENUES	64,281,132	11,193,248	75,474,380
OPERATING EXPENSES			
Maintenance and operation	5,722,406	25,407,189	31,129,595
Administration	5,084,132	3,658,229	8,742,361
Depreciation	5,123,420	14,634,463	19,757,883
TOTAL OPERATING EXPENSES	15,929,958	43,699,881	59,629,839
OPERATING INCOME (LOSS)	48,351,174	(32,506,633)	15,844,541
NONOPERATING REVENUES (EXPENSES)			
Intergovernmental revenue	500,400	-	500,400
Investment earnings	438,232	258,583	696,815
Net change in the fair value of investments	(7,639)	(22,089)	(29,728)
Interest expense	-	(13,335,548)	(13,335,548)
Gain (loss) on disposal of capital assets	6,632	82,444	89,076
Other	166,485	367,491	533,976
NET NONOPERATING REVENUES (EXPENSES)	1,104,110	(12,649,119)	(11,545,009)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	49,455,284	(45,155,752)	4,299,532
Capital contributions	3,298,160	4,165,128	7,463,288
Intrafund transfers in (out):			
Subregional System from Local Wastewater System	(38,003,259)	38,003,259	-
Transfers in:			
Water Fund	-	130,298	130,298
Capital Projects Fund	9,733	-	9,733
Transfers (out):			
Water Fund	(62,029)	(42,379)	(104,408)
Debt Service Fund	(24,584)	(92,124)	(116,708)
Internal Service Funds	(11,138)	-	(11,138)
Special Revenue Fund	(1,119,143)	-	(1,119,143)
CHANGE IN NET POSITION	\$ 13,543,024	\$ (2,991,570)	\$ 10,551,454

INTERNAL SERVICE FUNDS

Internal Service Funds are used to finance and account for special activities and services performed by organizational units within a governmental jurisdiction for other organizational units within the same governmental jurisdiction on a cost- reimbursement basis. The various funds and sources are:

- (a) Equipment and Replacement Fund accounts for maintenance and accumulation of resources for replacement of equipment used by most departments within the City.
- (b) Insurance Fund accounts for the costs of providing various types of insurance to all the departments within the City.
- (c) Information Services Fund accounts for the costs of providing various types of computer and phone services to all the departments within the City.
- (d) Pension Benefit Fund accounts for the costs of providing funded pension benefits to all the departments within the City.

CITY OF SANTA ROSA
COMBINING STATEMENT OF FUND NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2015

	Equipment and Replacement Fund	Insurance Fund	Information Services Fund	Pension Benefit Fund	Total
ASSETS					
CURRENT ASSETS					
Cash and investments	\$ 19,980,772	\$ 20,845,339	\$ 1,267,322	\$ 4,114,376	\$ 46,207,809
Accounts receivable, net of allowance for uncollectible accounts	14,276	-	500	-	14,776
Interest receivable	45,455	47,422	2,883	-	95,760
Inventory of supplies	460,545	-	-	-	460,545
Prepaid expenses	-	1,614,686	-	-	1,614,686
TOTAL CURRENT ASSETS	20,501,048	22,507,447	1,270,705	4,114,376	48,393,576
NONCURRENT ASSETS					
Capital assets					
Depreciable, net	6,347,686	5,861	1,240,287	-	7,593,834
TOTAL ASSETS	26,848,734	22,513,308	2,510,992	4,114,376	55,987,410
DEFERRED OUTFLOWS OF RESOURCES					
Deferred payments of pension contributions	318,355	69,512	379,414	-	767,281
LIABILITIES					
CURRENT LIABILITIES					
Accounts payable and accrued liabilities	491,811	426,568	314,185	-	1,232,564
Interest payable	-	-	-	399,548	399,548
Workers' compensation and general liability claims	-	3,035,684	-	-	3,035,684
Compensated absences payable	114,345	15,880	130,066	-	260,291
Pension obligation bonds	-	-	-	2,540,000	2,540,000
TOTAL CURRENT LIABILITIES	606,156	3,478,132	444,251	2,939,548	7,468,087
NONCURRENT LIABILITIES					
Workers' compensation and general liability claims	-	10,754,316	-	-	10,754,316
Compensated absences	-	-	23,191	-	23,191
Pension obligation bonds	-	-	-	27,315,000	27,315,000
Net OPEB obligation	-	11,068,000	-	-	11,068,000
Net Pension Liability	3,118,197	675,074	3,718,262	-	7,511,533
TOTAL NONCURRENT LIABILITIES	3,118,197	22,497,390	3,741,453	27,315,000	56,672,040
TOTAL LIABILITIES	3,724,353	25,975,522	4,185,704	30,254,548	64,140,127
DEFERRED INFLOWS OF RESOURCES					
Deferred gains on pension investments	970,344	210,075	1,157,077	-	2,337,496
NET POSITION (DEFICIT)					
Net investment in capital assets	6,347,686	5,861	1,240,287	-	7,593,834
Unrestricted	16,124,706	(3,608,638)	(3,692,662)	(26,140,172)	(17,316,766)
TOTAL NET POSITION (DEFICIT)	\$ 22,472,392	\$ (3,602,777)	\$ (2,452,375)	\$(26,140,172)	\$ (9,722,932)

Schedules E-2

**CITY OF SANTA ROSA
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Equipment and Replacement Fund	Insurance Fund	Information Services Fund	Pension Benefit Fund	Total
OPERATING REVENUES:					
Charges for services	\$ 7,600,533	\$26,057,438	\$ 5,761,832	\$ 4,054,187	\$ 43,473,990
OPERATING EXPENSES:					
Maintenance and operations	2,588,057	28,575,325	4,200,509	-	35,363,891
Administration	3,086,219	687,123	1,381,413	2,260	5,157,015
Depreciation	1,791,883	765	172,946	-	1,965,594
TOTAL OPERATING EXPENSES	7,466,159	29,263,213	5,754,868	2,260	42,486,500
OPERATING INCOME (LOSS)	134,374	(3,205,775)	6,964	4,051,927	987,490
NONOPERATING REVENUES (EXPENSES):					
Investment earnings	128,601	122,946	4,869	9	256,425
Net change in the fair value of investments	(5,411)	(4,562)	133	-	(9,840)
Interest expense	-	-	-	(1,223,296)	(1,223,296)
Gain on disposal of capital assets	22,590	-	8	-	22,598
Other	12,101	759,013	25,096	-	796,210
NET NONOPERATING REVENUES (EXPENSES)	157,881	877,397	30,106	(1,223,287)	(157,903)
INCOME (LOSS) BEFORE TRANSFERS	292,255	(2,328,378)	37,070	2,828,640	829,587
TRANSFERS IN (OUT):					
Transfers in	-	38,898	766,820	-	805,718
Transfers out	-	-	-	-	-
CHANGES IN NET POSITION	292,255	(2,289,480)	803,890	2,828,640	1,635,305
NET POSITION, beginning of year, as previously stated	26,008,208	(484,539)	1,308,479	(4,149,508)	22,682,640
Change in Accounting principles	(3,828,071)	(828,758)	(4,564,744)	(24,819,304)	(34,040,877)
NET POSITION (DEFICIT), beginning of year, restated	22,180,137	(1,313,297)	(3,256,265)	(28,968,812)	(11,358,237)
NET POSITION (DEFICIT), end of year	\$ 22,472,392	\$ (3,602,777)	\$ (2,452,375)	\$ (26,140,172)	\$ (9,722,932)

CITY OF SANTA ROSA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Equipment and Replacement Fund	Insurance Fund	Information Services Fund	Pension Benefit Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from other funds	\$ 7,622,338	\$ 26,057,438	\$ 5,804,247	\$ 4,054,187	\$ 43,538,210
Cash paid to suppliers for goods and services	(1,652,650)	(25,162,947)	(1,671,852)	(2,260)	(28,489,709)
Cash paid to employees for services	(2,863,481)	(686,361)	(3,226,206)	-	(6,776,048)
Cash paid for interfund services used	(1,319,011)	(135,672)	(657,028)	-	(2,111,711)
Cash received from other sources	12,101	759,013	25,096	-	796,210
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,799,297	831,471	274,257	4,051,927	6,956,952
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers in from other funds	-	38,898	766,820	-	805,718
Principal paid on pension obligation bonds	-	-	-	(2,860,000)	(2,860,000)
Interest paid on pension obligation bonds	-	-	-	(1,238,934)	(1,238,934)
NET CASH PROVIDED BY (USED IN) NONCAPITAL FINANCING ACTIVITIES	-	38,898	766,820	(4,098,934)	(3,293,216)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Proceeds from sale of capital assets	22,590	-	8	-	22,598
Acquisition and construction of capital assets	(1,976,754)	-	(600,537)	-	(2,577,291)
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	(1,954,164)	-	(600,529)	-	(2,554,693)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest on investments	113,897	106,848	3,603	9	224,357
CHANGES IN CASH AND CASH EQUIVALENTS	(40,970)	977,217	444,151	(46,998)	1,333,400
CASH AND CASH EQUIVALENTS, Beginning of year	20,021,742	19,868,122	823,171	4,161,374	44,874,409
End of year	\$ 19,980,772	\$ 20,845,339	\$ 1,267,322	\$ 4,114,376	\$ 46,207,809

(Continued)

Schedule E-3

**CITY OF SANTA ROSA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Equipment and Replacement Fund	Insurance Fund	Information Services Fund	Pension Benefit Fund	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES					
Operating income (loss)	\$ 134,374	\$ (3,205,775)	\$ 6,964	\$ 4,051,927	\$ 987,490
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:					
Depreciation	1,791,883	765	172,946	-	1,965,594
Other nonoperating revenues (expenses)	12,101	759,013	25,096	-	796,210
Changes in assets and liabilities:					
Accounts receivable	21,805	-	42,415	-	64,220
Inventory of supplies	(165,360)	-	-	-	(165,360)
Prepaid expenses	-	(62,140)	-	-	(62,140)
Accounts payable and accrued liabilities	60,711	(309,884)	91,045	-	(158,128)
Workers' compensation and general liability claims	-	423,000	-	-	423,000
Compensated absences payable	1,668	(45,387)	4,610	-	(39,109)
Net OPEB obligation	-	3,285,000	-	-	3,285,000
Net pension liability and related items	(57,885)	(13,121)	(68,819)	-	(139,825)
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 1,799,297	\$ 831,471	\$ 274,257	\$ 4,051,927	\$ 6,956,952
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES					
Change in fair value of investments	\$ (5,411)	\$ (4,562)	\$ 133	\$ -	\$ (9,840)

(Concluded)

CITY OF SANTA ROSA
COMBINING SCHEDULE OF CAPITAL ASSETS AND DEPRECIATION
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	COST			
	Balances July 1	Additions	Deletions	Balances June 30
EQUIPMENT AND REPLACEMENT FUND				
Equipment	\$ 20,376,963	\$ 1,937,633	\$ 185,235	\$ 22,129,361
Intangibles	-	168,340	-	168,340
Construction in progress	129,220	-	129,220	-
TOTAL EQUIPMENT AND REPLACEMENT FUND	20,506,183	2,105,973	314,455	22,297,701
INSURANCE FUND				
Equipment	7,645	-	-	7,645
INFORMATION SERVICES FUND				
Equipment	1,507,424	279,601	243,597	1,543,428
Intangibles	16,000	466,062	-	482,062
Construction in progress	145,126	-	145,126	-
TOTAL INFORMATION SERVICE FUND	1,668,550	745,663	388,723	2,025,490
TOTAL	\$ 22,182,378	\$ 2,851,636	\$ 703,178	\$ 24,330,836

ACCUMULATED DEPRECIATION

Balances July 1	Depreciation Expense	Deletions	Balances June 30	June 30 Net Book Value
\$ 14,343,368	\$ 1,784,167	\$ 185,236	\$ 15,942,299	\$ 6,187,062
-	7,716	-	7,716	160,624
-	-	-	-	-
<u>14,343,368</u>	<u>1,791,883</u>	<u>185,236</u>	<u>15,950,015</u>	<u>6,347,686</u>
<u>1,019</u>	<u>765</u>	<u>-</u>	<u>1,784</u>	<u>5,861</u>
855,721	170,204	243,597	782,328	761,100
133	2,742	-	2,875	479,187
-	-	-	-	-
<u>855,854</u>	<u>172,946</u>	<u>243,597</u>	<u>785,203</u>	<u>1,240,287</u>
<u>\$ 15,200,241</u>	<u>\$ 1,965,594</u>	<u>\$ 428,833</u>	<u>\$ 16,737,002</u>	<u>\$ 7,593,834</u>

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AGENCY FUNDS

The Agency Funds account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

- (a) Payroll Fund receives employee deductions and City contributions for paying Federal and State income taxes and other employee benefits.
- (b) General Deposits Fund holds temporary deposits of monies pending fulfillment of contractual agreements with the City.
- (c) Special Assessments Fund holds deposits made by property owners for payment of special benefit assessments made upon their properties and makes related debt service payments on the Special Assessment Districts bonds.
- (d) Housing Authority Fund is used to account for funds held by the Authority as an agent for private organizations.

Statement F-1

**CITY OF SANTA ROSA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

PAYROLL FUND	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
ASSETS				
Cash and investments	\$ 6,430,543	\$ 62,597,140	\$ 62,442,169	\$ 6,585,514
Intergovernmental receivable	-	43,575	4,175	39,400
TOTAL ASSETS	\$ 6,430,543	\$ 62,640,715	\$ 62,446,344	\$ 6,624,914
LIABILITIES				
Accounts payable	\$ 3,861,332	\$ 117,707,476	\$ 117,685,707	\$ 3,883,101
Payroll payable	2,569,211	2,741,813	2,569,211	2,741,813
TOTAL LIABILITIES	\$ 6,430,543	\$ 120,449,289	\$ 120,254,918	\$ 6,624,914
GENERAL DEPOSITS FUND				
ASSETS				
Cash and investments	\$ 388,283	\$ 851,996,343	\$ 852,096,350	\$ 288,276
Accounts receivable	646	662	1,099	209
TOTAL ASSETS	\$ 388,929	\$ 851,997,005	\$ 852,097,449	\$ 288,485
LIABILITIES - Accounts payable	\$ 388,929	\$ 72,902,469	\$ 73,002,913	\$ 288,485
SPECIAL ASSESSMENTS FUND				
ASSETS				
Cash and investments	\$ 3,375,398	\$ 3,447,938	\$ 3,700,693	\$ 3,122,643
Interest receivable	28,876	28,607	53,154	4,329
Intergovernmental receivable	28,632	95,498	28,632	95,498
TOTAL ASSETS	\$ 3,432,906	\$ 3,572,043	\$ 3,782,479	\$ 3,222,470
LIABILITIES				
Accounts payable	\$ 21,509	\$ 2,150,776	\$ 2,137,568	\$ 34,717
Due to bondholders	3,411,397	1,421,267	1,644,911	3,187,753
TOTAL LIABILITIES	\$ 3,432,906	\$ 3,572,043	\$ 3,782,479	\$ 3,222,470

CITY OF SANTA ROSA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

HOUSING AUTHORITY FUND	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
ASSETS				
Cash and investments	\$ 75,492	\$ 1,745,476	\$ 1,514,157	\$ 306,811
Accounts receivable	5,613	57,640	63,253	-
Interest receivable	100	698	100	698
TOTAL ASSETS	\$ 81,205	\$ 1,803,814	\$ 1,577,510	\$ 307,509
LIABILITIES				
Accounts payable	\$ 55,065	\$ 10,037	\$ 65,102	\$ -
Deposits	26,140	1,734,200	1,452,831	307,509
TOTAL LIABILITIES	\$ 81,205	\$ 1,744,237	\$ 1,517,933	\$ 307,509
TOTALS - ALL AGENCY FUNDS				
ASSETS				
Cash and investments	\$ 10,269,716	\$ 919,786,897	\$ 919,753,369	\$ 10,303,244
Accounts receivable	6,259	58,302	64,352	209
Interest receivable	28,976	29,305	53,254	5,027
Intergovernmental receivable	28,632	139,073	32,807	134,898
TOTAL ASSETS	\$ 10,333,583	\$ 920,013,577	\$ 919,903,782	\$ 10,443,378
LIABILITIES				
Accounts payable	\$ 4,326,835	\$ 192,770,758	\$ 192,891,290	\$ 4,206,303
Payroll payable	2,569,211	2,741,813	2,569,211	2,741,813
Due to bondholders	3,411,397	1,421,267	1,644,911	3,187,753
Deposits	26,140	1,734,200	1,452,831	307,509
TOTAL LIABILITIES	\$ 10,333,583	\$ 198,668,038	\$ 198,558,243	\$ 10,443,378

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Statistical Section



STATISTICAL SECTION

This part of the City’s Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City’s overall financial health.

Financial Trends Information – These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.

- Net position by component, last ten fiscal years
- Changes in net position, last ten fiscal years
- Fund balances, governmental funds, last ten fiscal years
- Changes in fund balances, governmental funds, last ten fiscal years
- Tax Revenues by source, governmental funds, last ten fiscal years

Revenue Capacity Information – These schedules contain trend information to help the reader understand the City’s most significant local revenue source, property taxes.

- Assessed value and estimated actual value of taxable property, last ten fiscal years
- Direct and overlapping property tax rates, last ten fiscal years
- Principal property tax payers, current year and nine years ago
- Property tax levies and collections, last ten fiscal years
- Taxable sales by category, last ten fiscal years
- Direct and overlapping sales tax rates, last ten fiscal years
- Sales tax revenue payers by industry, current year and nine years ago
- Water and wastewater revenue by source, last ten fiscal years

Debt Capacity Information – These schedules present information to help the reader assess the affordability of the City’s current level of outstanding debt and the City’s ability to issue additional debt in the future.

- Ratios of outstanding debt by type, last ten fiscal years
- Ratios of general bonded debt outstanding by type, last ten fiscal years
- Direct and overlapping governmental activities debt
- Legal debt margin information, last ten fiscal years
- Pledged revenue coverage, last ten fiscal years

Demographic and Economic Information – These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.

- Demographic and economic statistics, last ten fiscal years
- Principal employers, current year and nine years ago

Operating Information – These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.

- Full-time-equivalent City government employees by function/program, last ten fiscal years
- Operating indicators by function/program, last ten fiscal years
- Capital asset statistics by function/program, last ten fiscal years

Table 1

CITY OF SANTA ROSA
NET POSITION BY COMPONENT (Unaudited)
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)
(dollars in thousands)

	Fiscal Year			
	2005-06	2006-07	2007-08	2008-09
Governmental Activities				
Net investment in capital assets	\$ 276,541	\$ 287,735	\$ 315,714	\$ 318,057
Restricted	67,160	82,205	73,352	69,899
Unrestricted	<u>68,140</u>	<u>55,744</u>	<u>54,488</u>	<u>40,402</u>
Total governmental activities net position	<u>411,841</u>	<u>425,684</u>	<u>443,554</u>	<u>428,358</u>
Business-type Activities				
Net investment in capital assets	195,896	233,349	243,526	254,521
Restricted	25,782	89	83	148
Unrestricted	<u>109,796</u>	<u>113,483</u>	<u>122,079</u>	<u>127,283</u>
Total business-type activities net position	<u>331,474</u>	<u>346,921</u>	<u>365,688</u>	<u>381,952</u>
Primary Government				
Net investment in capital assets	472,437	521,084	559,240	572,578
Restricted	92,942	82,294	73,435	70,047
Unrestricted	<u>177,936</u>	<u>169,227</u>	<u>176,567</u>	<u>167,685</u>
Total primary government net position	<u>\$ 743,315</u>	<u>\$ 772,605</u>	<u>\$ 809,242</u>	<u>\$ 810,310</u>

(Continued)

Notes:

Accounting standards require that net position be reported in three components in the financial statements: net investment in capital assets, restricted, and unrestricted. Net position is considered restricted when 1) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or 2) imposed by law through constitutional provisions or enabling legislation.

Table 1

Fiscal Year					
2009-10	2010-11	2011-12	2012-13	2013-14	2014/15
\$ 322,314	\$ 331,945	\$ 329,826	\$ 331,480	\$ 331,886	\$ 329,148
55,918	58,662	62,326	58,749	57,911	59,829
38,756	39,654	42,612	52,537	57,771	(161,429)
<u>416,988</u>	<u>430,261</u>	<u>434,764</u>	<u>442,766</u>	<u>447,568</u>	<u>227,548</u>
277,896	288,997	297,309	308,946	320,849	326,320
9,503	8,579	8,722	7,069	7,214	6,468
102,090	106,462	115,412	126,736	136,559	97,170
<u>389,489</u>	<u>404,038</u>	<u>421,443</u>	<u>442,751</u>	<u>464,622</u>	<u>429,958</u>
600,210	620,942	627,135	640,426	652,735	655,468
65,421	67,241	71,048	65,818	65,125	66,297
140,846	146,116	158,024	179,273	194,330	(64,259)
<u>\$ 806,477</u>	<u>\$ 834,299</u>	<u>\$ 856,207</u>	<u>\$ 885,517</u>	<u>\$ 912,190</u>	<u>\$ 657,506</u>

(Concluded)

CITY OF SANTA ROSA
CHANGES IN NET POSITION (Unaudited)
LAST TEN FISCAL YEARS
(dollars in thousands)

Table 2a

	Fiscal Year			
	2005-06	2006-07	2007-08	2008-09
Expenses				
Governmental activities:				
General government	\$ 25,253	\$ 29,959	\$ 29,701	\$ 27,044
Public safety	65,861	69,263	75,018	76,222
Public works	25,609	26,589	31,975	29,012
Recreation and parks	15,756	17,875	19,034	18,161
Housing opportunity and other	1,900	1,752	529	148
Interest on long-term liabilities	2,746	2,835	3,065	2,781
Total governmental activities expenses	<u>137,125</u>	<u>148,273</u>	<u>159,322</u>	<u>153,368</u>
Business-type activities:				
Water utility	24,626	28,756	28,190	28,474
Wastewater utility	58,285	65,909	65,883	61,681
Parking	3,579	4,209	5,005	4,667
Municipal transit	9,986	10,943	12,032	12,787
Golf course	1,259	1,371	1,563	1,754
Storm water	1,521	1,573	1,459	1,606
Total business-type activities expenses	<u>99,256</u>	<u>112,761</u>	<u>114,132</u>	<u>110,969</u>
Total primary government expenses	<u>236,381</u>	<u>261,034</u>	<u>273,454</u>	<u>264,337</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	13,172	9,730	9,774	7,265
Public safety	3,841	5,149	4,317	4,110
Public works	2,848	835	1,111	674
Recreation and parks	3,218	3,505	3,719	3,595
Operating grants and contributions	8,510	10,013	11,540	9,666
Capital grants and contributions	11,942	11,456	26,159	10,134
Total governmental activities program revenues	<u>43,531</u>	<u>40,688</u>	<u>56,620</u>	<u>35,444</u>
Business-type activities:				
Charges for services:				
Water utility	31,835	29,821	30,767	30,852
Wastewater utility	55,036	54,155	56,465	59,552
Parking	4,057	4,245	4,205	4,381
Municipal transit	1,526	1,571	1,638	1,939
Golf course	1,042	1,182	1,385	1,496
Storm water	1,678	1,736	1,775	1,861
Operating grants and contributions	7,635	12,237	11,968	10,179
Capital grants and contributions	6,644	16,260	17,938	11,027
Total business-type activities program revenues	<u>109,453</u>	<u>121,207</u>	<u>126,141</u>	<u>121,287</u>
Total primary government program revenues	<u>\$ 152,984</u>	<u>\$ 161,895</u>	<u>\$ 182,761</u>	<u>\$ 156,731</u>

(Continued)

Table 2a

Fiscal Year					
2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
\$ 19,952	\$ 20,210	\$ 21,524	\$ 21,257	\$ 23,404	\$ 24,060
72,701	72,648	74,274	77,020	79,373	80,925
27,736	25,371	32,132	26,226	25,286	29,257
19,569	18,776	18,737	19,712	18,423	19,191
139	575	149	372	1,468	365
2,437	2,197	2,134	2,017	1,913	1,791
<u>142,534</u>	<u>139,777</u>	<u>148,950</u>	<u>146,604</u>	<u>149,867</u>	<u>155,589</u>
33,715	32,616	32,681	34,915	34,899	36,079
63,193	60,373	68,980	69,439	67,645	72,785
5,241	5,116	5,417	5,974	5,577	4,949
13,065	12,711	13,851	14,156	13,994	13,453
1,585	1,586	2,234	2,177	1,912	938
1,870	1,565	1,543	1,668	1,650	1,678
<u>118,669</u>	<u>113,967</u>	<u>124,706</u>	<u>128,329</u>	<u>125,677</u>	<u>129,882</u>
<u>261,203</u>	<u>253,744</u>	<u>273,656</u>	<u>274,933</u>	<u>275,544</u>	<u>285,471</u>
6,674	9,775	10,926	10,140	10,166	9,890
3,800	3,930	2,655	3,911	3,948	3,735
313	262	231	642	1,778	2,143
3,574	3,439	3,695	3,498	3,686	3,725
8,900	9,068	11,509	11,109	9,803	9,915
12,938	22,329	12,164	9,545	4,523	7,224
<u>36,199</u>	<u>48,803</u>	<u>41,180</u>	<u>38,845</u>	<u>33,904</u>	<u>36,632</u>
31,125	34,621	38,169	43,802	42,798	39,579
61,872	66,635	68,520	70,433	74,877	75,474
4,087	4,213	3,764	4,156	4,215	4,283
1,898	1,908	2,049	2,100	2,192	2,082
1,351	1,227	1,359	1,352	1,462	470
1,935	2,003	1,974	2,032	2,094	2,130
12,749	11,873	11,616	10,458	9,661	10,641
8,708	7,916	15,498	15,258	13,088	9,914
<u>123,725</u>	<u>130,396</u>	<u>142,949</u>	<u>149,591</u>	<u>150,387</u>	<u>144,573</u>
<u>\$ 159,924</u>	<u>\$ 179,199</u>	<u>\$ 184,129</u>	<u>\$ 188,436</u>	<u>\$ 184,291</u>	<u>\$ 181,205</u>

(Continued)

CITY OF SANTA ROSA
CHANGES IN NET POSITION (Unaudited)
LAST TEN FISCAL YEARS
(dollars in thousands)

	Fiscal Year			
	2005-06	2006-07	2007-08	2008-09
Net (Expense)/Revenue				
Governmental activities	\$ (93,594)	\$ (107,585)	\$ (102,702)	\$ (117,924)
Business-type activities	10,197	8,446	12,009	10,318
Total primary government net expense	<u>(83,397)</u>	<u>(99,139)</u>	<u>(90,693)</u>	<u>(107,606)</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property taxes	17,922	21,038	21,945	21,472
Utility users tax	9,106	9,376	9,758	9,804
City-levied sales taxes	-	-	-	-
Other taxes	17,302	16,927	15,811	14,786
Contributions not restricted to specific programs				
Sales taxes from State	38,445	39,856	39,075	33,598
Motor vehicle in lieu fees	11,044	11,925	12,185	12,123
Infrastructure maintenance contributions	10,866	12,569	5,348	1,406
Unrestricted investment income	4,605	7,906	7,604	5,046
Other	3,107	3,386	3,454	4,499
Special item	-	-	-	-
Transfers	3,480	1,735	5,392	2,089
Total governmental activities	<u>115,877</u>	<u>124,718</u>	<u>120,572</u>	<u>104,823</u>
Business-type activities:				
Unrestricted investment income	4,896	7,104	6,617	4,817
Other	1,425	1,632	5,533	3,218
Transfers	(3,480)	(1,735)	(5,392)	(2,089)
Total business-type activities	<u>2,841</u>	<u>7,001</u>	<u>6,758</u>	<u>5,946</u>
Total primary government	<u>118,718</u>	<u>131,719</u>	<u>127,330</u>	<u>110,769</u>
Change in Net Position				
Governmental activities	22,283	17,133	17,870	(13,101)
Business-type activities	13,038	15,447	18,767	16,264
Total primary government	<u>\$ 35,321</u>	<u>\$ 32,580</u>	<u>\$ 36,637</u>	<u>\$ 3,163</u>

(Continued)

NOTE: Beginning in 2010-11, City-levied sales taxes are presented separately from sales taxes from State.

Fiscal Year					
2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
\$ (106,335)	\$ (90,974)	\$ (107,770)	\$ (107,759)	\$ (115,963)	\$ (118,957)
5,056	16,429	18,243	21,262	24,710	14,691
(101,279)	(74,545)	(89,527)	(86,497)	(91,253)	(104,266)
20,435	19,276	19,833	21,639	21,038	23,118
9,311	9,481	8,931	9,603	9,645	9,778
-	8,144	13,845	14,986	15,890	16,327
14,299	15,490	16,365	18,304	18,548	20,061
29,877	26,223	28,434	30,072	32,432	34,047
11,523	11,276	10,391	10,292	10,577	11,553
2,109	2,023	3,849	2,767	3,283	3,422
2,629	3,409	1,106	507	663	883
4,261	4,804	7,205	5,732	7,792	6,954
(294)	-	-	-	-	-
815	4,121	2,314	1,859	1,693	1,673
94,965	104,247	112,273	115,761	121,561	127,816
1,581	1,107	1,242	692	878	1,097
1,715	1,134	234	1,213	1,366	1,644
(815)	(4,121)	(2,314)	(1,859)	(1,693)	(1,673)
2,481	(1,880)	(838)	46	551	1,068
97,446	102,367	111,435	115,807	122,112	128,884
(11,370)	13,273	4,503	8,002	5,598	8,859
7,537	14,549	17,405	21,308	25,261	15,759
\$ (3,833)	\$ 27,822	\$ 21,908	\$ 29,310	\$ 30,859	\$ 24,618

(Concluded)

Table 3

CITY OF SANTA ROSA (Unaudited)
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(dollars in thousands)

	Fiscal Year			
	2005-06	2006-07	2007-08	2008-09
General Fund				
Reserved	\$ 9,943	\$ 8,884	\$ 9,356	\$ 7,965
Unreserved	39,273	29,268	23,767	18,780
Nonspendable:				
Advances	-	-	-	-
Inventory of supplies	-	-	-	-
Prepaid items	-	-	-	-
Restricted:				
Public Safety	-	-	-	-
Assigned:				
Carryover appropriations	-	-	-	-
RDA dissolution	-	-	-	-
Community Development	-	-	-	-
Contingencies	-	-	-	-
Unassigned	-	-	-	-
Total general fund	<u>\$ 49,216</u>	<u>\$ 38,152</u>	<u>\$ 33,123</u>	<u>\$ 26,745</u>
All Other Governmental Funds				
Reserved	\$ 8,256	\$ 14,659	\$ 7,635	\$ 12,947
Unreserved, reported in:				
Special revenue funds	66,585	73,250	72,503	68,740
Capital projects fund	(5,026)	3,729	2,584	(5,453)
Nonspendable:				
Advances	-	-	-	-
Restricted:				
Debt service	-	-	-	-
Parks	-	-	-	-
Public safety	-	-	-	-
Roads	-	-	-	-
Public and capital facilities	-	-	-	-
Other purposes	-	-	-	-
Unassigned	-	-	-	-
Total all other governmental funds	<u>\$ 69,815</u>	<u>\$ 91,638</u>	<u>\$ 82,722</u>	<u>\$ 76,234</u>

(Continued)

NOTE: The City implemented GASB 54 in 2011 which requires reporting fund balance in the categories of nonspendable, restricted, committed, assigned, and unassigned.

Table 3

Fiscal Year					
2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
\$ 6,646	\$ -	\$ -	\$ -	\$ -	\$ -
18,657	-	-	-	-	-
-	5,281	5,876	5,460	5,334	5,277
-	698	772	790	814	767
-	49	59	71	66	1,086
-	-	-	-	1,468	-
-	9,614	8,818	9,404	11,984	16,364
-	-	-	607	607	-
-	-	-	-	173	-
-	12,894	17,976	19,357	-	-
-	-	-	3,565	28,402	35,059
<u>\$ 25,303</u>	<u>\$ 28,536</u>	<u>\$ 33,501</u>	<u>\$ 39,254</u>	<u>\$ 48,848</u>	<u>\$ 58,553</u>
\$ 12,432	\$ -	\$ -	\$ -	\$ -	\$ -
59,602	-	-	-	-	-
(11,548)	-	-	-	-	-
-	-	1,448	-	-	-
-	644	659	660	2,109	1,459
-	9,719	6,921	6,008	6,283	6,912
-	3,238	4,081	5,349	4,582	4,444
-	8,484	8,516	6,229	6,242	6,153
-	31,201	32,825	33,075	34,514	29,520
-	7,207	9,113	9,320	9,599	10,415
-	(845)	(1,364)	(614)	(2,405)	(2,346)
<u>\$ 60,486</u>	<u>\$ 59,648</u>	<u>\$ 62,199</u>	<u>\$ 60,027</u>	<u>\$ 60,924</u>	<u>\$ 56,557</u>

(Concluded)

CITY OF SANTA ROSA
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS (Unaudited)
LAST TEN FISCAL YEARS
(dollars in thousands)

Table 4

	Fiscal Year			
	2005-06	2006-07	2007-08	2008-09
Revenues				
Taxes	\$ 94,854	\$ 100,072	\$ 99,545	\$ 92,541
Licenses, fees, and permits	2,123	1,988	1,668	1,278
Charges for services	22,049	18,753	20,074	18,865
Development impact mitigation charges	10,866	12,570	5,347	1,406
Intergovernmental	16,241	13,085	17,789	17,292
Fines and penalties	1,953	2,174	2,348	2,137
Interest	3,811	5,784	5,150	3,205
Net change in fair value	(74)	309	573	467
Contribution from Prop Owners	1,158	891	915	428
Other revenues	3,131	4,438	5,095	6,030
Total revenues	156,112	160,064	158,504	143,649
Expenditures				
General government	29,679	33,743	33,869	31,671
Public safety	66,604	69,158	74,170	75,325
Public works	18,366	19,238	24,469	21,546
Recreation and parks	14,211	16,051	16,988	16,114
Other	1,882	1,667	302	45
Capital outlay	13,100	16,543	27,118	19,184
Debt service				
Principal	320	398	507	666
Bond issuance cost	-	270	48	-
Interest	50	88	312	604
Total expenditures	144,212	157,156	177,783	165,155
Excess of revenues over (under) expenditures	11,900	2,908	(19,279)	(21,506)
Other Financing Sources (Uses)				
Proceeds sale of capital assets	2,393	36	63	655
Proceeds from capital lease	-	-	-	-
Issuance of long-term debt	-	9,960	-	3,300
Discount at issuance	-	(168)	-	-
Special item	-	-	-	-
Transfers in	31,646	37,816	39,448	36,645
Transfers out	(28,095)	(36,503)	(34,177)	(31,960)
Total other financing sources (uses)	5,944	11,141	5,334	8,640
Net change in fund balances	\$ 17,844	\$ 14,049	\$ (13,945)	\$ (12,866)
Debt service as a percentage of noncapital expenditures	0.28%	0.35%	0.54%	0.87%

(Continued)

Table 4

Fiscal Year					
2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
\$ 86,132	\$ 90,558	\$ 98,424	\$ 105,708	\$ 108,971	\$ 115,808
997	1,154	1,379	1,496	1,569	1,407
18,508	21,007	21,028	21,050	22,212	22,412
2,109	2,023	3,849	2,766	3,283	3,422
17,968	20,654	19,492	9,953	11,391	12,518
1,959	2,351	2,287	2,139	2,456	2,467
1,833	1,202	642	565	410	653
(371)	(220)	7	(185)	70	(16)
190	305	1,138	327	376	662
5,320	5,530	6,838	5,443	5,963	7,169
<u>134,645</u>	<u>144,564</u>	<u>155,084</u>	<u>149,262</u>	<u>156,701</u>	<u>166,502</u>
24,692	24,291	25,620	24,551	26,981	29,113
71,332	70,563	72,164	74,641	76,564	81,571
20,810	18,182	26,078	19,631	18,976	23,008
17,321	16,484	15,855	16,721	15,386	16,197
8	346	41	336	1,392	380
17,089	15,065	8,813	7,938	11,810	10,966
682	715	859	901	1,274	1,308
-	-	-	-	-	-
654	623	589	551	539	566
<u>152,588</u>	<u>146,269</u>	<u>150,019</u>	<u>145,270</u>	<u>152,922</u>	<u>163,109</u>
<u>(17,943)</u>	<u>(1,705)</u>	<u>5,065</u>	<u>3,992</u>	<u>3,779</u>	<u>3,393</u>
49	41	132	103	31	30
-	-	-	-	1,957	1,048
-	-	-	-	3,590	-
-	-	-	-	-	-
(294)	-	-	-	-	-
35,572	37,109	9,750	11,206	13,103	12,478
<u>(34,574)</u>	<u>(33,050)</u>	<u>(7,431)</u>	<u>(11,720)</u>	<u>(11,969)</u>	<u>(11,611)</u>
<u>753</u>	<u>4,100</u>	<u>2,451</u>	<u>(411)</u>	<u>6,712</u>	<u>1,945</u>
<u>\$ (17,190)</u>	<u>\$ 2,395</u>	<u>\$ 7,516</u>	<u>\$ 3,581</u>	<u>\$ 10,491</u>	<u>\$ 5,338</u>
0.99%	1.02%	1.03%	1.06%	1.28%	1.23%

(Concluded)

Table 5

**CITY OF SANTA ROSA
TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS (Unaudited)
LAST TEN FISCAL YEARS
(dollars in thousands)**

Fiscal Year	Other Taxes								Total
	Property	Sales Taxes	Utility Users Tax	Motor Vehicle In-Lieu Fees	Business Tax	Real Property Transfer Tax	Occupancy Tax	Other Taxes	
2005-06	\$ 17,922	\$ 39,480	\$ 9,106	\$ 11,046	\$ 3,988	\$ 5,167	\$ 3,555	\$ 4,590	\$ 94,854
2006-07	21,038	40,887	9,376	11,924	4,054	3,800	3,877	5,116	100,072
2007-08	21,945	40,088	9,758	12,185	3,956	2,366	4,055	5,192	99,545
2008-09	21,472	34,505	9,804	12,123	3,775	2,207	3,460	5,195	92,541
2009-10	20,435	30,754	9,311	11,523	3,346	2,093	2,863	5,807	86,132
2010-11	19,276	35,213	9,481	11,276	3,422	1,706	3,183	7,001	90,558
2011-12	19,833	43,054	8,931	10,391	3,666	1,859	3,654	7,036	98,424
2012-13	21,639	46,041	9,603	10,292	3,795	2,787	4,285	7,266	105,708
2013-14	21,038	49,339	9,645	10,577	3,652	2,673	4,559	7,487	108,970
2014-15	23,118	51,483	9,778	11,554	3,973	2,966	5,208	7,728	115,808

**Tax Revenues By Source
Governmental Funds**

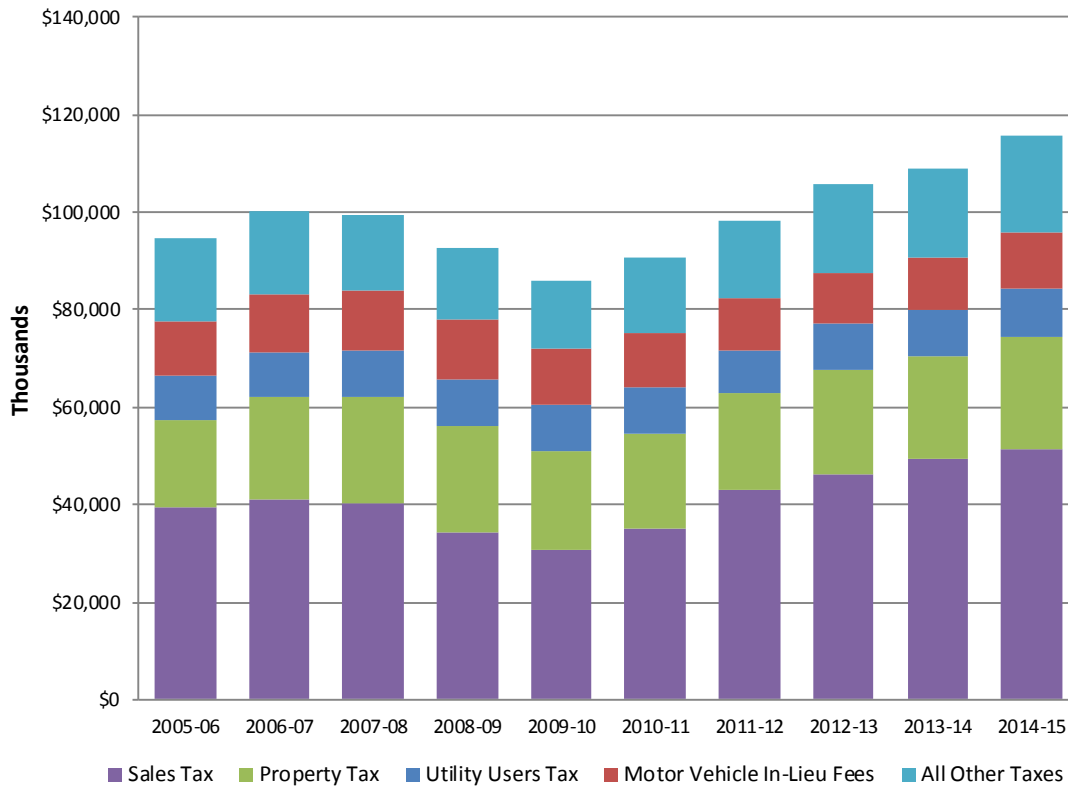


Table 6

CITY OF SANTA ROSA
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY (Unaudited)
LAST TEN FISCAL YEARS
(dollars in thousands)

Fiscal Year	Real Property Assessed/Market Value	Personal Property Assessed/Market Value	Total Assessed/Market Value	Percentage of Change in Market Value	Basic Direct Tax Rate
2005-06	\$ 15,725,609	\$ 589,269	\$ 16,314,878	9.5%	1.00
2006-07	17,523,321	621,807	18,145,128	11.2%	1.00
2007-08	18,952,212	657,821	19,610,033	8.1%	1.00
2008-09	19,086,678	693,812	19,780,490	0.9%	1.00
2009-10	18,199,746	683,473	18,883,219	-4.5%	1.00
2010-11	17,343,039	673,858	18,016,897	-4.6%	1.00
2011-12	16,941,806	697,590	17,639,396	-2.1%	1.00
2012-13	17,275,509	701,986	17,977,495	1.9%	1.00
2013-14	18,917,904	737,755	19,655,659	9.3%	1.00
2014-15	20,431,941	713,888	21,145,829	7.6%	1.00

NOTES:

- (1) The State of California 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 no more than two percent per year unless the property is improved, sold or transferred. Because of this method of assessment, the City does not have a reasonable basis for estimating the actual value of taxable property and this information is not presented above.
- (2) 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.
- (3) The City participates in the County Teeter Plan whereby all taxes are remitted to the City each

SOURCES:

Sonoma County Assessor's and Auditor's Office

CITY OF SANTA ROSA
DIRECT AND OVERLAPPING PROPERTY TAX RATES (Unaudited)
LAST TEN FISCAL YEARS
 (rate per \$100 of assessed value)

Fiscal Year	Basic Direct Rate	Overlapping Rates		Total
		School District	Misc Special Districts	
2005-06	1.00000	0.35010	0.00700	1.35710
2006-07	1.00000	0.33640	0.01000	1.34640
2007-08	1.00000	0.32220	0.00700	1.32920
2008-09	1.00000	0.31600	0.00700	1.32300
2009-10	1.00000	0.34360	0.00700	1.35060
2010-11	1.00000	0.34360	0.00700	1.35060
2011-12	1.00000	0.45320	0.00700	1.46020
2012-13	1.00000	0.49390	0.00700	1.50090
2013-14	1.00000	0.55550	0.00700	1.56250
2014-15	1.00000	0.59630	0.00700	1.60330

NOTES:

- (1) Overlapping rates are those of local and county governments that apply to property owners within the City of Santa Rosa. Not all overlapping rates apply to all Santa Rosa property owners; for example, school districts' rates apply only to property owners within those districts' geographic boundaries.
- (2) In 1978, California voters passed Proposition 13, which set the property tax rate at a 1% fixed amount. This 1% is shared by all taxing agencies for which the subject property resides within. In addition to the 1% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.

SOURCES: Sonoma County Assessor's Office

Table 8

CITY OF SANTA ROSA
PRINCIPAL PROPERTY TAX PAYERS (Unaudited)
CURRENT YEAR AND NINE YEARS AGO
(dollars in thousands)

Taxpayer	FY 2014-15			FY 2005-06		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Keysight Technologies/Agilent Technologies	\$ 178,392	1	0.84%	\$ 143,569	1	0.88%
Varena At Fountaingrove LLC	78,496	2	0.37%			
EMI Santa Rosa LP	63,575	3	0.30%	54,200	3	0.33%
Coddington LLC	58,004	4	0.27%	43,457	4	0.27%
OSL SR Fountaingrove LLC et al	54,436	5	0.26%			
Arterial Vascular Engineering Inc. (Medtronic)	48,639	6	0.23%	30,802	7	0.19%
Donahue Schriber Realty Group	44,808	7	0.21%	38,257	5	0.23%
FIT REN Paulen Creek LP	43,710	8	0.21%	29,317	9	0.18%
Behringer Harvard Sant Rosa LP/Aracia	42,042	9	0.20%			
Apple Creek LLC	40,855	10	0.19%	32,851	6	0.20%
Optical Coating Laboratories Inc.				92,156	2	0.56%
Santa Rosa Town Center LLC				29,251	8	0.18%
Acacia on Santa Ros aCreek				24,245	10	0.15%
Total	<u>\$ 652,957</u>		<u>3.08%</u>	<u>\$ 518,105</u>		<u>3.17%</u>

SOURCE: County of Sonoma

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Table 9

**CITY OF SANTA ROSA
PROPERTY TAX LEVIES AND COLLECTIONS (Unaudited)
LAST TEN FISCAL YEARS
(dollars in thousands)**

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the		Collections in Subsequent Years	Total Collections to Date	
		Fiscal Year of the Levy			Amount	Percentage of Levy
		Amount	Percentage of Levy			
2005-06	\$ 16,097	\$ 16,097	100%	\$ -	\$ 16,097	100%
2006-07	19,747	19,747	100%	-	19,747	100%
2007-08	20,663	20,663	100%	-	20,663	100%
2008-09	20,677	20,677	100%	-	20,677	100%
2009-10	19,660	19,660	100%	-	19,660	100%
2010-11	18,583	18,583	100%	-	18,583	100%
2011-12	18,555	18,555	100%	-	18,555	100%
2012-13	18,238	18,238	100%	-	18,238	100%
2013-14	18,962	18,962	100%	-	18,962	100%
2014-15	20,940	20,940	100%	-	20,940	100%

NOTE: The City participates in the County Teeter Plan whereby all taxes are remitted to the City each year. Amounts reported are for secured property taxes only.

SOURCE: Sonoma County Assessor's and Auditor's Office

CITY OF SANTA ROSA
TAXABLE SALES BY CATEGORY (Unaudited)
LAST TEN FISCAL YEARS
(dollars in thousands)

Table 10

	Fiscal Year			
	2005-06	2006-07	2007-08	2008-09
Apparel stores	\$ 147,206	\$ 150,231	\$ 147,252	\$ 136,633
Auto dealers and supplies	548,452	533,952	457,981	317,087
Building materials and farm tools	343,578	283,919	256,002	209,361
Drug stores	39,638	39,933	40,936	41,818
Eating and drinking places	204,285	207,537	212,237	210,035
Food stores	139,154	142,388	143,751	141,819
General merchandise	395,290	395,239	378,644	355,046
Home furnishings & appliances	187,370	186,864	179,266	160,842
Other retail	453,052	443,306	399,630	357,050
Packaged liquor stores	19,388	23,393	24,375	22,727
Service stations	197,211	221,695	261,796	211,611
All other outlets	323,446	361,002	319,970	274,830
Total	\$ 2,998,070	\$ 2,989,459	\$ 2,821,840	\$ 2,438,859
City direct sales tax rate	0.25%	0.25%	0.25%	0.25%

(Continued)

NOTES: (1) Food stores taxable sales are for prepared food items and nonfood items; general grocery items are not taxable.

SOURCE: MuniServices, LLC

Table 10

Fiscal Year					
2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
\$ 138,755	\$ 145,129	\$ 156,508	\$ 167,914	\$ 170,604	\$ 173,961
319,289	346,149	396,309	461,382	537,717	609,889
195,190	213,275	225,867	257,930	281,609	268,043
40,883	40,266	40,646	39,975	39,716	38,397
203,277	217,946	232,610	258,020	279,352	305,680
139,057	148,193	159,378	170,970	178,767	182,327
332,620	346,614	350,586	358,202	344,783	357,516
149,444	158,788	159,317	169,301	173,175	178,463
324,496	340,307	359,245	355,545	356,663	366,675
24,421	22,783	24,686	26,182	27,899	30,825
220,059	258,881	268,652	257,235	263,272	217,586
268,493	252,231	316,903	303,824	343,930	380,567
\$ 2,355,984	\$ 2,490,562	\$ 2,690,707	\$ 2,826,480	\$ 2,997,487	\$ 3,109,929
0.25%	0.25%-0.50%	0.50%	0.50%	0.50%	0.50%

(Concluded)

Taxable Sales by Category

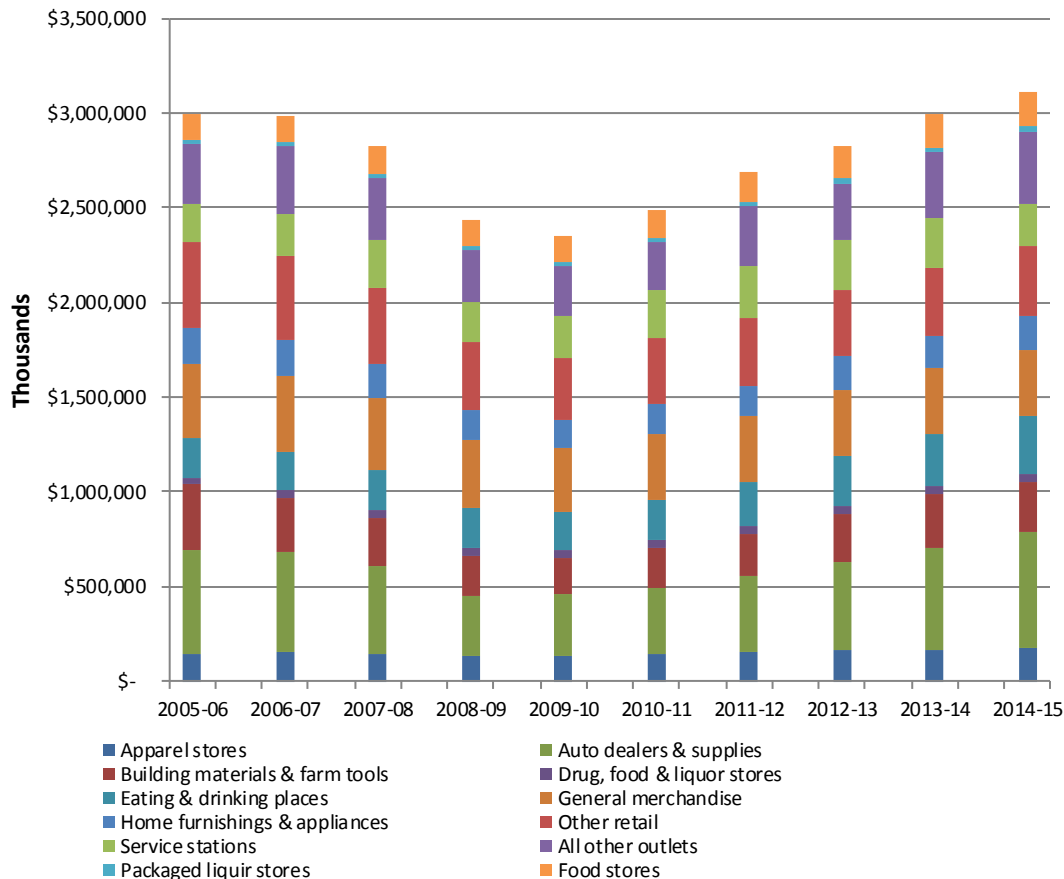


Table 11

**CITY OF SANTA ROSA
DIRECT AND OVERLAPPING SALES TAX RATES (Unaudited)
LAST TEN FISCAL YEARS**

Fiscal Year	City Direct Rate	Overlapping Rate
		Sonoma County
2005-06	0.25%	0.75%
2006-07	0.25%	0.75%
2007-08	0.25%	0.75%
2008-09	0.25%	0.75%
2009-10	0.25%	0.75%
2010-11	0.25%-0.50%	0.75%
2011-12	0.50%	0.75%
2012-13	0.50%	0.75%
2013-14	0.50%	0.75%
2014-15	0.50%	0.75%

NOTES: (1) The City direct tax rate of .25% [City of Santa Rosa Public Safety Transactions and Use Tax (SRPS)] was approved by Santa Rosa citizens in November 2004 and went into effect on April 1, 2005. The tax funds critical public safety improvements in Police, Fire and Recreation & Parks. The City direct tax rate of .25% [City of Santa Rosa 2010 Transactions and Use Tax (SRGF)] was approved by Santa Rosa citizens in November of 2010 and went into effect on April 1, 2011.

(2) Any increases to the City direct tax rate must be approved by the Citizens of Santa Rosa.

SOURCE: California State Board of Equalization

CITY OF SANTA ROSA
SALES TAX REVENUE PAYERS BY INDUSTRY (Unaudited)
CURRENT YEAR AND NINE YEARS AGO
(dollars in thousands)

Table 12

FY 2014-15				
	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
Apparel stores	239	5.0%	\$ 2,175	5.6%
Auto dealers & auto supplies	107	2.2%	7,624	19.6%
Bldg matrl & farm implmts	90	1.9%	3,351	8.6%
Drug stores	21	0.4%	480	1.2%
Eating and Drinking places	457	9.5%	3,821	9.8%
Food stores	168	3.5%	2,279	5.9%
General merchandise	43	0.9%	4,469	11.5%
Home furnishings & appliances	167	3.5%	2,231	5.7%
Other retail	1,192	24.8%	4,583	11.8%
Packaged liquor stores	41	0.9%	385	1.0%
Services stations	47	1.0%	2,720	7.0%
All other outlets	2,238	46.5%	4,757	12.2%
Total	4,810	100.0%	\$ 38,874	100.0%

FY 2005-06				
	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
Apparel stores	160	3.5%	\$ 1,472	4.9%
Auto dealers & auto supplies	122	2.6%	5,485	18.3%
Bldg matrl & farm implmts	140	3.0%	3,436	11.5%
Drug stores	16	0.3%	396	1.3%
Eating and Drinking places	435	9.4%	2,043	6.8%
Food stores	142	3.1%	1,392	4.6%
General merchandise	21	0.5%	3,953	13.2%
Home furnishings & appliances	179	3.9%	1,874	6.2%
Other retail	1,371	29.7%	4,531	15.1%
Packaged liquor stores	15	0.3%	194	0.6%
Services stations	47	1.0%	1,972	6.6%
All other outlets	1,967	42.6%	3,234	10.8%
Total	4,615	100.0%	\$ 29,981	100.0%

NOTE: Due to confidentiality issues, the names of the ten largest revenue payers are not available. Categories presented are intended to provide alternative information regarding the sources of the state's revenue.

SOURCE: MuniServices, LLC

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Table 13

CITY OF SANTA ROSA
WATER AND WASTEWATER REVENUE BY SOURCE (Unaudited)
LAST TEN FISCAL YEARS
(dollars in thousands)

Fiscal Year	Collected within the Water Enterprise Fund			Collected within the Wastewater Enterprise Fund			Total
	Charges for Services	Sale of Water	Demand Fee Revenue	Charges for Services	Sale of Water	Demand Fee Revenue	
2005-06	\$ 6,169	\$ 21,353	\$ 4,313	\$ 50,297	\$ -	\$ 4,739	\$ 86,871
2006-07	5,779	24,042	3,713	54,155	-	7,543	95,232
2007-08	5,951	24,816	2,269	56,465	-	3,431	92,932
2008-09	6,417	24,435	801	59,552	-	2,015	93,220
2009-10	6,826	24,299	809	61,872	-	1,768	95,574
2010-11	7,507	27,114	973	66,635	-	573	102,802
2011-12	8,400	29,769	1,522	68,520	-	3,154	111,365
2012-13	9,966	33,836	1,620	70,433	-	2,211	118,066
2013-14	10,584	32,214	1,142	74,877	-	1,724	120,541
2014-15	11,688	27,891	1,479	75,176	298	3,119	119,651

SOURCE: City of Santa Rosa Water and Wastewater Utility Fund Financial Statements

**CITY OF SANTA ROSA
RATIOS OF OUTSTANDING DEBT BY TYPE (Unaudited)
LAST TEN FISCAL YEARS
(dollars in thousands, except per capita)**

Table 14

Fiscal Year	Governmental Activities			
	Building Acquisition Certificates of Participation	Pension Obligation Bonds	Capital Lease Obligations	Subtotal
2005-06	\$ -	\$ 51,570	\$ 2,271	\$ 53,841
2006-07	9,960	49,935	1,873	61,768
2007-08	9,960	48,105	1,366	59,431
2008-09	9,895	46,070	4,065	60,030
2009-10	9,830	44,875	3,448	58,153
2010-11	9,760	41,665	2,803	54,228
2011-12	9,575	40,005	2,129	51,709
2012-13	9,380	38,320	1,423	49,123
2013-14	9,175	32,715	5,901	47,791
2014-15	8,960	29,855	5,856	44,671

NOTES: (1) Details regarding the City's outstanding debt can be found in the notes to the financial statements.
(2) Refer to Table 19 for personal income and population data.

(Continued)

**Outstanding Debt
Governmental Activities**

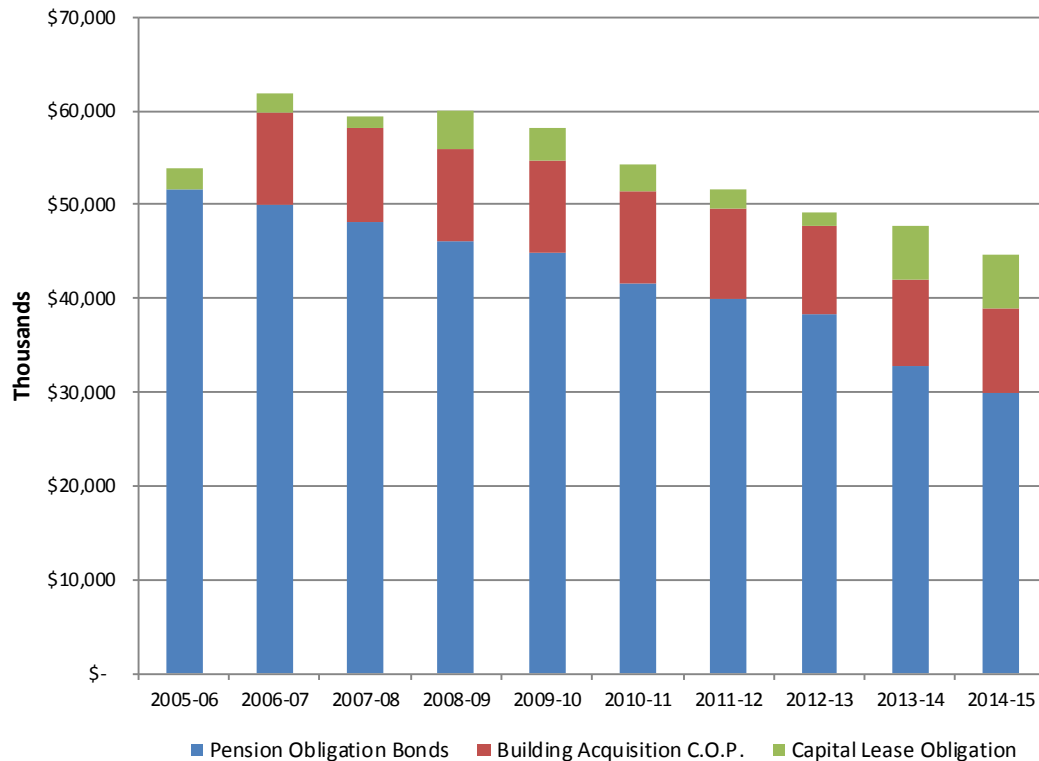


Table 14

Fiscal Year	Business-type Activities					Total Primary Government	Percentage of Personal Income	Per Capita
	Water Revenue Bonds	Wastewater Improvement Bonds	Parking Improvement Bonds	Golf Course Improvement Certificates of Participation	State Loans			
2005-06	\$ -	\$ 217,293	\$ 3,995	\$ 5,575	\$ 133,206	\$ 413,910	11.7%	\$ 2,634.69
2006-07	-	210,163	3,680	5,575	126,028	407,214	11.4%	2,577.55
2007-08	-	206,443	3,350	5,520	118,657	393,401	10.5%	2,459.05
2008-09	13,850	249,053	3,000	5,410	111,201	442,544	11.4%	2,740.28
2009-10	13,615	241,983	2,635	5,255	103,722	425,363	10.8%	2,602.63
2010-11	13,370	234,543	2,250	5,095	96,633	406,119	9.8%	2,405.12
2011-12	13,115	219,743	1,845	4,930	88,635	379,977	9.1%	2,250.50
2012-13	12,850	211,553	1,420	4,760	80,402	360,108	9.0%	2,117.12
2013-14	12,575	217,718	970	4,585	71,951	355,590	9.0%	2,088.81
2014-15	12,290	208,233	500	4,400	63,281	333,375	8.7%	1,926.23

(Concluded)

Outstanding Debt Business-type Activities

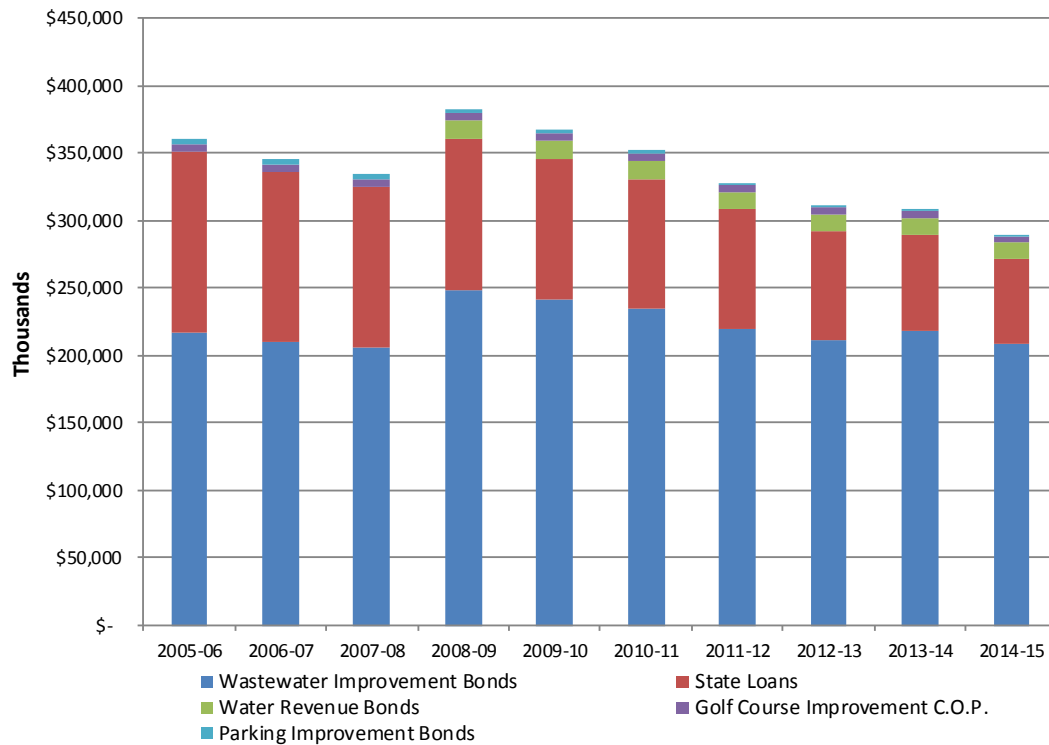


Table 15

CITY OF SANTA ROSA
RATIOS OF GENERAL BONDED DEBT OUTSTANDING BY TYPE (Unaudited)
LAST TEN FISCAL YEARS
(dollars in thousands, except per capita)

Fiscal Year	2007 Building Acquisition Certificates of Participation	Pension Obligation Bonds	Total General Bonded Debt	Less: Amounts Available in Debt Service Fund	Net General Bonded Debt	Percent of Assessed Value of Property	Per Capita
2005-06	\$ -	\$ 51,570	\$ 51,570	\$ -	\$ 51,570	0.32%	\$ 328.26
2006-07	9,960	49,935	59,895	722	59,173	0.33%	374.55
2007-08	9,960	48,105	58,065	659	57,406	0.29%	358.83
2008-09	9,895	46,070	55,965	688	55,277	0.28%	342.28
2009-10	9,830	44,875	54,705	656	54,049	0.29%	330.70
2010-11	9,760	41,665	51,425	644	50,781	0.28%	300.74
2011-12	9,575	40,005	49,580	659	48,921	0.28%	289.75
2012-13	9,380	38,320	47,700	660	47,040	0.26%	276.55
2013-14	9,175	32,715	41,890	2,109	39,781	0.20%	233.68
2014-15	8,960	29,855	38,815	1,459	37,356	0.18%	215.84

- NOTES: (1) Details regarding the City's outstanding debt can be found in the notes to the financial statements.
(2) Refer to Table 19 for personal income and population data.
(3) Refer to Table 6 for assessed value of property.

Table 16

CITY OF SANTA ROSA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT (Unaudited)
(dollars in thousands)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable ¹	Estimated Share of Direct and Overlapping Debt
Debt repaid with property taxes:			
Santa Rosa High School	\$ 89,260	74.6997%	\$ 66,677
Santa Rosa Elementary	18,820	99.2032%	18,670
Sonoma County Junior College District	169,770	27.5321%	46,741
Rincon Valley Union Elementary	40,035	85.2919%	34,147
Wright Elementary	15,019	93.2962%	14,012
Piner-Olivet Union Elementary	12,382	71.8879%	8,901
Bennett Valley Elementary	10,901	62.1184%	6,772
Bellevue Elementary	20,542	53.9920%	11,091
Mark West Union Elementary	15,506	17.3668%	2,693
Roseland Elementary	5,498	61.6514%	3,390
Sebastopol Unified Elementary	8,503	0.0124%	1
West Sonoma County Unified High School	13,842	0.0028%	-
Subtotal, overlapping debt			213,095
City direct debt			44,671
Total direct and overlapping debt			\$ 257,766

Notes:

¹ For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the city's boundaries and dividing it by each unit's total taxable assessed value.

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City.

Source: Sonoma County Auditor-Controller

CITY OF SANTA ROSA
LEGAL DEBT MARGIN INFORMATION (Unaudited)
LAST TEN FISCAL YEARS
(dollars in thousands)

Fiscal Year	Assessed Value (1)	Legal Debt Limit (2)	Debt Applicable to Limit (3)	Legal Debt Margin (4)	Legal Debt Margin/Debt Limit
2005-06	\$ 16,314,878	\$ 611,808	\$ 51,570	\$ 560,238	92%
2006-07	18,145,128	680,442	59,173	621,269	91%
2007-08	19,610,033	735,376	57,406	677,970	92%
2008-09	19,780,490	741,768	55,277	686,491	93%
2009-10	18,883,219	708,121	54,049	654,072	92%
2010-11	18,016,897	675,634	50,781	624,853	92%
2011-12	17,639,396	661,477	48,921	612,556	93%
2012-13	17,977,495	674,156	47,040	627,116	93%
2013-14	19,655,659	737,087	39,781	697,306	95%
2014-15	21,145,829	792,969	37,356	755,613	95%

Notes:

- (1) Property value data can be found in the "Assessed Value and Estimated Actual Value of Taxable Property" Table.
- (2) The legal debt limit is 3.75% of assessed value.
- (3) Debt applicable to the limit only includes general obligation bonds.
- (4) The legal debt margin is calculated by subtracting the debt applicable to the legal debt limit from the legal debt limit.

Table 18

**CITY OF SANTA ROSA
PLEGDED REVENUE COVERAGE (Unaudited)
LAST TEN FISCAL YEARS
(dollars in thousands)**

Fiscal Year	Wastewater Revenue Bonds					
	Gross Revenue	Less: Operating Expenses	Net Available		Coverage Ratios	
			Revenue	Debt Service	Including Demand Fees	Excluding Demand Fees
2005-06	\$ 64,412	\$ 27,832	\$ 36,580	\$ 22,443	1.63	1.42
2006-07	70,190	30,105	40,085	22,117	1.81	1.47
2007-08	69,509	32,412	37,097	19,914	1.86	1.69
2008-09	67,604	32,134	35,470	24,187	1.47	1.38
2009-10	69,531	33,629	35,902	24,359	1.47	1.40
2010-11	72,333	33,074	39,259	25,814	1.52	1.50
2011-12	76,544	33,090	43,454	24,187	1.80	1.67
2012-13	77,831	33,317	44,514	24,917	1.79	1.70
2013-14	82,802	33,714	49,088	25,494	1.93	1.86
2014-15	84,478	34,441	50,037	26,594	1.88	1.76

Fiscal Year	Water Revenue Bonds					
	Gross Revenue	Less: Operating Expenses	Net Available		Coverage Ratios	
			Revenue	Debt Service	Including Demand Fees	Excluding Demand Fees
2008-09	\$ 33,865	\$ 23,272	\$ 10,593	\$ 641	16.52	15.27
2009-10	36,050	24,784	11,266	888	12.69	11.78
2010-11	38,366	25,226	13,140	876	15.00	13.89
2011-12	42,136	23,130	19,006	876	21.69	19.95
2012-13	46,561	26,384	20,177	876	23.04	21.19
2013-14	44,471	26,119	18,352	875	20.97	19.67
2014-15	42,119	25,757	16,362	874	18.72	20.04

- NOTES: (1) The water fund had no pledged-revenue coverage ratio requirements from 2000 through 2008.
(2) Gross revenue and expenses are based upon bond counsel interpretation.
(3) Net Revenues are equal to gross revenues less operating expenses.
(4) Details regarding the City's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest, depreciation, or amortization expenses and nonoperating funds.

SOURCE: City of Santa Rosa Water and Wastewater Utility funds financial statements

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Table 19

**CITY OF SANTA ROSA
DEMOGRAPHIC AND ECONOMIC STATISTICS (Unaudited)
LAST TEN FISCAL YEARS**

Fiscal Year	Personal		Per	Unemployment
	Population	Income (in thousands)	Capita Personal Income	
2005-06	157,100	\$ 3,539,934	\$ 22,533	4.3%
2006-07	157,985	3,559,876	22,533	4.6%
2007-08	159,981	3,732,890	23,333	6.1%
2008-09	161,496	3,886,670	24,067	10.2%
2009-10	163,436	3,941,532	24,117	10.4%
2010-11	168,856	4,128,529	24,450	10.1%
2011-12	168,841	4,184,443	24,783	8.7%
2012-13	170,093	4,008,525	23,567	6.7%
2013-14	170,236	3,932,452	23,100	5.3%
2014-15	173,071	3,821,408	22,080	4.8%

- NOTES:
- (1) Personal income is calculated as per capita personal income multiplied by the City's population.
 - (2) Per capita personal income is calculated as median household income divided by median household size (three persons).

- SOURCES:
- (1) Population data source - State Department of Finance
 - (2) Per capita personal income data source (calculated from median household income) - City of Santa Rosa Economic Development and Housing (from U.S. Housing and Urban Development data)
 - (3) Unemployment rate data source - State Department of Employment Development and U.S. Bureau of Labor Statistics:
www.labormarketinfo.edd.ca.gov. Rate as of June 30.

Table 20

**CITY OF SANTA ROSA
PRINCIPAL EMPLOYERS (Unaudited)
CURRENT YEAR AND NINE YEARS AGO**

Employer	2015			2006		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
County of Sonoma	4,058	1	4.57%	5,022	1	6.19%
Kaiser Permanente	2,555	2	2.88%	2,500	5	3.08%
Sutter Medical Center of Santa Rosa	1,797	3	2.02%			
St. Joseph Health System	1,740	4	1.96%	2,750	4	3.39%
Santa Rosa Junior College	1,589	5	1.79%	3,332	3	4.11%
Santa Rosa School District ¹	1,502	6	1.69%	1,566	8	1.93%
City of Santa Rosa	1,250	7	1.41%	1,227	10	1.51%
Keysight/Agilent Technologies	1,200	8	1.35%	2,200	6	2.71%
Amy's Kitchen	870	9	0.98%			
Medtronic/Arterial Vascular Eng	840	10	0.95%			
State of California				3,596	2	4.43%
US Government				1,929	7	2.38%
Safeway				1,475	9	1.82%
Total	17,401		19.60%	25,597		31.55%

¹ 2005 Data unavailable, year 2003 data used

SOURCES: The Press Democrat, Sonoma County Auditor-Controller, Board, Northbay Business Journal, Santa Rosa School District & Sonoma Junior College District.

Table 21

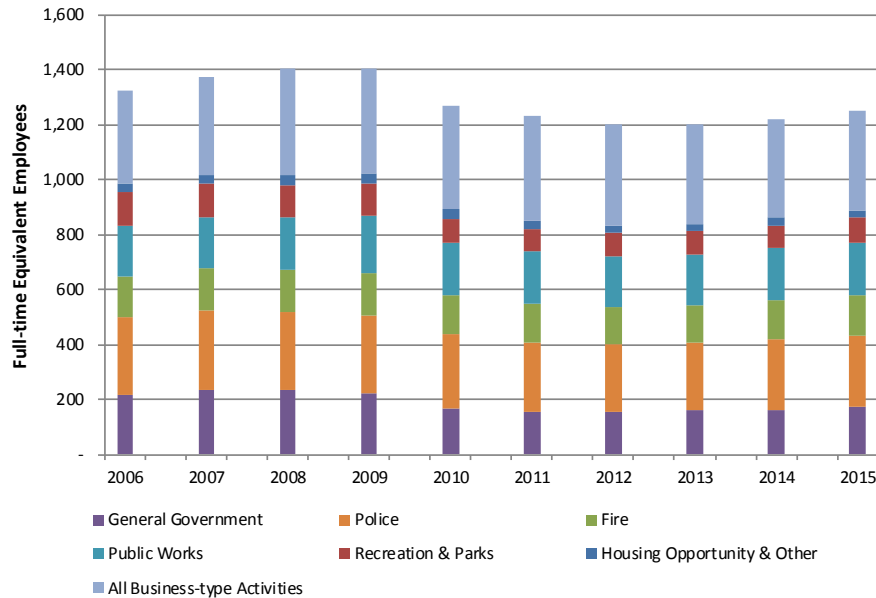
**CITY OF SANTA ROSA
FULL-TIME-EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM (Unaudited)
LAST TEN FISCAL YEARS**

Function/Program	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental Activities:										
General government	215.10	232.25	233.35	220.75	165.95	157.10	152.40	158.75	163.55	171.75
Public safety										
Police	285.75	293.75	287.25	284.25	270.25	251.75	246.75	246.75	253.25	258.75
Fire	145.00	149.75	152.75	151.75	142.50	137.75	136.00	137.75	146.75	147.75
Public works	188.00	189.00	190.00	213.55	190.50	189.50	187.00	186.00	187.00	191.50
Recreation and parks	118.30	119.40	118.40	114.85	87.75	83.15	84.15	82.65	83.15	93.15
Housing opportunity and other	33.00	33.00	36.00	36.00	34.00	32.50	28.00	24.50	28.50	25.00
Business-type Activities:										
Water utility	105.75	105.50	123.75	116.50	118.50	121.00	105.50	110.00	106.00	104.50
Wastewater utility	125.50	134.50	136.50	136.50	136.50	136.50	136.50	132.00	136.00	136.00
Parking	23.00	32.00	38.00	37.00	37.00	38.50	40.50	39.00	34.00	40.00
Municipal transit	84.30	86.00	89.50	90.50	88.00	83.00	83.00	82.00	82.00	82.00
Total	1,323.70	1,375.15	1,405.50	1,401.65	1,270.95	1,230.75	1,199.80	1,199.40	1,220.20	1,250.40

NOTE: (1) The employees that support the housing opportunity and other function are included in other primary government

SOURCE: City of Santa Rosa - Human Resources

**Full-Time Equivalent Employees
By Function**



CITY OF SANTA ROSA
OPERATING INDICATORS BY FUNCTION/PROGRAM (Unaudited)
LAST TEN FISCAL YEARS

Table 22

Function	Fiscal Year			
	2005-06	2006-07	2007-08	2008-09
Governmental Activities:				
General Government				
Building permits issued	5,590	5,116	4,334	3,637
Value of building permits \$M	\$ 315.1	\$ 303.3	\$ 155.8	\$ 125.4
Public Safety				
Police				
Arrests	9,810	10,687	11,304	11,324
Traffic citations	8,679	18,498	21,168	21,022
Fire				
Emergency responses	17,691	18,557	18,761	19,137
Fire losses (thousands)	\$ 4,973	\$ 3,601	\$ 6,294	\$ 5,242
Public Works				
Vehicles serviced	980	1,072	1,135	1,030
Storm Drain miles cleaned	29.3	42.0	19.0	35.0
Recreation and Parks				
Picnic Reservations	598	751	672	686
Participant Registrations	38,494	39,507	39,042	37,791
Business-type Activities:				
Water Utility				
Billions of gallons sold	8.1	7.9	6.7	6.5
Unaccounted for water	5%	6%	10%	10%
Miles of water line replaced	3.02	2.40	3.68	0.47
Wastewater Utility				
Billions of gallons wastewater treated	8.06	6.86	6.74 ⁽¹⁾	6.17
Miles of sewer lines flushed	220	163	166	256
Miles of CCTV inspection of sewer main	79	92	85	105
Miles of sewer main replaced	3.02	3.10	2.26	2.51
Parking				
Average daily users	9,800	9,900	9,900	9,400
Municipal Transit				
Revenue service miles	1,037,551	1,128,904	1,050,845	1,091,417
Average daily riders	9,347	9,648	11,107	10,160
Golf Course				
Rounds of play	66,744	77,933	85,796	84,744
Storm Water				
Storm drains - miles cleaned	29.3	42.0	19.0	35.0

SOURCE: Various City departments

(Continued)

Table 22

		Fiscal Year					
		2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
		3,693	4,101	4,182	4,493	4,793	5,166
\$		83.9	\$ 109.3	\$ 117.0	\$ 147.5	\$ 158.0	\$ 138.3
		10,435	10,512	10,539	10,481	9,420	8,001
		20,762	20,419	20,460	19,008	14,895	10,801
		19,243	19,592	20,203	21,554	22,332	24,390
\$		2,480	\$ 2,543	\$ 2,933	\$ 2,959	\$ 2,997	\$ 4,288
		1,010	1,025	1,036	1,002	1,009	929
		25.0	23.5	33.5	33.5	25.7	36.4
		672	649	852	976	968	1,033
		29,077	20,080	28,831	30,034	28,576	25,645
		5.8	5.8	5.8	6.4	6.1	5.3
		3%	9%	6%	7%	8%	7%
		3.07	0.65	1.78	1.35	2.19	1.14
		6.97	5.63	6.50	6.62	6.18	6.18
		222	248	181	199	281	273
		108	137	140	128	121	109
		3.26	0.64	2.59	2.95	2.92	0.86
		9,150	9,200	9,800	9,150	8,856	9,516
		1,132,816	1,124,832	1,082,471	1,037,006	1,216,115	930,385
		11,402	10,637	8,449	7,952	6,748	9,516
		71,161	63,358	72,601	71,991	74,644	71,489
		25.0	23.5	33.5	33.5	25.7	36.4

(Concluded)

CITY OF SANTA ROSA
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM (Unaudited)
LAST TEN FISCAL YEARS

Table 23

Function/Program	As of June 30,		
	2006	2007	2008
Governmental Activities:			
General Government			
Administrative Buildings	4	5	5
Public Safety			
Police			
Stations	1	1	1
Vehicular patrol units	63	63	63
Fire			
Stations	9	10	10
Public Works			
Streets (miles maintained)	542	543	544
Street lights	15,500	15,802	16,000
Traffic signals	219	227	234
Recreation and Parks			
Parks - Number of developed acres	521.15	527.15	529.15
Number of parks	57	58	60
Number of swimming facilities	2	2	2
Number of clubhouses	3	3	3
Number of community recreation centers	2	2	2
Number of senior centers	1	1	1
Number of tennis courts	20	20	20
Business-type Activities:			
Water Utility			
Number of water accounts	49,429	50,489	50,862
Miles of water line in system	609	618	620
Wastewater Utility			
Number of sewer accounts	47,052	47,853	48,200
Plant treatment capacity	21.3	21.3	21.3
Plant flow capacity	66.9	66.9	66.9
Miles of sewer line in system	575.0	584.0	589.0
Parking			
Number of garages	5	5	5
Number of lots	8	8	8
Municipal transit			
Number of fixed route buses	30	30	33
Number of paratransit vehicles	12	12	11
Golf Course			
City-owned courses	1	1	1
Storm Water			
Storm Drains - miles in system	336	336	336

(Continued)

SOURCE: Various City departments

Table 23

As of June 30,						
2009	2010	2011	2012	2013	2014	2015
6	6	6	6	6	6	6
1	1	1	1	1	1	1
65	66	62	62	65	69	69
10	10	10	10	10	10	10
548	550	492	491	491	493	493
16,000	15,737	16,286	15,662	15,758	15,720	15,802
239	239	240	258	253	257	258
529.15	529.15	545.00	542.50	558.00	558.00	558.00
60	60	62	65	66	67	67
2	2	2	2	2	2	2
3	3	3	2	3	2	2
2	2	2	2	2	2	2
1	1	1	1	2	2	2
21	20	22	22	22	22	22
51,083	49,449	49,599	49,758	49,909	52,955	53,029
630	617	617	618	620	618	619
48,420	48,469	48,639	48,800	48,941	49,157	49,351
21.3	21.3	21.3	21.3	21.3	21.3	21.3
66.9	66.9	66.9	60.7	60.7	56.2	56.2
587.7	588.0	588.0	586.9	588.5	588.8	588.2
5	5	5	5	5	5	5
8	8	10	10	10	10	10
35	36	35	38	37	37	34
11	11	11	11	13	13	15
1	1	1	1	1	1	1
348	355	352	352	352	353	368

(Concluded)

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City of
Santa Rosa

100 Santa Rosa Avenue, Santa Rosa, CA 95404