

Comprehensive Annual Financial Report

City of Santa Rosa, California
Fiscal Year Ended June 30, 2019





City of Santa Rosa
Santa Rosa, California

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2019

Prepared by the
Department of Finance

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Introductory Section





January 28, 2020

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

The Charter of the City of Santa Rosa requires an independent audit of all the accounts of the City in conformance with generally accepted auditing standards. This Comprehensive Annual Financial Report, prepared in conformance with accounting principle generally accepted in the United States of America (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 of Santa Rosa's financial statements for the fiscal year ended June 30, 2019. The independent auditor's report is located at the front of the financial section of this report.

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

Profile of the City

The City of Santa Rosa, a charter city incorporated in 1868, is located 55 miles north of San Francisco. It is the county seat for Sonoma County, one of California's premier wine growing regions, and is the gateway to tourist destinations in the redwoods and on the coast. Santa Rosa is the 22nd most populous city in the state. It occupies approximately 41 square miles and serves a population of over 175,000.

FINANCE DEPARTMENT
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The City of Santa Rosa 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. 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. In addition, Santa Rosa voters approved two additional 1/4% tax measures for general city services and an additional 1/4% special tax for public safety services. The expiration dates for these add-on taxes are as follows:

- an additional 1/4% special tax for public safety in effect until FY 2024-25.
- an additional 1/4% general sales tax for general City services in effect until FY 2026-27.
- an additional 1/4% general sales tax, approved by the voters in November 2018, to be in effect until FY 2024-25.

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

The City of Santa Rosa has operated under the council-manager form of government since adoption of a charter update in 1923. Policy-making and legislative authority are vested in a City Council (Council) consisting of seven members, all of whom are elected on a non-partisan basis. The City Council transitioned to district elections and established seven Council districts. Three Council members were elected to represent even-numbered council districts on November 6, 2018. Council members from the remaining odd-numbered council districts will be elected in 2020. Following the biennial 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 appoints the City Manager and the City Attorney. The City Manager is the administrative head of the City who in turn appoints the heads of the various departments. The City Attorney is the Council's parliamentarian.

The City of Santa Rosa provides a full range of services, including police and fire protection; construction and maintenance of streets, highways and other infrastructure, water, storm water and wastewater utilities; housing services through its Housing Authority; economic development, transit, parking, and recreation and parks, including a municipal golf course. Boards appointed by the City Council are responsible for policy direction of the Housing Authority and the City's utilities as authorized in state law and the City's charter. There are two school districts providing K-12 education services, including ten elementary schools, five middle schools, six high schools, and several charter schools and other schools. There is also the Santa Rosa Junior College.

The City Charter requires the Council to publish the locations where the current budget can be reviewed and a notice of public hearing to solicit input from constituents and stakeholders regarding future budgets by March 31st of each year. It also requires the Council to adopt the budget by June 30th. The budget serves as the foundation for the City of Santa Rosa's financial planning and control. The budget is prepared by fund and department or project. The City Manager is authorized to transfer an unlimited amount of appropriations within any fund so long as the total appropriations are not increased. The City Manager is also authorized to transfer up to \$50,000 of appropriations between funds; and up to \$100,000 of appropriations between funds within one enterprise activity. In addition, the City Manager or their designee is authorized to increase appropriations upon receipt of grant awards of up to \$500,000. Other than increasing

appropriations upon receipt of grant awards, only the City Council has the authority to increase total appropriations subject to the appropriation limitations established by state law. Budget appropriations lapse at the end of the fiscal year, with the exception of contract commitments and capital improvements, which are carried over until the commitment is met, or the project has been completed.

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

Local Economy

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

The October 2019 unemployment rate for Santa Rosa, according to the Bureau of Labor Statistics, was 2.3%, which is down from 2.6% in October 2018. The City's unemployment rate is on par with Sonoma County and less than the California's rate of 3.7%. The "Beaconomics, Winter 2019" report from Beacon Economics shows the median home price in Santa Rosa for the third quarter of 2019 is \$604,739, which is down 0.6% from a year ago; however, home sales in Santa Rosa increased by 6.5%.

Trends and Prospects

The Santa Rosa economy exhibits continued strength and provides diverse sources of revenues to support City operations. The largest General Fund revenue is sales tax, which represents about 35 percent of the City's portfolio and is expected to grow modestly in the coming year. Property tax, the next largest source, is continuing to grow, despite the effects of the fires. Projected losses from the fires were not realized in General Fund revenues in FY 2018-19 and are projected to grow by almost 12 percent in FY 2019-20. Much of this growth, however, is due to additional tax revenues from the temporary sales tax measure passed by voters in November 2018.

The City continues to recover from significant destruction of property caused by the October 2017 wildfires. Permits have been started on 2,237 housing units in the neighborhoods destroyed by the wildfires. Over 1,100 housing units are in construction with 868 structures completed.

City staff, working with the Federal Emergency Management Agency (FEMA) and the California Office of Emergency Services (CalOES), monitors Public Assistance and Hazard Mitigation Grant Program projects, requests reimbursements for costs, and amasses all documentation needed to complete projects. The documentation is reviewed by CalOES and FEMA and may be subject to audit in future years. The recovery process for the October 2017 fires will continue for several years.

The City developed 29 Public Assistance projects, totaling an estimated \$41.6 million. These projects are used to repair and replace damaged property and infrastructure. Twenty-seven of the projects have been approved by FEMA, with funds obligated toward those projects, one is still under review at FEMA, and one is for Direct Administrative Costs, which is approved after all

projects have been completed and closed out. The City has received approximately \$5 million in reimbursement, with the majority of that going to the General Fund to reimburse actual costs spent responding to the fires.

Hazard Mitigation Grant Program (HMGP) projects are used to mitigate future disasters. The City developed 18 projects, totaling approximately \$85.5 million. Four projects have been approved, seven are under FEMA review, one is on a waitlist, and the remainder were either denied or the application was withdrawn.

CalPERS

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

	Fiscal Year 2018/19	Fiscal Year 2019/20	Fiscal Year 2020/21
Miscellaneous Group			
Employer Normal Cost	11.268%	11.698%	11.953%
Unfunded Liability Cost	\$10,407,857	\$12,722,936	\$ 14,486,587
Fire Group			
Employer Normal Cost	16.857%	17.726%	18.590%
Unfunded Liability Cost	\$4,096,609	\$4,770,456	\$ 5,219,890
Police Group			
Employer Normal Cost	19.956%	21.096%	22.318%
Unfunded Liability Cost	\$5,092,183	\$6,138,826	\$ 7,051,588

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. 75, the City's stipend plans for providing other postemployment benefits are described as defined benefit arrangements. This description is applied solely for the purpose of presenting this financial report in accordance with 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 by an actuary and benefit amounts are susceptible to change depending on the results of the actuarial valuations.

Long Range Financial Planning

The City continues to utilize a ten-year forecasting model for the General Fund. This forecast is used as part of the budget development process, in labor negotiations and to show the impacts of additions to the budget which may have a long-term financial impact on the General Fund. Finance staff updates the forecast and presents it to the Council as part of the budgeting process.

As with most forecasting models, the Long Range Financial Forecast is designed to be a planning tool. The Forecast 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, information technology costs, etc.). The Forecast is designed to be dynamic and allow policy makers to plan for different budgeting scenarios.

The City's proposed budget in total is lower than the FY 2018-19 adopted budget, decreasing by \$9.4 million, or 2.1 percent, for a total budget of \$438.9 million. While the operating portion of the budget increased by a little over 4 percent, there was a substantial decrease of approximately 26 percent in the Capital Improvement Program (CIP), which saw a reduction of \$24 million as projects related to cleanup of the city's water utilities came in substantially below last year's estimate.

Citywide operating budgets increased by \$14.9 million, or 4.2 percent, with the largest increase seen in the Housing Authority. The Housing Authority budget increased by \$10.4 million (31 percent) due primarily to a large increase in the cost of Rental Assistance. Despite increases in personnel costs, such as cost of living adjustments (COLA) and pension costs, the General Fund increased by less than one percent, as departments eliminated approximately 39 vacant positions in order balance the structural deficit.

The City was able to balance the General Fund budget through several measures. A temporary quarter cent sales tax was passed by voters in November 2018, providing six years of additional funds to bolster resiliency and better prepare for future disasters. Departments also provided \$5 million in additional savings by cutting 39 vacant positions. The budget also paid down over \$4 million in unfunded liabilities related to pensions and set aside much needed funding for our aging infrastructure. The total General Fund budget increased to \$171 million, growing at less than one percent over the previous year.

Major Initiatives

City staff and the City Council are working together to accomplish significant goals established by the Council and other initiatives. The more notable accomplishments include:

- Ensure financial stability of City government
- Effectively implement the recovery and rebuilding of Santa Rosa
- Successfully passed ballot Measure O – Temporary Emergency Funding
- Banned use of glyphosates weed killer in all City Parks and Facilities
- Worked closely with outside counsel to represent the City in the PG&E litigation
- Completed the Coffey Park Master Plan for Reconstruction
- Formed the Santa Rosa Downtown Community Benefit District
- Successfully restored water quality in the fire impacted neighborhood of Fountaingrove and lifted the drinking water advisory
- Processed permits for 1,456 individual parcels that experienced a complete loss of a primary structure in the Tubbs Fire

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, 2018.

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 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 2019-20 budget adopted on June 18, 2019. To qualify for this award the City's budget document had to be judged proficient as a policy document, a financial plan, an operations guide and a communications device.

Acknowledgments

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

Respectfully submitted,



SEAN MCGLYNN
City Manager



CHUCK MCBRIDE
Chief Financial Officer



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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, 2018

Christopher P. Morrell

Executive Director/CEO



PRINCIPAL OFFICERS (June 30, 2019)

Elected Officials



Tom Schwedhelm
Mayor



Chris Rogers
Vice Mayor



Jack Tibbetts
Council Member



Ernesto Olivares
Council Member



Victoria Fleming
Council Member



John Sawyer
Council Member

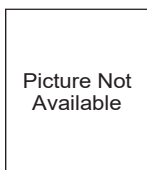


Julie Combs
Council Member

Executive Team



Sean McGlynn
City Manager



Chuck McBride
Chief Financial
Officer



Amy Reeve
Director of
Human Resources



Jason Carter
Interim Director of Community
Programs /Rec



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/Parks



David Guhin
Director of Planning
and Economic
Development



Jennifer Burke
Director of Water



Rainer Navarro
Police Chief

BOARDS, COMMISSIONS, AND COMMITTEES

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)
Tourism Business Improvement Area Advisory Board
Subdivision Committee
Subregional Technical Advisory Committee
Successor Agency Oversight Board
Zoning Administrator
Waterways Advisory Committee

COUNCIL SUBCOMMITTEES

City Council / BPU Liaison Subcommittee
Downtown Subcommittee
Economic Development Subcommittee
Long Term Financial Policy Committee
Cannabis Policy Subcommittee
Open Government Task Force Implementation Subcommittee

ORGANIZATIONAL CHART

As of June 30, 2019



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Financial Section





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, 2019, 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, 2019, 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.

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, the combining and individual nonmajor fund financial statements and schedules included in the other supplementary information section, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2020 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
January 28, 2020

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, 2019. 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 \$723,971 (net position) at June 30, 2019, an increase of \$40,173, or 5.9 percent from the prior fiscal year. Of the net position amount, \$81,893 is restricted for specific purposes (restricted net position), \$720,018 is its net investment in capital assets, and the remaining deficit of \$77,940 is unrestricted.
- Government-wide revenues increased by \$40,373 or 11.3 percent. The increase is primarily due to the following changes. For the government activities, charges for services revenue increased by \$3,548 or 13.2 percent mostly from development related fees, and operating grants revenue increased by \$5,466 or 52.8 percent primarily due to increase in disaster grants and gas tax revenues, and unrestricted investment income increased by \$5,273 or 664.9 percent due to increases in rate of return on investments and unrealized gains. Business-type revenues for operating grants increased \$6,801 or 78.9 percent due to an increase in State Transit Assistance (STA) and Federal Transit Assistance (FTA) grants in the transit fund and an increase in unrestricted investment income of \$7,751 or 793.6 percent due to increases in cash balances, rate of return on investments and unrealized gains.
- Government-wide expenses increased by \$878 or 0.2 percent from the prior year. Governmental activities expenses increased by \$761 or 0.4 percent, primarily due to increase in general governmental expenses of \$1,434 or 3.1 percent and increase in public safety expenses of \$6,330 or 5.9 percent, offset by decrease in public works expenses by \$6,622 or 16.7 percent.
- The City's governmental funds reported combined ending fund balances of \$133,537, an increase of \$14,514 or 12.2 percent from the prior year. This was due to increases in General Fund by \$9,333 and nonmajor governmental funds by \$5,181.
- The General Fund's spendable, unrestricted fund balance was \$74,220, or 44.0 percent of total General Fund expenditures of \$168,731. Of this amount, \$29,322 or 17.4 percent of General Fund expenditures is unassigned. The remaining balance is assigned for subsequent year appropriations \$43,080 and insurance proceeds of \$1,818.
- The City's total long-term obligations decreased by \$13,475 or 1.8 percent from the prior year. The decrease is a combination scheduled debt service payments and refinancing of the Wastewater and Water revenue bonds. The decrease was offset by an increase of \$6,844 in net other postemployment benefits (OPEB) liability.

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, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference 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 retiree 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 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 \$724.0 million at the close of the current fiscal year.

Condensed Statement of Net Position June 30, 2019 and 2018 (in thousands)

The following are the primary components of the City's net position:

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$206,436	\$186,046	\$273,097	\$246,629	\$479,533	\$432,675
Capital assets, net	360,018	360,707	590,985	596,617	951,003	957,324
Total assets	566,454	546,753	864,082	843,246	1,430,536	1,389,999
Deferred outflows of resources - losses on refundings	426	449	1,721	2,725	2,147	3,174
Deferred outflows of resources - pension and OPEB items	62,535	75,289	12,862	17,449	75,397	92,738
Current and other liabilities	8,676	9,975	8,081	10,695	16,757	20,670
Long-term obligations	398,344	394,123	354,821	372,517	753,165	766,640
Total liabilities	407,020	404,098	362,902	383,212	769,922	787,310
Deferred inflows of resources - pension and OPEB items	11,826	13,135	2,361	1,668	14,187	14,803
Net position:						
Net investment in capital assets	345,839	345,435	374,179	360,082	720,018	705,517
Restricted net position	65,005	59,951	16,888	18,399	81,893	78,350
Unrestricted net position	(200,275)	(200,128)	122,335	100,059	(77,940)	(100,069)
Total net position	\$210,569	\$205,258	\$513,402	\$478,540	\$723,971	\$683,798

- 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, is \$720,018 and represents the largest portion (99.5 percent) of the City's net position. 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 minimally for governmental activities by \$404 or 0.1 percent due to capital spending approximating the current year depreciation expenses. Business-type activities net investment in capital assets increased by \$14,097 or 3.9 percent, primarily as a result of increases in water construction projects in the Fountaingrove area and sewer construction projects.

- Restricted net position represents \$81,893 or 11.3 percent of City's net position. These are resources that are subject to external restrictions on how they may be used including: \$51,740 restricted for the construction of major capital projects, \$16,888 restricted for debt service, \$5,197 for other purposes and \$8,068 restricted for public safety programs. Restricted net position increased by \$3,543 or 4.5 percent from the prior year. The increase is mainly due to \$3,335 increase in funds restricted for Parks due to lower spending.
- The remaining net deficit of \$77,940 or (10.8) percent of the total net position are unrestricted amounts that can be used to meet the City's ongoing obligations to citizens and creditors.

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, 2019 and 2018
(in thousands)**

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 30,340	\$ 26,792	\$ 136,751	\$ 132,419	\$ 167,091	\$ 159,211
Operating grants and contributions	15,820	10,354	15,422	8,621	31,242	18,975
Capital grants and contributions	10,557	9,990	11,787	10,884	22,344	20,874
General revenues:						
Property taxes	30,200	27,192	-	-	30,200	27,192
Utility users tax	10,257	10,689	-	-	10,257	10,689
City-levied sales taxes	22,430	18,346	-	-	22,430	18,346
Other taxes	25,897	24,439	-	-	25,897	24,439
Sales taxes from State	41,251	37,423	-	-	41,251	37,423
Motor vehicle in lieu fees	14,602	13,715	-	-	14,602	13,715
Development impact mitigation charges	4,433	8,343	-	-	4,433	8,343
Unrestricted investment income	6,066	793	8,730	977	14,796	1,770
Other	9,843	15,650	4,189	1,575	14,032	17,225
Total revenues	221,696	203,726	176,879	154,476	398,575	358,202
Expenses:						
General government	47,923	46,489	-	-	47,923	46,489
Public safety	113,109	106,779	-	-	113,109	106,779
Public works	33,117	39,739	-	-	33,117	39,739
Recreation and parks	20,021	19,130	-	-	20,021	19,130
Housing opportunity and others	564	1,715	-	-	564	1,715
Interest on long-term liabilities	1,393	1,514	-	-	1,393	1,514
Water Utility	-	-	41,197	43,180	41,197	43,180
Wastewater Utility	-	-	76,031	74,903	76,031	74,903
Parking	-	-	5,903	6,337	5,903	6,337
Municipal Transit	-	-	16,273	15,097	16,273	15,097
Golf Course	-	-	833	722	833	722
Storm Water	-	-	2,038	1,919	2,038	1,919
Total expenses	216,127	215,366	142,275	142,158	358,402	357,524
Change in net position before transfers	5,569	(11,640)	34,604	12,318	40,173	678
Transfers	(258)	2,507	258	(2,507)	-	-
Change in net position	5,311	(9,133)	34,862	9,811	40,173	678
Net position, beginning of year	205,258	173,493	478,540	464,103	683,798	683,120
Net position, end of year	\$ 210,569	\$ 205,258	\$ 513,402	\$ 478,540	\$ 723,971	\$ 683,798

Governmental activities increased the City's net position by \$5,311. This increase was in contrast to the \$9,133 decrease in net position noted in the prior year.

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

- Total governmental activities revenues increased \$17,970 or 8.8 percent, mostly attributable to increases in charges for services of \$3,548 or 13.2 percent, operating grants of \$5,466 or 52.8 percent, unrestricted investment income of \$5,273 or 665.0 percent, and city-levied sales taxes of \$4,084 or 22.3 percent.
- Total governmental activities expenses increased by \$761 or 0.4 percent from the prior fiscal year primarily due to increase in general governmental expenses of \$1,434 or 3.1 percent and increase in public safety expenses of \$6,330 or 5.9 percent, offset by decrease in public works expenses by \$6,622 or 16.7 percent.

Business-type activities increased the City's net position by \$34,862. This increase was higher than the \$9,811 in net position noted in the prior year.

All enterprise funds reported increases in net position with the exception of the Golf Course which reported a decrease in net position primarily as a result of depreciation expense.

The key elements of this increase of the change in business-type activities net position were:

- Total business-type activities revenues increased by \$22,403 or 14.5 percent. The increase in revenues is mainly due to an increase in operating grants of \$6,801 or 78.9 percent primarily related to an increase in STA and FTA grants in the transit fund and an increase in unrestricted investment income of \$7,751 or 793.6 percent due to increases in cash balances, rate of return on investments and unrealized gains.
- Total business-type activities expenses increased minimally by \$117 or 0.1 percent from the prior year.

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 the fiscal year, the City's governmental funds reported combined fund balances of \$133,537, an increase of \$14,514 or 12.2 percent, in comparison with the prior year. Of this amount \$1,165 is defined as nonspendable inventory of supplies and prepaid items, and \$59,262 is restricted for specified purposes such as parks, public safety, roads, capital facilities and other purposes. The remaining \$73,110 constitutes *spendable*, unrestricted fund balance, both assigned and unassigned. The City Council has appropriated \$43,080 of this amount through budget resolutions tied to its core financial planning processes for operations and capital assets. The Chief Financial Officer has assigned \$1,818 of insurance proceeds. The remaining unassigned balance of \$28,212 is available for spending at the City's discretion.

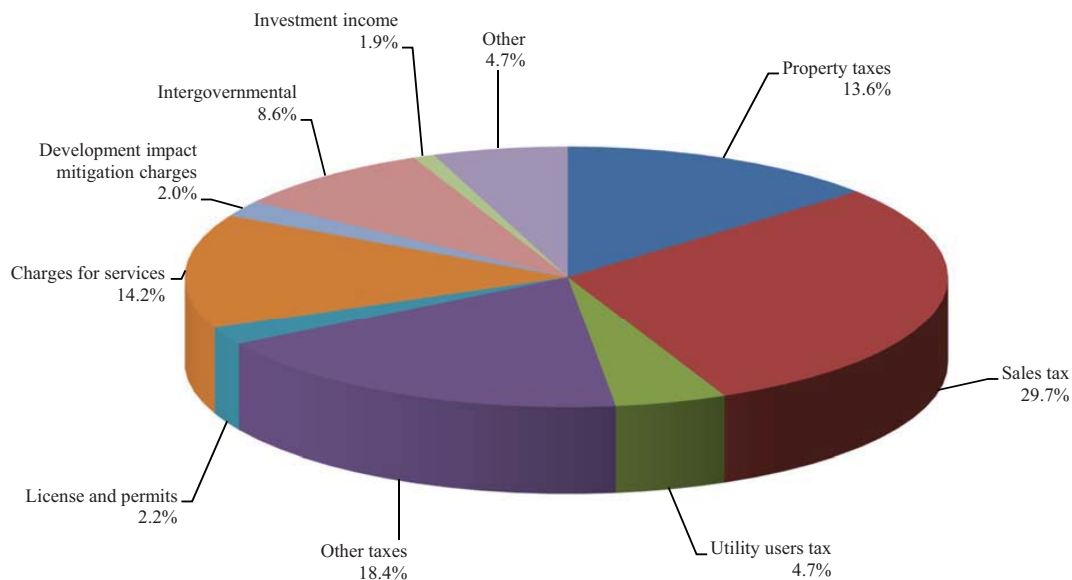
Revenues – The following table presents the amount of revenues from various sources, as well as increases or decreases from the prior year.

Revenues Classified by Source

Governmental Funds
(amounts in thousands)

Revenues by Source	FY 2019		FY 2018		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
Property taxes	\$ 30,200	13.6%	\$ 27,192	13.7%	\$ 3,008	11.1%
Sales tax	64,978	29.7%	56,981	28.5%	7,997	14.0%
Utility users tax	10,257	4.7%	10,689	5.4%	(432)	-4.0%
Other taxes	40,218	18.4%	37,926	19.0%	2,292	6.0%
License and permits	4,775	2.2%	3,439	1.7%	1,336	38.8%
Charges for services	31,085	14.2%	28,744	14.5%	2,341	8.1%
Development impact mitigation charges	4,433	2.0%	8,343	4.2%	(3,910)	-46.9%
Intergovernmental	18,876	8.6%	15,579	7.8%	3,297	21.2%
Investment income	4,173	1.9%	616	0.3%	3,557	577.4%
Other	10,010	4.7%	10,162	4.9%	(152)	-1.5%
Total	<u>\$ 219,005</u>	<u>100.0%</u>	<u>\$ 199,671</u>	<u>100.0%</u>	<u>\$ 19,334</u>	<u>9.7%</u>

Revenues by Source



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

- Property taxes increased by \$3,008 or 11.1 percent and sales taxes increased by \$7,997 or 14.0 percent mainly due to continuous improvement in economy.
- License and permits revenues increased by \$1,336 or 38.8 percent primarily due to an increase in permit applications for rebuilding after the Tubbs fire.
- Charges for services increased by \$2,341 or 8.1 percent primarily due to increases in development activities.
- Investment income increased by \$3,557 or 577.4 percent due to an increase in the rate of return on investments and unrealized gains.

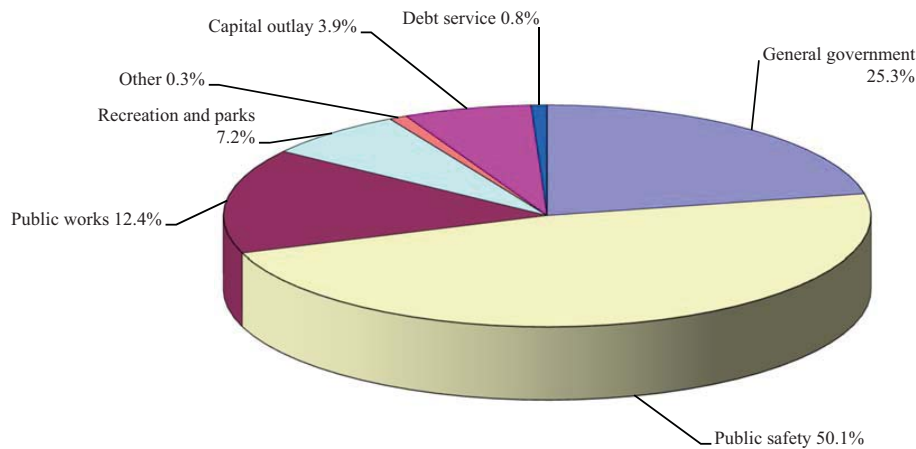
Expenditures – The following table presents expenditures by function compared to prior year amounts.

Expenditures By Function

Governmental Funds
(amounts in thousands)

Expenditures by Function	FY 2019		FY 2018		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of
Current:						
General government	\$ 51,716	25.3%	\$ 44,946	21.9%	\$ 6,770	15.1%
Public safety	102,365	50.1%	98,168	47.8%	4,197	4.3%
Public works	25,293	12.4%	31,577	15.4%	(6,284)	-19.9%
Recreation and parks	14,694	7.2%	14,482	7.1%	212	1.5%
Other	678	0.3%	1,756	0.9%	(1,078)	-61.4%
Capital outlay	7,897	3.9%	13,042	6.3%	(5,145)	-39.4%
Debt service	1,552	0.8%	1,550	0.8%	2	0.1%
Total	\$ 204,195	100.0%	\$ 205,521	100.2%	\$ (1,326)	-0.6%

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 \$6,770 or 15.1 percent, primarily due to an increase in the Planning and Economic Development department for fire recovery contract.
- Public Works – expenditures decreased by \$6,284 or 19.9 percent, primarily due to a reduction in department noncapitalizable capital project activities such as transit corridor projects and neighborhood streets initiative projects.
- Capital Outlay – expenditures decreased by \$5,145 or 39.4 percent due to completion of the Stony Point Road project resulted in a decrease in capitalizable expenditures in the current fiscal year.
- Other – expenditures decreased by \$1,078 or 61.4 percent due to the decrease in General Fund contributions to the Housing Authority.

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 \$74,220 represents 44.0 percent of total General Fund expenditures of \$168,731 while the total fund balance of \$75,385 represents 44.7 percent of that same amount. The assigned portion of the spendable, unrestricted fund balance was \$44,898.

During the fiscal year, the City's General Fund fund balance increased by \$9,333 or 14.1 percent. The increase in General Fund fund balance resulted primarily from revenues of \$186,558 offset by expenditures of \$169,731 and net other financing uses of \$8,494. Current year transfers out of \$10,087 was mainly comprised of \$2,884 for homeless shelters and \$5,013 for capital projects.

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 \$67,953 or 24.6 percent of the wastewater utility's net position. The unrestricted net position for the water utility \$44,870 or 22.2 percent of the water utility's net position. The unrestricted net position of the nonmajor enterprise funds was \$3,710 or 12.8 percent of the nonmajor funds' net position. Included within the unrestricted net position are amounts already committed to ongoing capital projects.

Total net position of the enterprise funds increased by \$33,857. Key factors resulting in this increase are as follows:

- The water utility changes in net position was \$7,849 compared to \$1,213 from the prior year. The increase was primarily due to an increase in investment income and a decrease in transfers out to the general government for capital projects.
- The wastewater utility changes in net position was \$23,267 compared to \$12,844 from the prior year due to an increase in investment income and charges for services.
- The nonmajor enterprise funds changes in net position were \$2,741 compared to (\$4,772) from the prior year. The increase is primarily due to increases in Transit grants.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund actual revenues were higher than estimated revenues by \$9.4 million or 5.3 percent. Property tax revenue was higher than expected by \$4.4 million or 16.9 percent due to the State compensating the City for properties in the Tubbs burn area and sales taxes revenue was higher by \$5.3 million or 10.6 percent due to increases in building materials sales as rebuilding continues.

Actual expenditures were \$9.9 million or 5.5 percent less than final budget appropriations. Expenditures were less than appropriations mostly in the salaries and employee benefits expenditures due to vacant positions.

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, 2019, amounted to \$951.0 million (net of accumulated depreciation). Capital assets includes infrastructure, land, buildings, improvements other than buildings, intangible assets, equipment and construction in progress. The total decrease in the City's capital assets for the current period was \$6.3 million or 0.7 percent.

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

- Ongoing Fulton Road Reconstruction project, from Occidental Road to West Third Street, and from Guerneville Road to Piner Road.
- Ongoing construction of Stony Point Road from Highway 12 to Hearn Avenue.
- Ongoing seismic upgrades to reservoirs.
- Advanced metering infrastructure (AMI)/ Automatic Meter Reading (AMR) software and hardware upgrades.
- Purchase of four 40 foot busses.

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)
	2019	2018	2019	2018	2019	2018	Percent of Change
Land	\$ 56,422	\$ 56,835	\$ 17,509	\$ 19,860	\$ 73,931	\$ 76,695	-3.6%
Buildings	27,337	28,609	135,774	144,963	163,111	173,572	-6.0%
Improvements other than buildings	35,780	38,824	373,723	368,159	409,503	406,983	0.6%
Intangibles	3,006	3,288	904	980	3,910	4,268	-8.4%
Equipment	19,059	17,883	25,918	29,180	44,977	47,063	-4.4%
Infrastructure	181,648	182,954	-	-	181,648	182,954	-0.7%
Construction in progress	36,766	32,314	37,157	33,475	73,923	65,789	12.4%
Total	<u>\$ 360,018</u>	<u>\$ 360,707</u>	<u>\$ 590,985</u>	<u>\$ 596,617</u>	<u>\$ 951,003</u>	<u>\$ 957,324</u>	-0.7%

Among the significant construction commitments is Hearn Avenue at Highway 101 of \$1.4 million, Stony Point Road from Highway 12 of \$0.9 million, Highway 101 Bike/ Pedestrian project of \$0.8 million, Fulton to Guerneville Road to Piner widening project of \$1.6 million, Digester Gas Conditioning Improvements \$1.1 million and AMI Feasibility Study and Implementation of \$1.6 million. Additional information about the City's capital assets can be found in Note 6 to the basic financial statements.

Debt Administration

At June 30, 2019, the City had total long-term debt outstanding of \$313.4 million as compared to \$334.9 million in the prior year, a \$21.5 million or 6.4 percent decrease. The decrease was mainly due to the scheduled debt service payments and the refinancing of the Water and Wastewater revenue bonds through the issuance of Water Revenue Refunding Bonds Series 2018 and Wastewater Revenue Refunding Bonds Series 2018A. Long term debt outstanding at June 30, 2019 was comprised of \$19.3 million of pension obligation bonds, \$14.4 million of certificates of participation, \$195.9 million of utility revenue bonds, \$2.7 million of capital lease obligations, state loan payable of \$0.1 million, accreted interest on capital appreciation bonds of \$57.8 million, and unamortized premium/discount of \$23.2 million.

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, 2019, the City's debt limit (3.75% of assessed valuation) was \$906.8 million. At June 30, 2019, the City had \$31.2 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 2019-20 Operating and Capital Budget is \$438.9 million across all funds and is comprised of \$369.3 million of operational funding and \$69.6 million of capital project funding. The two departments that manage most of the nearly \$69.6 million Capital Budget are Santa Rosa Water and Transportation and Public Works.
- The Water FY 2019-20 CIP budget is \$13 million, down 66.4% from the \$38.7 million request in FY 2018-19. 47% of Water CIP funding is allocated to the replacement of water mains and services. 25% is designated for fire-related infrastructure projects being undertaken under the FEMA Public Assistance (PA) and Hazard Mitigation Grant programs (HMGP). The remaining 28% of funding is going toward other infrastructure, groundwater and planning efforts. There are twenty projects receiving new funding in the FY 2019-20 request.
- The Local Wastewater FY 2019-20 CIP budget is \$12 million, down 45.6% from the \$22 million request in FY 2018-19. 48% of funding is allocated for sewer mains and services. 26% is designated for fire-related infrastructure projects being undertaken under the FEMA Public Assistance (PA) and Hazard Mitigation Grant programs (HMGP). 15% is allocated for sewer trunk 3 repair and replacement projects, pipe and trunk repair and replacement projects. The remaining 11% will fund other sewer infrastructure and planning efforts. There are twenty projects receiving new funding in the FY 2019-20 request. The Subregional FY 2019-20 CIP budget is approximately \$6 million, down 48.9% from \$11.7 million in FY 2018-19. 92% of funding is allocated to plant infrastructure, including \$3.5 million allocated to a significant slope repair to be performed on retention ponds B, C, D and Delta. The remaining 8% is funding upgrade to the Geysers pipeline infrastructure as well as planning efforts. The Storm Water Enterprise FY 2019-20 CIP budget is \$1.5 million. Creek restoration project funding includes Lower Colgan Creek Restoration Phase 2, and various storm water creek restoration projects. Storm drainage project funding includes storm drain repair/replacement on Pacific Avenue, Fulton Road, Franklin Avenue, and the Poppy Creek Box Culvert.

- The Transportation and Public Works Department's Capital Improvement Program budget for FY 2019-20 is \$33.5 million, which includes General Fund contributions of \$6 million for fire recovery projects, \$3 million for infrastructure needs, \$1.2 million for ADA-related projects, \$300K for LED streetlight replacements, and \$662K for Roseland Pavement Maintenance. It should be noted that \$662,000 for Roseland is offset by an equal payment from the County of Sonoma as part of the annexation agreement. The emphasis of this year's Transportation and Public Works budget is primarily on street rehabilitation, pavement maintenance, traffic safety, bicycle and pedestrian safety, street lights and park development.
- The General Fund is the main operating fund for the City of Santa Rosa. For FY 2019-20 the General Fund revenues are estimated at \$178.7 million. Sales and Property Tax are the two largest revenue sources for the City's General Fund, together accounting for almost half of General Fund revenue. The FY 2019-20 expenditure budget is estimated at \$171.3 million and reflects an emphasis on rebuilding and achieving stability for the core services provided to the community.
- FY 2019-20 General Fund revenues are estimated at \$178.7 million, an increase of \$18.9 million or 12% over the FY 2018-19 adopted budget. Property and Sales Taxes are the two largest revenue sources for the City's General Fund, together accounting for 51% of General Fund revenue. In November 2018, the citizens approved an additional quarter-cent general sales tax measure in effect for six years to fund the recovery from the October 2017 Fire Disaster. This new sales tax revenue is projected to generate \$10 million of the \$18.9 million increase over last fiscal year. Property taxes revenues are expected to increase by \$3.3 million from FY 2018-19 adopted budget, primarily due to the rebuild of properties lost in the Tubbs fire.
- The FY 2019-20 General Fund expenditure budget of \$171.3 million can be broken down into three broad categories – Salaries and Benefits, Services & Supplies, and Operating Projects. The Salaries and Benefits category represents \$135.3 million or 79% of the total General Fund budget. Services and Supplies account for another \$31.9 million or 19% of the total, with the remaining \$4.1 million or 2% representing operating projects in the General Fund.
- Property tax is projected at \$29.1 million for FY 2019-20, a \$3.2 million or 12.5% increase from the previous fiscal year. This increase is primarily due to unusually low property tax estimates in FY 2018-19 resulting from decreased property values after 3,000 homes were destroyed in the October 2017 Fire Disaster. Many homes have now been rebuilt, and new houses as well as lots have been sold, and the housing market is recovering. Property values of homes not affected by the fires are anticipated to remain strong for the coming year with a projected growth of 2%.
- Sales tax is the largest revenue source for the City and is projected to increase this fiscal year by 24.6%, or about \$12.2 million. \$9.9 million of this increase is budgeted for the quarter-cent Measure O sales tax passed by voters and went into effect in April 2019. General sales tax is expected to increase by 3.7%. Santa Rosa's sales tax has continued to experience growth in overall retail sales, with the strongest growing sector being construction. Also included in the total projected Sales tax amount is Measure P (now Measure N) and Proposition 172 proceeds; \$9.9 million and \$1.3 million respectively. In November 2016, the voters approved the extension of Measure P/N, the quarter-cent sales tax measure until March 2027. Prop. 172 sales tax is based on a percapita allocation.
- Real Property Transfer Tax (RPTT) is projected to remain flat. This tax is collected based on the sale of homes in Santa Rosa which are projected to remain steady during the coming year although there are less homes. The remaining tax base is projected increase at 2%. 46 City Revenues Transient Occupancy Tax (TOT) revenue is projected to increase by \$160 thousand or 3% for FY 2019-20. During the October 2017 Fire Disaster, two of the City's largest hotels were destroyed which reduced the tax base of the TOT by \$795 thousand. Since then, Santa Rosa tourism has started to recover, and the remaining hotels have experienced increased occupancy.

- The projected TOT revenue includes a 3% growth rate from prior fiscal year on the assumption that the increased tourism will continue, and new hotels will open during the fiscal year.
- License and Permit Revenues are projected to increase by just \$31 thousand for FY 2019-20, holding the \$2.1 million total almost flat with the previous year. Building permit fees generated from the rebuilding of the homes and businesses destroyed in the October 2017 Fire Disaster have peaked and are expected to remain steady going forward. These fire-related fee revenues account for about \$1.4M of the total revenue in this category which will be a one-time increase and is not forecasted to continue in future years.
- Charges for Services are expected to increase \$1.7 million or 6.3% for a total of \$29.3 million in FY 2019-20. Included in the Charges for Services category are Planning and Economic Development fees of \$6.3 million, Interfund charges (the General Fund charging other funds for services) of \$14.1 million and Recreation fees of \$3.6 million. Intergovernmental Revenues are received from grant funds and other government entities. This revenue is expected to decrease by 12% from last year, totaling \$1.7M. Most of Intergovernmental Revenue is collected from the County of Sonoma for the Roseland Annexation; \$662 thousand is dedicated for spending on road improvements in the Roseland area.

All of these factors were considered in preparing the City's budget for Fiscal Year 2019-20.

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., 2nd Floor, Santa Rosa, CA 95404.

Basic Financial Statements



CITY OF SANTA ROSA
STATEMENT OF NET POSITION
JUNE 30, 2019
(Amounts in Thousands)

	Primary Government Governmental Activities	Business-type Activities	Total	Component Unit Housing Authority
ASSETS				
Cash and investments	\$ 174,404	\$ 222,439	\$ 396,843	\$ 10,174
Receivables (net of allowances for uncollectibles):				
Accounts	10,304	19,104	29,408	168
Interest	1,279	1,770	3,049	61
Intergovernmental	19,740	4,001	23,741	1,112
Assessments	91	-	91	-
Internal balances	(1,984)	1,984	-	-
Inventory of supplies	1,380	1,154	2,534	-
Prepaid expenses	1,053	170	1,223	-
Restricted assets:				
Cash and investments	169	22,379	22,548	174
Interest receivable	-	67	67	33,106
Notes and loans receivable - long-term	-	29	29	117,225
Capital assets:				
Nondepreciable	93,188	54,666	147,854	198
Depreciable, net	266,830	536,319	803,149	327
Total assets	566,454	864,082	1,430,536	162,545
DEFERRED OUTFLOWS OF RESOURCES				
Pension and OPEB items	62,535	12,862	75,397	-
Deferred losses on refundings	426	1,721	2,147	-
Total deferred outflows of resources	62,961	14,583	77,544	-
LIABILITIES				
Accounts payable and accrued liabilities	7,487	4,601	12,088	217
Accrued interest payable	420	2,649	3,069	-
Unearned revenue	749	-	749	-
Deposits	20	831	851	178
Long-term and other obligations:				
Due within one year - long-term obligations	13,581	21,997	35,578	-
Due beyond one year				
Long-term obligations	42,964	259,332	302,296	-
Net OPEB liability	59,290	5,784	65,074	-
Net pension liability	282,509	67,708	350,217	-
Total liabilities	407,020	362,902	769,922	395
DEFERRED INFLOWS OF RESOURCES				
Pension and OPEB items	11,826	2,361	14,187	-
NET POSITION				
Net investment in capital assets	345,839	374,179	720,018	525
Restricted for:				
Debt service	-	16,888	16,888	-
Housing programs	-	-	-	158,284
Parks	18,198	-	18,198	-
Public safety	8,068	-	8,068	-
Roads	9,449	-	9,449	-
Public and capital facilities	24,093	-	24,093	-
Other purposes	5,197	-	5,197	-
Unrestricted	(200,275)	122,335	(77,940)	3,341
Total net position	\$ 210,569	\$ 513,402	\$ 723,971	\$ 162,150

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, 2019
(Amounts in Thousands)

	Expenses	Program Revenues		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Functions/Programs:				
Governmental activities:				
General government	\$ 47,923	\$ 19,361	\$ 5,951	\$ 1,952
Public safety	113,109	4,634	2,589	1,310
Public works	33,117	2,937	6,805	7,205
Recreation and parks	20,021	3,408	475	90
Housing opportunity and other	564	-	-	-
Interest on long-term liabilities	1,393	-	-	-
Total governmental activities	216,127	30,340	15,820	10,557
Business-type activities:				
Water Utility	41,197	43,667	624	1,909
Wastewater Utility	76,031	83,362	341	7,705
Parking	5,903	5,374	-	-
Municipal Transit	16,273	1,550	14,371	2,173
Golf Course	833	322	-	-
Storm Water	2,038	2,476	86	-
Total business-type activities	142,275	136,751	15,422	11,787
Total primary government	\$ 358,402	\$ 167,091	\$ 31,242	\$ 22,344
Component unit:				
Housing Authority	\$ 30,108	\$ 266	\$ 26,550	\$ -
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				
Insurance proceeds				
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
\$ (20,659)	\$ -	\$ (20,659)	\$ -
(104,576)	-	(104,576)	-
(16,170)	-	(16,170)	-
(16,048)	-	(16,048)	-
(564)	-	(564)	-
(1,393)	-	(1,393)	-
(159,410)	-	(159,410)	-
-	5,003	5,003	-
-	15,377	15,377	-
-	(529)	(529)	-
-	1,821	1,821	-
-	(511)	(511)	-
-	524	524	-
-	21,685	21,685	-
(159,410)	21,685	(137,725)	-
-	-	-	(3,292)
30,200	-	30,200	-
10,257	-	10,257	-
22,430	-	22,430	-
5,268	-	5,268	-
3,451	-	3,451	-
5,527	-	5,527	-
10,421	-	10,421	-
1,230	-	1,230	-
41,251	-	41,251	-
14,602	-	14,602	-
4,433	-	4,433	-
-	-	-	6,479
6,066	8,730	14,796	4,022
1,161	-	1,161	-
8,682	4,189	12,871	554
(258)	258	-	-
164,721	13,177	177,898	11,055
5,311	34,862	40,173	7,763
205,258	478,540	683,798	154,387
\$ 210,569	\$ 513,402	\$ 723,971	\$ 162,150

(Concluded)

CITY OF SANTA ROSA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019
(Amounts in Thousands)

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and investments	\$ 56,835	\$ 55,693	\$ 112,528
Receivables (net of allowances for uncollectibles):			
Accounts	4,423	5,751	10,174
Interest	456	415	871
Intergovernmental	16,045	3,695	19,740
Assessments	91	-	91
Due from other funds	3,548	-	3,548
Inventory of supplies	1,100	-	1,100
Prepaid items	65	-	65
Restricted cash and investments	-	169	169
Advances to other funds	-	537	537
TOTAL ASSETS	\$ 82,563	\$ 66,260	\$ 148,823
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts payable and accrued liabilities	\$ 3,862	\$ 2,061	\$ 5,923
Due to other funds	-	267	267
Unearned revenue	749	-	749
Deposits	20	-	20
TOTAL LIABILITIES	4,631	2,328	6,959
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	2,547	5,780	8,327
FUND BALANCES			
Nonspendable:			
Inventory of supplies	1,100	-	1,100
Prepaid items	65	-	65
Restricted:			
Parks	-	15,121	15,121
Public safety	-	7,999	7,999
Roads	-	9,449	9,449
Public and capital facilities	-	21,496	21,496
Other purposes	-	5,197	5,197
Assigned:			
Carryover of appropriations	43,080	-	43,080
Insurance proceeds	1,818	-	1,818
Unassigned	29,322	(1,110)	28,212
TOTAL FUND BALANCES	75,385	58,152	133,537
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 82,563	\$ 66,260	\$ 148,823

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, 2019
(Amounts in Thousands)

Fund balances - total governmental funds (Statement A-3)		\$	133,537
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.			352,660
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.			8,327
Deferred losses on refunding debt are not financial resources and therefore are not reported in the governmental funds.			426
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.			16,674
Deferred outflows and inflows of resources for pension and OPEB items in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.			
Deferred outflows of resources			59,859
Deferred inflows of resources			(11,461)
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	\$	(2,709)	
Certificates of participation and premiums		(11,896)	
Accrued interest payable on long-term obligations		(115)	
Pollution remediation		(500)	
Net pension liability		(269,546)	
Net OPEB liability		(57,977)	
Compensated absences		(6,710)	(349,453)
Net position of governmental activities (Statement A-1)		\$	<u>210,569</u>

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, 2019
(Amounts in Thousands)

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:			
Property taxes	\$ 30,200	\$ -	\$ 30,200
Sales taxes	54,881	10,097	64,978
Utility users tax	10,257	-	10,257
Other taxes	40,218	-	40,218
License and permits	4,775	-	4,775
Charges for services	30,996	89	31,085
Development impact mitigation charges	-	4,433	4,433
Intergovernmental	5,699	13,177	18,876
Fines and forfeitures	1,820	251	2,071
Investment earnings	996	987	1,983
Net change in the fair value of investments	1,171	1,019	2,190
Contribution from property owners	-	529	529
Other	5,545	1,865	7,410
TOTAL REVENUES	186,558	32,447	219,005
EXPENDITURES:			
Current:			
General government	45,629	6,087	51,716
Public safety	92,389	9,976	102,365
Public works	17,050	8,243	25,293
Recreation and parks	12,575	2,119	14,694
Other	349	329	678
Capital outlay	283	7,614	7,897
Debt service:			
Principal	434	641	1,075
Interest	22	455	477
TOTAL EXPENDITURES	168,731	35,464	204,195
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	17,827	(3,017)	14,810
OTHER FINANCING SOURCES (USES):			
Proceeds from sale of capital assets	9	-	9
Insurance proceeds	1,161	-	1,161
Transfers in	423	13,163	13,586
Transfers out	(10,087)	(4,965)	(15,052)
TOTAL OTHER FINANCING SOURCES (USES)	(8,494)	8,198	(296)
CHANGES IN FUND BALANCES	9,333	5,181	14,514
FUND BALANCES, beginning of year	66,052	52,971	119,023
FUND BALANCES, end of year	\$ 75,385	\$ 58,152	\$ 133,537

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, 2019
(Amounts in Thousands)

Changes in fund balances - total governmental funds (Statement A-5) \$ 14,514

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	\$ 7,897	
Depreciation	<u>(13,616)</u>	(5,719)

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. 5,049

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 capital asset sold. (46)

Revenues in the governmental funds are recognized when resources are available
while revenues are recognized in the statement of activities when they are earned. 644

Pension contributions 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. 24,109

Pension and OPEB 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. (42,747)

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:

Capital lease payments	\$ 745	
Certificates of participation payments	<u>330</u>	1,075

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	\$ 9	
Amortization of deferred loss on refunding	(23)	
Amortization of bond premiums	41	
Change in compensated absences liabilities	<u>(170)</u>	(143)

Internal service funds are used by management to charge the costs of
certain activities to individual funds. The net revenue of the internal
service funds is reported with governmental activities. 8,575

Changes in net position of governmental activities (Statement A-2) \$ 5,311

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, 2019 (Amounts in Thousands)

	Business-type Activities - Enterprise Funds				Governmental Activities Internal Service Funds
	Water Utility Fund	Wastewater Utility Fund	Nonmajor Enterprise Funds	Total	
ASSETS					
CURRENT ASSETS					
Cash and investments	\$ 63,667	\$ 138,467	\$ 20,305	\$ 222,439	\$ 61,876
Accounts receivable, net of allowance for uncollectible accounts	6,732	12,219	153	19,104	130
Interest receivable	488	1,127	155	1,770	408
Intergovernmental receivable	-	45	3,956	4,001	-
Inventory of supplies	-	1,154	-	1,154	280
Prepaid expenses	-	170	-	170	988
Restricted assets:					
For interest, bond redemption, and construction					
Cash and investments	11	22,368	-	22,379	-
Interest receivable	-	67	-	67	-
TOTAL CURRENT ASSETS	70,898	175,617	24,569	271,084	63,682
NONCURRENT ASSETS					
Notes receivable	-	29	-	29	-
Capital assets:					
Nondepreciable	21,107	30,867	2,692	54,666	82
Depreciable, net	146,221	363,987	26,111	536,319	7,276
TOTAL NONCURRENT ASSETS	167,328	394,883	28,803	591,014	7,358
TOTAL ASSETS	238,226	570,500	53,372	862,098	71,040
DEFERRED OUTFLOWS OF RESOURCES					
Pension and OPEB items	4,478	5,274	3,110	12,862	2,676
Deferred losses on refundings	-	1,721	-	1,721	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	4,478	6,995	3,110	14,583	2,676
LIABILITIES					
CURRENT LIABILITIES					
Accounts payable and accrued liabilities	2,387	1,549	518	4,454	1,564
Due to other funds	-	-	3,281	3,281	-
Accrued interest payable	-	-	110	110	305
Workers' compensation and general liability claims	-	-	-	-	4,331
Compensated absences payable	668	618	388	1,674	315
Bonds payable - current portion	-	-	228	228	2,860
Customer deposits	831	-	-	831	-
Payable from restricted assets:					
Accounts payable and accrued liability	-	56	91	147	-
Accrued interest payable	146	2,393	-	2,539	-
Loans payable - current portion	-	51	-	51	-
Bonds payable - current portion	343	19,701	-	20,044	-
TOTAL CURRENT LIABILITIES	4,375	24,368	4,616	33,359	9,375
NONCURRENT LIABILITIES					
Advances from other funds	-	-	537	537	-
Workers' compensation and general liability claims	-	-	-	-	10,753
Compensated absences payable	127	52	14	193	46
Bonds payable	9,966	245,834	3,339	259,139	16,425
Net OPEB liability	1,969	2,732	1,083	5,784	1,313
Net pension liability	23,523	26,933	17,252	67,708	12,963
TOTAL NONCURRENT LIABILITIES	35,585	275,551	22,225	333,361	41,500
TOTAL LIABILITIES	39,960	299,919	26,841	366,720	50,875
DEFERRED INFLOWS OF RESOURCES					
Pension and OPEB items	844	822	695	2,361	365
NET POSITION					
Net investment in capital assets	157,030	191,913	25,236	374,179	7,358
Restricted for:					
Debt service	-	16,888	-	16,888	-
Unrestricted	44,870	67,953	3,710	116,533	15,118
TOTAL NET POSITION	\$ 201,900	\$ 276,754	\$ 28,946	507,600	\$ 22,476
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				5,802	
Net position of business-type activities (Statement A-1)				<u>\$ 513,402</u>	

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

CITY OF SANTA ROSA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Amounts in Thousands)

	Business-type Activities - Enterprise Funds				Governmental Activities Internal Service Funds
	Water Utility Fund	Wastewater Utility Fund	Nonmajor Enterprise Funds	Total	
OPERATING REVENUES					
Charges for services	\$ 12,506	\$ 83,075	\$ 9,722	\$ 105,303	\$ 73,012
Sale of water	31,161	287	-	31,448	-
TOTAL OPERATING REVENUES	43,667	83,362	9,722	136,751	73,012
OPERATING EXPENSES					
Purchase of water	14,768	-	-	14,768	-
Maintenance and operation	10,108	30,954	14,990	56,052	37,848
Administration	9,365	13,624	7,175	30,164	27,156
Depreciation	6,840	21,041	2,868	30,749	2,255
TOTAL OPERATING EXPENSES	41,081	65,619	25,033	131,733	67,259
OPERATING INCOME (LOSS)	2,586	17,743	(15,311)	5,018	5,753
NONOPERATING REVENUES (EXPENSES)					
Intergovernmental revenue	624	341	13,534	14,499	-
Measure M revenue	-	-	923	923	-
Investment earnings	1,095	2,705	289	4,089	862
Net change in the fair value of investments	1,312	2,997	332	4,641	1,034
Interest expense	(489)	(10,862)	(196)	(11,547)	(943)
Gain (loss) on disposal of capital assets	6	11	18	35	166
Other	1,179	2,818	157	4,154	1,500
NET NONOPERATING REVENUES (EXPENSES)	3,727	(1,990)	15,057	16,794	2,619
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	6,313	15,753	(254)	21,812	8,372
Capital contributions	1,909	7,705	2,173	11,787	-
Transfers in	387	378	1,030	1,795	1,246
Transfers out	(760)	(569)	(208)	(1,537)	(38)
CHANGES IN NET POSITION	7,849	23,267	2,741	33,857	9,580
NET POSITION, beginning of year	194,051	253,487	26,205		12,896
NET POSITION, end of year	\$ 201,900	\$ 276,754	\$ 28,946		\$ 22,476
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				1,005	
Change in net position of business-type activities (Statement A-2)				\$ 34,862	

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, 2019
(Amounts in Thousands)

	Business-type Activities - Enterprise Funds				Governmental Activities
	Water Utility Fund	Wastewater Utility Fund	Nonmajor Enterprise Funds	Total	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 42,672	\$ 80,634	\$ 9,973	\$ 133,279	\$ -
Cash received from other funds	-	-	-	-	72,914
Cash paid to suppliers for goods and services	(13,045)	(16,246)	(2,740)	(32,031)	(33,239)
Cash paid to employees and others for services	(14,366)	(19,183)	(12,533)	(46,082)	(27,505)
Cash paid for interfund services used	(6,476)	(8,229)	(5,621)	(20,326)	(3,262)
Cash received from other sources	1,179	2,818	157	4,154	1,497
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	9,964	39,794	(10,764)	38,994	10,407
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Operating grants received	796	296	11,473	12,565	-
Transfers in from other funds	387	378	1,030	1,795	1,246
Transfers out to other funds	(760)	(569)	(208)	(1,537)	(38)
Receipt from interfund loan	-	-	987	987	-
Receipt of note receivable	-	106	-	106	-
Principal paid on pension obligation bonds	-	-	-	-	(2,760)
Interest paid on pension obligation bonds	-	-	-	-	(974)
NET CASH PROVIDED BY (USED IN) NONCAPITAL FINANCING ACTIVITIES	423	211	13,282	13,916	(2,526)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Payment to refunded bond escrow agent	(683)	(1,464)	-	(2,147)	-
Proceeds from sale of capital assets	103	122	18	243	178
Acquisition and construction of capital assets	(13,343)	(8,788)	(2,252)	(24,383)	(2,294)
Principal paid on bonds and notes	(330)	(14,540)	(215)	(15,085)	-
Interest paid on bonds and notes	(544)	(10,458)	(200)	(11,202)	-
Capital contributions	1,512	7,175	2,173	10,860	-
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	(13,285)	(27,953)	(476)	(41,714)	(2,116)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest on investments	2,282	5,294	578	8,154	1,760
CHANGES IN CASH AND CASH EQUIVALENTS	(616)	17,346	2,620	19,350	7,525
CASH AND CASH EQUIVALENTS, beginning of year	64,294	143,489	17,685	225,468	54,351
CASH AND CASH EQUIVALENTS, end of year	\$ 63,678	\$ 160,835	\$ 20,305	\$ 244,818	\$ 61,876

(Continued)

CITY OF SANTA ROSA
STATEMENT OF CASH FLOWS (Continued)
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Amounts in Thousands)

	Business-type Activities - Enterprise Funds				Governmental Activities
	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)	\$ 2,586	\$ 17,743	\$ (15,311)	\$ 5,018	\$ 5,753
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES					
Depreciation	6,840	21,041	2,868	30,749	2,255
Other nonoperating revenues	1,179	2,818	157	4,154	1,500
Changes in assets and liabilities:					
Accounts receivable	(1,095)	(2,728)	252	(3,571)	(99)
Inventory of supplies	-	(109)	-	(109)	120
Prepaid expenses	-	11	-	11	(9)
Accounts payable and accrued liabilities	(1,498)	(1,150)	69	(2,579)	153
Workers' compensation and general liability claims	-	-	-	-	(363)
Customer deposits	100	-	-	100	-
Compensated absences payable	13	(7)	(30)	(24)	(2)
Net pension/OPEB liability and related items	1,839	2,175	1,231	5,245	1,099
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ 9,964</u>	<u>\$ 39,794</u>	<u>\$ (10,764)</u>	<u>\$ 38,994</u>	<u>\$ 10,407</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF FUND NET POSITION					
Cash and investments	\$ 63,667	\$ 138,467	\$ 20,305	\$ 222,439	\$ 61,876
Restricted cash and investments	11	22,368	-	22,379	-
Total cash and cash equivalents	<u>\$ 63,678</u>	<u>\$ 160,835</u>	<u>\$ 20,305</u>	<u>\$ 244,818</u>	<u>\$ 61,876</u>
NONCASH INVESTING AND CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of capital assets on accounts payable	\$ (2)	\$ 17	\$ -	\$ 15	\$ -
Payment to refunded bond escrow agent from bond proceeds	10,352	16,221	-	26,573	-
Amortization of bond premiums and discounts	21	1,983	(2)	2,002	-
Amortization of deferred losses on refunding	-	(209)	-	(209)	-
Bond premiums and discounts refunded	-	795	-	795	-
Deferred losses of refunding refunded	-	(1,487)	-	(1,487)	-
Accrued and accreted interest on capital appreciation bonds	-	5,170	-	5,170	-
Contributions of capital assets from developers	397	530	-	927	-
Book value on disposed capital assets	97	111	-	208	12
Change in fair value of investments	1,312	2,997	332	4,641	1,035

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, 2019
(Amounts in Thousands)

	Successor Agency Private-Purpose Trust Fund	Other Postemployment Benefit Trust Funds	Agency Funds
ASSETS			
Cash and investments	\$ 2,509	\$ -	\$ 4,165
Investments held in trust:			
Money market mutual funds	-	346	-
Private equity	-	944	-
Fixed income mutual funds	-	14,877	-
Equity mutual funds	-	14,316	-
Contributions receivable	-	202	-
Interest receivable	19	-	17
Intergovernmental receivable	-	-	103
Prepaid expenses	216	-	-
Notes and loans receivable	659	-	-
Nondepreciable capital assets	148	-	-
	<u>3,551</u>	<u>30,685</u>	<u>4,285</u>
Total assets			
	<u>3,551</u>	<u>30,685</u>	<u>4,285</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred losses on refundings	60	-	-
	<u>60</u>	<u>-</u>	<u>-</u>
LIABILITIES			
Accounts payable	3	-	1,498
Interest payable	535	-	-
Due to bondholders	-	-	2,459
Deposits	-	-	328
Long-term obligations:			
Due within one year	1,840	-	-
Due beyond one year	33,316	-	-
	<u>35,694</u>	<u>-</u>	<u>4,285</u>
Total liabilities			
	<u>35,694</u>	<u>-</u>	<u>4,285</u>
NET POSITION			
Restricted for other postemployment benefit	-	30,685	-
Unrestricted	(32,083)	-	-
	<u>(32,083)</u>	<u>-</u>	<u>-</u>
Total net position			
	<u>\$ (32,083)</u>	<u>\$ 30,685</u>	<u>\$ -</u>

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, 2019
(Amounts in Thousands)

	Successor Agency Private-Purpose Trust Fund	Other Postemployment Benefit Trust Funds
ADDITIONS		
Incremental property tax	\$ 2,275	\$ -
Employer contributions	-	2,548
Investment income	79	2,003
Total additions	<u>2,354</u>	<u>4,551</u>
DEDUCTIONS		
Community development	472	-
Debt service interest	1,227	-
Benefit payments	-	1,692
Administration	-	46
Total deductions	<u>1,699</u>	<u>1,738</u>
CHANGE IN NET POSITION	655	2,813
NET POSITION, beginning of year	<u>(32,738)</u>	<u>27,872</u>
NET POSITION, end of year	<u><u>\$ (32,083)</u></u>	<u><u>\$ 30,685</u></u>

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

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**NOTES TO THE
BASIC FINANCIAL STATEMENTS**

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NOTE 1 – REPORTING ENTITY

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

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

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

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

Complete financial statements of the Authority can be obtained from:

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation

Government-wide Financial Statements

The statement of net position and statement of activities display information about the primary government (the City) and its 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 year-end are recorded as prepaid items. The consumption method is used to account for the prepaid expenses/items. Under the consumption method, expenses/expenditures are incurred during the period benefited by the prepayment.

(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 funds held for construction projects. 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.

(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 \$5,622,000.

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, 2019, 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, 2019, 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, 2019, 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 \$43,080,000 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, \$1,818,000 is assigned for disaster recovery efforts from insurance proceeds.

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, 2019, the receivables are shown net of an allowance for uncollectible for the Water and the Wastewater Utility funds in the amount of \$6,000 and \$10,000, 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, 2019, the City reported deferred losses on refunding and pension and OPEB 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, 2019, the City reported unavailable revenues on the governmental funds financial statements and pension and OPEB 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) Pension Plans

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. The governmental activities share of the net pension liability is typically liquidated by the General Fund.

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, 2017, measurement date June 30, 2018, measurement period July 1, 2017 to June 30, 2018.

(r) Other Postemployment Benefits (OPEB) Plans

Benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. The governmental activities share of the net OPEB liability is typically liquidated by the General Fund.

GASB Statement No. 75 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, 2017, measurement date June 30, 2019, measurement period July 1, 2018 to June 30, 2019.

(s) Implementation of New Pronouncements

The City implemented the following GASB Statements during the fiscal year ended June 30, 2019:

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. Implementation of this statement did not have a significant impact to the City for the fiscal year ended June 30, 2019.

In March 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The objective of this statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. Implementation of this statement did not have a significant impact to the City for the fiscal year ended June 30, 2019. See Note 7 to the basic financial statements for additional disclosures.

(t) 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 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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this statement are 1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period, and 2) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this statement are effective for the City's fiscal year ending June 30, 2021.

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests, an amendment of GASB Statements No. 14 and No. 61*. The objectives of this statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this statement are effective for the City's fiscal year ending June 30, 2020.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The objectives of this statement is to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this statement are effective for the City's year ending June 30, 2022.

(u) 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, 2019, total City cash and investments are reported as follows (amounts in thousands):

Primary government:	
Cash and investments	\$ 396,843
Restricted cash and investments	22,548
Component unit:	
Housing Authority:	
Cash and investments	10,174
Restricted cash and investments	174
Successor Agency Private-Purpose Trust Fund:	
Cash and investments	2,509
Other Postemployment Benefit Trust Funds:	
Investments held in trust	30,483
Agency funds:	
Cash and investments	4,165
Total cash and investments	<u>\$ 466,896</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 Trusts

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 the City. The City does not have a deposit policy for custodial credit risk. At June 30, 2019, the carrying and bank balance of the City's demand deposits were \$19,450,000 and \$23,534,000, respectively. Of the City's bank balance, \$978,000 was FDIC-insured and \$22,556,000 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. The table on the following page, as presented under "credit risk", has the time segmented distribution that addresses interest rate risk.

As of June 30, 2019, the City held investments in thirteen medium-term corporate notes that are callable and sensitive to interest rate changes with the following terms (amounts in thousands):

Amount	Maturity Date	Call Date	Call Terms
\$ 361	04/23/20	03/23/20	Continuously Callable
1,479	08/17/20	07/17/20	Continuously Callable
1,497	10/30/20	09/29/20	Continuously Callable
826	12/14/20	11/14/20	Continuously Callable
348	02/01/21	01/01/21	Continuously Callable
1,705	04/15/21	03/15/21	Continuously Callable
1,228	10/01/21	10/01/20	Continuously Callable
2,018	10/01/21	10/01/20	Continuously Callable
1,259	12/08/21	11/08/21	Continuously Callable
1,170	01/27/22	12/27/21	Continuously Callable
1,764	03/15/22	02/15/22	Continuously Callable
1,689	04/26/22	04/26/21	Continuously Callable
726	05/11/22	04/11/22	Continuously Callable
<u>\$ 16,070</u>			

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. Investments measured using level 2 inputs are valued using prices determined by the use of matrix pricing techniques maintained by the pricing vendors for these investments. Matrix pricing is used to value investments based on the investments' relationship to benchmark quoted prices.

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, 2019, the City had the following cash and investments (amounts in thousands):

	Credit	Investment Maturities (in Years)					Total
	Rating	Less than 1	1 – 2	2 – 3	3 – 4	4 – 5	
Pooled investments:							
U.S. Treasury	AA+/Aaa	\$ 12,085	\$ 58,037	\$ 84,325	\$ 15,720	\$ -	\$ 170,167
U.S. government agencies	AA+/Aaa	5,027	16,174	17,463	-	-	38,664
Asset-backed securities	AA+/Aaa	5	-	6,760	1,640	1,448	9,853
Medium-term corporate notes	See Below	11,851	32,833	33,002	5,684	-	83,370
Negotiable certificates of deposit	See Below	16,419	27,048	-	-	-	43,467
Municipal bonds	See Below	3,171	5,276	-	-	-	8,447
Money market mutual funds	AAAm	409	-	-	-	-	409
LALF – pooled investment	Not Rated	49,726	-	-	-	-	49,726
Total pooled investments		98,693	139,368	141,550	23,044	1,448	404,103
Other investments:							
Money market mutual funds	AAAm	672	-	-	-	-	672
U.S. government agencies	AA+/Aaa	2,627	-	-	-	-	2,627
U.S. Treasury	AA+/Aaa	308	9,253	-	-	-	9,561
Total other investments		3,607	9,253	-	-	-	12,860
Other Postemployment Benefit Trust investments:							
Money market mutual funds	AAAm	346	-	-	-	-	346
Private equity	Not Rated	944	-	-	-	-	944
Fixed income mutual funds	Not Rated	14,877	-	-	-	-	14,877
Equity mutual funds	Not Rated	14,316	-	-	-	-	14,316
Total OPEB Trust investments		30,483	-	-	-	-	30,483
Total investments		\$ 132,783	\$ 148,621	\$ 141,550	\$ 23,044	\$ 1,448	447,446
Demand deposits							19,450
Total cash and investments							\$ 466,896

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
\$ 697	AAA	Aaa
1,665	AA+	Aa1
2,365	AA	Aa2
3,077	AA	A1
5,799	AA-	Aa3
1,897	AA-	A1
12,576	A+	A1
2,016	A+	A2
4,444	A	A1
19,424	A	A2
3,255	A	A3
10,939	A-	A2
14,046	BBB+	A3
1,170	BBB+	Baa1
<u>\$ 83,370</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
\$ 7,523	AA-	Aa2
5,982	AA-	Aa3
3,373	A+	Aa2
3,367	A+	A1
6,802	A	A1
13,158	A-1	P-1
3,262	A-1+	P-1
<u>\$ 43,467</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
\$ 5,276	AA-	Aa3
3,171	A	A1
<u>\$ 8,447</u>		

NOTE 3 – CASH AND INVESTMENTS (Continued)

Concentration of Credit Risk

The City diversifies its portfolio by issuer by requiring that no more than 10% of the portfolio be invested in any one issuer's name for certain types of investments (see table above). 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, 2019, the City investments in U.S. Treasury notes represent 42.0%, Local Agency Investment Fund 12.3% and Federal National Mortgage Association 5.3%, 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, 2019 was \$24.6 billion. LAIF is part of the California Pooled Money Investment Account (PMIA), which at June 30, 2019 had a balance of \$106.6 billion. Of this amount, \$0.9 billion is held in demand deposits and \$105.7 billion is held in investments. Of the \$105.7 billion, 1.77% 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 173 days as of June 30, 2019.

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, 2019 were as follows (amounts in thousands):

Description	Interest Rate	Maturity	Amount Receivable
<i>Business-Type Activities:</i>			
Dairy improvement loans	0.00%	Various	\$ 29
<i>Component unit:</i>			
<i>Housing Authority:</i>			
Housing Rehabilitation and Opportunity			
Deferred Repayment Notes and Loans	0-10.00%	Various	\$ 117,225

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, 2019, the General Fund is due \$267,000 from nonmajor governmental funds and \$3,281,000 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, 2019, the nonmajor enterprise funds owe \$537,000 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, 2019 (amounts in thousands):

(a) Between Governmental and Business-type Activities:

Transfer From	Transfer To	Amount	Purpose
General Fund	Nonmajor Enterprise Funds	\$ 1,020	Parking enforcement (\$1,010) and Transit administrative assistance (\$10)
	Water Utility Enterprise Fund	309	Software Development
		<u>1,329</u>	
Water Utility Enterprise Fund	Nonmajor Governmental Funds	382	Capital outlay
Wastewater Utility Enterprise Fund	Nonmajor Governmental Funds	519	Capital outlay
Nonmajor Enterprise Funds	Nonmajor Governmental Funds	64	Capital outlay
	General Fund	116	Downtown Assessment
		<u>180</u>	
Nonmajor Governmental Funds	Nonmajor Enterprise Funds	10	
Total		<u>\$ 2,420</u>	

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

Transfer From	Transfer To	Amount	Purpose
General Fund	Nonmajor Governmental Funds	\$ 8,758	Operating assistance (\$3,008), capital outlay (\$5,013), and debt service (\$737)
Internal Service Funds	Nonmajor Governmental Funds	38	Upgrade Financial System
Nonmajor Enterprise Funds	Water Utility Enterprise Fund	28	Capital outlay
Nonmajor Governmental Funds	General Fund	307	Administrative assistance
	Internal Service Funds	1,246	PEG Activities
	Nonmajor Governmental Funds	3,402	Capital outlay (\$3,026), debt service (\$368), and Special Revenue (\$8)
		<u>4,955</u>	
Water Utility Enterprise Fund	Wastewater Utility Enterprise Fund	378	Debt service
Wastewater Utility Enterprise Fund	Water Utility Enterprise Fund	50	Capital outlay
Total		<u>\$ 14,207</u>	

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

NOTE 6 – CAPITAL ASSETS

The following is a summary of changes in capital assets of the primary government for the fiscal year ended June 30, 2019 (amounts in thousands):

	Balance July 1, 2018	Additions	Reductions	Balance June 30, 2019
PRIMARY GOVERNMENT				
Governmental activities				
<i>Capital assets, not being depreciated :</i>				
Land	\$ 56,835	\$ 1,658	\$ (2,071)	\$ 56,422
Construction in progress	32,314	5,106	(654)	36,766
Total capital assets, not being depreciated	89,149	6,764	(2,725)	93,188
<i>Capital assets, being depreciated:</i>				
Infrastructure	272,951	4,486	(11)	277,426
Buildings	64,323	1,200	-	65,523
Improvements other than buildings	182,892	434	(1)	183,325
Intangibles	5,081	-	(118)	4,963
Equipment	74,771	5,080	(2,023)	77,828
Total capital assets, being depreciated	600,018	11,200	(2,153)	609,065
<i>Less accumulated depreciation for:</i>				
Infrastructure	89,997	5,781	-	95,778
Buildings	35,714	2,472	-	38,186
Improvements other than buildings	144,068	3,478	(1)	147,545
Intangibles	1,793	248	(84)	1,957
Equipment	56,888	3,892	(2,011)	58,769
Total accumulated depreciation	328,460	15,871	(2,096)	342,235
Total capital assets, being depreciated, net	271,558	(4,671)	(57)	266,830
Governmental activities capital assets, net	\$ 360,707	\$ 2,093	\$ (2,782)	\$ 360,018
Business-type activities				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 19,860	\$ 515	\$ (2,866)	\$ 17,509
Construction in progress	33,475	13,895	(10,213)	37,157
Total capital assets, not being depreciated	53,335	14,410	(13,079)	54,666
<i>Capital assets, being depreciated:</i>				
Buildings	275,320	629	-	275,949
Improvements other than buildings	618,884	19,311	(1)	638,194
Intangibles	1,532	-	-	1,532
Equipment	124,543	3,846	(1,797)	126,592
Total capital assets, being depreciated	1,020,279	23,786	(1,798)	1,042,267
<i>Less accumulated depreciation for:</i>				
Buildings	130,357	9,817	-	140,174
Improvements other than buildings	250,725	13,747	(1)	264,471
Intangibles	552	77	-	629
Equipment	95,363	7,108	(1,797)	100,674
Total accumulated depreciation	476,997	30,749	(1,798)	505,948
Total capital assets, being depreciated, net	543,282	(6,963)	-	536,319
Business-type activities capital assets, net	\$ 596,617	\$ 7,447	\$ (13,079)	\$ 590,985

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, 2019 (amounts in thousands):

	Balance July 1, 2018	Additions	Reductions	Balance June 30, 2019
COMPONENT UNIT				
Housing Authority				
<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	358	22	-	380
Equipment	52	9	-	61
Less accumulated depreciation	410	31	-	441
Total depreciable capital assets, net	358	(31)	-	327
Total capital assets, net	\$ 556	\$ (31)	\$ -	\$ 525

Depreciation

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

General government	\$ 1,692
Public safety	1,026
Public works	6,167
Recreation and parks	4,731
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.	2,255
Total depreciation expense – governmental functions	<u>\$ 15,871</u>

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

Water Utility	\$ 6,840
Wastewater Utility	21,041
Parking	677
Municipal Transit	1,744
Golf Course	442
Stormwater	5
Total depreciation expense – business-type functions	<u>\$ 30,749</u>

NOTE 6 – CAPITAL ASSETS (Continued)

At June 30, 2019, the construction commitments included the following (amounts in thousands):

	Expended through June 30, 2019	Encumbered
Governmental activities		
Capital Projects Fund	\$ 36,684	\$ 10,260
Internal Service Funds	82	-
Total governmental activities	<u>\$ 36,766</u>	<u>\$ 10,260</u>
Business-type activities		
Water Utility Enterprise Fund	\$ 19,960	\$ 6,109
Wastewater Utility Enterprise Fund	17,055	7,031
Nonmajor Enterprise Funds	142	-
Total business-type activities	<u>\$ 37,157</u>	<u>\$ 13,140</u>

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, 2019 consisted of the following (amounts in thousands):

Type of indebtedness (purpose)	Final Maturity	Installment Amounts	Interest Rates	Original Issue Amount	Outstanding at June 30, 2019
Governmental activities					
2016 Courthouse Square Project and Refunding Certificates of Participation	2046-47	\$ 165-655	2.0-4.0%	\$ 11,435	\$ 10,785
2013 Pension Obligation Refunding Bonds	2024-25	2,540-3,630	1.66-4.89%	32,715	19,285
Total governmental activities				44,150	30,070
Plus unamortized premium					1,111
Total governmental activities, net					31,181
Business-type activities					
<i>Water Revenue Bonds</i>					
2018 Water Revenue Bonds	2038-39	270-680	5.00%	8,910	8,910
Plus unamortized premium					1,399
Total Water Revenue Bonds, net					10,309
<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	35,747
2012 Wastewater Revenue Refunding Bonds, Series A	2033-34	1,095-17,965	2.0-5.00%	53,240	50,870
2014 Wastewater Revenue Bonds, Series A	2029-30	80-6,820	3.0-5.0%	14,765	11,070
2016 Wastewater Revenue Bonds, Series A	2028-29	4,950-10,900	1.0-5.0%	95,805	74,560
2018 Wastewater Revenue Bonds, Series A	2030-31	390-2,525	5.00%	14,720	14,720
Total Wastewater Improvement Bonds				218,408	186,967
Plus unamortized premiums					20,742
Plus accreted interest					57,826
Total Wastewater Improvement Bonds, net					265,535
<i>Wastewater State Loans Payable</i>					
California Energy Commission Loan	2019-20	51-98	3.95%	760	51
<i>Golf Improvement Certificates of Participation:</i>					
2005A Certificates of Participation	2030-31	45-255	3.0-4.5%	3,850	2,440
2005B Certificates of Participation	2030-31	10-125	4.57-5.44%	1,725	1,145
Total Golf Improvement Certificates of Participation				5,575	3,585
Less unamortized discount					(18)
Total Golf Improvement Certificates, net					3,567
Total business-type activities, net				227,318	279,462
Total Primary Government				\$ 271,468	\$ 310,643

NOTE 7 – LONG-TERM OBLIGATIONS (Continued)

The following is a summary of long-term obligation transactions for the fiscal year ended June 30, 2019 (amounts in thousands):

	Balance July 1, 2018	Additions	Retirements	Balance June 30, 2019	Amounts Due Within One Year
Governmental activities:					
Certificates of Participation (COPs)	\$ 11,115	\$ -	\$ 330	\$ 10,785	\$ 345
Pension Obligation Bonds	22,045	-	2,760	19,285	2,860
Plus unamortized premiums	1,152	-	41	1,111	41
Total bonds and COPs payable	34,312	-	3,131	31,181	3,246
Direct Borrowings - Capital Lease Obligations	3,454	-	745	2,709	761
Pollution Remediation	500	-	-	500	-
Worker's Compensation and General Liability Claims	15,447	3,968	4,331	15,084	4,331
Compensated Absences	6,902	5,631	5,462	7,071	5,243
Total governmental activities - long-term obligations	\$ 60,615	\$ 9,599	\$ 13,669	\$ 56,545	\$ 13,581
Business-type activities:					
Water Revenue Bonds	\$ 11,365	\$ 8,910	\$ 11,365	\$ 8,910	\$ 270
Wastewater Revenue and Refunding Improvement Bonds	204,374	14,720	32,127	186,967	14,829
Accreted Interest on Capital Appreciation Bonds	55,434	5,170	2,778	57,826	2,886
Golf Certificates of Participation	3,800	-	215	3,585	230
Plus unamortized premiums	22,019	2,943	2,821	22,141	2,059
Less unamortized discounts	(42)	-	(24)	(18)	(2)
Total bonds and COPs payable	296,950	31,743	49,282	279,411	20,272
Direct Borrowings - State Loans Payable	149	-	98	51	51
Compensated Absences	1,891	1,704	1,728	1,867	1,674
Total business-type activities - long-term obligations	\$ 298,990	\$ 33,447	\$ 51,108	\$ 281,329	\$ 21,997

Compensated absences typically have been liquidated in the General Fund and proprietary funds. COPs for governmental activities, capital lease obligations, and pollution remediation obligation typically have been liquidated in the General Fund. Workers' compensation, general liability claims liabilities, and pension obligation bonds typically have been liquidated in the internal service funds. Revenue bonds and COPs for business-type activities have been liquidated in the proprietary funds.

NOTE 7 – LONG-TERM OBLIGATIONS (Continued)

As of June 30, 2019, 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		Direct Borrowings Capital Lease Obligations	
	Principal	Interest	Principal	Interest	Principal	Interest
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	375	356	3,265	469	345	23
2024	385	343	3,440	294	354	14
2025-2029	2,170	1,466	3,630	100	270	5
2030-2034	2,630	987	-	-	-	-
2035-2039	2,660	429	-	-	-	-
2040-2044	900	159	-	-	-	-
2045-2047	600	27	-	-	-	-
Total	<u>\$ 10,785</u>	<u>\$ 4,901</u>	<u>\$ 19,285</u>	<u>\$ 3,109</u>	<u>\$ 2,709</u>	<u>\$ 185</u>

As of June 30, 2019, 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
2020	\$ 270	\$ 439	\$ 14,829	\$ 7,005	\$ 2,886
2021	285	425	15,287	6,444	2,988
2022	295	410	15,839	5,802	3,076
2023	310	395	15,672	5,102	3,943
2024	330	379	12,344	4,533	7,841
2025-2029	1,905	1,626	66,546	15,459	41,579
2030-2034	2,420	1,088	46,450	5,139	45,795
2035-2039	3,095	402	-	-	-
Total	<u>\$ 8,910</u>	<u>\$ 5,164</u>	<u>\$ 186,967</u>	<u>\$ 49,484</u>	<u>\$ 108,108</u>

Year ending June 30:	Direct Borrowings Wastewater State Loans Payable		Golf Certificates of Participation	
	Principal	Interest	Principal	Interest
2020	\$ 51	\$ 1	\$ 230	\$ 165
2021	-	-	240	154
2022	-	-	250	143
2023	-	-	265	130
2024	-	-	275	118
2025-2029	-	-	1,580	376
2030-2031	-	-	745	36
Total	<u>\$ 51</u>	<u>\$ 1</u>	<u>\$ 3,585</u>	<u>\$ 1,122</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, 2019 totaled \$2,455,000.

Special Assessment Bonds at June 30, 2019 were comprised of the following (amount in thousands):

Description	Interest Rates	Final Maturity	Outstanding June 30, 2019
Fountaingrove Parkway Extension (2011 refunding)	1.75-5.0%	2020	\$ 1,115
Skyhawk (2011 refunding)	1.75-5.375%	2021	630
Nielsen Ranch	6.40-6.70%	2023	710
Total			<u>\$ 2,455</u>

Current Year Issuance of Refunding Obligations

On December 20, 2018, the City issued \$8,910,000 of Water Revenue Refunding Bonds Series 2018 for the refunding of existing obligations. The bonds bear fixed interest rate of 5.00% and have a final maturity date of September 1, 2038. The bond proceeds, including bond premium of \$1,442,000, and funds held by the City of \$683,000, totaled to \$11,035,000 and were deposited into the refunding escrow to fully refund the outstanding Water Revenue Bonds Series 2008 of \$11,035,000. The refunding achieved gross debt service savings of \$2.4 million and net present value savings of \$1.6 million. The refunded bonds are considered to be defeased and the liability has been removed from the financial statements.

On December 20, 2018, the City issued \$14,720,000 of Wastewater Revenue Refunding Bonds Series 2018A for the refunding of existing obligations. The bonds bear fixed interest rate of 5.00% and have a final maturity date of September 1, 2030. The bond proceeds, including bond premium of \$1,501,000, and funds held by the City of \$1,464,000, totaled to \$17,685,000 and were deposited into the refunding escrow to fully refund the outstanding Wastewater Revenue Bonds Series 2007A of \$17,685,000. The refunding achieved gross debt service savings of \$2.6 million and net present value savings of \$1.8 million. The refunded bonds are considered to be defeased and the liability has been removed from the financial statements.

Legal Debt Limit

As of June 30, 2019, the City's debt limit (3.75% of assessed valuation) was \$906.8 million. At June 30, 2019, the City had \$31.2 million in outstanding debt applicable to the limit.

NOTE 7 – LONG-TERM OBLIGATIONS (Continued)

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, 2019.

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, 2019, the Authority had participated in the issuance of thirteen series of Multi-family Housing Revenue Bonds. The aggregate principal amount outstanding was \$46,858,000.

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 \$1,957,000. 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 \$1,048,000. 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, 2019, was \$0, \$1,626,000 and \$904,000 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; 2034 for the wastewater bonds; and 2020 for the wastewater loans. Annual principal and interest on the water bonds is projected to require 5.11% and 4.91% of the projected net revenues for fiscal years 2019-20 and 2020-21, respectively. Annual principal and interest on the wastewater bonds and loans is projected to require 46.12% and 43.23% of the projected net revenues for fiscal years 2019-20 and 2020-21, respectively.

Total principal and interest remaining to be paid is \$14,074,000 on the water bonds; \$344,559,000 on the wastewater bonds and \$52,000 on the wastewater loans. For the year ended June 30, 2019, total debt services paid and total customer net revenues were \$874,000 and \$17,989,000 for the water bonds and \$24,998,000 and \$55,662,000 for the wastewater bonds and loans, respectively.

NOTE 7 – LONG-TERM OBLIGATIONS (Continued)

Events of Default and Acceleration Clauses

Generally, the City is considered to be in default if the City fails to pay the principal of and interest on the outstanding long-term debt when become due and payable. If an event of default has occurred and is continuing, the principal of the long-term debt, together with the accrued interest, may be declared due and payable immediately.

Pollution Remediation

The City's total estimated pollution remediation obligation was \$500,000 as of June 30, 2019. This amount represents the estimated remaining costs for remediation of one polluted site located within 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 (Pension 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 Pension Plans' provisions and benefits in effect at June 30, 2019, are summarized as follows:

	Miscellaneous		
	Prior to July 8, 2012	July 8, 2012 to December 31, 2012	On or after January 1, 2013
Hire date			
Benefit formula	3.0% @ 60	2.5% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50-60	50-55	52-67
Monthly benefits, as a % of eligible compensation	2.0% to 3.0%	2.0% to 2.5%	1.0% to 2.5%
Required employee contribution rates	8%	8%	6.25%
Required employer contribution rates for normal cost	11.268%	11.268%	11.268%
Required payment of unfunded liability: \$10,407,857			

	Safety Police		
	Prior to July 8, 2012	July 8, 2012 to December 31, 2012	On or after January 1, 2013
Hire date			
Benefit formula	3% @ 50	3% @ 55	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50	50-55	50-57
Monthly benefits, as a % of eligible compensation	3.0%	2.4% to 3.0%	2.0% to 2.7%
Required employee contribution rates	9%	9%	12%
Required employer contribution rates for normal cost	19.956%	19.956%	19.956%
Required payment of unfunded liability: \$5,092,183			

	Safety Fire		
	Prior to July 8, 2012	July 8, 2012 to December 31, 2012	On or after January 1, 2013
Hire date			
Benefit formula	3% @ 50	3% @ 55	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50	50-55	50-57
Monthly benefits, as a % of eligible compensation	3.0%	2.4% to 3.0%	2.0% to 2.7%
Required employee contribution rates	9%	9%	10.5%
Required employer contribution rates for normal cost	16.857%	16.857%	16.857%
Required payment of unfunded liability: \$4,096,609			

Employees Covered

At June 30, 2018, the most recent information available, the following employees were covered by the benefits of the City's Pension Plans:

	Miscellaneous	Safety Police	Safety Fire
Inactive employees or beneficiaries currently receiving benefits	1,098	250	168
Inactive employees entitled to but not yet receiving benefits	661	52	22
Active employees	916	166	132
Total	<u>2,675</u>	<u>468</u>	<u>322</u>

NOTE 8 – PENSION PLANS (Continued)

Contributions

For the fiscal year ended June 30, 2019, the City's actuarially determined contributions were as follows (dollars in thousands):

Miscellaneous Plan	\$	16,483
Safety Police Plan		8,607
Safety Fire Plan		6,383
Total	\$	<u>31,473</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 Pension Plans is measured as of June 30, 2018, using an annual actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018, using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The June 30, 2017 valuation was rolled forward to determine the June 30, 2018 total pension liability, based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions	
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.15% 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 2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on the table, refer to the CalPERS 2017 experience study report available on the CalPERS website.

NOTE 8 – PENSION PLANS (Continued)

All other actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period 1997 to 2015, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found on the CalPERS website under Forms and Publications.

Change of Assumptions

Demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. The inflation rate reduced from 2.75 percent to 2.50 percent for the June 30, 2017 actuarial valuations.

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent for each Plan. The projection of cash flows used to determine the discount rate assumed that the contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound geometric returns were calculated over the short-term (first 10 years) and the long-term (11+ 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 rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated and adjusted to account for assumed administrative expenses.

The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The long-term expected real rate of return by asset class and the target allocation adopted by the CalPERS Board effective on July 1, 2017, are as follows:

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 ¹	Real Return Years 11+ ²
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0	1.00	2.62
Inflation Assets	-	0.77	1.81
Private Equity	8.0	6.30	7.23
Real Assets	13.0	3.75	4.93
Liquidity	1.0	-	-0.92

(1) An expected inflation of 2.00% used for this period.

(2) An expected inflation of 2.92% used for this period.

NOTE 8 – PENSION PLANS (Continued)

Changes in the Net Pension Liability

The changes in the Net Pension Liability for each Plan are as follows (dollars in thousands):

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Miscellaneous Plan:			
Balance at June 30, 2017	<u>\$ 697,602</u>	<u>\$ 517,388</u>	<u>\$ 180,214</u>
Changes Recognized for the Measurement Period:			
Service Cost	13,524	-	13,524
Interest on the Total Pension Liability	49,005	-	49,005
Changes of Assumptions	(5,368)	-	(5,368)
Differences between Expected and Actual Experience	3,589	-	3,589
Contribution - Employer	-	14,234	(14,234)
Contribution - Employee	-	6,692	(6,692)
Net Investment Income	-	43,348	(43,348)
Benefit Payments, including Refunds of Employee Contributions	(34,402)	(34,402)	-
Plan to Plan Resource Movement	-	(1)	1
Administrative Expenses	-	(806)	806
Other Miscellaneous Income/(Expense)	-	(1,532)	1,532
Net changes during 2017-18	<u>26,348</u>	<u>27,533</u>	<u>(1,185)</u>
Balance at June 30, 2018	<u>\$ 723,950</u>	<u>\$ 544,921</u>	<u>\$ 179,029</u>
Safety Police Plan			
Balance at June 30, 2017	<u>\$ 288,320</u>	<u>\$ 191,411</u>	<u>\$ 96,909</u>
Changes Recognized for the Measurement Period:			
Service Cost	6,756	-	6,756
Interest on the Total Pension Liability	20,363	-	20,363
Changes of Assumptions	(1,015)	-	(1,015)
Differences between Expected and Actual Experience	1,107	-	1,107
Contribution - Employer	-	7,583	(7,583)
Contribution - Employee	-	2,937	(2,937)
Net Investment Income	-	16,171	(16,171)
Benefit Payments, including Refunds of Employee Contributions	(13,981)	(13,981)	-
Administrative Expense	-	(298)	298
Other Miscellaneous Income/(Expense)	-	(565)	565
Net Changes during 2017-18	<u>13,230</u>	<u>11,847</u>	<u>1,383</u>
Balance at June 30, 2018	<u>\$ 301,550</u>	<u>\$ 203,258</u>	<u>\$ 98,292</u>

NOTE 8 – PENSION PLANS (Continued)

Safety Fire Plan:

		Increase (Decrease)	
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2017	\$ 221,925	\$ 150,243	\$ 71,682
Changes Recognized for the Measurement Period:			
Service Cost	4,693	-	4,693
Interest on the Total Pension Liability	15,688	-	15,688
Changes of Assumptions	(850)	-	(850)
Differences between Expected and Actual Experience	1,386	-	1,386
Contribution - Employer	-	5,609	(5,609)
Contribution - Employee	-	2,042	(2,042)
Net Investment Income	-	12,731	(12,731)
Benefit Payments, including Refunds of Employee Contributions	(10,795)	(10,795)	-
Administrative Expense	-	(234)	234
Other Miscellaneous Income/(Expense)	-	(445)	445
Net changes during 2017-18	10,122	8,908	1,214
Balance at June 30, 2018	\$ 232,047	\$ 159,151	\$ 72,896

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 (dollars in thousands):

	Miscellaneous	Safety Police	Safety Fire
1% Decrease	6.15%	6.15%	6.15%
Net Pension Liability	\$269,888	\$139,910	\$103,886
Current Discount Rate	7.15%	7.15%	7.15%
Net Pension Liability	\$179,029	\$98,292	\$72,896
1% Increase	8.15%	8.15%	8.15%
Net Pension Liability	\$103,159	\$64,109	\$47,291

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, 2019, the City recognized pension expense of \$30,305,000 for Miscellaneous Plan, \$14,419,000 for Safety Police Plan and \$8,959,000 for Safety Fire Plan. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (dollars in thousands):

	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	\$ 16,483	\$ -	\$ 8,607	\$ -
Changes in assumptions	13,218	(3,741)	8,867	(774)
Differences between Expected and Actual Experience	2,528	(488)	3,618	-
Net Differences between Projected and Actual Earnings on Pension Plan	1,727	-	612	-
Total	<u>\$ 33,956</u>	<u>\$ (4,229)</u>	<u>\$ 21,704</u>	<u>\$ (774)</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	\$ 6,383	\$ -	\$ 31,473	\$ -
Changes in assumptions	7,526	(1,571)	29,611	(6,086)
Differences between Expected and Actual Experience	1,120	(1,910)	7,266	(2,398)
Net Differences between Projected and Actual Earnings on Pension Plan	431	-	2,770	-
Total	<u>\$ 15,460</u>	<u>\$ (3,481)</u>	<u>\$ 71,120</u>	<u>\$ (8,484)</u>

\$16,483,000 for Miscellaneous Plan, \$8,607,000 for Safety Police Plan and \$6,383,000 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, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized as pension expense as follows (dollars in thousands):

Year Ended				
June 30	Miscellaneous	Safety Police	Safety Fire	Total
2020	\$ 17,827	\$ 7,992	\$ 2,954	\$ 28,773
2021	2,213	5,386	2,111	9,710
2022	(5,400)	(527)	628	(5,299)
2023	(1,396)	(528)	(118)	(2,042)
2024	-	-	21	21
Total	<u>\$ 13,244</u>	<u>\$ 12,323</u>	<u>\$ 5,596</u>	<u>\$ 31,163</u>

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN

Plan Description and Benefits Provided

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 OPEB Plans do 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 Plan). The City has not established a tax-qualified irrevocable trusts for the PEMHCA Plan and is not pre-funding the plan.

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, Bus Operators, Police 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.

The Public Employees Medical and Hospital Care Act (PEMHCA) governs health care provided to employees and retirees under health care plans administered by CalPERS. All public agencies providing health care to their active employees through CalPERS PEMHCA plans are also required to offer health care under those plans to their retirees. The rules regarding retiree health care are found in sections §22892 and §22893 of the Government Code.

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.

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 trusts, 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.

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

Employees Covered

Employees covered by the benefit terms as of June 30, 2019, are as follows:

	PEMCHA Plan	Stipend Plans
Inactive employees or beneficiaries currently receiving benefits	316	486
Active employees	337	994
Total	653	1,480

Contributions

The City 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 contributes to the PEMHCA Plan on a pay-as-you-go basis. For the fiscal year ended June 30, 2019, the City's contributions were \$2,548,000 for the Stipend Plans and \$541,000 for the PEMHCA Plan.

Rate of Return

For the year ended June 30, 2019, the annual money-weighted rate of return on investments, net of investment expense, for the Stipend Plans trust was 6.6 percent. The money-weighted rate of return expresses investment performance (net of investment expense) adjusted for the changing amounts invested monthly.

Net OPEB Liability

The City's net OPEB liability is measured as the total OPEB liability, less the OPEB plan's fiduciary net position. The net OPEB liability is measured as of June 30, 2019, using an annual actuarial valuation as of June 30, 2017 rolled forward to June 30, 2019 using standard update procedures.

Actuarial Assumptions and Assumptions Used to Determine Total OPEB Liability

The total OPEB liability at June 30, 2019 for PEMHCA Plan were determined using actuarial assumptions as follows:

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	3.50%
20 Year Municipal Bond	3.50%
Inflation	2.75%
Salaries Increases	3.00%; Merit based on CalPERS 2017 experience study report using data for the period from 1997-2015
Mortality	Derived using CalPERS Membership Data 1997-2015 Experience Study
Healthcare Cost Trend Rate	Non-Medicare - 7.5% for 2019, decreasing to an ultimate rate of 4% in 2076 and later years Medicare- 6.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076 and later years
PEMHCA Minimum Increase	4.25%
PEMHCA Participation	Actives- 50% if covered, 30% if waived Retirees- 100% if covered, 10% re-elect at 65 if waived

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

The total OPEB liability at June 30, 2019 for Stipend Plans were determined using actuarial assumptions as follows:

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	3.95%-5.75%
Expected Long-Term Rate of Return on Investments	5.75%
20-Year Municipal Bond	3.50%
Inflation	2.75%
Salaries Increases	3.00%; Merit based on CalPERS 2017 experience study report using data for the period from 1997-2015
Mortality	Derived using CalPERS Membership Data 1997-2015 Experience Study
Stipend Participation	100% if eligible
Maximum Stipend Increases	0.00%-3.00%

Change of Assumptions

The 20-Year Municipal Bond rate of return reduced from 3.87 percent to 3.50 percent. The discount rate for the PEMHCA Plan reduced from 3.87 percent to 3.50 percent. The change of discount rates for the Stipend Plans are as follows: from 4.25 percent to 3.95 percent for Fire, from 4.55 percent to 4.20 percent for Maintenance, from 4.60 percent to 4.35 percent for Miscellaneous, and from 5.00 percent to 5.10 percent for Bus Operators.

Discount Rate

The discount rate used to measure the total OPEB liability for the PEMHCA Plan is 3.50% for PEMHCA Plan. The municipal bond rate was used as the discount rate as the City has not established a tax-qualified irrevocable trust for the PEMHCA Plan and is not pre-funding the plan.

The discount rates used to measure the total OPEB liability for the Stipend Plans are as follows: 3.95% for Fire, 4.20% for Maintenance, 4.35% for Miscellaneous, 5.10% for Bus Operators, and 5.75% for Police Technical and Police. The projection of cash flows used to determine the discount rates assumed that the City will make its required contributions on time and as scheduled in all future years. It was determined that several of the Stipend Plans fiduciary net position were projected to be insufficient to make all projected future benefit payments of current plan members. Thus, both the municipal bond rate and long-term expected rate of return on investments were used in the calculation of the discount rates for those Stipend Plans.

The expected rate of return on municipal bonds is 3.50% based on Bond Buyer 20-Bond GO Index. The long-term expected rate of return on investments for Stipend Plans is 5.75%. Using historical returns of all asset classes, expected compound geometric were calculated using a building-block approach. The long-term expected rate of return by asset class and the target location are as follows:

Asset Class	Target Allocation		Long-Term Expected Real Rate of Return ¹
	Fire	Maintenance, Miscellaneous, Bus Operators, Police Technical, Police	
Domestic Equity	33.0%	33.0%	4.53%
International Equity	17.0	17.0	4.93
Fixed Income	50.0	49.0	1.47
Real Estate	0.0	0.0	3.76
Cash	0.0	1.0	0.06

(1) An expected inflation of 2.75% used for this period.

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

Changes in the Net OPEB Liability

The changes in the Net OPEB Liability for the PEMHCA Plan are as follows (dollars in thousands):

	Increase (Decrease) Total/Net OPEB Liability
Balance at June 30, 2018	\$ 22,580
Changes during the measurement period:	
Service cost	1,184
Interest on the total OPEB liability	910
Changes in assumptions	1,424
Benefit payments	(538)
Net changes	2,980
Balance at June 30, 2019	\$ 25,560

The changes in the Net OPEB Liability for the Stipend Plans are as follows (dollars in thousands):

	Increase (Decrease) Plan	Increase (Decrease) Plan	Increase (Decrease) Plan
	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2018	\$ 63,522	\$ 27,872	\$ 35,650
Changes during the measurement period:			
Service cost	2,718	-	2,718
Interest on the total OPEB liability	3,020	-	3,020
Changes in assumptions	2,631	-	2,631
Contributions - employer	-	2,548	(2,548)
Investment income	-	2,003	(2,003)
Administrative expenses	-	(46)	46
Benefit payments	(1,692)	(1,692)	-
Net changes	6,677	2,813	3,864
Balance at June 30, 2019	\$ 70,199	\$ 30,685	\$ 39,514

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 one percentage point lower or one percentage point higher than the current rate are as follows (dollars in thousands):

	Discount Rate -1 %	Current Discount Rate	Discount Rate +1 %
PEMHCA Plan	\$ 30,108	\$ 25,560	\$ 21,969
Stipend Plans	51,719	39,514	29,834

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

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost 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 a healthcare cost trend rates that is one percentage point lower or one percentage point higher than the current rate are as follows (dollars in thousands):

	Healthcare Trend Rates -1 %	Current Healthcare Trend Rates	Healthcare Trend Rates +1 %
PEMHCA Plan	\$ 21,069	\$ 25,560	\$ 31,468
Stipend Plans	39,514	39,514	39,514

OPEB Expenses and Deferred Outflows/Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2019, the City recognized OPEB expense of \$1,610,000 for PEMHCA Plan and \$1,160,000 for Stipend Plans.

The City reported deferred outflows of resources and deferred inflows of resources related to OPEB by sources for the fiscal year ended June 30, 2019 as follows (dollars in thousands):

	PEMHCA Plan		Stipend Plans	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ -	\$ -	\$ 752	\$ 277
Changes in assumptions	1,223	747	2,300	4,329
Net Differences between Projected and Actual Earnings	-	-	2	350
Total	<u>\$ 1,223</u>	<u>\$ 747</u>	<u>\$ 3,054</u>	<u>\$ 4,956</u>

As of June 30, 2019, net amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows (dollars in thousands):

Fiscal Year Ending June 30,	PEMHCA Plan	Stipend Plans	Total
2020	\$ 54	\$ (451)	\$ (397)
2021	54	(451)	(397)
2022	54	(441)	(387)
2023	54	(376)	(322)
2024	54	(129)	(75)
Thereafter	206	(54)	152
Total	<u>\$ 476</u>	<u>\$ (1,902)</u>	<u>\$ (1,426)</u>

NOTE 10 – JOINT VENTURES

Sonoma County Waste Management Agency

The City participates in the Sonoma County Waste Management Agency (SCWMA), with Sonoma County (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.

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.

A summary of audited financial information of SCWMA as of and for the fiscal year ended June 30, 2017 (the most current available audited financial information) is as follows (amounts in thousands).

Total assets	\$	8,573
Total liabilities		950
Net position	\$	7,623
Total revenues	\$	7,300
Total expenses		6,631
Change in net position	\$	669

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. 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 28.85% of the total costs incurred by the Consortium. The City paid \$929,683 during the year.

NOTE 10 – JOINT VENTURES (Continued)

A summary of audited financial information on SCPSC at and for fiscal year ended June 30, 2018 (the most current available audited financial information) is as follows (amounts in thousands).

Total assets	\$	5,235
Total liabilities		<u>275</u>
Net position	\$	<u>4,960</u>
Total revenues	\$	3,496
Total expenses		<u>4,643</u>
Change in net position	\$	<u>(1,147)</u>

Complete financial statements for SCPSC can be obtained from Sonoma County Public Safety Consortium, 585 Fiscal Drive, 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. The members of the Sonoma County Library are the County, 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 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, 2018 (the most current available audited financial information) is as follows (amounts in thousands).

Total assets and deferred outflows of resources	\$	34,046
Total liabilities and deferred inflows of resources		<u>32,371</u>
Net position	\$	<u>1,675</u>
Total revenues	\$	32,451
Total expenses		<u>23,871</u>
Change in net position	\$	<u>8,580</u>

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

NOTE 11 – SELF-INSURANCE

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; natural disasters; unemployment coverage and providing health benefits to employees, and their dependents. The City is self-insured for its liability insurance, workers' compensation insurance, and unemployment benefits. The City has chosen to establish a risk financing internal service fund where assets are set aside for claim settlements associated with the above risks of loss up to certain limits. Excess coverage for liability insurance is provided by the California Joint Powers Risk Management Authority (CJPRMA) and the California Transit Systems Joint Powers Insurance Authority (CalTIP), public joint powers authorities whose purpose is to develop and fund programs of excess insurance for their member entities. The City obtains health insurance from Teamsters Welfare and Trust, 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	\$250,000 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 Teamsters CalPERS for Safety employees	Reserve levels are included in pool premiums Reserve levels are included in pool premiums Reserve levels are included in pool 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, 2019, the City paid premiums to CJPRMA of \$1,117,885, which are included in the internal service fund in the accompanying basic financial statements.

A summary of audited financial information on the CJPRMA as of and for the fiscal year ended June 30, 2018 (the most current available audited financial information) is as follows (amounts in thousands):

Total assets and deferred outflows of resources	\$	65,207
Total liabilities and deferred inflows of resources		<u>43,154</u>
Net position	\$	<u>22,053</u>
Total revenues	\$	15,271
Total expenses		<u>29,283</u>
Change in net position	\$	<u>(14,012)</u>

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

The City, along with other California governments, is a member of the California Transit Indemnity Pool (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, 2019, the City paid premiums to CalTIP of \$195,258, 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, 2019 is as follows (amounts in thousands):

Total assets	\$	36,325
Total liabilities		<u>19,257</u>
Net position	\$	<u>17,068</u>
Total revenues	\$	14,863
Total expenses		<u>7,641</u>
Change in net position	\$	<u>7,222</u>

Complete financial statements for CalTIP can be obtained from California Transit Indemnity Pool, 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 3.0% 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	
	2019	2018
Unpaid claims, beginning of fiscal year	\$ 15,447	\$ 13,780
Incurred claims and changes in estimates	3,968	4,837
Claim payments net of subrogation	(4,331)	(3,170)
Unpaid claims, end of fiscal year	<u>\$ 15,084</u>	<u>\$ 15,447</u>

NOTE 12 – RELATED PARTY TRANSACTIONS

Contributions to the Authority

During the year ended June 30, 2019, the City contributed \$749,000 to the Authority for affordable housing. The contributions to the Authority's Community Development Block Grant (CDBG) Fund of \$2,294,000 is a City grant 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 \$2,437,000 for these services for the year ended June 30, 2019.

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, 2019 (amounts in thousands):

	Balance July 1, 2018	Additions	Reductions	Balance June 30, 2019
<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, 2019 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, 2019
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	15,925
Total Successor Agency bond and loans				\$ 39,685	34,050
Plus unamortized premiums					1,106
Total Successor Agency, net					\$ 35,156

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, 2019 (amounts in thousands):

	Balance July 1, 2018	Additions	Retirements	Balance June 30, 2019	Amounts Due Within One Year
2015A Tax Allocation Refunding Bonds	\$ 18,125	\$ -	\$ -	\$ 18,125	\$ -
2015B Tax Allocation Refunding Bonds	17,650	-	1,725	15,925	1,755
Plus unamortized premiums	1,190	-	84	1,106	85
Total Successor Agency - long-term obligations	<u>\$ 36,965</u>	<u>\$ -</u>	<u>\$ 1,809</u>	<u>\$ 35,156</u>	<u>\$ 1,840</u>

As of June 30, 2019, annual debt service requirements of the Successor Agency's tax allocation bonds 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
2020	\$ -	\$ 755	\$ 1,755	\$ 523
2021	-	755	1,795	477
2022	-	755	1,845	424
2023	-	755	1,905	361
2024	830	738	1,145	306
2025-2029	3,555	3,461	7,480	538
2030-2034	13,740	1,273	-	-
Total	<u>\$ 18,125</u>	<u>\$ 8,492</u>	<u>\$ 15,925</u>	<u>\$ 2,629</u>

Events of Default and Acceleration Clauses

Generally, the Successor Agency is considered to be in default if the Successor Agency fails to pay the principal of and interest on the outstanding long-term debt when become due and payable. If an event of default has occurred and is continuing, the principal of the long-term debt, together with the accrued interest, may be declared due and payable immediately.

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, 2019.

NOTE 14 – CONTINGENCIES (Continued)

Insurance Proceeds Received

During the fiscal year ended June 30, 2019, the City received insurance proceeds of \$1.1 million related to the damage incurred from the Tubbs fire. At June 30, 2019, of the \$8.6 million received to date, the City appropriated \$5.3 million for construction projects and assigned \$1.8 million in the General Fund for other related projects.

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, 2019 (amounts in thousands).

	Total Governmental Funds
Public Safety	
Police	\$ 4,842
Fire	3,157
Total Public Safety	<u>\$ 7,999</u>
Other Purposes	
Homeless	\$ 1,650
Brownfields Clean Up	925
Recreation Scholarships	181
Mobilehome Rent Stabilization	679
Tourism	363
Citywide Public Services	1,286
Miscellaneous Expendable Trust Accounts	113
Total Other Purposes	<u>\$ 5,197</u>

The City reported a deficit fund balance of \$37,000 and \$990,000 in its Federal Grant 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 reimbursement of grant funding in the upcoming year.

The City reported a deficit net position of \$32,083,000 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 \$1,448,000 in its Information Services Internal Service 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 \$10,926,000 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.

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Required Supplementary Information



PENSION PLANS

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS (Amounts in Thousands)

Miscellaneous Plan:

	Fiscal Year Ended June 30,				
	2019	2018	2017	2016	2015
Measurement Period	2018	2017	2016	2015	2014
TOTAL PENSION LIABILITY:					
Service Cost	\$ 13,524	\$ 13,181	\$ 11,743	\$ 11,562	\$ 12,023
Interest on Total Pension Liability	49,005	47,176	45,622	43,469	41,859
Changes of Assumptions	(5,368)	37,252	-	(10,104)	-
Difference between Expected and Actual Experience	3,589	(1,374)	814	(8,144)	-
Benefit Payments, Including Refunds of Employee Contributions	(34,402)	(31,946)	(29,098)	(26,489)	(24,121)
Net Change in Total Pension Liability	26,348	64,289	29,081	10,294	29,761
Total Pension Liability - Beginning	697,602	633,313	604,232	593,938	564,177
Total Pension Liability - Ending (a)	\$ 723,950	\$ 697,602	\$ 633,313	\$ 604,232	\$ 593,938
PLAN FIDUCIARY NET POSITION					
Contributions - Employer	\$ 14,234	\$ 13,883	\$ 12,294	\$ 11,012	\$ 10,337
Contributions - Employee	6,692	5,737	5,515	4,931	5,341
Net Investment Income	43,348	52,821	2,532	10,861	72,935
Benefit Payments, Including Refunds of Employee Contributions	(34,402)	(31,946)	(29,098)	(26,489)	(24,121)
Plan to Plan Resource Movement	(1)	-	-	102	-
Administrative Expense	(806)	(705)	(297)	(548)	-
Other Miscellaneous Income/(Expense)	(1,532)	-	-	-	-
Net Change in Fiduciary Net Position	27,533	39,790	(9,054)	(131)	64,492
Plan Fiduciary Net Position - Beginning	517,388	477,598	486,652	486,783	422,291
Plan Fiduciary Net Position - Ending (b)	544,921	517,388	477,598	486,652	486,783
Plan Net Pension Liability - (a)-(b)	\$ 179,029	\$ 180,214	\$ 155,715	\$ 117,580	\$ 107,155
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.27%	74.17%	75.41%	80.54%	81.96%
Covered Payroll	\$ 69,659	\$ 66,292	\$ 64,232	\$ 61,674	\$ 60,936
Plan Net Pension Liability as a Percentage of Covered Payroll	257.01%	271.85%	242.43%	190.65%	175.85%

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, 2017 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Change in assumptions - During measurement period 2014, the discount rate was 7.50%. During measurement period 2015, the discount rate was increased from 7.50 percent to 7.65 percent. There is no change in discount rate during measurement period 2016. During measurement period 2017, the discount rate was reduced from 7.65 percent to 7.15 percent. During measurement period 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017.

Fiscal year ended June 30, 2015 was the first year of implementation of GASB Statement No. 68, therefore only five 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 (Amounts in Thousands)

Safety Police Plan:

	Fiscal Year Ended June 30,				
	2019	2018	2017	2016	2015
Measurement Period	2018	2017	2016	2015	2014
TOTAL PENSION LIABILITY:					
Service Cost	\$ 6,756	\$ 6,349	\$ 5,320	\$ 5,067	\$ 5,408
Interest on Total Pension Liability	20,363	19,469	18,454	17,370	16,810
Changes of Assumptions	(1,015)	16,577	-	(4,338)	-
Difference between Expected and Actual Experience	1,107	3,205	3,713	(3,821)	-
Benefit Payments, Including Refunds of Employee Contributions	(13,981)	(13,253)	(12,753)	(11,400)	(10,577)
Net Change in Total Pension Liability	13,230	32,347	14,734	2,878	11,641
Total Pension Liability - Beginning	288,320	255,973	241,239	238,361	226,720
Total Pension Liability - Ending (a)	\$ 301,550	\$ 288,320	\$ 255,973	\$ 241,239	\$ 238,361
PLAN FIDUCIARY NET POSITION					
Contributions - Employer	\$ 7,583	\$ 7,523	\$ 6,395	\$ 6,077	\$ 5,438
Contributions - Employee	2,938	2,585	2,466	1,845	1,939
Net Investment Income	16,171	19,379	898	3,973	26,739
Benefit Payments, Including Refunds of Employee Contributions	(13,981)	(13,253)	(12,753)	(11,400)	(10,577)
Plan to Plan Resource Movement	-	-	-	(31)	-
Administrative Expense	(298)	(259)	(109)	(201)	-
Other Miscellaneous Income/(Expense)	(566)	-	-	-	-
Net Change in Fiduciary Net Position	11,847	15,975	(3,103)	263	23,539
Plan Fiduciary Net Position - Beginning	191,411	175,436	178,539	178,276	154,737
Plan Fiduciary Net Position - Ending (b)	203,258	191,411	175,436	178,539	178,276
Plan Net Pension Liability - (a)-(b)	\$ 98,292	\$ 96,909	\$ 80,537	\$ 62,700	\$ 60,085
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	67.40%	66.39%	68.54%	74.01%	74.79%
Covered Payroll	\$ 21,973	\$ 20,661	\$ 19,184	\$ 18,100	\$ 18,594
Plan Net Pension Liability as a Percentage of Covered Payroll	447.33%	469.04%	419.81%	346.41%	323.14%

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, 2017 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Change in assumptions - During measurement period 2014, the discount rate was 7.50%. During measurement period 2015, the discount rate was increased from 7.50 percent to 7.65 percent. There is no change in discount rate during measurement period 2016. During measurement period 2017, the discount rate was reduced from 7.65 percent to 7.15 percent. During measurement period 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017.

Fiscal year ended June 30, 2015 was the first year of implementation of GASB Statement No. 68, therefore only five 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 (Amounts in Thousands)

Safety Fire Plan:

	Fiscal Year Ended June 30,				
	2019	2018	2017	2016	2015
Measurement Period	2018	2017	2016	2015	2014
TOTAL PENSION LIABILITY:					
Service Cost	\$ 4,693	\$ 4,414	\$ 3,854	\$ 3,761	\$ 4,063
Interest on Total Pension Liability	15,688	14,999	14,568	13,976	13,504
Changes of Assumptions	(850)	12,381	-	(3,412)	-
Difference between Expected and Actual Experience	1,386	(1,736)	(465)	(2,500)	-
Benefit Payments, Including Refunds of Employee Contributions	(10,795)	(10,098)	(9,903)	(9,297)	(8,414)
Net Change in Total Pension Liability	10,122	19,960	8,054	2,528	9,153
Total Pension Liability - Beginning	221,925	201,965	193,911	191,383	182,230
Total Pension Liability - Ending (a)	\$ 232,047	\$ 221,925	\$ 201,965	\$ 193,911	\$ 191,383
PLAN FIDUCIARY NET POSITION					
Contributions - Employer	\$ 5,609	\$ 5,712	\$ 5,016	\$ 4,690	\$ 4,525
Contributions - Employee	2,042	1,863	1,703	1,582	1,860
Net Investment Income	12,731	15,209	715	3,083	21,128
Benefit Payments, Including Refunds of Employee Contributions	(10,795)	(10,098)	(9,903)	(9,297)	(8,414)
Administrative Expense	(234)	(203)	(86)	(158)	-
Other Miscellaneous Income /(Expense)	(445)	-	-	-	-
Net Change in Fiduciary Net Position	8,908	12,483	(2,555)	(100)	19,099
Plan Fiduciary Net Position - Beginning	150,243	137,760	140,315	140,415	121,316
Plan Fiduciary Net Position - Ending (b)	159,151	150,243	137,760	140,315	140,415
Plan Net Pension Liability - (a)-(b)	\$ 72,896	\$ 71,682	\$ 64,205	\$ 53,596	\$ 50,968
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.59%	67.70%	68.21%	72.36%	73.37%
Covered Payroll	\$ 17,300	\$ 16,094	\$ 15,702	\$ 15,171	\$ 15,681
Plan Net Pension Liability as a Percentage of Covered Payroll	421.36%	445.40%	408.90%	353.28%	325.03%

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, 2017 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Change in assumptions - During measurement period 2014, the discount rate was 7.50%. During measurement period 2015, the discount rate was increased from 7.50 percent to 7.65 percent. There is no change in discount rate during measurement period 2016. During measurement period 2017, the discount rate was reduced from 7.65 percent to 7.15 percent. During measurement period 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017.

Fiscal year ended June 30, 2015 was the first year of implementation of GASB Statement No. 68, therefore only five 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 (Amounts in Thousands)

Miscellaneous Plan:

	2019	2018	2017	2016	2015	2014
Actuarially Determined Contribution (ADC)	\$ 16,483	\$ 14,234	\$ 13,883	\$ 12,294	\$ 11,012	\$ 10,337
Contributions in Relation to the ADC	(16,483)	(14,234)	(13,883)	(12,294)	(11,012)	(10,337)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 70,329	\$ 69,659	\$ 66,292	\$ 64,232	\$ 61,674	\$ 60,936
Contribution as a Percentage of Covered Payroll	23.44%	20.43%	20.94%	19.14%	17.86%	16.96%

Safety Police Plan:

	2019	2018	2017	2016	2015	2014
Actuarially Determined Contribution (ADC)	\$ 8,607	\$ 7,583	\$ 7,523	\$ 6,395	\$ 6,077	\$ 5,438
Contributions in Relation to the ADC	(8,607)	(7,583)	(7,523)	(6,395)	(6,077)	(5,438)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 21,920	\$ 21,973	\$ 20,661	\$ 19,184	\$ 18,100	\$ 18,594
Contribution as a Percentage of Covered Payroll	39.27%	34.51%	36.41%	33.34%	33.57%	29.25%

Safety Fire Plan:

	2019	2018	2017	2016	2015	2014
Actuarially Determined Contribution (ADC)	\$ 6,383	\$ 5,609	\$ 5,712	\$ 5,016	\$ 4,690	\$ 4,525
Contributions in Relation to the ADC	(6,383)	(5,609)	(5,712)	(5,016)	(4,690)	(4,525)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 17,074	\$ 17,300	\$ 16,094	\$ 15,702	\$ 15,171	\$ 15,681
Contribution as a Percentage of Covered Payroll	37.38%	32.42%	35.49%	31.94%	30.91%	28.86%

Notes to Schedule

The actuarial methods and assumptions used to set the actuarially determined contributions for the year ended June 30, 2019 was derived from the June 30, 2016 funding valuation report.

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value of Assets
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	3.00%
Investment Rate of Return	7.375% 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 20 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 six 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.

PEMHCA PLAN

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

<i>Fiscal Year Ended / Measurement Period</i>	2019	2018
TOTAL/NET OPEB LIABILITY:		
Service Cost	\$ 1,184	\$ 1,239
Interest on Total OPEB Liability	910	825
Changes of Assumptions	1,424	(1,041)
Benefit Payments	(538)	(473)
Net Change in Total OPEB Liability	2,980	550
Total OPEB Liability - Beginning	22,580	22,030
Total/Net OPEB Liability - Ending	\$ 25,560	\$ 22,580
Covered Employee Payroll	\$ 34,816	\$ 39,200
Plan Net OPEB Liability as a Percentage of Covered Employee Payroll	73.41%	57.60%

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

Change in assumptions - During measurement period 2018, the 20 Year Municipal Bond rate of return and discount rate increased from 3.58 percent to 3.87 percent. During measurement period 2019, the 20 Year Municipal Bond rate of return and discount rate reduced from 3.87 percent to 3.50 percent.

Fiscal year ended June 30, 2018 was the first year of implementation of GASB Statement No. 75, therefore only two 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.

STIPEND PLANS

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

<i>Fiscal Year Ended / Measurement Period</i>	2019	2018	2017
TOTAL OPEB LIABILITY:			
Service Cost	\$ 2,718	\$ 3,356	\$ 3,881
Interest on Total OPEB Liability	3,020	2,948	2,626
Difference Between Expected and Actual Experience	-	617	(8,292)
Changes of Benefit Terms	-	(4,534)	-
Changes of Assumptions	2,631	(5,862)	-
Benefit Payments	(1,692)	(1,593)	(1,548)
Net Change in Total OPEB Liability	6,677	(5,068)	(3,333)
Total OPEB Liability - Beginning	63,522	68,590	71,923
Total OPEB Liability - Ending	\$ 70,199	\$ 63,522	\$ 68,590
PLAN FIDUCIARY NET POSITION			
Contributions - Employer	\$ 2,548	\$ 2,283	\$ 2,129
Net Investment Income	2,003	1,633	1,993
Benefit Payments, Including			
Refunds of Employee Contributions	(1,692)	(1,593)	(1,548)
Administrative Expense	(46)	-	(47)
Net Change in Fiduciary Net Position	2,813	2,323	2,527
Plan Fiduciary Net Position - Beginning	27,872	25,549	23,022
Plan Fiduciary Net Position - Ending (b)	30,685	27,872	25,549
Plan Net OPEB Liability - (a)-(b)	\$ 39,514	\$ 35,650	\$ 43,041
Plan Fiduciary Net Position as a			
Percentage of the Total OPEB Liability	43.71%	43.88%	37.25%
Covered Payroll	\$ 83,590	\$ 81,292	\$ 72,284
Plan Net OPEB Liability as a			
Percentage of Covered Payroll	47.27%	43.85%	59.54%

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

Change in assumptions - During measurement period 2018, the 20-Year Municipal Bond rate of return increased from 3.58 percent to 3.87 percent. The change of discount rates for the Stipend Plans are as follows: from 4.10 percent to 4.25 percent for Fire, from 4.15 percent to 4.55 percent for Maintenance, from 4.35 percent to 4.60 percent for Miscellaneous, from 4.00 percent to 5.00 percent for Bus Operators, from 4.05 percent to 5.75 percent for Police Civilian Technical, and from 4.15 percent to 5.75 percent for Police. During measurement period 2019, the 20-Year Municipal Bond rate of return reduced from 3.87 percent to 3.50 percent. The change of discount rates for the Stipend Plans are as follows: from 4.25 percent to 3.95 percent for Fire, from 4.55 percent to 4.20 percent for Maintenance, from 4.60 percent to 4.35 percent for Miscellaneous, and from 5.00 percent to 5.10 percent for Bus Operators.

Fiscal year ended June 30, 2017 was the first year of implementation of GASB Statement No. 74, 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.

OPEB PLANS

SCHEDULE OF EMPLOYER CONTRIBUTIONS (Dollar Amounts in Thousands)

PEMHCA Plan

	2019	2018	2017
Actuarially Determined Contribution (ADC)	\$ 541	\$ 478	\$ 448
Contributions in Relation to the ADC	(541)	(478)	(448)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -

Covered Employee Payroll	\$ 34,816	\$ 39,200	\$ 38,000
Contribution as a Percentage of Covered Payroll	1.55%	1.22%	1.18%

Stipend Plans

	2019	2018	2017
Actuarially Determined Contribution (ADC)	\$ 2,548	\$ 2,283	\$ 2,130
Contributions in Relation to the ADC	(2,548)	(2,283)	(2,130)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -

Covered Payroll	\$ 83,590	\$ 81,292	\$ 72,284
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Notes to Schedule

The actuarial methods and assumptions used to set the actuarially determined contributions for the year ended June 30, 2019 was derived from the June 30, 2017 valuation report.

PEMHCA Plan

Actuarial Cost Method

Entry Age Normal

Actuarial Assumptions:

Discount Rate	3.50%
20 Year Municipal Bond	3.50%
Inflation	2.50%

Salaries Increases 3.00%; Merit based on CalPERS 2017 experience study report using data for the period from 1997-2015

Mortality Derived using CalPERS Membership Data
1997-2015 Experience Study

Non-Medicare - 7.5% for 2019, decreasing to an ultimate rate of 4% in 2076 and later years

Healthcare Cost Trend Rate Medicare- 6.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076 and later years

PEMHCA Minimum Increase 4.25% per year

PEMHCA Participation Actives- 50% if covered, 30% if waived

Stipend Plans

Actuarial Cost Method

Entry Age Normal

Actuarial Assumptions:

Discount Rate	3.95%-5.75%
Expected Long-Term Rate of Return on Investments	5.75%
20 Year Municipal Bond	3.50%
Inflation	2.50%

Salaries Increases 3.00%; Merit based on CalPERS 2017 experience study report using data for the period from 1997-2015

Mortality Derived using CalPERS Membership Data
1997-2015 Experience Study

Stipend Participation 100% if eligible

Maximum Stipend Increases 0.00%-3.00%

Fiscal year ended June 30, 2018 was the first year of implementation of GASB Statement No. 75, 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.

STIPEND PLANS

SCHEDULE OF INVESTMENT RETURNS

Year	Annual Money-Weighted Rate of Return, Net of Investment Expense
2017	8.9%
2018	6.2%
2019	6.6%

Fiscal year ended June 30, 2017 was the first year of implementation of GASB Statement No. 74, 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.

Statement B-1

CITY OF SANTA ROSA
GENERAL FUND
SCHEDULE OF REVENUES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
REVENUES:				
Property taxes	\$ 25,831,000	\$ 25,831,000	\$ 30,199,833	\$ 4,368,833
Sales taxes	49,609,000	49,609,000	54,881,478	5,272,478
Utility users tax	9,361,000	9,361,000	10,257,162	896,162
Other taxes	39,521,600	39,521,600	40,217,940	696,340
Licenses and permits	2,111,800	3,411,800	4,775,177	1,363,377
Charges for services	27,544,289	31,027,015	30,996,211	(30,804)
Intergovernmental	1,958,930	13,560,267	5,698,569	(7,861,698)
Fines and forfeitures	1,784,000	1,784,000	1,819,628	35,628
Investment earnings	500,000	500,000	996,147	496,147
Net change in the fair value of investments	-	-	1,171,200	1,171,200
Other	2,391,968	2,503,872	5,545,427	3,041,555
TOTAL REVENUES	\$ 160,613,587	\$ 177,109,554	\$ 186,558,772	\$ 9,449,218

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, 2019

	Original Budget	Final Budget	Actual (Budget Basis)	Variance With Final Budget Positive (Negative)
GENERAL GOVERNMENT				
City Council:				
Salaries	\$ 136,756	\$ 131,756	\$ 79,420	\$ 52,336
Employee benefits	155,221	151,765	116,465	35,300
Services and supplies	1,379,759	1,466,165	862,924	603,241
TOTAL CITY COUNCIL	1,671,736	1,749,686	1,058,809	690,877
City Manager:				
Salaries	1,723,381	1,792,241	1,619,510	172,731
Employee benefits	802,980	812,231	718,884	93,347
Services and supplies	1,623,867	2,991,467	2,293,666	697,801
TOTAL CITY MANAGER	4,150,228	5,595,939	4,632,060	963,879
City Attorney:				
Salaries	2,212,679	2,229,197	1,880,091	349,106
Employee benefits	989,761	989,761	861,116	128,645
Services and supplies	394,602	394,602	296,042	98,560
TOTAL CITY ATTORNEY	3,597,042	3,613,560	3,037,249	576,311
Human Resources:				
Salaries	1,459,752	1,526,619	1,078,240	448,379
Employee benefits	659,423	659,423	480,201	179,222
Services and supplies	388,050	638,050	837,120	(199,070)
TOTAL HUMAN RESOURCES	2,507,225	2,824,092	2,395,561	428,531
Finance:				
Salaries	5,270,453	5,310,238	4,500,219	810,019
Employee benefits	2,831,622	2,831,882	2,490,455	341,427
Services and supplies	2,981,679	2,981,679	2,709,415	272,264
TOTAL FINANCE	11,083,754	11,123,799	9,700,089	1,423,710
Planning and Economic Development:				
Salaries	7,275,795	7,330,160	6,419,525	910,635
Employee benefits	3,613,998	3,605,729	3,126,874	478,855
Services and supplies	10,204,251	11,313,458	10,699,640	613,818
Capital outlay	52,182	52,182	24,180	28,002
TOTAL PLANNING AND ECONOMIC DEVELOPMENT	21,146,226	22,301,529	20,270,219	2,031,310
Nondepartmental:				
Salaries	1,550,000	101,466	-	101,466
Employee benefits	10,000	419	-	419
Liability and fire insurance	1,614,664	1,614,664	1,614,664	-
Services and supplies	1,156,792	1,106,792	3,191,979	(2,085,187)
TOTAL NONDEPARTMENTAL	4,331,456	2,823,341	4,806,643	(1,983,302)
TOTAL GENERAL GOVERNMENT	\$ 48,487,667	\$ 50,031,946	\$ 45,900,630	\$ 4,131,316

(Continued)

CITY OF SANTA ROSA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL (BUDGET BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Original Budget	Final Budget	Actual (Budget Basis)	Variance With Final Budget Positive (Negative)
PUBLIC SAFETY				
Fire:				
Salaries	\$ 20,275,930	\$ 20,567,541	\$ 22,391,755	\$ (1,824,214)
Employee benefits	13,382,258	13,382,258	12,946,584	435,674
Services and supplies	4,073,237	4,073,237	4,334,990	(261,753)
Capital outlay	52,620	52,620	52,620	-
Debt service:				
Principal	432,728	432,728	432,728	-
Interest	23,229	23,229	23,229	-
TOTAL FIRE	38,240,002	38,531,613	40,181,906	(1,650,293)
Police:				
Salaries	31,613,942	32,053,817	29,448,019	2,605,798
Employee benefits	19,221,558	19,184,556	18,006,579	1,177,977
Services and supplies	5,812,521	5,755,713	5,558,721	196,992
Capital outlay	-	-	16,989	(16,989)
TOTAL POLICE	56,648,021	56,994,086	53,030,308	3,963,778
TOTAL PUBLIC SAFETY	94,888,023	95,525,699	93,212,214	2,313,485
PUBLIC WORKS				
Salaries	8,206,471	8,436,177	7,615,530	820,647
Employee benefits	4,719,006	4,756,008	4,791,949	(35,941)
Services and supplies	7,431,315	7,431,315	6,759,766	671,549
Capital outlay	222,199	106,199	120,226	(14,027)
TOTAL PUBLIC WORKS	20,578,991	20,729,699	19,287,471	1,442,228
RECREATION AND PARKS				
Salaries	6,701,078	6,729,346	5,539,230	1,190,116
Employee benefits	2,986,787	2,957,798	2,491,258	466,540
Services and supplies	4,904,427	4,901,537	4,544,191	357,346
Capital outlay	75,175	75,175	69,561	5,614
TOTAL RECREATION AND PARKS	14,667,467	14,663,856	12,644,240	2,019,616
TOTAL GENERAL FUND	\$ 178,622,148	\$ 180,951,200	\$ 171,044,555	\$ 9,906,645

(Continued)

CITY OF SANTA ROSA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL (BUDGET BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Original Budget	Final Budget	Actual (Budget Basis)	Variance With Final Budget Positive (Negative)
TOTAL BY EXPENDITURE TYPE				
Salaries	\$ 86,426,237	\$ 86,208,558	\$ 80,571,539	\$ 5,637,019
Employee benefits	49,372,614	49,331,830	46,030,365	3,301,465
Services and supplies	40,350,500	43,054,015	42,088,454	965,561
Liability and fire insurance	1,614,664	1,614,664	1,614,664	-
Capital outlay	402,176	286,176	283,576	2,600
Debt service:				
Principal	432,728	432,728	432,728	-
Interest	23,229	23,229	23,229	-
TOTAL GENERAL FUND	\$ 178,622,148	\$ 180,951,200	\$ 171,044,555	\$ 9,906,645

EXPLANATION OF DIFFERENCES BETWEEN SCHEDULE OF EXPENDITURES
AND GAAP EXPENDITURES:

General government	\$ 45,876,450
Public safety	92,686,648
Public works	19,167,245
Recreation and parks	12,574,679
Capital outlay	283,576
Debt service:	
Principal	432,728
Interest	23,229
Actual amounts (budget basis) "Total Expenditures":	171,044,555

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

Traffic Safety Fund	(236,330)
Gas Tax Fund	(1,882,000)
Expendable Trust Funds	(247,726)
Measure O Funds	(61,543)
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.

	349,000
Total expenditures GAAP basis	\$ 168,730,956

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

(Concluded)

BUDGETS

Budgets are adopted for all governmental funds, except for the Brownfields Grant, Library Improvement, 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.

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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) Supplemental Law Enforcement Services Fund receives funds from the State of California to supplement local law enforcement activities.
- (l) Library Improvement Fund receives funds from the County Library system to make improvements to the City's libraries.

SPECIAL REVENUE FUNDS (Continued)

- (m) Public Facilities Improvement Fee Fund accounts for fees imposed on residential development for public facilities.
- (n) 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.
- (o) State Narcotics Asset Forfeiture Fund is used for specified police activities (excluding regular salary) from confiscated assets of convicted drug felons.
- (p) Change for Kids Fund accounts for contributions for lower income youth recreation opportunities.
- (q) Mobilehome Rent Stabilization Fund receives an annual fee to administer the mobilehome rent control ordinance 3072.
- (r) 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.
- (s) Special Tax Districts Fund accounts for special taxes levied on property owners to fund maintenance and other municipal services.
- (t) 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 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, 2019

	Special Revenue Funds						
	Measure M Fund	Art In-lieu Fee Fund	Measure O Fund	Homeless Shelter Operations Fund	Federal Grants Fund	Brownfields Grant Fund	Federal Narcotics Asset Forfeiture Fund
ASSETS							
Cash and investments	\$ 88,888	\$ 1,052,770	\$ 4,077,729	\$ 1,686,946	\$ -	\$ 918,191	\$ 399,240
Receivables:							
Accounts	-	-	1,520	-	-	-	-
Interest	681	8,070	31,259	12,932	-	7,039	3,060
Intergovernmental	1,298,494	-	1,579,305	89,947	111,597	-	-
Restricted cash and investments	-	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 1,388,063</u>	<u>\$ 1,060,840</u>	<u>\$ 5,689,813</u>	<u>\$ 1,789,825</u>	<u>\$ 111,597</u>	<u>\$ 925,230</u>	<u>\$ 402,300</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICIT)							
LIABILITIES							
Accounts payable and accrued liabilities	\$ -	\$ 11,049	\$ 67,810	\$ 139,968	\$ 16,392	\$ -	\$ -
Due to other funds	-	-	-	-	95,205	-	-
TOTAL LIABILITIES	<u>-</u>	<u>11,049</u>	<u>67,810</u>	<u>139,968</u>	<u>111,597</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue	-	-	-	-	37,208	-	-
FUND BALANCES (DEFICIT):							
Restricted:							
Parks	-	-	1,362,310	-	-	-	-
Public Safety	-	-	4,259,693	-	-	-	402,300
Roads	1,388,063	-	-	-	-	-	-
Public and capital facilities	-	1,049,791	-	-	-	-	-
Other purposes	-	-	-	1,649,857	-	925,230	-
Unassigned	-	-	-	-	(37,208)	-	-
TOTAL FUND BALANCES (DEFICIT)	<u>1,388,063</u>	<u>1,049,791</u>	<u>5,622,003</u>	<u>1,649,857</u>	<u>(37,208)</u>	<u>925,230</u>	<u>402,300</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICIT)	<u>\$ 1,388,063</u>	<u>\$ 1,060,840</u>	<u>\$ 5,689,813</u>	<u>\$ 1,789,825</u>	<u>\$ 111,597</u>	<u>\$ 925,230</u>	<u>\$ 402,300</u>

(Continued)

Special Revenue Funds			
Traffic Safety Fund	Gas Tax Fund	State Grants Fund	Supplemental Law Enforcement Services Fund
\$ -	\$ 7,171,674	\$ -	\$ 1,235,947
-	-	-	-
-	54,977	1,597	9,474
58,921	-	468,073	-
-	-	-	-
-	-	-	-
<u>\$ 58,921</u>	<u>\$ 7,226,651</u>	<u>\$ 469,670</u>	<u>\$ 1,245,421</u>
\$ -	\$ -	\$ 114,676	\$ -
-	-	117,928	-
-	-	232,604	-
-	-	68,986	-
-	-	-	-
58,921	-	168,080	1,245,421
-	7,226,651	-	-
-	-	-	-
-	-	-	-
<u>58,921</u>	<u>7,226,651</u>	<u>168,080</u>	<u>1,245,421</u>
<u>\$ 58,921</u>	<u>\$ 7,226,651</u>	<u>\$ 469,670</u>	<u>\$ 1,245,421</u>

(Continued)

CITY OF SANTA ROSA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019

	Special Revenue Funds				
	Library Improvement Fund	Public Facilities Improvement Fee Fund	AB 434 Fund	State Narcotics Asset Forfeiture Fund	Change For Kids Fund
Cash and investments	\$ -	\$ -	\$ -	\$ 646,489	\$ 178,726
Receivables:					
Accounts	-	-	54,073	-	1,185
Interest	-	-	-	14,183	1,370
Intergovernmental	-	-	6,898	-	-
Restricted cash and investments	-	-	-	-	-
Advances to other funds	-	-	-	-	-
TOTAL ASSETS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60,971</u>	<u>\$ 660,672</u>	<u>\$ 181,281</u>
LIABILITIES					
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 6,898	\$ -	\$ 474
Due to other funds	-	-	54,073	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>60,971</u>	<u>-</u>	<u>474</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	-	-	-	-	-
FUND BALANCES (DEFICIT):					
Restricted:					
Parks	-	-	-	-	-
Public Safety	-	-	-	660,672	-
Roads	-	-	-	-	-
Public and capital facilities	-	-	-	-	-
Other purposes	-	-	-	-	180,807
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES (DEFICIT)	<u>-</u>	<u>-</u>	<u>-</u>	<u>660,672</u>	<u>180,807</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICIT)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60,971</u>	<u>\$ 660,672</u>	<u>\$ 181,281</u>

(Continued)

Special Revenue Funds

Mobilehome Rent Stabilization Fund	Tourism BIA Fund	Special Tax Districts Fund	Expendable Fund
\$ 653,682	\$ 360,491	\$ 1,839,958	\$ 2,547,153
20,549	-	-	29
5,011	2,763	14,104	319
-	-	2,145	-
-	-	-	-
-	-	-	-
<u>\$ 679,242</u>	<u>\$ 363,254</u>	<u>\$ 1,856,207</u>	<u>\$ 2,547,501</u>
\$ -	\$ 573	\$ 1,333	\$ 473
-	-	-	-
-	573	1,333	473
-	-	-	-
-	-	568,753	475,598
-	-	-	1,203,704
-	-	-	755,006
-	-	-	-
679,242	362,681	1,286,121	112,720
-	-	-	-
<u>679,242</u>	<u>362,681</u>	<u>1,854,874</u>	<u>2,547,028</u>
<u>\$ 679,242</u>	<u>\$ 363,254</u>	<u>\$ 1,856,207</u>	<u>\$ 2,547,501</u>

(Continued)

CITY OF SANTA ROSA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019

	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
ASSETS						
Cash and investments	\$ 540,260	\$ -	\$ 12,618,747	\$ 12,085,366	\$ 2,219,149	\$ 2,735,230
Receivables:						
Accounts	-	-	2,103,180	3,076,854	-	27,844
Interest	635	-	96,924	92,643	17,011	20,972
Intergovernmental	-	79,766	-	-	-	-
Restricted cash and investments	168,677	-	-	-	-	-
Advances to other funds	-	-	-	536,705	-	-
TOTAL ASSETS	\$ 709,572	\$ 79,766	\$ 14,818,851	\$ 15,791,568	\$ 2,236,160	\$ 2,784,046
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICIT)						
LIABILITIES						
Accounts payable and accrued liabilities	\$ 1,699,642	\$ -	\$ 1,048	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-
TOTAL LIABILITIES	1,699,642	-	1,048	-	-	-
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	-	-	2,103,180	3,076,854	-	27,844
FUND BALANCES (DEFICIT):						
Restricted:						
Parks	-	-	-	12,714,714	-	-
Public Safety	-	-	-	-	-	-
Roads	-	79,766	-	-	-	-
Public and capital facilities	82,727	-	12,714,623	-	2,236,160	2,756,202
Other purposes	-	-	-	-	-	-
Unassigned	(1,072,797)	-	-	-	-	-
TOTAL FUND BALANCES (DEFICIT)	(990,070)	79,766	12,714,623	12,714,714	2,236,160	2,756,202
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICIT)	\$ 709,572	\$ 79,766	\$ 14,818,851	\$ 15,791,568	\$ 2,236,160	\$ 2,784,046

(Continued)

Debt Service Funds			
Southeast Area Development Impact Fee Fund	Courthouse Square COPs Fund	Fire Station Capital Lease Fund	Total
\$ 2,635,969	\$ -	\$ -	\$ 55,692,605
466,032	-	-	5,751,266
20,210	-	-	415,234
-	-	-	3,695,146
-	34	-	168,711
-	-	-	536,705
<u>\$ 3,122,211</u>	<u>\$ 34</u>	<u>\$ -</u>	<u>\$ 66,259,667</u>
\$ -	\$ 34	\$ -	\$ 2,060,370
-	-	-	267,206
-	34	-	2,327,576
466,032	-	-	5,780,104
-	-	-	15,121,375
-	-	-	7,998,791
-	-	-	9,449,486
2,656,179	-	-	21,495,682
-	-	-	5,196,658
-	-	-	(1,110,005)
<u>2,656,179</u>	<u>-</u>	<u>-</u>	<u>58,151,987</u>
<u>\$ 3,122,211</u>	<u>\$ 34</u>	<u>\$ -</u>	<u>\$ 66,259,667</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, 2019

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	\$ -	\$ -	\$ 10,097,481	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-
Development impact mitigation charges	-	-	-	-	-	-
Intergovernmental	2,598,734	-	-	1,472,357	766,713	67,279
Fines and forfeitures	-	-	-	-	-	-
Investment earnings	4,337	17,475	70,696	39,257	-	15,655
Net change in the fair value of investments	2,364	20,045	80,640	19,997	-	18,544
Contribution from property owners	-	-	-	-	-	-
Other	-	136,773	21,974	71,600	-	-
TOTAL REVENUES	2,605,435	174,293	10,270,791	1,603,211	766,713	81,520
EXPENDITURES:						
Current:						
General government	-	85,409	502,835	3,068,981	-	-
Public safety	-	-	7,287,741	-	162,389	15,619
Public works	619,890	-	-	70,133	670,522	-
Recreation and parks	-	-	1,316,750	-	-	-
Other	-	-	-	-	-	-
Capital outlay	-	-	4,758	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
TOTAL EXPENDITURES	619,890	85,409	9,112,084	3,139,114	832,911	15,619
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,985,545	88,884	1,158,707	(1,535,903)	(66,198)	65,901
OTHER FINANCING SOURCES (USES):						
Transfers in	-	51,181	59,300	2,883,600	15,758	-
Transfers out	(1,408,152)	-	(758,009)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(1,408,152)	51,181	(698,709)	2,883,600	15,758	-
CHANGES IN FUND BALANCES	577,393	140,065	459,998	1,347,697	(50,440)	65,901
FUND BALANCES (DEFICIT), beginning of year	810,670	909,726	5,162,005	302,160	13,232	891,031
FUND BALANCES (DEFICIT), end of year	\$ 1,388,063	\$ 1,049,791	\$ 5,622,003	\$ 1,649,857	\$ (37,208)	\$ 925,230

(Continued)

Special Revenue Funds			
Traffic Safety Fund	Gas Tax Fund	State Grants Fund	Supplemental Law Enforcement Services Fund
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	6,143,321	1,281,700	424,179
250,804	-	-	-
-	123,587	4,627	20,338
-	120,776	4,192	23,096
-	-	-	-
-	-	-	-
<u>250,804</u>	<u>6,387,684</u>	<u>1,290,519</u>	<u>467,613</u>
-	-	449,482	-
236,330	-	725,273	250,098
-	3,289,554	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>236,330</u>	<u>3,289,554</u>	<u>1,174,755</u>	<u>250,098</u>
14,474	3,098,130	115,764	217,515
-	-	21,322	-
-	(993,977)	(200,989)	-
-	(993,977)	(179,667)	-
14,474	2,104,153	(63,903)	217,515
44,447	5,122,498	231,983	1,027,906
<u>\$ 58,921</u>	<u>\$ 7,226,651</u>	<u>\$ 168,080</u>	<u>\$ 1,245,421</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, 2019

	Special Revenue Funds				
	Library Improvement Fund	Public Facilities Improvement Fee Fund	AB 434 Fund	State Narcotics Asset Forfeiture Fund	Change For Kids Fund
REVENUES:					
Sales taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-
Development impact mitigation charges	-	-	-	-	-
Intergovernmental	-	-	222,240	-	-
Fines and forfeitures	-	-	-	-	-
Interest	394	(6)	-	20,902	3,275
Net change in the fair value of investments	445	11	-	26,970	1,723
Contribution from property owners	-	-	-	-	-
Other	-	-	-	119,449	138,556
TOTAL REVENUES	839	5	222,240	167,321	143,554
EXPENDITURES:					
Current:					
General government	-	-	213,518	-	-
Public safety	-	-	-	262,270	-
Public works	-	1,049	-	-	-
Recreation and parks	-	-	-	-	31,883
Other	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
TOTAL EXPENDITURES	-	1,049	213,518	262,270	31,883
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	839	(1,044)	8,722	(94,949)	111,671
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Transfers out	(41,742)	-	-	(22,253)	-
TOTAL OTHER FINANCING SOURCES (USES)	(41,742)	-	-	(22,253)	-
CHANGES IN FUND BALANCES	(40,903)	(1,044)	8,722	(117,202)	111,671
FUND BALANCES (DEFICIT), beginning of year	40,903	1,044	(8,722)	777,874	69,136
FUND BALANCES (DEFICIT), end of year	\$ -	\$ -	\$ -	\$ 660,672	\$ 180,807

(Continued)

Special Revenue Funds

Mobilehome Rent Stabilization Fund	Tourism BIA Fund	Special Tax Districts Fund	Expendable Fund
\$ -	\$ -	\$ -	\$ -
88,607	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
11,146	7,700	30,968	12,999
12,541	9,590	35,474	14,667
-	-	281,266	198,928
-	405,858	-	959,077
<u>112,294</u>	<u>423,148</u>	<u>347,708</u>	<u>1,185,671</u>
29,335	739,350	-	102,798
-	-	-	348,897
-	-	7,194	269,206
-	-	19,132	407,795
-	-	-	329,357
-	-	-	-
-	-	-	-
<u>29,335</u>	<u>739,350</u>	<u>26,326</u>	<u>1,458,053</u>
<u>82,959</u>	<u>(316,202)</u>	<u>321,382</u>	<u>(272,382)</u>
-	-	-	-
-	-	(102,425)	(1,255,998)
-	-	(102,425)	(1,255,998)
82,959	(316,202)	218,957	(1,528,380)
<u>596,283</u>	<u>678,883</u>	<u>1,635,917</u>	<u>4,075,408</u>
<u>\$ 679,242</u>	<u>\$ 362,681</u>	<u>\$ 1,854,874</u>	<u>\$ 2,547,028</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, 2019

	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	-	-	2,475,407	1,954,083	-	3,871
Intergovernmental	-	200,884	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Interest	1,413	-	222,519	230,647	38,146	51,427
Net change in the fair value of investments	1,674	-	250,262	224,330	22,280	64,390
Contribution from property owners	-	-	-	-	49,107	-
Other	9,760	-	-	-	1,900	-
TOTAL REVENUES	12,847	200,884	2,948,188	2,409,060	111,433	119,688
EXPENDITURES:						
Current:						
General government	885,532	-	-	-	-	-
Public safety	687,288	-	-	-	-	-
Public works	1,615,534	867,223	411,805	-	29,553	1,980
Recreation and parks	1,499	-	-	341,492	-	-
Other	-	-	-	-	-	-
Capital outlay	5,079,155	-	1,553,168	133,256	72,067	715,480
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
TOTAL EXPENDITURES	8,269,008	867,223	1,964,973	474,748	101,620	717,460
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(8,256,161)	(666,339)	983,215	1,934,312	9,813	(597,772)
OTHER FINANCING SOURCES (USES):						
Transfers in	9,026,731	-	-	-	-	-
Transfers out	(137,157)	-	(34,810)	(8,000)	-	(553)
TOTAL OTHER FINANCING SOURCES (USES)	8,889,574	-	(34,810)	(8,000)	-	(553)
CHANGES IN FUND BALANCES	633,413	(666,339)	948,405	1,926,312	9,813	(598,325)
FUND BALANCES (DEFICIT), beginning of year	(1,623,483)	746,105	11,766,218	10,788,402	2,226,347	3,354,527
FUND BALANCES (DEFICIT), end of year	\$ (990,070)	\$ 79,766	\$ 12,714,623	\$ 12,714,714	\$ 2,236,160	\$ 2,756,202

(Continued)

Debt Service Funds			
Southeast Area Development Impact Fee Fund	Courthouse Square COPs Fund	Fire Station Capital Lease Fund	Total
\$ -	\$ -	\$ -	\$ 10,097,481
-	-	-	88,607
-	-	-	4,433,361
-	-	-	13,177,407
-	-	-	250,804
48,065	4,022	-	986,949
58,009	-	-	1,018,901
-	-	-	529,301
-	-	-	1,864,947
<u>106,074</u>	<u>4,022</u>	<u>-</u>	<u>32,447,758</u>
-	11,071	-	6,088,311
-	-	-	9,975,905
388,878	-	-	8,242,521
-	-	-	2,118,551
-	-	-	329,357
55,967	-	-	7,613,851
-	330,000	311,312	641,312
-	398,750	56,415	455,165
<u>444,845</u>	<u>739,821</u>	<u>367,727</u>	<u>35,464,973</u>
<u>(338,771)</u>	<u>(735,799)</u>	<u>(367,727)</u>	<u>(3,017,215)</u>
-	736,985	367,727	13,162,604
<u>(481)</u>	<u>-</u>	<u>-</u>	<u>(4,964,546)</u>
<u>(481)</u>	<u>736,985</u>	<u>367,727</u>	<u>8,198,058</u>
(339,252)	1,186	-	5,180,843
<u>2,995,431</u>	<u>(1,186)</u>	<u>-</u>	<u>52,971,144</u>
<u>\$ 2,656,179</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58,151,987</u>

(Concluded)

CITY OF SANTA ROSA
MEASURE M SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Final Budget	Actual (Budget Basis)	Variance With Final Budget Positive (Negative)
REVENUES			
Intergovernmental	\$ 5,554,473	\$ 2,598,734	\$ (2,955,739)
Investment earnings	-	4,337	4,337
Net change in the fair value of investments	-	2,364	2,364
TOTAL REVENUE	5,554,473	2,605,435	(2,949,038)
OTHER FINANCING USES			
Transfers out	(5,444,022)	(2,028,042)	3,415,980
CHANGES IN FUND BALANCE	<u>\$ 110,451</u>	577,393	<u>\$ 466,942</u>
FUND BALANCE, beginning of year		810,670	
FUND BALANCE, end of year		<u>\$ 1,388,063</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, 2019

	Final Budget	Actual (Budget Basis)	Variance With Final Budget Positive (Negative)
REVENUES			
Investment earnings	\$ -	\$ 17,475	\$ 17,475
Net change in the fair value of investments	-	20,045	20,045
Other	103,250	136,773	33,523
TOTAL REVENUE	103,250	174,293	71,043
EXPENDITURES			
Current:			
General Government	86,529	85,409	1,120
EXCESS OF REVENUES OVER EXPENDITURES	16,721	88,884	72,163
OTHER FINANCING SOURCES			
Transfers in	51,181	51,181	-
CHANGES IN FUND BALANCE	\$ 67,902	140,065	\$ 72,163
FUND BALANCE, beginning of year		909,726	
FUND BALANCE, end of year		\$ 1,049,791	

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, 2019

	Final Budget	Actual (Budget Basis)	Variance With Final Budget Positive (Negative)
REVENUES			
Sales tax	\$ 9,150,000	\$ 10,097,481	\$ 947,481
Investment earnings	39,000	70,696	31,696
Net change in the fair value of investments	-	80,640	80,640
Other	22,000	21,974	(26)
TOTAL REVENUE	9,211,000	10,270,791	1,059,791
EXPENDITURES			
Current:			
General Government	2,329,810	502,835	1,826,975
Public safety:			
Police	4,151,257	3,892,337	258,920
Fire	3,100,180	3,333,861	(233,681)
Recreation and parks	2,329,810	1,316,750	1,013,060
Capital outlay	4,758	4,758	-
TOTAL EXPENDITURES	11,915,815	9,050,541	2,865,274
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,704,815)	1,220,250	3,925,065
OTHER FINANCING SOURCES (USES)			
Transfers in	59,300	59,300	-
Transfers out	(819,552)	(819,552)	-
TOTAL OTHER FINANCING SOURCES (USES)	(760,252)	(760,252)	-
CHANGES IN FUND BALANCE	\$ (3,465,067)	459,998	\$ 3,925,065
FUND BALANCE, beginning of year		5,162,005	
FUND BALANCE, end of year		\$ 5,622,003	

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, 2019

	Final Budget	Actual (Budget Basis)	Variance With Final Budget Positive (Negative)
REVENUES			
Intergovernmental	\$ 1,489,552	\$ 1,472,357	\$ (17,195)
Investment earnings	-	39,257	39,257
Net change in the fair value of investments	-	19,997	19,997
Other	69,500	71,600	2,100
TOTAL REVENUES	1,559,052	1,603,211	44,159
EXPENDITURES - General government			
Current:			
General Government	3,397,533	3,068,981	328,552
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(1,838,481)	(1,465,770)	372,711
OTHER FINANCING SOURCES (USES)			
Transfers in	2,883,600	2,883,600	-
Transfers out	(70,155)	(70,133)	22
TOTAL OTHER FINANCING SOURCES (USES)	2,813,445	2,813,467	22
CHANGES IN FUND BALANCE	\$ 974,964	1,347,697	\$ 372,733
FUND BALANCE, beginning of year		302,160	
FUND BALANCE, end of year		\$ 1,649,857	

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, 2019

	Final Budget	Actual (Budget Basis)	Variance With Final Budget Positive (Negative)
REVENUES			
Intergovernmental	\$ 2,049,139	\$ 766,713	\$ (1,282,426)
EXPENDITURES			
Current:			
Public Safety	162,389	162,389	-
EXCESS OF REVENUES OVER EXPENDITURES	1,886,750	604,324	(1,282,426)
OTHER FINANCING USES			
Transfers in	52,759	15,758	37,001
Transfers out	(1,742,500)	(670,522)	1,071,978
CHANGES IN FUND BALANCE	<u>\$ 197,009</u>	<u>(50,440)</u>	<u>\$ (173,447)</u>
FUND BALANCE, beginning of year		13,232	
FUND BALANCE, end of year		<u>\$ (37,208)</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, 2019

	Final Budget	Actual (Budget Basis)	Variance With Final Budget Positive (Negative)
REVENUES:			
Intergovernmental	\$ -	\$ 67,279	\$ 67,279
Investment earnings	-	7,360	7,360
Net change in the fair value of investments	-	6,881	6,881
TOTAL REVENUES	-	81,520	81,520
EXPENDITURES - Public Safety			
Current:			
General Government	150,000	15,619	134,381
CHANGES IN FUND BALANCE	<u>\$ (150,000)</u>	65,901	<u>\$ 215,901</u>
FUND BALANCE, beginning of year		336,399	
FUND BALANCE, end of year		<u>\$ 402,300</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, 2019

	Final Budget	Actual (Budget Basis)	Variance With Final Budget Positive (Negative)
REVENUES - Fines and forfeitures	\$ 400,000	\$ 250,804	\$ (149,196)
OTHER FINANCING USES			
Transfers out	(400,000)	(236,330)	163,670
CHANGES IN FUND BALANCE	<u>\$ -</u>	<u>14,474</u>	<u>\$ 14,474</u>
FUND BALANCE, beginning of year		<u>44,447</u>	
FUND BALANCE, end of year		<u>\$ 58,921</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, 2019

	Final Budget	Actual (Budget Basis)	Variance With Final Budget Positive (Negative)
REVENUES			
Intergovernmental	\$ 6,620,653	\$ 6,143,321	\$ (477,332)
Investment earnings	-	123,587	123,587
Net change in the fair value of investments	-	120,776	120,776
TOTAL REVENUES	6,620,653	6,387,684	(232,969)
OTHER FINANCING USES			
Transfers out	(11,561,541)	(4,283,531)	7,278,010
CHANGES IN FUND BALANCE	<u>\$ (4,940,888)</u>	2,104,153	<u>\$ 7,045,041</u>
FUND BALANCE, beginning of year		5,122,498	
FUND BALANCE, end of year		<u>\$ 7,226,651</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, 2019

	Final Budget	Actual (Budget Basis)	Variance With Final Budget Positive (Negative)
REVENUES			
Intergovernmental	\$ 4,595,591	\$ 1,281,700	\$ (3,313,891)
Investment earnings	-	4,627	(4,627)
Net change in the fair value of investments	-	4,192	(4,192)
TOTAL REVENUES	4,595,591	1,290,519	(3,322,710)
EXPENDITURES			
Current:			
Public Safety	338,271	338,271	-
General Government	449,482	449,482	-
TOTAL EXPENDITURES	787,753	787,753	-
EXCESS OF REVENUES OVER EXPENDITURES	3,807,838	502,766	(3,313,891)
OTHER FINANCING SOURCES (USES)			
Transfers in	21,322	21,322	-
Transfers out	(2,874,932)	(587,991)	2,286,941
TOTAL OTHER FINANCING SOURCES (USES)	(2,853,610)	(566,669)	2,286,941
CHANGES IN FUND BALANCE	\$ 954,228	(63,903)	\$ (1,026,950)
FUND BALANCE, beginning of year		231,983	
FUND BALANCE, end of year		\$ 168,080	

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, 2019

	Final Budget	Actual (Budget Basis)	Variance With Final Budget Positive (Negative)
REVENUES			
Intergovernmental	\$ 300,000	\$ 424,179	\$ 124,179
Investment earnings	-	20,338	20,338
Net change in the fair value of investments	-	23,096	23,096
TOTAL REVENUES	300,000	467,613	167,613
EXPENDITURES - Public Safety	320,401	250,098	70,303
CHANGES IN FUND BALANCE	<u>\$ 620,401</u>	217,515	<u>\$ (402,886)</u>
FUND BALANCE, beginning of year		1,027,906	
FUND BALANCE, end of year		<u>\$ 1,245,421</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, 2019

	Final Budget	Actual (Budget Basis)	Variance With Final Budget Positive (Negative)
REVENUES			
Investment earnings	\$ -	\$ (6)	\$ (6)
Net change in the fair value of investments	-	11	11
TOTAL REVENUES	-	5	5
OTHER FINANCING USES			
Transfers out	(1,049)	(1,049)	-
CHANGES IN FUND BALANCE	<u>\$ (1,049)</u>	<u>(1,044)</u>	<u>\$ 5</u>
FUND BALANCE, beginning of year		<u>1,044</u>	
FUND BALANCE, end of year		<u>\$ -</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, 2019

	Final Budget	Actual (Budget Basis)	Variance With Final Budget Positive (Negative)
REVENUES - Intergovernmental	\$ 244,556	\$ 222,240	\$ (22,316)
EXPENDITURES - General government	213,518	213,518	-
CHANGES IN FUND BALANCE	<u>\$ 31,038</u>	8,722	<u>\$ (22,316)</u>
FUND BALANCE, beginning of year		(8,722)	
FUND BALANCE, end of year		<u>\$ -</u>	

CITY OF SANTA ROSA
STATE NARCOTICS ASSET FORFEITURE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Final Budget	Actual (Budget Basis)	Variance With Final Budget Positive (Negative)
REVENUES			
Investment earnings	\$ -	\$ 20,902	\$ 20,902
Net change in the fair value of investments	-	26,970	26,970
Other	100,000	119,449	19,449
TOTAL REVENUES	100,000	167,321	67,321
EXPENDITURES - Public Safety	182,894	84,523	98,371
TOTAL EXPENDITURES	182,894	84,523	98,371
OTHER FINANCING USES			
Transfers out	(200,000)	(200,000)	-
CHANGES IN FUND BALANCE	\$ (82,894)	(117,202)	\$ (34,308)
FUND BALANCE, beginning of year		777,874	
FUND BALANCE, end of year		\$ 660,672	

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, 2019

	Final Budget	Actual (Budget Basis)	Variance With Final Budget Positive (Negative)
REVENUES			
Investment earnings	\$ -	\$ 3,275	\$ 3,275
Net change in the fair value of investments	-	1,723	\$ 1,723
Other	96,000	138,556	\$ 42,556
TOTAL REVENUES	96,000	143,554	47,554
EXPENDITURES - Recreation and parks	35,213	31,883	3,330
TOTAL EXPENDITURES	35,213	31,883	3,330
CHANGES IN FUND BALANCE	\$ 60,787	111,671	\$ 50,884
FUND BALANCE, beginning of year		69,136	
FUND BALANCE, end of year		\$ 180,807	

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, 2019

	Final Budget	Actual (Budget Basis)	Variance With Final Budget Positive (Negative)
REVENUES			
Charges for services	\$ 91,202	\$ 88,607	\$ (2,595)
Investment earnings	-	11,146	11,146
Net change in the fair value of investments	-	12,541	12,541
TOTAL REVENUES	91,202	112,294	21,092
EXPENDITURES - General government	166,863	29,335	137,528
CHANGES IN FUND BALANCE	<u>\$ (75,661)</u>	82,959	<u>\$ 158,620</u>
FUND BALANCE, beginning of year		596,283	
FUND BALANCE, end of year		<u>\$ 679,242</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, 2019

	Final Budget	Actual (Budget Basis)	Variance With Final Budget Positive (Negative)
REVENUES			
Investment earnings	\$ -	\$ 7,700	\$ 7,700
Net change in the fair value of investments	-	9,590	9,590
Other	504,500	405,858	(98,642)
TOTAL REVENUE	504,500	423,148	(81,352)
EXPENDITURES - General government	814,002	739,350	74,652
CHANGES IN FUND BALANCE	<u>\$ (309,502)</u>	<u>(316,202)</u>	<u>\$ (6,700)</u>
FUND BALANCE, beginning of year		678,883	
FUND BALANCE, end of year		<u>\$ 362,681</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, 2019

	Final Budget	Actual (Budget Basis)	Variance With Final Budget Positive (Negative)
REVENUES			
Investment earnings	\$ -	\$ 30,968	\$ 30,968
Net change in the fair value of investments	-	35,474	35,474
Other	233,619	281,266	47,647
TOTAL REVENUES	233,619	347,708	114,089
EXPENDITURES			
Current:			
Public works	8,600	7,194	1,406
Recreation and parks	66,578	19,132	47,446
TOTAL EXPENDITURES	75,178	26,326	48,852
EXCESS OF REVENUES OVER EXPENDITURES	158,441	321,382	162,941
OTHER FINANCING USES			
Transfers out	(42,243)	(102,425)	(60,182)
CHANGES IN FUND BALANCE	\$ 116,198	218,957	\$ 102,759
FUND BALANCE, beginning of year		1,635,917	
FUND BALANCE, end of year		\$ 1,854,874	

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, 2019

	Final Budget	Actual (Budget Basis)	Variance With Final Budget Positive (Negative)
REVENUES - Intergovernmental	\$ 4,778,028	\$ 200,884	\$ (4,577,144)
OTHER FINANCING USES			
Transfers out	(4,778,028)	(867,223)	3,910,805
CHANGES IN FUND BALANCE	<u>\$ -</u>	<u>(666,339)</u>	<u>\$ (666,339)</u>
FUND BALANCE, beginning of year		746,105	
FUND BALANCE, end of year		<u>\$ 79,766</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, 2019

	Final Budget	Actual (Budget Basis)	Variance With Final Budget Positive (Negative)
REVENUES			
Development impact mitigation charges	\$ 2,000,000	\$ 2,475,407	\$ 475,407
Investment earnings	-	222,519	222,519
Net change in the fair value of investments	-	250,262	250,262
TOTAL REVENUES	2,000,000	2,948,188	948,188
EXPENDITURES - Public Works	18,628	18,628	-
OTHER FINANCING USES			
Transfers out	(9,975,852)	(1,981,155)	7,994,697
CHANGES IN FUND BALANCE	<u>\$ (7,957,224)</u>	948,405	<u>\$ 8,942,885</u>
FUND BALANCE, beginning of year		11,766,218	
FUND BALANCE, end of year		<u>\$ 12,714,623</u>	

CITY OF SANTA ROSA
PARK ACQUISITION AND DEVELOPMENT CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Final Budget	Actual (Budget Basis)	Variance With Final Budget Positive (Negative)
REVENUES			
Development impact mitigation charges			
Park acquisition fee zone #1	\$ 500,000	\$ 760,070	\$ 260,070
Park acquisition fee zone #2	100,000	820,126	720,126
Park acquisition fee zone #3	100,000	174,267	74,267
Park acquisition fee zone #4	100,000	199,620	99,620
Investment earnings	25,000	230,647	205,647
Net change in the fair value of investments	-	224,330	224,330
TOTAL REVENUES	825,000	2,409,060	1,584,060
OTHER FINANCING USES			
Transfers out	(8,262,382)	(482,748)	7,779,634
CHANGES IN FUND BALANCE	<u>\$ (7,437,382)</u>	1,926,312	<u>\$ 9,363,694</u>
FUND BALANCE, beginning of year		10,788,402	
FUND BALANCE, end of year		<u>\$ 12,714,714</u>	

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, 2019

	Final Budget	Actual (Budget Basis)	Variance With Final Budget Positive (Negative)
REVENUES			
Development impact mitigation charges	\$ 400,000	\$ 3,871	\$ (396,129)
Investment earnings	-	51,427	51,427
Net change in the fair value of investments	-	64,390	64,390
TOTAL REVENUES	400,000	119,688	(280,312)
OTHER FINANCING USES			
Transfers out	(3,188,601)	(718,013)	2,470,588
CHANGES IN FUND BALANCE	<u>\$ (2,788,601)</u>	<u>(598,325)</u>	<u>\$ 2,190,276</u>
FUND BALANCE, beginning of year		3,354,527	
FUND BALANCE, end of year		<u>\$ 2,756,202</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, 2019

	Final Budget	Actual (Budget Basis)	Variance With Final Budget Positive (Negative)
REVENUES			
Development impact mitigation charges	\$ 100,000	\$ -	\$ (100,000)
Investment earnings	-	48,065	48,065
Net change in the fair value of investments	-	58,009	58,009
TOTAL REVENUES	100,000	106,074	6,074
OTHER FINANCING USES			
Transfers out	(2,986,862)	(445,326)	2,541,536
CHANGES IN FUND BALANCE	<u>\$ (2,886,862)</u>	<u>(339,252)</u>	<u>\$ 2,547,610</u>
FUND BALANCE, beginning of year		2,995,431	
FUND BALANCE, end of year		<u>\$ 2,656,179</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, 2019

	Final Budget	Actual (Budget Basis)	Variance With Final Budget Positive (Negative)
REVENUES:			
Investment earnings	\$ -	\$ 4,022	\$ 4,022
EXPENDITURES			
General Government	1,250	11,071	(9,821)
Debt service			
Principal	330,000	330,000	-
Interest	398,750	398,750	-
TOTAL EXPENDITURES	730,000	739,821	-
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(730,000)	(735,799)	(5,799)
OTHER FINANCING SOURCES			
Transfer in	730,000	736,985	6,985
TOTAL OTHER FINANCING SOURCES (USES)	730,000	736,985	6,985
CHANGES IN FUND BALANCE	\$ -	1,186	\$ 1,186
FUND BALANCE, beginning of year		(1,186)	
FUND BALANCE, end of year		\$ -	

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, 2019

	Final Budget	Actual (Budget Basis)	Variance With Final Budget Positive (Negative)
EXPENDITURES			
Debt service			
Principal	\$ 311,312	\$ 311,312	\$ -
Interest	56,415	56,415	-
TOTAL EXPENDITURES	367,727	367,727	-
OTHER FINANCING SOURCES			
Transfer in	367,727	367,727	-
CHANGES IN FUND BALANCE	\$ -	-	\$ -
FUND BALANCE, beginning of year		-	
FUND BALANCE, end of year		\$ -	



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NONMAJOR ENTERPRISE FUNDS

Enterprise funds account for the financing of self-supporting activities, which render services on a user charge basis to the 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, 2019

	Parking Fund	Municipal Transit Fund	Golf Course Fund	Storm Water Fund	Total
ASSETS					
CURRENT ASSETS:					
Cash and investments	\$ 15,856,273	\$ -	\$ 1,168,483	\$ 3,279,923	\$ 20,304,679
Accounts receivable, net of allowance for uncollectible accounts	5,157	73,998	15,910	57,828	152,893
Interest receivable	121,351	-	8,955	25,143	155,449
Intergovernmental	-	3,909,970	-	45,906	3,955,876
TOTAL CURRENT ASSETS	15,982,781	3,983,968	1,193,348	3,408,800	24,568,897
NONCURRENT ASSETS					
Capital assets					
Nondepreciable	1,891,564	372,600	427,800	-	2,691,964
Depreciable, net	7,217,498	11,407,605	7,451,438	34,504	26,111,045
TOTAL NONCURRENT ASSETS	9,109,062	11,780,205	7,879,238	34,504	28,803,009
TOTAL ASSETS	25,091,843	15,764,173	9,072,586	3,443,304	53,371,906
DEFERRED OUTFLOWS OF RESOURCES					
Pension and OPEB items	906,281	2,204,087	-	-	3,110,368
LIABILITIES					
CURRENT LIABILITIES					
Accounts payable and accrued liabilities	134,471	247,082	90,098	46,306	517,957
Due to other funds	-	3,280,787	-	-	3,280,787
Accrued interest payable	-	25,150	84,782	-	109,932
Compensated absences payable	117,689	270,377	-	-	388,066
Bonds payable - current portion	-	-	228,358	-	228,358
TOTAL PAYABLE FROM UNRESTRICTED ASSETS	252,160	3,823,396	403,238	46,306	4,525,100
Payable from restricted assets:					
Accounts payable and accrued liabilities	-	91,255	-	-	91,255
TOTAL CURRENT LIABILITIES	252,160	3,914,651	403,238	46,306	4,616,355
NONCURRENT LIABILITIES					
Advances from other funds	-	-	536,705	-	536,705
Compensated absences payable	14,081	-	-	-	14,081
Bonds payable	-	-	3,338,580	-	3,338,580
Net OPEB liability	417,093	666,445	-	-	1,083,538
Net pension liability	5,040,370	12,211,593	-	-	17,251,963
TOTAL NONCURRENT LIABILITIES	5,471,544	12,878,038	3,875,285	-	22,224,867
TOTAL LIABILITIES	5,723,704	16,792,689	4,278,523	46,306	26,841,222
DEFERRED INFLOWS OF RESOURCES					
Pension and OPEB items	240,361	454,446	-	-	694,807
NET POSITION					
Net investment in capital assets	9,109,062	11,780,205	4,312,300	34,504	25,236,071
Unrestricted	10,924,997	(11,059,080)	481,763	3,362,494	3,710,174
TOTAL NET POSITION	\$ 20,034,059	\$ 721,125	\$ 4,794,063	\$ 3,396,998	\$ 28,946,245

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, 2019

	Parking Fund	Municipal Transit Fund	Golf Course Fund	Storm Water Fund	Total
OPERATING REVENUES					
Charges for services	\$ 5,373,480	\$ 1,550,159	\$ 322,124	\$ 2,476,023	\$ 9,721,786
OPERATING EXPENSES					
Maintenance and operation	1,917,846	11,560,600	193,899	1,317,210	14,989,555
Administration	3,395,395	3,063,289	-	716,732	7,175,416
Depreciation	677,052	1,743,877	442,424	4,422	2,867,775
TOTAL OPERATING EXPENSES	5,990,293	16,367,766	636,323	2,038,364	25,032,746
OPERATING INCOME (LOSS)	(616,813)	(14,817,607)	(314,199)	437,659	(15,310,960)
NONOPERATING REVENUES (EXPENSES)					
Intergovernmental revenue	-	13,447,877	-	86,000	13,533,877
Measure M revenue	-	923,320	-	-	923,320
Investment earnings	275,683	(58,722)	18,741	52,954	288,656
Net change in the fair value of investments	306,351	(56,292)	24,238	58,011	332,308
Interest expense	-	-	(196,189)	-	(196,189)
Gain on disposal of capital assets	3,750	14,338	-	-	18,088
Other	36,741	6,053	110,713	3,865	157,372
NET NONOPERATING REVENUES (EXPENSES)	622,525	14,276,574	(42,497)	200,830	15,057,432
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	5,712	(541,033)	(356,696)	638,489	(253,528)
Capital contributions	-	2,172,689	-	-	2,172,689
Transfers in	1,009,870	10,000	-	9,720	1,029,590
Transfers out	(130,560)	-	-	(77,293)	(207,853)
CHANGES IN NET POSITION	885,022	1,641,656	(356,696)	570,916	2,740,898
NET POSITION, beginning of year	19,149,037	(920,531)	5,150,759	2,826,082	26,205,347
NET POSITION, end of year	\$ 20,034,059	\$ 721,125	\$ 4,794,063	\$ 3,396,998	\$ 28,946,245

CITY OF SANTA ROSA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Parking Fund	Municipal Transit Fund	Golf Course Fund	Storm Water Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 5,373,640	\$ 1,496,580	\$ 398,282	\$ 2,704,025	\$ 9,972,527
Cash paid to suppliers for goods and services	(627,939)	(1,258,085)	(104,247)	(749,820)	(2,740,091)
Cash paid to employees and others for services	(3,067,898)	(8,197,958)	-	(1,267,578)	(12,533,434)
Cash paid for interfund services used	(1,212,000)	(4,407,761)	(849)	-	(5,620,610)
Cash inflow from other sources	36,741	6,053	110,713	3,865	157,372
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	502,544	(12,361,171)	403,899	690,492	(10,764,236)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Operating grants received	-	11,322,912	-	150,464	11,473,376
Transfers in from other funds	1,009,870	10,000	-	9,720	1,029,590
Transfers out to other funds	(130,560)	-	-	(77,293)	(207,853)
Receipt from (payment of) interfund loan	-	1,025,806	(39,231)	-	986,575
NET CASH PROVIDED BY (USED IN) NONCAPITAL FINANCING ACTIVITIES	879,310	12,358,718	(39,231)	82,891	13,281,688
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from sale of capital assets	3,750	14,338	-	-	18,088
Acquisition and construction of capital assets	(155,651)	(2,081,888)	(8,579)	(5,721)	(2,251,839)
Principal paid on bonds and notes	-	-	(215,000)	-	(215,000)
Interest paid on bonds and notes	-	-	(199,569)	-	(199,569)
Capital contributions	-	2,172,689	-	-	2,172,689
NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	(151,901)	105,139	(423,148)	(5,721)	(475,631)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest on investments	540,606	(102,686)	40,769	99,543	578,232
CHANGES IN CASH AND CASH EQUIVALENTS	1,770,559	-	(17,711)	867,205	2,620,053
CASH AND CASH EQUIVALENTS, beginning of year	14,085,714	-	1,186,194	2,412,718	17,684,626
CASH AND CASH EQUIVALENTS, end of year	\$ 15,856,273	\$ -	\$ 1,168,483	\$ 3,279,923	\$ 20,304,679

(Continued)

CITY OF SANTA ROSA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	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)	\$ (616,813)	\$ (14,817,607)	\$ (314,199)	\$ 437,659	\$ (15,310,960)
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:					
Depreciation	677,052	1,743,877	442,424	4,422	2,867,775
Miscellaneous nonoperating income	36,741	6,053	110,713	3,865	157,372
Changes in assets and liabilities:					
Accounts receivable	160	(53,579)	76,158	228,002	250,741
Accounts payable and accrued liabilities	39,852	(76,564)	88,803	16,544	68,635
Compensated absences payable	(7,458)	(21,604)	-	-	(29,062)
Net pension/OPEB liability and related items	373,010	858,253	-	-	1,231,263
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ 502,544</u>	<u>\$ (12,361,171)</u>	<u>\$ 403,899</u>	<u>\$ 690,492</u>	<u>\$ (10,764,236)</u>
NONCASH INVESTING ACTIVITIES					
Amortization of bond premiums and discounts	\$ -	\$ -	\$ (1,642)	\$ -	\$ (1,642)
Change in fair value of investments	306,351	(56,292)	24,238	58,011	332,308

(Concluded)

CITY OF SANTA ROSA
COMBINING SCHEDULE OF CAPITAL ASSETS AND DEPRECIATION
ALL ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	COST			
	Balances July 1	Additions	Deletions	Balances June 30
WATER UTILITY FUND				
Land	\$ 1,375,258	\$ -	\$ 229,968	\$ 1,145,290
Buildings	20,193,938	-	-	20,193,938
Improvements other than buildings	201,543,838	7,577,609	-	209,121,447
Equipment	31,082,324	258,067	48,637	31,291,754
Intangibles	305,589	-	-	305,589
Construction in progress	13,926,055	8,678,027	2,642,807	19,961,275
	<u>268,427,002</u>	<u>16,513,703</u>	<u>2,921,412</u>	<u>282,019,293</u>
WASTEWATER UTILITY FUND				
Land	15,843,026	515,180	2,545,728	13,812,478
Buildings	225,212,735	629,665	-	225,842,400
Improvements other than buildings	407,942,847	11,641,655	1,000	419,583,502
Equipment	70,096,085	1,478,306	151,404	71,422,987
Intangibles	311,543	-	-	311,543
Construction in progress	19,549,391	5,074,919	7,569,701	17,054,609
	<u>738,955,627</u>	<u>19,339,725</u>	<u>10,267,833</u>	<u>748,027,519</u>
PARKING FUND				
Land	1,772,952	-	-	1,772,952
Buildings	15,183,496	-	-	15,183,496
Improvements other than buildings	5,101,169	-	-	5,101,169
Equipment	3,935,821	37,039	42,344	3,930,516
Intangibles	158,212	-	-	158,212
Construction in progress	-	118,612	-	118,612
	<u>26,151,650</u>	<u>155,651</u>	<u>42,344</u>	<u>26,264,957</u>
MUNICIPAL TRANSIT FUND				
Land	440,801	-	90,801	350,000
Buildings	4,612,170	-	-	4,612,170
Improvements other than buildings	3,147,824	90,801	-	3,238,625
Equipment	17,848,465	2,059,288	1,555,268	18,352,485
Intangibles	756,949	-	-	756,949
Construction in progress	-	22,600	-	22,600
	<u>26,806,209</u>	<u>2,172,689</u>	<u>1,646,069</u>	<u>27,332,829</u>
GOLF COURSE FUND				
Land	427,800	-	-	427,800
Buildings	10,117,138	-	-	10,117,138
Improvements other than buildings	1,149,096	-	-	1,149,096
Equipment	1,488,907	8,579	-	1,497,486
	<u>13,182,941</u>	<u>8,579</u>	<u>-</u>	<u>13,191,520</u>
STORM WATER FUND				
Equipment	91,189	5,721	-	96,910
TOTAL	<u>\$ 1,073,614,618</u>	<u>\$ 38,196,068</u>	<u>\$ 14,877,658</u>	<u>\$ 1,096,933,028</u>

(Continued)

ACCUMULATED DEPRECIATION				June 30 Net book value
Balances July 1	Depreciation Expense	Deletions	Balances June 30	
\$ -	\$ -	\$ -	\$ -	\$ 1,145,290
4,543,049	413,019	-	4,956,068	15,237,870
79,548,649	4,655,049	-	84,203,698	124,917,749
23,600,319	1,756,631	48,637	25,308,313	5,983,441
208,369	15,279	-	223,648	81,941
-	-	-	-	19,961,275
107,900,386	6,839,978	48,637	114,691,727	167,327,566
-	-	-	-	13,812,478
111,910,120	8,535,833	-	120,445,953	105,396,447
164,594,913	8,806,657	502	173,401,068	246,182,434
55,640,583	3,683,070	151,404	59,172,249	12,250,738
138,813	15,578	-	154,391	157,152
-	-	-	-	17,054,609
332,284,429	21,041,138	151,906	353,173,661	394,853,858
-	-	-	-	1,772,952
9,487,276	267,206	-	9,754,482	5,429,014
4,659,440	99,918	-	4,759,358	341,811
2,350,079	302,018	42,344	2,609,753	1,320,763
24,392	7,910	-	32,302	125,910
-	-	-	-	118,612
16,521,187	677,052	42,344	17,155,895	9,109,062
-	-	-	-	350,000
1,810,161	264,992	-	2,075,153	2,537,017
938,201	149,022	-	1,087,223	2,151,402
12,435,878	1,292,015	1,555,268	12,172,625	6,179,860
179,775	37,848	-	217,623	539,326
-	-	-	-	22,600
15,364,015	1,743,877	1,555,268	15,552,624	11,780,205
-	-	-	-	427,800
2,606,103	337,238	-	2,943,341	7,173,797
982,969	35,522	-	1,018,491	130,605
1,280,786	69,664	-	1,350,450	147,036
4,869,858	442,424	-	5,312,282	7,879,238
57,984	4,422	-	62,406	34,504
\$ 476,997,859	\$ 30,748,891	\$ 1,798,155	\$ 505,948,595	\$ 590,984,433

(Concluded)

CITY OF SANTA ROSA
SCHEDULE OF REVENUES, EXPENSES AND TRANSFERS
WASTEWATER UTILITY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Local Wastewater System	Subregional Wastewater System	Wastewater Utility Fund Total
OPERATING REVENUES			
Charges for services	\$ 67,772,139	\$ 15,302,627	\$ 83,074,766
Sale of water	-	287,112	287,112
TOTAL OPERATING REVENUES	67,772,139	15,589,739	83,361,878
OPERATING EXPENSES			
Maintenance and operation	4,672,604	26,281,046	30,953,650
Administration	6,280,564	7,343,288	13,623,852
Depreciation	5,916,335	15,124,803	21,041,138
TOTAL OPERATING EXPENSES	16,869,503	48,749,137	65,618,640
OPERATING INCOME (LOSS)	50,902,636	(33,159,398)	17,743,238
NONOPERATING REVENUES (EXPENSES)			
Intergovernmental revenue	255,091	86,206	341,297
Investment earnings	1,291,576	1,413,496	2,705,072
Net change in the fair value of investments	1,531,533	1,465,505	2,997,038
Interest expense	-	(10,862,306)	(10,862,306)
Gain (loss) on disposal of capital assets	3,066	7,968	11,034
Other	2,679,665	138,061	2,817,726
NET NONOPERATING REVENUES (EXPENSES)	5,760,931	(7,751,070)	(1,990,139)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	56,663,567	(40,910,468)	15,753,099
Capital contributions	4,405,617	3,299,566	7,705,183
Intrafund transfers in (out):			
Subregional System from Local Wastewater System	(49,766,380)	49,766,380	-
Transfers in:			
Water Fund	-	377,921	377,921
Transfers out:			
Water Fund	(50,137)	-	(50,137)
Special Revenue Fund	(519,482)	318	(519,164)
CHANGE IN NET POSITION	\$ 10,733,185	\$ 12,533,717	\$ 23,266,902

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, 2019

	Equipment and Replacement Fund	Insurance Fund	Information Services Fund	Pension Benefit Fund	Total
ASSETS					
CURRENT ASSETS					
Cash and investments	\$ 23,093,356	\$ 26,796,576	\$ 3,321,536	\$ 8,664,416	\$ 61,875,884
Accounts receivable, net of allowance for uncollectible accounts	29,318	-	100,403	-	129,721
Interest receivable	177,027	205,415	25,462	-	407,904
Inventory of supplies	280,324	-	-	-	280,324
Prepaid expenses	-	988,221	-	-	988,221
TOTAL CURRENT ASSETS	23,580,025	27,990,212	3,447,401	8,664,416	63,682,054
NONCURRENT ASSETS					
Nondepreciable	-	-	82,135	-	82,135
Depreciable, net	5,951,594	2,803	1,321,559	-	7,275,956
TOTAL ASSETS	29,531,619	27,993,015	4,851,095	8,664,416	71,040,145
DEFERRED OUTFLOWS OF RESOURCES					
Pension and OPEB items	1,027,718	264,337	1,383,899	-	2,675,954
LIABILITIES					
CURRENT LIABILITIES					
Accounts payable and accrued liabilities	491,189	802,295	270,576	-	1,564,060
Interest payable	-	-	-	304,954	304,954
Workers' compensation and general liability claims	-	4,330,725	-	-	4,330,725
Compensated absences	106,667	23,829	184,147	-	314,643
Pension obligation bonds	-	-	-	2,860,000	2,860,000
TOTAL CURRENT LIABILITIES	597,856	5,156,849	454,723	3,164,954	9,374,382
NONCURRENT LIABILITIES					
Workers' compensation and general liability claims	-	10,753,275	-	-	10,753,275
Compensated absences	-	18,034	27,846	-	45,880
Pension obligation bonds	-	-	-	16,425,000	16,425,000
Net OPEB liability	793,916	-	519,165	-	1,313,081
Net Pension Liability	5,164,581	1,222,203	6,576,759	-	12,963,543
TOTAL NONCURRENT LIABILITIES	5,958,497	11,993,512	7,123,770	16,425,000	41,500,779
TOTAL LIABILITIES	6,556,353	17,150,361	7,578,493	19,589,954	50,875,161
DEFERRED INFLOWS OF RESOURCES					
Pension and OPEB items	242,530	17,689	104,826	-	365,045
NET POSITION (DEFICIT)					
Net investment in capital assets	5,951,594	2,803	1,403,694	-	7,358,091
Unrestricted	17,808,860	11,086,499	(2,852,019)	(10,925,538)	15,117,802
TOTAL NET POSITION (DEFICIT)	\$ 23,760,454	\$ 11,089,302	\$ (1,448,325)	\$ (10,925,538)	\$ 22,475,893

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, 2019

	Equipment and Replacement Fund	Insurance Fund	Information Services Fund	Pension Benefit Fund	Total
OPERATING REVENUES:					
Charges for services	\$ 8,745,846	\$ 31,422,316	\$ 8,206,402	\$ 24,637,760	\$ 73,012,324
OPERATING EXPENSES:					
Maintenance and operations	3,184,077	28,854,758	5,808,646	-	37,847,481
Administration	4,263,855	1,364,200	2,615,251	18,913,185	27,156,491
Depreciation	2,018,247	765	236,404	-	2,255,416
TOTAL OPERATING EXPENSES	9,466,179	30,219,723	8,660,301	18,913,185	67,259,388
OPERATING INCOME (LOSS)	(720,333)	1,202,593	(453,899)	5,724,575	5,752,936
NONOPERATING REVENUES (EXPENSES):					
Investment earnings	382,778	431,806	44,135	3,416	862,135
Net change in the fair value of investments	461,488	518,661	54,516	-	1,034,665
Interest expense	-	-	-	(943,438)	(943,438)
Gain on disposal of capital assets	165,866	-	195	-	166,061
Other	147,048	1,002,758	347,453	2,260	1,499,519
NET NONOPERATING REVENUES (EXPENSES)	1,157,180	1,953,225	446,299	(937,762)	2,618,942
INCOME (LOSS) BEFORE TRANSFERS	436,847	3,155,818	(7,600)	4,786,813	8,371,878
TRANSFERS IN (OUT):					
Transfers in	-	-	1,246,271	-	1,246,271
Transfers out	-	-	(38,022)	-	(38,022)
TOTAL TRANSFERS IN (OUT)	-	-	1,208,249	-	1,208,249
CHANGES IN NET POSITION	436,847	3,155,818	1,200,649	4,786,813	9,580,127
NET POSITION (DEFICIT), beginning of year	23,323,607	7,933,484	(2,648,974)	(15,712,351)	12,895,766
NET POSITION (DEFICIT), end of year	\$ 23,760,454	\$ 11,089,302	\$ (1,448,325)	\$ (10,925,538)	\$ 22,475,893

CITY OF SANTA ROSA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Equipment and Replacement Fund	Insurance Fund	Information Services Fund	Pension Benefit Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from other funds	\$ 8,747,678	\$ 31,422,316	\$ 8,106,499	\$ 24,637,760	\$ 72,914,253
Cash paid to suppliers for goods and services	(1,618,205)	(29,208,539)	(2,411,801)	-	(33,238,545)
Cash paid to employees and others for services	(3,336,390)	(822,600)	(4,429,344)	(18,916,945)	(27,505,279)
Cash paid for interfund services used	(1,752,926)	(275,868)	(1,233,592)	-	(3,262,386)
Cash received from other sources	147,048	1,002,758	347,453	-	1,497,259
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	2,187,205	2,118,067	379,215	5,723,075	10,407,562
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers in from other funds	-	-	1,246,271	-	1,246,271
Transfers out to other funds	-	-	(38,022)	-	(38,022)
Principal paid on pension obligation bonds	-	-	-	(2,760,000)	(2,760,000)
Interest paid on pension obligation bonds	-	-	-	(974,120)	(974,120)
NET CASH PROVIDED BY (USED IN) NONCAPITAL FINANCING ACTIVITIES	-	-	1,208,249	(3,734,120)	(2,525,871)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Proceeds from sale of capital assets	177,702	-	195	-	177,897
Acquisition and construction of capital assets	(1,889,396)	-	(405,344)	-	(2,294,740)
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	(1,711,694)	-	(405,149)	-	(2,116,843)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest on investments	791,410	880,387	84,884	3,416	1,760,097
CHANGES IN CASH AND CASH EQUIVALENTS	1,266,921	2,998,454	1,267,199	1,992,371	7,524,945
CASH AND CASH EQUIVALENTS,					
Beginning of year	21,826,435	23,798,122	2,054,337	6,672,045	54,350,939
End of year	<u>\$ 23,093,356</u>	<u>\$ 26,796,576</u>	<u>\$ 3,321,536</u>	<u>\$ 8,664,416</u>	<u>\$ 61,875,884</u>

(Continued)

CITY OF SANTA ROSA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Equipment and Replacement Fund	Insurance Fund	Information Services Fund	Pension Benefit Fund	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES					
Operating income (loss)	\$ (720,333)	\$ 1,202,593	\$ (453,899)	\$ 5,724,575	\$ 5,752,936
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:					
Depreciation	2,018,247	765	236,404	-	2,255,416
Other nonoperating revenues	147,048	1,002,758	347,453	2,260	1,499,519
Changes in assets and liabilities:					
Accounts receivable	1,832	-	(99,903)	-	(98,071)
Inventory of supplies	119,949	-	-	-	119,949
Prepaid expenses	-	(8,817)	-	-	(8,817)
Accounts payable and accrued liabilities	208,009	170,321	(221,163)	(3,760)	153,407
Workers' compensation and general liability claims	-	(363,000)	-	-	(363,000)
Compensated absences payable	(5,426)	5,111	(2,304)	-	(2,619)
Net pension/OPEB liability and related items	417,879	108,336	572,627	-	1,098,842
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ 2,187,205</u>	<u>\$ 2,118,067</u>	<u>\$ 379,215</u>	<u>\$ 5,723,075</u>	<u>\$ 10,407,562</u>
NONCASH INVESTING AND CAPITAL AND RELATED FINANCING ACTIVITIES					
Book value on disposed capital assets	\$ 11,836	\$ -	\$ -	\$ -	\$ 11,836
Change in fair value of investments	461,488	518,661	54,516	-	1,034,665

(Concluded)

CITY OF SANTA ROSA
COMBINING SCHEDULE OF CAPITAL ASSETS AND DEPRECIATION
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	COST			
	Balances July 1	Additions	Deletions	Balances June 30
EQUIPMENT AND REPLACEMENT FUND				
Equipment	\$ 25,865,264	\$ 1,889,396	\$ 1,794,535	\$ 25,960,125
Intangibles	168,340	-	-	168,340
TOTAL EQUIPMENT AND REPLACEMENT FUND	26,033,604	1,889,396	1,794,535	26,128,465
INSURANCE FUND				
Equipment	7,645	-	-	7,645
INFORMATION SERVICES FUND				
Equipment	1,991,690	323,209	46,070	2,268,829
Intangibles	588,617	-	-	588,617
Construction in progress	-	82,135	-	82,135
TOTAL INFORMATION SERVICE FUND	2,580,307	405,344	46,070	2,939,581
TOTAL	\$ 28,621,556	\$ 2,294,740	\$ 1,840,605	\$ 29,075,691

(Continued)

ACCUMULATED DEPRECIATION				June 30 Net Book Value
Balances July 1	Depreciation Expense	Deletions	Balances June 30	
\$ 19,908,357	\$ 2,009,830	\$ 1,782,699	\$ 20,135,488	\$ 5,824,637
32,966	8,417	-	41,383	126,957
19,941,323	2,018,247	1,782,699	20,176,871	5,951,594
4,077	765	-	4,842	2,803
1,258,052	206,973	46,070	1,418,955	849,874
87,501	29,431	-	116,932	471,685
-	-	-	-	82,135
1,345,553	236,404	46,070	1,535,887	1,403,694
\$ 21,290,953	\$ 2,255,416	\$ 1,828,769	\$ 21,717,600	\$ 7,358,091

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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.
- (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, 2019

	Fire SR Firefighters Fund	Maintenance & USO OE3 Fund	Miscellaneous SRCEA Fund	Bus Operators SEIU Fund	Police Technical SEIU Fund	Police Fund	Total
ASSETS							
CURRENT ASSETS							
Investments held in trust:							
Money market mutual funds	\$ 134,612	\$ 45,271	\$ 54,508	\$ 7,824	\$ 2,432	\$ 100,920	\$ 345,567
Private equity	584,661	-	-	-	-	359,037	943,698
Fixed income mutual funds	5,546,237	2,250,075	2,250,101	377,986	153,567	4,299,218	14,877,184
Equity mutual funds	5,174,827	2,296,812	2,288,133	388,551	158,955	4,009,141	14,316,419
Contributions receivable	69,380	20,792	43,303	6,393	3,067	59,123	202,058
TOTAL ASSETS	11,509,717	4,612,950	4,636,045	780,754	318,021	8,827,439	30,684,926
NET POSITION							
Restricted for other postemployment benefit	11,509,717	4,612,950	4,636,045	780,754	318,021	8,827,439	30,684,926
TOTAL NET POSITION	<u>\$ 11,509,717</u>	<u>\$ 4,612,950</u>	<u>\$ 4,636,045</u>	<u>\$ 780,754</u>	<u>\$ 318,021</u>	<u>\$ 8,827,439</u>	<u>\$ 30,684,926</u>

CITY OF SANTA ROSA
COMBINING STATEMENT OF CHANGES IN FUND NET POSITION
OTHER POSTEMPLOYMENT BENEFIT TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Fire SR Firefighters Fund	Maintenance & USO OE3 Fund	Miscellaneous SRCEA Fund	Bus Operators SEIU Fund	Police Technical SEIU Fund	Police Fund	Total
ADDITIONS							
Employer contributions	\$ 843,945	\$ 256,611	\$ 559,363	\$ 83,321	\$ 41,269	\$ 763,751	\$ 2,548,260
Investment income	844,240	284,583	277,266	43,786	17,209	535,767	2,002,851
Total additions	<u>1,688,185</u>	<u>541,194</u>	<u>836,629</u>	<u>127,107</u>	<u>58,478</u>	<u>1,299,518</u>	<u>4,551,111</u>
DEDUCTIONS							
Benefit Payments	630,080	359,414	234,714	43,947	29,346	394,688	1,692,189
Administration	8,616	7,859	9,701	3,802	3,723	12,574	46,275
Total deductions	<u>638,696</u>	<u>367,273</u>	<u>244,415</u>	<u>47,749</u>	<u>33,069</u>	<u>407,262</u>	<u>1,738,464</u>
CHANGE IN NET POSITION	1,049,489	173,921	592,214	79,358	25,409	892,256	2,812,647
NET POSITION, beginning of year	<u>10,460,228</u>	<u>4,439,029</u>	<u>4,043,831</u>	<u>701,396</u>	<u>292,612</u>	<u>7,935,183</u>	<u>27,872,279</u>
NET POSITION, end of year	<u>\$ 11,509,717</u>	<u>\$ 4,612,950</u>	<u>\$ 4,636,045</u>	<u>\$ 780,754</u>	<u>\$ 318,021</u>	<u>\$ 8,827,439</u>	<u>\$ 30,684,926</u>

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AGENCY FUNDS

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

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

CITY OF SANTA ROSA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

PAYROLL FUND	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
ASSETS				
Cash and investments	\$ 3,450,597	\$ 82,442,594	\$ 84,996,462	\$ 896,729
Intergovernmental receivable	39,634	100,482	92,755	47,361
TOTAL ASSETS	<u>\$ 3,490,231</u>	<u>\$ 82,543,076</u>	<u>\$ 85,089,217</u>	<u>\$ 944,090</u>
LIABILITIES				
Accounts payable	\$ 3,490,231	\$ 149,438,811	\$ 151,984,952	\$ 944,090
TOTAL LIABILITIES	<u>\$ 3,490,231</u>	<u>\$ 149,438,811</u>	<u>\$ 151,984,952</u>	<u>\$ 944,090</u>
GENERAL DEPOSITS FUND				
ASSETS				
Cash and investments	\$ 537,246	\$ 1,014,360,175	\$ 1,014,374,954	\$ 522,467
Accounts receivable	349	27,215	27,564	-
Intergovernmental receivable	-	11,376	-	11,376
TOTAL ASSETS	<u>\$ 537,595</u>	<u>\$ 1,014,398,766</u>	<u>\$ 1,014,402,518</u>	<u>\$ 533,843</u>
LIABILITIES - Accounts payable	<u>\$ 537,595</u>	<u>\$ 93,563,402</u>	<u>\$ 93,567,154</u>	<u>\$ 533,843</u>
SPECIAL ASSESSMENTS FUND				
ASSETS				
Cash and investments	\$ 2,932,592	\$ 1,422,248	\$ 1,933,538	\$ 2,421,302
Interest receivable	13,140	11,760	10,739	14,161
Intergovernmental receivable	100,326	44,176	100,326	44,176
TOTAL ASSETS	<u>\$ 3,046,058</u>	<u>\$ 1,478,184</u>	<u>\$ 2,044,603</u>	<u>\$ 2,479,639</u>
LIABILITIES				
Accounts payable	\$ 20,998	\$ 1,808,321	\$ 1,809,176	\$ 20,143
Due to bondholders	3,025,060	-	565,564	2,459,496
TOTAL LIABILITIES	<u>\$ 3,046,058</u>	<u>\$ 1,808,321</u>	<u>\$ 2,374,740</u>	<u>\$ 2,479,639</u>

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Statement G-1

CITY OF SANTA ROSA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

HOUSING AUTHORITY FUND	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
ASSETS				
Cash and investments	\$ 323,177	\$ 1,634,822	\$ 1,633,441	\$ 324,558
Accounts receivable	-	54,814	54,336	478
Interest receivable	1,781	2,488	1,781	2,488
TOTAL ASSETS	<u>\$ 324,958</u>	<u>\$ 1,692,124</u>	<u>\$ 1,689,558</u>	<u>\$ 327,524</u>
LIABILITIES				
Deposits	324,958	1,637,825	1,635,259	327,524
TOTAL LIABILITIES	<u>\$ 324,958</u>	<u>\$ 1,637,825</u>	<u>\$ 1,635,259</u>	<u>\$ 327,524</u>
TOTALS - ALL AGENCY FUNDS				
ASSETS				
Cash and investments	\$ 7,243,612	\$ 1,099,859,839	\$ 1,102,938,395	\$ 4,165,056
Accounts receivable	349	82,029	81,900	478
Interest receivable	14,921	14,248	12,520	16,649
Intergovernmental receivable	139,960	156,034	193,081	102,913
TOTAL ASSETS	<u>\$ 7,398,842</u>	<u>\$ 1,100,112,150</u>	<u>\$ 1,103,225,896</u>	<u>\$ 4,285,096</u>
LIABILITIES				
Accounts payable	\$ 4,048,824	\$ 244,810,534	\$ 247,361,282	\$ 1,498,076
Due to bondholders	3,025,060	-	565,564	2,459,496
Deposits	324,958	1,637,825	1,635,259	327,524
TOTAL LIABILITIES	<u>\$ 7,398,842</u>	<u>\$ 246,448,359</u>	<u>\$ 249,562,105</u>	<u>\$ 4,285,096</u>

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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.

Table 1

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

	Fiscal Year			
	2009-10	2010-11	2011-12	2012-13
Governmental Activities				
Net investment in capital assets	\$ 322,314	\$ 331,945	\$ 329,826	\$ 331,480
Restricted	55,918	58,662	62,326	58,749
Unrestricted	38,756	39,654	42,612	52,537
Total governmental activities net position	416,988	430,261	434,764	442,766
Business-type Activities				
Net investment in capital assets	277,896	288,997	297,309	308,946
Restricted	9,503	8,579	8,722	7,069
Unrestricted	102,090	106,462	115,412	126,736
Total business-type activities net position	389,489	404,038	421,443	442,751
Primary Government				
Net investment in capital assets	600,210	620,942	627,135	640,426
Restricted	65,421	67,241	71,048	65,818
Unrestricted	140,846	146,116	158,024	179,273
Total primary government net position	\$ 806,477	\$ 834,299	\$ 856,207	\$ 885,517

(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					
2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
\$ 331,886	\$ 329,148	\$ 339,378	\$ 348,441	\$ 345,435	\$ 345,839
57,911	59,829	60,326	53,326	59,951	65,005
57,771	(161,429)	(145,770)	(146,478)	(200,128)	(200,275)
447,568	227,548	253,934	255,289	205,258	210,569
320,849	326,320	350,337	364,590	360,082	374,179
7,214	6,468	12,892	1,520	18,399	16,888
136,559	97,170	85,848	107,245	100,059	122,335
464,622	429,958	449,077	473,355	478,540	513,402
652,735	655,468	689,715	713,031	705,517	720,018
65,125	66,297	73,218	54,846	78,350	81,893
194,330	(64,259)	(59,922)	(39,233)	(100,069)	(77,940)
\$ 912,190	\$ 657,506	\$ 703,011	\$ 728,644	\$ 683,798	\$ 723,971

(Concluded)

Table 2

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

	Fiscal Year			
	2009-10	2010-11	2011-12	2012-13
Expenses				
Governmental activities:				
General government	\$ 19,952	\$ 20,210	\$ 21,524	\$ 21,257
Public safety	72,701	72,648	74,274	77,020
Public works	27,736	25,371	32,132	26,226
Recreation and parks	19,569	18,776	18,737	19,712
Housing opportunity and other	139	575	149	372
Interest on long-term liabilities	2,437	2,197	2,134	2,017
Total governmental activities expenses	142,534	139,777	148,950	146,604
Business-type activities:				
Water utility	33,715	32,616	32,681	34,915
Wastewater utility	63,193	60,373	68,980	69,439
Parking	5,241	5,116	5,417	5,974
Municipal transit	13,065	12,711	13,851	14,156
Golf course	1,585	1,586	2,234	2,177
Storm water	1,870	1,565	1,543	1,668
Total business-type activities expenses	118,669	113,967	124,706	128,329
Total primary government expenses	261,203	253,744	273,656	274,933
Program Revenues				
Governmental activities:				
Charges for services:				
General government	6,674	9,775	10,926	10,140
Public safety	3,800	3,930	2,655	3,911
Public works	313	262	231	642
Recreation and parks	3,574	3,439	3,695	3,498
Operating grants and contributions	8,900	9,068	11,509	11,109
Capital grants and contributions	12,938	22,329	12,164	9,545
Total governmental activities program revenues	36,199	48,803	41,180	38,845
Business-type activities:				
Charges for services:				
Water utility	31,125	34,621	38,169	43,802
Wastewater utility	61,872	66,635	68,520	70,433
Parking	4,087	4,213	3,764	4,156
Municipal transit	1,898	1,908	2,049	2,100
Golf course	1,351	1,227	1,359	1,352
Storm water	1,935	2,003	1,974	2,032
Operating grants and contributions	12,749	11,873	11,616	10,458
Capital grants and contributions	8,708	7,916	15,498	15,258
Total business-type activities program revenues	123,725	130,396	142,949	149,591
Total primary government program revenues	\$ 159,924	\$ 179,199	\$ 184,129	\$ 188,436

(Continued)

Table 2

Fiscal Year					
2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
\$ 23,404	\$ 24,060	\$ 26,738	\$ 34,074	\$ 46,489	\$ 47,923
79,373	80,925	79,072	94,349	106,779	113,109
25,286	29,257	29,006	26,255	39,739	33,117
18,423	19,191	20,498	18,680	19,130	20,021
1,468	365	815	3,561	1,715	564
1,913	1,791	1,739	1,783	1,514	1,393
149,867	155,589	157,868	178,702	215,366	216,127
34,899	36,079	34,249	37,319	43,180	41,197
67,645	72,785	70,283	73,739	74,903	76,031
5,577	4,949	5,391	5,151	6,337	5,903
13,994	13,453	13,374	14,768	15,097	16,273
1,912	938	842	781	722	833
1,650	1,678	1,747	1,821	1,919	2,038
125,677	129,882	125,886	133,579	142,158	142,275
275,544	285,471	283,754	312,281	357,524	358,402
10,166	9,890	11,700	12,824	16,246	19,361
3,948	3,735	3,116	4,209	4,073	4,634
1,778	2,143	1,987	2,458	3,122	2,937
3,686	3,725	3,832	3,778	3,351	3,408
9,803	9,915	10,651	8,486	10,354	15,820
4,523	7,224	16,430	10,204	9,990	10,557
33,904	36,632	47,716	41,959	47,136	56,717
42,798	39,579	37,902	41,144	43,955	43,667
74,877	75,474	75,463	76,489	79,171	83,362
4,215	4,283	4,385	4,526	4,946	5,374
2,192	2,082	1,946	1,747	1,542	1,550
1,462	470	443	387	424	322
2,094	2,130	2,236	2,343	2,381	2,476
9,661	10,641	11,151	16,703	8,621	15,422
13,088	9,914	9,228	13,286	10,884	11,787
150,387	144,573	142,754	156,625	151,924	163,960
\$ 184,291	\$ 181,205	\$ 190,470	\$ 198,584	\$ 199,060	\$ 220,677

(Continued)

Table 2

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

	Fiscal Year			
	2009-10	2010-11	2011-12	2012-13
Net (Expense)/Revenue				
Governmental activities	\$ (106,335)	\$ (90,974)	\$ (107,770)	\$ (107,759)
Business-type activities	5,056	16,429	18,243	21,262
Total primary government net expense	(101,279)	(74,545)	(89,527)	(86,497)
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property taxes	20,435	19,276	19,833	21,639
Utility users tax	9,311	9,481	8,931	9,603
City-levied sales taxes	-	8,144	13,845	14,986
Other taxes	14,299	15,490	16,365	18,304
Contributions not restricted to specific programs				
Sales taxes from State	29,877	26,223	28,434	30,072
Motor vehicle in lieu fees	11,523	11,276	10,391	10,292
Infrastructure maintenance contributions	2,109	2,023	3,849	2,767
Unrestricted investment income	2,629	3,409	1,106	507
Other	4,261	4,804	7,205	5,732
Special item	(294)	-	-	-
Insurance proceeds	-	-	-	-
Transfers	815	4,121	2,314	1,859
Total governmental activities	94,965	104,247	112,273	115,761
Business-type activities:				
Unrestricted investment income	1,581	1,107	1,242	692
Other	1,715	1,134	234	1,213
Transfers	(815)	(4,121)	(2,314)	(1,859)
Total business-type activities	2,481	(1,880)	(838)	46
Total primary government	97,446	102,367	111,435	115,807
Change in Net Position				
Governmental activities	(11,370)	13,273	4,503	8,002
Business-type activities	7,537	14,549	17,405	21,308
Total primary government	\$ (3,833)	\$ 27,822	\$ 21,908	\$ 29,310

(Continued)

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

Table 2

Fiscal Year					
2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
\$ (115,963)	\$ (118,957)	\$ (110,152)	\$ (136,743)	\$ (168,230)	\$ (159,410)
24,710	14,691	16,868	23,046	9,766	21,685
(91,253)	(104,266)	(93,284)	(113,697)	(158,464)	(137,725)
21,038	23,118	26,625	26,003	27,192	30,200
9,645	9,778	9,955	10,628	10,689	10,257
15,890	16,327	16,983	17,283	18,346	22,430
18,548	20,061	21,624	22,882	24,439	25,897
32,432	34,047	37,060	36,097	37,423	41,251
10,577	11,553	12,416	13,105	13,715	14,602
3,283	3,422	1,880	4,982	8,343	4,433
663	883	3,236	555	793	6,066
7,792	6,954	6,424	8,814	8,150	8,682
-	-	-	-	-	-
-	-	-	-	7,500	1,161
1,693	1,673	335	768	2,507	(258)
121,561	127,816	136,538	141,117	159,097	164,721
878	1,097	2,614	861	977	8,730
1,366	1,644	(28)	2,246	1,575	4,189
(1,693)	(1,673)	(335)	(768)	(2,507)	258
551	1,068	2,251	2,339	45	13,177
122,112	128,884	138,789	143,456	159,142	177,898
5,598	8,859	26,386	4,374	(9,133)	5,311
25,261	15,759	19,119	25,385	9,811	34,862
\$ 30,859	\$ 24,618	\$ 45,505	\$ 29,759	\$ 678	\$ 40,173

(Concluded)

Table 3

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

	Fiscal Year			
	2009-10	2010-11	2011-12	2012-13
General Fund				
Reserved	\$ 6,646	\$ -	\$ -	\$ -
Unreserved	18,657	-	-	-
Nonspendable:				
Advances	-	5,281	5,876	5,460
Inventory of supplies	-	698	772	790
Prepaid items	-	49	59	71
Restricted:				
Public Safety	-	-	-	-
Assigned:				
Carryover appropriations	-	9,614	8,818	9,404
RDA dissolution	-	-	-	607
Community Development	-	-	-	-
Building Activity	-	-	-	-
Economic Development	-	-	-	-
Insurance Proceeds	-	-	-	-
Waste Hauler Transition	-	-	-	-
Capital	-	-	-	-
Contingencies	-	12,894	17,976	19,357
Unassigned	-	-	-	3,565
Total general fund	<u>\$ 25,303</u>	<u>\$ 28,536</u>	<u>\$ 33,501</u>	<u>\$ 39,254</u>
All Other Governmental Funds				
Reserved	\$ 12,432	\$ -	\$ -	\$ -
Unreserved, reported in:				
Special revenue funds	59,602	-	-	-
Capital projects fund	(11,548)	-	-	-
Nonspendable:				
Advances	-	-	1,448	-
Restricted:				
Debt service	-	644	659	660
Parks	-	9,719	6,921	6,008
Public safety	-	3,238	4,081	5,349
Roads	-	8,484	8,516	6,229
Public and capital facilities	-	31,201	32,825	33,075
Other purposes	-	7,207	9,113	9,320
Unassigned	-	(845)	(1,364)	(614)
Total all other governmental funds	<u>\$ 60,486</u>	<u>\$ 59,648</u>	<u>\$ 62,199</u>	<u>\$ 60,027</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					
2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
5,334	5,277	-	-	-	-
814	767	845	803	929	1,100
66	1,086	63	63	74	65
1,468	-	-	-	-	-
11,984	16,364	28,549	27,205	38,993	43,080
607	-	-	-	-	-
173	-	-	-	-	-
-	-	-	1,350	-	-
-	-	883	883	-	-
-	-	-	-	6,500	1,818
-	-	-	506	-	-
-	-	337	205	205	-
-	-	-	-	-	-
28,402	35,059	36,415	33,296	19,351	29,322
<u>\$ 48,848</u>	<u>\$ 58,553</u>	<u>\$ 67,092</u>	<u>\$ 64,311</u>	<u>\$ 66,052</u>	<u>\$ 75,385</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
2,109	1,459	818	-	-	-
6,283	6,912	7,785	9,076	12,942	15,121
4,582	4,444	6,510	7,304	7,742	7,999
6,242	6,153	11,131	9,053	7,514	9,449
34,514	25,954	22,920	20,976	21,385	21,496
9,599	13,981	6,151	5,881	5,112	5,197
(2,405)	(2,346)	(6,569)	(842)	(1,724)	(1,110)
<u>\$ 60,924</u>	<u>\$ 56,557</u>	<u>\$ 48,746</u>	<u>\$ 51,448</u>	<u>\$ 52,971</u>	<u>\$ 58,152</u>

(Concluded)

Table 4

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

	Fiscal Year			
	2009-10	2010-11	2011-12	2012-13
Revenues				
Taxes	\$ 86,132	\$ 90,558	\$ 98,424	\$ 105,708
Licenses, fees, and permits	997	1,154	1,379	1,496
Charges for services	18,508	21,007	21,028	21,050
Development impact mitigation charges	2,109	2,023	3,849	2,766
Intergovernmental	17,968	20,654	19,492	9,953
Fines and penalties	1,959	2,351	2,287	2,139
Interest	1,833	1,202	642	565
Net change in fair value	(371)	(220)	7	(185)
Contribution from Prop Owners	190	305	1,138	327
Other revenues	5,320	5,530	6,838	5,443
Total revenues	134,645	144,564	155,084	149,262
Expenditures				
General government	24,692	24,291	25,620	24,551
Public safety	71,332	70,563	72,164	74,641
Public works	20,810	18,182	26,078	19,631
Recreation and parks	17,321	16,484	15,855	16,721
Other	8	346	41	336
Capital outlay	17,089	15,065	8,813	7,938
Debt service				
Principal	682	715	859	901
Bond issuance cost	-	-	-	-
Interest	654	623	589	551
Total expenditures	152,588	146,269	150,019	145,270
Excess of revenues over (under) expenditures	(17,943)	(1,705)	5,065	3,992
Other Financing Sources (Uses)				
Proceeds sale of capital assets	49	41	132	103
Proceeds from capital lease	-	-	-	-
Insurance proceeds	-	-	-	-
Issuance of long-term debt	-	-	-	-
Payment to Escrow for refunding debt	-	-	-	-
Special item	(294)	-	-	-
Transfers in	35,572	37,109	9,750	11,206
Transfers out	(34,574)	(33,050)	(7,431)	(11,720)
Total other financing sources (uses)	753	4,100	2,451	(411)
Net change in fund balances	<u>\$ (17,190)</u>	<u>\$ 2,395</u>	<u>\$ 7,516</u>	<u>\$ 3,581</u>
Debt service as a percentage of noncapital expenditures	0.99%	1.02%	1.03%	1.06%

(Continued)

Table 4

Fiscal Year					
2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
\$ 108,971	\$ 115,808	\$ 125,589	\$ 126,943	\$ 132,788	\$ 145,653
1,569	1,407	1,435	1,563	3,439	4,775
22,212	22,412	23,844	26,580	28,744	31,085
3,283	3,422	1,880	4,982	8,343	4,433
11,391	12,518	14,181	15,010	15,579	18,876
2,456	2,467	2,408	2,266	2,095	2,071
410	653	2,189	1,193	1,447	1,983
70	(16)	459	(798)	(831)	2,190
376	662	412	361	360	529
5,963	7,169	7,024	8,121	7,707	7,410
<u>156,701</u>	<u>166,502</u>	<u>179,421</u>	<u>186,221</u>	<u>199,671</u>	<u>219,005</u>
26,981	29,113	33,823	38,912	44,946	51,716
76,564	81,571	85,555	91,930	98,168	102,365
18,976	23,008	23,739	19,560	31,577	25,293
15,386	16,197	18,018	15,311	14,482	14,694
1,392	380	950	3,514	1,756	678
11,810	10,966	15,000	19,285	13,042	7,897
1,274	1,308	1,189	942	1,047	1,075
-	-	-	242	-	-
539	566	559	553	503	477
<u>152,922</u>	<u>163,109</u>	<u>178,833</u>	<u>190,249</u>	<u>205,521</u>	<u>204,195</u>
<u>3,779</u>	<u>3,393</u>	<u>588</u>	<u>(4,028)</u>	<u>(5,850)</u>	<u>14,810</u>
31	30	78	101	69	9
1,957	1,048	-	-	-	-
-	-	-	-	7,500	1,161
3,590	-	-	12,661	-	-
-	-	-	(8,880)	-	-
-	-	-	-	-	-
13,103	12,587	11,766	17,134	18,286	13,586
(11,969)	(11,720)	(11,704)	(17,068)	(16,741)	(15,052)
<u>6,712</u>	<u>1,945</u>	<u>140</u>	<u>3,948</u>	<u>9,114</u>	<u>(296)</u>
<u>\$ 10,491</u>	<u>\$ 5,338</u>	<u>\$ 728</u>	<u>\$ (80)</u>	<u>\$ 3,264</u>	<u>\$ 14,514</u>
1.28%	1.23%	1.07%	0.87%	0.81%	0.79%

(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	
2009-10	\$ 20,435	\$ 30,754	\$ 9,311	\$ 11,523	\$ 3,346	\$ 2,093	\$ 2,863	\$ 86,132
2010-11	19,276	35,213	9,481	11,276	3,422	1,706	3,183	90,558
2011-12	19,833	43,054	8,931	10,391	3,666	1,859	3,654	98,424
2012-13	21,639	46,041	9,603	10,292	3,795	2,787	4,285	105,708
2013-14	21,038	49,339	9,645	10,577	3,652	2,673	4,559	108,970
2014-15	23,118	51,483	9,778	11,554	3,973	2,966	5,208	115,808
2015-16	26,625	55,165	9,955	12,416	4,194	3,482	5,525	125,589
2016-17	26,003	54,536	10,628	13,105	4,198	3,788	6,095	126,943
2017-18	27,192	56,981	10,689	13,715	4,557	3,850	6,506	132,788
2018-19	30,200	64,978	10,257	14,602	5,268	3,451	5,527	145,653

**Tax Revenues By Source
Governmental Funds**

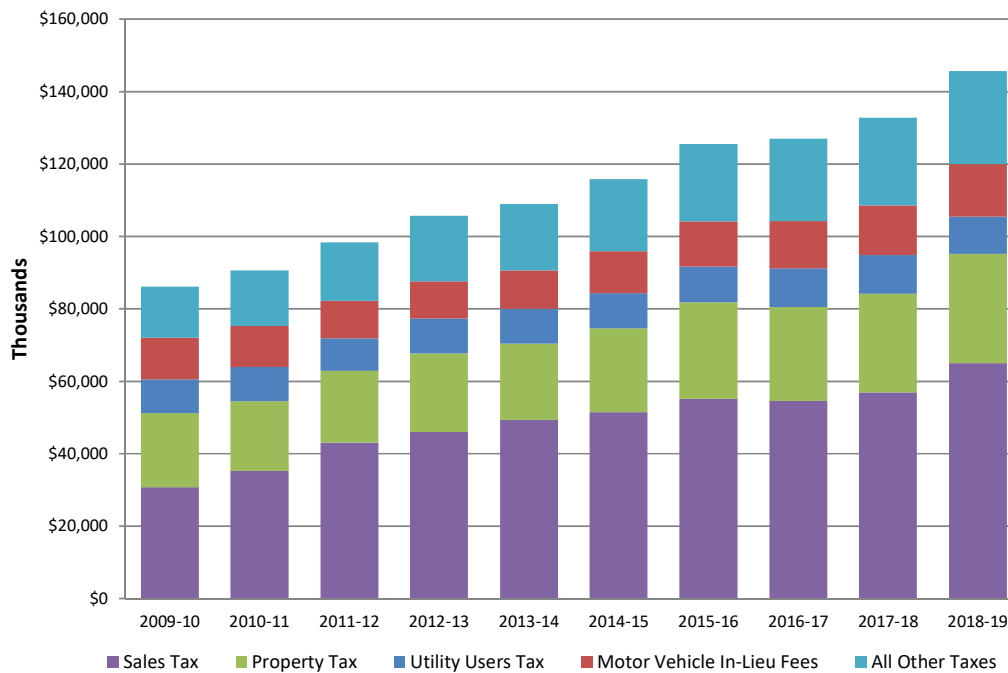


Table 6

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

Fiscal Year	Real Property Assessed/Market Value	Personal Property Assessed/Market Value	Total Assessed/Market Value	Percentage of Change in Market Value	Basic Direct Tax Rate
2009-10	\$ 18,199,746	\$ 683,473	\$ 18,883,219	-4.5%	1.00
2010-11	17,358,423	658,474	18,016,897	-4.6%	1.00
2011-12	16,979,374	660,022	17,639,396	-2.1%	1.00
2012-13	16,792,132	673,250	17,465,382	-1.0%	1.00
2013-14	17,326,666	650,829	17,977,495	2.9%	1.00
2014-15	18,969,884	685,775	19,655,659	9.3%	1.00
2015-16	20,461,386	684,443	21,145,829	7.6%	1.00
2016-17	21,616,319	695,494	22,311,813	5.5%	1.00
2017-18	22,660,632	670,505	23,331,137	4.6%	1.00
2018-19	23,443,543	739,062	24,182,605	3.6%	1.00

- NOTES:
- (1) The State of California Constitution Article XIII A provides that the combined maximum property tax rate on any given property may not exceed one percent of its assessed value unless an additional amount for general obligation debt has been approved by voters. Assessed value is calculated at 100 percent of market value as defined by Article XIII A and may be adjusted no more than two percent per year unless the property is improved, sold or transferred. Because of this method of assessment, the City does not have a reasonable basis for estimating the actual value of taxable property and this information is not presented above.
 - (2) The State Legislature has determined the method of distribution of receipts from a one percent tax levy among the counties, cities, school districts, and other districts.
 - (3) The City participates in the County Teeter Plan whereby all taxes are remitted to the City each year.

SOURCES: Sonoma County Assessor's and Auditor's Office/MuniServices, LLC

Table 7

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 Districts	Miscellaneous Special Districts	
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
2017-18	1.00000	0.68750	0.00700	1.69450
2018-19	1.00000	0.65950	0.00070	1.66020

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/MuniServices, LLC

Table 8

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

Taxpayer	FY 2018-19			FY 2009-10		
	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	\$ 247,064	1	1.02%	\$ 150,886	1	0.80%
St Joseph Health Northern California	151,716	2	0.63%	N/A	N/A	N/A
OSL SR Fountaingrove LLC et al	86,797	3	0.36%	N/A	N/A	N/A
Varena LLC	83,004	4	0.34%	N/A	N/A	N/A
EMI Santa Rosa Ltd Ptp	81,526	5	0.34%	72,522	3	0.38%
Coddington LLC	66,775	6	0.28%	60,106	4	0.32%
Apple Creek LLC	61,017	7	0.25%	N/A	N/A	N/A
Viavi Solutions Inc.	58,935	8	0.24%	N/A	N/A	N/A
THI VI Sonoma LLC	52,713	9	0.22%	N/A	N/A	N/A
Comcast	51,374	10	0.21%	N/A	N/A	N/A
CA-Fountaingrove Executive Center	N/A	N/A	N/A	103,430	2	0.55%
Strs Ohio CA Real Estate Inves	N/A	N/A	N/A	53,040	5	0.28%
Arterial Vascular Engineering Inc. (Medtronic)	N/A	N/A	N/A	44,873	6	0.24%
Clement & Ann Carinalli	N/A	N/A	N/A	43,522	7	0.23%
Donahue Schriber Realty Group	N/A	N/A	N/A	41,410	8	0.22%
PHF II Sonoma LLC (Sonoma Co Hilton)	N/A	N/A	N/A	41,139	9	0.22%
FIT REN Paulen Creek LP	N/A	N/A	N/A	40,301	10	0.21%
Total	<u>\$ 940,921</u>		<u>3.89%</u>	<u>\$ 651,229</u>		<u>3.45%</u>

SOURCE: County of Sonoma/MuniServices, LLC

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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
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%
2017-18	24,365	24,365	100%	-	24,365	100%
2018-19	27,164	27,164	100%	-	27,164	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			
	2009-10	2010-11	2011-12	2012-13
<u>Economic NAICS Sectors:</u>				
Accommodation and Food Services	\$ 214,806	\$ 229,611	\$ 250,594	\$ 261,297
Admin & Support & Waste Mgmt & Remediation	9,681	8,411	8,857	8,270
Agriculture, Forestry, Fishing & Hunting	189	212	236	342
Arts, Entertainment, and Recreation	4,679	4,625	4,307	4,905
Construction	9,402	8,673	11,366	12,980
Educational Services	1,446	954	1,281	1,210
Health Care and Social Assistance	7,034	6,415	7,861	8,191
Information	19,808	26,405	29,251	32,437
Manufacturing	90,368	104,005	126,730	113,784
Other Services (except Public Admin)	41,965	42,464	44,574	49,355
Professional, Scientific, & Technical Svcs	14,531	13,576	14,127	14,445
Public Administration	2,259	2,526	3,014	2,833
Real Estate and Rental and Leasing	23,715	19,510	20,013	18,755
Retail Trade	1,744,250	1,881,896	1,952,163	2,069,437
Transportation and Warehousing	445	412	547	373
Wholesale Trade	110,577	121,927	140,390	162,862
All Other NAICS Sectors	29,003	26,482	37,589	34,326
Total	<u>\$ 2,324,159</u>	<u>\$ 2,498,105</u>	<u>\$ 2,652,900</u>	<u>\$ 2,795,801</u>
City direct sales tax rate	0.25%	0.25%-0.50%	0.50%	0.50%

NOTES: During FY 2017-18, the CDTFA changed their system to an NAICS based coding structure. This table now reflects those categories.

(Continued)

SOURCE: MuniServices, LLC

Table 10

Fiscal Year					
2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
\$ 294,613	\$ 317,029	\$ 334,183	\$ 359,792	\$ 364,678	\$ 376,359
8,224	6,663	6,874	6,616	7,860	7,989
273	325	481	615	542	452
4,869	4,640	5,200	5,270	5,701	4,642
10,403	10,649	10,664	10,536	11,029	18,564
1,293	1,575	1,550	2,025	2,155	1,267
8,183	10,357	10,285	11,811	12,404	11,954
39,549	38,650	35,057	28,179	28,294	28,144
123,657	137,390	132,167	107,551	137,914	154,227
52,024	53,808	57,302	60,235	60,512	62,815
14,950	14,539	15,372	16,041	17,464	21,548
2,911	2,085	2,120	2,154	5,404	1,973
19,273	15,914	17,604	19,335	23,853	19,948
2,143,241	2,205,680	2,318,301	2,433,770	2,549,065	2,530,603
430	551	876	986	2,019	1,057
163,883	178,400	193,867	179,500	196,326	233,142
46,246	49,818	54,280	64,511	74,155	86,884
<u>\$ 2,934,022</u>	<u>\$ 3,048,073</u>	<u>\$ 3,196,185</u>	<u>\$ 3,308,928</u>	<u>\$ 3,499,374</u>	<u>\$ 3,561,568</u>
0.50%	0.50%	0.50%	0.50%	0.50%	0.50%-0.75%

(Concluded)

Taxable Sales by Category

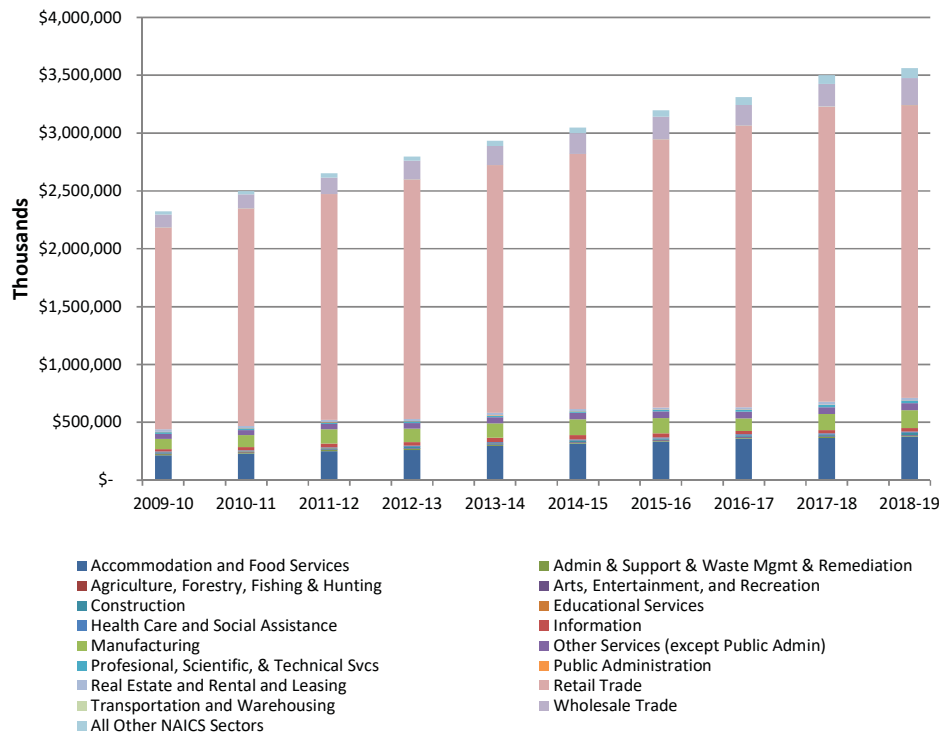


Table 11

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

Fiscal Year	City Direct Rate	Overlapping Rate
		Sonoma County
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%
2017-18	0.50%	0.875%
2018-19	0.50%-0.75%	0.875%-1.00%

- 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. The City direct tax rate of 0.25% [City of Santa Rosa Transaction and Use Tax (SATG)] was approved by Santa Rosa citizens in November of 2018 and went into effect on April 1, 2019.
- (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 2018-19		
	Taxable Sales	Percentage of Total	Tax Liability
<u>Economic NAICS Sectors:</u>			
Accommodation and Food Services	\$ 376,359	10.6%	\$ 5,802
Admin and Supp and Waste Mgmt and Remediation	7,989	0.2%	123
Agriculture, Forestry, Fishing and Hunting	452	0.0%	7
Arts, Entertainment, and Recreation	4,642	0.1%	72
Construction	18,564	0.5%	286
Educational Services	1,267	0.0%	20
Health Care and Social Assistance	11,954	0.3%	184
Information	28,144	0.8%	434
Manufacturing	154,227	4.3%	2,378
Other Services (except Public Admin)	62,815	1.8%	968
Profesional, Scientific, and Technical Svcs	21,548	0.6%	332
Public Administration	1,973	0.1%	30
Real Estate and Rental and Leasing	19,948	0.6%	308
Retail Trade	2,530,603	71.1%	39,013
Transportation and Warehousing	1,057	0.0%	16
Wholesale Trade	233,142	6.5%	3,594
All Other NAICS Sectors	86,884	2.4%	1,339
Total	<u>\$ 3,561,568</u>	<u>100.0%</u>	<u>\$ 54,906</u>

	FY 2009-10		
	Taxable Sales	Percentage of Total	Tax Liability
<u>Economic NAICS Sectors:</u>			
Accommodation and Food Services	\$ 214,806	9.2%	\$ 2,148
Admin and Supp and Waste Mgmt and Remediation	9,681	0.4%	97
Agriculture, Forestry, Fishing and Hunting	189	0.0%	2
Arts, Entertainment, and Recreation	4,679	0.2%	47
Construction	9,402	0.4%	94
Educational Services	1,446	0.1%	14
Health Care and Social Assistance	7,034	0.3%	70
Information	19,808	0.9%	198
Manufacturing	90,368	3.9%	904
Other Services (except Public Admin)	41,965	1.8%	420
Profesional, Scientific, and Technical Svcs	14,531	0.6%	145
Public Administration	2,259	0.1%	23
Real Estate and Rental and Leasing	23,715	1.0%	237
Retail Trade	1,744,250	75.0%	17,443
Transportation and Warehousing	445	0.0%	4
Wholesale Trade	110,577	4.8%	1,106
All Other NAICS Sectors	29,003	1.2%	290
Total	<u>\$ 2,324,159</u>	<u>100.0%</u>	<u>\$ 23,242</u>

NOTE: During FY 2017-18, the CDTFA changed their system to an NAICS based coding structure. This table now reflects those categories

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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	
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
2017-18	11,920	32,035	2,081	79,171	5,268	130,475
2018-19	12,506	31,161	1,512	83,362	3,950	132,491

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			
	Building Acquisition Courthouse Project Certificates of Participation	Pension Obligation Bonds	Capital Lease Obligations	Subtotal
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
2017-18	12,267	22,045	3,454	37,766
2018-19	11,896	19,285	2,709	33,890

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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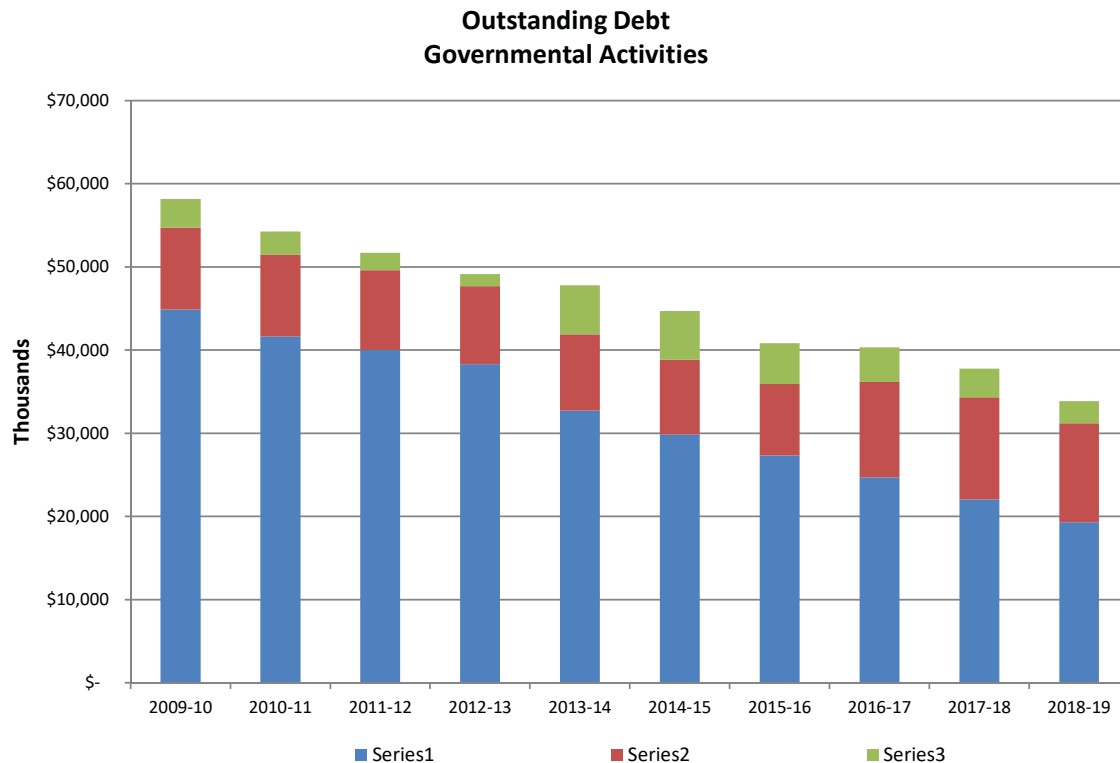


Table 14

Fiscal Year	Business-type Activities					Total Primary Government	Percentage of Personal Income	Per Capita
	Water Revenue Bonds	Wastewater Improvement Bonds	Parking Improvement Bonds	Golf Course Improvement Certificates of Participation	State Loans			
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
2017-18	11,343	281,827	-	3,780	149	334,865	7.4%	1,876.12
2018-19	10,309	265,535	-	3,567	51	313,352	6.4%	1,784.21

(Concluded)

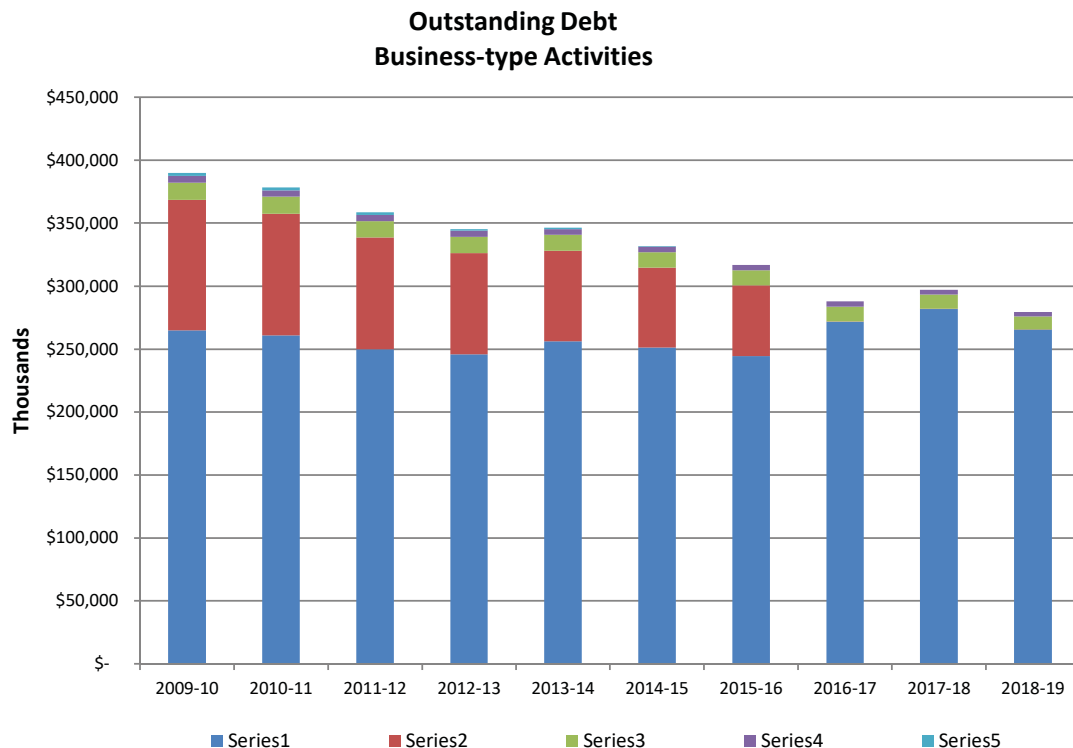


Table 15

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
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
2017-18	12,267	22,045	34,312	-	34,312	0.15%	192.24
2018-19	11,896	19,285	31,181	-	31,181	0.13%	177.54

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

Table 16

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

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable ¹	Estimated Share of Direct and Overlapping Debt
Debt repaid with property taxes:			
Santa Rosa High School	\$ 161,468	76.4980%	\$ 123,520
Sonoma County	371,091	27.0050%	100,213
Sonoma County Junior College District	226,310	26.7840%	60,615
Rincon Valley Union Elementary	50,414	87.8810%	44,304
Santa Rosa School District	42,095	98.9420%	41,650
City of Santa Rosa Successor Agency	34,050	98.0230%	33,377
Bellevue Elementary	33,650	57.9010%	19,484
Wright Elementary	16,298	93.7880%	15,286
Roseland Elementary	10,411	99.9840%	10,409
Piner-Olivet Union Elementary	10,064	69.2560%	6,970
Bennett Valley Elementary	10,882	63.2490%	6,883
Santa Rosa School District WCTA	4,437	76.4980%	3,394
Mark West Union Elementary	13,180	11.9160%	1,571
Sebastopol Unified Elementary	12,294	0.0130%	2
West Sonoma County Unified High School	47,598	0.0030%	1
Subtotal, overlapping debt			<u>467,679</u>
City direct debt			<u>33,890</u>
Total direct and overlapping debt			<u><u>\$ 501,569</u></u>

Notes:

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

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

Table 17

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

Fiscal Year	Assessed Value (1)	Legal Debt Limit (2)	Debt Applicable to Limit (3)	Legal Debt Margin (4)	Legal Debt Margin/Debt Limit
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%
2017-18	23,331,137	874,918	34,312	840,606	96%
2018-19	24,182,605	906,848	31,181	875,667	97%

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 Revenue	Debt Service	Coverage Ratios	
					Including Demand Fees	Excluding Demand Fees
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
2017-18	86,288	38,806	47,482	25,425	1.87	1.73
2018-19	96,358	40,696	55,662	24,998	2.23	2.07

Fiscal Year	Water Revenue Bonds					
	Gross Revenue	Less: Operating Expenses	Net Available Revenue	Debt Service	Coverage Ratios	
					Including Demand Fees	Excluding Demand Fees
2009-10	\$ 36,050	\$ 24,784	\$ 11,266	\$ 888	12.69	11.78
2010-11	38,366	25,226	13,140	876	15.00	13.89
2011-12	42,136	23,130	19,006	876	21.69	19.95
2012-13	46,561	26,384	20,177	876	23.04	21.19
2013-14	44,471	26,119	18,352	875	20.97	19.67
2014-15	42,119	25,758	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
2017-18	46,908	31,389	15,519	874	17.75	19.53
2018-19	47,783	29,794	17,989	874	20.58	18.79

NOTES:

- (1) The water fund had no pledged-revenue coverage ratio requirements from before 2011.
- (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 expenses.

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
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%
2017-18	178,488	4,503,847	25,233	3.2%
2018-19	175,625	4,914,573	27,983	2.9%

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

Table 20

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

Employer	2019			2010		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
County of Sonoma	3,782	1	4.24%	4,001	1	5.47%
Santa Rosa Junior College	3,315	2	3.72%	1,175	9	1.61%
Kaiser Permanente*	2,155	3	2.42%	2,400	2	3.28%
Keysight/Agilent Technologies	2,000	4	2.24%	1,350	4	1.85%
St. Joseph Health System**	1,640	5	1.84%	1,781	3	2.44%
Santa Rosa School District	1,621	6	1.82%	1,326	7	1.81%
City of Santa Rosa	1,307	7	1.47%	1,271	5	1.74%
Sutter Medical Center of Santa Rosa	1,020	8	1.14%	1,307	6	1.79%
Medtronic/Arterial Vascular Eng	1,000	9	1.12%	1,200	8	1.64%
Amy's Kitchen	752	10	0.84%	N/A	N/A	N/A
Safeway	N/A	N/A	N/A	1,082	10	1.48%
Total	18,592		20.87%	16,893		23.11%

SOURCES: MuniServices, LLC

Table 21

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

Function/Program	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental Activities:										
General government	163.75	157.10	152.40	158.75	163.55	171.75	194.25	199.25	213.25	222.25
Public safety										
Police	270.25	251.75	246.75	246.75	253.25	258.75	256.75	256.50	266.50	266.50
Fire	142.50	137.75	136.00	137.75	146.75	147.75	147.75	147.50	149.75	149.75
Public works	190.50	189.50	187.00	186.00	187.00	191.50	175.50	195.50	198.50	195.00
Recreation and parks	87.75	83.15	84.15	82.65	83.15	93.15	91.15	74.00	74.00	74.00
Housing opportunity and other	34.00	32.50	28.00	24.50	28.50	25.00	28.75	32.00	34.00	35.50
Business-type Activities:										
Water utility	118.50	121.00	105.50	110.00	106.00	104.50	105.50	109.50	113.50	113.50
Wastewater utility	136.50	136.50	136.50	132.00	136.00	136.00	138.00	140.00	140.00	139.00
Parking	44.00	38.50	40.50	39.00	34.00	40.00	34.00	32.00	31.50	32.00
Municipal transit	88.00	83.00	83.00	82.00	82.00	82.00	82.00	82.00	79.00	79.00
Total	1,275.75	1,230.75	1,199.80	1,199.40	1,220.20	1,250.40	1,253.65	1,268.25	1,300.00	1,306.50

SOURCE: City of Santa Rosa - Human Resources

**Full-Time Equivalent Employees
By Function**

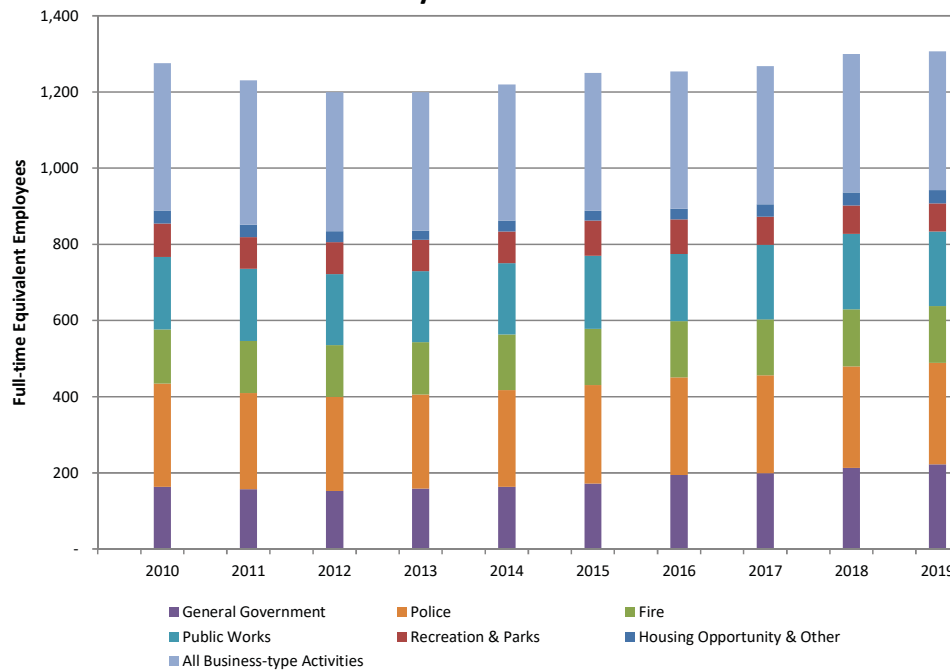


Table 22

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

Function	Fiscal Year			
	2009-10	2010-11	2011-12	2012-13
Governmental Activities:				
General Government				
Building permits issued	3,693	4,101	4,182	4,493
Value of building permits \$M	\$ 83.9	\$ 109.3	\$ 117.0	\$ 147.5
Public Safety				
Police				
Arrests	10,435	10,512	10,539	10,481
Traffic citations	20,762	20,419	20,460	19,008
Fire				
Emergency responses	19,243	19,592	20,203	21,554
Fire losses (thousands)	\$ 2,480	\$ 2,543	\$ 2,933	\$ 2,959
Public Works				
Vehicles serviced	1,010	1,025	1,036	1,002
Storm Drain miles cleaned	25.0	23.5	33.5	33.5
Recreation and Parks				
Picnic Reservations	672	649	852	976
Participant Registrations	29,077	20,080	28,831	30,034
2018-19				
Business-type Activities:				
Water Utility				
Billions of gallons sold	5.8	5.8	5.8	6.4
Unaccounted for water	3%	9%	6%	7%
Miles of water line replaced	3.07	0.65	1.78	1.35
Wastewater Utility				
Billions of gallons wastewater treated	6.97	5.63	6.50	6.62
Miles of sewer lines flushed	222	248	181	199
Miles of CCTV inspection of sewer main	108	137	140	128
Miles of sewer main replaced	3.26	0.64	2.59	2.95
Parking				
Average daily users	9,150	9,200	9,800	9,150
Municipal Transit				
Revenue service miles	1,132,816	1,124,832	1,082,471	1,037,006
Average daily riders	11,402	10,637	8,449	7,952
Golf Course				
Rounds of play	71,161	63,358	72,601	71,991
Storm Water				
Storm drains - miles cleaned	25.0	23.5	33.5	33.5

SOURCE: Various City departments

(Continued)

Table 22

	Fiscal Year					
	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
	4,793	5,166	5,536	5,469	8,085	7,442
\$ 158.0	\$ 138.3	\$ 144.4	\$ 168.3	\$ 484.6	\$ 936.7	
	9,420	8,001	8,396	9,081	8,598	9,172
14,895	10,801	12,669	11,953	9,430	7,144	
	22,332	24,390	25,109	26,961	27,550	27,945
\$ 2,997	\$ 4,288	\$ 6,089	\$ 1,453	\$ 8,567	\$ 5,613	
	1,009	929	925	983	972	851
25.7	36.4	37.0	23.6	28.7	23.6	
	968	1,033	1,051	918	1,213	917
28,576	25,645	22,695	20,756	19,768	19,014	
	6.1	5.3	4.9	5.3	5.5	5.1
8%	7%	8%	3%	7%	6%	
2.19	1.14	0.01	0.36	0.10	1.03	
	6.18	6.18	6.24	7.70	6.54	7.31
281	273	140	244	171	249	
121	109	84	102	89	89	
2.92	0.86	0.46	0.66	1.42	2.23	
	8,856	9,516	9,018	8,986	9,020	9,242
1,216,115	930,385	929,350	926,058	922,013	989,475	
6,748	9,516	5,843	5,603	4,926	5,051	
	74,644	71,489	58,976	46,535	46,535	50,805
25.7	36.4	37.0	23.6	28.7	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,			
	2010	2011	2012	2013
Governmental Activities:				
General Government				
Administrative Buildings	6	6	6	6
Public Safety				
Police				
Stations	1	1	1	1
Vehicular patrol units	114	114	114	114
Fire				
Stations	10	10	10	10
Public Works				
Streets (miles maintained)	550	492	491	491
Street lights	15,737	16,286	15,662	15,758
Traffic signals	239	240	258	253
Recreation and Parks				
Parks - Number of developed acres ¹	529.15	545.00	542.50	558.00
Number of parks ¹	60	62	65	66
Number of swimming facilities	2	2	2	2
Number of clubhouses	3	3	2	3
Number of community recreation centers	2	2	2	2
Number of senior centers	1	1	1	2
Number of tennis courts	20	22	22	22
Business-type Activities:				
Water Utility				
Number of water accounts	49,449	49,599	49,758	49,909
Miles of water line in system	617	617	618	620
Wastewater Utility				
Number of sewer accounts	48,469	48,639	48,800	48,941
Plant treatment capacity	21.3	21.3	21.3	21.3
Plant flow capacity	66.9	66.9	60.7	60.7
Miles of sewer line in system	588.0	588.0	586.9	588.5
Parking				
Number of garages	5	5	5	5
Number of lots	8	10	10	10
Municipal transit				
Number of fixed route buses	36	35	38	37
Number of paratransit vehicles	11	11	11	13
Golf Course				
City-owned courses	1	1	1	1
Storm Water				
Storm Drains - miles in system	355	352	352	352

¹ Comprehensive audit of acres and parks completed in fiscal year 15-16

(Continued)

SOURCE: Various City departments

Table 23

2014	2015	As of June 30, 2016	2017	2018	2019
6	6	6	6	6	6
1	1	1	1	1	1
114	114	114	114	114	113
10	10	10	10	10	10
493	493	493	494	507	509
15,720	15,802	15,777	15,759	15,766	16,165
257	258	259	261	299	301
558.00	558.00	738.20	851.00	855.00	863.00
67	67	68	68	76	76
2	2	2	2	2	3
2	2	2	2	2	2
2	2	2	2	2	2
2	2	2	2	2	1
22	22	22	19	19	19
52,955	50,691	52,807	52,979	53,179	53,523
618	619	622	619	622	623
49,157	49,722	49,837	50,001	50,180	50,476
21.3	21.3	21.3	21.3	21.3	21.3
56.2	56.2	56.2	56.2	56.2	56.2
588.8	588.2	588.4	589.9	592.5	594.2
5	5	5	5	5	5
10	10	10	10	10	9
37	34	32	32	33	32
13	15	13	13	13	12
1	1	1	1	1	1
353	368	368	370	371	376

(Concluded)



City of
Santa Rosa

100 Santa Rosa Avenue, Santa Rosa, CA 95404