



Where everything



comes together.



**C**omprehensive **A**nnual  
**F**inancial **R**eport

For the Fiscal Year Ended June 30, 2017





City of Santa Rosa  
Santa Rosa, California

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2017

Prepared by the  
Department of Finance

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# Introductory Section







March 29, 2018

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 (City) 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, have issued an unmodified ("clean") opinion on the City's financial statements for the fiscal year ended June 30, 2017. 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

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The City, 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 22<sup>nd</sup> most populous city in the state. It occupies approximately 41 square miles and serves a population of 176,799.

FINANCE DEPARTMENT  
90 Santa Rosa Ave., 2<sup>nd</sup> Floor • Santa Rosa, CA 95404  
Phone: (707) 543-3140 • Fax: (707) 543-3139  
[www.srcity.org](http://www.srcity.org)



The City is empowered to levy a variety of local taxes. The City receives an allocation of general sales tax combined with State Education Revenue Augmentation Fund property tax revenues equal to 1% of taxable sales. In addition, Santa Rosa voters approved an additional 1/4% tax for general city services, and an additional 1/4% special tax for public safety services. Allocation of 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. The additional 1/4% special tax for public safety is in effect until FY 2024-25. The additional 1/4% tax for general city services was extended by the voters in November 2016. The tax will now be in effect until FY 2026-27.

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 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 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 31<sup>st</sup> of each year. It also requires the Council to adopt the budget by June 30<sup>th</sup>. The budget serves as the foundation for the City'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 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 Sonoma County, portions of the Napa Valley, and surrounding agricultural and timber communities.

The City still enjoys strong economic growth. Home values continue to steadily rise, as does sales tax and revenue relative to tourism. Auto sales continue to boost sales tax amounts. The unemployment rate in Sonoma County was 2.8 percent in December 2017, compared to 3.6 percent in December 2016.

In November 2016, Santa Rosa voters approved Measure N extending the additional quarter percent general sales tax formerly known as Measure P. This measure was set to expire in 2019 and generated approximately \$9 million to the General Fund. This revenue source has now been extended for another eight years.

## Trends and Prospects

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Approximately half of General Fund revenues are made up of Sales and Property taxes. These taxes are expected to grow at 3% and 2%, respectively. Planning and Economic Development-related revenue (building permits, planning fees, etc.) are forecasted to grow 4%. All General Fund revenue combined is forecasted to grow 2%. The City uses consultants to assist with major revenue sources including Sales Tax and Property Tax. The City will experience new revenue in the form of Cannabis taxes on cultivation and distribution beginning in FY 2017-18 and beyond. There are expenditure offsets for administering and enforcement of the program; however, the program should yield net positive General Fund revenue.

Although General Fund revenue shows positive growth, expenditures are trending higher. The City passed a budget with a structural deficit in FY 2017-18, and that deficit is forecasted to remain for the foreseeable future. This is largely due to COLA increases included in three-year contracts for most employee groups adopted in FY 2017-18. Other contributing factors to increased expenditures include staffing costs for the annexation of Roseland and benefit cost increases mostly related to health insurance and retirement programs.

## State Budget

---

The state budget outlook, according to the Legislative Analyst's Office (LAO), for 2018-19 estimates total reserves of \$19.3 billion, including \$7.5 billion of discretionary reserves and \$11.8 billion in the Constitutionally-required "rainy day fund" reserves. The LAO states that the near-term outlook is positive, and there has been significant progress made in preparing for the next recession.

## 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. Beginning in Fiscal Year 2017/18, the unfunded liability cost will change from a percent of pensionable salary to a fixed annual cost.

	<u>Fiscal Year</u> <u>2016/17</u>	<u>Fiscal Year</u> <u>2017/18</u>	<u>Fiscal Year</u> <u>2018/19</u>
<b>Miscellaneous Group</b>			
Employer Normal Cost	11.449%	11.089%	11.268%
Unfunded Liability Cost	10.325%	\$ 8,228,096	\$ 10,407,857
<b>Fire Group</b>			
Employer Normal Cost	16.530%	16.241%	16.857%
Unfunded Liability Cost	19.171%	\$ 3,506,409	\$ 4,096,609
<b>Police Group</b>			
Employer Normal Cost	18.555%	19.441%	19.956%
Unfunded Liability Cost	18.396%	\$ 4,157,969	\$ 5,092,183

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 established 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 continues to utilize a ten-year forecasting model, referred to as the Long Range Financial Plan. This Plan was used as part of the budget development process for 2016-17, and is used in labor and other decisions that can have a long-term financial impact on the General Fund. Finance staff updates the Plan at least twice a year, and presents it to the Council as part of the budgeting

process and the Mid-year financial update. The Plan and its assumptions are 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

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The City Council established what are known as Tier 1 priorities, which are priorities that are underway and receiving the highest staff attention. The priorities for 2017 continue to be to reduce homelessness through a comprehensive strategy, develop a comprehensive housing strategy "Housing for All", create a plan to address infrastructure and deferred maintenance throughout the community, pursue current opportunities for medical marijuana, cannabis cultivation, laboratory, and employment development, and prepare for impacts of legalized marijuana and complete Roseland annexation and move to implementation.

Relative to these priorities, the City Council approved a number of items including a mid-year budget adjustment that addressed a number of issues including funding a housing incentive program.

The Office of Community Engagement worked in partnership with IT and marketing staff from various departments to develop the design and layout of the new City website; conducted eight community-wide meetings to obtain input from the community on the City's CIP process; co-lead six community meetings and eight educational commercials with Planning and Economic Development to provide information about the annexation of Roseland to the residents of the areas to be annexed; and included door-to-door outreach and community group presentations prior to community meetings.

The Finance department established an Internal Audit Group and completed three audits: Petty Cash and Change Funds; Procurement Cards; and an external performance audit of the Santa Rosa Community Media Access Center; established Citywide Petty Cash and Change Fund Administrative Policy and Procedures. The Parking division completed energy efficiency lighting retrofits at parking lots 6, 10, and 11; awarded design/build contract to Sprig Electric for solar systems on four garages; and coordinated with Chamber of Commerce on homeless donation meter program.

The Payroll division completed the FLSA audit of Fire and Police Memoranda of Understanding, identified, evaluated, and addressed procedures to maintain compliance with various outside agencies. The Revenue division developed the procedures for the Help to Others assistance program to help very low-income residents pay a portion of their water and sewer bill; and successfully created implementation planning and testing for the meter upgrade project which will replace or retrofit all 53,000 water meters in the City.

Housing and Community Services administered the homeless outreach services team (HOST) program providing resources for street outreach, safe shelter, housing placement, and the operation of a mobile bathroom-shower trailer (Clean Start). Code enforcement received 787 new complains as of March 2017. 71 of the complaints were regarding substandard housing and 50 have been corrected.

The Police Department responded to approximately 18,000 calls for service per month, an 11% overall increase from 2016; increased department reporting and transparency to provide easily accessible information on use of force, critical incidents, complaints, and personnel investigations through measurable and white house data initiative; and hired a marketing and outreach coordinator to expand community engagement and completed the force option simulator.

Santa Rosa Water completed the City Hall sustainable education garden. The Take it from the Tap! Program reached nearly 3,000 students in over 20 schools in Santa Rosa and each student received a reusable water bottle. Additionally, the Tap! Hydration station's presence at many local events provided community members with more than 4,000 bottles. Santa Rosa Water also began implementation of a \$2.5 million grant from the State Department of Water Resources (Ca and Trade Funding) to install 5,500 ultra-high efficiency toilets, aerators and shower heads in single family and multifamily sites and 250 pre-rinse spray valves in commercial food handling sites at no cost to customers.

Information Technology assumed operation of the community media center, implemented the Socrata Open Data Portal redesigned and launched "srcity.org" website, implemented Lifesize Video conferencing in the council chambers and other city departments, and implemented Public Wifi in Courthouse Square.

Recreation and Parks department replaced the Howarth Park train locomotive and refurbished the passenger coaches; and completed construction of Bayer Neighborhood Park and Gardens and opened the park.

Transportation and Public Works fully integrated Facilities Maintenance into the department which included new work order/recordkeeping systems, reorganizing staff, developing new budget centers and tracking, increased customer outreach, and creating a sustainable work plan of in-house minor construction projects to support and fund the construction crews; and completed the "Reimaging CityBus" planning phase with City Council adoption of the plan in August 2016.

## 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, 2016.

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 received the GFOA's Distinguished Budget Presentation award for its fiscal year 2017-18 budget adopted on June 13, 2017. 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

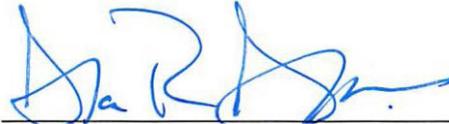
The preparation of the Comprehensive Annual Financial Report on a timely basis was made possible by the dedicated efforts of the Financial Reporting Division staff of the Finance Department. Each individual has our sincere appreciation for the professionalism, dedication and contributions made in the 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's finances.

Respectfully submitted,



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SEAN MCGLYNN  
City Manager



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ALAN ALTON  
Acting 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, 2016**

A handwritten signature in black ink, reading "Jeffrey R. Emer".

Executive Director/CEO



PRINCIPAL OFFICERS (JUNE 30, 2017)



PRINCIPAL OFFICERS (June 30, 2017)

Elected Officials



Chris Coursey  
Mayor



Jack Tibbetts  
Vice Mayor



Julie Combs  
Council Member



Ernesto Olivares  
Council Member



Chris Rogers  
Council Member



John Sawyer  
Council Member



Tom Schwedhelm  
Council Member

Executive Team



Sean McGlynn  
City Manager



Gloria Hurtado  
Deputy City Manager



Deborah Lauchner  
Chief Financial  
Officer



Golbu Ghassemieh  
Director of  
Human Resources



Caluina Barnes  
Director of Community  
Engagement



Picture Not  
Available

Sue Gallagher  
City Attorney



David Gouin  
Director of Housing &  
Community Services



Anthony Gossner  
Fire Chief



Eric McHenry  
Chief Technology  
Officer



Jason Nutt  
Director of  
Transportation and  
Public Works



David Guhin  
Director of Planning  
and Economic De-  
velopment



Nanette Smejkal  
Director of  
Recreation & Parks



Robert L.  
Schreeder  
Police Chief

## **BOARDS AND COMMISSIONS (JUNE 30, 2017)**

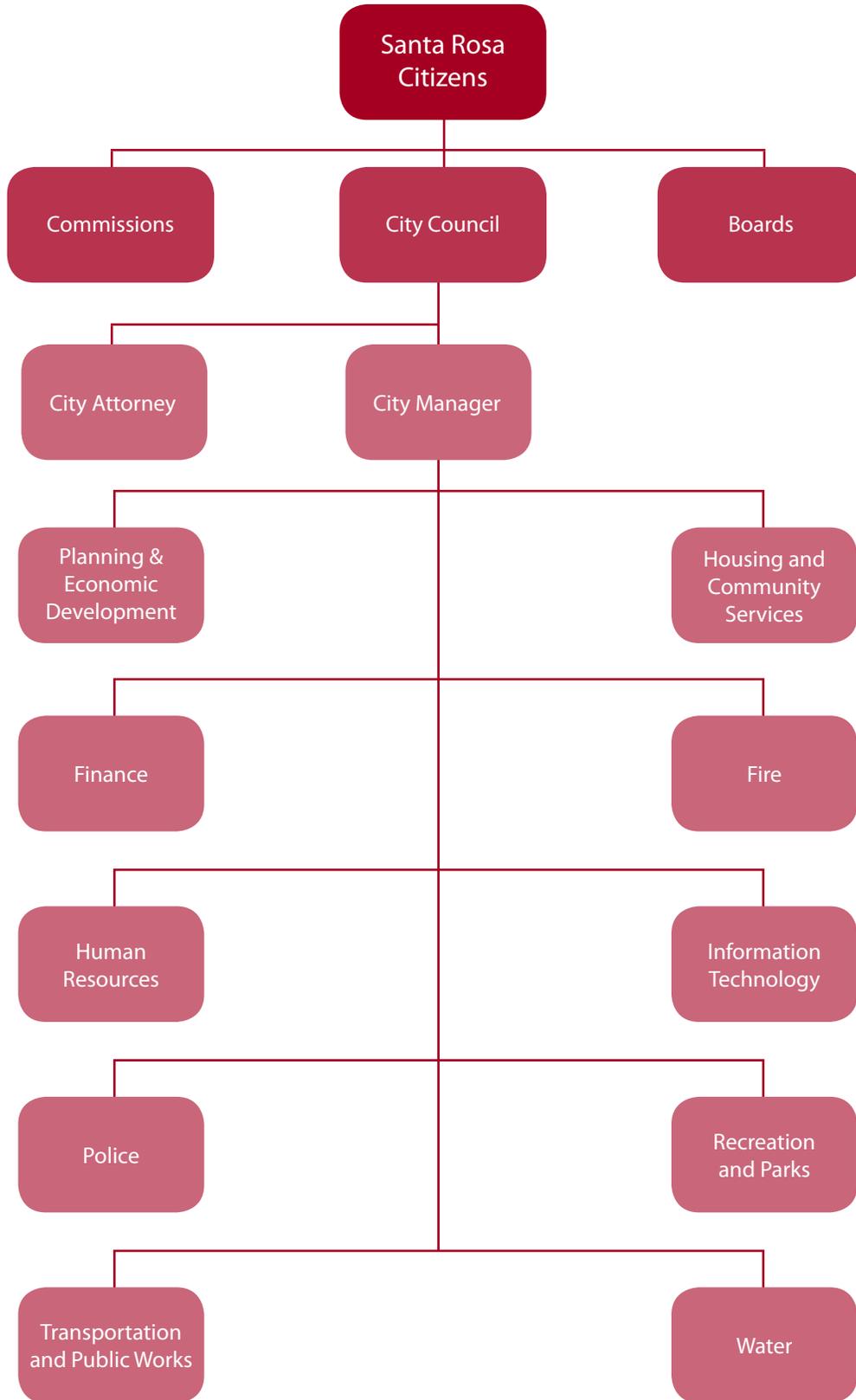
Art in Public Places Committee  
Bicycle and Pedestrian Advisory Board  
Board of Building Regulation Appeals  
Board of Community Services  
Board of Public Utilities (BPU)  
Community Advisory Board (CAB)  
Cultural Heritage Board (CHB)  
Design Review Board (DRB)  
Housing Authority  
Measure "O" Oversight Committee  
Personnel Board  
Planning Commission (PC)  
Santa Rosa Tourism Business Improvement Area Advisory Board  
Subdivision Committee  
Subregional Technical Advisory Committee  
Successor Agency Oversight Board  
Successor Agency to the Redevelopment Agency of the City of Santa Rosa  
Violence Prevention Partnership  
Waterways Advisory Committee  
Zoning Administrator

## **COUNCIL SUBCOMMITTEES**

City Council / BPU Liaison Subcommittee  
Downtown Subcommittee  
Economic Development Subcommittee  
Long Term Financial Policy Committee  
Cannabis Policy Subcommittee  
Open Government Task Force  
Rent Stabilization Subcommittee  
Marin/Sonoma Mosquito and Vector Control District

# ORGANIZATIONAL CHART

As of June 30, 2017



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# Financial Section







Certified  
Public  
Accountants

## 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, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

#### *Management's Responsibility for the Financial Statements*

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

#### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, 2017, 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.

#### *Emphasis of Matter*

##### *Change in Accounting Principles*

As discussed in Note 1(r) to the basic financial statements, effective July 1, 2016, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. Our opinion is not modified with respect to this matter.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the schedules related to the pension plans, the schedules related to the other postemployment benefits plans, 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 GASB 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 March 29, 2018 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's 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

Walnut Creek, California  
March 29, 2018

## CITY OF SANTA ROSA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2017

(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, 2017. 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 exceeded liabilities by \$728,644 (*net position*) at June 30, 2017, an increase of \$29,759, or 4.2 percent over the prior fiscal year. Of this amount, \$54,846 is restricted for specific purposes (*restricted net position*), \$713,031 is its net investment in capital assets, and the remaining (\$39,233) is not restricted for specific purposes.
- Government-wide revenues increased by \$12,780 or 3.9 percent primarily due to increases in charges for services of \$6,895, development impact mitigation charges of \$3,102, Recreation and Parks capital grants and contributions of \$1,317, Water Utility operating grants and contributions of \$1,886, capital grants and contributions of \$2,335, Municipal Transit operating grants and contributions of \$3,380, occupancy taxes of \$570, other revenues of \$4,829, offset by decreases in Public Works capital grants and contributions of \$7,947, Golf Course fees and charges for services of \$56, and unrestricted investment income of \$4,436.
- Government-wide expenses increased by \$24,400 or 8.5 percent from the prior year. Governmental activity expenses increased by \$17,814, primarily related to general government \$6,788, public safety \$13,526 and housing opportunity \$2,674, while public works decreased by \$3,147 and recreation and parks decreased by \$2,071. Business-type activity expenses increased by \$6,586, primarily in water utility \$2,751, wastewater utility \$3,014, storm water \$45 and municipal transit \$1,153, offset by decreases in parking by \$316 and golf course by \$61.
- The City's governmental funds reported combined ending fund balances of \$115,759, a decrease of \$80 from the prior year. This was primarily due to an increase in the Nonmajor Governmental funds \$2,702 offset by a decrease in General fund balance by \$2,782.
- The General Fund spendable, unrestricted fund balance was \$63,445, or 42.7 percent of total General Fund expenditures of \$148,582. Of this amount, \$33,296 or 22.4 percent of General Fund expenditures is unassigned. The remaining balance is assigned for subsequent year appropriations \$27,205, building activity \$1,350, economic development \$883, waste hauler transition \$506 and capital purposes \$205.
- The City's total long-term obligations increased by \$57,134 or 8.9 percent from the prior year. The increase is primarily related to the increase in the net pension liability \$66,582 or 28.5 percent. This was due to an increase in governmental activities liabilities by \$57,918 or 21.8 percent offset by a decrease in business-type activities liabilities by \$784.

**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 activities.
- *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 others outside of the City's own programs. The City uses Fiduciary funds to record the activities of the former Redevelopment Agency, funds held in trust for retire health plan payments 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 plan and the City's defined other postemployment benefits (OPEB) plan.

**The combining and individual fund statements and schedules** referred to earlier provide information for nonmajor governmental, nonmajor 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 \$729 million at the close of the current fiscal year.

### Net Position June 30, 2017 and 2016 (in thousands)

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$178,300	\$183,696	\$239,858	\$227,751	\$418,158	\$411,447
Capital assets, net	364,776	352,069	601,458	605,674	966,234	957,743
Total assets	543,076	535,765	841,316	833,425	1,384,392	1,369,190
Deferred outflows of resources - losses on refundings	473	-	3,031	3,581	3,504	3,581
Deferred outflows of resources - pension items	59,213	18,983	15,430	4,586	74,643	23,569
Current and other liabilities	11,903	14,314	10,784	13,426	22,687	27,740
Long-term obligations	323,336	265,418	372,849	373,633	696,185	639,051
Total liabilities	335,239	279,732	383,633	387,059	718,872	666,791
Deferred inflows of resources - pension items	12,234	24,101	2,789	6,563	15,023	30,664
<b>Net position:</b>						
Net investment in capital assets	348,441	339,378	364,590	350,337	713,031	689,715
Restricted net position	53,326	60,326	1,520	6,456	54,846	66,782
Unrestricted net position	(146,478)	(148,789)	107,245	91,177	(39,233)	(57,612)
Total net position	\$255,289	\$250,915	\$473,355	\$447,970	\$728,644	\$698,885

The 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, is \$713,031 and represents the largest portion of the City's net position of \$728,644 or 97.9 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 increased for governmental activities by \$9,063 due to capitalizing the Courthouse Square and the Bayer Park projects. Business-type net investment in capital assets increased by \$14,253 primarily as a result of a decrease in outstanding debt and current year acquisitions.

- External restrictions represent \$54,846 or 7.5 percent of net position. These are resources that are subject to external restrictions on how they may be used including: \$39,105 restricted for the construction of major capital projects, \$1,520 restricted for debt service, and \$7,266 restricted for public safety programs. Restricted net position decreased by \$11,936 from the prior year, the decrease is mainly due to \$4,936 decrease in restricted for debt service and \$5,025 restricted for other purposes.
- The remaining net position of (\$39,233) or (-5.0) percent of the total net position are unrestricted amounts that can be used to meet the City's ongoing obligations to citizens and creditors. Unrestricted net position increased in governmental activities primarily due to the increase in net investment in capital assets after the completion of Courthouse Square and Bayer Park projects. Business-type activities unrestricted net position increased primarily due to the citywide increases in fee rates charged for public services.

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

**Change in Net Position  
For the Fiscal Years Ended June 30, 2017 and 2016  
(in thousands)**

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for services	\$ 23,269	\$ 20,635	\$ 126,636	\$ 122,375	\$ 149,905	\$ 143,010
Operating grants and contributions	8,486	10,651	16,703	11,151	25,189	21,802
Capital grants and contributions	10,204	16,429	13,286	9,393	23,490	25,822
General revenues:						
Property taxes	26,003	26,625	-	-	26,003	26,625
Utility users tax	10,628	9,955	-	-	10,628	9,955
City-levied sales taxes	17,283	16,983	-	-	17,283	16,983
Other taxes	22,882	21,624	-	-	22,882	21,624
Sales taxes from State	36,097	37,060	-	-	36,097	37,060
Motor vehicle in lieu fees	13,105	12,416	-	-	13,105	12,416
Development impact mitigation charges	4,982	1,880	-	-	4,982	1,880
Unrestricted investment income	555	3,237	861	2,615	1,416	5,852
Other	8,814	6,425	2,246	(194)	11,060	6,231
<b>Total revenues</b>	<b>182,308</b>	<b>183,920</b>	<b>159,732</b>	<b>145,340</b>	<b>342,040</b>	<b>329,260</b>
Expenses:						
General government	34,074	27,286	-	-	34,074	27,286
Public safety	94,349	80,823	-	-	94,349	80,823
Public works	26,255	29,402	-	-	26,255	29,402
Recreation and parks	18,680	20,751	-	-	18,680	20,751
Housing opportunity and others	3,561	887	-	-	3,561	887
Interest on long-term liabilities	1,783	1,739	-	-	1,783	1,739
Water Utility	-	-	37,319	34,568	37,319	34,568
Wastewater Utility	-	-	73,739	70,725	73,739	70,725
Parking	-	-	5,151	5,467	5,151	5,467
Municipal Transit	-	-	14,768	13,615	14,768	13,615
Golf Course	-	-	781	842	781	842
Storm Water	-	-	1,821	1,776	1,821	1,776
<b>Total expenses</b>	<b>178,702</b>	<b>160,888</b>	<b>133,579</b>	<b>126,993</b>	<b>312,281</b>	<b>287,881</b>
Excess before transfers	3,606	23,032	26,153	18,347	29,759	41,379
Transfers	768	335	(768)	(335)	-	-
Change in net position	4,374	23,367	25,385	18,012	29,759	41,379
Net position, beginning of year	250,915	227,548	447,970	429,958	698,885	657,506
Net position, end of year	\$ 255,289	\$ 250,915	\$ 473,355	\$ 447,970	\$ 728,644	\$ 698,885

**Governmental activities** increased the City's net position by \$4,374. The current year change accounted for a 1.7 percent increase in total governmental activities net position. This increase was lower than the \$23,367 or 10.0 percent increase in the prior fiscal year.

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

- Total governmental activities revenues decreased (\$1,612) or 0.9 percent mostly attributable to increases in charges for services of \$2,634 or 12.8 percent, development impact mitigation charges of \$3,102 or 164.9 percent, and other increases of \$2,489 or 37.2 percent; offset by the decreases in operating grants and contributions (\$2,165) or 20.3 percent, capital grants and contributions (\$6,225) or 37.9 percent, and unrestricted investment income (\$2,682) or 82.9 percent.
- Total governmental activities expenses increased by \$17,814 or 11.1 percent primarily due to increases in public safety of \$13,526 or 16.5%, housing opportunity of \$2,674 or 301.5 percent, and general government of \$6,788 or 24.9 percent; offset by the decreases in public works of \$3,147 or 10.7% and recreation and parks of \$2,071 or 10.0%.

**Business-type activities** net position increased by \$25,385, or 5.7 percent, which reflects an increase from last year's increase of \$18,012. All enterprises reported an increase in net position with the exception of the Golf enterprise funds.

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

- Total business-type activities revenues increased by \$14,392 or 9.9 percent primarily due to the drought subsiding and therefore leading to higher water sales. These increases were offset by (\$1,754) or 67.1 percent decrease in unrestricted investment income primarily due to unrealized losses on the investment portfolio.
- Total business-type activity expenses increased by \$6,586 or 5.2 percent as compared to the prior year due primarily to increased maintenance and operational activity in the Water Utility, Wastewater Utility, and Municipal Transit 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, the City's governmental funds reported combined fund balances of \$115,759, a decrease of \$80 or 0.1 percent, in comparison with the prior year. Of this amount \$866 is defined as nonspendable and \$52,290 is restricted for specified purposes. The remaining \$62,603 constitutes *spendable*, unrestricted fund balance, both assigned and unassigned. The City Council has appropriated \$27,205 of this amount through budget resolutions tied to its core financial planning processes for operations and capital assets. The CFO has assigned \$2,944 for various purposes. The remaining unassigned balance of \$32,454 is available for spending at the City's discretion.

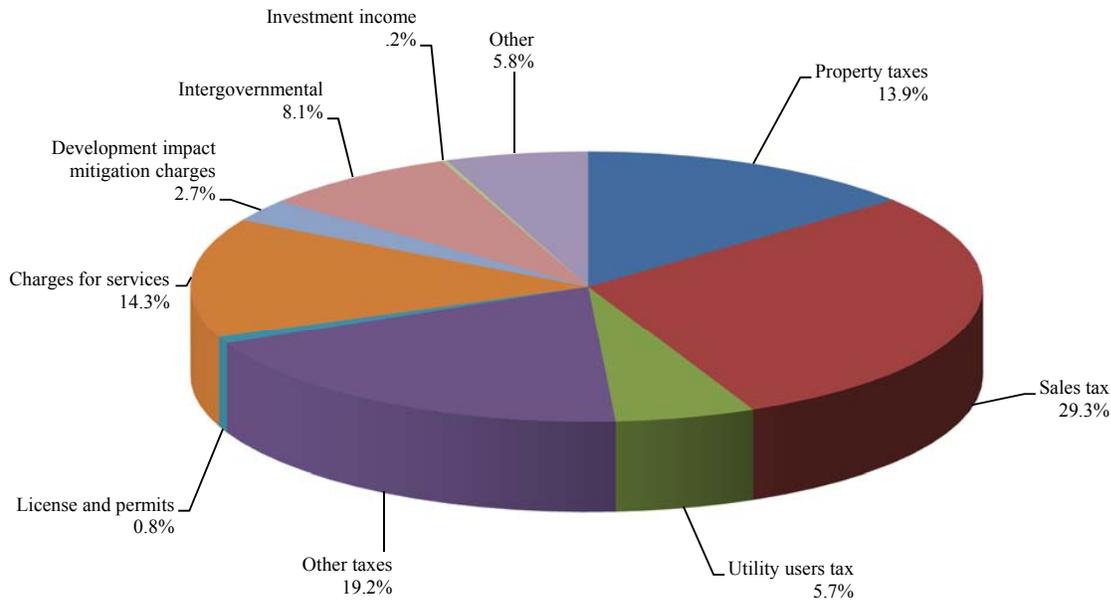
**Revenues** – The following table presents the amount of revenues from various sources, as well as increases or decreases from the prior year.

**Revenues Classified by Source**

Governmental Funds  
(amounts in thousands)

Revenues by Source	FY2017		FY2016		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
Property taxes	\$ 26,003	13.9%	\$ 26,625	14.8%	\$ (622)	-2.3%
Sales tax	54,536	29.3%	55,165	30.7%	(629)	-1.1%
Utility users tax	10,628	5.7%	9,955	5.5%	673	6.8%
Other taxes	35,776	19.2%	33,844	18.9%	1,932	5.7%
License and permits	1,563	0.8%	1,435	0.8%	128	8.9%
Charges for services	26,580	14.3%	23,844	13.4%	2,736	11.5%
Development impact mitigation charges	4,982	2.7%	1,880	1.0%	3,102	165.0%
Intergovernmental	15,010	8.1%	14,181	7.9%	829	5.8%
Investment income	395	0.2%	2,649	1.5%	(2,254)	-85.1%
Other	10,748	5.8%	9,844	5.5%	904	9.2%
<b>Total</b>	<b>\$ 186,221</b>	<b>100.0%</b>	<b>\$ 179,422</b>	<b>100.0%</b>	<b>\$ 6,799</b>	<b>3.8%</b>

**Revenues by Source**



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

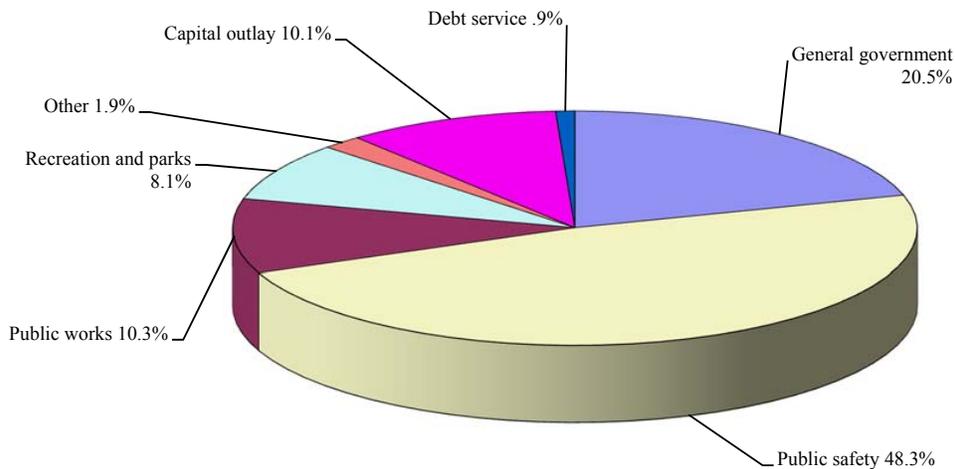
- Charges for services increased by \$2,736 or 11.5 percent primarily due to increases in development activities.
- Development impact mitigation charges increased by \$3,102 or 165.0 percent due to a rapid increase of new commercial construction and increase in the volume of residential permits issued to the public.
- Investment income decreased by (\$2,254) or 85.1 percent. The primary reason for this decrease was related to the unfavorable net change in the fair value of investments for the year.

**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 2017		FY 2016		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
Current:						
General government	\$38,912	20.5%	\$33,823	18.9%	\$5,089	15.0%
Public safety	91,930	48.3%	85,555	47.8%	6,375	7.5%
Public works	19,560	10.3%	23,739	13.3%	(4,179)	-17.6%
Recreation and parks	15,311	8.1%	18,018	10.1%	(2,707)	-15.0%
Other	3,514	1.9%	950	0.5%	2,564	269.9%
Capital outlay	19,285	10.1%	15,000	8.4%	4,285	28.6%
Debt service	1,737	0.9%	1,748	1.0%	(11)	-0.6%
<b>Total</b>	<b>\$190,249</b>	<b>100.0%</b>	<b>\$178,833</b>	<b>100.0%</b>	<b>\$11,416</b>	<b>6.4%</b>

**Expenditures by Function**



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

- General Government – expenditures increased by \$5,089 or 15.0 percent, which is consistent with the prior year. The increase is primarily due to increase in development activity and use of outside attorneys.
- Capital outlay – expenditures increased by \$4,285 or 28.6 percent due to an increase in capital activity primarily related to the development of the Reunified Old Courthouse Square and Bayer Park projects.
- Other – expenditures increased by \$2,564 or 269.9 percent due to the City's contribution to the Housing Authority for a Housing Incentive program.
- Public works – expenditures decreased by (\$4,179) or 17.6 percent. This change was due to the reorganization of the departments moving the facilities maintenance division to the Department of Transportation and Public Works from the Recreation and Parks Department resulting in an increase in the general fund expenditures of \$3,945 offset by decreases in capital activities of (\$8,124).
- Recreation and parks – expenditures decreased by (\$2,707) or 15.0 percent primarily due to the reorganization of operations of the facilities maintenance division from the Recreation and Parks Department to the Department of Transportation and Public Works.

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 \$63,445 represents 42.7 percent of total General Fund expenditures of \$148,582 while the total fund balance of \$64,311 represents 43.3 percent of that same amount. The assigned portion of the spendable, unrestricted fund balance was \$30,149.

During the fiscal year, the City's General Fund fund balance decreased by (\$2,782). The decrease in General Fund fund balance resulted primarily from the increase in the current year's general government and public safety expenditures.

### **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 was \$50,095; for the water utility \$47,858; and the remaining nonmajor enterprise funds \$5,021. Included within the unrestricted net position are amounts already committed to ongoing capital projects.

Total net position of the enterprise funds increased by \$26,189. Key factors resulting in this increase are as follows:

- The water utility total net position increased by \$11,437. The increase is due to an increase in water sales revenue, capital contributions and intergovernmental revenue.
- The wastewater utility total net position increased by \$14,231. The increase is primarily due to increased charges for services revenue and capital contributions, and the decrease in transfers out of the fund.

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

The General Fund actual revenues were higher than estimated revenues by \$1,721 or 1.1 percent, Sales taxes were less than projected due to the elimination of the triple flip and charges for services were more than projected due to the increase in development activity.

Actual expenditures were \$1,637 or 1.1 percent less than final budget appropriations. Expenditures were less than appropriations mostly in the City Council, Human Resources, Finance and Planning and Economic Development departments primarily due to vacant positions and reductions in services and supplies.

### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

#### **Capital Assets**

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2017, amounted to \$966.2 million (net of accumulated depreciation). Capital assets includes infrastructure, land, buildings, improvements other than buildings, intangible assets, equipment and construction in progress. The total increase in the City's capital assets for the current period was \$8.5 million or 0.9 percent.

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

- Completion of the Courthouse Square Reunification project.
- Construction of solar photovoltaic systems on parking garages.
- Continuation of Stony Point Road construction from Highway 12 to Hearn Avenue.
- Completion of the Bayer Neighborhood Park project.

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.

The City's capital assets, net of accumulated depreciation, for the governmental and business-type activities are presented below to illustrate changes from the prior year:

	Governmental Activities		Business-type Activities		Total		Increase/ (Decrease)
	2017	2016	2017	2016	2017	2016	Percent of Change
Land	\$ 55,376	\$ 54,807	\$ 19,860	\$ 17,145	\$ 75,236	\$ 71,952	4.6%
Buildings	34,207	34,080	149,491	155,556	183,698	189,636	-3.1%
Improvements other than buildings	41,910	28,514	381,162	368,721	423,072	397,235	6.5%
Intangibles	3,542	3,709	1,057	1,134	4,599	4,843	-5.0%
Equipment	17,950	17,557	35,248	41,094	53,198	58,651	-9.3%
Infrastructure	182,921	182,190	-	-	182,921	182,190	0.4%
Construction in progress	28,870	31,212	14,640	22,024	43,510	53,236	-18.3%
Total	<u>\$ 364,776</u>	<u>\$ 352,069</u>	<u>\$ 601,458</u>	<u>\$ 605,674</u>	<u>\$ 966,234</u>	<u>\$ 957,743</u>	0.9%

Among the significant construction commitments was \$1.0 million for the Solar Photo Voltaic Parking Canopy System project. This project included the design and construction services for the installation of solar systems on the roof tops of Garage 1, Garage 3, Garage 9 and Garage 12. Another significant construction commitment was \$6 million for the Stony Point Road Widening project.

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

### Debt Administration

At June 30, 2017, the City had total long-term debt outstanding of \$353.2 million as compared to \$367.7 million in the prior year, a \$14.5 million decrease. The decrease was mainly due to the scheduled repayment of bonds. During the year, the City issued \$95,805 of Wastewater Revenue Refunding Bonds Series 2016A and \$11,435 of 2016 Certificates of Participations for the refunding of several outstanding long-term obligations. Long term debt outstanding at June 30, 2017 was comprised of \$24.7 million of pension obligation bonds, \$16.6 million of certificates of participation, \$307.5 million of revenue bonds, \$4.2 million of capital lease obligations, and \$0.2 million of loans payable.

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, 2017, the City's debt limit (3.75% of assessed valuation) was \$837 million. At June 30, 2017, the City had \$36.2 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

- The Fiscal Year 2017-18 Operating and Capital Budget is \$385.3 million across all funds and is comprised of \$338.3 million of operational funding and \$47 million of capital project funding.
- The significant items included in the Fiscal Year 2017-18 budget are \$2.9 million expenditures for Roseland Annexation, \$1.25 million for Rent Stabilization, \$700K for Rental Inspection, and \$1.0 million for the Support of Cannabis Industry. The Roseland Annexation operating expenditures of \$1.2 million have been included in Fiscal Year 2017-18 budget, and mostly consist of Police and Fire services. There is an additional, future need for \$2.9 million in estimated annual expenditures for Roseland. This \$2.9 million total includes requests for police services, transportation and public works, and water storm drain and spill response.
- The Cannabis Industry is estimated to supply approximately \$1.0 million annual revenue for the City. However, the estimated annual expenditures are also \$1.0 million, and the immediate resources demanded will be funded by the General Fund.
- The General Fund is the main operating fund for the City. In Fiscal Year 2017-18, total General Fund revenues are estimated at \$153.1 million, an approximate 3.4 percent growth over Fiscal Year 2016-17 budgeted revenues. Sales and Property Tax are the two largest revenue sources for the City's General Fund, together accounting for 49.2 percent of the General Fund revenue. The City also has an estimated revenue of \$2.6 million from the Roseland Annexation that has not been included in the Fiscal Year 2017-18 budget. This revenue mostly consists of the annual payment from the County of Sonoma of \$500K, and sales and property tax revenue.
- Fiscal Year 2017-18 Sales tax revenue is budgeted for approximately 31.9 percent of General Fund revenues, which is 3.9 percent lower than in the prior year. The decrease reflects the notable trend of overall decline in sales tax revenue generated across all sales tax sectors in the region, specifically in food products, transportation, construction and general retail.
- Property tax receipts, which account for 17.3 percent of General Fund revenues, are budgeted to be approximately 5.2 percent higher in Fiscal Year 2017-18 and reflect a stabilizing of revenue growth compared to the growth seen during the housing sector rebound.
- The Fiscal Year 2017-18 expenditure budget is estimated at \$154.3 million and reflects emphasis on rebuilding and achieving stability for the core services provided to the community. This includes an increase in funding to permanent positions and ongoing operating expenditures, as well as increasing funding for known cost increases and urgent needs.

All of these factors were considered in preparing the City's budget for Fiscal Year 2017-18.

### Requests for Information

This financial report is designed to provide a general overview of the City'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., 2<sup>nd</sup> Floor, Santa Rosa, CA 95404.

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# Basic Financial Statements





CITY OF SANTA ROSA  
STATEMENT OF NET POSITION  
JUNE 30, 2017  
(Amounts in Thousands)

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Housing Authority
<b>ASSETS</b>				
Cash and investments	\$ 153,281	\$ 193,306	\$ 346,587	\$ 12,868
Receivables (net of allowances for uncollectibles):				
Accounts	6,172	15,387	21,559	84
Interest	514	718	1,232	38
Intergovernmental	15,731	3,427	19,158	826
Assessments	142	-	142	-
Internal balances	(1,942)	1,942	-	-
Receivable from Successor Agency	790	-	790	-
Inventory of supplies	1,230	1,039	2,269	-
Prepaid expenses	1,612	231	1,843	-
Restricted assets:				
Cash and investments	770	23,532	24,302	299
Interest receivable	-	36	36	27,393
Notes and loans receivable - long-term	-	240	240	104,645
Capital assets:				
Nondepreciable	84,246	34,500	118,746	198
Depreciable, net	280,530	566,958	847,488	388
Total assets	<u>543,076</u>	<u>841,316</u>	<u>1,384,392</u>	<u>146,739</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension items	59,213	15,430	74,643	-
Deferred losses on refundings	473	3,031	3,504	-
Total deferred outflows of resources	<u>59,686</u>	<u>18,461</u>	<u>78,147</u>	<u>-</u>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	8,249	5,288	13,537	234
Accrued interest payable	495	3,052	3,547	-
Unearned revenue	3,159	1,778	4,937	-
Intergovernmental payable	-	-	-	2
Deposits	-	666	666	301
Long-term obligations:				
Due within one year	12,883	18,784	31,667	-
Due beyond one year	49,740	294,778	344,518	-
Net OPEB obligation	19,543	-	19,543	-
Net pension liability	241,170	59,287	300,457	-
Total liabilities	<u>335,239</u>	<u>383,633</u>	<u>718,872</u>	<u>537</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension items	12,234	2,789	15,023	-
<b>NET POSITION</b>				
Net investment in capital assets	348,441	364,590	713,031	586
Restricted for:				
Debt service	-	1,520	1,520	-
Housing programs	-	-	-	140,092
Parks	9,076	-	9,076	-
Public safety	7,266	-	7,266	-
Roads	9,053	-	9,053	-
Public and capital facilities	20,976	-	20,976	-
Other purposes	6,955	-	6,955	-
Unrestricted	(146,478)	107,245	(39,233)	5,524
Total net position	<u>\$ 255,289</u>	<u>\$ 473,355</u>	<u>\$ 728,644</u>	<u>\$ 146,202</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, 2017  
(Amounts in Thousands)

	Program Revenues			
	Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Functions/Programs:				
Governmental activities:				
General government	\$ 34,074	\$ 12,824	\$ 1,150	\$ 1,148
Public safety	94,349	4,209	3,575	-
Public works	26,255	2,458	3,356	4,368
Recreation and parks	18,680	3,778	405	4,688
Housing opportunity and other	3,561	-	-	-
Interest on long-term liabilities	1,783	-	-	-
Total governmental activities	<u>178,702</u>	<u>23,269</u>	<u>8,486</u>	<u>10,204</u>
Business-type activities:				
Water Utility	37,319	41,144	3,011	5,195
Wastewater Utility	73,739	76,489	338	7,912
Parking	5,151	4,526	-	2
Municipal Transit	14,768	1,747	13,155	177
Golf Course	781	387	-	-
Storm Water	1,821	2,343	199	-
Total business-type activities	<u>133,579</u>	<u>126,636</u>	<u>16,703</u>	<u>13,286</u>
Total primary government	<u>\$ 312,281</u>	<u>\$ 149,905</u>	<u>\$ 25,189</u>	<u>\$ 23,490</u>
Component unit:				
Housing Authority	<u>\$ 23,583</u>	<u>\$ 594</u>	<u>\$ 23,724</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				
Net position, end of year				

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

(Continued)

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Housing Authority
\$ (18,952)	\$ -	\$ (18,952)	\$ -
(86,565)	-	(86,565)	-
(16,073)	-	(16,073)	-
(9,809)	-	(9,809)	-
(3,561)	-	(3,561)	-
(1,783)	-	(1,783)	-
<u>(136,743)</u>	<u>-</u>	<u>(136,743)</u>	<u>-</u>
-	12,031	12,031	-
-	11,000	11,000	-
-	(623)	(623)	-
-	311	311	-
-	(394)	(394)	-
-	721	721	-
<u>-</u>	<u>23,046</u>	<u>23,046</u>	<u>-</u>
<u>(136,743)</u>	<u>23,046</u>	<u>(113,697)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>735</u>
26,003	-	26,003	-
10,628	-	10,628	-
17,283	-	17,283	-
4,198	-	4,198	-
3,788	-	3,788	-
6,095	-	6,095	-
8,590	-	8,590	-
211	-	211	-
36,097	-	36,097	-
13,105	-	13,105	-
4,982	-	4,982	-
-	-	-	3,348
555	861	1,416	3,342
8,814	2,246	11,060	4,402
768	(768)	-	-
<u>141,117</u>	<u>2,339</u>	<u>143,456</u>	<u>11,092</u>
<u>4,374</u>	<u>25,385</u>	<u>29,759</u>	<u>11,827</u>
<u>250,915</u>	<u>447,970</u>	<u>698,885</u>	<u>134,375</u>
<u>\$ 255,289</u>	<u>\$ 473,355</u>	<u>\$ 728,644</u>	<u>\$ 146,202</u>

(Concluded)

CITY OF SANTA ROSA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2017  
(Amounts in Thousands)

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and investments	\$ 52,801	\$ 50,634	\$ 103,435
Receivables (net of allowances for uncollectibles):			
Accounts	3,697	2,474	6,171
Interest	187	170	357
Intergovernmental	12,749	2,982	15,731
Assessments	142	-	142
Due from other funds	1,884	-	1,884
Inventory of supplies	803	-	803
Prepaid items	63	-	63
Restricted cash and investments	-	770	770
Advances to other funds	-	1,404	1,404
	<u>\$ 72,326</u>	<u>\$ 58,434</u>	<u>\$ 130,760</u>
<b>TOTAL ASSETS</b>			
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	\$ 3,675	\$ 3,164	\$ 6,839
Due to other funds	-	169	169
Unearned revenue	714	2,445	3,159
	<u>4,389</u>	<u>5,778</u>	<u>10,167</u>
<b>TOTAL LIABILITIES</b>			
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue	3,626	1,208	4,834
	<u>3,626</u>	<u>1,208</u>	<u>4,834</u>
<b>FUND BALANCES</b>			
Nonspendable:			
Inventory of supplies	803	-	803
Prepaid items	63	-	63
Restricted:			
Parks	-	9,076	9,076
Public safety	-	7,304	7,304
Roads	-	9,053	9,053
Public and capital facilities	-	20,976	20,976
Other purposes	-	5,881	5,881
Assigned:			
Carryover of appropriations	27,205	-	27,205
Building Activity	1,350	-	1,350
Economic Development	883	-	883
Waste Hauler Transition	506	-	506
Capital	205	-	205
Unassigned	33,296	(842)	32,454
	<u>64,311</u>	<u>51,448</u>	<u>115,759</u>
<b>TOTAL FUND BALANCES</b>			
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
	<u>\$ 72,326</u>	<u>\$ 58,434</u>	<u>\$ 130,760</u>

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

CITY OF SANTA ROSA  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET POSITION  
JUNE 30, 2017  
(Amounts in Thousands)

Fund balances - total governmental funds (Statement A-3)	\$	115,759
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		357,643
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.		4,834
Deferred losses on refunding debt are not financial resources and therefore are not reported in the governmental funds.		473
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.		(13,820)
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.		
Deferred outflows of resources		56,240
Deferred inflows of resources		(11,782)
Certain liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds.		
Capital lease obligation	\$	(4,180)
Certificates of participation and premiums		(12,628)
Accrued interest payable on long-term obligations		(132)
Pollution remediation		(500)
Net pension liability		(230,130)
Compensated absences		(6,488)
		(254,058)
Net position of governmental activities (Statement A-1)	\$	255,289

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, 2017  
(Amounts in Thousands)

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>			
Property taxes	\$ 26,003	\$ -	\$ 26,003
Sales taxes	45,892	8,644	54,536
Utility users tax	10,628	-	10,628
Other taxes	35,776	-	35,776
License and permits	1,563	-	1,563
Charges for services	26,485	95	26,580
Development impact mitigation charges	-	4,982	4,982
Intergovernmental	1,582	13,428	15,010
Fines and forfeitures	1,837	429	2,266
Investment earnings	572	621	1,193
Net change in the fair value of investments	(408)	(390)	(798)
Contribution from property owners	-	361	361
Other	5,621	2,500	8,121
<b>TOTAL REVENUES</b>	<b>155,551</b>	<b>30,670</b>	<b>186,221</b>
<b>EXPENDITURES:</b>			
Current:			
General government	34,077	4,835	38,912
Public safety	82,689	9,241	91,930
Public works	14,864	4,696	19,560
Recreation and parks	12,906	2,405	15,311
Other	3,278	236	3,514
Capital outlay	312	18,973	19,285
Debt service:			
Principal	416	526	942
Interest	40	513	553
Bond issuance costs	-	242	242
<b>TOTAL EXPENDITURES</b>	<b>148,582</b>	<b>41,667</b>	<b>190,249</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>6,969</b>	<b>(10,997)</b>	<b>(4,028)</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Proceeds from sale of capital assets	101	-	101
Payment to escrow for refunding debt	-	(8,880)	(8,880)
Proceeds from issuance of long-term debt	-	11,435	11,435
Premium from issuance of long-term debt	-	1,226	1,226
Transfers in	152	16,982	17,134
Transfers out	(10,004)	(7,064)	(17,068)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(9,751)</b>	<b>13,699</b>	<b>3,948</b>
<b>CHANGES IN FUND BALANCES</b>	<b>(2,782)</b>	<b>2,702</b>	<b>(80)</b>
FUND BALANCES, beginning of year	67,093	48,746	115,839
FUND BALANCES, end of year	<u>\$ 64,311</u>	<u>\$ 51,448</u>	<u>\$ 115,759</u>

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  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Amounts in Thousands)

Changes in fund balances - total governmental funds (Statement A-5)	\$	(80)
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	\$	19,285
Depreciation		<u>(12,335)</u>
		6,950
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.		
		6,120
In the statement of activities, only the gain or loss from 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.		
		(12)
Revenues in the governmental funds are recognized when resources are available while revenues are recognized in the statement of activities when they are earned.		
		(4,302)
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.		
		21,508
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.		
		(21,700)
Issuance of long-term debt provides current financial resources to governmental funds, but increases long-term liabilities in the statement of net position. This is the amount of proceeds and premium received during the year.		
		(12,661)
Repayment of long-term debt is reported as an expenditure or other financing uses 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:		
Payment to escrow for refunding debt	\$	8,880
Capital lease payments		712
Certificates of participation payments		<u>230</u>
		9,822
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	\$	114
Amortization of deferred loss and premiums		13
Change in pollution remediation liability		50
Change in compensated absences liability		<u>(428)</u>
		(251)
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.		
		<u>(1,020)</u>
Changes in net position of governmental activities (Statement A-2)	\$	<u>4,374</u>

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

# Statement of Fund Net Position

Statement A-7

CITY OF SANTA ROSA  
STATEMENT OF FUND NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2017  
(Amounts in Thousands)

	Business-type Activities - Enterprise Funds				Governmental
	Water Utility Fund	Wastewater Utility Fund	Nonmajor Enterprise Funds	Total	Internal Service Funds
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and investments	\$ 62,758	\$ 113,274	\$ 17,274	\$ 193,306	\$ 49,846
Accounts receivable, net of allowance for uncollectible accounts	5,890	9,354	143	15,387	1
Interest receivable	220	438	60	718	157
Intergovernmental receivable	441	-	2,986	3,427	-
Inventory of supplies	-	1,039	-	1,039	427
Prepaid expenses	-	181	50	231	1,549
Restricted assets:					
For interest, bond redemption, and construction					
Cash and investments	951	22,581	-	23,532	-
Interest receivable	3	33	-	36	-
<b>TOTAL CURRENT ASSETS</b>	<b>70,263</b>	<b>146,900</b>	<b>20,513</b>	<b>237,676</b>	<b>51,980</b>
<b>NONCURRENT ASSETS</b>					
Notes receivable	-	240	-	240	-
Capital assets:					
Nondepreciable	5,373	26,060	3,067	34,500	-
Depreciable, net	151,827	387,105	28,026	566,958	7,133
<b>TOTAL NONCURRENT ASSETS</b>	<b>157,200</b>	<b>413,405</b>	<b>31,093</b>	<b>601,698</b>	<b>7,133</b>
<b>TOTAL ASSETS</b>	<b>227,463</b>	<b>560,305</b>	<b>51,606</b>	<b>839,374</b>	<b>59,113</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Pension items	5,273	6,261	3,896	15,430	2,973
Deferred losses on refundings	-	3,031	-	3,031	-
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>5,273</b>	<b>9,292</b>	<b>3,896</b>	<b>18,461</b>	<b>2,973</b>
<b>LIABILITIES</b>					
<b>CURRENT LIABILITIES</b>					
Accounts payable and accrued liabilities	3,062	1,323	373	4,758	1,410
Due to other funds	-	-	1,715	1,715	-
Unearned revenue	522	1,255	1	1,778	-
Accrued interest payable	184	-	101	285	363
Workers' compensation and general liability claims	-	-	-	-	4,140
Compensated absences payable	643	660	371	1,674	274
Bonds payable, net	-	-	208	208	2,670
Customer deposits	666	-	-	666	-
Payable from restricted assets:					
Accounts payable and accrued liability	18	391	121	530	-
Accrued interest payable	-	2,767	-	2,767	-
Loans payable - current portion	-	94	-	94	-
Bonds payable - current portion	319	16,489	-	16,808	-
<b>TOTAL CURRENT LIABILITIES</b>	<b>5,414</b>	<b>22,979</b>	<b>2,890</b>	<b>31,283</b>	<b>8,857</b>
<b>NONCURRENT LIABILITIES</b>					
Advances from other funds	-	-	614	614	-
Workers' compensation and general liability claims	-	-	-	-	9,640
Compensated absences payable	123	13	39	175	58
Loans payable	-	149	-	149	-
Bonds payable	11,343	279,331	3,780	294,454	22,045
Net OPEB obligation	-	-	-	-	19,543
Net pension liability	20,495	23,491	15,301	59,287	11,040
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>31,961</b>	<b>302,984</b>	<b>19,734</b>	<b>354,679</b>	<b>62,326</b>
<b>TOTAL LIABILITIES</b>	<b>37,375</b>	<b>325,963</b>	<b>22,624</b>	<b>385,962</b>	<b>71,183</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Pension items	1,030	1,006	753	2,789	452
<b>NET POSITION</b>					
Net investment in capital assets	146,473	191,013	27,104	364,590	7,133
Restricted for:					
Debt service	-	1,520	-	1,520	-
Unrestricted	47,858	50,095	5,021	102,974	(16,682)
<b>TOTAL NET POSITION</b>	<b>\$ 194,331</b>	<b>\$ 242,628</b>	<b>\$ 32,125</b>	<b>469,084</b>	<b>\$ (9,549)</b>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				4,271	
Net position of business-type activities (Statement A-1)				<u>\$ 473,355</u>	

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

Statement A-8

CITY OF SANTA ROSA  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Amounts in Thousands)

	Business-type Activities - Enterprise Funds				Governmental
	Water Utility Fund	Wastewater Utility Fund	Nonmajor Enterprise Funds	Total	Internal Service Funds
OPERATING REVENUES					
Charges for services	\$ 11,487	\$ 76,268	\$ 9,003	\$ 96,758	\$ 48,132
Sale of water	29,657	221	-	29,878	-
<b>TOTAL OPERATING REVENUES</b>	<b>41,144</b>	<b>76,489</b>	<b>9,003</b>	<b>126,636</b>	<b>48,132</b>
OPERATING EXPENSES					
Purchase of water	12,521	-	-	12,521	-
Maintenance and operation	10,448	30,477	14,186	55,111	41,783
Administration	6,464	10,333	5,303	22,100	6,553
Depreciation	7,103	19,880	2,682	29,665	2,333
<b>TOTAL OPERATING EXPENSES</b>	<b>36,536</b>	<b>60,690</b>	<b>22,171</b>	<b>119,397</b>	<b>50,669</b>
<b>OPERATING INCOME (LOSS)</b>	<b>4,608</b>	<b>15,799</b>	<b>(13,168)</b>	<b>7,239</b>	<b>(2,537)</b>
NONOPERATING REVENUES (EXPENSES)					
Intergovernmental revenue	3,011	338	12,552	15,901	-
Measure M revenue	-	-	802	802	-
Investment earnings	731	1,519	183	2,433	509
Net change in the fair value of investments	(457)	(1,008)	(107)	(1,572)	(349)
Interest expense	(564)	(12,596)	(218)	(13,378)	(1,115)
Gain (loss) on disposal of capital assets	10	10	4	24	77
Other	339	1,657	226	2,222	889
<b>NET NONOPERATING REVENUES (EXPENSES)</b>	<b>3,070</b>	<b>(10,080)</b>	<b>13,442</b>	<b>6,432</b>	<b>11</b>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	<b>7,678</b>	<b>5,719</b>	<b>274</b>	<b>13,671</b>	<b>(2,526)</b>
Capital contributions	5,195	7,912	179	13,286	-
Transfers in	419	1,394	982	2,795	708
Transfers out	(1,855)	(794)	(914)	(3,563)	(6)
<b>CHANGES IN NET POSITION</b>	<b>11,437</b>	<b>14,231</b>	<b>521</b>	<b>26,189</b>	<b>(1,824)</b>
NET POSITION, beginning of year	182,894	228,397	31,604		(7,725)
NET POSITION, end of year	<u>\$ 194,331</u>	<u>\$ 242,628</u>	<u>\$ 32,125</u>		<u>\$ (9,549)</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				(804)	
Change in net position of business-type activities (Statement A-2)				<u>\$ 25,385</u>	

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, 2017  
(Amounts in Thousands)

	Business-type Activities - Enterprise Funds				Governmental
	Water Utility Fund	Wastewater Utility Fund	Nonmajor Enterprise Funds	Total	Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash received from customers	\$ 40,674	\$ 76,429	\$ 9,038	\$ 126,141	\$ -
Cash received from other funds	-	-	-	-	48,153
Cash paid to suppliers for goods and services	(12,716)	(16,147)	(3,229)	(32,092)	(39,617)
Cash paid to employees for services	(12,418)	(18,081)	(11,462)	(41,961)	(1,427)
Cash paid for interfund services used	(4,667)	(6,789)	(5,155)	(16,611)	(1,979)
Cash received from other sources	339	1,657	226	2,222	889
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>11,212</b>	<b>37,069</b>	<b>(10,582)</b>	<b>37,699</b>	<b>6,019</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Operating grants received	3,241	338	14,099	17,678	-
Transfers in from other funds	419	1,394	982	2,795	708
Transfers out to other funds	(1,855)	(794)	(914)	(3,563)	(6)
Payment of interfund loan	-	-	(2,705)	(2,705)	-
Receipt of note receivable	-	163	-	163	-
Principal paid on pension obligation bonds	-	-	-	-	(2,600)
Interest paid on pension obligation bonds	-	-	-	-	(1,135)
<b>NET CASH PROVIDED BY (USED IN) NONCAPITAL FINANCING ACTIVITIES</b>	<b>1,805</b>	<b>1,101</b>	<b>11,462</b>	<b>14,368</b>	<b>(3,033)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Proceeds from long-term borrowing	-	1,238	-	1,238	-
Proceeds from sale of capital assets	10	10	4	24	96
Acquisition and construction of capital assets	(7,378)	(12,174)	(437)	(19,989)	(2,000)
Principal paid on bonds and notes	(310)	(21,003)	(200)	(21,513)	-
Interest paid on bonds and notes	(567)	(7,650)	(220)	(8,437)	-
Capital contributions	1,573	6,285	173	8,031	-
<b>NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(6,672)</b>	<b>(33,294)</b>	<b>(680)</b>	<b>(40,646)</b>	<b>(1,904)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest on investments	217	459	60	736	137
<b>CHANGES IN CASH AND CASH EQUIVALENTS</b>	<b>6,562</b>	<b>5,335</b>	<b>260</b>	<b>12,157</b>	<b>1,219</b>
CASH AND CASH EQUIVALENTS, beginning of year	57,147	130,520	17,014	204,681	48,627
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<b>\$ 63,709</b>	<b>\$ 135,855</b>	<b>\$ 17,274</b>	<b>\$ 216,838</b>	<b>\$ 49,846</b>

(Continued)

CITY OF SANTA ROSA  
STATEMENT OF CASH FLOWS (Continued)  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Amounts in Thousands)

	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)	\$ 4,608	\$ 15,799	\$ (13,168)	\$ 7,239	\$ (2,537)
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES					
Depreciation	7,103	19,880	2,682	29,665	2,333
Other nonoperating revenues	339	1,657	226	2,222	889
Changes in assets and liabilities:					
Accounts receivable	(208)	699	35	526	21
Inventory of supplies	-	39	-	39	(19)
Prepaid expenses	-	-	50	50	185
Accounts payable and accrued liabilities	(274)	(159)	(348)	(781)	596
Workers' compensation and general liability claims	-	-	-	-	241
Customer deposits	(47)	-	-	(47)	-
Unearned revenue	(215)	(759)	-	(974)	-
Compensated absences payable	(1)	24	10	33	15
Net OPEB obligation	-	-	-	-	4,348
Net pension liability and related items	(93)	(111)	(69)	(273)	(53)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ 11,212</u>	<u>\$ 37,069</u>	<u>\$ (10,582)</u>	<u>\$ 37,699</u>	<u>\$ 6,019</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF FUND NET POSITION					
Cash and investments	\$ 62,758	\$ 113,274	\$ 17,274	\$ 193,306	\$ 49,846
Restricted cash and investments	951	22,581	-	23,532	-
Total cash and cash equivalents	<u>\$ 63,709</u>	<u>\$ 135,855</u>	<u>\$ 17,274</u>	<u>\$ 216,838</u>	<u>\$ 49,846</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of capital assets on accounts payable	\$ 10	\$ (51)	\$ -	\$ (41)	\$ -
Capitalized interest	-	251	-	251	-
Accrued and accreted interest on capital appreciation bonds	-	5,059	-	5,059	-
Contributions of capital assets from developers	3,622	1,627	-	5,249	-
Payment to refunded bond escrow agent from bond proceeds	-	111,466	-	111,466	-
Book value on disposed capital assets	-	-	-	-	19
Change in fair value of investments	(457)	(1,008)	(107)	(1,572)	(349)

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

(Concluded)

CITY OF SANTA ROSA  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2017  
(Amounts in Thousands)

	Successor Agency Private-Purpose Trust Fund	Other Postemployment Benefit Trust Funds	Agency Funds
<b>ASSETS</b>			
Cash and investments	\$ 6,290	\$ -	\$ 6,359
Investments held in trust:			
Money market mutual funds	-	331	-
Private equity	-	475	-
Fixed income mutual funds	-	11,541	-
Equity mutual funds	-	12,951	-
Contributions receivable	-	251	-
Interest receivable	22	-	10
Intergovernmental receivable	-	-	59
Prepaid expenses	262	-	-
Notes and loans receivable	1,020	-	-
Nondepreciable capital assets	148	-	-
	<u>7,742</u>	<u>25,549</u>	<u>6,428</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred losses on refundings	76	-	-
<b>LIABILITIES</b>			
Accounts payable	2	-	3,067
Interest payable	558	-	-
Due to bondholders	-	-	3,002
Deposits	-	-	359
Advances from other funds	790	-	-
Long-term obligations:			
Due within one year	1,784	-	-
Due beyond one year	36,965	-	-
	<u>40,099</u>	<u>-</u>	<u>6,428</u>
<b>NET POSITION</b>			
Restricted for other postemployment benefit	-	25,549	-
Unrestricted	(32,281)	-	-
	<u>(32,281)</u>	<u>25,549</u>	<u>-</u>
Total net position	\$ (32,281)	\$ 25,549	\$ -

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

CITY OF SANTA ROSA  
STATEMENT OF CHANGE IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Amounts in Thousands)

	Successor Agency Private-Purpose Trust Fund	Other Postemployment Benefit Trust Funds
<b>ADDITIONS</b>		
Incremental property tax	\$ 4,774	\$ -
Employer contributions	-	2,130
Investment income	(1)	2,128
Total additions	4,773	4,258
<b>DEDUCTIONS</b>		
Community development	517	-
Debt service interest	1,302	-
Benefit Payments	-	1,549
Administration	-	182
Total deductions	1,819	1,731
<b>CHANGE IN NET POSITION</b>	2,954	2,527
NET POSITION, beginning of year, as previously reported	(35,235)	-
Change in accounting principles	-	23,022
NET POSITION, beginning of year, as restated	(35,235)	23,022
NET POSITION, end of year	\$ (32,281)	\$ 25,549

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., 2<sup>nd</sup> 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 discretely presented component unit. 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.

*Fiduciary Funds:*

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 *Other Postemployment Benefit Trust Funds* accounts for resources that are required to be held in trust for the members and beneficiaries of retiree medical stipend plans. The City is considered the administrator of the single-employer trusts.

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, proprietary and fiduciary 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

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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.

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. Under accounting principles generally accepted in the United States of America, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date.

**(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 inventories are recorded as expenditures/expenses 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 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. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are valued at their acquisition value. 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 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 losses 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 \$4,372,899.

*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, 2017, 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, inventories and prepaid items represent 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, 2017, 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, 2017, 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 \$27,205,000 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. In addition, \$883,000 is assigned for economic development activities, \$506,000 for Waste Haulers Transition, \$1,350,000 for building activity and \$205,000 for capital.

*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, 2017, the receivables are shown net of an allowance for uncollectible for the Water and the Wastewater Utility funds in the amount of \$41,450 and \$63,856, 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, 2017, the City reported deferred losses on refunding and pension items 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, 2017, the City reported unavailable revenues on the governmental funds financial statements and pension items 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”.

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, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City’s California Public Employees’ Retirement System (CalPERS) plans and additions to/deductions from the plan’s 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 currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

GASB Statement No. 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used, valuation date June 30, 2015, measurement date June 30, 2016, measurement period July 1, 2015 to June 30, 2016.

**(r) Implementation of New Pronouncements**

The City implemented the following GASB Statements during the fiscal year ended June 30, 2017:

In June 2015, GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This statement addresses reporting by Other Postemployment Benefits (OPEB) plans that administer benefits on behalf of governments.

The City sponsors several single-employer defined benefit postemployment healthcare plans to provide medical insurance benefits to eligible retired employees and their spouses. The City administrates assets accumulated through trusts that meets the criteria in Paragraph 3 of GASB Statement No. 74. On July 1, 2016, the City adopted GASB Statement No. 74 and restated its fiduciary net position of the Other Postemployment Benefit Trust Fund to record beginning net position of \$23.0 million. See disclosure at Note 9 to the basic financial statements.

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. Implementation of this statement did not have a significant impact on the City for the fiscal year ended June 30, 2017.

In December 2015, 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. Implementation of this statement did not have a significant impact on the City for the fiscal year ended June 30, 2017.

In January 2016, GASB issued Statement No. 80, *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14*. The objective of this statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This statement amends the blending requirements established in GASB Statement No. 14, *The Financial Reporting Entity*, as amended. Implementation of this statement did not have a significant impact on the City for the fiscal year ended June 30, 2017.

**(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 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.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

In March 2016, GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. The statement provides recognition and measurement guidance for situations in which a government is a beneficiary of these agreements. The requirements of this statement are effective for the City's fiscal year ending June 30, 2018.

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. The statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this statement. The requirements of this statement are effective for the City's fiscal year ending June 30, 2019.

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. The statement also provides guidance for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. The requirements of this statement are effective for the City's fiscal year ending June 30, 2020.

In March 2017, the GASB issued Statement No. 85, *Omnibus 2017*. The objective of the statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. The statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits). The requirements of this statement are effective for the City's fiscal year ending June 30, 2018.

In May 2017, the GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*. The primary objective of the statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources - resources other than the proceeds of refunding debt - are placed in an irrevocable trust for the sole purpose of extinguishing debt. The requirements of this statement are effective for the City's fiscal year ending June 30, 2018.

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement are effective for the City's fiscal year ending June 30, 2021.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(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 part of "Cash and investments".

At June 30, 2017, total City cash and investments are reported as follows (in thousands):

Primary government:	
Cash and investments	\$ 346,587
Restricted cash and investments	24,302
Component unit:	
Housing Authority:	
Cash and investments	12,868
Restricted cash and investments	299
Successor Agency Private-Purpose Trust Fund	
Cash and investments	6,290
Other Postemployment Benefit Trust Funds	
Investments held in trust	25,298
Agency funds	
Cash and investments	<u>6,359</u>
Total cash and investments	<u><u>\$ 422,003</u></u>

*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).

**NOTE 3 – CASH AND INVESTMENTS (Continued)**

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	\$65 million	none	none	none

*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.

*Investments Authorized for OPEB Trust*

The City has adopted investment policies for its OPEB Trusts which authorizes the investments in U.S. Treasury securities, federal agencies and U.S. guaranteed obligations, corporate notes, certificates of deposit, bankers' acceptances, equities investments, and mutual funds.

*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, 2017, the carrying and bank balance of the City's demand deposits were \$12,865,000 and \$16,462,000, respectively. Of the City's bank balance, \$1,249,000 was FDIC-insured and \$15,213,000 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.

**NOTE 3 – CASH AND INVESTMENTS (Continued)**

*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, 2017, the City held investments in nine 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	
\$ 1,545	03/01/18	02/01/18	Continuously Callable	
5,503	05/22/18	04/22/18	Continuously Callable	
1,025	07/31/18	06/30/18	Continuously Callable	
2,888	04/25/19	03/25/19	Continuously Callable	
497	10/30/19	09/30/19	Continuously Callable	
612	01/15/20	12/15/19	Continuously Callable	
3,260	01/23/20	12/23/19	Continuously Callable	
1,482	03/03/20	02/01/20	Continuously Callable	
2,314	06/29/20	05/29/20	Continuously Callable	

Negotiable Certificates of Deposit				
Amount	Maturity Date	Call Date	Call Terms	
\$ 4,594	09/11/17	08/11/17	Continuously Callable	

*Fair Value hierarchy*

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. All of the City’s investments are valued using Level 2 inputs, except for investments in LAIF and money market mutual funds which are not subject to fair value hierarchy disclosure.

**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, 2017, 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	3 - 4	
<b>Pooled investments:</b>						
U.S. Treasury	AA+/Aaa	\$ -	\$ 38,474	\$ 49,428	\$ -	\$ 87,902
U.S. government agencies	AA+/Aaa	-	54,573	54,402	-	108,975
Asset-backed securities	AA+/Aaa	1,189	2,708	2,264	-	6,161
Medium-term corporate notes	See Below	15,296	23,336	30,780	-	69,412
Negotiable certificates of deposit	See Below	21,615	35,722	-	-	57,337
Municipal bonds	See Below	350	-	3,125	-	3,475
Money market mutual funds	AAAm	325	-	-	-	325
LAIF – pooled investment	Not Rated	32,233	-	-	-	32,233
Total pooled investments		<u>71,008</u>	<u>154,813</u>	<u>139,999</u>	<u>-</u>	<u>365,820</u>
<b>Restricted investments with trustees and other dedicated investments:</b>						
Commercial paper	See Below	2,919	-	-	-	2,919
Money market mutual funds	AAAm	106	-	-	-	106
Total restricted investments		<u>3,025</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,025</u>
<b>Other investments:</b>						
Money market mutual funds	AAAm	531	-	-	-	531
U.S. government agencies	AA+/Aaa	-	6,689	2,088	-	8,777
U.S. Treasury	AA+/Aaa	-	-	-	1,339	1,339
Commercial paper	See Below	4,348	-	-	-	4,348
Total other investments		<u>4,879</u>	<u>6,689</u>	<u>2,088</u>	<u>1,339</u>	<u>14,995</u>
<b>Other Postemployment Benefit (OPEB)</b>						
<b>Trust investments:</b>						
Money market mutual funds	AAAm	331	-	-	-	331
Private equity	Note Rated	475	-	-	-	475
Fixed income mutual funds	Note Rated	11,541	-	-	-	11,541
Equity mutual funds	Note Rated	12,951	-	-	-	12,951
Total OPEB Trust investments		<u>25,298</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,298</u>
Total investments		<u>\$ 104,210</u>	<u>\$ 161,502</u>	<u>\$ 142,087</u>	<u>\$ 1,339</u>	<u>409,138</u>
Demand deposits						<u>12,865</u>
Total cash and investments						<u>\$ 422,003</u>

**NOTE 3 – CASH AND INVESTMENTS (Continued)**

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
\$ 18,107	A+	A1
5,503	A	A1
2,887	AA	A1
2,879	AA-	A1
4,850	A+	A2
6,329	A	A2
5,929	A-	A2
4,805	A-	A3
4,353	BBB+	A3
3,300	AAA	Aaa
3,771	AA+	Aa1
1,123	AA	Aa2
4,455	AA-	Aa3
1,121	BBB+	Baa1
<u>\$ 69,412</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
\$ 17,554	A+	A1
6,510	A	A1
5,760	AA-	A1
4,593	AA-	Aa1
11,598	AA-	Aa2
5,498	A+	Aa3
5,824	AA-	Aa3
<u>\$ 57,337</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
\$ 350	AA	Aa2
<u>3,125</u>	A+	A1
<u>\$ 3,475</u>		

**NOTE 3 – CASH AND INVESTMENTS (Continued)**

Following is a table indicating the credit ratings for the City’s investment in commercial paper for restricted investments (amounts in thousands):

Amount	Standard & Poor’s	Moody’s Investors Service
\$ 1,992	A-1	P-1
<u>927</u>	A-1+	P-1
<u>\$ 2,919</u>		

Following is a table indicating the credit ratings for the City’s investment in commercial paper for other investments (amounts in thousands):

Amount	Standard & Poor’s	Moody’s Investors Service
\$ 3,105	A-1	P-1
<u>1,243</u>	A-1+	P-1
<u>\$ 4,348</u>		

*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). The City is also required to disclose investments in any one issuer’s name that is greater than 5% of the City’s pooled investments. As of June 30, 2017, the City investments in Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, and Federal National Mortgage Association notes represents 9.3%, 7.3%, and 12.2% of the City’s pooled investments.

*External Investment Pool*

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City’s investment in this pool is reported in the accompanying financial statements at amounts based upon the City’s pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The 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.

The total amount invested by all public agencies in LAIF at June 30, 2017 was \$21.1 billion. LAIF is part of the California Pooled Money Investment Account (PMIA), which at June 30, 2017 had a balance of \$78.3 billion. Of this amount, \$0.8 billion is held in demand deposits and \$77.5 billion is held in investments. Of the \$77.5 billion, 2.89% 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 194 days as of June 30, 2017

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

**NOTE 4 – NOTES AND LOANS RECEIVABLE**

Long-term notes and loans receivable at June 30, 2017 were as follows (amounts in thousands):

Description	Interest Rate	Maturity	Amount Receivable
<i>Business-Type Activities:</i>			
Dairy improvement loans	0%	Various	<u>\$ 240</u>

Description	Interest Rate	Maturity	Amount Receivable
<i>Component unit:</i>			
<i>Housing Authority:</i>			
Housing Rehabilitation and Opportunity Deferred Repayment Notes and Loans	0-10.00%	Various	<u>\$ 104,645</u>

**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, 2017, the General Fund is due \$168,931 from nonmajor governmental funds and \$1,715,204 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, 2017, the Successor Agency Private-Purpose Trust Fund owes \$790,448 to nonmajor governmental funds for loans the City made to the former Redevelopment Agency related to the Brownfield grant.

The nonmajor enterprise funds owe \$614,399 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)**

*Transfers*

The following schedule briefly summarizes the City’s transfer activity for the fiscal year ended June 30, 2017 (amounts in thousands):

**(a) Between Governmental and Business-type Activities:**

Transfer From	Transfer To	Amount	Purpose
General Fund	Nonmajor Enterprise Funds	\$ 982	Parking enforcement (\$972) and Transit administrative assistance (\$10)
Water Utility Enterprise Fund	Nonmajor Governmental Funds	440	Capital outlay
	General Fund	16	Administrative assistance
	Internal Service Funds	5	Set up Server for new software
		<u>461</u>	
Wastewater Utility Enterprise Fund	Nonmajor Governmental Funds	624	Capital outlay
	Internal Service Funds	13	Set up Server for new software
		<u>637</u>	
Nonmajor Enterprise Funds	Nonmajor Governmental Funds	652	Capital outlay (\$647) and Special Revenue
Total		<u>\$ 2,732</u>	

**(b) Between Funds within the Governmental or Business-type Activities<sup>(1)</sup>:**

Transfer From	Transfer To	Amount	Purpose
General Fund	Nonmajor Governmental Funds	\$ 8,539	Operating assistance (\$1,919), capital outlay (\$6,106), and debt service (\$514)
	Internal Service Funds	483	Software development
		<u>9,022</u>	
Nonmajor Enterprise Funds	Water Utility Enterprise Fund	262	Capital outlay
Nonmajor Governmental Funds	General Fund	136	Administrative assistance
	Internal Service Funds	207	Technology assistance
	Nonmajor Governmental Funds	6,721	Capital outlay (\$6,341), debt service (\$368), and Special Revenue (\$12)
		<u>7,064</u>	
Internal Service Funds	Nonmajor Governmental Funds	6	Capital outlay
Water Utility Enterprise Fund	Wastewater Utility Enterprise Fund	1,394	Debt service
Wastewater Utility Enterprise Fund	Water Utility Enterprise Fund	157	Capital outlay
Total		<u>\$ 17,905</u>	

<sup>(1)</sup> 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, 2017 (amounts in thousands):

	Balance July 1, 2016	Additions	Reductions	Balance June 30, 2017
<b>PRIMARY GOVERNMENT</b>				
<b>Governmental activities</b>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 54,807	\$ 569	\$ -	\$ 55,376
Construction in progress	31,212	8,117	(10,459)	28,870
Total capital assets, not being depreciated	86,019	8,686	(10,459)	84,246
<i>Capital assets, being depreciated:</i>				
Infrastructure	260,761	6,406	(12)	267,155
Buildings	66,768	1,960	-	68,728
Improvements other than buildings	165,934	16,456	(26)	182,364
Intangibles	4,996	85	-	5,081
Equipment	71,001	4,273	(1,836)	73,438
Total capital assets, being depreciated	569,460	29,180	(1,874)	596,766
<i>Less accumulated depreciation for:</i>				
Infrastructure	78,571	5,663	-	84,234
Buildings	32,688	1,833	-	34,521
Improvements other than buildings	137,420	3,061	(27)	140,454
Intangibles	1,287	252	-	1,539
Equipment	53,444	3,859	(1,815)	55,488
Total accumulated depreciation	303,410	14,668	(1,842)	316,236
Total capital assets, being depreciated, net	266,050	14,512	(32)	280,530
Governmental activities capital assets, net	\$ 352,069	\$ 23,198	\$ (10,491)	\$ 364,776
<b>Business-type activities</b>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 17,145	\$ 2,715	\$ -	\$ 19,860
Construction in progress	22,024	9,560	(16,944)	14,640
Total capital assets, not being depreciated	39,169	12,275	(16,944)	34,500
<i>Capital assets, being depreciated:</i>				
Buildings	270,078	1,828	-	271,906
Improvements other than buildings	592,403	25,825	-	618,228
Intangibles	1,532	-	-	1,532
Equipment	123,375	2,465	(1,156)	124,684
Total capital assets, being depreciated	987,388	30,118	(1,156)	1,016,350
<i>Less accumulated depreciation for:</i>				
Buildings	114,522	7,893	-	122,415
Improvements other than buildings	223,682	13,384	-	237,066
Intangibles	398	77	-	475
Equipment	82,281	8,311	(1,156)	89,436
Total accumulated depreciation	420,883	29,665	(1,156)	449,392
Total capital assets, being depreciated, net	566,505	453	-	566,958
Business-type activities capital assets, net	\$ 605,674	\$ 12,728	\$ (16,944)	\$ 601,458

**NOTE 6 – CAPITAL ASSETS (Continued)**

The following is a summary of changes in capital assets of discretely presented component unit for the fiscal year ended June 30, 2017 (amounts in thousands):

	Balance July 1, 2016	Additions	Reductions	Balance June 30, 2017
<b>COMPONENT UNIT</b>				
<b>Housing Authority</b>				
<i>Capital assets, not being depreciated</i>				
Land	\$ 198	\$ -	\$ -	\$ 198
<i>Capital assets, being depreciated</i>				
Buildings and improvements	663	-	-	663
Equipment	105	-	-	105
Total capital assets, being depreciated	768	-	-	768
<i>Less accumulated depreciation for:</i>				
Buildings and improvements	314	22	-	336
Equipment	36	8	-	44
Less accumulated depreciation	350	30	-	380
Total depreciable capital assets, net	418	(30)	-	388
Total capital assets, net	\$ 616	\$ (30)	\$ -	\$ 586

Net capitalized interest for the fiscal year ended June 30, 2017 in the business-type activities capital assets increased the carrying value of such capital assets by \$251,164.

*Depreciation*

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

General government	\$ 1,770
Public safety	1,086
Public works	6,230
Recreation and parks	3,249
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.	2,333
Total depreciation expense – governmental functions	<u>\$ 14,668</u>

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

Water Utility	\$ 7,103
Wastewater Utility	19,880
Municipal Transit	1,656
Parking	552
Stormwater	2
Golf Course	472
Total depreciation expense – business-type functions	<u>\$ 29,665</u>

**NOTE 6 – CAPITAL ASSETS (Continued)**

At June 30, 2017, the construction commitments included the following (amounts in thousands):

	Expended through	
	June 30, 2017	Encumbered
<b>Governmental activities</b>		
Capital Projects Fund	\$ 28,870	\$ 7,737
<b>Business-type activities</b>		
Water Utility Fund	3,998	8,930
Wastewater Utility Fund	10,217	8,218
Parking Nonmajor Enterprise Fund	425	1,018

**NOTE 7 – LONG-TERM OBLIGATIONS**

The City issued pension bonds to fund the net actuarial accrued liability in 2003, which were refunded in 2013. In addition, the City issued water and wastewater improvement bonds and obtained state loans to provide funds for water and wastewater projects, golf improvement certificates of participation to fund municipal golf course improvements, and certificates of participation to fund the Courthouse Square Reunification project and 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 for governmental activities and business-type activities at June 30, 2017 consisted of the following (amounts in thousands):

Type of indebtedness (purpose)	Final Maturity	Installment Amounts	Interest Rates	Original Issue Amount	Outstanding at June 30, 2017
<b>Governmental activities</b>					
2016 Courthouse Square Project and Refunding Certificates of Participation	2046-47	\$ 320-655	2.0-4.0%	\$ 11,435	\$ 11,435
2013 Pension Obligation Refunding Bonds	2024-25	2,540-3,630	1.66-4.89%	32,175	24,715
Total Governmental Activities				43,610	36,150
Plus unamortized premium					1,193
Total Governmental Activities, net					37,343
<b>Business-type activities</b>					
<i>Water Revenue Bonds</i>					
2008 Water Revenue Bonds	2038-39	235-840	3.65-5.0%	13,850	11,685
Less unamortized discount					(23)
Total Water Revenue Bonds, net					11,662
<i>Wastewater Improvement Bonds</i>					
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	27,050
2012 Wastewater Revenue Refunding Bonds, Series A	2033-34	1,095-17,965	5.00%	53,240	50,870
2014 Wastewater Revenue Bonds, Series A	2029-30	80-6,820	3.0-5.0%	14,765	11,970
2016 Wastewater Revenue Bonds, Series A	2028-29	4,950-10,900	1.0-5.0%	95,805	89,110
Total Wastewater Improvement Bonds				270,698	218,878
Plus unamortized premiums					23,998
Plus accreted interest					52,944
Total Wastewater Improvement Bonds, net					295,820
<i>Wastewater State Loans Payable</i>					
California Energy Commission Loan	2019-20	51-98	3.95%	760	243
<i>Golf Improvement Certificates of Participation:</i>					
2005A Certificates of Participation	2030-31	45-255	3.0-4.5%	3,850	2,735
2005B Certificates of Participation	2030-31	10-125	4.57-5.44%	1,725	1,275
Total Golf Improvement Certificates of Participation				5,575	4,010
Less unamortized discount					(22)
Total Golf Improvement Certificates, net					3,988
Total Business-type activities, net				284,548	311,713
<b>Total Primary Government</b>				<b>\$ 328,158</b>	<b>\$ 349,056</b>

**NOTE 7 – LONG-TERM OBLIGATIONS (Continued)**

The following is a summary of long-term obligation transactions for the fiscal year ended June 30, 2017 (amounts in thousands):

	Balance July 1, 2016	Additions	Retirements	Balance June 30, 2017	Amounts Due Within One Year
<b>Governmental activities:</b>					
Certificates of Participation (COPs)	\$ 8,735	\$ 11,435	\$ 8,735	\$ 11,435	\$ 320
Pension Obligation Bonds	27,315	-	2,600	24,715	2,670
Plus unamortized premiums	-	1,227	34	1,193	41
Less unamortized discounts	(118)	-	(118)	-	-
Total bonds and COPs payable	35,932	12,662	11,251	37,343	3,031
Capital Lease Obligations	4,892	-	711	4,181	728
Pollution Remediation	550	-	50	500	-
Worker's Compensation and General Liability Claims	13,539	4,381	4,140	13,780	4,140
Compensated Absences	6,376	5,449	5,006	6,819	4,984
Total governmental activities - long-term obligations	\$ 61,289	\$ 22,492	\$ 21,158	\$ 62,623	\$ 12,883
<b>Business-type activities:</b>					
Water Revenue Bonds	\$ 11,995	\$ -	\$ 310	\$ 11,685	\$ 320
Wastewater Revenue and Refunding Improvement Bonds	196,598	95,805	73,525	218,878	14,505
Accreted Interest on Capital Appreciation Bonds	47,885	5,059	-	52,944	-
Golf Certificates of Participation	4,210	-	200	4,010	210
Plus unamortized premiums	10,088	16,898	2,988	23,998	1,984
Less unamortized discounts	(53)	-	(8)	(45)	(3)
Total bonds and COPs payable	270,723	117,762	77,015	311,470	17,016
State Loans Payable	56,153	-	55,910	243	94
Compensated Absences	1,816	1,755	1,722	1,849	1,674
Total business-type activities - long-term obligations	\$ 328,692	\$ 119,517	\$ 134,647	\$ 313,562	\$ 18,784
<b>Component Unit:</b>					
<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.

**NOTE 7 – LONG-TERM OBLIGATIONS (Continued)**

As of June 30, 2017, annual debt service requirements of governmental activities to maturity are as follows (amounts in thousands):

Year ending June 30:	Certificates of Participation		Pension Obligation Bonds		Capital Lease Obligations	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 320	\$ 407	\$ 2,670	\$ 1,063	\$ 728	\$ 96
2019	330	399	2,760	974	744	80
2020	345	389	2,860	872	761	63
2021	355	378	2,980	754	484	46
2022	365	367	3,110	620	495	34
2023-2027	2,010	1,631	10,335	862	969	42
2028-2032	2,435	1,189	-	-	-	-
2033-2037	2,955	653	-	-	-	-
2038-2042	1,345	219	-	-	-	-
2043-2047	975	75	-	-	-	-
Total	<u>\$ 11,435</u>	<u>\$ 5,707</u>	<u>\$ 24,715</u>	<u>\$ 5,145</u>	<u>\$ 4,181</u>	<u>\$ 361</u>

As of June 30, 2017, 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		
	Principal	Interest	Principal	Interest	Accreted Interest
2018	\$ 320	\$ 554	\$ 14,505	\$ 8,172	\$ 2,645
2019	330	542	14,442	7,659	2,778
2020	345	528	14,879	7,112	2,886
2021	360	513	15,337	6,550	2,988
2022	375	497	15,894	5,907	3,076
2023-2027	2,150	2,207	67,137	20,951	36,302
2028-2032	2,710	1,625	53,806	8,856	49,309
2033-2037	3,455	859	22,713	1,496	13,547
2038-2039	1,640	83	165	4	-
Total	<u>\$ 11,685</u>	<u>\$ 7,408</u>	<u>\$ 218,878</u>	<u>\$ 66,707</u>	<u>\$ 113,531</u>

Year ending June 30:	Wastewater State Loans Payable		Golf Certificates of Participation	
	Principal	Interest	Principal	Interest
2018	\$ 94	\$ 9	\$ 210	\$ 186
2019	98	5	215	175
2020	51	1	230	165
2021	-	-	240	154
2022	-	-	250	143
2023-2027	-	-	1,440	519
2028-2031	-	-	1,425	141
Total	<u>\$ 243</u>	<u>\$ 15</u>	<u>\$ 4,010</u>	<u>\$ 1,483</u>

**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. Special Assessment Bonds outstanding at June 30, 2017 totaled \$5,635,000.

Special Assessment Bonds at June 30, 2017 were comprised of the following (amount in thousands):

Description	Interest Rates	Final Maturity	Outstanding June 30, 2017
Fountaingrove Parkway Extension (2011 refunding)	1.75-5.0%	2019	\$ 3,195
Skyhawk (2011 refunding)	1.75-5.375%	2021	1,430
Nielsen Ranch	6.40-6.70%	2023	1,010
Total			<u>\$ 5,635</u>

*Current Year Issuance of Refunding Obligations*

On August 11, 2016, the City issued \$95,805,000 in Wastewater Revenue Refunding Bonds Series 2016A for the refunding of existing obligations. The bonds bear fixed interest rate ranging from 1.0% to 5.0%. The net proceeds of the bonds were \$112,702,930 including a \$16,897,930 premium. \$111,465,521 were placed in escrow to fully refund State Loans of \$53,801,519 and Wastewater Revenue Refunding Bonds Series 2008A of \$47,295,000, and partially refund Wastewater Revenue Refunding Bonds Series 2007 of \$7,355,000. The refunded bonds are considered to be defeased and the liability has been removed from these financial statements.

The reacquisition price exceeded the net carrying amount of the old debt by \$309,984. This amount is being amortized over the prior remaining life of the refunding debt. This refunding reduced the City's total debt service payments by \$17,168,836 and obtained an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$15,720,718.

On September 8, 2016, the City issued \$11,435,000 in 2016 Certificates of Participation for the funding of the Courthouse Square Reunification project and refinancing of 2007 Building Acquisition Certificates of Participation. The net proceeds of the Certificates were \$12,661,492 including a \$1,226,492 premium. \$8,879,503 were placed in escrow to fully refund the 2007 Building Acquisition Certificates of Participation of \$8,505,000. The refunded obligations are considered to be defeased and the liability has been removed from these financial statements.

The reacquisition price exceeded the net carrying amount of the old debt by \$492,251. This amount is being amortized over the prior remaining life of the refunding debt. This refunding reduced the City's total debt service payments by \$2,136,986 and obtained an economic gain of \$1,568,392.

**NOTE 7 – LONG-TERM OBLIGATIONS (Continued)**

*Legal Debt Limit*

As of June 30, 2017, the City's debt limit (3.75% of assessed valuation) was \$837 million. At June 30, 2017, the City had \$36 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, 2017.

*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, 2017, the Authority had participated in the issuance of thirteen series of Multi-family Housing Revenue Bonds. The aggregate principal amount outstanding was \$40,665,823.

*Capital Leases*

In December 2013, the City entered into a 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 three previously-mentioned capital leases as of June 30, 2017, was \$3,430,444, \$1,782,160 and \$978,322, respectively.

*Pledged Revenues*

The City has pledged future water and wastewater customer revenues, net of specified operating expenses, to repay the water bonds, wastewater bonds, and wastewater loans. 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 2020 for the wastewater loans. Annual principal and interest on the wastewater bonds and loans is projected to require less than 57% and 56% of the net revenues for fiscal years 2017-18 and 2018-19, respectively. Revenue projections beyond June 30, 2017 have not been prepared for the water bonds. Total principal and interest remaining to be paid is \$19,093,000 on the water bonds; \$399,116,000 on the wastewater bonds and \$258,000 on the wastewater loans. Principal and interest paid for the current year and total customer net revenues were \$876,000 and \$18,751,000 for the water bonds and \$28,355,000 and \$44,985,000 for the wastewater bonds and loans, respectively.

**NOTE 7 – LONG-TERM OBLIGATIONS (Continued)**

*Pollution Remediation*

The City's total estimated pollution remediation obligation was \$500,000 as of June 30, 2017. This amount represents the estimated remaining costs for remediation of one polluted site located throughout the City. The costs for this site reflects varying phases of remediation efforts, including investigation, tank removal, soil remediation and groundwater monitoring requirements since completing soil remediation. During required assessments, the site was found to be polluted with industrial-use petroleum hydrocarbons, with the source 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's separate Safety Police, Safety Fire and Miscellaneous Plans (Plans), agent multiple-employer defined benefit pension plans administered by 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.

**NOTE 8 – PENSION PLANS (Continued)**

The Plans' provisions and benefits in effect at June 30, 2017, are summarized as follows:

	<b>Miscellaneous</b>		
	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	21.774%	21.774%	21.774%

	<b>Safety Police</b>		
	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	38.251%	38.251%	38.251%

	<b>Safety Fire</b>		
	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	35.701%	35.701%	35.701%

**NOTE 8 – PENSION PLANS (Continued)**

*Employees Covered*

At June 30, 2016, the most recent information available, the following employees were covered by the benefits of the City’s Plans:

	<b>Miscellaneous</b>	<b>Safety Police</b>	<b>Safety Fire</b>
Inactive employees or beneficiaries currently receiving benefits	1,015	235	157
Inactive employees entitled to but not yet receiving benefits	628	56	27
Active employees	904	170	128
Total	<u>2,547</u>	<u>461</u>	<u>312</u>

*Contributions*

For the fiscal year ended June 30, 2017, the City’s actuarially determined contributions were as follows:

Miscellaneous Plan	\$ 14,263,446
Safety Police Plan	7,753,368
Safety Fire Plan	<u>5,895,258</u>
Total	<u>\$ 27,912,072</u>

Section 20814(c) of the California Public Employees’ Retirement Law (PERL) 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. The total plan contributions are determined through CalPERS’ annual actuarial valuation process. 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 employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. It is the responsibility of the employer to make necessary accounting adjustments to reflect the impact due to any Employer-Paid Member Contributions or situations where members are paying a portion of the employer contribution.

*Net Pension Liability*

The City’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, 2016, using an annual actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016, 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 Methods and Assumptions Used to Determine Total Pension Liability*

The June 30, 2015 valuation was rolled forward to determine the June 30, 2016 total pension liability, based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions	
Discount Rate	7.65%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.65% Net of Pension Plan Investment Expenses, includes Inflation
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

All other actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

*Discount Rate*

The discount rate used to measure the total pension liability was 7.65 percent. 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 of the plans, the tests revealed the assets would not run out. Therefore, the current 7.65 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.65 percent is applied to all plans in the Public Employees Retirement Fund. The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

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

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund (Public Employees' Retirement Fund) cash flows. Taking into account historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at

**NOTE 8 – PENSION PLANS (Continued)**

the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects 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. The target allocation shown was adopted by the Board effective on July 1, 2015.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 <sup>1</sup>	Real Return Years 11+ <sup>2</sup>
Global Equity	51.0%	5.25%	5.71%
Global Fixed Income	20.0	0.99	2.43
Inflation Sensitive	6.0	0.45	3.36
Private Equity	10.0	6.83	6.95
Real Estate	10.0	4.50	5.13
Infrastructure and Forestland	2.0	4.50	5.09
Liquidity	1.0	(0.55)	(1.05)

- (1) An expected inflation of 2.5% used for this period.
- (2) An expected inflation of 3.0% used for this period.



**NOTE 8 – PENSION PLANS (Continued)**

*Safety Fire Plan:*

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
<b>Balance at June 30, 2015</b>	\$ 193,911,479	\$ 140,315,380	\$ 53,596,099
<b>Changes in the year:</b>			
Service cost	3,854,139	-	3,854,139
Interest on the total pension liability	14,567,294	-	14,567,294
Differences between actual and expected experience	(464,844)	-	(464,844)
Contribution - employer	-	5,016,105	(5,016,105)
Contribution - employee	-	1,702,614	(1,702,614)
Net investment income	-	714,200	(714,200)
Benefit payments, including refunds of employee contributions	(9,903,109)	(9,903,109)	-
Administrative Expense	-	(85,515)	85,515
<b>Net changes during measurement period</b>	<b>8,053,480</b>	<b>(2,555,705)</b>	<b>10,609,185</b>
<b>Balance at June 30, 2016</b>	<b>\$ 201,964,959</b>	<b>\$ 137,759,675</b>	<b>\$ 64,205,284</b>

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

The following presents the net pension liability of the City for each Plan, calculated using the discount rate for each Plan, as well as what the City'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	6.65%	6.65%	6.65%
Net Pension Liability	\$234,776,350	\$115,317,418	\$90,789,840
Current Discount Rate	7.65%	7.65%	7.65%
Net Pension Liability	\$155,715,194	\$80,536,396	\$64,205,284
1% Increase	8.65%	8.65%	8.65%
Net Pension Liability	\$89,623,825	\$51,949,511	\$42,224,319

*Pension Plan Fiduciary Net Position*

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports which can be found on the CalPERS website.

**NOTE 8 – PENSION PLANS (Continued)**

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

For the fiscal year ended June 30, 2017, the City recognized pension expense of \$13,536,513 for Miscellaneous Plan, \$8,166,569 for Safety Police Plan and \$6,074,844 for Safety Fire Plan. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Miscellaneous		Safety Police	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 14,263,446	\$ -	\$ 7,753,368	\$ -
Changes in assumptions	-	(3,789,093)	-	(2,169,092)
Differences between actual and expected experience	551,504	(3,054,049)	2,828,863	(1,910,252)
Net differences between projected and actual earnings on plan	26,174,493	-	9,646,254	-
Total	<u>\$ 40,989,443</u>	<u>\$ (6,843,142)</u>	<u>\$ 20,228,485</u>	<u>\$ (4,079,344)</u>

	Safety Fire		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 5,895,258	\$ -	\$ 27,912,072	\$ -
Changes in assumptions	-	(2,148,052)	-	(8,106,237)
Differences between actual and expected experience	-	(1,952,820)	3,380,367	(6,917,121)
Net differences between projected and actual earnings on plan	7,530,409	-	43,351,156	-
Total	<u>\$ 13,425,667</u>	<u>\$ (4,100,872)</u>	<u>\$ 74,643,595</u>	<u>\$ (15,023,358)</u>

\$14,263,446 for Miscellaneous Plan, \$7,753,368 for Safety Police Plan and \$5,895,258 for Safety Fire Plan 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, 2017. Other amounts reported as deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended	Miscellaneous	Safety Police	Safety Fire	Total
June 30				
2018	\$ (1,771,587)	\$ 202,344	\$ (137,431)	\$ (1,706,674)
2019	2,790,503	202,346	(137,433)	2,855,416
2020	12,030,962	5,298,628	2,290,979	19,620,569
2021	6,832,977	2,692,455	1,447,856	10,973,288
2022	-	-	(34,434)	(34,434)
Total	<u>\$ 19,882,855</u>	<u>\$ 8,395,773</u>	<u>\$ 3,429,537</u>	<u>\$ 31,708,165</u>

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

### *Plan Description*

The City sponsors several single-employer defined benefit postemployment healthcare plans (OPEB Plans) to provide medical insurance benefits to eligible retired employees and their spouses. 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:

- **Stipend Plan Definition:** Even though 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 six retiree medical stipend plans for Fire, Maintenance, Miscellaneous SRCEA, Bus Operators, Police Civilian Technical, and Police employees (collectively, Stipend Plans). Stipend amounts and eligibility and vesting requirements vary by bargaining unit. The City established a trust for each of the six employees groups and assets accumulated can solely be used for the payment of benefits for the employees within that group.
- **PEMHCA Minimum:** Safety retirees participating in PEMHCA Plan receive the PEMHCA minimum required employer contribution towards the retiree monthly premium in addition to the stipend.

### **City's Perspective In Accordance With GASB Statement No. 45**

#### *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. The City's actuarially determined contribution rates were 6.4% for the Stipend Plan and 4.3% for the PEMHCA plan, which was based on the June 30, 2015 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 44% 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 2016/17, the City contributed \$2,578,000 in benefit payments (\$448,000 for the PEMHCA minimum and \$2,130,000 for the Stipend Plans).

**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 OPEB Plans, and changes in the City’s net OPEB obligation (in thousands).

	<b>PEMHCA</b>	<b>Stipend</b>	<b>Total</b>
Annual required contribution	\$ 2,098	\$ 4,897	\$ 6,995
Interest on net OPEB obligation	274	373	647
Adjustment to annual required contribution	(346)	(370)	(716)
Annual OPEB cost	2,026	4,900	6,926
Contribution/Benefits made	448	2,130	2,578
Increase in net OPEB obligation	1,578	2,770	4,348
Net OPEB obligation – beginning of year	7,077	8,118	15,195
Net OPEB obligation – end of year	<u>\$ 8,655</u>	<u>\$ 10,888</u>	<u>\$ 19,543</u>

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

<b>Fiscal Year Ended</b>	<b>Annual OPEB Cost</b>	<b>Benefit Payments/ Contributions Made</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
June 30, 2015	\$ 5,241	\$ 1,956	37.3%	\$ 11,068
June 30, 2016	6,517	2,390	36.7%	15,195
June 30, 2017	6,926	2,578	37.2%	19,543

*Funded Status*

The funded status of the OPEB Plans as of June 30, 2015, was as follows (amounts in thousands):

	<b>PEMHCA</b>	<b>Stipend</b>
Actuarial Accrued Liability (AAL)	\$ 19,872	\$ 54,784
Actuarial Value of Plan Assets	-	20,470
Unfunded Actuarial Accrued Liability (UAAL)	\$ 19,872	\$ 34,314
Funded Ratio (Actuarial value of plan assets/AAL)	-	37.4%
Covered Payroll (active plan members)	\$ 47,767	\$ 74,025
UAAL as a Percentage of Covered Payroll	41.6%	46.4%

**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.

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 OPEB Plans 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.

The City utilized the June 30, 2015 actuarial valuation for the City's funded status and annual required contributions for the year ended June 30, 2017. In the June 30, 2015 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 1997-2011 Experience Study. Post retirement mortality is projected fully generational with scale MP-2014 modified to converge to ultimate improvement rates in 2022.

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 24-year closed period as a level percentage of payroll.

**Stipend Plan's Perspective In Accordance With GASB Statement No. 74**

*Stipend Plans Administration*

The City has set aside funds for meeting future Stipend Plan obligations. The City utilized the service of PFM Asset Management, LLC to administrate the retiree medical trust, a tax-qualified irrevocable trusts organized under Internal Revenue Code Section 115 to prefund retiree healthcare benefits. The City is the administrator of the Stipend Plans.

*Benefits Provided*

The City contributes to six retiree medical stipend plans for Fire, Maintenance, Miscellaneous SRCEA, Bus Operators, Police Civilian Technical, and Police employees (collectively, Stipend Plans). Stipend amounts and eligibility and vesting requirements vary by bargaining unit.

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

*Employees Covered*

At June 30, 2015, the most recent information available, the following employees were covered by the benefits of the Stipend Plans:

Inactive employees or beneficiaries currently receiving benefits	377
Inactive employees entitled to but not yet receiving benefits	125
Active employees	<u>1,000</u>
Total	<u><u>1,502</u></u>

*Contributions*

Based on the June 30, 2015 actuarial valuation, the City’s actuarially determined contributions for the Stipend Plans for the fiscal year ended June 30, 2017 was \$4,897,000. The City contributed \$2,130,000 to the trust during the year ended June 30, 2017.

*Rate of Return*

For the year ended June 30, 2017, the annual money-weighted rate of return on investments, net of investment expense, for the Stipend Plans trust was 8.9 percent. The money-weighted rate of return expresses investment performance (net of investment expense) adjusted for the changing amounts invested monthly.

*Net OPEB Liability of the City*

The components of the net OPEB liability for the Stipend Plan at June 30, 2017 were as follows (amount in thousands):

Total OPEB Liability	\$ 68,590
Plan Fiduciary Net Position	<u>25,549</u>
Net OPEB Liability	<u><u>\$ 43,041</u></u>
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	37.25%

*Actuarial Methods and Assumptions Used to Determine Total OPEB Liability*

The June 30, 2015 valuation was rolled forward to determine the June 30, 2017 total OPEB liability of the Stipend Plans based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions	
Discount Rate	4.10% for Fire, 4.15% for Maintenance, 4.35% for Miscellaneous SRCEA, 4.00% for Bus Operators, 4.05% for Police Civilian Technical, and 4.15% for Police.
Inflation	3.00%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	6.00%
20-Year Municipal Bond Rate	3.58%
Mortality, Retirement, Disability, Termination	CalPERS 1997-2011 Experienced Studies
Mortality Improvement	Projected fully generational with scale MP-2014 modified to converge to ultimate improvement rates in 2022
Maximum Stipend Increases	Safety - 3%; Others - 0%

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

The expected nominal long-term rate of return was derived from stochastic projections of expected long-term real rates of return net of investment expense under various economic scenarios using expected geometric real rates of return and correlation for fund asset classes plus inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2017 are summarized in the following table:

Asset Class	Geometric Real Return
Domestic Equity	5.35%
International Equity	5.35%
Bonds	1.55%
Real Estate	4.03%
Cash	0.50%
Assumed Long-Term Rate of Inflation	3.00%
Assumed Long-Term Investment Expenses	0.30%
Assumed Long-Term Net Rate of Return	6.25% for all plans except for 6.29% for Police plan and 6.30% for Fire plan

*Discount Rate*

The discount rate used to measure the total OPEB liability was 4.10% for Fire plan, 4.15% for Maintenance plan, 4.35% for Miscellaneous SRCEA plan, 4.00% for Bus Operators plan, 4.05% for Police Civilian Technical plan, and 4.15% for Police plan. The projection of cash flows used to determine the discount rate assumed that City contribution will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the Stipend Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

*Sensitivity of the Net OPEB Liability to Changes in the Discount Rate*

The following presents the net OPEB liability of the City, as well as what the City’s net OPEB 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 (amount in thousands):

	Discount Rate - 1%	Current Discount Rate	Discount Rate + 1%
Net OPEB Liability	\$56,482	\$43,041	\$32,603

*Sensitivity of the Net OPEB Liability to Changes in Medical Trend Rates*

The following presents the net OPEB liability of the City, as well as what the City’s net OPEB liability would be if it were calculated using healthcare cost trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate (amount in thousands):

	Current Medical Trend Rates - 1%	Current Medical Trend Rates	Current Medical Trend Rates + 1%
Net OPEB Liability	\$43,041	\$43,041	\$43,041

**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, 2016 was provided by SCWMA (amounts in thousands).

Total assets	\$	8,108
Total liabilities		1,155
Net position	\$	<u>6,953</u>
Total revenues	\$	7,237
Total expenses		<u>7,140</u>
Change in net position	\$	<u>97</u>

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 28.28% of the total costs incurred by the Consortium. The City paid \$864,109 during the year.

**NOTE 10 – JOINT VENTURES (Continued)**

A summary of audited financial information on SCPSC at and for fiscal year ended June 30, 2016 (the most current available audited financial information) is as follows (amounts in thousands).

Total assets	\$	5,657
Total liabilities		<u>383</u>
Net position	\$	<u>5,274</u>
Total revenues	\$	3,122
Total expenses		<u>2,475</u>
Change in net position	\$	<u>647</u>

Complete financial statements for SCPSC can be obtained from Sonoma County Public Safety Consortium, 585 Fiscal Dr., Suite 100, Santa Rosa, CA 95403.

*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 Library 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 participating library has an appointed Commissioner. In addition, the County of Sonoma and the City 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, 2016 (the most current available audited financial information) is as follows (amounts in thousands).

Total assets and deferred outflows of resources	\$	20,217
Total liabilities and deferred inflows of resources		<u>22,417</u>
Net position	\$	<u>(2,200)</u>
Total revenues	\$	18,738
Total expenses		<u>16,463</u>
Change in net position	\$	<u>2,275</u>

Complete financial statements for the Sonoma County Library can be obtained online at [www.sonomalibrary.org](http://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 \$500,000. 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:

<u>Type of Coverage</u>	<u>Self Insurance</u>	<u>Authority</u>	<u>Authorities coverage</u>
General Liability	Up to \$500,000 per occurrence	CJPRMA	\$500,000 to \$40,000,000 per occurrence
Transit Liability	Up to \$250,000 per occurrence	Cal TIP	\$100,000 to \$20,000,000 per occurrence
Workers Compensation	Up to \$500,000 per occurrence	CSAC-EIA	\$500,000 to Statutory Limits
Property Coverage	Deductible of \$25,000	CJPRMA	\$400,000,000 All Risk Combined Limits for all members, includes \$100,000,000 for Flood
Earthquake Coverage	5% of total value per unit at time of loss, minimum \$25,000 deductible	CJPRMA/ Alliant	\$45,000,000 Dedicated limit to Santa Rosa: scheduled properties
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
<u>Other Insurance</u>			
Crime Bond	\$25,000 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 \$400,000,000 by pooled and commercial insurance purchased from independent third parties through the CJPRMA. 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 represent the best available estimate of the

**NOTE 11 – SELF-INSURANCE (Continued)**

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, 2017, the City paid premiums to CJPRMA of \$571,089, 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, 2016 is as follows (amounts in thousands):

Total assets	\$	89,685
Total liabilities		<u>51,914</u>
Total net position	\$	<u><u>37,771</u></u>
Total revenues	\$	15,838
Total expenses		<u>21,106</u>
Change in net position	\$	<u><u>(5,268)</u></u>

Complete financial statements for CJPRMA can be obtained from CJPRMA, 3201 Doolan Road, Suite 285, Livermore, CA 94551 or at [www.cjprma.org](http://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, 2017, the City paid premiums to CalTIP of \$106,066, 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, 2017 is as follows (amounts in thousands):

Total assets	\$	29,754
Total liabilities		<u>21,321</u>
Net position	\$	<u><u>8,433</u></u>
Total revenues	\$	13,797
Total expenses		<u>11,020</u>
Change in net position	\$	<u><u>2,777</u></u>

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 for workers' compensation claims and 2.5% for general claims. 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	
	2017	2016
Unpaid claims, beginning of fiscal year	\$ 13,539	\$ 13,790
Incurred claims and changes in estimates	4,381	3,036
Claim payments net of subrogation	(4,140)	(3,287)
Unpaid claims, end of fiscal year	<u>\$ 13,780</u>	<u>\$ 13,539</u>

**NOTE 12 – RELATED PARTY TRANSACTIONS**

*Contributions to the Authority*

During the year ended June 30, 2017, the City contributed \$3,042,471 to the Authority for affordable housing. The contributions to the Authority's Community Development Block Grant (CDBG) Fund of \$254,571 and HOME Fund of \$1,041,882 are City grants received directly from HUD, which the City has designated the Authority to administer on their behalf.

*Administrative Costs*

The Authority pays the City for various administrative costs, including personnel costs, incurred by the City on their behalf. The Authority paid the City \$2,129,836 for these services for the year ended June 30, 2017.

**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.

The following is a summary of changes in capital assets of the Successor Agency for the fiscal year ended June 30, 2017 (amounts in thousands):

	Balance			Balance
	July 1, 2016	Additions	Reductions	June 30, 2017
<i>Capital assets, not being depreciated</i>				
Land	\$ 148	\$ -	\$ -	\$ 148
<i>Capital assets, being depreciated</i>				
Equipment	99	-	-	99
<i>Less accumulated depreciation for:</i>				
Equipment	99	-	-	99
Total depreciable capital assets, net	-	-	-	-
Total capital assets, net	\$ 148	\$ -	\$ -	\$ 148

Bonds and loans outstanding at June 30, 2017 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, 2017
2015A Tax Allocation Refunding Bonds	2033-34	\$830-\$2,960	3.375-5%	\$ 18,125	\$ 18,125
2015B Tax Allocation Refunding Bonds	2027-28	1,120-2,210	1.04-4.2%	21,560	19,350
Total Successor Agency bond and loans				\$ 39,685	37,475
Plus unamortized premiums					1,274
Total Successor Agency, net					\$ 38,749

**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, 2017 (amounts in thousands):

	Balance July 1, 2016	Additions	Retirements	Balance June 30, 2017	Amounts Due Within One Year
2015A Tax Allocation Refunding Bonds	18,125	-	-	18,125	-
2015B Tax Allocation Refunding Bonds	21,560	-	2,210	19,350	1,700
Plus unamortized premiums	1,357	-	83	1,274	84
Total Successor Agency - long-term obligations	\$ 41,042	\$ -	\$ 2,293	\$ 38,749	\$ 1,784

As of June 30, 2017, 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:	2015A Tax Allocation Refunding Bonds		2015B Tax Allocation Refunding Bonds	
	Principal	Interest	Principal	Interest
2018	\$ -	\$ 755	\$ 1,700	\$ 589
2019	-	755	1,725	561
2020	-	755	1,755	523
2021	-	755	1,795	477
2022	-	755	1,845	424
2023-2027	830	3,658	9,410	1,181
2028-2032	11,475	2,371	1,120	24
2033-2034	5,820	198	-	-
Total	\$ 18,125	\$ 10,002	\$ 19,350	\$ 3,779

**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, 2017.

**NOTE 15 – FUND BALANCE AND NET POSITION**

The following table provides details on the Restricted Fund Balance for Governmental Funds categories of Public Safety and Other purposes as of June 30, 2017.

	<b>Total Governmental Funds</b>
Public Safety	
Police	\$ 4,858
Fire	2,446
Total	<u>7,304</u>
Other Purposes	
Homeless	539
Brownfields clean up	772
Recreation Scholarships	52
Mobilehome Rent Stabilization	541
Tourism	685
Citywide Public Services	959
Cable TV/PEG Capital	1,009
Miscellaneous Expendable Trust Accounts	<u>1,324</u>
	<u>5,881</u>
Total	<u>\$ 13,185</u>

The City reported a deficit fund balance of \$37,993, \$61,161, \$73,064, and \$579,082 in its Federal Grants, State Grants, AB434, and Capital Improvement nonmajor governmental funds, respectively, as a result of activities performed in advance of reimbursement funding. The deficit is expected to be funded by future reimbursement of grant funding in the upcoming year.

The City reported a deficit net position of \$32,281,000 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. The deficit will decrease as the long-term obligations are paid down with future incremental property tax revenues.

The City reported a deficit net position of \$11,369,423 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 recording of pension balances. The deficit net position will be reduced through future rates increases.

The City reported a deficit net position of \$1,691,199 in its Information Services Fund as a result of the effect of recording of pension balances. The deficit will be reduced through future rates increases.

The City reported a deficit net position of \$20,038,260 in its Pension Benefit Internal Service Fund attributable to the pension obligations bonds reported in the fund. The deficit will be reduced through repayment of pension obligation bonds with final maturity of September 1, 2024.

#### **NOTE 16 – SUBSEQUENT EVENT**

On October 8, 2017, one of the most destructive wildfires in California history started. The Tubbs Fire ultimately burned a total of 36,807 acres, destroyed 6,957 structures and damaged 486 others. 2,800 structures were destroyed in the City, with the Coffey Park neighborhood and Fountaingrove area among the hardest hit.

The City endured significant costs as a result of the initial response to the fires, and the long-term recovery. The total estimated cost of responding to the emergency in this first 30-day period, as well as subsequent recovery efforts was approximately \$9.4 million. Of this amount, the City expects approximately \$4.1 million to be eligible for reimbursement from the Federal Emergency Management Administration (FEMA). The remaining costs will be covered through transfers of existing appropriations, or the use of reserves.

The City submitted a Preliminary Damage Assessment (PDA) to FEMA on October 25, 2017. The total PDA was estimated at \$57.9 million, and includes potential damage claims in all seven FEMA categories. The fires destroyed or damaged several city facilities, including two fire stations; several pump stations, reservoirs, lift stations, and infrastructure including roads, street lights, landscaping, and storm drains. The City expects to receive insurance reimbursements for these structures, but the reimbursement may not cover the entire cost of rebuilding or replacing structures. There is approximately \$14.0 million in preliminary insurance reserve, and the City has received \$7.5 million of those funds. Based on the City's most recent assessment, the estimated total damage is in excess of \$111.3 million.

The City had to use reserves to fund initial response and recovery efforts due to the disaster. The City expects to receive reimbursements or revenue to cover these costs. The City will be required to fund the local match to FEMA public assistance and hazard mitigation grant funding requests. The City's funding of the local match is projected to bring the General Fund reserves below its Council Policy minimal fund balance requirement of 15% of General Fund expenditures. The Policy requires the City develop a plan to bring reserves back to policy levels, and such a plan will be part of the budget for the year ended June 30, 2019.

Based on the City's most recent assessment, the potential revenue loss to the City's General fund is approximately \$4.9 million and the losses will continue until homes and business are rebuilt.

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# Required Supplementary Information



Site



## PENSION PLANS

### SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

*Miscellaneous Plan:*

	Fiscal Year Ended June 30,		
	2017	2016	2015
Measurement Period	2016	2015	2014
<b>TOTAL PENSION LIABILITY:</b>			
Service Cost	\$ 11,742,841	\$ 11,562,036	\$ 12,022,619
Interest on Total Pension Liability	45,622,189	43,469,302	41,859,568
Changes of Assumptions	-	(10,104,247)	-
Difference between Expected and Actual Experience	814,125	(8,144,129)	-
Benefit Payments, Including Refunds of Employee Contributions	(29,098,324)	(26,488,757)	(24,121,091)
<b>Net Change in Total Pension Liability</b>	<b>29,080,831</b>	<b>10,294,205</b>	<b>29,761,096</b>
Total Pension Liability - Beginning	604,232,108	593,937,903	564,176,807
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 633,312,939</b>	<b>\$ 604,232,108</b>	<b>\$ 593,937,903</b>
<b>PLAN FIDUCIARY NET POSITION</b>			
Contributions - Employer	\$ 12,293,809	\$ 11,011,710	\$ 10,337,394
Contributions - Employee	5,514,707	4,930,554	5,340,882
Net Investment Income	2,532,694	10,860,571	72,935,599
Benefit Payments, Including Refunds of Employee Contributions	(29,098,324)	(26,488,757)	(24,121,091)
Plan to Plan Resource Movement	-	101,654	-
Administrative Expense	(296,589)	(547,663)	-
<b>Net Change in Fiduciary Net Position</b>	<b>(9,053,703)</b>	<b>(131,931)</b>	<b>64,492,784</b>
Plan Fiduciary Net Position - Beginning	486,651,448	486,783,379	422,290,595
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>477,597,745</b>	<b>486,651,448</b>	<b>486,783,379</b>
<b>Plan Net Pension Liability / (Asset) - (a)-(b)</b>	<b>\$ 155,715,194</b>	<b>\$ 117,580,660</b>	<b>\$ 107,154,524</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>75.41%</b>	<b>80.54%</b>	<b>81.96%</b>
Covered Payroll	\$ 64,231,704	\$ 61,674,061	\$ 60,935,731
<b>Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll</b>	<b>242.43%</b>	<b>190.65%</b>	<b>175.85%</b>

**Notes to Schedule of Changes in Net Pension Liability and Related Ratios:**

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2015 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: The discount rate was changed from 7.5 percent (net of administrative expense) to 7.65 percent starting measurement period 2015.

Fiscal year ended June 30, 2015 was the first year of implementation of GASB Statement No. 68, therefore only three years of information is shown. This schedule is intended to show information for ten years, and additional years' information will be added as it becomes available.

**PENSION PLANS**

**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS**

**Safety Police Plan:**

	Fiscal Year Ended June 30,		
	2017	2016	2015
Measurement Period	2016	2015	2014
<b>TOTAL PENSION LIABILITY:</b>			
Service Cost	\$ 5,319,674	\$ 5,067,313	\$ 5,408,113
Interest on Total Pension Liability	18,454,470	17,368,300	16,810,183
Changes of Assumptions	-	(4,338,184)	-
Difference between Expected and Actual Experience	3,712,883	(3,820,504)	-
Benefit Payments, Including Refunds of Employee Contributions	(12,753,154)	(11,399,614)	(10,577,140)
<b>Net Change in Total Pension Liability</b>	<b>14,733,873</b>	<b>2,877,311</b>	<b>11,641,156</b>
Total Pension Liability - Beginning	241,238,756	238,361,445	226,720,289
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 255,972,629</b>	<b>\$ 241,238,756</b>	<b>\$ 238,361,445</b>
<b>PLAN FIDUCIARY NET POSITION</b>			
Contributions - Employer	\$ 6,395,326	\$ 6,077,116	\$ 5,438,385
Contributions - Employee	2,465,544	1,844,871	1,939,044
Net Investment Income	898,406	3,972,458	26,738,838
Benefit Payments, Including Refunds of Employee Contributions	(12,753,154)	(11,399,614)	(10,577,140)
Plan to Plan Resource Movement	-	(31,223)	-
Administrative Expense	(108,810)	(200,946)	-
<b>Net Change in Fiduciary Net Position</b>	<b>(3,102,688)</b>	<b>262,662</b>	<b>23,539,127</b>
Plan Fiduciary Net Position - Beginning	178,538,921	178,276,259	154,737,132
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>175,436,233</b>	<b>178,538,921</b>	<b>178,276,259</b>
<b>Plan Net Pension Liability / (Asset) - (a)-(b)</b>	<b>\$ 80,536,396</b>	<b>\$ 62,699,835</b>	<b>\$ 60,085,186</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>68.54%</b>	<b>74.01%</b>	<b>74.79%</b>
Covered Payroll	\$ 19,183,822	\$ 18,100,134	\$ 18,593,528
<b>Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll</b>	<b>419.81%</b>	<b>346.41%</b>	<b>323.15%</b>

**Notes to Schedule of Changes in Net Pension Liability and Related Ratios:**

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2015 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: The discount rate was changed from 7.5 percent (net of administrative expense) to 7.65 percent starting measurement period 2015.

Fiscal year ended June 30, 2015 was the first year of implementation of GASB Statement No. 68, therefore only three years of information is shown. This schedule is intended to show information for ten years, and additional years' information will be added as it becomes available.

## PENSION PLANS

### SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

**Safety Fire Plan:**

	Fiscal Year Ended June 30,		
	2017	2016	2015
Measurement Period	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>TOTAL PENSION LIABILITY:</b>			
Service Cost	\$ 3,854,139	\$ 3,761,173	\$ 4,062,709
Interest on Total Pension Liability	14,567,294	13,976,756	13,504,043
Changes of Assumptions	-	(3,411,612)	-
Difference between Expected and Actual Experience	(464,844)	(2,499,976)	-
Benefit Payments, Including Refunds of Employee Contributions	(9,903,109)	(9,297,078)	(8,414,202)
<b>Net Change in Total Pension Liability</b>	<b>8,053,480</b>	<b>2,529,263</b>	<b>9,152,550</b>
Total Pension Liability - Beginning	193,911,479	191,382,216	182,229,666
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 201,964,959</b>	<b>\$ 193,911,479</b>	<b>\$ 191,382,216</b>
<b>PLAN FIDUCIARY NET POSITION</b>			
Contributions - Employer	\$ 5,016,105	\$ 4,690,496	\$ 4,525,323
Contributions - Employee	1,702,614	1,582,034	1,860,238
Net Investment Income	714,200	3,083,205	21,127,101
Benefit Payments, Including Refunds of Employee Contributions	(9,903,109)	(9,297,078)	(8,414,202)
Administrative Expense	(85,515)	(157,910)	-
<b>Net Change in Fiduciary Net Position</b>	<b>(2,555,705)</b>	<b>(99,253)</b>	<b>19,098,460</b>
Plan Fiduciary Net Position - Beginning	140,315,380	140,414,633	121,316,173
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>137,759,675</b>	<b>140,315,380</b>	<b>140,414,633</b>
<b>Plan Net Pension Liability / (Asset) - (a)-(b)</b>	<b>\$ 64,205,284</b>	<b>\$ 53,596,099</b>	<b>\$ 50,967,583</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>68.21%</b>	<b>72.36%</b>	<b>73.37%</b>
Covered Payroll	\$ 15,702,340	\$ 15,170,912	\$ 15,681,291
<b>Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll</b>	<b>408.89%</b>	<b>353.28%</b>	<b>325.02%</b>

**Notes to Schedule of Changes in Net Pension Liability and Related Ratios:**

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2015 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: The discount rate was changed from 7.5 percent (net of administrative expense) to 7.65 percent starting measurement period 2015.

Fiscal year ended June 30, 2015 was the first year of implementation of GASB Statement No. 68, therefore only three years of information is shown. This schedule is intended to show information for ten years, and additional years' information will be added as it becomes available.

**PENSION PLANS**

**SCHEDULE OF CONTRIBUTIONS**

**Miscellaneous Plan:**

	2017	2016	2015	2014
Actuarially Determined Contribution (ADC)	\$ 14,263,446	\$ 12,293,809	\$ 11,011,710	\$ 10,337,394
Contributions in Relation to the ADC	(14,263,446)	(12,293,809)	(11,011,710)	(10,337,394)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 66,337,417	\$ 64,231,704	\$ 61,674,061	\$ 60,935,731
Contribution as a Percentage of Covered Payroll	21.50%	19.14%	17.85%	16.96%

**Safety Police Plan:**

	2017	2016	2015	2014
Actuarially Determined Contribution (ADC)	\$ 7,753,368	\$ 6,395,326	\$ 6,077,116	\$ 5,438,385
Contributions in Relation to the ADC	(7,753,368)	(6,395,326)	(6,077,116)	(5,438,385)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 21,423,240	\$ 19,183,822	\$ 18,100,134	\$ 18,593,528
Contribution as a Percentage of Covered Payroll	36.19%	33.34%	33.57%	29.25%

**Safety Fire Plan:**

	2017	2016	2015	2014
Actuarially Determined Contribution (ADC)	\$ 5,895,258	\$ 5,016,105	\$ 4,690,496	\$ 4,525,323
Contributions in Relation to the ADC	(5,895,258)	(5,016,105)	(4,690,496)	(4,525,323)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 18,530,531	\$ 15,702,340	\$ 15,170,912	\$ 15,681,291
Contribution as a Percentage of Covered Payroll	31.81%	31.94%	30.92%	28.86%

**Notes to Schedule**

The actuarial methods and assumptions used to set the actuarially determined contributions for the year ended June 30, 2017 was derived from the June 30, 2014 funding valuation report.

Actuarial Cost Method	Entry Age Normal
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 2014 CalPERS Experience Study for the period from 1997 to 2011.
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

Fiscal year ended June 30, 2015 was the first year of implementation of GASB Statement No. 68, therefore only four years of information is shown. This schedule is intended to show information for ten years, and additional years' information will be added as it becomes available.

**Other Postemployment Benefits Plans  
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
6/30/2011	\$ -	\$ 8,332	\$ 8,332	0.0%	\$ 45,520	18.3%
6/30/2013	-	10,901	10,901	0.0%	46,133	23.6%
6/30/2015	-	19,872	19,872	0.0%	47,767	41.6%

**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
6/30/2011	\$ 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%
6/30/2015	20,470	54,784	34,314	37.4%	74,025	46.4%

**STIPEND PLANS**

**SCHEDULE OF CHANGES IN THE CITY NET OPEB LIABILITY AND RELATED RATIOS  
(Dollar Amounts in Thousands)**

<i>Fiscal Year Ended / Measurement Period</i>	<u>2017</u>
<b>TOTAL OPEB LIABILITY:</b>	
Service Cost	\$ 3,881
Interest	2,626
Changes of Assumptions	(8,292)
Benefit Payments, Including Refunds of Employee Contributions	<u>(1,548)</u>
<b>Net Change in Total OPEB Liability</b>	<b>(3,333)</b>
Total OPEB Liability - Beginning	<u>71,923</u>
<b>Total OPEB Liability - Ending (a)</b>	<b>\$ <u>68,590</u></b>
<b>PLAN FIDUCIARY NET POSITION</b>	
Contributions - Employer	\$ 2,129
Net Investment Income	1,993
Benefit Payments, Including Refunds of Employee Contributions	(1,548)
Administrative Expense	<u>(47)</u>
<b>Net Change in Fiduciary Net Position</b>	<b>2,527</b>
Plan Fiduciary Net Position - Beginning	<u>23,022</u>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>25,549</b>
<b>Plan Net OPEB Liability / (Asset) - (a)-(b)</b>	<b>\$ <u>43,041</u></b>
<b>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</b>	<b>37.25%</b>
Covered Payroll	\$ 72,284
<b>Plan Net OPEB Liability/(Asset) as a Percentage of Covered Payroll</b>	<b>59.54%</b>

Fiscal year ended June 30, 2017 was the first year of implementation of GASB Statement No. 74, therefore only one year of information is shown. This schedule is intended to show information for ten years, and additional years' information will be added as it becomes available.

**STIPEND PLANS**

**SCHEDULE OF CITY CONTRIBUTIONS  
(Dollar Amounts in Thousands)**

	<u>2017</u>
Actuarially Determined Contribution (ADC)	\$ 4,897
Contributions in Relation to the ADC	<u>(2,130)</u>
Contribution Deficiency (Excess)	<u>\$ 2,767</u>
Covered Payroll	\$ 72,284
Contribution as a Percentage of Covered Payroll	6.77%

Fiscal year ended June 30, 2017 was the first year of implementation of GASB Statement No. 74, therefore only one year of information is shown. This schedule is intended to show information for ten years, and additional years' information will be added as it becomes available.

**STIPEND PLANS**

**SCHEDULE OF INVESTMENT RETURNS**

<u>Year</u>	<u>Annual Money-Weighted Rate of Return, Net of Investment Expense</u>
2017	8.9%

Fiscal year ended June 30, 2017 was the first year of implementation of GASB Statement No. 74, therefore only one year of information is shown. This schedule is intended to show information for ten years, and additional years' information will be added as it becomes available.

CITY OF SANTA ROSA  
GENERAL FUND  
SCHEDULE OF REVENUES  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
REVENUES:				
Property taxes	\$ 25,227,841	\$ 25,227,841	\$ 26,002,786	\$ 774,945
Sales taxes	50,794,542	50,794,542	45,892,182	(4,902,360)
Utility users tax	9,154,720	9,154,720	10,628,206	1,473,486
Other taxes	34,466,606	34,466,606	35,775,969	1,309,363
Licenses and permits	1,569,156	1,569,156	1,562,458	(6,698)
Charges for services	22,582,662	23,831,062	26,485,141	2,654,079
Intergovernmental	1,670,771	2,024,046	1,582,331	(441,715)
Fines and forfeitures	1,748,858	1,748,858	1,837,406	88,548
Investment earnings	122,758	122,758	572,027	449,269
Net change in the fair value of investments	-	-	(408,578)	(408,578)
Other	2,692,383	4,891,051	5,621,296	730,245
	<u>2,692,383</u>	<u>4,891,051</u>	<u>5,621,296</u>	<u>730,245</u>
TOTAL REVENUES	<u>\$ 150,030,297</u>	<u>\$ 153,830,640</u>	<u>\$ 155,551,224</u>	<u>\$ 1,720,584</u>

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

CITY OF SANTA ROSA  
GENERAL FUND  
SCHEDULE OF EXPENDITURES  
BUDGET AND ACTUAL (BUDGET BASIS)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Original Budget	Final Budget	Actual (Budget Basis)	Variance With Final Budget Positive (Negative)
<b>GENERAL GOVERNMENT</b>				
City Council:				
Salaries	\$ 130,000	\$ 130,000	\$ 180,432	\$ (50,432)
Employee benefits	185,665	185,665	137,942	47,723
Services and supplies	857,027	2,019,553	1,692,112	327,441
<b>TOTAL CITY COUNCIL</b>	<b>1,172,692</b>	<b>2,335,218</b>	<b>2,010,486</b>	<b>324,732</b>
City Manager:				
Salaries	1,359,663	1,494,586	1,358,004	136,582
Employee benefits	558,061	570,668	485,647	85,021
Services and supplies	1,443,738	1,431,707	1,429,635	2,072
<b>TOTAL CITY MANAGER</b>	<b>3,361,462</b>	<b>3,496,961</b>	<b>3,273,286</b>	<b>223,675</b>
City Attorney:				
Salaries	1,719,811	1,431,973	1,431,973	-
Employee benefits	704,511	647,349	586,793	60,556
Services and supplies	166,086	261,086	247,280	13,806
<b>TOTAL CITY ATTORNEY</b>	<b>2,590,408</b>	<b>2,340,408</b>	<b>2,266,046</b>	<b>74,362</b>
Human Resources:				
Salaries	1,305,268	1,416,535	1,366,306	50,229
Employee benefits	561,141	561,141	513,101	48,040
Services and supplies	615,828	965,041	716,167	248,874
<b>TOTAL HUMAN RESOURCES</b>	<b>2,482,237</b>	<b>2,942,717</b>	<b>2,595,574</b>	<b>347,143</b>
Finance:				
Salaries	4,714,277	4,742,912	4,426,653	316,259
Employee benefits	2,374,522	2,350,909	2,205,691	145,218
Services and supplies	2,689,626	2,610,193	2,481,448	128,745
Capital outlay	5,232	5,232	5,232	-
<b>TOTAL FINANCE</b>	<b>9,783,657</b>	<b>9,709,246</b>	<b>9,119,024</b>	<b>590,222</b>
Planning and Economic Development:				
Salaries	5,459,224	5,512,855	5,271,289	241,566
Employee benefits	2,535,933	2,505,933	2,395,043	110,890
Services and supplies	3,215,793	3,938,492	3,595,449	343,043
Capital outlay	86,400	94,739	37,566	57,173
<b>TOTAL PLANNING AND ECONOMIC DEVELOPMENT</b>	<b>11,297,350</b>	<b>12,052,019</b>	<b>11,299,347</b>	<b>752,672</b>
Nondepartmental:				
Salaries	1,550,000	-	-	-
Employee benefits	10,000	-	-	-
Liability and fire insurance	1,277,694	1,277,694	1,277,694	-
Services and supplies	1,817,180	1,367,180	2,514,014	(1,146,834)
<b>TOTAL NONDEPARTMENTAL</b>	<b>4,654,874</b>	<b>2,644,874</b>	<b>3,791,708</b>	<b>(1,146,834)</b>
<b>TOTAL GENERAL GOVERNMENT</b>	<b>35,342,680</b>	<b>35,521,443</b>	<b>34,355,471</b>	<b>1,165,972</b>

(Continued)

CITY OF SANTA ROSA  
GENERAL FUND  
SCHEDULE OF EXPENDITURES  
BUDGET AND ACTUAL (BUDGET BASIS)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Original Budget	Final Budget	Actual (Budget Basis)	Variance With Final Budget Positive (Negative)
<b>PUBLIC SAFETY</b>				
Fire:				
Salaries	\$ 19,086,617	\$ 19,729,059	\$ 19,688,248	\$ 40,811
Employee benefits	11,628,898	11,648,164	11,734,654	(86,490)
Services and supplies	3,620,554	3,572,037	3,343,339	228,698
Capital outlay	60,232	60,232	68,861	(8,629)
Debt service:				
Principal	415,911	415,911	415,911	-
Interest	39,927	39,927	40,046	(119)
<b>TOTAL FIRE</b>	<b>34,852,139</b>	<b>35,465,330</b>	<b>35,291,059</b>	<b>174,271</b>
Police:				
Salaries	27,192,696	27,480,349	27,516,669	(36,320)
Employee benefits	15,530,698	15,530,698	15,724,575	(193,877)
Services and supplies	5,365,360	5,362,267	5,183,602	178,665
Capital outlay	39,000	39,000	33,969	5,031
<b>TOTAL POLICE</b>	<b>48,127,754</b>	<b>48,412,314</b>	<b>48,458,815</b>	<b>(46,501)</b>
<b>TOTAL PUBLIC SAFETY</b>	<b>82,979,893</b>	<b>83,877,644</b>	<b>83,749,874</b>	<b>127,770</b>
<b>PUBLIC WORKS</b>				
Salaries	7,059,215	7,141,824	7,050,840	90,984
Employee benefits	3,711,617	3,711,617	3,826,025	(114,408)
Services and supplies	6,125,412	6,125,476	6,104,469	21,007
Capital outlay	87,734	93,458	109,430	(15,972)
<b>TOTAL PUBLIC WORKS</b>	<b>16,983,978</b>	<b>17,072,375</b>	<b>17,090,764</b>	<b>(18,389)</b>
<b>RECREATION AND PARKS</b>				
Salaries	6,155,144	6,179,863	5,942,099	237,764
Employee benefits	2,334,242	2,334,242	2,496,498	(162,256)
Services and supplies	4,855,074	4,713,069	4,467,514	245,555
Capital outlay	97,154	97,154	57,046	40,108
<b>TOTAL RECREATION AND PARKS</b>	<b>13,441,614</b>	<b>13,324,328</b>	<b>12,963,157</b>	<b>361,171</b>
<b>TOTAL GENERAL FUND</b>	<b>\$ 148,748,165</b>	<b>\$ 149,795,790</b>	<b>\$ 148,159,266</b>	<b>\$ 1,636,524</b>

(Continued)

GENERAL FUND  
SCHEDULE OF EXPENDITURES  
BUDGET AND ACTUAL (BUDGET BASIS)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Original Budget	Final Budget	Actual (Budget Basis)	Variance With Final Budget Positive (Negative)
Salaries	\$ 75,731,915	\$ 75,259,956	\$ 74,232,513	\$ 1,027,443
Employee benefits	40,135,288	40,046,386	40,105,969	(59,583)
Services and supplies	30,771,678	32,366,101	31,775,029	591,072
Liability and fire insurance	1,277,694	1,277,694	1,277,694	-
Capital outlay	375,752	389,815	312,104	77,711
Debt service:				
Principal	415,911	415,911	415,911	-
Interest	39,927	39,927	40,046	(119)
<b>TOTAL GENERAL FUND</b>	<b>\$ 148,748,165</b>	<b>\$ 149,795,790</b>	<b>\$ 148,159,266</b>	<b>\$ 1,636,524</b>

EXPLANATION OF DIFFERENCES BETWEEN SCHEDULE OF EXPENDITURES  
AND GAAP EXPENDITURES:

General government	\$ 34,312,673
Public safety	83,191,087
Public works	16,981,334
Recreation and parks	12,906,111
Capital outlay	312,104
Debt service:	
Principal	415,911
Interest	40,046
Actual amounts (budget basis) "Total Expenditures":	148,159,266

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

Traffic Safety Fund	(434,033)
Gas Tax Fund	(1,882,000)
Expendable Trust Funds	(236,559)
Measure O Funds	(67,655)
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.

Transfers out to component units	3,278,009
<b>Total expenditures GAAP basis</b>	<b>\$ 148,582,028</b>

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

(Concluded)

## NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

### BUDGETS

Budgets are adopted for all governmental funds, except the Brownfields Grant, Measure Q, Environmental Crimes, Library Improvement, Street Light Fee, City In Lieu Fee, 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





### 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 and 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) 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.
- (k) Environmental Crimes Fund accounts for restitution on environmental crimes used for future investigative expenditures.
- (l) Supplemental Law Enforcement Services Fund receives funds from the State of California to supplement local law enforcement activities.
- (m) Library Improvement Fund receives funds from the County Library system to make improvements to the City's libraries.

**SPECIAL REVENUE FUNDS (Continued)**

- (n) Public Facilities Improvement Fee Fund accounts for fees imposed on residential development for public facilities.
- (o) Street Light Fee Fund accounts for fees imposed on developers to provide street lights
- (p) 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.
- (q) State Narcotics Asset Forfeiture Fund is used for specified police activities (excluding regular salary) from confiscated assets of convicted drug felons.
- (r) Change for Kids Fund accounts for contributions for lower income youth recreation opportunities.
- (s) Mobilehome Rent Stabilization Fund receives an annual fee to administer the mobilehome rent control ordinance 3072.
- (t) Prop 1B Fund accounts for monies received from the State for local road rehabilitation.
- (u) 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.
- (v) Special Tax Districts Fund accounts for special taxes levied on property owners to fund maintenance and other municipal services.
- (w) 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.

### 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) City In Lieu Fee Fund accounts for development fees collected in advance of City work to be performed.
- (f) Southwest Area Development Impact Fee Fund accounts for fees imposed on developers for public improvements in the southwest area of the City.
- (g) 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. These COPs were refinanced by the Courthouse Square COPs.
- (b) The Courthouse Square Certificates of Participation Fund accounts for debt service receipts and expenditures related to the COPs maturing through fiscal year 2046-47. The City entered into this agreement on August 16, 2016. The proceeds of this COPs financed the construction of Courthouse Square and the refinancing of the 2007 Building Acquisition COPs.
- (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 financed 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, 2017

	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
<b>ASSETS</b>							
Cash and investments	\$ 151,719	\$ 592,799	\$ 3,156,659	\$ 589,777	\$ -	\$ 96,088	\$ 332,547
Receivables:							
Accounts	-	-	-	-	-	-	-
Interest	531	2,074	11,047	2,063	-	-	1,163
Intergovernmental	350,564	-	1,335,600	-	37,993	-	-
Restricted cash and investments	-	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	790,448	-
<b>TOTAL ASSETS</b>	<b>\$ 502,814</b>	<b>\$ 594,873</b>	<b>\$ 4,503,306</b>	<b>\$ 591,840</b>	<b>\$ 37,993</b>	<b>\$ 886,536</b>	<b>\$ 333,710</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICIT)</b>							
<b>LIABILITIES</b>							
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 130,407	\$ 52,854	\$ -	\$ -	\$ 4,142
Due to other funds	-	-	-	-	37,993	-	-
Unearned revenue	-	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>130,407</b>	<b>52,854</b>	<b>37,993</b>	<b>-</b>	<b>4,142</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable revenue	24,814	-	-	-	37,993	114,852	-
<b>FUND BALANCES (DEFICIT):</b>							
Restricted:							
Debt service	-	-	-	-	-	-	-
Parks	-	-	806,931	-	-	-	-
Public Safety	-	-	3,565,968	-	-	-	329,568
Roads	478,000	-	-	-	-	-	-
Public and capital facilities	-	594,873	-	-	-	-	-
Other purposes	-	-	-	538,986	-	771,684	-
Unassigned	-	-	-	-	(37,993)	-	-
<b>TOTAL FUND BALANCES (DEFICIT)</b>	<b>478,000</b>	<b>594,873</b>	<b>4,372,899</b>	<b>538,986</b>	<b>(37,993)</b>	<b>771,684</b>	<b>329,568</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICIT)</b>	<b>\$ 502,814</b>	<b>\$ 594,873</b>	<b>\$ 4,503,306</b>	<b>\$ 591,840</b>	<b>\$ 37,993</b>	<b>\$ 886,536</b>	<b>\$ 333,710</b>

(Continued)

Special Revenue Funds

Traffic Safety Fund	Gas Tax Fund	State Grants Fund	Environmental Crimes Fund	Supplemental Law Enforcement Services Fund
\$ -	\$ 4,982,770	\$ -	\$ -	\$ 841,443
-	-	-	-	-
-	17,431	-	-	2,944
65,980	-	484,180	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 65,980</u>	<u>\$ 5,000,201</u>	<u>\$ 484,180</u>	<u>\$ -</u>	<u>\$ 844,387</u>
\$ -	\$ -	\$ 2,149	\$ -	\$ -
-	-	59,012	-	-
-	-	-	-	-
-	-	61,161	-	-
-	-	484,180	-	-
-	-	-	-	-
-	-	-	-	-
65,980	-	-	-	844,387
-	5,000,201	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	(61,161)	-	-
<u>65,980</u>	<u>5,000,201</u>	<u>(61,161)</u>	<u>-</u>	<u>844,387</u>
<u>\$ 65,980</u>	<u>\$ 5,000,201</u>	<u>\$ 484,180</u>	<u>\$ -</u>	<u>\$ 844,387</u>

(Continued)

CITY OF SANTA ROSA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2017

	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
<b>ASSETS</b>						
Cash and investments	\$ 40,581	\$ 1,817	\$ -	\$ -	\$ 659,771	\$ 51,612
Receivables:						
Accounts	-	-	-	-	-	1,278
Interest	142	6	-	-	2,308	-
Intergovernmental	-	-	-	73,006	-	-
Restricted cash and investments	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 40,723</u>	<u>\$ 1,823</u>	<u>\$ -</u>	<u>\$ 73,006</u>	<u>\$ 662,079</u>	<u>\$ 52,890</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICIT)</b>						
<b>LIABILITIES</b>						
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ 1,138	\$ 3,168	\$ 780
Due to other funds	-	-	-	71,926	-	-
Unearned revenue	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>73,064</u>	<u>3,168</u>	<u>780</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue	-	-	-	73,006	-	-
<b>FUND BALANCES (DEFICIT):</b>						
Restricted:						
Debt service	-	-	-	-	-	-
Parks	-	-	-	-	-	-
Public Safety	-	-	-	-	658,911	-
Roads	-	-	-	-	-	-
Public and capital facilities	40,723	1,823	-	-	-	-
Other purposes	-	-	-	-	-	52,110
Unassigned	-	-	-	(73,064)	-	-
<b>TOTAL FUND BALANCES (DEFICIT)</b>	<u>40,723</u>	<u>1,823</u>	<u>-</u>	<u>(73,064)</u>	<u>658,911</u>	<u>52,110</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICIT)</b>	<u>\$ 40,723</u>	<u>\$ 1,823</u>	<u>\$ -</u>	<u>\$ 73,006</u>	<u>\$ 662,079</u>	<u>\$ 52,890</u>

(Continued)

Special Revenue Funds

Mobilehome Rent Stabilization Fund	Prop 1B Fund	Tourism BIA Fund	Special Tax Districts Fund	Expendable Fund
\$ 512,675	\$ -	\$ 563,729	\$ 1,450,061	\$ 8,206,903
26,271	-	-	-	29
1,793	-	1,971	5,073	27,142
-	-	155,927	6,078	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 540,739</u>	<u>\$ -</u>	<u>\$ 721,627</u>	<u>\$ 1,461,212</u>	<u>\$ 8,234,074</u>
\$ -	\$ -	\$ 36,141	\$ 108	\$ 19,611
-	-	-	-	-
-	-	-	-	-
-	-	36,141	108	19,611
-	-	-	-	-
-	-	-	-	-
-	-	-	502,423	467,526
-	-	-	-	1,838,981
-	-	-	-	3,574,861
-	-	-	-	-
540,739	-	685,486	958,681	2,333,095
-	-	-	-	-
<u>540,739</u>	<u>-</u>	<u>685,486</u>	<u>1,461,104</u>	<u>8,214,463</u>
<u>\$ 540,739</u>	<u>\$ -</u>	<u>\$ 721,627</u>	<u>\$ 1,461,212</u>	<u>\$ 8,234,074</u>

CITY OF SANTA ROSA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2017

	Capital Projects Funds					
	Capital Improvements Fund	Federal ISTE A Fund	Capital Facilities Fee Fund	Park Acquisition and Development Fund	City In Lieu Fee Fund	Southwest Area Development Impact Fee Fund
<b>ASSETS</b>						
Cash and investments	\$ 1,564,217	\$ -	\$ 10,398,590	\$ 6,661,978	\$ 81,371	\$ 6,769,152
Receivables:						
Accounts	-	-	880,252	1,459,813	-	105,652
Interest	279	-	36,453	23,305	285	23,719
Intergovernmental	-	472,690	-	-	-	-
Restricted cash and investments	770,024	-	-	-	-	-
Advances to other funds	-	-	-	614,399	-	-
<b>TOTAL ASSETS</b>	<b>\$ 2,334,520</b>	<b>\$ 472,690</b>	<b>\$ 11,315,295</b>	<b>\$ 8,759,495</b>	<b>\$ 81,656</b>	<b>\$ 6,898,523</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICIT)</b>						
<b>LIABILITIES</b>						
Accounts payable and accrued liabilities	\$ 2,913,602	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-
Unearned revenue	-	-	880,252	1,459,813	-	105,652
<b>TOTAL LIABILITIES</b>	<b>2,913,602</b>	<b>-</b>	<b>880,252</b>	<b>1,459,813</b>	<b>-</b>	<b>105,652</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue	-	472,690	-	-	-	-
<b>FUND BALANCES (DEFICIT):</b>						
Restricted:						
Debt service	-	-	-	-	-	-
Parks	-	-	-	7,299,682	-	-
Public Safety	-	-	-	-	-	-
Roads	-	-	-	-	-	-
Public and capital facilities	90,972	-	10,435,043	-	81,656	6,792,871
Other purposes	-	-	-	-	-	-
Unassigned	(670,054)	-	-	-	-	-
<b>TOTAL FUND BALANCES (DEFICIT)</b>	<b>(579,082)</b>	<b>-</b>	<b>10,435,043</b>	<b>7,299,682</b>	<b>81,656</b>	<b>6,792,871</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICIT)</b>	<b>\$ 2,334,520</b>	<b>\$ 472,690</b>	<b>\$ 11,315,295</b>	<b>\$ 8,759,495</b>	<b>\$ 81,656</b>	<b>\$ 6,898,523</b>

(Continued)

Southeast Area Development Impact Fee Fund	Debt Service Funds			Total
	2007 Building Acquisition COPs Fund	Courthouse Square COPs Fund	Fire Station Capital Lease Fund	
\$ 2,927,877	\$ -	\$ -	\$ -	\$ 50,634,136
-	-	-	-	2,473,295
10,247	-	-	-	169,976
-	-	-	-	2,982,018
-	3	28	-	770,055
-	-	-	-	1,404,847
<u>\$ 2,938,124</u>	<u>\$ 3</u>	<u>\$ 28</u>	<u>\$ -</u>	<u>\$ 58,434,327</u>
\$ -	\$ -	\$ -	\$ -	\$ 3,164,100
-	-	-	-	168,931
-	-	-	-	2,445,717
-	-	-	-	5,778,748
-	-	-	-	1,207,535
-	3	28	-	31
-	-	-	-	9,076,562
-	-	-	-	7,303,795
-	-	-	-	9,053,062
2,938,124	-	-	-	20,976,085
-	-	-	-	5,880,781
-	-	-	-	(842,272)
<u>2,938,124</u>	<u>3</u>	<u>28</u>	<u>-</u>	<u>51,448,044</u>
<u>\$ 2,938,124</u>	<u>\$ 3</u>	<u>\$ 28</u>	<u>\$ -</u>	<u>\$ 58,434,327</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, 2017

	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	\$ -	\$ -	\$ 8,643,959	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-	-
Development impact mitigation charges	-	-	-	-	-	-	-
Intergovernmental	1,764,737	-	-	415,000	125,134	-	16,605
Fines and forfeitures	-	-	-	-	-	-	-
Investment earnings	2,918	5,532	34,783	10,016	-	-	4,352
Net change in the fair value of investments	(6,102)	(3,036)	(24,470)	(1,521)	-	-	(1,096)
Contribution from property owners	-	-	-	-	-	-	-
Other	-	317,740	16,040	70,016	-	-	-
<b>TOTAL REVENUES</b>	<b>1,761,553</b>	<b>320,236</b>	<b>8,670,312</b>	<b>493,511</b>	<b>125,134</b>	<b>-</b>	<b>19,861</b>
EXPENDITURES:							
Current:							
General government	-	-	1,131,220	1,521,541	-	-	-
Public safety	-	-	6,423,093	-	-	-	5,813
Public works	645,663	-	-	-	31,063	-	-
Recreation and parks	-	33,394	602,317	-	-	-	-
Other	-	-	-	-	-	-	-
Capital outlay	-	12,300	-	6,425	37,993	-	13,130
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Bond issuance cost	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>645,663</b>	<b>45,694</b>	<b>8,156,630</b>	<b>1,527,966</b>	<b>69,056</b>	<b>-</b>	<b>18,943</b>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,115,890	274,542	513,682	(1,034,455)	56,078	-	918
OTHER FINANCING SOURCES (USES):							
Payment to escrow for refunding debt	-	-	-	-	-	-	-
Proceeds from issuance of long-term debt	-	-	-	-	-	-	-
Premium from issuance of long-term debt	-	-	-	-	-	-	-
Transfers in	-	35,086	592	1,450,491	-	-	283,393
Transfers out	(2,324,556)	-	(367,727)	-	(113,109)	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(2,324,556)</b>	<b>35,086</b>	<b>(367,135)</b>	<b>1,450,491</b>	<b>(113,109)</b>	<b>-</b>	<b>283,393</b>
CHANGES IN FUND BALANCES	(1,208,666)	309,628	146,547	416,036	(57,031)	-	284,311
FUND BALANCES, beginning of year	1,686,666	285,245	4,226,352	122,950	19,038	771,684	45,257
FUND BALANCES (DEFICIT), end of year	\$ 478,000	\$ 594,873	\$ 4,372,899	\$ 538,986	\$ (37,993)	\$ 771,684	\$ 329,568

(Continued)

Special Revenue Funds

Traffic Safety Fund	Gas Tax Fund	State Grants Fund	Environmental Crimes Fund	Supplemental Law Enforcement Services Fund
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	3,355,602	7,251,204	-	395,982
429,363	-	-	-	-
-	63,965	-	-	9,394
-	(42,371)	-	-	(4,928)
-	-	-	-	-
-	-	-	-	-
<u>429,363</u>	<u>3,377,196</u>	<u>7,251,204</u>	<u>-</u>	<u>400,448</u>
-	-	215,348	-	-
434,033	-	1,884,702	-	78,185
-	2,871,139	51,096	-	-
-	-	3,251,789	-	-
-	-	-	-	-
-	-	41,339	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>434,033</u>	<u>2,871,139</u>	<u>5,444,274</u>	<u>-</u>	<u>78,185</u>
<u>(4,670)</u>	<u>506,057</u>	<u>1,806,930</u>	<u>-</u>	<u>322,263</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	3,093	-	-
-	(1,093,291)	(2,666,951)	(61,831)	-
<u>-</u>	<u>(1,093,291)</u>	<u>(2,663,858)</u>	<u>(61,831)</u>	<u>-</u>
(4,670)	(587,234)	(856,928)	(61,831)	322,263
<u>70,650</u>	<u>5,587,435</u>	<u>795,767</u>	<u>61,831</u>	<u>522,124</u>
<u>\$ 65,980</u>	<u>\$ 5,000,201</u>	<u>\$ (61,161)</u>	<u>\$ -</u>	<u>\$ 844,387</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, 2017

	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	-	-	-	103,932	-	-
Fines and forfeitures	-	-	-	-	-	-
Interest	471	639	-	-	7,937	-
Net change in the fair value of investments	(336)	(569)	-	-	(4,512)	-
Contribution from property owners	-	-	-	-	-	-
Other	-	-	-	-	39,949	22,178
<b>TOTAL REVENUES</b>	<b>135</b>	<b>70</b>	<b>-</b>	<b>103,932</b>	<b>43,374</b>	<b>22,178</b>
EXPENDITURES:						
Current:						
General government	3,287	-	-	176,996	-	-
Public safety	-	-	-	-	59,323	-
Public works	-	27,254	-	-	-	-
Recreation and parks	-	-	-	-	-	12,127
Other	-	-	-	-	-	-
Capital outlay	-	-	-	-	19,108	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Bond issuance cost	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>3,287</b>	<b>27,254</b>	<b>-</b>	<b>176,996</b>	<b>78,431</b>	<b>12,127</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(3,152)</b>	<b>(27,184)</b>	<b>-</b>	<b>(73,064)</b>	<b>(35,057)</b>	<b>10,051</b>
OTHER FINANCING SOURCES (USES):						
Payment to escrow for refunding debt	-	-	-	-	-	-
Proceeds from issuance of long-term debt	-	-	-	-	-	-
Premium from issuance of long-term debt	-	-	-	-	-	-
Transfers in	-	-	-	-	162,136	-
Transfers out	-	(77,738)	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>(77,738)</b>	<b>-</b>	<b>-</b>	<b>162,136</b>	<b>-</b>
<b>CHANGES IN FUND BALANCES</b>	<b>(3,152)</b>	<b>(104,922)</b>	<b>-</b>	<b>(73,064)</b>	<b>127,079</b>	<b>10,051</b>
FUND BALANCES, beginning of year	43,875	106,745	-	-	531,832	42,059
FUND BALANCES (DEFICIT), end of year	\$ 40,723	\$ 1,823	\$ -	\$ (73,064)	\$ 658,911	\$ 52,110

(Continued)

Special Revenue Funds

Mobilehome Rent Stabilization Fund	Prop 1B Fund	Tourism BIA Fund	Special Tax Districts Fund	Expendable Fund
\$ -	\$ -	\$ -	\$ -	\$ -
95,347	-	-	-	-
-	-	-	-	-
-	-	-	-	-
5,849	97	7,292	16,196	90,022
(3,729)	(175)	(4,276)	(10,638)	(62,259)
-	-	-	210,567	65,100
-	-	610,159	-	1,423,252
<u>97,467</u>	<u>(78)</u>	<u>613,175</u>	<u>216,125</u>	<u>1,516,115</u>
38,469	-	541,349	-	797
-	-	-	-	268,071
-	33,019	-	1,022	244,092
-	-	-	28,008	834,834
-	-	-	-	236,559
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>38,469</u>	<u>33,019</u>	<u>541,349</u>	<u>29,030</u>	<u>1,584,353</u>
<u>58,998</u>	<u>(33,097)</u>	<u>71,826</u>	<u>187,095</u>	<u>(68,238)</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	(39,646)	(272,420)
<u>-</u>	<u>-</u>	<u>-</u>	<u>(39,646)</u>	<u>(272,420)</u>
58,998	(33,097)	71,826	147,449	(340,658)
<u>481,741</u>	<u>33,097</u>	<u>613,660</u>	<u>1,313,655</u>	<u>8,555,121</u>
<u>\$ 540,739</u>	<u>\$ -</u>	<u>\$ 685,486</u>	<u>\$ 1,461,104</u>	<u>\$ 8,214,463</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, 2017

	Capital Projects Funds					
	Capital Improvements Fund	Federal ISTEA Fund	Capital Facilities Fee Fund	Park Acquisition and Development Fund	City In Lieu Fee Fund	Southwest Area Development Impact Fee Fund
REVENUES:						
Sales taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-
Development impact mitigation charges	-	-	2,155,380	1,719,064	-	999,464
Intergovernmental	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Interest	1,959	-	120,603	97,538	287	103,711
Net change in the fair value of investments	(627)	-	(78,407)	(45,868)	(210)	(69,416)
Contribution from property owners	3,500	-	-	-	81,579	-
Other	-	-	-	-	-	-
<b>TOTAL REVENUES</b>	<b>4,832</b>	<b>-</b>	<b>2,197,576</b>	<b>1,770,734</b>	<b>81,656</b>	<b>1,033,759</b>
EXPENDITURES:						
Current:						
General government	1,205,403	-	-	-	-	-
Public safety	87,960	-	-	-	-	-
Public works	530,873	(425,229)	611,397	-	-	70,921
Recreation and parks	(2,772,206)	-	-	414,821	-	-
Other	-	-	-	-	-	-
Capital outlay	13,417,958	440,411	872,115	126,303	-	3,986,122
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Bond issuance cost	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>12,469,988</b>	<b>15,182</b>	<b>1,483,512</b>	<b>541,124</b>	<b>-</b>	<b>4,057,043</b>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(12,465,156)	(15,182)	714,064	1,229,610	81,656	(3,023,284)
OTHER FINANCING SOURCES (USES):						
Payment to escrow for refunding debt	-	-	-	-	-	-
Proceeds from issuance of long-term debt	4,200,000	-	-	-	-	-
Premium from issuance of long-term debt	-	-	-	-	-	-
Transfers in	14,165,728	-	-	-	-	-
Transfers out	-	-	(21,721)	(11,586)	-	(11,032)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>18,365,728</b>	<b>-</b>	<b>(21,721)</b>	<b>(11,586)</b>	<b>-</b>	<b>(11,032)</b>
CHANGES IN FUND BALANCES	5,900,572	(15,182)	692,343	1,218,024	81,656	(3,034,316)
FUND BALANCES, beginning of year	(6,479,654)	15,182	9,742,700	6,081,658	-	9,827,187
FUND BALANCES (DEFICIT), end of year	\$ (579,082)	\$ -	\$ 10,435,043	\$ 7,299,682	\$ 81,656	\$ 6,792,871

Southeast Area Development Impact Fee Fund	Debt Service Funds			Total
	2007 Building Acquisition COPs Fund	Courthouse Square COPs Fund	Fire Station Capital Lease Fund	
\$ -	\$ -	\$ -	\$ -	\$ 8,643,959
-	-	-	-	95,347
107,696	-	-	-	4,981,604
-	-	-	-	13,428,196
-	-	-	-	429,363
34,118	3,339	32	-	621,050
(22,481)	(2,983)	-	-	(390,010)
-	-	-	-	360,746
-	-	-	-	2,499,334
<u>119,333</u>	<u>356</u>	<u>32</u>	<u>-</u>	<u>30,669,589</u>
-	730	-	-	4,835,140
-	-	-	-	9,241,180
4,120	-	-	-	4,696,430
-	-	-	-	2,405,084
-	-	-	-	236,559
-	-	-	-	18,973,204
-	230,000	-	295,753	525,753
-	210,125	231,251	71,974	513,350
-	-	241,975	-	241,975
<u>4,120</u>	<u>440,855</u>	<u>473,226</u>	<u>367,727</u>	<u>41,668,675</u>
<u>115,213</u>	<u>(440,499)</u>	<u>(473,194)</u>	<u>(367,727)</u>	<u>(10,999,086)</u>
-	(8,879,502)	-	-	(8,879,502)
-	6,987,259	247,741	-	11,435,000
-	1,226,492	-	-	1,226,492
-	288,511	225,481	367,727	16,982,238
<u>(1,418)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,063,026)</u>
<u>(1,418)</u>	<u>(377,240)</u>	<u>473,222</u>	<u>367,727</u>	<u>13,701,202</u>
113,795	(817,739)	28	-	2,702,116
<u>2,824,329</u>	<u>817,742</u>	<u>-</u>	<u>-</u>	<u>48,745,928</u>
<u>\$ 2,938,124</u>	<u>\$ 3</u>	<u>\$ 28</u>	<u>\$ -</u>	<u>\$ 51,448,044</u>

(Continued)

(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, 2017

	Final Budget	Actual (Budget Basis)	Variance With Final Budget Positive (Negative)
REVENUES - Intergovernmental	\$ 2,059,948	\$ 1,764,737	\$ (295,211)
Investment earnings	-	2,918	2,918
Net change in the fair value of investments	-	(6,102)	(6,102)
TOTAL REVENUE	2,059,948	1,761,553	(298,395)
OTHER FINANCING USES			
Transfers out	(3,727,709)	(2,970,219)	757,490
CHANGES IN FUND BALANCE	<u>\$ (1,667,761)</u>	(1,208,666)	<u>\$ 459,095</u>
FUND BALANCE, beginning of year		1,686,666	
FUND BALANCE, end of year		<u>\$ 478,000</u>	

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, 2017

	Final Budget	Actual (Budget Basis)	Variance With Final Budget Positive (Negative)
<b>REVENUES</b>			
Investment earnings	\$ -	\$ 5,532	\$ 5,532
Net change in the fair value of investments	-	(3,036)	(3,036)
Other	30,000	317,740	287,740
<b>TOTAL REVENUE</b>	<b>30,000</b>	<b>320,236</b>	<b>290,236</b>
<b>EXPENDITURES</b>			
Current:			
Recreation and parks	42,471	33,394	9,077
Capital outlay	12,300	12,300	-
<b>TOTAL EXPENDITURES</b>	<b>54,771</b>	<b>45,694</b>	<b>9,077</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>(24,771)</b>	<b>274,542</b>	<b>299,313</b>
<b>OTHER FINANCING SOURCES</b>			
Transfers in	35,086	35,086	-
<b>CHANGES IN FUND BALANCE</b>	<b>\$ 10,315</b>	<b>309,628</b>	<b>\$ 299,313</b>
FUND BALANCE, beginning of year		285,245	
FUND BALANCE, end of year		\$ 594,873	

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, 2017

	Final Budget	Actual (Budget Basis)	Variance With Final Budget Positive (Negative)
<b>REVENUES</b>			
Sales tax	\$ 9,051,215	\$ 8,643,959	\$ (407,256)
Investment earnings	14,825	34,783	19,958
Net change in the fair value of investments	-	(24,470)	(24,470)
Other	5,000	16,040	11,040
TOTAL REVENUE	<u>9,071,040</u>	<u>8,670,312</u>	<u>(400,728)</u>
<b>EXPENDITURES</b>			
Current:			
General Government	1,356,195	1,129,937	226,258
Public safety:			
Police	3,709,815	3,527,999	181,816
Fire	2,655,820	2,747,146	(91,326)
Recreation and parks	686,687	602,317	84,370
TOTAL EXPENDITURES	<u>8,408,517</u>	<u>8,007,399</u>	<u>401,118</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	662,523	662,913	390
<b>OTHER FINANCING USES</b>			
Transfers in	592	592	-
Transfers out	(516,958)	(516,958)	-
TOTAL OTHER FINANCING USES	<u>(516,366)</u>	<u>(516,366)</u>	<u>-</u>
CHANGES IN FUND BALANCE	<u>\$ 146,157</u>	146,547	<u>\$ 390</u>
FUND BALANCE, beginning of year		<u>4,226,352</u>	
FUND BALANCE, end of year		<u>\$ 4,372,899</u>	

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, 2017

	Final Budget	Actual (Budget Basis)	Variance With Final Budget Positive (Negative)
REVENUES			
Intergovernmental	\$ 415,000	\$ 415,000	\$ -
Investment earnings	-	10,016	10,016
Net change in the fair value of investments	-	(1,521)	(1,521)
Other	72,500	70,016	(2,484)
TOTAL REVENUES	487,500	493,511	6,011
EXPENDITURES:			
Current:			
General government	1,686,921	1,521,541	165,380
Capital Outlay	-	6,425	(6,425)
TOTAL EXPENDITURES	1,686,921	1,527,966	158,955
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(1,199,421)	(1,034,455)	164,966
OTHER FINANCING SOURCES			
Transfers in	1,450,491	1,450,491	-
CHANGES IN FUND BALANCE	\$ 251,070	416,036	\$ 164,966
FUND BALANCE, beginning of year		122,950	
FUND BALANCE, end of year		\$ 538,986	

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, 2017

	Final Budget	Actual (Budget Basis)	Variance With Final Budget Positive (Negative)
REVENUES			
Intergovernmental	\$ 935,998	\$ 125,134	\$ (810,864)
EXPENDITURES - Capital Outlay	37,993	37,993	-
OTHER FINANCING USES			
Transfers out	(906,668)	(144,172)	762,496
CHANGES IN FUND BALANCE	<u>\$ 67,323</u>	<u>(57,031)</u>	<u>\$ (48,368)</u>
FUND BALANCE, beginning of year		<u>19,038</u>	
FUND BALANCE, end of year		<u>\$ (37,993)</u>	

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, 2017

	Final Budget	Actual (Budget Basis)	Variance With Final Budget Positive (Negative)
REVENUES:			
Intergovernmental	\$ -	\$ 16,605	\$ 16,605
Investment earnings	-	4,352	4,352
Net change in the fair value of investments	-	(1,096)	(1,096)
TOTAL REVENUES	<u>-</u>	<u>19,861</u>	<u>19,861</u>
EXPENDITURES			
Current:			
Public Safety	150,000	5,813	144,187
Capital Outlay	-	13,130	13,130
TOTAL EXPENDITURES	<u>150,000</u>	<u>18,943</u>	<u>157,317</u>
OTHER FINANCING USES			
Transfers in	<u>283,393</u>	<u>283,393</u>	<u>-</u>
CHANGES IN FUND BALANCE	<u>\$ 133,393</u>	<u>284,311</u>	<u>\$ 150,918</u>
FUND BALANCE, beginning of year		<u>45,257</u>	
FUND BALANCE, end of year		<u>\$ 329,568</u>	

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, 2017

	Final Budget	Actual (Budget Basis)	Variance With Final Budget Positive (Negative)
REVENUES - Fines and forfeitures	\$ 400,000	\$ 429,363	\$ 29,363
OTHER FINANCING USES			
Transfers out	<u>(400,000)</u>	<u>(434,033)</u>	<u>(34,033)</u>
CHANGES IN FUND BALANCE	<u>\$ -</u>	<u>(4,670)</u>	<u>\$ (4,670)</u>
FUND BALANCE, beginning of year		<u>70,650</u>	
FUND BALANCE, end of year		<u>\$ 65,980</u>	

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, 2017

	Final Budget	Actual (Budget Basis)	Variance With Final Budget Positive (Negative)
REVENUES			
Intergovernmental	\$ 3,532,633	\$ 3,355,602	\$ (177,031)
Investment earnings	-	63,965	63,965
Net change in the fair value of investments	-	(42,371)	(42,371)
TOTAL REVENUES	3,532,633	3,377,196	(155,437)
OTHER FINANCING USES			
Transfers out	(8,926,749)	(3,964,430)	4,962,319
CHANGES IN FUND BALANCE	<u>\$ (5,394,116)</u>	(587,234)	<u>\$ 4,806,882</u>
FUND BALANCE, beginning of year		<u>5,587,435</u>	
FUND BALANCE, end of year		<u>\$ 5,000,201</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, 2017

	Final Budget	Actual (Budget Basis)	Variance With Final Budget Positive (Negative)
REVENUES - Intergovernmental	\$ 11,132,970	\$ 7,251,204	\$ (3,881,766)
EXPENDITURES			
Current:			
Public Safety	310,331	310,331	-
Capital Outlay	41,339	41,339	-
TOTAL EXPENDITURES	351,670	351,670	-
OTHER FINANCING SOURCES (USES)			
Transfers in	3,093	3,093	-
Transfers out	(11,409,858)	(7,759,555)	3,650,303
TOTAL OTHER FINANCING SOURCES (USES)	(11,406,765)	(7,756,462)	3,650,303
CHANGES IN FUND BALANCE	\$ (625,465)	(856,928)	\$ (231,463)
FUND BALANCE, beginning of year		795,767	
FUND BALANCE, end of year		\$ (61,161)	

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, 2017

	Final Budget	Actual (Budget Basis)	Variance With Final Budget Positive (Negative)
REVENUES			
Intergovernmental	\$ 175,000	\$ 395,982	\$ 220,982
Investment earnings	-	9,394	9,394
Net change in the fair value of investments	-	(4,928)	(4,928)
TOTAL REVENUES	175,000	400,448	225,448
EXPENDITURES - Public Safety	293,683	71,868	221,815
OTHER FINANCING USES			
Transfers out	(6,317)	(6,317)	-
CHANGES IN FUND BALANCE	<u>\$ 462,366</u>	322,263	<u>\$ (140,103)</u>
FUND BALANCE, beginning of year		<u>522,124</u>	
FUND BALANCE, end of year		<u>\$ 844,387</u>	

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, 2017

	Final Budget	Actual (Budget Basis)	Variance With Final Budget Positive (Negative)
REVENUES			
Investment earnings	\$ -	\$ 639	\$ 639
Net change in the fair value of investments	-	(569)	(569)
TOTAL REVENUES	-	70	70
OTHER FINANCING USES			
Transfers out	(104,992)	(104,992)	-
CHANGES IN FUND BALANCE	<u>\$ (104,992)</u>	<u>(104,922)</u>	<u>\$ 70</u>
FUND BALANCE, beginning of year		<u>106,745</u>	
FUND BALANCE, end of year		<u>\$ 1,823</u>	

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, 2017

	Final Budget	Actual (Budget Basis)	Variance With Final Budget Positive (Negative)
REVENUES - Intergovernmental	\$ 234,670	\$ 103,932	\$ (130,738)
EXPENDITURES - General government	<u>176,996</u>	<u>176,996</u>	<u>-</u>
CHANGES IN FUND BALANCE	<u>\$ 57,674</u>	<u>(73,064)</u>	<u>\$ (130,738)</u>
FUND BALANCE, beginning of year		<u>-</u>	
FUND BALANCE, end of year		<u>\$ (73,064)</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, 2017

	Final Budget	Actual (Budget Basis)	Variance With Final Budget Positive (Negative)
<b>REVENUES</b>			
Investment earnings	\$ -	\$ 7,937	\$ 7,937
Net change in the fair value of investments	-	(4,512)	(4,512)
Other	100,000	39,949	(60,051)
<b>TOTAL REVENUES</b>	<b>100,000</b>	<b>43,374</b>	<b>(56,626)</b>
<b>EXPENDITURES</b>			
Current:			
Public Safety	150,000	59,323	90,677
Capital Outlay	-	19,108	(19,108)
<b>TOTAL EXPENDITURES</b>	<b>150,000</b>	<b>78,431</b>	<b>71,569</b>
<b>OTHER FINANCING USES</b>			
Transfers in	162,136	162,136	-
<b>CHANGES IN FUND BALANCE</b>	<b>\$ 112,136</b>	<b>127,079</b>	<b>\$ 14,943</b>
FUND BALANCE, beginning of year		531,832	
FUND BALANCE, end of year		<b>\$ 658,911</b>	

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, 2017

	Final Budget	Actual (Budget Basis)	Variance With Final Budget Positive (Negative)
REVENUES - Other	\$ 20,000	\$ 22,178	\$ 2,178
EXPENDITURES - Recreation and parks	19,795	12,127	7,668
CHANGES IN FUND BALANCE	<u>\$ 205</u>	10,051	<u>\$ 9,846</u>
FUND BALANCE, beginning of year		<u>42,059</u>	
FUND BALANCE, end of year		<u>\$ 52,110</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, 2017

	Final Budget	Actual (Budget Basis)	Variance With Final Budget Positive (Negative)
REVENUES			
Charges for services	\$ 95,275	\$ 95,347	\$ 72
Investment earnings	-	5,849	5,849
Net change in the fair value of investments	-	(3,729)	(3,729)
	<u>95,275</u>	<u>97,467</u>	<u>2,192</u>
TOTAL REVENUES	95,275	97,467	2,192
EXPENDITURES - General government	<u>110,904</u>	<u>38,469</u>	<u>72,435</u>
CHANGES IN FUND BALANCE	<u>\$ (15,629)</u>	58,998	<u>\$ 74,627</u>
FUND BALANCE, beginning of year		<u>481,741</u>	
FUND BALANCE, end of year		<u>\$ 540,739</u>	

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, 2017

	Final Budget	Actual (Budget Basis)	Variance With Final Budget Positive (Negative)
REVENUES			
Investment earnings	\$ -	\$ 97	\$ 97
Net change in the fair value of investments	-	(175)	(175)
TOTAL REVENUES	-	(78)	(78)
OTHER FINANCING USES			
Transfers out	(32,481)	(33,019)	(538)
CHANGES IN FUND BALANCE	<u>\$ (32,481)</u>	<u>(33,097)</u>	<u>\$ (616)</u>
FUND BALANCE, beginning of year		<u>33,097</u>	
FUND BALANCE, end of year		<u>\$ -</u>	

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, 2017

	Final Budget	Actual (Budget Basis)	Variance With Final Budget Positive (Negative)
REVENUES			
Investment earnings	\$ -	\$ 7,292	\$ 7,292
Net change in the fair value of investments	-	(4,276)	(4,276)
Other	480,697	610,159	129,462
	<u>480,697</u>	<u>610,159</u>	<u>129,462</u>
TOTAL REVENUE	480,697	613,175	132,478
EXPENDITURES - General government	541,349	541,349	-
	<u>541,349</u>	<u>541,349</u>	<u>-</u>
CHANGES IN FUND BALANCE	<u>\$ (60,652)</u>	71,826	<u>\$ 132,478</u>
FUND BALANCE, beginning of year		613,660	
FUND BALANCE, end of year		<u>\$ 685,486</u>	

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, 2017

	Final Budget	Actual (Budget Basis)	Variance With Final Budget Positive (Negative)
<b>REVENUES</b>			
Investment earnings	\$ -	\$ 16,196	\$ 16,196
Net change in the fair value of investments	-	(10,638)	(10,638)
Other	232,844	210,567	(22,277)
<b>TOTAL REVENUES</b>	<b>232,844</b>	<b>216,125</b>	<b>(16,719)</b>
<b>EXPENDITURES</b>			
Current:			
Public works	6,600	1,022	5,578
Recreation and parks	65,959	28,008	37,951
<b>TOTAL EXPENDITURES</b>	<b>72,559</b>	<b>29,030</b>	<b>43,529</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>160,285</b>	<b>187,095</b>	<b>26,810</b>
<b>OTHER FINANCING USES</b>			
Transfers out	(39,650)	(39,646)	4
<b>CHANGES IN FUND BALANCE</b>	<b>\$ 120,635</b>	<b>147,449</b>	<b>\$ 26,814</b>
FUND BALANCE, beginning of year		1,313,655	
FUND BALANCE, end of year		<b>\$ 1,461,104</b>	

CITY OF SANTA ROSA  
FEDERAL ISTECA CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Final Budget	Actual (Budget Basis)	Variance With Final Budget Positive (Negative)
REVENUES - Intergovernmental	\$ 3,047,027	\$ -	\$ (3,047,027)
OTHER FINANCING USES			
Transfers out	<u>(3,062,209)</u>	<u>(15,182)</u>	<u>3,047,027</u>
CHANGES IN FUND BALANCE	<u>\$ (15,182)</u>	<u>(15,182)</u>	<u>\$ -</u>
FUND BALANCE, beginning of year		<u>15,182</u>	
FUND BALANCE, end of year		<u>\$ -</u>	

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, 2017

	Final Budget	Actual (Budget Basis)	Variance With Final Budget Positive (Negative)
REVENUES			
Development impact mitigation charges	\$ 1,500,000	\$ 2,155,380	\$ 655,380
Investment earnings	-	120,603	120,603
Net change in the fair value of investments	-	(78,407)	(78,407)
TOTAL REVENUES	1,500,000	2,197,576	697,576
OTHER FINANCING USES			
Transfers out	(9,421,265)	(1,505,233)	7,916,032
CHANGES IN FUND BALANCE	\$ (7,921,265)	692,343	\$ 8,613,608
FUND BALANCE, beginning of year		9,742,700	
FUND BALANCE, end of year		\$ 10,435,043	

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, 2017

	Final Budget	Actual (Budget Basis)	Variance With Final Budget Positive (Negative)
<b>REVENUES</b>			
Development impact mitigation charges			
Park acquisition fee zone #1	\$ 200,000	\$ 981,262	\$ 781,262
Park acquisition fee zone #2	150,000	(38,460)	(188,460)
Park acquisition fee zone #3	100,000	618,444	518,444
Park acquisition fee zone #4	100,000	157,818	57,818
Investment earnings	25,536	97,538	72,002
Net change in the fair value of investments	-	(45,868)	(45,868)
<b>TOTAL REVENUES</b>	<b>575,536</b>	<b>1,770,734</b>	<b>1,195,198</b>
<b>OTHER FINANCING USES</b>			
Transfers out	(4,462,237)	(552,710)	3,909,527
<b>CHANGES IN FUND BALANCE</b>	<b>\$ (3,886,701)</b>	<b>1,218,024</b>	<b>\$ 5,104,725</b>
FUND BALANCE, beginning of year		6,081,658	
FUND BALANCE, end of year		\$ 7,299,682	

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, 2017

	Final Budget	Actual (Budget Basis)	Variance With Final Budget Positive (Negative)
REVENUES			
Development impact mitigation charges	\$ 300,000	\$ 999,464	\$ 699,464
Investment earnings	-	103,711	103,711
Net change in the fair value of investments	-	(69,416)	(69,416)
TOTAL REVENUES	300,000	1,033,759	733,759
OTHER FINANCING USES			
Transfers out	(9,552,976)	(4,068,075)	5,484,901
CHANGES IN FUND BALANCE	<u>\$ (9,252,976)</u>	<u>(3,034,316)</u>	<u>\$ 6,218,660</u>
FUND BALANCE, beginning of year		<u>9,827,187</u>	
FUND BALANCE, end of year		<u>\$ 6,792,871</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, 2017

	Final Budget	Actual (Budget Basis)	Variance With Final Budget Positive (Negative)
REVENUES			
Development impact mitigation charges	\$ 100,000	\$ 107,696	\$ 7,696
Investment earnings	-	34,118	34,118
Net change in the fair value of investments	-	(22,481)	(22,481)
TOTAL REVENUES	100,000	119,333	19,333
OTHER FINANCING USES			
Transfers out	(2,473,043)	(5,538)	2,467,505
CHANGES IN FUND BALANCE	<u>\$ (2,373,043)</u>	113,795	<u>\$ 2,486,838</u>
FUND BALANCE, beginning of year		<u>2,824,329</u>	
FUND BALANCE, end of year		<u>\$ 2,938,124</u>	

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, 2017

	Final Budget	Actual (Budget Basis)	Variance With Final Budget Positive (Negative)
REVENUES:			
Investment earnings	\$ -	\$ 3,339	\$ 3,339
Net change in fair value of investments	-	(2,983)	(2,983)
TOTAL REVENUE	<u>-</u>	<u>356</u>	<u>356</u>
EXPENDITURES			
General Government	2,920	730	2,190
Debt service			
Principal	230,000	230,000	-
Interest	415,053	210,125	204,928
TOTAL EXPENDITURES	<u>647,973</u>	<u>440,855</u>	<u>207,118</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(647,973)	(440,499)	207,474
OTHER FINANCING SOURCES			
Payment to escrow for refunding debt	-	(8,879,502)	(8,879,502)
Proceeds from issuance of long-term debt	-	6,987,259	6,987,259
Premium from issuance of long-term debt	-	1,226,492	1,226,492
Transfer in	501,154	288,511	(212,643)
TOTAL OTHER FINANCING SOURCES (USES)	<u>501,154</u>	<u>(377,240)</u>	<u>(878,394)</u>
CHANGES IN FUND BALANCE	<u>\$ (146,819)</u>	<u>(817,739)</u>	<u>\$ (670,920)</u>
FUND BALANCE, beginning of year		<u>817,742</u>	
FUND BALANCE, end of year		<u>\$ 3</u>	

CITY OF SANTA ROSA  
COURTHOUSE SQUARE 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, 2017

	Final Budget	Actual (Budget Basis)	Variance With Final Budget Positive (Negative)
REVENUES:			
Investment earnings	\$ -	\$ 32	\$ 32
EXPENDITURES			
Debt service			
Interest	-	231,251	(231,251)
Bond issuance cost	-	241,975	(241,975)
TOTAL EXPENDITURES	-	473,226	(473,226)
DEFICIENCY OF REVENUES UNDER EXPENDITURES	-	(473,194)	(473,194)
OTHER FINANCING SOURCES			
Proceeds from issuance of long-term debt	-	247,741	247,741
Transfer in	-	225,481	225,481
TOTAL OTHER FINANCING SOURCES (USES)	-	473,222	473,222
CHANGES IN FUND BALANCE	\$ -	28	\$ 28
FUND BALANCE, beginning of year		-	
FUND BALANCE, end of year		\$ 28	

CITY OF SANTA ROSA  
FIRE STATION CAPITAL LEASE DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Final Budget	Actual (Budget Basis)	Variance With Final Budget Positive (Negative)
EXPENDITURES			
Debt service			
Principal	\$ 295,753	\$ 295,753	\$ -
Interest	71,974	71,974	-
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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CITY OF SANTA ROSA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT

NONMAJOR ENTERPRISE FUNDS

Enterprise funds account for the financing of self-supporting activities, which render services on a user charge basis to the 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, 2017

	Parking Fund	Municipal Transit Fund	Golf Course Fund	Storm Water Fund	Total
<b>ASSETS</b>					
<b>CURRENT ASSETS:</b>					
Cash and investments	\$ 14,243,811	\$ -	\$ 1,139,516	\$ 1,890,397	\$ 17,273,724
Accounts receivable, net of allowance for uncollectible accounts	4,630	29,118	57,108	52,635	143,491
Interest receivable	49,701	-	3,993	6,613	60,307
Intergovernmental	6,184	2,766,052	-	213,833	2,986,069
Inventory of supplies	-	-	-	-	-
Prepaid items	-	50,287	-	-	50,287
<b>TOTAL CURRENT ASSETS</b>	<b>14,304,326</b>	<b>2,845,457</b>	<b>1,200,617</b>	<b>2,163,478</b>	<b>20,513,878</b>
<b>NONCURRENT ASSETS</b>					
Capital assets					
Nondepreciable	2,198,552	440,801	427,800	-	3,067,153
Depreciable, net	7,069,089	12,580,497	8,338,730	37,245	28,025,561
<b>TOTAL NONCURRENT ASSETS</b>	<b>9,267,641</b>	<b>13,021,298</b>	<b>8,766,530</b>	<b>37,245</b>	<b>31,092,714</b>
<b>TOTAL ASSETS</b>	<b>23,571,967</b>	<b>15,866,755</b>	<b>9,967,147</b>	<b>2,200,723</b>	<b>51,606,592</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Pension items	1,056,682	2,839,527	-	-	3,896,209
<b>LIABILITIES</b>					
<b>CURRENT LIABILITIES</b>					
Accounts payable and accrued liabilities	85,875	250,341	1,499	35,148	372,863
Due to other funds	-	1,715,204	-	-	1,715,204
Unearned revenue	-	970	-	-	970
Accrued interest payable	-	6,002	94,716	-	100,718
Compensated absences payable	82,122	288,893	-	-	371,015
Bonds payable - current portion	-	-	208,358	-	208,358
<b>TOTAL PAYABLE FROM UNRESTRICTED ASSETS</b>	<b>167,997</b>	<b>2,261,410</b>	<b>304,573</b>	<b>35,148</b>	<b>2,769,128</b>
Payable from restricted assets:					
Accounts payable and accrued liabilities	-	121,122	-	-	121,122
<b>TOTAL CURRENT LIABILITIES</b>	<b>167,997</b>	<b>2,382,532</b>	<b>304,573</b>	<b>35,148</b>	<b>2,890,250</b>
<b>NONCURRENT LIABILITIES</b>					
Advances from other funds	-	-	614,399	-	614,399
Compensated absences payable	39,214	-	-	-	39,214
Bonds payable	-	-	3,780,296	-	3,780,296
Net pension liability	4,432,592	10,867,827	-	-	15,300,419
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>4,471,806</b>	<b>10,867,827</b>	<b>4,394,695</b>	<b>-</b>	<b>19,734,328</b>
<b>TOTAL LIABILITIES</b>	<b>4,639,803</b>	<b>13,250,359</b>	<b>4,699,268</b>	<b>35,148</b>	<b>22,624,578</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Pension items	274,287	478,715	-	-	753,002
<b>NET POSITION</b>					
Net investment in capital assets	9,267,641	13,021,298	4,777,876	37,245	27,104,060
Unrestricted	10,446,918	(8,044,090)	490,003	2,128,330	5,021,161
<b>TOTAL NET POSITION</b>	<b>\$ 19,714,559</b>	<b>\$ 4,977,208</b>	<b>\$ 5,267,879</b>	<b>\$ 2,165,575</b>	<b>\$ 32,125,221</b>

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, 2017

	Parking Fund	Municipal Transit Fund	Golf Course Fund	Storm Water Fund	Total
OPERATING REVENUES					
Charges for services	\$ 4,525,779	\$ 1,746,966	\$ 387,594	\$ 2,342,625	\$ 9,002,964
OPERATING EXPENSES					
Maintenance and operation	1,914,854	11,114,954	90,808	1,065,529	14,186,145
Administration	2,616,539	1,933,069	-	753,521	5,303,129
Depreciation	551,685	1,656,077	471,426	2,336	2,681,524
TOTAL OPERATING EXPENSES	5,083,078	14,704,100	562,234	1,821,386	22,170,798
OPERATING INCOME (LOSS)	(557,299)	(12,957,134)	(174,640)	521,239	(13,167,834)
NONOPERATING REVENUES (EXPENSES)					
Intergovernmental revenue	-	12,352,808	-	199,393	12,552,201
Measure M revenue	-	801,756	-	-	801,756
Investment earnings	170,059	(19,231)	12,145	20,363	183,336
Net change in the fair value of investments	(112,041)	27,651	(9,420)	(13,500)	(107,310)
Interest expense	-	-	(217,684)	-	(217,684)
Gain (loss) on disposal of capital assets	-	3,498	-	25	3,523
Other	75,050	25,800	68,363	56,526	225,739
NET NONOPERATING REVENUES (EXPENSES)	133,068	13,192,282	(146,596)	262,807	13,441,561
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(424,231)	235,148	(321,236)	784,046	273,727
Capital contributions	2,352	177,108	-	-	179,460
Transfers in	972,049	10,000	-	-	982,049
Transfers out	(470,854)	-	-	(443,611)	(914,465)
CHANGES IN NET POSITION	79,316	422,256	(321,236)	340,435	520,771
NET POSITION, beginning of year	19,635,243	4,554,952	5,589,115	1,825,140	31,604,450
NET POSITION, end of year	\$ 19,714,559	\$ 4,977,208	\$ 5,267,879	\$ 2,165,575	\$ 32,125,221

CITY OF SANTA ROSA  
COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Parking Fund	Municipal Transit Fund	Golf Course Fund	Storm Water Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash received from customers	\$ 4,529,551	\$ 1,753,862	\$ 394,899	\$ 2,359,518	\$ 9,037,830
Cash paid to suppliers for goods and services	(1,090,271)	(1,481,873)	(86,998)	(569,680)	(3,228,822)
Cash paid to employees for services	(2,673,911)	(7,583,870)	-	(1,203,984)	(11,461,765)
Cash paid for interfund services used	(901,000)	(4,191,908)	(3,292)	(58,404)	(5,154,604)
Cash inflow from other sources	75,050	25,800	68,363	56,526	225,739
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>(60,581)</b>	<b>(11,477,989)</b>	<b>372,972</b>	<b>583,976</b>	<b>(10,581,622)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Operating grants received	-	13,958,269	-	140,066	14,098,335
Transfers in from other funds	972,049	10,000	-	-	982,049
Transfers out to other funds	(470,854)	-	-	(443,611)	(914,465)
Payment of interfund loan	-	(2,667,055)	(37,708)	-	(2,704,763)
<b>NET CASH PROVIDED BY (USED IN) NONCAPITAL FINANCING ACTIVITIES</b>	<b>501,195</b>	<b>11,301,214</b>	<b>(37,708)</b>	<b>(303,545)</b>	<b>11,461,156</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Proceeds from sale of capital assets	-	3,498	-	25	3,523
Acquisition and construction of capital assets	(411,967)	(5,000)	-	(19,998)	(436,965)
Principal paid on bonds and notes	-	-	(200,000)	-	(200,000)
Interest paid on bonds and notes	-	-	(220,279)	-	(220,279)
Capital contributions	(3,832)	177,108	-	-	173,276
<b>NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(415,799)</b>	<b>175,606</b>	<b>(420,279)</b>	<b>(19,973.00)</b>	<b>(680,445)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Interest on investments	51,340	1,169	2,428	5,171	60,108
<b>CHANGES IN CASH AND CASH EQUIVALENTS</b>	<b>76,155</b>	<b>-</b>	<b>(82,587)</b>	<b>265,629</b>	<b>259,197</b>
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<b>14,167,656</b>	<b>-</b>	<b>1,222,103</b>	<b>1,624,768</b>	<b>17,014,527</b>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<b>\$ 14,243,811</b>	<b>\$ -</b>	<b>\$ 1,139,516</b>	<b>\$ 1,890,397</b>	<b>\$ 17,273,724</b>

(Continued)

CITY OF SANTA ROSA  
COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	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)	\$ (557,299)	\$ (12,957,134)	\$ (174,640)	\$ 521,239	\$ (13,167,834)
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN)					
OPERATING ACTIVITIES:					
Depreciation	551,685	1,656,077	471,426	2,336	2,681,524
Miscellaneous nonoperating income	75,050	25,800	68,363	56,526	225,739
Changes in assets and liabilities:					
Accounts receivable	3,772	6,896	7,305	16,893	34,866
Prepaid items	-	50,287	-	-	50,287
Accounts payable and accrued liabilities	(142,742)	(192,283)	518	(13,018)	(347,525)
Compensated absences payable	27,693	(17,275)	-	-	10,418
Net pension liability and related items	(18,740)	(50,357)	-	-	(69,097)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ (60,581)</u>	<u>\$ (11,477,989)</u>	<u>\$ 372,972</u>	<u>\$ 583,976</u>	<u>\$ (10,581,622)</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES					
Change in fair value of investments	(112,041)	27,651	(9,420)	(13,500)	(107,310)

(Concluded)

CITY OF SANTA ROSA  
COMBINING SCHEDULE OF CAPITAL ASSETS AND DEPRECIATION  
ALL ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	COST			
	Balances	Additions	Deletions	Balances
	July 1			June 30
<b>WATER UTILITY FUND</b>				
Land	\$ 1,155,575	\$ 219,683	\$ -	\$ 1,375,258
Buildings	18,365,836	1,828,102	-	20,193,938
Improvements other than buildings	187,439,459	13,814,492	-	201,253,951
Equipment	29,701,733	1,478,129	87,738	31,092,124
Intangibles	305,589	-	-	305,589
Construction in progress	10,328,062	2,844,670	9,174,814	3,997,918
	<u>247,296,254</u>	<u>20,185,076</u>	<u>9,262,552</u>	<u>258,218,778</u>
<b>WASTEWATER UTILITY FUND</b>				
Land	13,348,340	2,494,686	-	15,843,026
Buildings	221,799,204	-	-	221,799,204
Improvements other than buildings	395,565,742	12,010,836	-	407,576,578
Equipment	70,620,350	961,788	138,284	71,443,854
Intangibles	311,543	-	-	311,543
Construction in progress	11,682,064	6,303,419	7,768,873	10,216,610
	<u>713,327,243</u>	<u>21,770,729</u>	<u>7,907,157</u>	<u>727,190,815</u>
<b>PARKING FUND</b>				
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	2,720,859	-	-	2,720,859
Intangibles	158,212	-	-	158,212
Construction in progress	13,633	411,967	-	425,600
	<u>24,950,321</u>	<u>411,967</u>	<u>-</u>	<u>25,362,288</u>
<b>MUNICIPAL TRANSIT FUND</b>				
Land	440,801	-	-	440,801
Buildings	4,612,170	-	-	4,612,170
Improvements other than buildings	3,147,824	-	-	3,147,824
Equipment	18,765,527	5,000	923,520	17,847,007
Intangibles	756,949	-	-	756,949
	<u>27,723,271</u>	<u>5,000</u>	<u>923,520</u>	<u>26,804,751</u>
<b>GOLF COURSE FUND</b>				
Land	427,800	-	-	427,800
Buildings	10,117,138	-	-	10,117,138
Improvements other than buildings	1,149,096	-	-	1,149,096
Equipment	1,488,907	-	-	1,488,907
	<u>13,182,941</u>	<u>-</u>	<u>-</u>	<u>13,182,941</u>
<b>STORM WATER FUND</b>				
Equipment	77,123	19,998	5,932	91,189
<b>TOTAL</b>	<u>\$ 1,026,557,153</u>	<u>\$ 42,392,770</u>	<u>\$ 18,099,161</u>	<u>\$ 1,050,850,762</u>

(Continued)

ACCUMULATED DEPRECIATION

Balances July 1	Depreciation Expense	Deletions	Balances June 30	June 30 Net book value
\$ -	\$ -	\$ -	\$ -	\$ 1,375,258
3,736,107	403,471	-	4,139,578	16,054,360
70,582,894	4,398,444	-	74,981,338	126,272,613
19,506,731	2,285,642	87,738	21,704,635	9,387,489
177,811	15,279	-	193,090	112,499
-	-	-	-	3,997,918
<u>94,003,543</u>	<u>7,102,836</u>	<u>87,738</u>	<u>101,018,641</u>	<u>157,200,137</u>
-	-	-	-	15,843,026
98,327,173	6,767,151	-	105,094,324	116,704,880
146,995,548	8,746,306	-	155,741,854	251,834,724
48,852,615	4,351,301	137,066	53,066,850	18,377,004
107,659	15,577	-	123,236	188,307
-	-	-	-	10,216,610
<u>294,282,995</u>	<u>19,880,335</u>	<u>137,066</u>	<u>314,026,264</u>	<u>413,164,551</u>
-	-	-	-	1,772,952
8,954,725	266,275	-	9,221,000	5,962,496
4,570,340	44,550	-	4,614,890	486,279
2,009,327	232,949	-	2,242,276	478,583
8,570	7,911	-	16,481	141,731
-	-	-	-	425,600
<u>15,542,962</u>	<u>551,685</u>	<u>-</u>	<u>16,094,647</u>	<u>9,267,641</u>
-	-	-	-	440,801
1,572,109	119,026	-	1,691,135	2,921,035
636,228	151,010	-	787,238	2,360,586
10,738,479	1,348,193	923,520	11,163,152	6,683,855
104,080	37,848	-	141,928	615,021
<u>13,050,896</u>	<u>1,656,077</u>	<u>923,520</u>	<u>13,783,453</u>	<u>13,021,298</u>
-	-	-	-	427,800
1,931,627	337,238	-	2,268,865	7,848,273
896,930	43,019	-	939,949	209,147
1,116,428	91,169	-	1,207,597	281,310
<u>3,944,985</u>	<u>471,426</u>	<u>-</u>	<u>4,416,411</u>	<u>8,766,530</u>
57,540	2,336	5,932	53,944	37,245
<u>\$ 420,882,921</u>	<u>\$ 29,664,695</u>	<u>\$ 1,154,256</u>	<u>\$ 449,393,360</u>	<u>\$ 601,457,402</u>

(Concluded)

CITY OF SANTA ROSA  
SCHEDULE OF REVENUES, EXPENSES AND TRANSFERS  
WASTEWATER UTILITY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Local Wastewater System	Subregional Wastewater System	Wastewater Utility Fund Total
<b>OPERATING REVENUES</b>			
Charges for services	\$ 62,777,569	\$ 13,490,213	\$ 76,267,782
Sale of water	-	220,959	220,959
<b>TOTAL OPERATING REVENUES</b>	<b>62,777,569</b>	<b>13,711,172</b>	<b>76,488,741</b>
<b>OPERATING EXPENSES</b>			
Maintenance and operation	4,428,522	26,047,129	30,475,651
Administration	5,478,870	4,854,041	10,332,911
Depreciation	5,735,458	14,144,877	19,880,335
<b>TOTAL OPERATING EXPENSES</b>	<b>15,642,850</b>	<b>45,046,047</b>	<b>60,688,897</b>
<b>OPERATING INCOME (LOSS)</b>	<b>47,134,719</b>	<b>(31,334,875)</b>	<b>15,799,844</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Intergovernmental revenue	-	337,647	337,647
Investment earnings	865,568	653,214	1,518,782
Net change in the fair value of investments	(528,070)	(480,041)	(1,008,111)
Interest expense	-	(12,595,568)	(12,595,568)
Gain (loss) on disposal of capital assets	2,550	7,539	10,089
Other	190,321	1,467,103	1,657,424
<b>NET NONOPERATING REVENUES (EXPENSES)</b>	<b>530,369</b>	<b>(10,610,106)</b>	<b>(10,079,737)</b>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	<b>47,665,088</b>	<b>(41,944,981)</b>	<b>5,720,107</b>
Capital contributions	4,902,279	3,010,015	7,912,294
Intrafund transfers in (out):			
Subregional System from Local Wastewater System	(41,323,543)	41,323,543	-
Transfers in:			
Water Fund	-	1,393,524	1,393,524
Transfers (out):			
Internal Service Fund	(5,125)	(7,975)	(13,100)
Water Fund	(117,965)	(39,423)	(157,388)
Capital Projects Fund	(88)	(318)	(406)
Special Revenue Fund	(623,786)	-	(623,786)
<b>CHANGE IN NET POSITION</b>	<b>\$ 10,496,860</b>	<b>\$ 3,734,385</b>	<b>\$ 14,231,245</b>

CITY OF SANTA ROSA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT

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, 2017

	Equipment and Replacement Fund	Insurance Fund	Information Services Fund	Pension Benefit Fund	Total
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and investments	\$ 20,921,515	\$ 22,188,414	\$ 1,696,106	\$ 5,039,864	\$ 49,845,899
Accounts receivable, net of allowance for uncollectible accounts	319	-	1,150	-	1,469
Interest receivable	73,170	77,621	5,933	-	156,724
Inventory of supplies	427,152	-	-	-	427,152
Prepaid expenses	-	1,549,352	-	-	1,549,352
<b>TOTAL CURRENT ASSETS</b>	<b>21,422,156</b>	<b>23,815,387</b>	<b>1,703,189</b>	<b>5,039,864</b>	<b>51,980,596</b>
<b>NONCURRENT ASSETS</b>					
Depreciable, net	5,953,782	4,332	1,175,121	-	7,133,235
<b>TOTAL ASSETS</b>	<b>27,375,938</b>	<b>23,819,719</b>	<b>2,878,310</b>	<b>5,039,864</b>	<b>59,113,831</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Pension items	1,103,045	272,787	1,597,583	-	2,973,415
<b>LIABILITIES</b>					
<b>CURRENT LIABILITIES</b>					
Accounts payable and accrued liabilities	165,403	1,077,134	167,768	-	1,410,305
Interest payable	-	-	-	363,124	363,124
Workers' compensation and general liability claims	-	4,139,754	-	-	4,139,754
Compensated absences	107,474	24,642	141,674	-	273,790
Pension obligation bonds	-	-	-	2,670,000	2,670,000
<b>TOTAL CURRENT LIABILITIES</b>	<b>272,877</b>	<b>5,241,530</b>	<b>309,442</b>	<b>3,033,124</b>	<b>8,856,973</b>
<b>NONCURRENT LIABILITIES</b>					
Workers' compensation and general liability claims	-	9,640,246	-	-	9,640,246
Compensated absences	-	637	57,318	-	57,955
Pension obligation bonds	-	-	-	22,045,000	22,045,000
Net OPEB obligation	-	19,543,000	-	-	19,543,000
Net Pension Liability	4,404,714	1,000,048	5,635,405	-	11,040,167
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>4,404,714</b>	<b>30,183,931</b>	<b>5,692,723</b>	<b>22,045,000</b>	<b>62,326,368</b>
<b>TOTAL LIABILITIES</b>	<b>4,677,591</b>	<b>35,425,461</b>	<b>6,002,165</b>	<b>25,078,124</b>	<b>71,183,341</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Pension items	250,968	36,468	164,927	-	452,363
<b>NET POSITION (DEFICIT)</b>					
Net investment in capital assets	5,953,782	4,332	1,175,121	-	7,133,235
Unrestricted	17,596,642	(11,373,755)	(2,866,320)	(20,038,260)	(16,681,693)
<b>TOTAL NET POSITION (DEFICIT)</b>	<b>\$ 23,550,424</b>	<b>\$ (11,369,423)</b>	<b>\$ (1,691,199)</b>	<b>\$ (20,038,260)</b>	<b>\$ (9,548,458)</b>

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, 2017

	Equipment and Replacement Fund	Insurance Fund	Information Services Fund	Pension Benefit Fund	Total
OPERATING REVENUES:					
Charges for services	\$ 9,023,514	\$ 28,503,856	\$ 6,457,765	\$ 4,146,621	\$ 48,131,756
OPERATING EXPENSES:					
Maintenance and operations	3,171,103	33,857,646	4,754,454	-	41,783,203
Administration	3,338,059	1,344,075	1,868,650	2,260	6,553,044
Depreciation	2,100,726	765	230,843	-	2,332,334
TOTAL OPERATING EXPENSES	8,609,888	35,202,486	6,853,947	2,260	50,668,581
OPERATING INCOME (LOSS)	413,626	(6,698,630)	(396,182)	4,144,361	(2,536,825)
NONOPERATING REVENUES (EXPENSES):					
Investment earnings	236,884	257,366	14,592	15	508,857
Net change in the fair value of investments	(159,831)	(177,288)	(11,585)	-	(348,704)
Interest expense	-	-	-	(1,114,805)	(1,114,805)
Gain on disposal of capital assets	77,051	-	-	-	77,051
Other	112,114	757,753	19,362	-	889,229
NET NONOPERATING REVENUES (EXPENSES)	266,218	837,831	22,369	(1,114,790)	11,628
INCOME (LOSS) BEFORE TRANSFERS	679,844	(5,860,799)	(373,813)	3,029,571	(2,525,197)
TRANSFERS IN (OUT):					
Transfers in	-	-	708,001	-	708,001
Transfers out	-	-	(6,378)	-	(6,378)
CHANGES IN NET POSITION	679,844	(5,860,799)	327,810	3,029,571	(1,823,574)
NET POSITION (DEFICIT), beginning of year	22,870,580	(5,508,624)	(2,019,009)	(23,067,831)	(7,724,884)
NET POSITION (DEFICIT), end of year	\$ 23,550,424	\$ (11,369,423)	\$ (1,691,199)	\$ (20,038,260)	\$ (9,548,458)

CITY OF SANTA ROSA  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Equipment and Replacement Fund	Insurance Fund	Information Services Fund	Pension Benefit Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Cash received from other funds	\$ 9,044,400	\$ 28,503,856	\$ 6,457,915	\$ 4,146,621	\$ 48,152,792
Cash paid to suppliers for goods and services	(8,400,715)	(28,965,971)	(2,248,128)	(2,260)	(39,617,074)
Cash paid to employees for services	2,977,550	(683,661)	(3,720,725)	-	(1,426,836)
Cash paid for interfund services used	(1,160,110)	(150,150)	(668,426)	-	(1,978,686)
Cash received from other sources	112,114	757,753	19,362	-	889,229
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>2,573,239</b>	<b>(538,173)</b>	<b>(160,002)</b>	<b>4,144,361</b>	<b>6,019,425</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>					
Transfers in from other funds	-	-	708,001	-	708,001
Transfers out to other funds	-	-	(6,378)	-	(6,378)
Principal paid on pension obligation bonds	-	-	-	(2,600,000)	(2,600,000)
Interest paid on pension obligation bonds	-	-	-	(1,134,835)	(1,134,835)
<b>NET CASH PROVIDED BY (USED IN) NONCAPITAL FINANCING ACTIVITIES</b>	<b>-</b>	<b>-</b>	<b>701,623</b>	<b>(3,734,835)</b>	<b>(3,033,212)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Proceeds from sale of capital assets	95,938	-	-	-	95,938
Acquisition and construction of capital assets	(1,792,712)	-	(207,339)	-	(2,000,051)
<b>NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(1,696,774)</b>	<b>-</b>	<b>(207,339)</b>	<b>-</b>	<b>(1,904,113)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Interest on investments	64,303	70,965	1,188	15	136,471
<b>CHANGES IN CASH AND CASH EQUIVALENTS</b>	<b>940,768</b>	<b>(467,208)</b>	<b>335,470</b>	<b>409,541</b>	<b>1,218,571</b>
<b>CASH AND CASH EQUIVALENTS, Beginning of year</b>	<b>19,980,747</b>	<b>22,655,622</b>	<b>1,360,636</b>	<b>4,630,323</b>	<b>48,627,328</b>
<b>End of year</b>	<b>\$ 20,921,515</b>	<b>\$ 22,188,414</b>	<b>\$ 1,696,106</b>	<b>\$ 5,039,864</b>	<b>\$ 49,845,899</b>

(Continued)

CITY OF SANTA ROSA  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	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)	\$ 413,626	\$ (6,698,630)	\$ (396,182)	\$ 4,144,361	\$ (2,536,825)
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:					
Depreciation	2,100,726	765	230,843	-	2,332,334
Other nonoperating revenues	112,114	757,753	19,362	-	889,229
Changes in assets and liabilities:					
Accounts receivable	20,886	-	150	-	21,036
Inventory of supplies	(18,938)	-	-	-	(18,938)
Prepaid expenses	-	185,089	-	-	185,089
Accounts payable and accrued liabilities	(23,010)	633,063	(13,804)	-	596,249
Workers' compensation and general liability claims	-	241,000	-	-	241,000
Compensated absences payable	(12,603)	(376)	27,961	-	14,982
Net OPEB obligation	-	4,348,000	-	-	4,348,000
Net pension liability and related items	(19,562)	(4,837)	(28,332)	-	(52,731)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 2,573,239</u>	<u>\$ (538,173)</u>	<u>\$ (160,002)</u>	<u>\$ 4,144,361</u>	<u>\$ 6,019,425</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES					
Change in fair value of investments	\$ (159,831)	\$ (177,288)	\$ (11,585)	\$ -	\$ (348,704)

(Concluded)

CITY OF SANTA ROSA  
COMBINING SCHEDULE OF CAPITAL ASSETS AND DEPRECIATION  
INTERNAL SERVICE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	COST			
	Balances July 1	Additions	Deletions	Balances June 30
<b>EQUIPMENT AND REPLACEMENT FUND</b>				
Equipment	\$ 23,291,762	\$ 1,792,712	\$ 520,061	\$ 24,564,413
Intangibles	168,340	-	-	168,340
<b>TOTAL EQUIPMENT AND REPLACEMENT FUND</b>	<u>23,460,102</u>	<u>1,792,712</u>	<u>520,061</u>	<u>24,732,753</u>
<b>INSURANCE FUND</b>				
Equipment	7,645	-	-	7,645
<b>INFORMATION SERVICES FUND</b>				
Equipment	1,662,009	155,293	74,932	1,742,370
Intangibles	535,933	52,684	-	588,617
<b>TOTAL INFORMATION SERVICE FUND</b>	<u>2,197,942</u>	<u>207,977</u>	<u>74,932</u>	<u>2,330,987</u>
<b>TOTAL</b>	<u>\$ 25,665,689</u>	<u>\$ 2,000,689</u>	<u>\$ 594,993</u>	<u>\$ 27,071,385</u>

(Continued)

ACCUMULATED DEPRECIATION				
Balances July 1	Depreciation Expense	Deletions	Balances June 30	June 30 Net Book Value
\$ 17,163,286	\$ 2,092,309	\$ 501,174	\$ 18,754,421	\$ 5,809,992
16,133	8,417	-	24,550	143,790
17,179,419	2,100,726	501,174	18,778,971	5,953,782
2,548	765	-	3,313	4,332
969,645	202,445	74,294	1,097,796	644,574
29,672	28,398	-	58,070	530,547
999,317	230,843	74,294	1,155,866	1,175,121
\$ 18,181,284	\$ 2,332,334	\$ 575,468	\$ 19,938,150	\$ 7,133,235

(Concluded)

CITY OF SANTA ROSA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT

OTHER POSTEMPLOYMENT BENEFIT TRUST FUNDS

The Other Postemployment Benefit Trust Funds are used to report resources that are contributed by the City to the following retiree medical stipend plans:

- (a) Fire Unit 2 & 9.
- (b) Maintenance & USO OE3 Units 3, 13 & 16.
- (c) Miscellaneous Employees SRCEA Units 4, 6 & 7.
- (d) Bus Operators SEIU Unit 8.
- (e) Police Technical SEIU Unit 14.
- (f) Police Units 5 & 9.

CITY OF SANTA ROSA  
COMBINING STATEMENT OF FUND NET POSITION  
OTHER POSTEMPLOYMENT BENEFIT TRUST FUNDS  
JUNE 30, 2017

	Fire SR Firefighters Fund	Maintenance & USC OE3 Fund	Miscellaneous SRCEA Fund	Bus Operators SEIU Fund	Police Technical SEIU Fund	Police Fund	Total
<b>ASSETS</b>							
<b>CURRENT ASSETS</b>							
Investments held in trust:							
Money market mutual funds	\$ 141,964	\$ 18,846	\$ 51,815	\$ 8,755	\$ 1,300	\$ 108,782	\$ 331,462
Private equity	342,623	-	-	-	-	132,443	475,066
Fixed income mutual funds	4,348,510	1,983,442	1,609,881	284,534	126,687	3,188,175	11,541,229
Equity mutual funds	4,769,049	2,264,700	1,864,686	330,134	146,348	3,575,810	12,950,727
Contributions receivable	105,593	24,697	44,199	7,475	2,523	66,380	250,867
<b>TOTAL ASSETS</b>	<b>9,707,739</b>	<b>4,291,685</b>	<b>3,570,581</b>	<b>630,898</b>	<b>276,858</b>	<b>7,071,590</b>	<b>25,549,351</b>
<b>NET POSITION</b>							
Restricted for other postemployment benefit	9,707,739	4,291,685	3,570,581	630,898	276,858	7,071,590	25,549,351
<b>TOTAL NET POSITION</b>	<b>\$ 9,707,739</b>	<b>\$ 4,291,685</b>	<b>\$ 3,570,581</b>	<b>\$ 630,898</b>	<b>\$ 276,858</b>	<b>\$ 7,071,590</b>	<b>\$ 25,549,351</b>

Statement of Fund  
Net Position  
(continued)

Statement F-2

CITY OF SANTA ROSA  
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
OTHER POSTEMPLOYMENT BENEFIT TRUST FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Fire SR Firefighters Fund	Maintenance & USC OE3 Fund	Miscellaneous SRCEA Fund	Bus Operators SEIU Fund	Police Technical SEIU Fund	Police Fund	Total
<b>ADDITIONS</b>							
Employer contributions	\$ 887,999	\$ 208,494	\$ 381,998	\$ 64,390	\$ 21,653	\$ 565,407	\$ 2,129,941
Investment income	851,905	360,229	286,436	48,629	22,196	559,153	2,128,548
Total additions	<u>1,739,904</u>	<u>568,723</u>	<u>668,434</u>	<u>113,019</u>	<u>43,849</u>	<u>1,124,560</u>	<u>4,258,489</u>
<b>DEDUCTIONS</b>							
Benefit Payments	644,499	367,147	228,441	37,820	32,042	239,263	1,549,212
Administration	69,000	24,506	25,839	6,662	5,475	50,386	181,868
Total deductions	<u>713,499</u>	<u>391,653</u>	<u>254,280</u>	<u>44,482</u>	<u>37,517</u>	<u>289,649</u>	<u>1,731,080</u>
CHANGE IN NET POSITION	1,026,405	177,070	414,154	68,537	6,332	834,911	2,527,409
NET POSITION, beginning of year, as previously reported	-	-	-	-	-	-	-
Change in accounting principles	8,681,334	4,114,615	3,156,427	562,361	270,526	6,236,679	23,021,942
NET POSITION, beginning of year, as restated	<u>8,681,334</u>	<u>4,114,615</u>	<u>3,156,427</u>	<u>562,361</u>	<u>270,526</u>	<u>6,236,679</u>	<u>23,021,942</u>
NET POSITION, end of year	<u>\$ 9,707,739</u>	<u>\$ 4,291,685</u>	<u>\$ 3,570,581</u>	<u>\$ 630,898</u>	<u>\$ 276,858</u>	<u>\$ 7,071,590</u>	<u>\$ 25,549,351</u>

CITY OF SANTA ROSA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT

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.

CITY OF SANTA ROSA  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

PAYROLL FUND	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017
<b>ASSETS</b>				
Cash and investments	\$ 6,804,861	\$ 68,457,612	\$ 72,597,772	\$ 2,664,701
Intergovernmental receivable	-	2,943	2,943	-
<b>TOTAL ASSETS</b>	<b>\$ 6,804,861</b>	<b>\$ 68,460,555</b>	<b>\$ 72,600,715</b>	<b>\$ 2,664,701</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 3,935,714	\$ 137,139,252	\$ 138,410,265	\$ 2,664,701
Payroll payable	2,869,147	-	2,869,147	-
<b>TOTAL LIABILITIES</b>	<b>\$ 6,804,861</b>	<b>\$ 137,139,252</b>	<b>\$ 141,279,412</b>	<b>\$ 2,664,701</b>
<b>GENERAL DEPOSITS FUND</b>				
<b>ASSETS</b>				
Cash and investments	\$ 550,623	\$ 974,399,801	\$ 974,569,161	\$ 381,263
Accounts receivable	42	1,999	2,041	-
<b>TOTAL ASSETS</b>	<b>\$ 550,665</b>	<b>\$ 974,401,800</b>	<b>\$ 974,571,202</b>	<b>\$ 381,263</b>
<b>LIABILITIES - Accounts payable</b>	<b>\$ 550,665</b>	<b>\$ 84,348,451</b>	<b>\$ 84,517,853</b>	<b>\$ 381,263</b>
<b>SPECIAL ASSESSMENTS FUND</b>				
<b>ASSETS</b>				
Cash and investments	\$ 2,920,173	\$ 2,058,856	\$ 2,024,277	\$ 2,954,752
Interest receivable	8,351	6,676	5,949	9,078
Intergovernmental receivable	79,127	59,389	79,127	59,389
<b>TOTAL ASSETS</b>	<b>\$ 3,007,651</b>	<b>\$ 2,124,921</b>	<b>\$ 2,109,353</b>	<b>\$ 3,023,219</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 20,998	\$ 1,836,099	\$ 1,836,099	\$ 20,998
Due to bondholders	2,986,653	288,822	273,254	3,002,221
<b>TOTAL LIABILITIES</b>	<b>\$ 3,007,651</b>	<b>\$ 2,124,921</b>	<b>\$ 2,109,353</b>	<b>\$ 3,023,219</b>

(Continued)

Statement G-1

CITY OF SANTA ROSA  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

HOUSING AUTHORITY FUND	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017
<b>ASSETS</b>				
Cash and investments	\$ 325,843	\$ 7,068,880	\$ 7,037,057	\$ 357,666
Accounts receivable	-	57,324	57,324	-
Interest receivable	940	1,216	940	1,216
<b>TOTAL ASSETS</b>	<b>\$ 326,783</b>	<b>\$ 7,127,420</b>	<b>\$ 7,095,321</b>	<b>\$ 358,882</b>
<b>LIABILITIES</b>				
Deposits	326,783	7,070,572	7,038,473	358,882
<b>TOTAL LIABILITIES</b>	<b>\$ 326,783</b>	<b>\$ 7,070,572</b>	<b>\$ 7,038,473</b>	<b>\$ 358,882</b>
<b>TOTALS - ALL AGENCY FUNDS</b>				
<b>ASSETS</b>				
Cash and investments	\$ 10,601,500	\$ 1,051,985,149	\$ 1,056,228,267	\$ 6,358,382
Accounts receivable	42	59,323	59,365	-
Interest receivable	9,291	7,892	6,889	10,294
Intergovernmental receivable	79,127	62,332	82,070	59,389
<b>TOTAL ASSETS</b>	<b>\$ 10,689,960</b>	<b>\$ 1,052,114,696</b>	<b>\$ 1,056,376,591</b>	<b>\$ 6,428,065</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 4,507,377	\$ 223,323,802	\$ 224,764,217	\$ 3,066,962
Payroll payable	2,869,147	-	2,869,147	-
Due to bondholders	2,986,653	288,822	273,254	3,002,221
Deposits	326,783	7,070,572	7,038,473	358,882
<b>TOTAL LIABILITIES</b>	<b>\$ 10,689,960</b>	<b>\$ 230,683,196</b>	<b>\$ 234,945,091</b>	<b>\$ 6,428,065</b>

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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			
	2007-08	2008-09	2009-10	2010-11
<b>Governmental Activities</b>				
Net investment in capital assets	\$ 315,714	\$ 318,057	\$ 322,314	\$ 331,945
Restricted	73,352	69,899	55,918	58,662
Unrestricted	<u>54,488</u>	<u>40,402</u>	<u>38,756</u>	<u>39,654</u>
Total governmental activities net position	<u>443,554</u>	<u>428,358</u>	<u>416,988</u>	<u>430,261</u>
<b>Business-type Activities</b>				
Net investment in capital assets	243,526	254,521	277,896	288,997
Restricted	83	148	9,503	8,579
Unrestricted	<u>122,079</u>	<u>127,283</u>	<u>102,090</u>	<u>106,462</u>
Total business-type activities net position	<u>365,688</u>	<u>381,952</u>	<u>389,489</u>	<u>404,038</u>
<b>Primary Government</b>				
Net investment in capital assets	559,240	572,578	600,210	620,942
Restricted	73,435	70,047	65,421	67,241
Unrestricted	<u>176,567</u>	<u>167,685</u>	<u>140,846</u>	<u>146,116</u>
Total primary government net position	<u>\$ 809,242</u>	<u>\$ 810,310</u>	<u>\$ 806,477</u>	<u>\$ 834,299</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					
2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
\$ 329,826	\$ 331,480	\$ 331,886	\$ 329,148	\$ 339,378	\$ 348,441
62,326	58,749	57,911	59,829	60,326	53,326
42,612	52,537	57,771	(161,429)	(145,770)	(146,478)
<u>434,764</u>	<u>442,766</u>	<u>447,568</u>	<u>227,548</u>	<u>253,934</u>	<u>255,289</u>
297,309	308,946	320,849	326,320	350,337	364,590
8,722	7,069	7,214	6,468	12,892	1,520
115,412	126,736	136,559	97,170	85,848	107,245
<u>421,443</u>	<u>442,751</u>	<u>464,622</u>	<u>429,958</u>	<u>449,077</u>	<u>473,355</u>
627,135	640,426	652,735	655,468	689,715	713,031
71,048	65,818	65,125	66,297	73,218	54,846
158,024	179,273	194,330	(64,259)	(59,922)	(39,233)
<u>\$ 856,207</u>	<u>\$ 885,517</u>	<u>\$ 912,190</u>	<u>\$ 657,506</u>	<u>\$ 703,011</u>	<u>\$ 728,644</u>

(Concluded)

Table 2

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

	Fiscal Year			
	2007-08	2008-09	2009-10	2010-11
<b>Expenses</b>				
Governmental activities:				
General government	\$ 29,701	\$ 27,044	\$ 19,952	\$ 20,210
Public safety	75,018	76,222	72,701	72,648
Public works	31,975	29,012	27,736	25,371
Recreation and parks	19,034	18,161	19,569	18,776
Housing opportunity and other	529	148	139	575
Interest on long-term liabilities	3,065	2,781	2,437	2,197
Total governmental activities expenses	<u>159,322</u>	<u>153,368</u>	<u>142,534</u>	<u>139,777</u>
Business-type activities:				
Water utility	28,190	28,474	33,715	32,616
Wastewater utility	65,883	61,681	63,193	60,373
Parking	5,005	4,667	5,241	5,116
Municipal transit	12,032	12,787	13,065	12,711
Golf course	1,563	1,754	1,585	1,586
Storm water	1,459	1,606	1,870	1,565
Total business-type activities expenses	<u>114,132</u>	<u>110,969</u>	<u>118,669</u>	<u>113,967</u>
Total primary government expenses	<u>273,454</u>	<u>264,337</u>	<u>261,203</u>	<u>253,744</u>
<b>Program Revenues</b>				
Governmental activities:				
Charges for services:				
General government	9,774	7,265	6,674	9,775
Public safety	4,317	4,110	3,800	3,930
Public works	1,111	674	313	262
Recreation and parks	3,719	3,595	3,574	3,439
Operating grants and contributions	11,540	9,666	8,900	9,068
Capital grants and contributions	26,159	10,134	12,938	22,329
Total governmental activities program revenues	<u>56,620</u>	<u>35,444</u>	<u>36,199</u>	<u>48,803</u>
Business-type activities:				
Charges for services:				
Water utility	30,767	30,852	31,125	34,621
Wastewater utility	56,465	59,552	61,872	66,635
Parking	4,205	4,381	4,087	4,213
Municipal transit	1,638	1,939	1,898	1,908
Golf course	1,385	1,496	1,351	1,227
Storm water	1,775	1,861	1,935	2,003
Operating grants and contributions	11,968	10,179	12,749	11,873
Capital grants and contributions	17,938	11,027	8,708	7,916
Total business-type activities program revenues	<u>126,141</u>	<u>121,287</u>	<u>123,725</u>	<u>130,396</u>
Total primary government program revenues	<u>\$ 182,761</u>	<u>\$ 156,731</u>	<u>\$ 159,924</u>	<u>\$ 179,199</u>

(Continued)

Table 2

Fiscal Year						
2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	
\$ 21,524	\$ 21,257	\$ 23,404	\$ 24,060	\$ 26,738	\$ 34,074	
74,274	77,020	79,373	80,925	79,072	94,349	
32,132	26,226	25,286	29,257	29,006	26,255	
18,737	19,712	18,423	19,191	20,498	18,680	
149	372	1,468	365	815	3,561	
2,134	2,017	1,913	1,791	1,739	1,783	
<u>148,950</u>	<u>146,604</u>	<u>149,867</u>	<u>155,589</u>	<u>157,868</u>	<u>178,702</u>	
32,681	34,915	34,899	36,079	34,249	37,319	
68,980	69,439	67,645	72,785	70,283	73,739	
5,417	5,974	5,577	4,949	5,391	5,151	
13,851	14,156	13,994	13,453	13,374	14,768	
2,234	2,177	1,912	938	842	781	
1,543	1,668	1,650	1,678	1,747	1,821	
<u>124,706</u>	<u>128,329</u>	<u>125,677</u>	<u>129,882</u>	<u>125,886</u>	<u>133,579</u>	
<u>273,656</u>	<u>274,933</u>	<u>275,544</u>	<u>285,471</u>	<u>283,754</u>	<u>312,281</u>	
10,926	10,140	10,166	9,890	11,700	12,824	
2,655	3,911	3,948	3,735	3,116	4,209	
231	642	1,778	2,143	1,987	2,458	
3,695	3,498	3,686	3,725	3,832	3,778	
11,509	11,109	9,803	9,915	10,651	8,486	
12,164	9,545	4,523	7,224	16,430	10,204	
<u>41,180</u>	<u>38,845</u>	<u>33,904</u>	<u>36,632</u>	<u>47,716</u>	<u>41,959</u>	
38,169	43,802	42,798	39,579	37,902	41,144	
68,520	70,433	74,877	75,474	75,463	76,489	
3,764	4,156	4,215	4,283	4,385	4,526	
2,049	2,100	2,192	2,082	1,946	1,747	
1,359	1,352	1,462	470	443	387	
1,974	2,032	2,094	2,130	2,236	2,343	
11,616	10,458	9,661	10,641	11,151	16,703	
15,498	15,258	13,088	9,914	9,228	13,286	
<u>142,949</u>	<u>149,591</u>	<u>150,387</u>	<u>144,573</u>	<u>142,754</u>	<u>156,625</u>	
<u>\$ 184,129</u>	<u>\$ 188,436</u>	<u>\$ 184,291</u>	<u>\$ 181,205</u>	<u>\$ 190,470</u>	<u>\$ 198,584</u>	

(Continued)

Table 2

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

	Fiscal Year			
	2007-08	2008-09	2009-10	2010-11
<b>Net (Expense)/Revenue</b>				
Governmental activities	\$ (102,702)	\$ (117,924)	\$ (106,335)	\$ (90,974)
Business-type activities	12,009	10,318	5,056	16,429
Total primary government net expense	<u>(90,693)</u>	<u>(107,606)</u>	<u>(101,279)</u>	<u>(74,545)</u>
<b>General Revenues and Other Changes in Net Position</b>				
<b>Governmental activities:</b>				
Taxes				
Property taxes	21,945	21,472	20,435	19,276
Utility users tax	9,758	9,804	9,311	9,481
City-levied sales taxes	-	-	-	8,144
Other taxes	15,811	14,786	14,299	15,490
Contributions not restricted to specific programs				
Sales taxes from State	39,075	33,598	29,877	26,223
Motor vehicle in lieu fees	12,185	12,123	11,523	11,276
Infrastructure maintenance contributions	5,348	1,406	2,109	2,023
Unrestricted investment income	7,604	5,046	2,629	3,409
Other	3,454	4,499	4,261	4,804
Special item	-	-	(294)	-
Transfers	5,392	2,089	815	4,121
Total governmental activities	<u>120,572</u>	<u>104,823</u>	<u>94,965</u>	<u>104,247</u>
<b>Business-type activities:</b>				
Unrestricted investment income	6,617	4,817	1,581	1,107
Other	5,533	3,218	1,715	1,134
Transfers	(5,392)	(2,089)	(815)	(4,121)
Total business-type activities	<u>6,758</u>	<u>5,946</u>	<u>2,481</u>	<u>(1,880)</u>
Total primary government	<u>127,330</u>	<u>110,769</u>	<u>97,446</u>	<u>102,367</u>
<b>Change in Net Position</b>				
Governmental activities	17,870	(13,101)	(11,370)	13,273
Business-type activities	18,767	16,264	7,537	14,549
Total primary government	<u>\$ 36,637</u>	<u>\$ 3,163</u>	<u>\$ (3,833)</u>	<u>\$ 27,822</u>

(Continued)

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

Table 2

Fiscal Year					
2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
\$ (107,770)	\$ (107,759)	\$ (115,963)	\$ (118,957)	\$ (110,152)	\$ (136,743)
18,243	21,262	24,710	14,691	16,868	23,046
<u>(89,527)</u>	<u>(86,497)</u>	<u>(91,253)</u>	<u>(104,266)</u>	<u>(93,284)</u>	<u>(113,697)</u>
19,833	21,639	21,038	23,118	26,625	26,003
8,931	9,603	9,645	9,778	9,955	10,628
13,845	14,986	15,890	16,327	16,983	17,283
16,365	18,304	18,548	20,061	21,624	22,882
28,434	30,072	32,432	34,047	37,060	36,097
10,391	10,292	10,577	11,553	12,416	13,105
3,849	2,767	3,283	3,422	1,880	4,982
1,106	507	663	883	3,236	555
7,205	5,732	7,792	6,954	6,424	8,814
-	-	-	-	-	-
2,314	1,859	1,693	1,673	335	768
<u>112,273</u>	<u>115,761</u>	<u>121,561</u>	<u>127,816</u>	<u>136,538</u>	<u>141,117</u>
1,242	692	878	1,097	2,614	861
234	1,213	1,366	1,644	(28)	2,246
(2,314)	(1,859)	(1,693)	(1,673)	(335)	(768)
<u>(838)</u>	<u>46</u>	<u>551</u>	<u>1,068</u>	<u>2,251</u>	<u>2,339</u>
<u>111,435</u>	<u>115,807</u>	<u>122,112</u>	<u>128,884</u>	<u>138,789</u>	<u>143,456</u>
4,503	8,002	5,598	8,859	26,386	4,374
17,405	21,308	25,261	15,759	19,119	25,385
<u>\$ 21,908</u>	<u>\$ 29,310</u>	<u>\$ 30,859</u>	<u>\$ 24,618</u>	<u>\$ 45,505</u>	<u>\$ 29,759</u>

(Concluded)

Table 3

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

	Fiscal Year			
	2007-08	2008-09	2009-10	2010-11
<b>General Fund</b>				
Reserved	\$ 9,356	\$ 7,965	\$ 6,646	\$ -
Unreserved	23,767	18,780	18,657	-
Nonspendable:				
Advances	-	-	-	5,281
Inventory of supplies	-	-	-	698
Prepaid items	-	-	-	49
Restricted:				
Public Safety	-	-	-	-
Assigned:				
Carryover appropriations	-	-	-	9,614
RDA dissolution	-	-	-	-
Community Development	-	-	-	-
Building Activity	-	-	-	-
Economic Development	-	-	-	-
Waste Hauler Transition	-	-	-	-
Capital	-	-	-	-
Contingencies	-	-	-	12,894
Unassigned	-	-	-	-
Total general fund	<u>\$ 33,123</u>	<u>\$ 26,745</u>	<u>\$ 25,303</u>	<u>\$ 28,536</u>
<b>All Other Governmental Funds</b>				
Reserved	\$ 7,635	\$ 12,947	\$ 12,432	\$ -
Unreserved, reported in:				
Special revenue funds	72,503	68,740	59,602	-
Capital projects fund	2,584	(5,453)	(11,548)	-
Nonspendable:				
Advances	-	-	-	-
Restricted:				
Debt service	-	-	-	644
Parks	-	-	-	9,719
Public safety	-	-	-	3,238
Roads	-	-	-	8,484
Public and capital facilities	-	-	-	31,201
Other purposes	-	-	-	7,207
Unassigned	-	-	-	(845)
Total all other governmental funds	<u>\$ 82,722</u>	<u>\$ 76,234</u>	<u>\$ 60,486</u>	<u>\$ 59,648</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					
2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
5,876	5,460	5,334	5,277	-	-
772	790	814	767	845	803
59	71	66	1,086	63	63
-	-	1,468	-	-	-
8,818	9,404	11,984	16,364	28,549	27,205
-	607	607	-	-	-
-	-	173	-	-	-
-	-	-	-	-	1,350
-	-	-	-	883	883
-	-	-	-	-	506
-	-	-	-	337	205
17,976	19,357	-	-	-	-
-	3,565	28,402	35,059	36,415	33,296
<u>\$ 33,501</u>	<u>\$ 39,254</u>	<u>\$ 48,848</u>	<u>\$ 58,553</u>	<u>\$ 67,092</u>	<u>\$ 64,311</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
1,448	-	-	-	-	-
659	660	2,109	1,459	818	-
6,921	6,008	6,283	6,912	7,785	9,076
4,081	5,349	4,582	4,444	6,510	7,304
8,516	6,229	6,242	6,153	11,131	9,053
32,825	33,075	34,514	25,954	22,920	20,976
9,113	9,320	9,599	13,981	6,151	5,881
(1,364)	(614)	(2,405)	(2,346)	(6,569)	(842)
<u>\$ 62,199</u>	<u>\$ 60,027</u>	<u>\$ 60,924</u>	<u>\$ 56,557</u>	<u>\$ 48,746</u>	<u>\$ 51,448</u>

(Concluded)

Table 4

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

	Fiscal Year			
	2007-08	2008-09	2009-10	2010-11
<b>Revenues</b>				
Taxes	\$ 99,545	\$ 92,541	\$ 86,132	\$ 90,558
Licenses, fees, and permits	1,668	1,278	997	1,154
Charges for services	20,074	18,865	18,508	21,007
Development impact mitigation charges	5,347	1,406	2,109	2,023
Intergovernmental	17,789	17,292	17,968	20,654
Fines and penalties	2,348	2,137	1,959	2,351
Interest	5,150	3,205	1,833	1,202
Net change in fair value	573	467	(371)	(220)
Contribution from Prop Owners	915	428	190	305
Other revenues	5,095	6,030	5,320	5,530
<b>Total revenues</b>	<b>158,504</b>	<b>143,649</b>	<b>134,645</b>	<b>144,564</b>
<b>Expenditures</b>				
General government	33,869	31,671	24,692	24,291
Public safety	74,170	75,325	71,332	70,563
Public works	24,469	21,546	20,810	18,182
Recreation and parks	16,988	16,114	17,321	16,484
Other	302	45	8	346
Capital outlay	27,118	19,184	17,089	15,065
Debt service				
Principal	507	666	682	715
Bond issuance cost	48	-	-	-
Interest	312	604	654	623
<b>Total expenditures</b>	<b>177,783</b>	<b>165,155</b>	<b>152,588</b>	<b>146,269</b>
Excess of revenues over (under) expenditures	(19,279)	(21,506)	(17,943)	(1,705)
<b>Other Financing Sources (Uses)</b>				
Proceeds sale of capital assets	63	655	49	41
Proceeds from capital lease	-	-	-	-
Issuance of long-term debt	-	3,300	-	-
Payment to Escrow for refunding debt	-	-	-	-
Special item	-	-	(294)	-
Transfers in	39,448	36,645	35,572	37,109
Transfers out	(34,177)	(31,960)	(34,574)	(33,050)
<b>Total other financing sources (uses)</b>	<b>5,334</b>	<b>8,640</b>	<b>753</b>	<b>4,100</b>
<b>Net change in fund balances</b>	<b>\$ (13,945)</b>	<b>\$ (12,866)</b>	<b>\$ (17,190)</b>	<b>\$ 2,395</b>
Debt service as a percentage of noncapital expenditures	0.54%	0.87%	0.99%	1.02%

(Continued)

Table 4

		Fiscal Year					
		2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
\$	98,424	\$ 105,708	\$ 108,971	\$ 115,808	\$ 125,589	\$ 126,943	
	1,379	1,496	1,569	1,407	1,435	1,563	
	21,028	21,050	22,212	22,412	23,844	26,580	
	3,849	2,766	3,283	3,422	1,880	4,982	
	19,492	9,953	11,391	12,518	14,181	15,010	
	2,287	2,139	2,456	2,467	2,408	2,266	
	642	565	410	653	2,189	1,193	
	7	(185)	70	(16)	459	(798)	
	1,138	327	376	662	412	361	
	6,838	5,443	5,963	7,169	7,024	8,121	
	<u>155,084</u>	<u>149,262</u>	<u>156,701</u>	<u>166,502</u>	<u>179,421</u>	<u>186,221</u>	
	25,620	24,551	26,981	29,113	33,823	38,912	
	72,164	74,641	76,564	81,571	85,555	91,930	
	26,078	19,631	18,976	23,008	23,739	19,560	
	15,855	16,721	15,386	16,197	18,018	15,311	
	41	336	1,392	380	950	3,514	
	8,813	7,938	11,810	10,966	15,000	19,285	
	859	901	1,274	1,308	1,189	942	
	-	-	-	-	-	242	
	589	551	539	566	559	553	
	<u>150,019</u>	<u>145,270</u>	<u>152,922</u>	<u>163,109</u>	<u>178,833</u>	<u>190,249</u>	
	<u>5,065</u>	<u>3,992</u>	<u>3,779</u>	<u>3,393</u>	<u>588</u>	<u>(4,028)</u>	
	132	103	31	30	78	101	
	-	-	1,957	1,048	-	-	
	-	-	3,590	-	-	12,661	
	-	-	-	-	-	(8,880)	
	-	-	-	-	-	-	
	9,750	11,206	13,103	12,587	11,766	17,134	
	<u>(7,431)</u>	<u>(11,720)</u>	<u>(11,969)</u>	<u>(11,720)</u>	<u>(11,704)</u>	<u>(17,068)</u>	
	<u>2,451</u>	<u>(411)</u>	<u>6,712</u>	<u>1,945</u>	<u>140</u>	<u>3,948</u>	
\$	<u>7,516</u>	<u>3,581</u>	<u>10,491</u>	<u>5,338</u>	<u>728</u>	<u>(80)</u>	

1.03%

1.06%

1.28%

1.23%

1.07%

0.87%

(Concluded)

Table 5

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

Fiscal Year	Property	Sales Taxes	Utility Users Tax	Other Taxes				Total	
				Motor Vehicle In-Lieu Fees	Business Tax	Real Property Transfer Tax	Occupancy Tax		Other Taxes
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
2015-16	26,625	55,165	9,955	12,416	4,194	3,482	5,525	8,227	125,589
2016-17	26,003	54,536	10,628	13,105	4,198	3,788	6,095	8,590	126,943

Tax Revenues By Source  
Governmental Funds

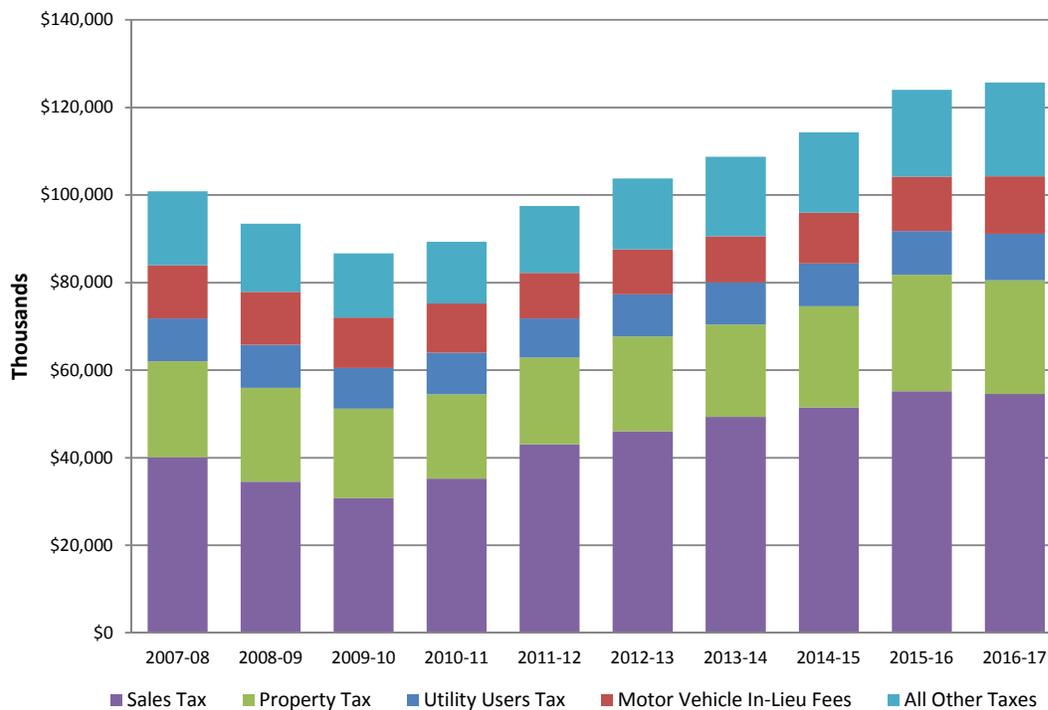


Table 6

CITY OF SANTA ROSA  
ASSESSSED 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
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	16,743,904	721,478	17,465,382	-1.0%	1.00
2013-14	17,275,509	701,986	17,977,495	2.9%	1.00
2014-15	18,917,904	737,755	19,655,659	9.3%	1.00
2015-16	20,431,941	713,888	21,145,829	7.6%	1.00
2016-17	21,548,595	763,218	22,311,813	5.5%	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 year.

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	
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
2015-16	1.00000	0.66880	0.00700	1.67580
2016-17	1.00000	0.61650	0.00700	1.62350

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 2016-17			FY 2007-08		
	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	\$ 191,801	1	0.98%	\$ 174,627	1	0.96%
Varena At Fountaingrove LLC	83,138	2	0.42%	N/A	N/A	N/A
EMI Santa Rosa LP	65,435	3	0.33%	56,561	4	0.31%
Coddington LLC	64,403	4	0.33%	58,203	3	0.32%
Apple Creek LLC	59,822	5	0.30%	36,803	8	0.20%
Donahue Schriber Realty Group	46,401	6	0.24%	39,802	5	0.22%
OSL SR Fountaingrove LLC et al	48,954	7	0.25%	N/A	N/A	N/A
Arterial Vascular Engineering Inc. (Medtronic)	47,337	8	0.24%	34,403	10	0.19%
FIT REN Paulen Creek LP	45,044	9	0.23%	38,730	7	0.21%
Dav-N-Renaissance LLX	42,900	10	0.22%	N/A	N/A	N/A
PHF II Sonoma LLC (Sonoma Co Hilton)	N/A	N/A	N/A	39,699	6	0.22%
Optical Coating Laboratories Inc.	N/A	N/A	N/A	81,321	2	0.45%
Montgomery Village Limited Partnership	N/A	N/A	N/A	36,347	9	0.20%
Total	<u>\$ 695,235</u>		<u>3.53%</u>	<u>\$ 596,496</u>		<u>3.29%</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 Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
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%
2015-16	22,432	22,432	100%	-	22,432	100%
2016-17	23,593	23,593	100%	-	23,593	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

Table 10

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

	Fiscal Year			
	2007-08	2008-09	2009-10	2010-11
Apparel stores	\$ 147,252	\$ 136,633	\$ 138,755	\$ 145,129
Auto dealers and supplies	457,981	317,087	319,289	346,149
Building materials and farm tools	256,002	209,361	195,190	213,275
Drug stores	40,936	41,818	40,883	40,266
Eating and drinking places	212,237	210,035	203,277	217,946
Food stores	143,751	141,819	139,057	148,193
General merchandise	378,644	355,046	332,620	346,614
Home furnishings & appliances	179,266	160,842	149,444	158,788
Other retail	399,630	357,050	324,496	340,307
Packaged liquor stores	24,375	22,727	24,421	22,783
Service stations	261,796	211,611	220,059	258,881
All other outlets	319,970	274,830	268,493	252,231
<b>Total</b>	<b>\$ 2,821,840</b>	<b>\$ 2,438,859</b>	<b>\$ 2,355,984</b>	<b>\$ 2,490,562</b>
City direct sales tax rate	0.25%	0.25%	0.25%	0.25%-0.50%

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

(Continued)

SOURCE: MuniServices, LLC

Table 10

Fiscal Year						
2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	
\$ 156,508	\$ 167,914	\$ 170,604	\$ 173,961	\$ 175,391	\$ 184,875	
396,309	461,382	537,717	609,889	677,271	763,504	
225,867	257,930	281,609	268,043	274,637	288,101	
40,646	39,975	39,716	38,397	38,701	40,596	
232,610	258,020	279,352	305,680	322,514	337,341	
159,378	170,970	178,767	182,327	187,592	187,316	
350,586	358,202	344,783	357,516	360,879	356,076	
159,317	169,301	173,175	178,463	176,177	178,378	
359,245	355,545	356,663	366,675	376,373	366,849	
24,686	26,182	27,899	30,825	30,635	30,066	
268,652	257,235	263,272	217,586	179,902	179,074	
316,903	303,824	343,930	380,567	403,326	380,162	
<b>\$ 2,690,707</b>	<b>\$ 2,826,480</b>	<b>\$ 2,997,487</b>	<b>\$ 3,109,929</b>	<b>\$ 3,203,398</b>	<b>\$ 3,292,338</b>	
0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	

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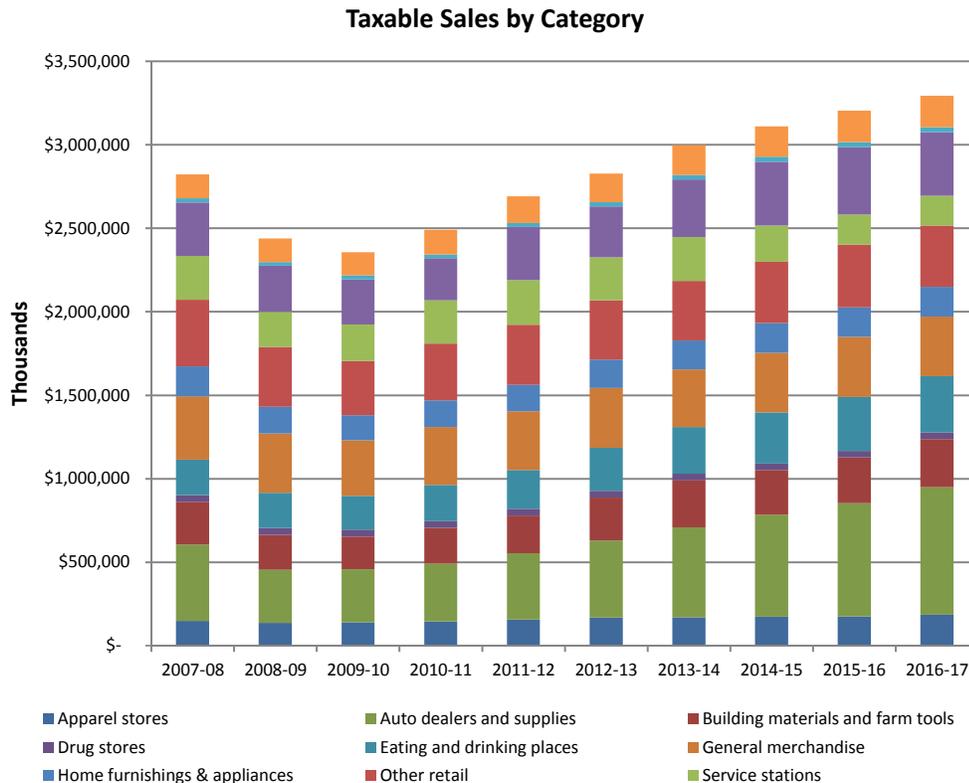


Table 11

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

Fiscal Year	City Direct Rate	Overlapping Rate Sonoma County
2007-08	0.25%	0.750%
2008-09	0.25%	0.750%
2009-10	0.25%	0.750%
2010-11	0.25%-0.50%	0.750%
2011-12	0.50%	0.750%
2012-13	0.50%	0.750%
2013-14	0.50%	0.750%
2014-15	0.50%	0.750%
2015-16	0.50%	0.750%
2016-17	0.50%	0.875%

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

Table 12

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

FY 2016-17				
	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
Apparel stores	260	4.8%	\$ 2,542	5.6%
Auto dealers & auto supplies	107	2.0%	10,498	23.2%
Bldg matrl & farm implmts	95	1.7%	3,961	8.8%
Drug stores	54	1.0%	558	1.2%
Eating and Drinking places	500	9.2%	4,638	10.2%
Food stores	172	3.2%	2,576	5.7%
General merchandise	56	1.0%	4,896	10.8%
Home furnishings & appliances	167	3.1%	2,453	5.4%
Other retail	1,364	25.0%	5,044	11.1%
Packaged liquor stores	42	0.8%	413	0.9%
Services stations	47	0.9%	2,462	5.4%
All other outlets	2,595	47.5%	5,227	11.5%
<b>Total</b>	<b>5,459</b>	<b>100.0%</b>	<b>\$ 45,270</b>	<b>100.0%</b>

FY 2007-08				
	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
Apparel stores	212	3.9%	\$ 1,505	5.0%
Auto dealers & auto supplies	144	2.6%	5,308	17.5%
Bldg matrl & farm implmts	139	2.5%	2,812	9.3%
Drug stores	19	0.3%	404	1.3%
Eating and Drinking places	504	9.2%	2,134	7.0%
Food stores	173	3.2%	1,471	4.9%
General merchandise	27	0.5%	3,931	13.0%
Home furnishings & appliances	197	3.6%	1,926	6.4%
Other retail	1,470	26.9%	3,933	13.0%
Packaged liquor stores	26	0.5%	243	0.8%
Services stations	57	1.0%	2,214	7.3%
All other outlets	2,498	45.7%	4,428	14.6%
<b>Total</b>	<b>5,466</b>	<b>100.0%</b>	<b>\$ 30,309</b>	<b>100.0%</b>

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	Demand Fee Revenue	
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	3,119	119,353
2015-16	11,582	26,320	1,741	75,463	2,314	117,420
2016-17	11,487	29,657	1,572	76,489	3,271	122,476

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

Table 14

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

Fiscal Year	Governmental Activities				Subtotal
	Building Acquisition Courthouse Project Certificates of Participation	Pension Obligation Bonds	Capital Lease Obligations		
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	5,857		44,672
2015-16	8,617	27,315	4,892		40,824
2016-17	11,435	24,715	4,181		40,331

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.

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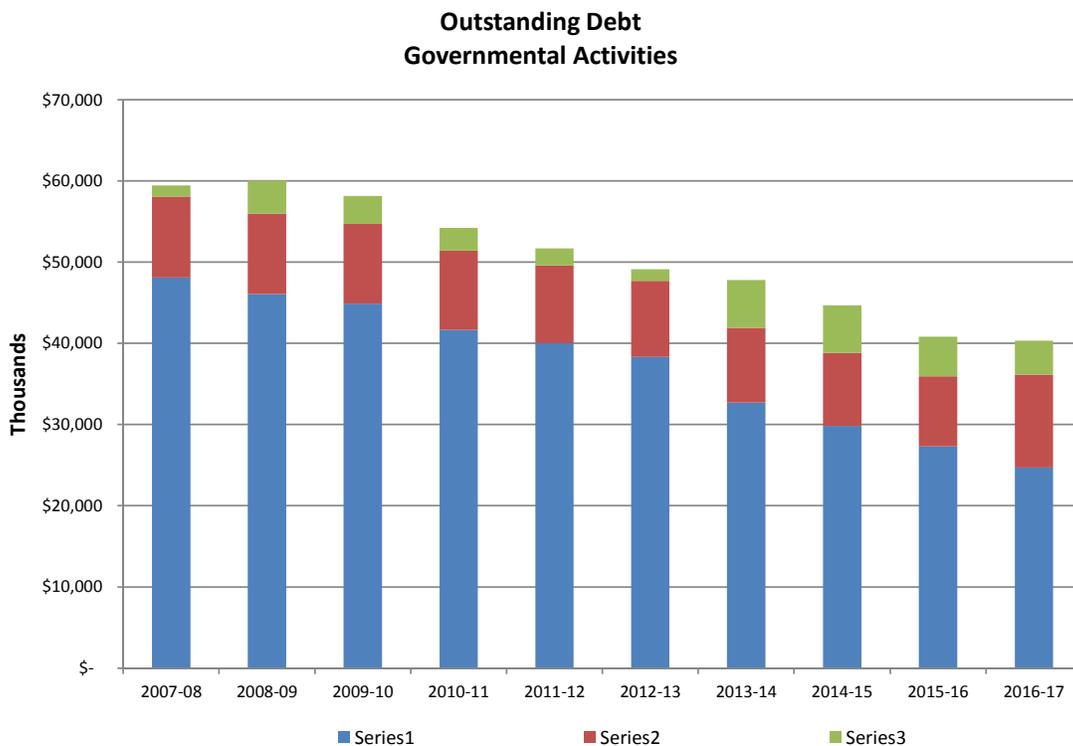


Table 14

Fiscal Year	Business-type Activities					State Loans	Total Primary Government	Percentage of Personal Income	Per Capita
	Water Revenue Bonds	Wastewater Improvement Bonds	Parking Improvement Bonds	Golf Course Improvement Certificates of Participation					
2007-08	\$ -	\$ 222,618	\$ 3,350	\$ 5,520	\$ 118,657	\$ 409,576	11.0%	2,560.15	
2008-09	13,850	268,459	3,000	5,410	111,201	461,950	11.9%	2,860.44	
2009-10	13,615	264,806	2,635	5,255	103,722	448,186	11.4%	2,742.27	
2010-11	13,370	260,980	2,250	5,095	96,633	432,556	10.5%	2,561.69	
2011-12	13,115	250,002	1,845	4,930	88,635	410,236	9.8%	2,429.72	
2012-13	12,850	245,855	1,420	4,760	80,402	394,410	9.8%	2,318.79	
2013-14	12,575	256,296	970	4,585	71,951	394,168	10.0%	2,315.42	
2014-15	12,290	251,334	500	4,400	63,281	376,477	9.9%	2,175.27	
2015-16	11,995	244,483	-	4,210	56,153	357,665	8.9%	2,036.04	
2016-17	11,685	271,822	-	4,010	243	328,091	7.4%	1,855.73	

(Concluded)

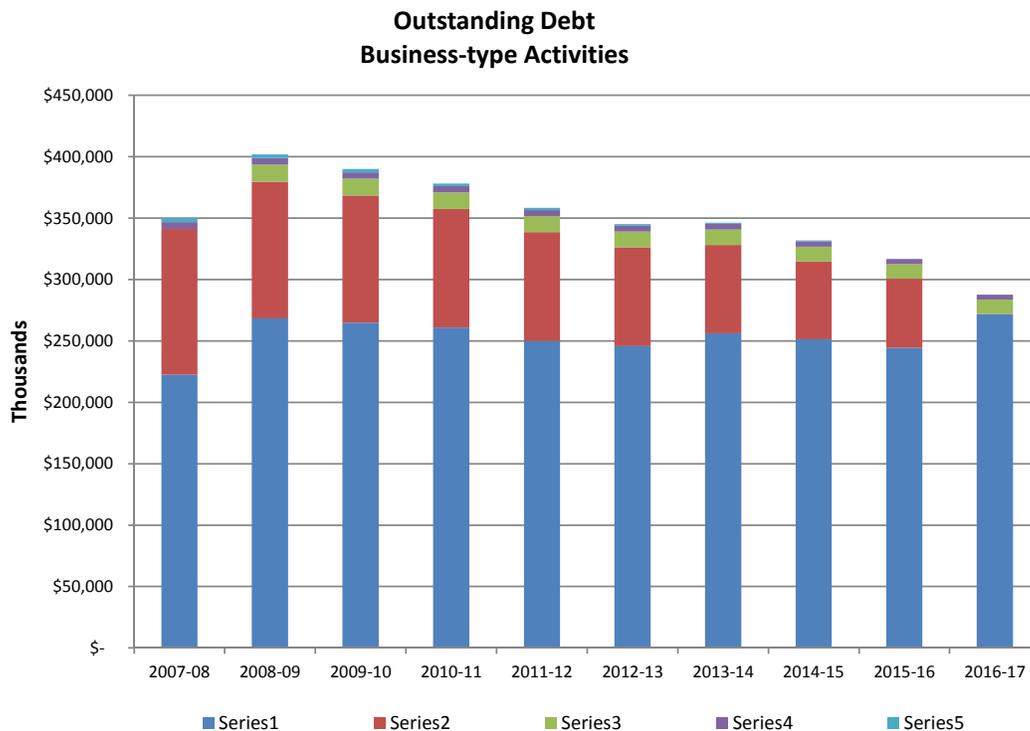


Table 15

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	Building Acquisition Courthouse Project 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
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	0.27%	276.55
2013-14	9,175	32,715	41,890	2,109	39,781	0.22%	233.68
2014-15	8,960	29,855	38,815	1,459	37,356	0.19%	215.84
2015-16	8,617	27,315	35,932	815	35,117	0.17%	199.91
2016-17	11,435	24,715	36,150	-	36,150	0.16%	204.47

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 <sup>1</sup>	Estimated Share of Direct and Overlapping Debt
Debt repaid with property taxes:			
Santa Rosa High School	\$ 122,540	74.0276%	\$ 90,713
Santa Rosa Elementary	37,780	98.3490%	37,156
Sonoma County Junior College District	279,950	27.0522%	75,733
Rincon Valley Union Elementary	35,504	84.3883%	29,961
Wright Elementary	16,385	92.0421%	15,081
Piner-Olivet Union Elementary	10,967	71.3131%	7,821
Bennett Valley Elementary	11,231	61.2307%	6,877
Bellevue Elementary	26,574	54.0914%	14,374
Mark West Union Elementary	14,403	17.1694%	2,473
Roseland Elementary	5,438	61.6016%	3,350
Sebastopol Unified Elementary	11,372	0.0146%	2
West Sonoma County Unified High School	28,154	0.0033%	1
Subtotal, overlapping debt			283,542
City direct debt			40,331
Total direct and overlapping debt			\$ 323,873

Notes:

<sup>1</sup> 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

Table 17

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

<b>Fiscal Year</b>	<b>Assessed Value (1)</b>	<b>Legal Debt Limit (2)</b>	<b>Debt Applicable to Limit (3)</b>	<b>Legal Debt Margin (4)</b>	<b>Legal Debt Margin/Debt Limit</b>
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	17,465,382	654,952	47,040	607,912	93%
2013-14	17,977,495	674,156	39,781	634,375	94%
2014-15	19,655,659	737,087	37,356	699,731	95%
2015-16	21,145,829	792,969	35,932	757,037	95%
2016-17	22,311,813	836,693	36,150	800,543	96%

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  
 PLEDGED 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
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
2015-16	80,748	35,019	45,729	26,577	1.72	1.63
2016-17	82,957	37,972	44,985	28,355	1.59	1.47

Fiscal Year	Water Revenue Bonds					
	Gross Revenue	Less: Operating Expenses	Net Available		Coverage Ratios	
			Revenue	Debt Service	Including Demand Fees	Excluding Demand Fees
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	25,758	16,361	874	18.72	20.04
2015-16	40,585	26,195	14,390	873	16.49	17.38
2016-17	46,549	27,798	18,751	877	21.39	22.53

- NOTES:
- (1) The water fund had no pledged-revenue coverage ratio requirements from 2000 through 2010.
  - (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 Fund Financial Statements

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Table 19

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

Fiscal Year	Population	Personal Income (in thousands)	Per Capita Personal Income	Unemployment Rate
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%
2015-16	175,667	3,999,352	22,767	4.7%
2016-17	176,799	4,449,442	25,167	3.6%

- 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](http://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	2017			2008		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
County of Sonoma	3,894	1	4.38%	4,230	1	5.21%
Kaiser Permanente	2,640	2	2.97%	2,437	4	3.00%
Santa Rosa School District	1,657	3	1.86%	1,375	8	1.69%
Santa Rosa Junior College	1,644	4	1.85%	2,622	3	3.23%
St. Joseph Health System	1,640	5	1.84%	2,775	2	3.42%
Keysight/Agilent Technologies	1,275	6	1.43%	1,400	7	1.72%
City of Santa Rosa	1,268	7	1.42%	1,440	6	1.77%
Medtronic/Arterial Vascular Eng	1,000	8	1.12%	1,200	9	1.48%
Sutter Medical Center of Santa Rosa	936	9	1.05%	N/A	N/A	N/A
Amy's Kitchen	890	10	1.00%	1,050	10	1.29%
Safeway	N/A	N/A	N/A	1,615	5	1.99%
<b>Total</b>	<b>16,844</b>		<b>18.93%</b>	<b>20,144</b>		<b>24.81%</b>

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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Governmental Activities:</b>										
General government	233.35	220.75	165.95	157.10	152.40	158.75	163.55	171.75	194.25	199.25
Public safety										
Police	287.25	284.25	270.25	251.75	246.75	246.75	253.25	258.75	256.75	256.50
Fire	152.75	151.75	142.50	137.75	136.00	137.75	146.75	147.75	147.75	147.50
Public works	190.00	213.55	190.50	189.50	187.00	186.00	187.00	191.50	175.50	195.50
Recreation and parks	118.40	114.85	87.75	83.15	84.15	82.65	83.15	93.15	93.15	74.00
Housing opportunity and other	36.00	36.00	34.00	32.50	28.00	24.50	28.50	25.00	28.75	32.00
<b>Business-type Activities:</b>										
Water utility	123.75	116.50	118.50	121.00	105.50	110.00	106.00	104.50	105.50	109.50
Wastewater utility	136.50	136.50	136.50	136.50	136.50	132.00	136.00	136.00	138.00	140.00
Parking	38.00	37.00	37.00	38.50	40.50	39.00	34.00	40.00	34.00	32.00
Municipal transit	89.50	90.50	88.00	83.00	83.00	82.00	82.00	82.00	82.00	82.00
<b>Total</b>	<b>1,405.50</b>	<b>1,401.65</b>	<b>1,270.95</b>	<b>1,230.75</b>	<b>1,199.80</b>	<b>1,199.40</b>	<b>1,220.20</b>	<b>1,250.40</b>	<b>1,255.65</b>	<b>1,268.25</b>

SOURCE: City of Santa Rosa - Human Resources

Full-Time Equivalent Employees  
 By Function

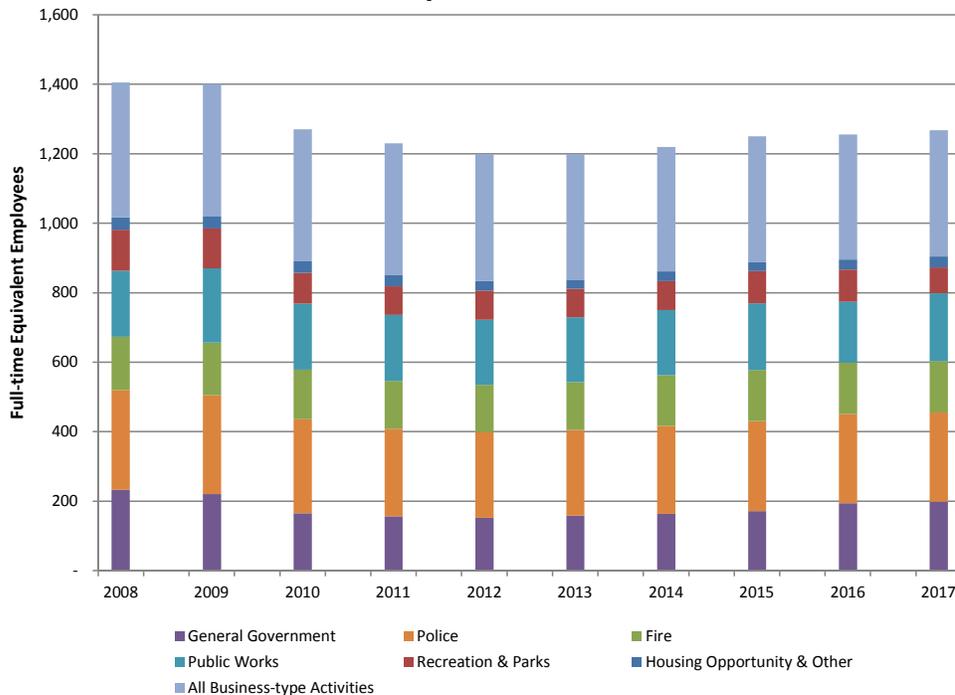


Table 22

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

Function	Fiscal Year			
	2007-08	2008-09	2009-10	2010-11
<b>Governmental Activities:</b>				
General Government				
Building permits issued	4,334	3,637	3,693	4,101
Value of building permits \$M	\$ 155.8	\$ 125.4	\$ 83.9	\$ 109.3
Public Safety				
Police				
Arrests	11,304	11,324	10,435	10,512
Traffic citations	21,168	21,022	20,762	20,419
Fire				
Emergency responses	18,761	19,137	19,243	19,592
Fire losses (thousands)	\$ 6,294	\$ 5,242	\$ 2,480	\$ 2,543
Public Works				
Vehicles serviced	1,135	1,030	1,010	1,025
Storm Drain miles cleaned	19.0	35.0	25.0	23.5
Recreation and Parks				
Picnic Reservations	672	686	672	649
Participant Registrations	39,042	37,791	29,077	20,080
<b>Business-type Activities:</b>				
Water Utility				
Billions of gallons sold	6.7	6.5	5.8	5.8
Unaccounted for water	10%	10%	3%	9%
Miles of water line replaced	3.68	0.47	3.07	0.65
Wastewater Utility				
Billions of gallons wastewater treated	6.74 <sup>(1)</sup>	6.17	6.97	5.63
Miles of sewer lines flushed	166	256	222	248
Miles of CCTV inspection of sewer main	85	105	108	137
Miles of sewer main replaced	2.26	2.51	3.26	0.64
Parking				
Average daily users	9,900	9,400	9,150	9,200
Municipal Transit				
Revenue service miles	1,050,845	1,091,417	1,132,816	1,124,832
Average daily riders	11,107	10,160	11,402	10,637
Golf Course				
Rounds of play	85,796	84,744	71,161	63,358
Storm Water				
Storm drains - miles cleaned	19.0	35.0	25.0	23.5

SOURCE: Various City departments

(Continued)

Table 22

Fiscal Year						
2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	
4,182	4,493	4,793	5,166	5,536	5,469	
\$ 117.0	\$ 147.5	\$ 158.0	\$ 138.3	\$ 144.4	\$ 168.3	
10,539	10,481	9,420	8,001	8,396	9,081	
20,460	19,008	14,895	10,801	12,669	11,953	
20,203	21,554	22,332	24,390	25,109	26,961	
\$ 2,933	\$ 2,959	\$ 2,997	\$ 4,288	\$ 6,089	\$ 1,453	
1,036	1,002	1,009	929	925	983	
33.5	33.5	25.7	36.4	37.0	23.6	
852	976	968	1,033	1,051	918	
28,831	30,034	28,576	25,645	22,695	20,756	
5.8	6.4	6.1	5.3	4.9	5.3	
6%	7%	8%	7%	8%	3%	
1.78	1.35	2.19	1.14	0.01	0.36	
6.50	6.62	6.18	6.18	6.24	7.70	
181	199	281	273	140	244	
140	128	121	109	84	102	
2.59	2.95	2.92	0.86	0.46	0.66	
9,800	9,150	8,856	9,516	9,018	8,986	
1,082,471	1,037,006	1,216,115	930,385	929,350	926,058	
8,449	7,952	6,748	9,516	5,843	5,603	
72,601	71,991	74,644	71,489	58,976	46,535	
33.5	33.5	25.7	36.4	37.0	23.6	

(Concluded)

Table 23

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

Function/Program	As of June 30,			
	2008	2009	2010	2011
<b>Governmental Activities:</b>				
General Government				
Administrative Buildings	5	6	6	6
Public Safety				
Police				
Stations	1	1	1	1
Vehicular patrol units	63	65	66	62
Fire				
Stations	10	10	10	10
Public Works				
Streets (miles maintained)	544	548	550	492
Street lights	16,000	16,000	15,737	16,286
Traffic signals	234	239	239	240
Recreation and Parks				
Parks - Number of developed acres <sup>1</sup>	529.15	529.15	529.15	545.00
Number of parks <sup>1</sup>	60	60	60	62
Number of swimming facilities	2	2	2	2
Number of clubhouses	3	3	3	3
Number of community recreation centers	2	2	2	2
Number of senior centers	1	1	1	1
Number of tennis courts	20	21	20	22
<b>Business-type Activities:</b>				
Water Utility				
Number of water accounts	50,862	51,083	49,449	49,599
Miles of water line in system	620	630	617	617
Wastewater Utility				
Number of sewer accounts	48,200	48,420	48,469	48,639
Plant treatment capacity	21.3	21.3	21.3	21.3
Plant flow capacity	66.9	66.9	66.9	66.9
Miles of sewer line in system	589.0	587.7	588.0	588.0
Parking				
Number of garages	5	5	5	5
Number of lots	8	8	8	10
Municipal transit				
Number of fixed route buses	33	35	36	35
Number of paratransit vehicles	11	11	11	11
Golf Course				
City-owned courses	1	1	1	1
Storm Water				
Storm Drains - miles in system	336	348	355	352

<sup>1</sup> Comprehensive audit of acres and parks completed in fiscal year 15-16

(Continued)

SOURCE: Various City departments

Table 23

As of June 30,					
2012	2013	2014	2015	2016	2017
6	6	6	6	6	6
1	1	1	1	1	1
62	65	69	69	89	80
10	10	10	10	10	10
491	491	493	493	493	494
15,662	15,758	15,720	15,802	15,777	15,759
258	253	257	258	259	261
542.50	558.00	558.00	558.00	738.20	851.00
65	66	67	67	68	68
2	2	2	2	2	2
2	3	2	2	2	2
2	2	2	2	2	2
1	2	2	2	2	2
22	22	22	22	22	19
49,758	49,909	52,955	53,029	53,086	53,253
618	620	618	619	622	619
48,800	48,941	49,157	49,351	48,398	49,527
21.3	21.3	21.3	21.3	21.3	21.3
60.7	60.7	56.2	56.2	56.2	56.2
586.9	588.5	588.8	588.2	588.4	589.9
5	5	5	5	5	5
10	10	10	10	10	10
38	37	37	34	32	32
11	13	13	15	13	13
1	1	1	1	1	1
352	352	353	368	368	370

(Concluded)



City of  
**Santa Rosa**

100 Santa Rosa Avenue, Santa Rosa, CA 95404