



# ***Comprehensive Annual Financial Report***

*For the fiscal year ended June 30, 2016*



---

*City of Ukiah*  
***Comprehensive Annual  
Financial Report for the  
Fiscal Year Ended June 30, 2016***

---

*Prepared by the Finance Department*



**City of Ukiah  
Comprehensive Annual Financial Report  
Year Ended June 30, 2016**

**TABLE OF CONTENTS**

	<b>PAGE</b>
<b>I. INTRODUCTORY SECTION</b>	
Letter of Transmittal	i
City of Officials	xx
Organizational Chart	xxi
 <b>II. FINANCIAL SECTION</b>	
<b>Independent Auditor’s Report</b>	1
<b>Management’s Discussion &amp; Analysis</b>	4
<b>Basic Financial Statements:</b>	
Government-wide Financial Statements	
Statement of Net Position	17
Statement of Activities	18
Fund Financial Statements	
Balance Sheet - Governmental Funds	20
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of the Statement of Net Position	21
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	22
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	23
Statement of Net Position - Proprietary Funds	24
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	26
Statement of Cash Flows - Proprietary Funds	28
Statement of Net Position - Fiduciary Funds	30
Statement of Changes in Net Position - Fiduciary Funds	31
Notes to Financial Statements	32
 <b>Required Supplementary Information</b>	
Schedule of Changes in the NPL and Related Ratios	69
Schedule of Contributions – Agent Multiple Employer Plan	70
Schedule of the City’s Proportionate Share of the NPL – Cost Sharing Plan	71
Schedule of Plan Contributions – Cost Sharing Plans	72
Budgetary Comparison Schedules:	
General Fund	73
Notes to Required Supplementary Information	74
 <b>Supplementary Information</b>	
Combining Balance Sheet - Nonmajor Governmental Funds	75
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Funds	82
Budgetary Comparison Schedules - Special Revenue Funds:	
Park Development	89

**City of Ukiah  
Comprehensive Annual Financial Report  
Year Ended June 30, 2016**

**TABLE OF CONTENTS - Continued**

	<b>PAGE</b>
Anton Stadium	90
Museum Grants Prop 84	91
Asset Seizure	92
Supplemental Law Enforcement	93
Asset Forfeiture	94
Special Revenue	95
ARC General Operating	96
Signalization	97
Gas Tax 2106	98
Gas Tax 2107	99
Gas Tax 2107.5	100
Gas Tax 2105	101
CDBG Grants	102
HOME Grants	103
SB 325 Reimbursement	104
State STP Reimbursement	105
Congestion Relief	106
Museum	107
LMIHF Housing Asset	108
Budgetary Comparison Schedules – Capital Projects Funds	
Equipment Reserve	109
Special Project Reserve	110
Capital Improvement	111
Combining Statement of Net Position – Non-major Enterprise Funds	112
Combining Statement of Revenues, Expenses and Changes in Net Position - Non-major Enterprise Funds	114
Combining Statement of Cash Flows – Non-major Enterprise Funds	116
Combining Statement of Net Position - Internal Service Funds	118
Combining Statement of Revenues, Expenses and Changes in Net Position - Internal Service Funds	120
Combining Statement of Cash Flows - Internal Service Funds	122
Combining Balance Sheet – All Agency Funds	124
Combining Statement of Changes in Assets and Liabilities – All Agency Funds	126
 <b>III. STATISTICAL SECTION</b>	
 <b>FINANCIAL TRENDS INFORMATION</b>	
Net Position by Component – Table 1	129
Changes in Net Position – Table 2	130
Fund Balances of Governmental Funds – Table 3	132
Changes in Fund Balances of Governmental Funds – Table 4	133
 <b>REVENUE CAPACITY INFORMATION</b>	
Tax Revenues by Source, Governmental Funds – Table 5	134
Electric Utility Rates – Table 6	135
Wastewater Utility Rates – Table 7	136
Water Utility Rates – Table 8	137
Top Ten Electric Usage Customers – Table 9	138

**City of Ukiah  
Comprehensive Annual Financial Report  
Year Ended June 30, 2016**

**TABLE OF CONTENTS - Continued**

	<b>PAGE</b>
DEBT CAPACITY INFORMATION	
Ratio of Outstanding Debt by Type – Table 10	139
Ratio of General Bonded Outstanding Debt – Table 11	140
Computation of Direct and Overlapping Bonded Debt – Table 12	141
Legal Debt Margin Information – Table 13	142
Pledged Net Revenue Coverage – Table 14	143
DEMOGRAPHIC AND ECONOMIC INFORMATION	
Demographic and Economic Statistics – Table 15	144
Full-time Equivalent City Governmental Employees by Function – Table 16	145
OPERATING INFORMATION	
Operating Indicators – Table 17	146
Capital Asset Statistics – Table 18	147
<b>IV. OTHER COMPLIANCE REPORTS</b>	
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements In Accordance with <i>Government Auditing Standards</i>	148
Independent Accountant’s Report on Agreed-upon Procedures Applied to Appropriations Limit Worksheets	157

---

## ***Introductory Section***

---





April 5, 2017

To the Honorable Mayor, members of the City Council and citizens of the City of Ukiah:

We are pleased to submit the City of Ukiah's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2016. This report is prepared in accordance with state law, generally accepted accounting principles (GAAP), and the best management practices for financial reporting as defined by the Government Finance Officers' Association (GFOA). California law requires that a financial report be prepared annually and audited by a licensed certified public accountant within a reasonable period of time following the year end. These financial statements are presented in conformity with GAAP and audited in accordance with generally accepted auditing standards.

Responsibility for the accuracy of the data and the fairness of presentation, including all footnotes and disclosures, rests with City management. We believe the data presented in this report is accurate in all material respects, and all statements and disclosures necessary for the reader to obtain a thorough understanding of the City's financial activities have been included. GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditor.

Management of the City has established an internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient, reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatements.

As the City did not expend over \$750,000 of federal money during this reporting period, it was not required to conduct a broader, federally mandated OMB Circular A-133 "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards.

While traditionally addressed to the governing body of the City, this report is intended to provide relevant financial information to external users (non-management employees), who include the citizens of the City of Ukiah, City staff, creditors, investors, and other concerned readers. We encourage all readers to contact the Finance Department with any questions or comments concerning this report.

The City's financial statements have been audited by Van Lant & Fankhanel, LLP, a firm of certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2016, are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation.

Based upon the audit, the independent auditors concluded that there was reasonable basis for rendering an unqualified opinion, which states that the City's financial statements for the fiscal year ended June 30, 2016, are presented fairly in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.



## Profile of the City of Ukiah

The City of Ukiah is a full service city in that it provides most typical municipal functions, including public safety (including police and fire protection), public works, community development and parks and recreation. In addition, the City provides proprietary services, including water, wastewater, electric, recreation, and airport services. It operates in a council-manager form of government, whereby the council serves as the legislative body and the City Manager its executive.

Incorporated on March 8, 1876 as a general law city, Ukiah serves as the administrative seat for the County of Mendocino, and with a residential population of more than 16,186<sup>1</sup> in a 4.7 square-mile area, Ukiah is graced with a strong business base and a well-established residential community.

---

<sup>1</sup> 2016 California Department of Finance, Demographic Research Unit, E-1 Population Estimates for Cities, Counties, and the State, May 2, 2016

Ukiah is a travel and recreation-oriented destination and fortunate to have a large area serving as a hub for Lake, Mendocino, southern Humboldt, and northern Sonoma counties. The Ukiah business environment is positive and well organized. Driven by an active chamber of commerce, local businesses are community-oriented and engaged in City-business partnerships, including economic development, job creation, tourism, and community events. The City's permanent retail trade area population is approximately 104,000 people with 45,000 within a 10-mile radius. Ukiah's historic downtown area is the center of commercial activity within the community. There are also commercial areas along Orchard/Perkins corridor, Airport Park Boulevard, Perkins Street, as well as much of State Street.

In Ukiah, the total labor force is approximately 6,780<sup>2</sup>. Unemployment in Ukiah is approximately 7.6 percent, down from 8.1 percent in 2015. Within ten miles, there is a diverse labor force specializing in such occupations as sales, technical and professional services, education, medical, agriculture, and government services, and other specialties. The largest employment sectors in the Ukiah area are: government (county and city); education; healthcare; light industry; and the service and hospitality trades. The agricultural and construction sectors are important, and the transportation/public utilities, wholesale trade, finance/insurance/real estate and manufacturing sectors round out the employment picture. Some of the larger employers in the primary trade area include the Ukiah Valley Medical Center, Ukiah Unified School District, County of Mendocino, City of Ukiah, and Savings Bank of Mendocino County. Approximately 17 percent of all jobs in Mendocino County are located within the City of Ukiah.

## The City of Ukiah Organization

The City is committed to providing high quality services in an economical manner. For fiscal year 2015-16, the City's efforts were focused in the following areas:

- **Public Safety Services.** Demand for police and fire services continued to grow due in large part to transient related issues. This demand has outpaced our labor and financial resources despite the continuation of Measure S funding and an increase in General Fund spending. For our Police Department, the increased service demand is forcing a reactive approach to crime instead of proactive strategies focused on prevention and community oriented policing services.
- **Utilities Services and Infrastructure.** The City's water, sewer and electrical enterprises continue to require significant attention due to aging infrastructure and increasing regulatory pressures. All three utilities planned and/or implemented significant capital improvements during this period.
- **Economic Development.** Despite the loss of funding from the State's dissolution of Redevelopment, the City continues to deploy a number of strategies to promote business development, tourism, and job creation. A continued focus on economic development is necessary to increase tax revenues which are necessary to fund the essential services the City provides including, but not limited to police, fire, streets, and parks.

---

<sup>2</sup> 2016 California Employment Development Department, Labor Market Information Division, <http://www.labormarketinfo.edd.ca.gov>

This report includes all funds of the City and its blended component unit: the Successor Agency to the Ukiah Redevelopment Agency.

The City Council establishes annual budgets for the general fund, proprietary (enterprise and internal service) funds, and all special revenue funds, with a possible exception for certain special revenue funds for which expenditures are controlled by grant funding or by special assessments. Budgetary control is legally maintained at the fund level. Department heads submit budget requests to the City Manager. The City Manager prepares an estimate of revenues and prepares recommendations for the next year's budget. The preliminary budget may or may not be amended by the City Council and is adopted by resolution by the City Council on or before June 30.

The Ukiah City Council consists of five members, elected at-large to four-year overlapping terms. Council members must be residents of the City. The positions of Mayor and Vice Mayor are chosen by the Council through its own policy. The Mayor conducts the Council meetings and represents the City in ceremonial functions.

The City Council serves as the policy board for the municipality. It provides policy direction, establishes goals, and sets priorities for the City government. In addition to serving as the broad policy makers for the community, the City Council also is responsible for numerous land use decisions within its borders, including the General Plan. The City Council appoints the City Manager, the City Attorney, and all members of advisory boards and commissions. The City also maintains an elected City Treasurer.

## Current Economic Conditions and Outlook

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates. Understanding that property and sales taxes generate the City's largest two sources of general revenue, it is important to look at the economy in the context of people's wherewithal for producing general fund tax revenues.

Mendocino County suffered immensely from the Great Recession, but is in the throes of an accelerated recovery. The recovery is evidenced by nominal improvements in the unemployment rate, consumer spending (through sales tax analysis), building permits, and planning work. The housing market, while making progress toward recovering values from the highs of 2007, remains over 20 percent below peak prices.

Unemployment rates in the City of Ukiah remained higher at 7.3 percent than the national rate (4.9 percent), the state rate (5.3 percent) and the Mendocino County rate of 4.8 percent. But this is down slightly from the prior year of 8.8 percent<sup>3</sup>.

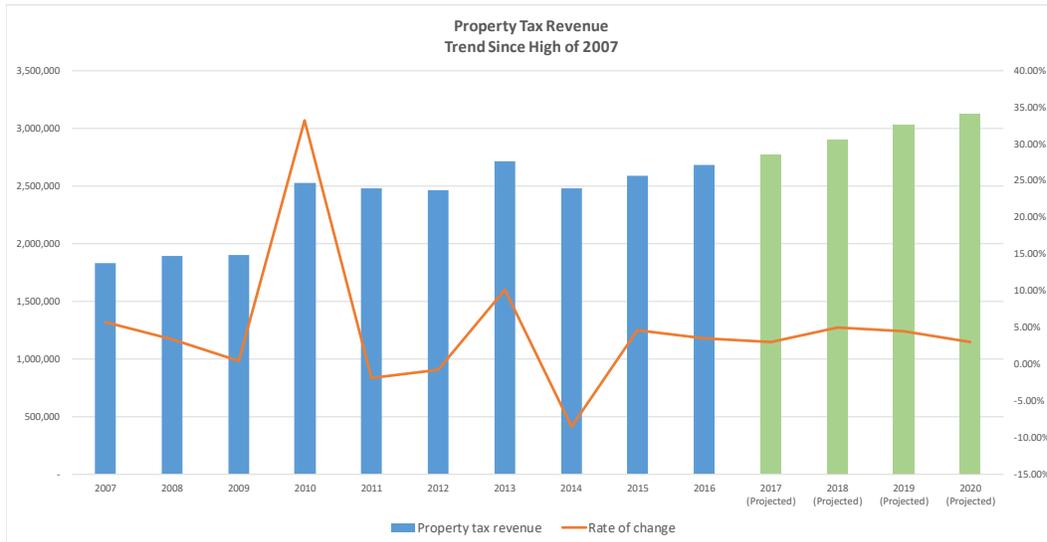
The City's economic development efforts and development of a high-quality workforce help to promote Ukiah's long-term fiscal stability. This will be a cornerstone in management's approach to debt structuring, capital improvement planning, labor negotiations, and service delivery.

As mentioned earlier, the City's principal general fund revenue sources are sales tax and property taxes. These sources are expected to grow modestly, averaging of 2-5 percent per year for the next five years.

---

<sup>3</sup> 2015 California Employment Development Department, Labor Market Information Division, <http://www.labormarketinfo.edd.ca.gov>

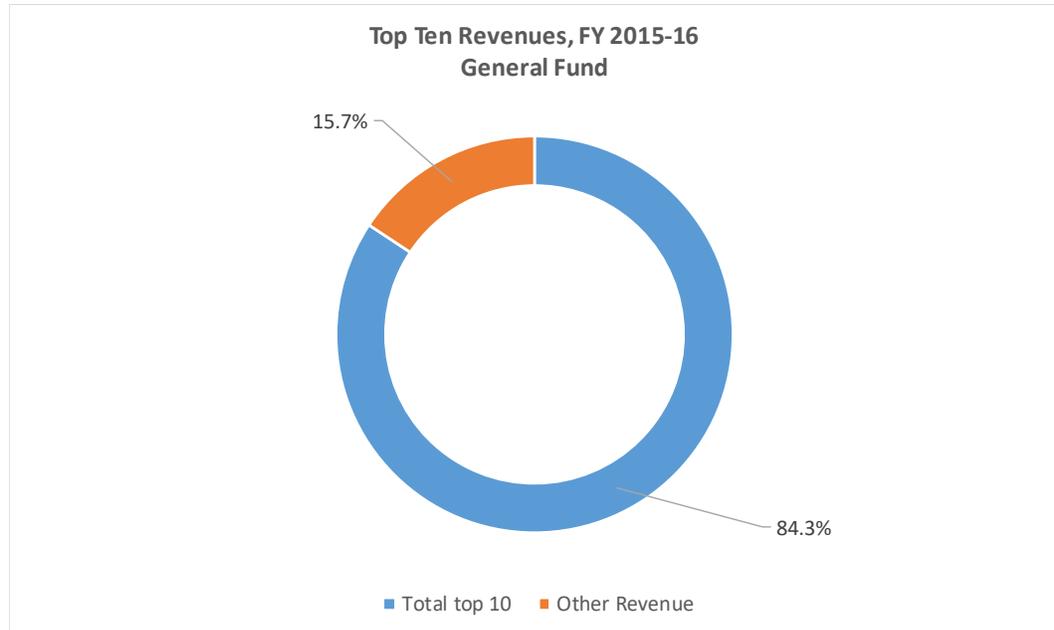
The housing market has improved markedly; however, changes to property tax receipts will continue to be nominal due to retroactive Prop 8 adjustments still being processed by the Mendocino County Assessor. Most recent estimates are that nearly 74 percent (\$282 million) of value has left to be restored to the property tax rolls after Prop 8 adjustments were executed following 2008. Property-related revenues in general are expected to increase modestly FY 2016-17 and beyond, likely to average 4-5 percent, as illustrated in the following table.



As part of its path toward maintaining fiscal sustainability, the City may rely on one-time uses of its reserves to ensure the best possible level of service to its citizens. It did so in 2015-16, as the City realized a reduction in fund balance in 2015-16 of \$190,457. Expenditures outpaced revenues by \$33,027 (0.21 percent of revenues) and contributions to other special revenue funds exceeded budgetary estimates.

## Financial Condition: General Revenues - Top Ten:

The City's top ten revenue sources account for nearly 85 percent of total general fund income. Focusing on these sources can provide an excellent understanding of the City's revenue



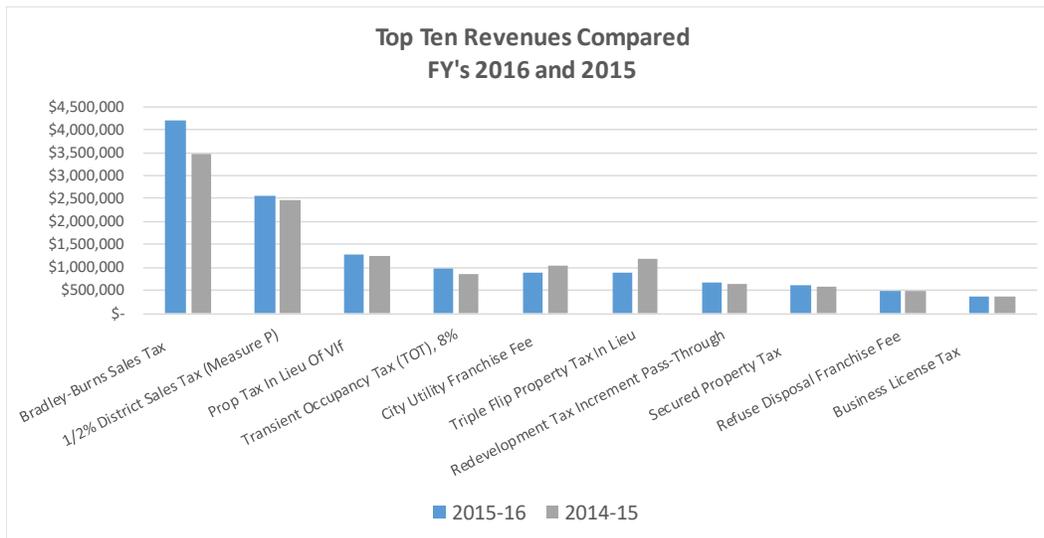
position.

Overall, these key revenues performed better in 2016 than in 2015. The strongest performer was TOT (14.89 percent increase). The weakest performer was franchise fees charged to City electric (-14.36 percent decrease). The following schedule and chart demonstrates this comparison:

### TOP 10 - REVENUES

Current to Prior  
Period Ended June 30, 2016

REVENUE	2015-16	2014-15	Percent Change	Percent of Total 2015-16 Revenues
<b>Top 10:</b>				
Bradley-Burns Sales Tax	\$ 4,213,264	\$ 3,457,946	21.84%	27.40%
1/2% District Sales Tax (Measure P)	2,563,699	2,465,522	3.98%	16.68%
Prop Tax In Lieu Of Vif	1,293,374	1,252,905	3.23%	8.41%
Transient Occupancy Tax (TOT), 8%	976,927	850,321	14.89%	6.35%
City Utility Franchise Fee	893,522	1,043,404	-14.36%	5.81%
Triple Flip Property Tax In Lieu	890,025	1,177,729	-24.43%	5.79%
Redevelopment Tax Increment Pass-Through	662,724	639,199	3.68%	4.31%
Secured Property Tax	617,563	593,189	4.11%	4.02%
Refuse Disposal Franchise Fee	489,129	473,349	3.33%	3.18%
Business License Tax	360,590	364,385	-1.04%	2.35%
<b>Total top 10</b>	<b>12,960,820</b>	<b>12,317,948</b>	<b>5.22%</b>	<b>84.30%</b>
<b>Other Revenue</b>	<b>2,413,554</b>	<b>2,283,993</b>	<b>5.67%</b>	<b>15.70%</b>
<b>Total operating revenue</b>	<b>\$ 15,374,374</b>	<b>\$ 14,601,941</b>	<b>5.29%</b>	<b>100.00%</b>



**Sales Tax.** The City collects sales tax from two sources: normal Bradley-Burns sales taxes (1 percent of taxable transactions) and a ½ cent sales and use tax, commonly referred to as Measure P and devoted entirely to the City. Both tax sources are distinct and considered separate sources. Each behave slightly differently given their tax base. Bradley-Burns sales taxes are referred to as “sales and use” taxes, levied on transactions based geographically in the City. Measure P is referred to as a “transaction and use” tax and is applied to any taxable sale in the City as well as any sale where the use of the item is in the City. For instance, a car purchased outside the City but registered to, and therefore presumed to be used at, an address within would be levied the ½ cent on the purchase price. Both are general taxes and can be used for any regular, general governmental purpose.

Overall, sales taxes receipts (Bradley-Burns and Measure P) were up moderately from a year ago due in part to stronger sales in the City’s retail sector. It was offset somewhat by the declining price of gas. Further, the wind down of the state’s triple flip resulted in sales tax receipts from the State Board of Equalization (BOE) being higher in 2015-16 and lower from the County Auditor-Controller, which is reflected in the sharp decrease of the “Triple Flip Property Tax in Lieu” revenue source. This particular source will disappear in fiscal year 2016-17, as the Triple-Flip has concluded. All sales tax due the City (the full 1 percent) will come exclusively from BOE and not flow partly from the County Auditor-Controller through the property tax allocation.

**Property Tax in Lieu of VLF (Vehicle License Fee).** These are property tax shares allocated to cities and counties beginning in FY 04-05 as compensation for the state’s take of Vehicle License Fees (VLF). This revenue source typically follows regular property tax collections, discussed under “Secured Property Tax” below and is up slightly over 4 percent compared to last year.

**Transient Occupancy Tax (TOT).** Commonly referred to as a “bed,” “hotel,” or “room” tax this revenue source has performed strongly over the last two years, up nearly 15 percent from 2014-15. Driven by increased tourism in the greater Ukiah Valley area and a larger volume of travelers heading north, this revenue source is poised to continue its positive growth trend for

several more years. Visitors are stopping in Ukiah as a final layover before making the trek to Fort Bragg and Humboldt County and are exploring the wonders of what the Ukiah Valley has to offer.

The TOT rate in Ukiah currently is 10 percent; however, 8 percent is considered general revenue to the general fund, which is what is reported here. The remaining 2 percent funds economic development and tourism enterprise and is deposited to a special revenue fund.

**City Utility Franchise Fees.** This revenue source is a charge to the City's electric utility. Franchise fees are not taxes; rather, they are rents paid by utility providers to operate on or in City rights-of-way and City property, such as roads, sidewalks, parklands, etc. The rents are established by the City Council and typically are correlated to gross revenues generated by the utility provider. They were lower in FY 2015-16 than in the preceding year due to a rate decrease for the electric utility.

**Triple Flip Property Tax In Lieu.** This is a mechanism used to repay the state fiscal recovery bonds pursuant to Prop 57 of 2004. Under the Triple Flip, the local sales and use tax rate is reduced from 1.00 percent to 0.75 percent with the 0.25 percent diverted to repay state fiscal recovery bonds. Cities and counties are reimbursed for the lost revenue from a shift of property tax revenue. The 24.43 percent decrease is the result of the Triple Flip coming to an end with the final true-up processes by the state and County Auditor-Controller. As mentioned earlier, this revenue source will not appear in 2016-17. Instead the full 1 percent of Bradley-Burns sales tax due to the City will be reported its respective section of this report.

**Redevelopment Tax Increment Pass-Through.** After the dissolution of Redevelopment in California by the Legislature, the Ukiah Redevelopment Agency was sent into receivership of a successor agency. Property tax increment revenue once received by the former agency was instead held in trust by the County Auditor-Controller in a specific fund, affectionately known as the Redevelopment Property Tax Trust Fund (RPTTF). Property tax increment collected in this fund would first pay the County Auditor-Controller's administrative costs, then pass to the successor agency of the former RDA (City of Ukiah) to satisfy the obligations of the former agency, then to the taxing entities in the project area of the former RDA, including the Ukiah Unified School District and the County of Mendocino general fund. The City also receives a share of these residuals and deposits them in a specific in the general fund, which is reported here.

This revenue sources tracks relatively similar to regular (secured) property tax, although it is calculated from a slightly different derivative property tax base (tax increment).

**Secured Property Tax.** Traditionally, revenue from property tax was viewed as a very stable source. The housing collapse of 2008 tested that assumption. However, as the housing market continued to recover modestly in Ukiah, receipts came in higher than the year prior. This was due to a combination of factors, including retroactive Prop 8 (1978) assessment adjustments and increased assessed values from housing sales. Slightly less than 11 percent of property taxes paid by property owners within the City are allocated to the City. The majority is distributed to local schools and the County of Mendocino.

As mentioned earlier, revenue from this source will continue to trend positively over the next few years as the county continues to process Prop 8 property value adjustments and as housing prices and home sales increase.

**Refuse Disposal Franchise Fees.** This revenue source is a charge to the City's franchise solid waste hauler. As discussed earlier, franchise fees are not taxes; rather, they are rents paid by utility providers to operate on or in City rights-of-way and City property, such as roads, sidewalks, parklands, etc. The vehicles used to provide this service (garbage trucks) are heavy machines that wear roads more quickly and significantly than other commercial and non-commercial vehicles.

Revenues from this source were higher in FY 2015-16 than in the preceding year due increased sales by the hauler, Ukiah Waste Solutions.

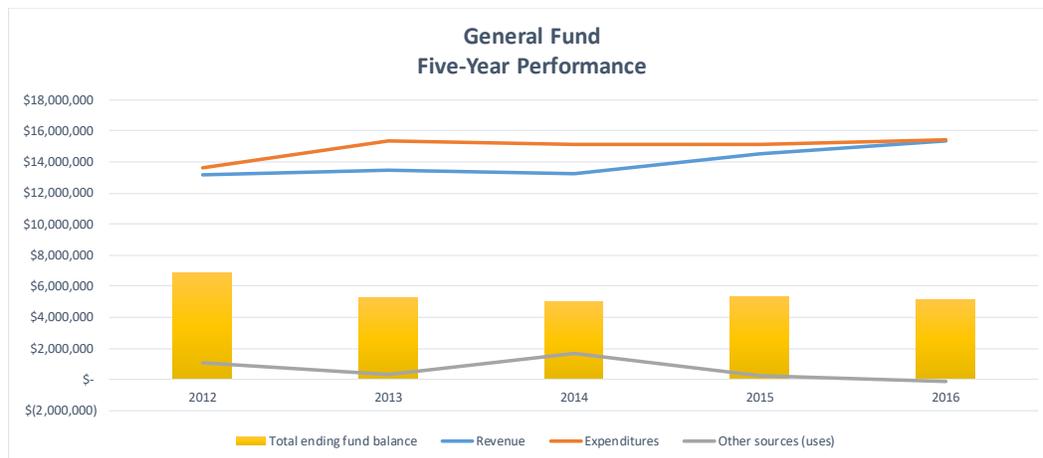
**Business License Tax.** Businesses that operate within City limits are required to obtain a business license. The proceeds from the tax collected are available for unrestricted use in the general fund. Receipts are down slightly from a year ago likely due to normal business cycles.

### The General Fund

The City’s general fund is its primary source of discretionary resources for the provision of service deemed necessary and desirable by the citizens of Ukiah and the City Council.

The schedule and chart below illustrate how the general fund has performed over the last five years, ending June 30, 2016.

GENERAL FUND Five-Year Trend	Fiscal Year Ended June 30,				
	2012	2013	2014	2015	2016
Revenue	13,211,341	13,453,616	13,235,450	14,493,862	15,374,374
Expenditures	13,650,142	15,349,387	15,167,827	15,099,745	15,407,401
Excess (deficiency)	(438,801)	(1,895,771)	(1,932,377)	(605,883)	(33,027)
Other sources (uses)	1,065,910	304,768	1,714,573	250,351	(157,430)
Change in fund balance	\$ 627,109	\$ (1,591,003)	\$ (217,804)	\$ (355,532)	\$ (190,457)
Beginning fund balance	6,237,800	6,864,909	5,273,906	5,715,426	5,359,105
Ending fund balance:					
Nonspendable	559,134	619,044	619,044	645,728	1,512,943
Restricted	-	-	-	-	-
Committed	-	183,956	203,105	-	-
Assigned	4,851,110	89,859	-	-	3,655,705
Unassigned	1,454,665	4,381,047	4,233,953	4,714,166	-
Total ending fund balance	\$ 6,864,909	\$ 5,273,906	\$ 5,056,102	\$ 5,359,894	\$ 5,168,648



The general fund ended the year with a total fund balance of \$5.17 million, of which \$3.66 million was available for spending. Total fund balance represents 33.6 percent of general fund revenue for the year. Despite realizing \$136,667 in additional revenue than was anticipated by the budget, the general fund balance ended the year lower than the preceding year by \$190,457.

Much of this was attributed to higher than anticipated expenditures in public safety and for internal services used by the general fund, such as garage and IT.

Revenues flow into the fund from a wide variety of sources, including the top ten discussed earlier. Conversely, the general fund provides for a variety of services to the community, which are generally grouped as follows:

- General government (including, but not limited to, City Council, City Management, City Clerk, City Attorney, Finance, and Treasury Management)
- Public Safety (Police and Fire)
- Public Works (Engineering and roads primarily)
- Housing and Community Development (housing program administration, Planning, and Building)
- Parks and Recreation
- Capital outlay

Other sources and uses are inflows and outflows that increase or decrease fund balance but are not considered revenues or expenditures. The predominant example would be transfers.

For instance, a transfer out would be recognized if the general fund provided resources to a special revenue fund without receiving something commensurate. An example of this would be the general fund's support of the Grace Hudson Museum, which is accounted for in special revenue fund with the intent that it might support itself with dedicated revenues, e.g. entry fees, facility rentals, etc.

Transfers into the general fund would be similar in characteristic, another governmental, enterprise, or fiduciary fund providing resources to it without receiving something in return. An example would be a gas tax fund transferring resources into the general fund so that the general fund could perform general road maintenance.

It should be noted and stressed: transfers are not the same as interfund borrowing. Such activity is a balance sheet activity and does not impact fund balance in total.

Fund balance is the remaining resources of a fund that can be used in the subsequent period, or budget year. Per generally accepted accounting principles (GAAP) the City characterizes its fund balance accounts as one of 5 main categories:

- **Nonspendable.** These are amounts that are not necessarily readily available but are nonetheless current enough to be liquidated and used. Examples include receivable amounts from long-term interfund borrowing and notes receivable.
- **Restricted.** These are amounts which can only be spent on specific activities prescribed by a third party, i.e. an entity other than the voters, City Council, or City management. An example would be amounts held by the fund derived from a grant by which the grantor has set the requirements as to how those proceeds are to be used.
- **Committed.** These are amounts designated by the highest level of the government's authority (typically the voters or City Council) for discrete purposes.

Further, the mechanism used to prescribe these amounts is one that is not readily created, altered, or otherwise reversed, e.g. and ordinance or voter initiative.

- **Assigned.** These amounts are similar to those characterized as committed but are more readily established, altered, or cancelled. The City Council or City Management can assign fund balance through resolution or budgetary policy, for instance. An example of this would be amounts designated as reserve by the City Council for exclusive use related to public safety or to act as a general rainy day reserve.
- **Unassigned.** These amounts are any that do not fall under the characterization of the four fund balance classifications described above.

### Business-type Activities:

The City provides various enterprise services, including water, sewer, and electric. Water and sewer are housed administratively within the Public Works Department but are accounted for, like electric, in a proprietary, enterprise fund. Through the collection of fees and charges, these funds should collect revenues sufficient enough to finance costs associated with administration, operations, capital improvements (CIP), and debt service.

Enterprise activities are accounted for like a business in the private sector using the full accrual basis. This is starkly different than governmental fund accounting, which uses the modified accrual basis and is concerned only with current spendable resources, what we call fund balance. Drawing comparisons of information between the two methods can be challenging.

Although the City accounts and reports on these funds using full accrual accounting basis, here we present the activities of the water, sewer, and electric enterprise funds in terms of working capital. Working capital is defined as the difference between current assets and current liabilities, which is closely approximate to the definition of fund balance in governmental funds. In other words, it's the resources available to meet ongoing operating, debt service, and capital activities in the near term. Non-cash expenses, such as depreciation typically part of full accrual accounting, are excluded from this presentation.

## Electric Enterprise Operations

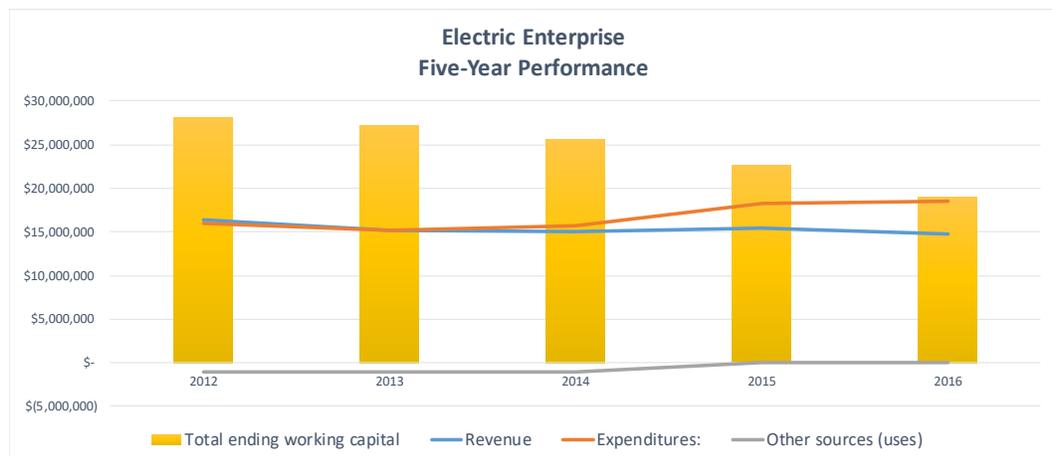
Revenues from rates were less than total expenditures for the year. Operating costs have steadily increased over the last five-year period with relatively large increases in 2015 and 2016 of \$1.6 million and \$870,335, respectively. As a result, the working capital of the enterprise has decreased nearly \$10 million, or 33 percent.

Given this past erosion, the electric enterprise maintains a healthy reserve and working capital of 128 percent of current revenue for the year. Of that, \$11.9 million (81 percent) of working capital relative to current revenues was available to support operations.

As of the date of this letter, the City Council has taken steps to better provide resources to the electric utility by addressing service rates. The Council moved to begin a phased-in approach to electric rates beginning in January, 2017. Annual rate adjustments averaging three percent will occur over the next four years.

Additionally, the City maintains a public benefit program to assist low income customers with the cost of their electric service. This program, however, has expended more resources than were available in 2015-16, requiring a short-term loan of \$51,424 from the electric operating fund. Management is developing a strategy to correct this imbalance and will make a subsequent recommendation to Council by June, 2017.

ELECTRIC ENTERPRISE Five-Year Trend	Fiscal Year Ended June 30,				
	2012	2013	2014	2015	2016
Revenue	16,329,459	15,177,990	15,080,656	15,413,370	14,789,340
Expenditures:					
Operating	12,279,037	12,679,304	12,829,515	14,496,789	15,367,124
Debt service	2,033,125	2,035,312	2,037,187	2,076,253	2,095,715
Capital outlay	1,637,808	426,194	860,408	1,730,441	1,013,394
Total expenditures	15,949,970	15,140,810	15,727,110	18,303,483	18,476,233
Excess (deficiency)	379,489	37,180	(646,454)	(2,890,113)	(3,686,893)
Other sources (uses)	(1,065,910)	(1,029,127)	(1,009,418)	-	623
Change in working capital	\$ (686,421)	\$ (991,947)	\$ (1,655,872)	\$ (2,890,113)	\$ (3,686,270)
Beginning working capital	28,824,415	28,137,994	27,146,047	25,490,175	22,600,062
Ending working capital, reserved for:					
Rate stabilization	-	-	-	-	-
Restricted	-	-	-	-	109,595
Debt service	4,043,341	4,043,341	4,043,341	4,043,341	4,043,341
Capital	-	-	-	-	2,848,748
Operations	24,094,653	23,102,706	21,446,834	18,556,721	11,912,108
Total ending working capital	\$ 28,137,994	\$ 27,146,047	\$ 25,490,175	\$ 22,600,062	\$ 18,913,792

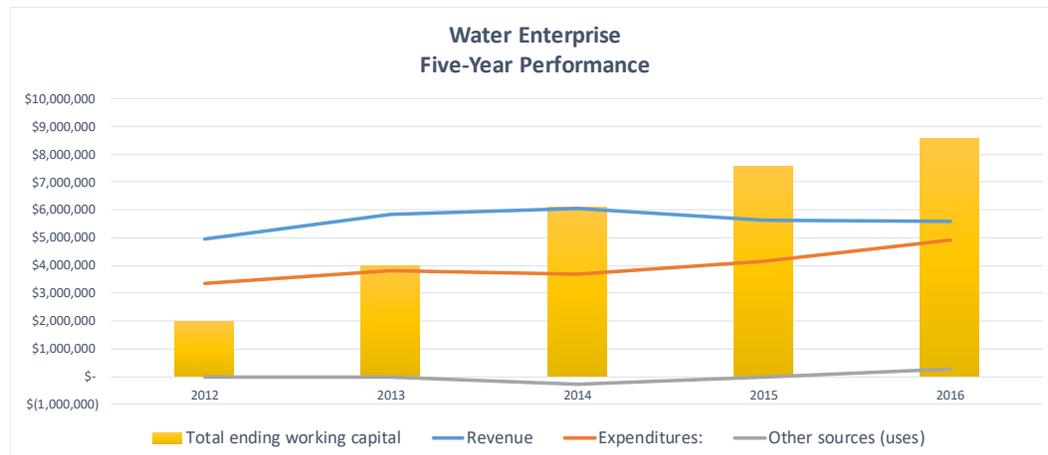


## Water Enterprise Operations

Revenues from rates exceeded expenditures by \$690,464. Transfers into the fund further added to its working capital by \$271,227, bringing its total to \$8.57 million, or 153 percent of current revenue for the year. Of that, \$2.1 million (38 percent) of working capital relative to current revenues was available to support operations, a comfortable cushion to protect operations for adverse conditions.

The fund has performed well over the last five years, but expenditures relative to revenue have been increasing. This is something we will be watching closely and making appropriate recommended adjustments to operational spending where necessary.

WATER ENTERPRISE Five-Year Trend	Fiscal Year Ended June 30,				
	2012	2013	2014	2015	2016
Revenue	4,943,509	5,847,196	6,063,225	5,640,655	5,593,810
Expenditures:					
Operating	2,174,248	2,446,509	2,487,945	2,621,130	3,415,743
Debt service	1,088,369	1,075,780	1,066,651	1,013,800	600,302
Capital outlay	83,969	279,693	137,327	520,893	887,301
Total expenditures	3,346,586	3,801,982	3,691,923	4,155,823	4,903,346
Excess (deficiency)	1,596,923	2,045,214	2,371,302	1,484,832	690,464
Other sources (uses)	-	(15,000)	(250,000)	-	271,227
Change in working capital	\$ 1,596,923	\$ 2,030,214	\$ 2,121,302	\$ 1,484,832	\$ 961,691
Beginning working capital	373,400	1,970,323	4,000,537	6,121,839	7,606,671
Ending working capital, reserved for:					
Rate stabilization	-	-	-	-	-
Restricted	-	-	-	-	1,285,254
Debt service	-	-	-	-	-
Capital	-	-	-	-	5,141,017
Operations	1,970,323	4,000,537	6,121,839	7,606,671	2,142,091
Total ending working capital	\$ 1,970,323	\$ 4,000,537	\$ 6,121,839	\$ 7,606,671	\$ 8,568,362

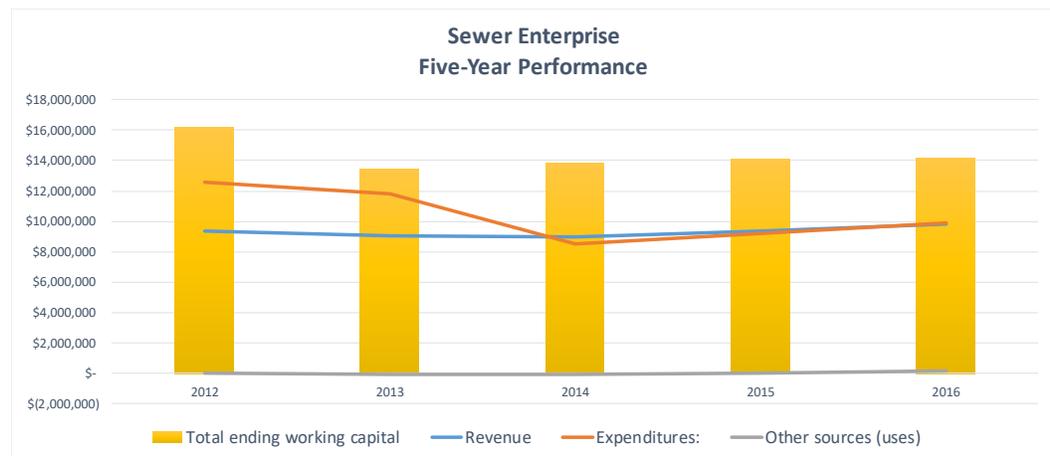


## Sewer Enterprise Operations

Expenditures exceeded revenue from rates by \$71,872. Transfers into the fund fully offset the overrun, however, adding to its working capital \$130,441 and bringing its total to \$14.18 million, or 144 percent of current revenue for the year. Of that, \$6.3 million (64 percent) of working capital relative to current revenues was available to support operations, a comfortable cushion to protect operations for adverse conditions.

The fund has performed nominally over the last five years, with expenditures and revenues tracking closely. This is problematic for the fund, however, as it makes continued investments in significant capital outlay increasingly challenging. This is something we will be watching closely and making appropriate recommended adjustments to operational spending where necessary.

SEWER ENTERPRISE Five-Year Trend	Fiscal Year Ended June 30,				
	2012	2013	2014	2015	2016
Revenue	9,347,024	9,085,498	8,956,123	9,394,906	9,838,802
Expenditures:					
Operating	6,329,228	6,342,258	3,190,205	3,351,625	3,164,746
Debt service	5,307,129	5,288,494	5,281,493	5,278,494	4,842,900
Capital outlay	953,783	158,112	52,295	578,890	1,903,028
Total expenditures	12,590,140	11,788,864	8,523,993	9,209,009	9,910,674
Excess (deficiency)	(3,243,116)	(2,703,366)	432,130	185,897	(71,872)
Other sources (uses)	-	(18,000)	(68,000)	-	202,313
Change in working capital	\$ (3,243,116)	\$ (2,721,366)	\$ 364,130	\$ 185,897	\$ 130,441
Beginning working capital	19,460,405	16,217,289	13,495,923	13,860,053	14,045,950
Ending working capital, reserved for:					
Rate stabilization	-	-	-	-	2,933,236
Restricted	-	-	-	-	443,959
Debt service	3,786,579	3,786,579	3,786,579	3,786,579	3,786,579
Capital	-	-	-	-	715,845
Operations	12,430,710	9,709,344	10,073,474	10,259,371	6,296,772
Total ending working capital	\$ 16,217,289	\$ 13,495,923	\$ 13,860,053	\$ 14,045,950	\$ 14,176,391



## Major Initiatives

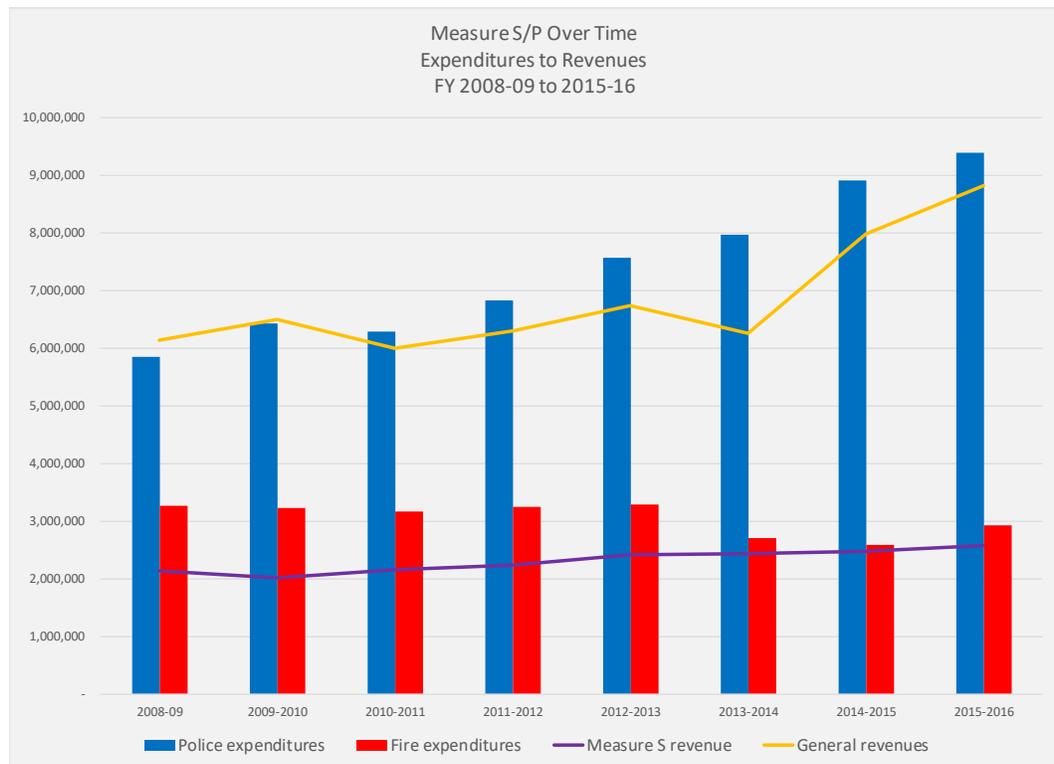
The Ukiah City Council, through a strategic process of discussion, observation, and education, has developed the following set of focused priorities that help guide the development and implementation of policies, activities, and programs. These four areas are in no way all-encompassing of the City's scope of work nor are they finite; rather, the strategic planning process is considered evolutionary and vision-based. All of these areas work to further promote the vibrancy and sustainability of the Ukiah community and the organization.

- Develop a prioritized plan for maintaining and improving public infrastructure.
- Planning Valley-Wide takes place based on sound planning principles.
- Facilitate the development of a sound local economy that attracts investment, promotes economic diversity, supports businesses, creates employment opportunities, and generates public revenues.
- Council and staff work together to create a more responsive and effective workplace environment.

## Measure P

Measure P, passed by a simple majority (50 percent plus 1) of Ukiah voters in November of 2014, is a general (unrestricted) transaction and use tax. A general, unrestricted tax is one that can be used to fund any program, function, service, or project at the discretion of the City Council. It is not a special, restricted tax, which would require approval of two-thirds of the voting public. It continued a sun-set transaction and use tax, known as Measure S (2005), accompanied by an advisory Measure T (2005). Measure P, however, was passed with no advisory measure.

The purpose of Measure P is to augment public safety expenditures to provide a higher level of police and fire service to the community. Amounts collected from the tax are to be used in addition to the commitment of the general fund and not in replacement of. The following graph demonstrates how the past revenue measure (S) and now Measure P have been employed with relation to the general fund.



Every year, the City Council appropriates resources in the amount of revenue expected from Measure P for projects, programs, and activities that are in the spirit of the measure. The City Council has committed these funds to enhance the general fund activities in public safety. Below is a schedule of what those were and what resources were allocated to them.

Fiscal Year 2015-16  
Eligible Measure P Costs  
Comparative

Expenditure Uses by Category	Measure P Baseline FY 2014-15	FY 2015-16	Increase (Decrease)
Police:			
Sworn officers (Note 1)	32	32	-
Misc personnel (Note 2)	18	19	1
Personnel	\$ 6,049,608	\$ 6,684,697	\$ 635,088
Operations (Note 3)	2,660,085	2,488,139	(171,946)
Capital	186,594	206,006	19,412
<b>Total police (Note 4)</b>	<b>8,896,287</b>	<b>9,378,842</b>	<b>482,555</b>
Fire:			
Firefighters:			
City	11	11	-
UVFD	6	6	-
Personnel	1,506,406	1,721,394	214,988
Operations:			
Contractual	516,180	393,179	(123,001)
Other	530,822	778,557	247,736
Capital	30,400	31,129	730
<b>Total fire</b>	<b>2,583,807</b>	<b>2,924,260</b>	<b>340,453</b>
<b>Total public safety</b>	<b>11,480,094</b>	<b>12,303,102</b>	<b>823,008</b>
<b>Dedicated Revenue Sources</b>			
Measure P transaction and use tax	2,465,521	2,563,698	98,177
Public safety revenue:			
Police	262,254	277,132	14,878
Fire	37,235	73,828	36,593
Other (Note 5)	739,607	574,112	(165,495)
<b>Total revenue</b>	<b>3,504,617</b>	<b>3,488,770</b>	<b>(15,847)</b>
Excess (deficiency) revenues over expenditures	<u>(7,975,477)</u>	<u>(8,814,332)</u>	<u>(838,855)</u>
<b>Other Financing Sources</b>			
General revenues, general fund	7,975,477	8,814,332	838,855
Remaining resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Notes:

- 1) The City budgeted for 32 officers in FY 15-16. Actual number of filled positions fluctuated higher and lower due to illness/injury/attrition
- 2) Increase reflects addition of a dispatch supervisor.
- 3) Includes dispatch services.
- 4) Excludes parking enforcement expenditures.
- 5) Includes dispatch service revenue, except for general fund contributions. Excludes parking enforcement revenues.

## Relevant Financial Policies

City Management has adopted a series of financial policies meant to guide its use and reporting of revenues. Some of the more germane policies as related to this report include the following:

- All current operating expenditures will be paid for with current revenues, unless the use of reserves is approved by the City Council.
- Revenues will be conservatively estimated.
- Intergovernmental assistance in the form of grants and loans will be used to finance only:
  - Those capital improvements which can be maintained and operated over time; or
  - Operating programs that can either be sustained over time or have a limited horizon.
- A minimum fund balance reserve in the General Fund will be maintained at all times. The minimal, optimal level required for this reserve will be 25 percent of the General Fund operating budget. The reserve will be drawn down as a funding source of last resort and used only after other reserve accounts have been accessed.
- The unappropriated fund balance in the General Fund will be maintained at a level sufficient to provide adequate working capital and to accommodate required adjustments to other reserve accounts, including the reserves for advances to other funds, deposits and prepaid items.
- In general, one-time revenues will be used only to support capital or other non-recurring expenditures. One-time revenues may be used for operating programs only after an examination determines if they are subsidizing an imbalance between operating revenues and expenditures; and then only if a long-term forecast shows that the operating deficit will not continue.
- The City invests all idle cash as determined by analysis of anticipated cash flow needs. Specific emphasis will be placed on future cash requirements when selecting maturity dates to avoid forced liquidations and the potential corresponding loss of investment earnings.
- The General Fund currently does not have any general obligation bonds and does not anticipate issuing such debt.
- When the City finances capital projects by issuing bonds or acquiring loans, it will pay back those obligations within a period that is consistent with the useful life of the project.
- The City requires an annual audit of the books of account, financial records, inventories and reports of all City officers and employees involved in the handling of financial matters by a qualified independent auditor.

Information concerning significant accounting policies affecting the finances of the City is summarized in the Notes to the Financial Statements.

## Acknowledgements

The preparation of this Comprehensive Annual Financial Report could not be accomplished without the efficient and dedicated service of the entire staff of the Finance Department, the City's Management Team, and the auditing firm of Van Lant & Fankhanel, LLP.

We would like to express our appreciation to Brett Van Lant, CPA; Greg Fankhanel, CPA; the staff of Van Lant & Fankhanel; and to the members of the Finance Department, City Manager's Office, and other administrative departments who assisted and contributed to its development.

We also would like to thank members of the City Council and all City departments for their cooperation and support in planning and conducting the financial operations of the City during the fiscal year.

Respectfully submitted,



---

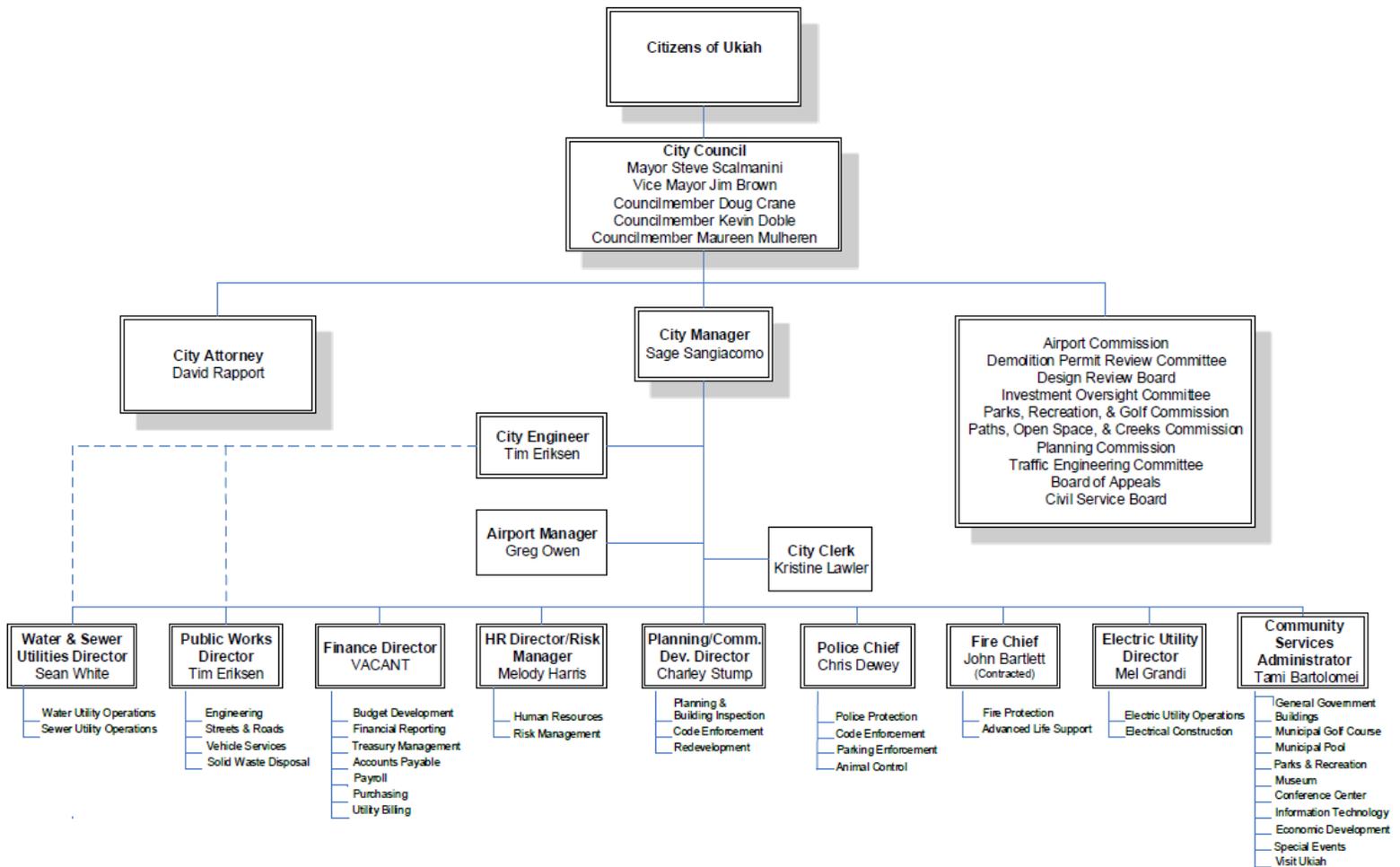
SAGE SANGIACOMO  
CITY MANAGER



---

DANIEL BUFFALO, MPA, CPA, CGMA  
FINANCE DIRECTOR

# Organization Chart



---

## **City Officials**

---

*Mayor*  
*Vice Mayor*  
*Councilmember*  
*Councilmember*  
*Councilmember*

**Stephen G. Scalmanini**  
**Jim O. Brown**  
**Kevin Doble**  
**Maureen Mulheren**  
**Douglas F. Crane**

*City Manager*

**Sage Sangiacomo**

*Electric Director*  
*Finance Director*  
*Human Resources Director*  
*Police Chief*  
*Fire Chief*  
*Planning Director*  
*Public Works Director*  
*Water and Sewer Director*  
*City Attorney*  
*City Clerk*

**Mel Grandi**  
**(Vacant)**  
**Melody Harris**  
**Chris Dewey**  
**John Bartlett**  
**Charley Stump**  
**Tim Eriksen**  
**Sean White**  
**David Rapport**  
**Kristine Lawler**



---

## ***Financial Section***

---

*Independent Auditor's report, Management's discussion and analysis, basic financial statements and notes to the financial statements.*



## Independent Auditor's Report

The Honorable City Council  
City of Ukiah, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Ukiah (the "City"), as of and for the year ended June 30, 2016, 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 an opinion 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 the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Ukiah, as of June 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City's basic financial statements. The introductory section, the schedules listed in the supplementary information section of the table of contents, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedules listed in the supplementary information section of the table of contents 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 schedules listed in the supplementary information section of the table of contents 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 a report dated March 28, 2017 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Van Lant & Fankhaed, LLP*

March 28, 2017

---

## ***Management's Discussion and Analysis***

---

---

## MANAGEMENT'S DISCUSSION AND ANALYSIS

---

As management of the City of Ukiah (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2016. Please read it in conjunction with the accompanying basic financial statements.

This analysis is organized into sections, moving from highlights of FY 2015-16, through descriptions of the financial statements and analysis of the selected information. The final section discusses some of the City's financial processes and the upcoming budget outlook.

Note: Unless otherwise indicated, all amounts are *expressed in thousands of dollars*.

### 1. FINANCIAL HIGHLIGHTS

- The City's total net position increased 3% to \$102,104 from \$98,961 a year ago.
- Governmental activities net position ended the year at \$20,705 up 3% from \$20,100 in the prior year while the net position for Business Type activities was up 3% to \$81,399 from \$78,861 in 2015.
- Total tax revenue, other governmental revenues and business activity revenues were higher than expenses by \$3,142.
- Total revenues from all sources were \$51,319, up 3% from \$49,987 in the prior year.
- The total cost of all activities was \$48,177, down from the prior year at \$53,753.
- General Fund revenues exceeded expenditures by \$11,020 (actual dollar amount, not expressed in thousands) before transfers.

### 2. USING THIS ANNUAL REPORT

This annual report consists of five parts – management's discussion and analysis (this portion), the basic financial statements, the required supplemental information, an optional section that presents combining statements for non-major governmental funds and enterprise funds and a statistical section. The basic financial statements include two kinds of statements that present different views of the City:

(1) The first two statements are government-wide financial statements that provide both long-term and short-term information about the City's *overall* financial status. These include the Statement of Net Position and the Statement of Activities.

(2) The remaining statements are *fund financial statements* that focus on individual parts of the City government, reporting on the City's operations in more detail than the government-wide statements.

- The *governmental funds* statements tell how *general governmental* services like public safety were financed in the short-term as well as what remains for future spending.
- Proprietary fund statements offer short and long-term financial information about activities the government operates *like businesses*, such as the electric, water and wastewater funds business-type activities.

Figure A-1 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of Management's discussion and analysis explains the structure and contents of each of the statements.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Figure A-1**  
**Major Features of City of Ukiah's Government-wide and Fund Financial Statements**

	Government-wide Statements	Fund Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire city government	The activities of the City that are not proprietary or fiduciary, such as police, fire, and parks	Activities the City operates similar to private businesses: such as electric, water, and wastewater systems.
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of revenues expenses, and changes in net position</li> <li>• Statement of cash flows</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

**Government-wide Statements**

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes *all* the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's *net position* and how it has changed. Net position – the difference between the City's assets, deferred outflows, liabilities, and deferred inflows – is one way to measure the City's financial health, or *position*. Over time, increases or decreases in the City's net position is an indicator of whether its financial health is improving or deteriorating, respectively.

The government-wide financial statements of the City are divided into two categories:

*Governmental activities* – All of the City's basic services are considered to be governmental activities, including general government, community development, public safety, public works, and community services. Property taxes, sales taxes, vehicle license fees, transient occupancy taxes, and franchise fees finance most of these activities.

*Business-type (Proprietary) activities* –The City charges a fee to customers to cover all or most of the cost of the services provided. The City's utility services (water, wastewater and electric), street lighting, parking, airport, golf course, and conference center are reported in this category.

## **Fund Financial Statements**

The fund financial statements provide more detailed information about the City's most significant funds. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law.
- The City establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants. The City maintains three fund categories (governmental, proprietary, and fiduciary) and various fund types within those categories:
- *Governmental funds* – Most of the City's basic services are included in governmental funds, which focus on (1) *how cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term view* that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them. The City maintains three fund types in the governmental fund category: general, special revenue, and capital. These funds are accounted for using the current financial resources measurement focus and modified accrual basis.
- *Proprietary funds* – Services for which the City charges internal and external customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-and short-term financial information using the economic resources measurement focus and full accrual basis of accounting.
  - In fact, the City's enterprise funds (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flows.
  - The City's internal service funds are another type of proprietary fund used to account for activities charged to other funds on a cost reimbursement basis.
- *Fiduciary funds* – The City maintains two fund types in this category: agency and private purpose trust funds. They are used to account for resources held by the City but not necessarily available for its use, Such funds include resources held by the City on behalf the Ukiah Valley Sanitation District, the Russian River Watershed Association, and the Ukiah Redevelopment Successor Agency. The City accounts for these funds using the economic resources measurement focus and full accrual basis of accounting.

### **3. FINANCIAL ANALYSIS OF GOVERNMENT WIDE STATEMENTS**

The Summary of Net Position (Table 1) and Summary of Changes in Net Position (Table 2) present the City's governmental and business activities in total for the years ending June 30, 2016 and June 30, 2015.

The City accounts for general government functions such as police, fire, public works, community development and other community services in the General and Special Revenue funds categorized as Governmental Activities on Table 1. The City accounts for its utilities, including electric, water, wastewater and solid waste disposal as proprietary enterprise funds. The airport, parking district, golf course, conference center, street lighting system are also accounted for as enterprise funds. These funds are categorized as Business Type Activities on Table 1. Internal service funds are consolidated with either governmental or business-type activities for government-wide reporting.

The City's combined net position for the fiscal year ended June 30, 2016 was \$102,103. The City's net position for governmental activities increased 3% from \$20,100 to \$20,705. Business-type activities net position increased 3% from \$78,861 to \$81,398. The Net Position's restricted amounts are restricted funding sources for specific purposes by various agreements or restricted uses of revenues. Unrestricted Governmental and Business-type net position included assets received for specific purposes and amounts accumulated for capital assets.

For fiscal year 2016, the Electric Utility transferred \$894 to the General Fund as payment in lieu of taxes that would be charged to an outside provider. This amount is calculated at 7% of electric revenues.

---

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

---

Table 1  
**Summary of Net Position**  
For the Fiscal Years Ended June 30, 2016 and 2015  
*(Full Accrual, in Thousands)*

	Governmental		Business-type		Total	
	Activities		Activities			
	2016	2015	2016	2015	2016	2015
<b>Assets:</b>						
Current and other assets	17,964	20,062	54,321	56,270	72,285	76,332
Non current assets	36,349	34,500	132,433	132,182	168,782	166,682
<b>Total assets</b>	<u>54,313</u>	<u>54,562</u>	<u>186,754</u>	<u>188,452</u>	<u>241,067</u>	<u>243,014</u>
<b>Deferred outflows of resources</b>	<u>4,385</u>	<u>2,951</u>	<u>1,679</u>	<u>639</u>	<u>6,064</u>	<u>3,590</u>
<b>Liabilities:</b>						
Current liabilities	1,392	1,307	2,929	2,386	4,321	3,693
Non current liabilities	32,407	31,095	102,703	106,820	135,110	137,915
<b>Total liabilities</b>	<u>33,799</u>	<u>32,402</u>	<u>105,632</u>	<u>109,206</u>	<u>139,431</u>	<u>141,608</u>
<b>Deferred inflows of resources</b>	<u>4,193</u>	<u>5,061</u>	<u>1,403</u>	<u>1,024</u>	<u>5,596</u>	<u>6,085</u>
<b>Net position:</b>						
Capital Assets	29,089	27,625	54,757	50,088	83,846	77,713
Restricted						
Public Safety	218	704			218	704
Public Works	1,308	1,471			1,308	1,471
Housing & Community Development	10,659	10,678			10,659	10,678
Parks & Recreation	78	78			78	78
Debt Service		-	2,072	2,072	2,072	2,072
NCPA projects		-	355	468	355	468
Unrestricted	<u>(20,647)</u>	<u>(20,456)</u>	<u>24,215</u>	<u>26,233</u>	<u>3,568</u>	<u>5,777</u>
<b>Total net position</b>	<u>20,705</u>	<u>20,100</u>	<u>81,399</u>	<u>78,861</u>	<u>102,104</u>	<u>98,961</u>

*(in Thousands)*

Note: FY 2015 assets changed to reflect Inventory and Land held for resale as a current asset and Internal Balances as non-current.

In Table 2, Governmental revenues increased by \$ 1,278 or 7% due primarily to increased operating grants and taxes, offset in part by decreases in capital grants and other revenues. Expenses decreased by \$67 or less than 1% with the continuation of a cost allocation plan and the completion of projects.

Business type revenues increased by \$54 reflecting slightly lower charges for services due to lower electric and water usage with a higher interest received for money held by the funds. Expenses decreased \$5,643 as the

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

increase in the landfill closure liability was significantly less than FY2015 and both the Electric Utility and the Airport had decreases in expenses.

**Table 2**  
**Statement of Change in Net Position**  
 For the Fiscal Years Ended June 30, 2016 and 2015  
*(Full Accrual, in Thousands)*

	Governmental		Business-type		Total	
	Activities		Activities			
	2016	2015	2016	2015	2016	2015
<b>Revenues:</b>						
Program revenues:						
Charges for services	1,599	1,482	32,129	32,266	33,728	33,748
Operating grants and contributions	2,284	1,472	-	-	2,284	1,472
Capital grants and contributions	860	889	10	25	870	914
Taxes	13,438	12,833	23	15	13,461	12,848
From other agencies	-	-	-	-	-	-
Use of money	323	337	650	449	973	786
Misc.	3	216	-	3	3	219
<b>Total revenues</b>	<b>18,507</b>	<b>17,229</b>	<b>32,812</b>	<b>32,758</b>	<b>51,319</b>	<b>49,987</b>
<b>Expenses:</b>						
General government	143	773	-	-	143	773
Public safety	11,081	10,564	-	-	11,081	10,564
Public works	2,555	2,848	-	-	2,555	2,848
Housing & Community Development	892	348	-	-	892	348
Parks & Recreation	2,758	2,829	-	-	2,758	2,829
Electric	-	-	15,779	16,140	15,779	16,140
Water	-	-	3,930	3,783	3,930	3,783
Sewer	-	-	8,621	8,230	8,621	8,230
Solid Waste Disposal Site (closed)	-	-	389	5,951	389	5,951
Parking District	-	-	163	138	163	138
Street Lighting	-	-	315	258	315	258
Airport	-	-	1,109	1,466	1,109	1,466
Conference Center	-	-	393	377	393	377
Golf Course	-	-	49	48	49	48
<b>Total expenses</b>	<b>17,429</b>	<b>17,362</b>	<b>30,748</b>	<b>36,391</b>	<b>48,177</b>	<b>53,753</b>
Change in Net Position before Transfers	1,078	(133)	2,064	(3,633)	3,142	(3,766)
Net Transfers	(473)	-	473	-	-	-
<b>Change in Net Position</b>	<b>605</b>	<b>(133)</b>	<b>2,537</b>	<b>(3,633)</b>	<b>3,142</b>	<b>(3,766)</b>
Beginning Net Position	20,100	45,271	78,861	80,371	98,961	125,642
Restatement of Net Position	-	(25,038)	-	2,123	-	(22,915)
<b>Ending Net Position</b>	<b>20,705</b>	<b>20,100</b>	<b>81,398</b>	<b>78,861</b>	<b>102,103</b>	<b>98,961</b>

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Governmental Activities**

Table 3 presents the cost of each of the City's major governmental programs for FY 2015-16 and FY 2014-15.

On a full accrual basis, including financing and capital costs as reported under GASB 34, the City's total cost of governmental activities increased by less than 1%. The decreases in General Government, Public Works and Parks & Recreation were offset by increases in Public Safety and Community Development. Governmental expenses reflect a wide variety of projects and on-going activities, many of which are supported in part by program fees or other funding sources.

Table 3  
**Cost of Governmental Activities**  
 For the Fiscal Years Ended June 30, 2016 and 2015  
*(Full Accrual, in Thousands)*

	Total Cost to Provide Services		Cost Change	Percentage Change
	2016	2015		
General Government	143	773	(630)	-82%
Public Safety	11,081	10,564	517	5%
Public Works	2,555	2,848	(293)	-10%
Community Development	892	348	543	156%
Parks & Recreation	2,758	2,829	(72)	-3%
	<u>17,429</u>	<u>17,362</u>	<u>67</u>	<u>0%</u>

The City's PERS retirement benefits costs increased by \$17 from 2015 to 2016 (to \$3,463 from \$3,446).

General government services, functions that support Public Safety and all the other City services, include the City Council, City Clerk, City Treasurer, City Attorney, and the City Manager's office as well as Finance, Administrative Services, Legal, Human Resources, Risk Management, and any other programs not specifically identified. The decrease of \$630 is primarily due the net effect of pension activities by CalPERS for the year as well as the effects of the cost allocation of general government services to other government City services and Business-type activities.

Public Safety is the largest component of governmental activities. The majority of public safety cost is for personnel. Police salaries and overtime increased by \$348. Fire salaries and overtime decreased by \$364 with the combining of the Fire Department with the Ukiah Valley Fire District.

Parks and Recreation activities include a wide range of services to the public. Principal activities include maintaining all City parks and other landscaped areas, managing a modern museum, providing a year round calendar of youth and adult recreation programs, and operating a public swimming pool. The recreation programs are primarily self-funded through user fees and cooperative use agreements with the school systems and others.

Community Development is primarily grant-funded projects. FY 2015-16 expenses included \$575 for the Multi-Unit Residential Rehab program and \$131 for the Visit Ukiah TOT program.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Business Type Activities**

The City's net position for business-type activities in continuing operations resulted in a \$1,639 increase in net position or 5% of total revenues (before revenue from the use of money and property and transfers to other funds), compared with a \$1701 increase, or 5% in 2015. The Solid Waste Disposal Site was closed in 2001 and its current position is presented separately so as to not distort the results of continuing operations presented on Table 4.

Table 4

**Statement of Operating Income and Expenses - Business Type Funds**

For the Fiscal Years Ended June 30, 2016 and 2015

*(Full Accrual, in Thousands)*

	Operating Expenses		Operating Revenue		Increase (decrease) From Operations			
	2016	2015	2016	2015	2016		2015	
Electric	15,779	16,140	15,077	15,244	(702)	-5%	(896)	-6%
Water	3,930	3,783	5,447	5,579	1,517	28%	1,796	32%
Sewer	8,621	8,230	9,668	9,264	1,047	11%	1,034	11%
Street Lights	315	258	187	186	(128)	-68%	(72)	-39%
Airport	1,109	1,466	1,113	1,349	4	0%	(117)	-9%
Parking	163	138	87	91	(76)	-87%	(47)	-52%
Golf Course	49	48	68	86	19	28%	38	44%
Conference Center	393	377	351	342	(42)	-12%	(35)	-10%
<b>Total</b>	<b>30,359</b>	<b>30,440</b>	<b>31,998</b>	<b>32,141</b>	<b>1,639</b>	<b>5%</b>	<b>1,701</b>	<b>5%</b>

**Closed Program**

Solid Waste Disposal Site	389	5,951	132	126	(257)	(5,825)
---------------------------	-----	-------	-----	-----	-------	---------

Electricity purchase costs increased from \$8,307 last year to \$8,660 in FY 2015-16, while rates charged by the Utility were held constant. Purchase costs represented 55% of the Operating Expenses for FY 2015-16 up from 53% in FY 2014-15. The Electric Utility transferred \$894 to the General Fund as a franchise fee that would be charged to an outside provider. This amount is calculated at 7% of the electric revenues.

Annual water revenue was down 2% from the prior year.

The non-major operations of Parking District, Street Lighting and Conference Center continue to be unable to fully fund operating expenses after depreciation. Management will continue its effort to improve marketing, restructure operations and reduce operating costs in relation to revenue.

The Solid Waste Disposal Site was closed in 2001 and State regulations require the site to be monitored for 30 years with funds set aside for closure expenses, post-closure expenses, and contingencies. The City is working with the regulatory agencies to complete the formal closure of the site.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**4. FINANCIAL ANALYSIS OF THE FUND STATEMENTS**

**Governmental Funds**

The total increase in government revenues was \$629 or 4% from \$17,708 to \$18,337. Increases in Sales and Use Tax (\$847) and Transit Occupancy Tax (\$168) reflecting improving growing economy, were offset in part by a decrease in the Property Tax (\$198) and Franchise Fees (\$129).

The governmental expenses increased by \$1,733 or 10% due primarily to increases in public safety and capital outlay costs.

Table 5

**Revenue, Expenditure and Fund Balance Summary: Governmental Funds**

For the Fiscal Years Ended June 30, 2016 and 2015

*(Modified Accrual Basis, Stated in Thousands)*

	General Fund		Other Governmental Funds		Total Governmental Funds	
	2016	2015	2016	2015	2016	2015
<b>Revenues:</b>						
Taxes and Franchise Fees	13,503	12,816	-	-	13,503	12,816
Licenses and permits	342	186	-	-	342	186
Fines, forfeitures & penalties	79	59	-	-	79	59
Interest, Rents and Concessions	162	219	174	113	336	332
Intergovernmental	165	183	2,746	2,866	2,911	3,049
Charges for services	714	883	41	150	755	1,033
Miscellaneous	360	148	51	85	411	233
<b>Total revenues</b>	<b>15,325</b>	<b>14,494</b>	<b>3,012</b>	<b>3,214</b>	<b>18,337</b>	<b>17,708</b>
<b>Expenses</b>						
Current						
General Government	392	839	151	13	542	852
Public Safety	10,829	9,754	268	475	11,097	10,229
Public Works	1,847	2,011	326	327	2,173	2,338
Housing & Community Development	148	203	722	125	870	328
Parks & Recreation	2,081	1,982	535	711	2,616	2,693
Capital Outlay	17	311	2,596	1,428	2,613	1,739
<b>Total expenses</b>	<b>15,314</b>	<b>15,100</b>	<b>4,598</b>	<b>3,079</b>	<b>19,912</b>	<b>18,179</b>
Excess(Deficiency)of revenues over Expenditures	11	(606)	(1,586)	135	(1,575)	(471)
<b>Other Financing Sources(Uses):</b>						
Transfers In	345	712	595	637	940	1,349
Transfers Out	(503)	(461)	(910)	(917)	(1,413)	(1,378)
<b>Total Other Financing Sources</b>	<b>(158)</b>	<b>251</b>	<b>(315)</b>	<b>(280)</b>	<b>(473)</b>	<b>(29)</b>
Net Change in Fund Balances	(147)	(355)	(1,901)	(145)	(2,048)	(500)
Fund Balances July 1	5,360	5,056	17,094	10,153	22,454	15,209
Prior Period Adjustment	-	659	-	7,086	-	7,745
<b>Fund Balances, June 30</b>	<b>5,213</b>	<b>5,360</b>	<b>15,193</b>	<b>17,094</b>	<b>20,406</b>	<b>22,454</b>

---

## MANAGEMENT'S DISCUSSION AND ANALYSIS

---

The voter approved one-half percent sales tax went into effect in October 2005. In FY 2015-16, revenue from this tax increased by 4% from \$2,466 to \$2,564 reflecting continued economic improvement and the further establishment of Ukiah as an economic hub for the greater Mendocino County area, including parts of Lake, Humboldt, and Sonoma Counties.

Other Governmental Funds Revenue classified as "Intergovernmental" include many Federal, State or Special District grants which vary dramatically from year to year. In FY 2013-14, the intergovernmental revenues were \$2,017, which increased in FY 2014-15 to \$2,866 but decreased to \$2,746 in FY 2015-16. The largest components of this year's grants were \$1,351 for the Museum Prop 84 grant and \$569 for CDBG.

Current General Fund expenditures increased 1% from \$15,100 to \$15,314. General Fund Capital Outlay decreased from \$311 in FY 2014-15 to \$17 in FY 2015-16 as projects were completed. Other Governmental Funds saw a 49% increase in expenditures primarily in Capital Outlay largely associated with the Museum Grants.

The net change in fund balance in the General Fund for FY 2015-16 was a decrease of \$147, as compared to a decrease of \$355 in FY 2014-15. The net change in fund balances for the Other Governmental Funds was a decrease of \$1,901 in FY 2015-16 as compared to an increase of \$6,941 in FY 2014-15 (which included a prior period adjustment).

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**5. GENERAL FUND BUDGETARY HIGHLIGHTS**

Actual General Fund revenues exceeded budget by \$87, a variance of 1%. Total tax revenues exceeded the budget by 2%, with the sales and use tax over budget by \$199 (3%), transient occupancy taxes exceeded budget by \$177 or 17%, offset in part by Property Tax which was under the budgeted amount by \$144 or 4%.

Total General Fund expenditures finished the year over budget by \$392 driven by a \$981 or 9% increase in Public Safety spending.

Table 6  
**Revenue, Expenditure and Changes in Fund Balance Summary-Budget to Actual-General Fund**  
 For the Fiscal Year Ended June 30, 2016  
*(Full Accrual, Stated in Thousands)*

	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget
<b>Revenues:</b>			
Taxes	13,240	13,503	263
Licenses and permits	279	342	63
Fines, forfeitures & penalties	64	79	15
Interest, Rents and Concessions	197	162	(35)
Intergovernmental	146	165	19
Charges for services	983	714	(269)
Miscellaneous	329	360	31
<b>Total revenues</b>	<b>15,238</b>	<b>15,325</b>	<b>87</b>
<b>Expenses</b>			
Current			
General Government	447	392	(55)
Public Safety	9,848	10,829	981
Public Works	2,114	1,847	(267)
Housing & Community Development	371	148	(223)
Parks & Recreation	2,125	2,081	(44)
Capital Outlay	17	17	-
<b>Total expenses</b>	<b>14,922</b>	<b>15,314</b>	<b>392</b>
Excess(Deficiency)of revenues over Expenditures	316	11	(305)
<b>Other Financing Sources(Uses):</b>			
Transfers In	326	345	19
Transfers Out	(411)	(503)	(92)
Total Other Financing Sources	(85)	(158)	(73)
Net Change in Fund Balances	231	(147)	(378)
Fund Balances July 1	5,360	5,360	-
<b>Fund Balances, June 30</b>	<b>5,591</b>	<b>5,213</b>	<b>(378)</b>

## **6. CASH MANAGEMENT**

The City contracts with Public Financial Management, Inc. (PFM), a specialist in municipal cash management, to direct its investments and maintain flexibility by utilizing a pooled cash system. Under the pooled cash concept, the City invests the cash of all funds to ensure maturities coincide with cash needs. Cash is invested in certain eligible securities, as constrained by law, and further limited by the City's investment policy. The goals of the City's investment policy are safety, liquidity, and yield. The City Council has appointed an Investment Oversight Committee, chaired by the elected City Treasurer, to direct and monitor the activities of PFM.

## **7. CAPITAL ASSETS**

The capital assets of the City are those assets that are used in performance of City functions including infrastructure assets. Capital Assets include equipment, buildings, land, park facilities, and roads.

At June 30, 2016, the value of capital assets of the governmental activities, net of accumulated depreciation, totaled \$28,804 and the value of capital assets of the business-type activities, net of accumulated depreciation, totaled \$134,078. Depreciation on capital assets is recognized in the Government-Wide financial statements but not in the Fund financial statements. Additional information regarding the City's capital assets can be found in the Notes to the Financial Statements.

## **8. CURRENT LIABILITIES AND LONG-TERM DEBT**

At year-end, current governmental liabilities are \$1,392 and business-type liabilities are \$2,929, which total \$4,321 and are \$628 higher than the prior year. The City has long-term governmental liabilities totaling \$32,407 and long-term business-type liabilities of \$102,703 for a total of \$135,110, which is a decrease of \$2,805.

Additional information regarding the City's outstanding debt can be found in the Notes to the Financial Statements.

## **9. NEXT YEAR'S BUDGET AND ECONOMIC FACTORS**

The Ukiah economy continues to move forward at a robust pace. Sales tax revenue continue to grow on an estimated average of 7 percent annually for the next 3 years. Property values also are expected to grow more than the 2 percent annually indexed inflationary factor prescribed by Prop 13 as home values increase and existing home sales trend upward. The Mendocino County region continued to lag behind the rest of the state in overall property value recovery, but it is headed in a positive direction. As the Ukiah economy grows, we see local businesses engage in more hiring and possible expansion. The success of these businesses is vital to the City's fiscal health.

The state's impact on, and relationship with, local government will continue to impose barriers to economic growth within the City and in unincorporated Mendocino County as a result of realignment and more draconian regulatory requirements on local government and small business. The imposition by the State on local government to solve the state's housing shortage crisis is one element that local governments – including Ukiah – will be forced to address with little meaningful help from Sacramento.

Maintaining and growing revenue streams to the City to support service delivery and quality of life for our community remains a high priority for staff. Existing sources to the general fund – predominately sales and property taxes – are stable, and our estimates for the future will continue to be conservative. Revenue for enterprise activities will be evaluated throughout the 2016-17 fiscal year to ensure charges for services are fair,

---

## MANAGEMENT'S DISCUSSION AND ANALYSIS

---

equitable, and sufficient to meet their operating and capital needs. Expenses, city-wide, related to personnel (primarily in health premium and pension costs) continue to increase at a substantial, though manageable, pace. We continue to look to find cost saving measures to help offset these expenses. The challenge remains providing the highest level and quality of service that the community needs, expects and deserves.

### Other Information

**Development:** A proposed Costco store in the City's Airport Business Park, is moving forward. All legal challenges were heard and successfully defended against. The City expects Costco to break ground on their new Ukiah store in the fall of 2017.

A lawsuit was filed by the Ukiah Valley Sanitation District (District) on October 18, 2013 seeking more that \$28 million in restitution for alleged overcharging of the District for services provided by the City pursuant to a series of agreements beginning in 1967. The City contests the allegations, and despite the best efforts of the City to come to mediation with the District, the lawsuit moves forward.

### Summary

The City continues to manage a general fund with limited resources and provide high-quality services to the community without jeopardizing its financial well-being. Management takes a proactive approach to ensuring this. Ukiah's revenue base is growing. That, along with a combination of prudent expenditure control and value added investments in infrastructure, will move this organization forwarded securely in the promise to provide the best quality public services to the citizenry of Ukiah that it deserves and can afford.

## 10. CONTACTING THE CITY'S FINANCIAL MANAGEMENT TEAM

This financial report is designed to provide citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City's Finance Department at (707) 463-6220, Finance Department, City of Ukiah, 300 Seminary Ave, Ukiah, California 95482 or online: at <http://www.cityofukiah.com>.

---

# ***Basic Financial Statements***

---

**City of Ukiah**  
**Statement of Net Position**  
June 30, 2016

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and Investments	\$ 9,916,875	\$ 37,962,048	\$ 47,878,923
Cash and Investments with Fiscal Agents	2,748,907	4,077,207	6,826,114
Receivables:			
Accounts	832,595	4,316,334	5,148,929
Taxes	1,372,646	-	1,372,646
Notes	5,578,720	36,500	5,615,220
Interest	29,039	91,226	120,265
Intergovernmental Receivables	615,818	-	615,818
Loans to Employees	660	-	660
Investment in NCPA Reserves	-	6,665,194	6,665,194
Internal Balances	1,681,449	(1,681,449)	-
Prepays	11,437	-	11,437
Refundable Deposits	-	3,730	3,730
Land Held for Resale	2,435,114	-	2,435,114
Inventory	760	1,205,675	1,206,435
Capital Assets, Not Being Depreciated	5,771,265	11,876,164	17,647,429
Capital Assets, Depreciated, Net	23,317,263	122,202,249	145,519,512
Total Assets	54,312,548	186,754,878	241,067,426
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Pension Related Items	4,384,910	1,679,164	6,064,074
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	1,391,732	1,528,293	2,920,025
Interest Payable	-	1,128,750	1,128,750
Deposits Payable	-	272,365	272,365
Noncurrent Liabilities:			
Due within One Year	125,000	4,310,000	4,435,000
Due in More Than One Year	32,282,436	98,392,917	130,675,353
Total Liabilities	33,799,168	105,632,325	139,431,493
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Pension Related Items	4,193,495	1,402,786	5,596,281
<b>NET POSITION</b>			
Net Investment in Capital Assets	29,088,528	54,756,782	83,845,310
Restricted for:			
Public Safety	217,511	-	217,511
Public Works	1,308,099	-	1,308,099
Housing and Community Development	10,659,453	-	10,659,453
Parks and Recreation	78,098	-	78,098
Debt Service	-	2,072,225	2,072,225
NCPA Projects	-	354,795	354,795
Unrestricted	(20,646,894)	24,215,129	3,568,235
Total Net Position	\$ 20,704,795	\$ 81,398,931	\$ 102,103,726

The accompanying notes are an integral part of this statement.

**City of Ukiah**  
**Statement of Activities**  
Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
General Government	\$ 142,792	\$ 258,262	\$ -	\$ -
Public Safety	11,081,325	284,562	429,296	-
Public Works	2,555,524	339,403	64,019	473,836
Housing and Community Development	891,644	-	682,847	-
Parks and Recreation	2,757,551	716,575	1,107,615	385,936
<b>Total Governmental Activities</b>	<b>17,428,836</b>	<b>1,598,802</b>	<b>2,283,777</b>	<b>859,772</b>
<b>Business-type Activities:</b>				
Electric	15,779,225	15,076,565	-	-
Water	3,930,252	5,446,778	-	-
Wasterwater	8,620,824	9,667,659	-	-
Disposal Site	388,553	132,106	-	-
Parking	163,525	86,620	-	-
Street Lighting	314,589	187,414	-	-
Airport	1,109,236	1,112,951	-	10,384
Conference Center	392,761	351,252	-	-
Golf Course	49,523	67,873	-	-
<b>Total Business-type Activities</b>	<b>30,748,488</b>	<b>32,129,218</b>	<b>-</b>	<b>10,384</b>
<b>Total Primary Government</b>	<b>\$ 48,177,324</b>	<b>\$ 33,728,020</b>	<b>\$ 2,283,777</b>	<b>\$ 870,156</b>

General Revenues:

Taxes:

Property Taxes

Sales Taxes

Transient Occupancy Tax

Business License and Transfer Taxes

Franchise Fees

Gain on Sale of Property

Interest, Rents and Concessions

Miscellaneous Revenues

Transfers In (Out)

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning of Year

Net Position - End of Year

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ 115,470	\$ -	\$ 115,470
(10,367,467)	-	(10,367,467)
(1,678,266)	-	(1,678,266)
(208,797)	-	(208,797)
<u>(547,425)</u>	<u>-</u>	<u>(547,425)</u>
<u>(12,686,485)</u>	<u>-</u>	<u>(12,686,485)</u>
-	(702,660)	(702,660)
-	1,516,526	1,516,526
-	1,046,835	1,046,835
-	(256,447)	(256,447)
-	(76,905)	(76,905)
-	(127,175)	(127,175)
-	14,099	14,099
-	(41,509)	(41,509)
-	18,350	18,350
<u>-</u>	<u>1,391,114</u>	<u>1,391,114</u>
<u>(12,686,485)</u>	<u>1,391,114</u>	<u>(11,295,371)</u>
2,641,247	23,246	2,664,493
7,630,648	-	7,630,648
1,229,814	-	1,229,814
421,504	-	421,504
1,514,800	-	1,514,800
-	-	-
323,373	649,484	972,857
3,679	-	3,679
<u>(473,539)</u>	<u>473,539</u>	<u>-</u>
<u>13,291,526</u>	<u>1,146,269</u>	<u>14,437,795</u>
605,041	2,537,383	3,142,424
<u>20,099,754</u>	<u>78,861,548</u>	<u>98,961,302</u>
<u>\$ 20,704,795</u>	<u>\$ 81,398,931</u>	<u>\$ 102,103,726</u>

**City of Ukiah  
Balance Sheet  
Governmental Funds  
June 30, 2016**

	General	Non-major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and Investments	\$ 2,192,367	\$ 5,402,502	\$ 7,594,869
Cash and Investments with Fiscal Agents	-	2,748,907	2,748,907
Taxes Receivable	1,372,646	-	1,372,646
Accounts Receivable	767,031	35,146	802,177
Interest Receivable	15,623	11,351	26,974
Intergovernmental Receivables	-	615,818	615,818
Prepaid Expenditures	11,437	-	11,437
Loans to Employees	660	-	660
Due from Other Funds	600,156	-	600,156
Long-term Notes Receivable	-	5,578,720	5,578,720
Advances to Other Funds	899,246	-	899,246
Land Held for Resale	-	2,435,114	2,435,114
	<u>\$ 5,859,166</u>	<u>\$ 16,827,558</u>	<u>\$ 22,686,724</u>
<b>LIABILITIES</b>			
Accounts Payable	\$ 275,271	\$ 514,920	\$ 790,191
Accrued Salaries and Benefits	370,894	31,318	402,212
Due to Other Funds	-	600,156	600,156
Advances from Other Funds	-	148,000	148,000
	<u>646,165</u>	<u>1,294,394</u>	<u>1,940,559</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable Revenues - Grants	-	340,175	340,175
	<u>-</u>	<u>340,175</u>	<u>340,175</u>
<b>FUND BALANCES</b>			
Nonspendable	911,343	-	911,343
Restricted	-	12,276,877	12,276,877
Assigned	185,443	3,358,684	3,544,127
Unassigned	4,116,215	(442,572)	3,673,643
	<u>5,213,001</u>	<u>15,192,989</u>	<u>20,405,990</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 5,859,166</u>	<u>\$ 16,827,558</u>	<u>\$ 22,686,724</u>

The accompanying notes are an integral part of this statement.

**City of Ukiah**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Statement of Net Position**  
June 30, 2016

Fund Balances of Governmental Funds \$ 20,405,990

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

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

Capital Assets	61,927,272
Accumulated Depreciation	(33,122,906)

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

Compensated Absences	(691,392)
Net Pension Liability	(31,579,796)

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

Deferred Outflows - Pension Related Items	4,384,910
Deferred Inflows - Pension Related Items	(4,193,495)

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

3,234,037

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

340,175

Net Position of Governmental Activities \$ 20,704,795

The accompanying notes are an integral part of this statement.

**City of Ukiah**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
Year Ended June 30, 2016

	General	Non-major Governmental Funds	Total Governmental Funds
<b>REVENUES</b>			
Taxes:			
Property Taxes	\$ 2,641,247	\$ -	\$ 2,641,247
Sales Taxes	7,714,762	-	7,714,762
Transient Occupancy Taxes	1,229,814	-	1,229,814
Business License Taxes	360,732	-	360,732
Property Transfer Tax	41,791	-	41,791
Franchise Fees	1,514,800	-	1,514,800
Licenses and Permits	341,642	-	341,642
Fines and Forfeitures	78,589	-	78,589
Interest, Rents and Concessions	161,676	174,497	336,173
Intergovernmental	165,376	2,746,248	2,911,624
Charges for Services	713,948	41,126	755,074
Miscellaneous	360,302	50,750	411,052
Total Revenues	<u>15,324,679</u>	<u>3,012,621</u>	<u>18,337,300</u>
<b>EXPENDITURES</b>			
Current:			
General Government	391,859	150,575	542,434
Public Safety	10,828,693	268,075	11,096,768
Public Works	1,847,237	325,977	2,173,214
Housing and Community Development	147,879	722,571	870,450
Parks and Recreation	2,081,416	535,440	2,616,856
Capital Outlay	16,575	2,595,643	2,612,218
Total Expenditures	<u>15,313,659</u>	<u>4,598,281</u>	<u>19,911,940</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>11,020</u>	<u>(1,585,660)</u>	<u>(1,574,640)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	345,445	594,618	940,063
Transfers Out	(503,358)	(910,244)	(1,413,602)
Total Other Financing Sources (Uses)	<u>(157,913)</u>	<u>(315,626)</u>	<u>(473,539)</u>
Net Change in Fund Balances	(146,893)	(1,901,286)	(2,048,179)
Fund Balances, Beginning of Year	<u>5,359,894</u>	<u>17,094,275</u>	<u>22,454,169</u>
Fund Balances, End of Year	<u>\$ 5,213,001</u>	<u>\$ 15,192,989</u>	<u>\$ 20,405,990</u>

The accompanying notes are an integral part of this statement.

**City of Ukiah**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances**  
**of Governmental Funds to the Statement of Activities**  
Year Ended June 30, 2016

Net Changes in Fund Balances - Total Governmental Funds \$ (2,048,179)

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

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

Capital Outlay	2,883,132
Depreciation Expense	(1,381,092)

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

Net Pension Liability	(1,291,541)
Compensated Absences	(9,133)

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

Deferred Outflows - Pension Related Items	1,433,753
Deferred Inflows - Pension Related Items	868,009

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

140,981

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

9,111

Change in Net Position of Governmental Activities	\$ 605,041
---	------------

The accompanying notes are an integral part of this statement.

**City of Ukiah**  
**Statement of Net Position**  
**Proprietary Funds**  
June 30, 2016

	Business-type Activities			
	Electric	Water	Sewer	Disposal Site
<b>ASSETS</b>				
Current Assets:				
Cash and Investments	\$ 5,320,627	\$ 9,040,014	\$ 14,957,309	\$ 8,311,150
Restricted Cash and Investments	4,073,441	3,759	7	-
Investment in NCPA Reserves	6,665,194	-	-	-
Receivables:				
Accounts (net)	2,382,600	1,056,487	781,026	12,717
Interest	15,997	25,752	25,800	22,624
Grants	-	-	-	-
Notes - current portion	-	-	-	-
Refundable Deposits	-	3,730	-	-
Inventory	1,100,987	104,688	-	-
Total Current Assets	<u>19,558,846</u>	<u>10,234,430</u>	<u>15,764,142</u>	<u>8,346,491</u>
Noncurrent Assets:				
Advances to Other Funds	-	-	-	-
Notes Receivable	-	-	-	-
Capital Assets:				
Land	1,963,436	70,126	670,431	699,654
Land Improvements	85,315	142,156	120,290	-
Infrastructure Systems	18,821,361	9,465,089	81,949,102	-
Building and Improvements	26,146,001	18,130,288	10,193,131	-
Rolling Equipment	1,768,902	782,562	674,120	101,296
Machinery and Equipment	2,778,890	2,115,580	2,000,338	434,290
Construction in Progress	1,653,568	908,082	3,071,961	-
Less: Accumulated Depreciation	<u>(26,158,545)</u>	<u>(10,454,569)</u>	<u>(18,765,231)</u>	<u>(380,732)</u>
Total Noncurrent Assets	<u>27,058,928</u>	<u>21,159,314</u>	<u>79,914,142</u>	<u>854,508</u>
Total Assets	<u>46,617,774</u>	<u>31,393,744</u>	<u>95,678,284</u>	<u>9,200,999</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Pension Related Items	<u>764,748</u>	<u>442,771</u>	<u>471,645</u>	<u>-</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable	171,452	628,271	467,028	11,757
Accrued Salaries and Benefits	71,143	46,013	54,702	4,444
Due to Other Funds	-	-	-	-
Customer Deposits	239,031	26,859	-	-
Interest Payable	19,661	151,173	955,526	-
Long-term Obligations - Current	<u>1,825,000</u>	<u>475,000</u>	<u>2,010,000</u>	<u>-</u>
Total Current Liabilities	<u>2,326,287</u>	<u>1,327,316</u>	<u>3,487,256</u>	<u>16,201</u>
Noncurrent Liabilities:				
Advances from Other Funds	-	745,000	-	-
Revenue Bonds	1,893,054	-	-	-
Installment Obligations	-	12,164,040	60,954,537	-
State Loans	-	-	-	-
Net Pension Liability	3,372,091	2,489,201	2,498,002	-
Compensated Absences	104,144	68,753	110,496	5,742
Landfill Closure/Postclosure	-	-	-	14,700,370
Total Noncurrent Liabilities	<u>5,369,289</u>	<u>15,466,994</u>	<u>63,563,035</u>	<u>14,706,112</u>
Total Liabilities	<u>7,695,576</u>	<u>16,794,310</u>	<u>67,050,291</u>	<u>14,722,313</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Pension Related Items	<u>595,059</u>	<u>398,599</u>	<u>409,128</u>	<u>-</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	23,340,874	8,520,274	16,949,605	854,508
Restricted for Debt Service	2,072,225	-	-	-
Restricted for NCPA Projects	354,795	-	-	-
Unrestricted	<u>13,323,993</u>	<u>6,123,332</u>	<u>11,740,905</u>	<u>(6,375,822)</u>
Total Net Position	<u>\$ 39,091,887</u>	<u>\$ 14,643,606</u>	<u>\$ 28,690,510</u>	<u>\$ (5,521,314)</u>

The accompanying notes are an integral part of this statement.

Business-type Activities		Governmental Activities
Non-major Enterprise Funds	Totals	Internal Service Funds
\$ 332,948	\$ 37,962,048	\$ 2,322,006
-	4,077,207	-
-	6,665,194	-
83,504	4,316,334	30,418
1,053	91,226	2,065
-	-	-
36,500	36,500	-
-	3,730	-
-	1,205,675	760
<u>454,005</u>	<u>54,357,914</u>	<u>2,355,249</u>
-	-	930,203
-	-	-
1,829,928	5,233,575	-
1,599,653	1,947,414	-
1,311,089	111,546,641	-
2,943,142	57,412,562	327,113
323,379	3,650,259	48,418
184,698	7,513,796	447,096
1,008,978	6,642,589	-
(4,109,346)	(59,868,423)	(538,465)
<u>5,091,521</u>	<u>134,078,413</u>	<u>1,214,365</u>
<u>5,545,526</u>	<u>188,436,327</u>	<u>3,569,614</u>
-	1,679,164	-
50,658	1,329,166	102,070
22,825	199,127	97,259
-	-	-
6,475	272,365	-
2,390	1,128,750	-
-	4,310,000	-
<u>82,348</u>	<u>7,239,408</u>	<u>199,329</u>
936,449	1,681,449	-
-	1,893,054	-
-	73,118,577	-
-	-	-
-	8,359,294	-
32,487	321,622	136,248
-	14,700,370	-
<u>968,936</u>	<u>100,074,366</u>	<u>136,248</u>
<u>1,051,284</u>	<u>107,313,774</u>	<u>335,577</u>
-	1,402,786	-
5,091,521	54,756,782	284,162
-	2,072,225	-
-	354,795	-
(597,279)	24,215,129	2,949,875
<u>\$ 4,494,242</u>	<u>\$ 81,398,931</u>	<u>\$ 3,234,037</u>

**City of Ukiah**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
Year Ended June 30, 2016

	Business-type Activities			
	Electric	Water	Sewer	Disposal Site
<b>OPERATING REVENUES</b>				
Charges for Services	\$ 15,076,038	\$ 5,446,650	\$ 9,660,216	\$ 132,106
Sales of Fuel	-	-	-	-
Facility Rents	-	-	-	-
Miscellaneous	527	128	7,443	-
	<u>15,076,565</u>	<u>5,446,778</u>	<u>9,667,659</u>	<u>132,106</u>
Total Operating Revenues				
	<u>15,076,565</u>	<u>5,446,778</u>	<u>9,667,659</u>	<u>132,106</u>
<b>OPERATING EXPENSES</b>				
Purchased Power	8,585,608	-	-	-
Maintenance and Operations	3,743,762	1,409,223	2,308,648	375,950
General and Administration	1,907,023	1,474,347	1,503,453	-
Fuel	-	-	-	-
Insurance Premiums	-	-	-	-
Depreciation	1,157,117	664,332	1,908,221	12,603
	<u>15,393,510</u>	<u>3,547,902</u>	<u>5,720,322</u>	<u>388,553</u>
Total Operating Expenses				
	<u>15,393,510</u>	<u>3,547,902</u>	<u>5,720,322</u>	<u>388,553</u>
Operating Income (Loss)	<u>(316,945)</u>	<u>1,898,876</u>	<u>3,947,337</u>	<u>(256,447)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Property Taxes	-	11,353	-	-
Interest Income	190,290	135,680	171,142	143,137
Interest Expense	(385,715)	(382,350)	(2,900,502)	-
	<u>(195,425)</u>	<u>(235,317)</u>	<u>(2,729,360)</u>	<u>143,137</u>
Total Nonoperating Revenues (Expenses)				
	<u>(195,425)</u>	<u>(235,317)</u>	<u>(2,729,360)</u>	<u>143,137</u>
Income (Loss) Before Capital Contributions and Operating Transfers	<u>(512,370)</u>	<u>1,663,559</u>	<u>1,217,977</u>	<u>(113,310)</u>
Capital Contributions	-	-	-	-
Transfers In	-	271,226	202,313	-
Transfers Out	-	-	-	-
	<u>(512,370)</u>	<u>1,934,785</u>	<u>1,420,290</u>	<u>(113,310)</u>
Change in Net Position				
	<u>(512,370)</u>	<u>1,934,785</u>	<u>1,420,290</u>	<u>(113,310)</u>
Net Position - Beginning of Year	<u>39,604,257</u>	<u>12,708,821</u>	<u>27,270,220</u>	<u>(5,408,004)</u>
Net Position - End of Year	<u>\$ 39,091,887</u>	<u>\$ 14,643,606</u>	<u>\$ 28,690,510</u>	<u>\$ (5,521,314)</u>

The accompanying notes are an integral part of this statement.

Business-type Activities		Governmental Activities
Non-major Enterprise Funds	Totals	Internal Service Funds
\$ 269,830	\$ 30,584,840	\$ 6,032,612
832,486	832,486	-
660,130	660,130	-
43,664	51,762	2,080
<u>1,806,110</u>	<u>32,129,218</u>	<u>6,034,692</u>
-	8,585,608	-
569,309	8,406,892	1,317,827
866,150	5,750,973	3,423,870
468,925	468,925	-
-	-	1,274,695
125,250	3,867,523	38,324
<u>2,029,634</u>	<u>27,079,921</u>	<u>6,054,716</u>
<u>(223,524)</u>	<u>5,049,297</u>	<u>(20,024)</u>
11,893	23,246	-
9,235	649,484	29,135
-	(3,668,567)	-
<u>21,128</u>	<u>(2,995,837)</u>	<u>29,135</u>
(202,396)	2,053,460	9,111
10,384	10,384	-
-	473,539	-
-	-	-
<u>(192,012)</u>	<u>2,537,383</u>	<u>9,111</u>
<u>4,686,254</u>	<u>78,861,548</u>	<u>3,224,926</u>
<u>\$ 4,494,242</u>	<u>\$ 81,398,931</u>	<u>\$ 3,234,037</u>

**City of Ukiah**  
**Statement of Cash Flows**  
**Proprietary Funds**  
Year Ended June 30, 2016

	Enterprise Funds		
	Electric	Water	Sewer
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from Customers	\$ 15,387,968	\$ 5,399,223	\$ 9,642,104
Receipts from Interfund Services Provided	-	-	-
Payments to Employees for Services	(2,027,327)	(1,347,885)	(1,549,667)
Payments to Suppliers for Goods and Services	(12,400,731)	(1,094,296)	(2,031,800)
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>959,910</u>	<u>2,957,042</u>	<u>6,060,637</u>
<b>CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Property Taxes Received	-	11,353	-
Cash Received from Other Funds	-	271,226	202,313
Cash Paid to Other Funds	-	-	-
Principal Payments Received on Loans Receivable	-	-	-
<b>Net Cash Provided (Used) by Noncapital and Related Financing Activities</b>	<u>-</u>	<u>282,579</u>	<u>202,313</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition and Construction of Capital Assets	(1,175,290)	(892,431)	(1,853,933)
Interest Paid	(366,149)	(520,083)	(2,928,500)
Capital Grants	-	-	-
Principal Paid on Capital Debt	(1,710,000)	(12,962,418)	(2,343,252)
Proceeds from Issuance of Capital Debt	-	12,664,193	-
Proceeds from Sale of Property	-	-	-
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<u>(3,251,439)</u>	<u>(1,710,739)</u>	<u>(7,125,685)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Amounts Paid to NCPA Reserve	(132,845)	-	-
Interest Received	196,666	126,510	180,443
<b>Net Cash Provided (Used) by Investing Activities</b>	<u>63,821</u>	<u>126,510</u>	<u>180,443</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<u>(2,227,708)</u>	<u>1,655,392</u>	<u>(682,292)</u>
Cash and Cash Equivalents, Beginning of the Year	<u>11,621,776</u>	<u>7,388,381</u>	<u>15,639,608</u>
Cash and Cash Equivalents, End of the Year	<u>\$ 9,394,068</u>	<u>\$ 9,043,773</u>	<u>\$ 14,957,316</u>
<b>Reconciliation of Operating Income (Loss) to</b>			
<b>Net Cash Provided (Used) by Operating Activities:</b>			
Operating Income (Loss)	\$ (316,945)	\$ 1,898,876	\$ 3,947,337
Adjustments to Reconcile Operating Income (Loss) to			
Net Cash Provided (Used) by Operating Activities:			
Depreciation	1,157,117	664,332	1,908,221
Changes in Operating Assets and Liabilities:			
Decrease (Increase) in Accounts Receivable	311,403	(47,555)	(25,555)
Decrease (Increase) in Inventory	80,857	3,670	-
Decrease (Increase) in Prepays	-	-	-
Decrease (Increase) in Deferred Outflows - Pensions	(509,029)	(250,982)	(279,856)
Increase (Decrease) in Accounts Payable	(98,135)	517,649	303,239
Increase (Decrease) in Accrued Salaries and Benefits	6,827	4,557	8,796
Increase (Decrease) in Landfill Closure/Postclosure Liability	-	-	-
Increase (Decrease) in Deferred Inflows - Pensions	185,626	91,525	102,054
Increase (Decrease) in Net Pension Liability	155,164	76,506	85,307
Increase (Decrease) in Compensated Absences Payable	(12,975)	(1,536)	11,094
Increase (Decrease) in Deposits Payable	-	-	-
<b>TOTAL CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>\$ 959,910</u>	<u>\$ 2,957,042</u>	<u>\$ 6,060,637</u>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>			
Amortization Related to Long-term Debt	\$ 28,473	\$ 107,691	\$ 2,265

The accompanying notes are an integral part of this statement.

Disposal Site	Enterprise Funds		Governmental Activities
	Non-major Enterprise Funds	Totals	Internal Service Funds
\$ 130,789	\$ 1,821,033	\$ 32,381,117	\$ -
-	-	-	6,020,591
(137,093)	(566,944)	(5,628,916)	(3,028,526)
<u>(269,696)</u>	<u>(1,437,549)</u>	<u>(17,234,072)</u>	<u>(2,896,427)</u>
<u>(276,000)</u>	<u>(183,460)</u>	<u>9,518,129</u>	<u>95,638</u>
-	11,893	23,246	-
-	-	473,539	-
-	(21,838)	(21,838)	-
-	6,000	6,000	-
<u>-</u>	<u>(3,945)</u>	<u>480,947</u>	<u>-</u>
-	(181,444)	(4,103,098)	-
-	-	(3,814,732)	-
-	10,384	10,384	-
-	-	(17,015,670)	-
-	-	12,664,193	-
-	-	-	-
<u>-</u>	<u>(171,060)</u>	<u>(12,258,923)</u>	<u>-</u>
-	-	(132,845)	-
132,907	8,182	644,708	27,071
<u>132,907</u>	<u>8,182</u>	<u>511,863</u>	<u>27,071</u>
(143,093)	(350,283)	(1,747,984)	122,709
8,454,243	683,231	43,787,239	2,199,297
<u>\$ 8,311,150</u>	<u>\$ 332,948</u>	<u>\$ 42,039,255</u>	<u>\$ 2,322,006</u>
\$ (256,447)	\$ (223,524)	\$ 5,049,297	\$ (20,024)
12,603	125,250	3,867,523	38,324
(1,317)	15,623	252,599	(14,101)
-	-	84,527	-
-	800	800	-
-	-	(1,039,867)	-
(35,180)	(107,995)	579,578	30,620
2,910	5,646	28,736	48,890
-	-	-	-
-	-	379,205	-
-	-	316,977	-
1,431	1,440	(546)	11,929
-	(700)	(700)	-
<u>\$ (276,000)</u>	<u>\$ (183,460)</u>	<u>\$ 9,518,129</u>	<u>\$ 95,638</u>
\$ -	\$ -	\$ 138,429	\$ -

**City of Ukiah**  
**Statement of Net Position**  
**Fiduciary Funds**  
June 30, 2016

	Agency Funds	Successor Agency Private-purpose Trust Fund
<b>ASSETS</b>		
Cash and Investments	\$ 5,957,084	\$ 3,190,388
Cash and Investments with Fiscal Agent	-	5,730,648
Receivables:		
Accounts	703,413	-
Interest Receivable	16,955	7,265
Land Held for Resale	-	3,872,533
	<u>\$ 6,677,452</u>	<u>12,800,834</u>
<b>LIABILITIES</b>		
Accounts Payable	\$ 191,370	436
Accrued Salaries and Benefits	117,233	562
Interest Payable	-	126,161
Customer Deposits	484,300	-
Due to Other Agencies	5,884,549	-
Noncurrent Liabilities:		
Due within One Year	-	1,085,000
Due in More than One Year	-	7,865,000
	<u>\$ 6,677,452</u>	<u>9,077,159</u>
<b>NET POSITION</b>		
Net Position (Deficit) Held in Trust for Successor Agency		<u>\$ 3,723,675</u>

The accompanying notes are an integral part of this statement.

**City of Ukiah**  
**Statement of Changes in Net Position**  
**Fiduciary Funds**  
Year Ended June 30, 2016

	Successor Agency Private-purpose Trust Fund
<b>ADDITIONS</b>	
Taxes	\$ 1,706,184
Investment Earnings	62,129
Total Additions	1,768,313
<b>DEDUCTIONS</b>	
General Administration	18,311
Contractual Services	258,546
Interest Expense	578,289
Total Deductions	855,146
Change in Net Position	913,167
Net Position - Beginning of Year	2,810,508
Net Position - End of Year	\$ 3,723,675

The accompanying notes are an integral part of this statement.

**City of Ukiah**  
**Notes to Financial Statements**  
Year Ended June 30, 2016

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A) Reporting Entity**

The City of Ukiah was incorporated March 8, 1876 under the applicable laws and regulations of the State of California. The City operates under a Council–City Manager form of government and provides a variety of services including police, fire fighting and medical emergency, sewage treatment, water treatment, electric power, street lighting and maintenance, parks and recreation, municipal golf course, and conference center. The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the City’s operations. The City has no component units that require discrete presentation.

**Blended Component Unit.** The Parking District #1 is a special district, primarily located in Ukiah's downtown area, and is administered and accounted for by the City. The Parking Commission is appointed by the Ukiah City Council and acts as an advisory board to the Council in District matters. The District is reported as an enterprise fund. The District does not prepare separate financial statements.

**Ukiah Successor Agency** – Until January 31, 2012, the Ukiah Redevelopment Agency (“RDA”) was a community redevelopment agency reported as a component unit of the City of Ukiah. On February 1, 2012, the Agency was dissolved by the State of California legislature and, therefore, no longer exists as a separate entity. The City elected to serve as the Ukiah Successor Agency (“USA”) of the Ukiah Redevelopment Agency. In its capacity as the successor agency, the City is responsible to wind-up the affairs of the former RDA, and dispose of the RDA’s assets in compliance with State legislative requirements. The USA is governed by a seven (7) member Oversight Board comprised of one (1) Ukiah City Council member, (1) Ukiah City employee, (2) members appointed by the Mendocino County Board of Supervisors, one (1) member appointed by Mendocino County Office of Education, one (1) member appointed by the Cemetery District, and one (1) member appointed by the Chancellor of the California Community College System. Activities of the USA are reported as a private-purpose trust fund in the accompanying financial statements.

**B) Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information of all the non-fiduciary activities of the City and its component units. All fiduciary activities are reported only in the fund financial statements. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those clearly identifiable with a specific function or segment. *Indirect expenses* have been allocated to functional expenses as the result of an administrative cost recovery element built into a charge for centralized services. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

**City of Ukiah**  
**Notes to Financial Statements**  
Year Ended June 30, 2016

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

Separate fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds (even though the fiduciary funds are excluded from the government-wide financial statements). Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**C) Basis of Accounting and Measurement Focus**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary funds and fiduciary fund financial statements. Revenues are recognized when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

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

The City reports only one major governmental fund:

The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the general government except those required to be accounted for in another fund.

The City reports the following major proprietary funds:

The *Electric Fund* accounts for the activities of the City's electric generation and distribution operations.

The *Water Fund* accounts for the activities of the City's water treatment and distribution operations.

The *Sewer Fund* accounts for the activities of the City's sewage collection and treatment operations.

The *Disposal Site Fund* accounts for the activities of the City's solid waste landfill operations.

**City of Ukiah**  
**Notes to Financial Statements**  
Year Ended June 30, 2016

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

Additionally, the City reports the following fund types:

*Special Revenue Funds* – account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects.

*Capital Project Funds* - account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets in governmental funds.

*Internal Service Funds* - account for garage (vehicle maintenance), stores (purchasing), public safety dispatch, utility billing, workers' compensation and liability insurance services provided to other departments or agencies of the City, or to other governments, on a cost reimbursement basis.

*Private-Purpose Trust Funds* - account for resources legally held in trust for use by other organizations. All resources of the fund, including any earnings on the invested resources, may be used to support the organization's or department's activities. There is no requirement that any portion of these resources be preserved as capital.

*Agency Funds* - used by the City to report resources held by the City in a custodial capacity for the Ukiah Valley Sanitation District, Ukiah Waste Solutions, and Russian River Watershed. These funds are used to record receipt, temporary investment and remittance of fiduciary resources to individuals, private organizations or other governments.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's proprietary fund functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Principal operating revenues of the City's electric, water, wastewater, golf and street lighting funds and the City's internal service funds are charges to customers for sales and services. Principal operating revenues of the City's airport, disposal site and conference center funds include charges to customers for sales and services and rental fees. The parking district fund's principal operating revenues include the sale of parking permits to customers and parking fines. The City also recognizes as operating revenue tap fees intended to recover the cost of connecting new customers to the City's utilities. Operating expenses for the enterprise funds and internal service funds include cost of power purchases, fuels and lubricants, operations, maintenance, utilities, insurance premiums and deductibles, general and administration, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**City of Ukiah**  
**Notes to Financial Statements**  
Year Ended June 30, 2016

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**D) Assets, Liabilities, and Net Position/Fund Balance**

**1) Cash and Investments**

Investments for the City and its component units are reported at fair value. For purposes of the statement of cash flows, cash equivalents represents demand deposits of proprietary funds held in financial institutions or in cash management pools where funds can be added or withdrawn at anytime without prior notice or penalty and cash equivalents are highly liquid investments with a maturity of three months or less from the date of purchase.

**2) Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year 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 non-current portion of the interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectible accounts. Allowances for uncollectible receivables totaled \$59,152 and were determined based on an analysis of historical trends.

Property taxes for the current year were attached as an enforceable lien as of January 1<sup>st</sup> and were levied on July 1<sup>st</sup>. Taxes are due in two equal installments on November 1<sup>st</sup> and February 1<sup>st</sup>. The City relies on the competency of the County of Mendocino Assessor's office to properly assess, collect and distribute property taxes.

**3) Inventories and Prepaid Items**

All inventories are valued at cost using the first-in/first-out (FIFO) method. An annual charge is made to various City funds to assist in the financing of warehouse operations in addition to being billed as inventory is issued.

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

**4) Restricted Assets**

The proceeds from bonds issued by the former Ukiah Redevelopment Agency have been reported as restricted on the statement of net position because they must be used for City low and moderate income housing projects. Certain proceeds of the City's electric fund revenue bonds are classified as restricted assets because their use is limited by applicable bond or other covenants.

**City of Ukiah**  
**Notes to Financial Statements**  
Year Ended June 30, 2016

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**5) Capital Assets**

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of more than \$10,000 and an estimated useful life in excess of two years. Capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

The City's museum contains collections of historical artifacts including artwork, Native American artifacts, and relics from the region's past. These collections are protected, cared for and preserved by the City for the purpose of public exhibition; and proceeds from the sale of any item, if any, are used to acquire additional items for the collection. Therefore, the City has elected not to capitalize these collections.

Interest is capitalized on construction of major assets acquired with debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period. For the year ended June 30, 2016, no interest expense was capitalized to any of the City's capital projects.

Property, plant and equipment of the City are depreciated using the straight-line method using the following useful lives:

Land Improvements	20 to 40 years
Building and Improvements	30 to 60 years
Infrastructure	30 to 60 years
Licensed Vehicles	5 to 10 years
Machinery and Equipment	5 to 20 years

**6) Property Held for Resale**

The City has acquired several real properties for the purpose of infilling the supply of low and moderate income housing. These properties will be subsequently sold and the proceeds placed back into the low and moderate income housing program. Therefore, these properties have been recorded as an asset on the accompanying financial statements at the lower of cost (the amount of the unpaid loan plus costs for foreclosure properties) or net realizable value. At June 30, 2016, the carrying value of these properties was \$2,435,114.

**City of Ukiah**  
**Notes to Financial Statements**  
Year Ended June 30, 2016

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**7) Compensated Absences**

It is the City's policy to allow an employee to accumulate no more than two years vacation. Full time City employees are entitled to sick leave with full pay due to absence resulting from illness or injury to the extent of the amount earned. There is no liability for unpaid sick leave since the government does not have a policy to pay any amount when employees separate from service with the City. Due to the long-term nature of compensated absences, the liability of \$1,149,262 has been accrued as incurred in the government-wide financial statements as a noncurrent liability.

**8) Long-Term Obligations**

Long-term liabilities are reported in the government-wide financial statements, proprietary funds, and fiduciary funds only. Initial-issue bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method (which approximates the effective interest method).

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the period issued. The face amount of debt issued is reported as other financing sources. Premiums received are reported as other financing sources, while discounts are reported as other financing uses.

**9) Fund Equity**

In the government-wide financial statements, net position is classified in the following categories:

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

*Restricted* describes the portion of net position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulation, laws, or other restrictions which the City cannot unilaterally alter.

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

**10) Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense) until then. The City currently has two items that qualify for reporting in this category. One item is a result of the City's implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. See Note 9 – Pension Plans for more information. The other is related to the deferred amounts on refunding of debt.

**City of Ukiah**  
**Notes to Financial Statements**  
Year Ended June 30, 2016

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

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

**11) Net Position Flow Assumption**

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

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

**12) Fund Balances**

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

The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable Fund Balance - Amounts that cannot be spent either because they are in nonspendable form or are required to be maintained intact.

Restricted Fund Balance - Amounts that are constrained to specific purposes by state or federal laws, or externally imposed conditions by grantors or creditors.

**City of Ukiah**  
**Notes to Financial Statements**  
Year Ended June 30, 2016

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

Committed Fund Balance - The City Council, as the City's highest level of decision making authority, may commit fund balance for specific purposes pursuant to constraints imposed by resolution. These committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use through the same type of formal action taken to establish the commitment. City Council action to commit fund balance needs to occur within the fiscal reporting period; however, the amount can be determined subsequently.

Assigned Fund Balance - Amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed, should be reported as assigned fund balance. The City's fund balance policy delegates the authority to assign amounts to be used for specific purposes to the City Manager or designee for the purpose of reporting these amounts in the annual financial statements.

Unassigned Fund Balance - These are either residual positive net resources of fund balance in excess of what can properly be classified in one of the other four categories, or negative balances. The General Fund is the only fund that reports a positive unassigned fund balance.

**13) Pensions**

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

**14) Implementation of Governmental Accounting Standards Board (GASB) Pronouncements**

Governmental Accounting Standards Board Statement No. 75

In June of 2016, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement was issued to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions. This GASB Statement is required to be implemented in financial statements issued for the periods beginning after June 15, 2017. The City has elected not to early implement this statement and has not determined its effect on the financial statements.

**City of Ukiah**  
**Notes to Financial Statements**  
Year Ended June 30, 2016

**2) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

The following non-major funds had deficit fund balances at June 30, 2016:

**Deficit Fund Equity**

Special Revenue Funds:	
Swimming Pool	\$ (261,576)
Museum Grants Prop 84	(18,440)
Special Revenue	(1,836)
ARC General Operating	(50,828)
Gas Tax 2107	(23,200)
Museum	(4,403)

These deficits will be eliminated when unavailable revenues are recognized as revenues in the future.

**3) CASH AND INVESTMENTS**

Cash and investments are reported in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and Investments	\$ 47,878,923
Restricted Cash and Investments	6,826,114
Statement of Fiduciary Net Position:	
Cash and Investments	9,147,472
Restricted Cash and Investments	<u>5,730,648</u>
Total	<u><u>\$ 69,583,157</u></u>

Cash and investments at June 30, 2016 consisted of the following:

Cash on Hand	\$ 2,900
Deposits with Financial Institutions	3,370,521
Investments	<u>66,209,736</u>
Total	<u><u>\$ 69,583,157</u></u>

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

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

**City of Ukiah**  
**Notes to Financial Statements**  
Year Ended June 30, 2016

**3) CASH AND INVESTMENTS - Continued**

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Percentage Per Issuer
City of Ukiah Bonds	5 years	Unlimited	10%
Local Agency Investment Fund (LAIF)	N/A	\$50 Million	\$50 Million
U.S. Treasury Obligations	5 years	None	None
Local Agency Obligations	5 years	None	10%
U.S. Government Agency Securities	5 years	None	None
Obligations of the State of California	5 years	None	10%
Repurchase Agreements	365 days	None	10%
Reverse Repurchase Agreements (1)	92 days	20%	10%
Banker's Acceptances	180 days	40%	10%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	10%
Medium Term Corporate Notes	5 years	30%	10%
Money Market Funds (highest rating)	n/a	20%	10%
Time Deposits	5 years	25%	10%
Mortgage-Backed and Asset-Backed Securities (rated "AA" or better)	5 years	20%	10%

(1) – Requires prior City Council approval

**Investments Authorized by Debt Agreements**

Investment of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy. The table below identifies the investment types that are authorized for investments held by bond trustees. The indenture agreements do not specifically identify maximum maturity and maximum investment provisions.

Authorized Investment Type
U.S. Treasury Obligations
U.S. Agency Securities
Banker's Acceptances
Commercial Paper
Money Market Funds (rated AAAM -G, AAAM or AAM)
Bonds or Notes
Certificates of Deposit
Repurchase Agreements

**City of Ukiah**  
**Notes to Financial Statements**  
Year Ended June 30, 2016

**3) CASH AND INVESTMENTS - Continued**

**Disclosures Relating to Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flows and liquidity needed for operations. The City's target maximum average maturity to control overall exposure to interest rate risk is 2.5 years. Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

Investment Type	Totals	Remaining Maturity (in Months)		
		12 Months or Less	13 to 24 Months	25 to 60 Months
Corporate Bonds and Notes	\$ 14,334,482	\$ -	\$ 8,669,226	\$ 5,665,256
U.S. Treasury Bonds and Notes	10,882,836	-	10,882,836	-
U.S. Agency Bonds	12,309,733	-	2,480,522	9,829,211
Certificates of Deposit	15,693,172	7,272,698	8,420,474	-
Municipal and State Bonds	280,000	280,000	-	-
State Investment Pool (LAIF)	68,106	68,106	-	-
Money Market Funds	84,646	84,646	-	-
Held by Bond Trustees:				
Money Market Funds	12,556,761	12,556,761	-	-
<b>Total</b>	<b>\$ 66,209,736</b>	<b>\$ 20,262,211</b>	<b>\$ 30,453,058</b>	<b>\$ 15,494,467</b>

**Disclosures Relating to Credit Risk**

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

Investment Type	Total Investment	Minimum Legal Rating	Rating as of Fiscal Year End		
			AAA	AA+/A+	Unrated
Corporate Bonds and Notes	\$ 14,334,482	N/A	\$ 1,113,770	\$11,277,879	\$ 1,942,833
U.S. Treasury Bonds and Notes	10,882,836	N/A	-	-	10,882,836
U.S. Agency Bonds	12,309,733	N/A	-	12,309,733	-
Certificates of Deposit	15,693,172	N/A	-	15,693,172	-
Municipal and State Bonds	280,000	N/A	-	-	280,000
State Investment Pool (LAIF)	68,106	N/A	-	-	68,106
Money Market Funds	84,646	N/A	84,646	-	-
Held by Bond Trustees:					
Money Market Funds	12,556,761	N/A	12,556,761	-	-
<b>Total</b>	<b>\$ 66,209,736</b>		<b>\$13,755,177</b>	<b>\$39,280,784</b>	<b>\$13,173,775</b>

**City of Ukiah**  
**Notes to Financial Statements**  
Year Ended June 30, 2016

**3) CASH AND INVESTMENTS - Continued**

**Concentration of Credit Risk**

With the exception of securities of the U.S. Government and its agencies, the investment policy of the City limits the amount that can be invested in any one issuer to no more than 10% of the total portfolio. At June 30, 2016, the following investments from one issuer (other than U.S. Treasury securities, mutual funds and external investment pools) represented 5% or more of the total City investments.

Issuer	Amount Invested	Percentage of Portfolio
Federal National Mortgage Association	7,173,986	10.84%
Federal Home Loan Bank	4,741,455	7.16%

**Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits. The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. It is the policy of the City not to waive these requirements.

As of June 30, 2016, the City's deposits (bank balances) were insured by the Federal Depository Insurance Corporation or collateralized as required under California Law.

As of June 30, 2016, City investments in the following investment types were held by the same institution that was used by the City to buy the securities:

Corporate Bonds and Notes	\$ 14,334,482
U.S. Treasury Bonds and Notes	10,882,836
U.S. Agency Securities	12,309,733
Certificates of Deposit	15,693,172
Municipal and State Bonds	280,000
Money Market Funds	84,646

**City of Ukiah**  
**Notes to Financial Statements**  
Year Ended June 30, 2016

**3) CASH AND INVESTMENTS - Continued**

**Investments in State Investment Pool**

The Local Agency Investment Pool (LAIF) is a special fund of the California State Treasury through which local governments may pool investments. The City may invest up to \$50,000,000 in the fund. Investments in LAIF are highly liquid, as deposits can be converted to cash within 24 hours without loss of interest. Funds deposited in LAIF are invested in accordance with Government Code Sections 16430 and 16480. Oversight of LAIF is provided by the Pooled Money Investment Board whose members are the California State Treasurer, California Director of Finance and the California State Controller.

**Fair Value**

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Investment Type	Total Investment	Investments Not Measured at Fair Value	Level	
			1	2
Corporate Bonds and Notes	\$14,334,482	\$ -	\$ -	\$14,334,482
U.S. Treasury Bonds and Notes	10,882,836	-	-	10,882,836
U.S. Agency Bonds	12,309,733	-	-	12,309,733
Certificates of Deposit	15,693,172	-	-	15,693,172
Municipal and State Bonds	280,000	-	-	280,000
State Investment Pool (LAIF)	68,106	68,106	-	-
Money Market Funds	84,646	84,646	-	-
Held by Bond Trustees: Money Market Funds	12,556,761	12,556,761	-	-
<b>Total</b>	<b>\$66,209,736</b>	<b>\$12,709,513</b>	<b>\$ -</b>	<b>\$53,500,223</b>

**City of Ukiah**  
**Notes to Financial Statements**  
Year Ended June 30, 2016

**4) CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2016, is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities:</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 495,340	\$ -	\$ -	\$ 495,340
Construction in Progress	2,944,935	2,330,990	-	5,275,925
Total Capital Assets, Not Being Depreciated	<u>3,440,275</u>	<u>2,330,990</u>	<u>-</u>	<u>5,771,265</u>
Capital Assets Being Depreciated:				
Land Improvements	5,562,557	105,358	-	5,667,915
Infrastructure Systems	35,748,228	-	-	35,748,228
Buildings	6,757,422	-	-	6,757,422
Rolling Equipment	4,629,553	14,103	-	4,643,656
Machinery and Equipment	3,728,732	432,681	-	4,161,413
Total Capital Assets Being Depreciated	<u>56,426,492</u>	<u>552,142</u>	<u>-</u>	<u>56,978,634</u>
Less Accumulated Depreciation:				
Land Improvements	(1,217,405)	(238,498)	-	(1,455,903)
Infrastructure Systems	(21,530,937)	(568,592)	-	(22,099,529)
Buildings	(3,092,943)	(152,955)	-	(3,245,898)
Rolling Equipment	(3,641,988)	(270,561)	-	(3,912,549)
Machinery and Equipment	(2,758,681)	(188,811)	-	(2,947,492)
Total Accumulated Depreciation	<u>(32,241,954)</u>	<u>(1,419,417)</u>	<u>-</u>	<u>(33,661,371)</u>
Total Capital Assets Being Depreciated, Net	<u>24,184,538</u>	<u>(867,275)</u>	<u>-</u>	<u>23,317,263</u>
Government Activities Capital Assets, Net	<u>\$ 27,624,813</u>	<u>\$ 1,463,715</u>	<u>\$ -</u>	<u>\$ 29,088,528</u>

**City of Ukiah**  
**Notes to Financial Statements**  
Year Ended June 30, 2016

**4) CAPITAL ASSETS - Continued**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Business-type Activities:</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 5,233,575	\$ -	\$ -	\$ 5,233,575
Construction in Progress	<u>3,459,370</u>	<u>3,183,219</u>	<u>-</u>	<u>6,642,589</u>
Total Capital Assets, Not Being Depreciated	<u>8,692,945</u>	<u>3,183,219</u>	<u>-</u>	<u>11,876,164</u>
Capital Assets Being Depreciated:				
Land Improvements	1,909,310	38,104	-	947,414
Infrastructure Systems	111,546,641	-	-	111,546,641
Buildings	57,412,562	-	-	57,412,562
Rolling Equipment	3,329,989	320,270	-	3,650,259
Machinery and Equipment	<u>6,952,290</u>	<u>561,506</u>	<u>-</u>	<u>7,513,796</u>
Total Capital Assets Being Depreciated	<u>181,150,792</u>	<u>919,880</u>	<u>-</u>	<u>182,070,672</u>
Less Accumulated Depreciation:				
Land Improvements	(1,322,355)	(49,971)	-	(1,372,326)
Infrastructure Systems	(22,805,942)	(2,304,061)	-	(25,110,003)
Buildings	(25,314,170)	(1,129,672)	-	(26,443,842)
Rolling Equipment	(2,338,035)	(142,551)	-	(2,480,586)
Machinery and Equipment	<u>(4,220,398)</u>	<u>(241,268)</u>	<u>-</u>	<u>(4,461,666)</u>
Total Accumulated Depreciation	<u>(56,000,900)</u>	<u>(3,867,523)</u>	<u>-</u>	<u>(59,868,423)</u>
Total Capital Assets Being Depreciated, Net	<u>125,149,892</u>	<u>(2,947,643)</u>	<u>-</u>	<u>122,202,249</u>
Government Activities Capital Assets, Net	<u>\$133,842,837</u>	<u>\$ 235,576</u>	<u>\$ -</u>	<u>\$134,078,413</u>

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

Governmental Activities:	
General Government	\$ 259,498
Public Safety	344,806
Public Works	653,224
Housing and Community Development	21,194
Culture and Recreation	<u>140,695</u>
Total Depreciation Expense	<u>\$ 1,419,417</u>

**City of Ukiah**  
**Notes to Financial Statements**  
Year Ended June 30, 2016

**4) CAPITAL ASSETS - Continued**

Business-type Activities:	
Electric	\$ 1,157,117
Water	664,332
Sewer	1,908,221
Disposal Site	12,603
Parking	5,325
Airport	71,381
Conference Center	46,308
Golf Course	<u>2,236</u>
Total Depreciation Expense	<u><u>\$ 3,867,523</u></u>

**5) INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

The composition of interfund balances as of June 30, 2016 is as follows:

	Receivable Fund	Payable Fund
General Fund	\$ 600,156	\$ -
Non-major Governmental Funds	<u>-</u>	<u>600,156</u>
<b>Total</b>	<u><u>\$ 600,156</u></u>	<u><u>\$ 600,156</u></u>

The General Fund has reported a receivable of \$600,156 for deficit pooled fund cash balances at June 30, 2016. For the most part, the deficit balances are expected to be eliminated through proceeds of grants and State subsidies and other revenues.

Advances to/from consist of the following at June 30, 2016:

	Receivable Fund	Payable Fund
General Fund	\$ 899,246	\$ -
Non-major Governmental Funds	-	148,000
Proprietary Funds:		
Water Fund	-	745,000
Non-major Golf Course Fund	-	936,449
Internal Service Liability Fund	<u>930,203</u>	<u>-</u>
<b>Total</b>	<u><u>\$ 1,829,449</u></u>	<u><u>\$ 1,829,449</u></u>

**City of Ukiah**  
**Notes to Financial Statements**  
Year Ended June 30, 2016

**5) INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

Both the General Fund and Liability Fund have made long-term advances to the Golf Fund (a nonmajor enterprise fund) for the purpose of refunding a capital lease obligation and acquiring equipment. The Liability Fund has made a long-term advance to the Water Fund for the purpose of water-related capital projects and to the Park Development Fund for temporary funding of several parks related construction projects. None of the above advances have been deemed to have a current portion.

Interfund transfers for the year ended June 30, 2016 are as follows:

	Transfers In	Transfers Out
General Fund	\$ 345,445	\$ -
Non-major Governmental Funds	-	345,445
Non-major Governmental Funds	594,618	-
General Fund	-	503,358
Non-major Governmental Funds	-	91,260
Water Enterprise Fund	271,226	-
Non-major Governmental Funds	-	271,226
Sewer Enterprise Fund	202,313	-
Non-major Governmental Funds	-	202,313
	\$ 1,413,602	\$ 1,413,602
Total		

Transfers in to the General Fund from Non-major Governmental Funds of \$345,445 were for equipment and street maintenance. Transfers from the General Fund of \$503,358 to the Non-major Governmental Funds were for support of the Museum operations and improvements and support for other non-major funds operations.. Transfers between Non-Major Governmental Funds totaling \$91,260 were for streets, facilities and park improvements. Transfers to the Water and Sewer Enterprise Funds of \$271,226 and \$202,313, respectively, from the non-major funds were for equipment purchases.

**City of Ukiah**  
**Notes to Financial Statements**  
Year Ended June 30, 2016

**6) LONG-TERM DEBT**

**Changes in Long-term Liabilities**

Long-term liability activity for the year ended June 30, 2016, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
Compensated Absences	\$ 806,578	\$ 844,514	\$ 823,452	\$ 827,640	\$ 125,000
Net Pension Liability	30,288,255	4,152,283	2,860,742	31,579,796	-
Total	<u>\$ 31,094,833</u>	<u>\$ 4,996,797</u>	<u>\$ 3,684,194</u>	<u>\$ 32,407,436</u>	<u>\$ 125,000</u>
<b>Business-type Activities:</b>					
Electric Revenue Bonds	\$ 5,485,000	\$ -	\$ 1,710,000	\$ 3,775,000	\$ 1,825,000
Unamortized Discount	(85,419)	-	(28,473)	(56,946)	-
Installment Agreements:					
Water Treatment Plant	11,845,000	-	11,845,000	-	-
2016 Water Revenue Refunding Bonds	-	11,155,000	-	11,155,000	475,000
Unamortized Premium	-	1,509,193	25,153	1,484,040	-
Wastewater Treatment Plant	64,850,000	-	1,930,000	62,920,000	2,010,000
Unamortized Premium	129,340	-	84,803	44,537	-
State Loans:					
SWRCB Water Treatment	1,117,418	-	1,117,418	-	-
SWRCB Sewer Treatment	413,252	-	413,252	-	-
Net Pension Liability	8,042,317	3,024,148	2,707,171	8,359,294	-
Compensated Absences	322,169	168,127	168,674	321,622	-
Landfill Closure and Post-closure	14,700,370	-	-	14,700,370	-
Total	<u>\$ 106,819,447</u>	<u>\$ 15,856,468</u>	<u>\$ 19,972,998</u>	<u>\$ 102,702,917</u>	<u>\$ 4,310,000</u>

**Electric Revenue Bonds**

The City has issued Electric Revenue Refunding Series 1992 bonds where the City pledges revenue derived from the acquired or constructed assets of the City's electric system to pay debt service. The bonds mature on June 1 of each year and shall pay interest ranging from 3.20% to 5.90%. Revenue bonds outstanding, excluding an unamortized discount of \$56,946, at June 30, 2016 were as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2017	\$ 1,825,000	\$ 235,938	\$ 2,060,938
2018	1,950,000	121,875	2,071,875
Totals	<u>\$ 3,775,000</u>	<u>\$ 357,813</u>	<u>\$ 4,132,813</u>

**City of Ukiah**  
**Notes to Financial Statements**  
Year Ended June 30, 2016

**6) LONG-TERM DEBT - Continued**

**Installment Obligations**

The City has entered into two (2) separate agreements with the Association of Bay Area Governments (ABAG) whereby ABAG issued revenue bonds to provide resources for the City to acquire and construct capital improvements to the City's water treatment plant and wastewater treatment plant. The bonds are an obligation of ABAG and are payable solely from and secured by revenues that consist primarily of payments on two (2) installment obligations of the City. The installment obligations of the City are as follows:

Water Treatment Plant

Dated September 1, 2005 the original amount of the obligation was \$14,355,000 and is secured with a pledge of net revenues from the City's water system. The obligation principal is payable in annual installments beginning September 1, 2007 ranging from \$280,000 to \$845,000 through September 1, 2035. Interest payments commenced March 1, 2006 and are payable semiannually on September 1<sup>st</sup> and March 1<sup>st</sup> and pay interest ranging from 4.00% to 4.50%. The water treatment plant bonds were refunded through an advanced refunding with the 2016 Water Revenue Refunding Bonds.

Waste Water Treatment Plant

Dated March 1, 2006 the original amount of the obligation was \$75,060,000 and is secured with a pledge of net revenues from the City's wastewater system. The obligation principal is payable in annual installments beginning March 1, 2009 ranging from \$400,000 to \$4,690,000 through March 1, 2036. Interest payments commence September 1, 2006 and are payable semiannually on September 1<sup>st</sup> and March 1<sup>st</sup> and pay interest ranging from 4.00% to 4.75%. At June 30, 2016 the installment obligation liability outstanding excluding the unamortized premium of \$44,537 was as follows:

**City of Ukiah**  
**Notes to Financial Statements**  
Year Ended June 30, 2016

**6) LONG-TERM DEBT - Continued**

Fiscal Year Ending June 30,	Principal	Interest	Total
2017	\$ 2,010,000	\$ 2,851,300	\$ 4,861,300
2018	2,090,000	2,770,900	4,860,900
2019	2,180,000	2,687,300	4,867,300
2020	2,280,000	2,597,375	4,877,375
2021	2,370,000	2,500,475	4,870,475
2022	2,480,000	2,399,750	4,879,750
2023	2,590,000	2,291,250	4,881,250
2024	2,710,000	2,177,938	4,887,938
2025	2,830,000	2,059,375	4,889,375
2026	2,960,000	1,932,025	4,892,025
2027	3,100,000	1,798,825	4,898,825
2028	3,240,000	1,655,450	4,895,450
2029	3,390,000	1,505,600	4,895,600
2030	3,550,000	1,348,812	4,898,812
2031	3,720,000	1,184,625	4,904,625
2032	3,900,000	1,012,575	4,912,575
2033	4,080,000	832,200	4,912,200
2034	4,270,000	638,400	4,908,400
2035	4,480,000	435,575	4,915,575
2036	4,690,000	222,775	4,912,775
Totals	<u>\$ 62,920,000</u>	<u>\$ 34,902,525</u>	<u>\$ 97,822,525</u>

2016 Water Revenue Refunding Bonds

Dated March 1, 2016 the original amount of the obligation was \$11,155,000 and is secured with a pledge of net revenues from the City's Water system. The obligation principal is payable in annual installments beginning September 1, 2016 ranging from \$475,000 to \$740,000 through September 1, 2035. Interest payments commence September 1, 2016 and are payable semiannually on September 1st and March 1st and pay interest ranging from 2.00% to 3.125%. The 2016 Water Revenue Refunding Bonds were issued to refund the 2005 ABAG Bonds (Water Treatment Plant Installment Loan) and the SWRCB Water Treatment Loan. The two debt obligations were used to acquire and construct capital improvements to the City's water treatment plant

The City refunded the 2005 ABAG Bonds and the SWRCB Water Treatment Loan to reduce total debt service payments by \$2,362,402, and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$1,862,350.

At June 30, 2016 the installment obligation liability outstanding excluding the unamortized premium of \$1,484,040 was as follows:

**City of Ukiah**  
**Notes to Financial Statements**  
Year Ended June 30, 2016

**6) LONG-TERM DEBT - Continued**

Fiscal Year Ending June 30,	Principal	Interest	Total
2017	\$ 475,000	\$ 448,769	\$ 923,769
2018	490,000	436,669	926,669
2019	500,000	419,319	919,319
2020	530,000	398,718	928,718
2021	540,000	377,319	917,319
2022	565,000	355,219	920,219
2023	415,000	335,618	750,618
2024	435,000	316,444	751,444
2025	460,000	294,069	754,069
2026	480,000	270,569	750,569
2027	505,000	245,943	750,943
2028	530,000	220,069	750,069
2029	560,000	192,819	752,819
2030	585,000	164,193	749,193
2031	615,000	134,194	749,194
2032	645,000	102,694	747,694
2033	675,000	76,443	751,443
2034	695,000	55,894	750,894
2035	715,000	34,297	749,297
2036	740,000	11,563	751,563
Totals	<u>\$ 11,155,000</u>	<u>\$ 4,890,822</u>	<u>\$ 16,045,822</u>

**Fiduciary Fund**

As of June 30, 2016, the following long-term debt is reported in a private-purpose trust fund due to the dissolution of redevelopment agencies by the State of California:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Tax Allocation Bonds:					
Series 2007	\$ 3,395,000	\$ -	\$ 320,000	\$ 3,075,000	\$ 325,000
Series 2011A	3,595,000	-	580,000	3,015,000	620,000
Series 2011B	2,980,000	-	120,000	2,860,000	140,000
Total	<u>\$ 9,970,000</u>	<u>\$ -</u>	<u>\$ 1,020,000</u>	<u>\$ 8,950,000</u>	<u>\$ 1,085,000</u>

**City of Ukiah**  
**Notes to Financial Statements**  
Year Ended June 30, 2016

**6) LONG-TERM DEBT - Continued**

Ukiah Redevelopment Agency Tax Allocation Refunding Bonds, Series 2007 - On April 18, 2007, the former RDA issued \$5,595,000 in tax allocation bonds to refinance a loan agreement between the RDA and the Redwood Empire Financing Authority. The bond series is comprised of \$4,310,000 in serial bonds maturing annually on December 1st through the year 2020, and \$1,285,000 in term bonds maturing on December 1, 2023. The serial bonds require annual principal payments ranging from \$230,000 to \$390,000. Interest rates on the serial bonds range from 3.75% to 4.70%, and the term bonds carry an interest rate of 4.75%. Interest is paid semi-annually on June 1st and December 1st. The outstanding balance as of June 30, 2016 was as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2017	\$ 325,000	\$ 131,779	\$ 456,779
2018	340,000	117,230	457,230
2019	360,000	101,740	461,740
2020	375,000	85,292	460,292
2021	390,000	67,983	457,983
2022	405,000	49,795	454,795
2023	430,000	30,590	460,590
2024	450,000	10,350	460,350
Totals	<u>\$ 3,075,000</u>	<u>\$ 594,759</u>	<u>\$ 3,669,759</u>

Ukiah Redevelopment Project Tax Allocation Bonds, Series 2011A - On March 8, 2011, the former RDA issued \$5,180,000 Tax Allocation Bonds, 2011 Series A. The bonds were a special obligation of the RDA payable solely from and secured by a pledge of Agency tax revenues. The bonds carry an interest rate ranging from 3.0% to 6.5%. The bond series is comprised of \$2,840,000 in serial bonds maturing annually on December 1st through the year 2021, and \$2,340,000 in term bonds maturing on December 1, 2028. The serial bonds require annual principal payments ranging from \$10,000 to \$620,000. Proceeds of the bonds were to be used to finance redevelopment activities, fund a reserve account for the bond issue and provide for the cost of issuing the bonds.

**City of Ukiah**  
**Notes to Financial Statements**  
Year Ended June 30, 2016

**6) LONG-TERM DEBT - Continued**

The outstanding balance as of June 30, 2016 was as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2017	\$ 620,000	\$ 168,525	\$ 788,525
2018	15,000	154,606	169,606
2019	10,000	154,000	164,000
2020	10,000	153,487	163,487
2021	10,000	152,950	162,950
2022	10,000	152,388	162,388
2023	-	152,100	152,100
2024	-	152,100	152,100
2025	420,000	138,450	558,450
2026	445,000	110,337	555,337
2027	465,000	80,763	545,763
2028	495,000	49,562	544,562
2029	515,000	16,737	531,737
Totals	<u>\$ 3,015,000</u>	<u>\$ 1,636,005</u>	<u>\$ 4,651,005</u>

Ukiah Redevelopment Project Taxable Tax Allocation Housing Bonds, Series 2011B - On March 8, 2011, the former RDA issued \$3,250,000 Taxable Tax Allocation Bonds, 2011 Series B. The bonds were a special obligation of the RDA payable solely from RDA housing tax revenues. The bonds carry an interest rate ranging from 3.25% to 9.0%. The bond series is comprised of \$1,585,000 in serial bonds maturing annually on August 1st through the year 2021, and \$1,665,000 in term bonds maturing on August 1, 2026. The serial bonds require annual principal payments ranging from \$75,000 to \$270,000. Proceeds of the bonds were to be used to finance redevelopment activities benefiting low and moderate income housing, fund a reserve account for the bond issue and provide for the cost of issuing the bonds.

The outstanding balance as of June 30, 2016 was as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2017	\$ 140,000	\$ 234,225	\$ 374,225
2018	160,000	224,450	384,450
2019	180,000	212,525	392,525
2020	210,000	198,125	408,125
2021	235,000	180,850	415,850
2022	270,000	160,650	430,650
2023	300,000	136,350	436,350
2024	340,000	107,550	447,550
2025	385,000	74,925	459,925
2026	435,000	38,025	473,025
2027	205,000	9,225	214,225
Totals	<u>\$ 2,860,000</u>	<u>\$ 1,576,900</u>	<u>\$ 4,436,900</u>

**City of Ukiah**  
**Notes to Financial Statements**  
Year Ended June 30, 2016

**7) FUND BALANCE**

Details of the City's governmental fund balances at June 30, 2016, are presented below:

	General Fund	Non-major Governmental Funds	Total Governmental Funds
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Nonspendable:			
Prepaid Costs	\$ 11,437	\$	\$ 11,437
Loans to Employees	660		660
Advances to Other Funds	899,246		899,246
Restricted for:			
Park Facilities		78,098	78,098
Police Equipment		217,511	217,511
Street Related Projects		1,199,574	1,199,574
Low Income Housing		10,659,453	10,659,453
Transportation		122,241	122,241
Committed to:			
Assigned to:			
Public Safety	185,443		185,443
Repairs and Equipment		1,463,433	1,463,433
Special Programs		1,895,251	1,895,251
Unassigned	<u>4,116,215</u>	<u>(442,572)</u>	<u>3,673,643</u>
Total Fund Balance (Deficit)	<u>\$ 5,213,001</u>	<u>\$ 15,192,989</u>	<u>\$ 20,405,990</u>

**8) RISK MANAGEMENT**

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; and natural disasters. The City provides property, liability, and worker's compensation insurance through the Redwood Empire Municipal Insurance Fund (REMIF), a public entity risk pool currently operating as a common risk management and insurance program for several Northern California municipalities. The City pays quarterly and annual premiums to the REMIF for its general insurance coverage. The joint powers formation agreement of the REMIF provides that the REMIF will be self-sustaining through member premiums for liability insurance and will reinsure through commercial companies for other coverage.

REMIF is a risk sharing, self-funded pool which is a direct purchase program. The REMIF cost sharing pool provides coverage between the City's deductible and \$500,000 (liability program) and \$1,000,000 (workers' compensation program). Losses in excess of the REMIF cost sharing pool limits are covered by REMIF through the California Joint Powers Risk Management Authority and commercial insurance policies. Losses limits are \$39,500,000 (liability), \$300,000,000 (property), \$21,245,000 (boiler and machinery), \$9,990,000 (auto) and \$3,000,000 (workers' compensation) - all per occurrence. Losses exceeding these limits are the responsibility of the City.

**City of Ukiah**  
**Notes to Financial Statements**  
Year Ended June 30, 2016

**8) RISK MANAGEMENT - Continued**

The City's deductibles are \$10,000 for worker's compensation, property and auto losses, and fidelity; \$25,000 for liability losses; \$5,000 for boiler and machinery losses; and \$100,000 or 5% of building value for earthquake and flood losses - all per occurrence.

Separate internal service funds are maintained by the City for the City's deductibles and allocated share of pooled costs noted above. The total cash and investments held in these funds at June 30, 2016, was \$1,316,965 which management believes is adequate to finance the City's share of any losses.

The City continues to carry commercial insurance for all other risks of loss, including employee health and accident, coverage of the Municipal Airport and bonding of certain employees and elected officials.

There are no significant reductions in insurance coverage from prior years and also there have been no settlements exceeding the insurance coverage for each of the past three fiscal years.

**9) PENSION PLANS**

**General Information about the Pension Plans - Miscellaneous**

**Plan Descriptions** – All qualified permanent and probationary employees are eligible to participate in the City's separate Miscellaneous Plan, an agent multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plan are established by State statute and Local Government 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** – The Plan is an agent multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). A full description of the pension plan regarding number of employees covered, benefit provisions, assumptions (for funding purposes but not accounting purposes), and membership information are listed in the plan's June 30, 2014 Annual Actuarial Valuation Report. Details of the benefits provided can be obtained in Appendix B of the actuarial valuation report. This report is a publically available valuation report that can be obtained at CalPERS' website under Forms and Publications.

**City of Ukiah**  
**Notes to Financial Statements**  
Year Ended June 30, 2016

**9) PENSION PLANS - Continued**

The Plan's provisions and benefits in effect at June 30, 2016, are summarized as follows:

	<u>Miscellaneous</u>	
	Classic Prior to <u>January 1, 2013</u>	PEPRA On or after <u>January 1, 2013</u>
Hire date		
Benefit formula	2.7% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	55	62
Monthly benefits, as a % of eligible compensation	(1)	(1)
Required employee contribution rates	8%	6.50%
Required employer contribution rates	30.134%	6.50%

(1) - Depending on years of service

**Employees Covered** – At June 30, 2016, the following employees were covered by the benefit terms for the Plan:

	<u>Miscellaneous</u>
Inactive employees or beneficiaries currently receiving benefits	168
Inactive employees entitled to but not yet receiving benefits	113
Active employees	134

**Contributions** – 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 the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2015, using an annual actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

**City of Ukiah**  
**Notes to Financial Statements**  
Year Ended June 30, 2016

**9) PENSION PLANS - Continued**

**Actuarial Assumptions** – The total pension liabilities in the June 30, 2014 actuarial valuations were determined using the following actuarial assumptions:

	<u>Miscellaneous</u>
Valuation date	June 30, 2014
Measurement date	June 30, 2015
Actuarial cost method	entry-age normal
Actuarial assumptions:	
Discount rate	7.65%
Inflation	2.75%
Payroll growth	3.00%
Projected salary increase	(1)
Investment rate of return	7.65%
Mortality	(2)

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

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

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

**Change of Assumptions** - GASB 68, paragraph 68 states that the long long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50 percent used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65 percent used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

**Discount Rate** - The discount rate used to measure the total pension liability was 7.65 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing of the plans, the tests revealed the assets would not run out. Therefore, the current 7.65 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.65 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

**City of Ukiah**  
**Notes to Financial Statements**  
Year Ended June 30, 2016

**9) PENSION PLANS - Continued**

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. 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 (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (1)	Real Return Years 11+ (2)
Global Equity	51%	5.25%	5.71%
Global Fixed Income	19%	0.99%	2.43%
Inflation Sensitive	6%	0.45%	3.36%
Private Equity	10%	6.83%	6.95%
Real Estate	10%	4.50%	5.13%
Infrastructure and Forestland	2%	4.50%	5.09%
Liquidity	2%	-0.55%	-1.05%

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

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

**City of Ukiah**  
**Notes to Financial Statements**  
Year Ended June 30, 2016

**9) PENSION PLANS - Continued**

**Changes in Net Pension Liability**

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

	Increase (Decrease)		
	Pension Plan Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2014	\$ 76,633,341	\$ 49,825,618	\$ 26,807,723
Changes in the year:			
Service cost	1,612,003	-	1,612,003
Interest on the total pension liability	5,564,428	-	5,564,428
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(1,280,133)	-	(1,280,133)
Changes in assumptions	(1,318,850)	-	(1,318,850)
Contributions from the employer	-	2,156,759	(2,156,759)
Contributions from employees	-	634,373	(634,373)
Net investment income	-	1,106,699	(1,106,699)
Administrative Expenses	-	(55,697)	55,697
Benefit payments, including refunds	(4,205,497)	(4,205,497)	-
Net changes	<u>371,951</u>	<u>(363,363)</u>	<u>735,314</u>
Balance at June 30, 2015	<u>\$ 77,005,292</u>	<u>\$ 49,462,255</u>	<u>\$ 27,543,037</u>

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate** - The following presents the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.65 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.65 percent) or 1 percentage-point higher (8.65 percent) than the current rate:

	Miscellaneous
1% Decrease	6.65%
Net Pension Liability	\$ 37,485,857
Current Discount Rate	7.65%
Net Pension Liability	\$ 27,543,037
1% Increase	8.65%
Net Pension Liability	\$ 19,317,874

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

**City of Ukiah**  
**Notes to Financial Statements**  
Year Ended June 30, 2016

**9) PENSION PLANS - Continued**

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

For the year ended June 30, 2016, the City recognized pension expense for the Miscellaneous Plan of \$2,392,550. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources for the Miscellaneous Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 2,447,358	\$ -
Differences between actual and expected experience	-	853,422
Changes in assumptions	-	879,233
Net differences between projected and actual earnings on plan investments	2,095,891	2,558,953
Total	\$ 4,543,249	\$ 4,291,608

\$2,447,358 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending June 30,	
2017	\$ (1,195,340)
2018	(1,195,339)
2019	(329,010)
2020	523,972
2021	-
Thereafter	-

**Payable to the Pension Plan**

At June 30, 2016, the City reported a payable of \$ -0- for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2016.

**City of Ukiah**  
**Notes to Financial Statements**  
Year Ended June 30, 2016

**9) PENSION PLANS - Continued**

**General Information about the Pension Plans - Safety**

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

**Benefits Provided** – The Plan is a cost-sharing multiple-employer defined benefit pension plan administered by the California Public Employees’ Retirement System (CalPERS). A full description of the pension plan benefit provisions, assumptions for funding purposes but not accounting purposes, and membership information is listed in the June 30, 2014 Annual Actuarial Valuation Report. Details of the benefits provided can be obtained in Appendix B of the June 30, 2014 actuarial valuation report. This report is a publically available valuation report that can be obtained at CalPERS’ website under Forms and Publications.

	Safety Police	Safety Fire	Safety PEPRA
	Prior to	Prior to	On or after
Hire date	January 1, 2013	January 1, 2013	January 1, 2013
Benefit formula	3% @ 50	3% @ 50	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	57
Monthly benefits, as a % of eligible compensation	Highest single year	Highest single year	3-year average
Required employee contribution rates	9%	9%	11.5%
Required employer contribution rates	20.23% + \$515,204	18.191% + \$279,150	11.923% + \$0

**Contributions** – Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Beginning in fiscal year 2016, CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability. The dollar amounts are billed on a monthly basis. The City’s required contribution for the unfunded liability was \$794,354 in fiscal year 2016.

For the year ended June 30, 2016, the contributions recognized as part of pension expense was \$1,309,930.

**City of Ukiah**  
**Notes to Financial Statements**  
Year Ended June 30, 2016

**9) PENSION PLANS - Continued**

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

As of June 30, 2016, the City reported a net pension liability for its proportionate shares of the net pension liability of \$12,396,053. The City's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2015, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

The City's proportionate share of the net pension liability as of June 30, 2014 and 2015 was as follows:

	Safety
Proportion - June 30, 2014	0.30719%
Proportion - June 30, 2015	0.30084%
Change - Increase (Decrease)	-0.00635%

For the year ended June 30, 2016, the City recognized pension expense of \$834,225. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 1,520,825	\$ -
Differences between actual and expected experience	-	145,216
Changes in assumptions	-	667,902
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	-	153,058
Net differences between projected and actual earnings on plan investments	-	338,497
	\$ 1,520,825	\$ 1,304,673
Total		

**City of Ukiah**  
**Notes to Financial Statements**  
Year Ended June 30, 2016

**9) PENSION PLANS - Continued**

\$1,520,825 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending June 30,		
2017	\$	(609,178)
2018		(601,470)
2019		(506,580)
2020		412,555
2021		-
Thereafter		-

**Actuarial Assumptions** – The total pension liabilities in the June 30, 2014 actuarial valuations were determined using the following actuarial assumptions:

	<u>Safety</u>
Valuation date	June 30, 2014
Measurement date	June 30, 2015
Actuarial cost method	entry-age normal
Actuarial assumptions:	
Discount rate	7.65%
Inflation	2.75%
Payroll growth	3.00%
Projected salary increase	(1)
Investment rate of return	7.65%
Mortality	(2)

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

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

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

**City of Ukiah**  
**Notes to Financial Statements**  
Year Ended June 30, 2016

**9) PENSION PLANS - Continued**

**Discount Rate** - The discount rate used to measure the total pension liability was 7.65% for the Plan. See disclosures above for the Miscellaneous pension plan regarding the discount rate.

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

		Safety
1% Decrease		6.65%
Net Pension Liability	\$	19,875,129
Current Discount Rate		7.65%
Net Pension Liability	\$	12,396,053
1% Increase		8.65%
Net Pension Liability	\$	6,263,347

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

**Payable to the Pension Plan**

At June 30, 2016, the City reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2016.

**10) RELATED ORGANIZATIONS**

The City is a member of various joint powers authorities that provide goods or services to the City and other authority members. Under the criteria established by GASB-14, the City does not have sufficient authority, influence or accountability over these entities to incorporate them in this annual report. Additionally, the City has determined that it has no ongoing financial interest or responsibility for any of these organizations as defined by GASB-14. The names and general functions of these joint powers are as follows:

Northern California Power Agency (NCPA) - NCPA has 14 members including municipal electric utilities, a port authority, an irrigation district, a public utility district, a transportation district; and one associate member entity. The NCPA is generally empowered to purchase, generate, transmit, distribute, and sell electrical energy. Members participate in the projects of the Agency on an elective basis. A Commission comprised of one representative for each member governs the NCPA.

**City of Ukiah**  
**Notes to Financial Statements**  
Year Ended June 30, 2016

**10) RELATED ORGANIZATIONS - Continued**

The City is currently involved in several hydroelectric, geothermal and other energy related projects as a member of this agreement. The NCPA is financed by contributions from member cities, government grants and debt. The City is committed to provide substantial additional financial support for its portion of the actions and projects of the NCPA. During the year ended June 30, 2016, the City paid \$8,660,399 to the NCPA for power supplied by the agency.

The NCPA holds certain funds under a separate member custodial agreement - the general operating reserve. The purpose of the reserve is to allow members to fund all, or a portion, of the contingent liabilities that the NCPA faces at any given time, while providing the individual member with the flexibility to draw upon their part of the reserve, as each member individually deems appropriate. At June 30, 2016, the City's balance held in the reserve was \$6,665,194, of which \$354,795 is restricted for NCPA OPS/Security accounts. Due to the nature of the reserve held by NCPA, the reserve is recorded as an asset in the Electric Fund as Investment in NCPA reserve.

Mendocino Transit Authority - This Agency consists of four Mendocino County cities and the County of Mendocino. The Agency was created to apply for and receive Transportation Development Act, Urban Mass Transportation Act, and other funds as a public transportation operator and to provide public transportation services within Mendocino County. Its activities are primarily financed from fare box revenue and federal and state government grants. A Board of Directors comprised of one member from each city and three members that are appointed by the Mendocino County Board of Supervisors governs the Authority.

Redwood Empire Financing Authority (REFA) - This is an agreement between seven Northern California cities. The Authority is authorized to acquire, through lease purchase, installment sale agreements, or otherwise such property necessary or convenient for the operation of the member cities. A Commission comprised of one member appointed by each member city administers the Authority. As explained previously, the City has entered into various financing arrangements with REFA.

Redwood Empire Municipal Insurance Fund (REMIF) - A group of Northern California cities participate in this agreement to provide themselves with various levels of liability, property and worker's compensation insurance. A Commission comprised of one member appointed by each member city administers the Authority. As explained previously, the City provides for its general and workers' compensation insurance needs through REMIF. Annual premiums paid to the Authority were \$1,004,387. During the year, the City received no distribution from REMIF's liability insurance program.

Transmission Agency of Northern California (TANC) - Members include ten cities, one electric co-op, two irrigation districts, and two public utility districts. The Agency was created to provide electric transmission or other facilities, including real property and rights of way, for the use of its members. A Commission comprised of one representative appointed by each member governs the Agency. The City has authorized its participation in the project up to one percent (1%) of the total.

Mendocino Solid Waste Management Authority (MSWMA) - This Authority consists of three Mendocino County cities and the County of Mendocino. The Agency was created for the purpose of: (a) siting, licensing, developing, constructing, maintaining, and operating disposal sites and sanitary landfills and (b) preparing and implementing a solid waste management plan. A Commission comprised of one member from each city and two members that are appointed by the Mendocino County Board of Supervisors governs the Authority.

**City of Ukiah**  
**Notes to Financial Statements**  
Year Ended June 30, 2016

**11) CONTINGENCIES**

On October 18, 2013, the Ukiah Valley Sanitation District (“District”) filed a complaint in the Mendocino County Superior Court seeking in excess of \$20 million alleging that the City overcharged the District for services provided by the City pursuant to a series of agreements, beginning in 1967. The District has alleged that the City has breached various clauses in each of the agreements and amendments entered into from 1967 through 2011. In response, The City has filed a demurrer to the complaint contending the District has failed to allege sufficient facts to avoid the time bar in the Torts Claims Act which required the District to file its claim within one year of when its causes of action accrued. Management is attempting to mediate the dispute to prevent the potential substantial defense costs should the case go to trial. If the case cannot be settled through mediation, the City intends to vigorously contest the District’s claim. Management is of the opinion that it is more likely than not that the District will not prevail.

Amounts received from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

**12) LANDFILL CLOSURE AND POSTCLOSURE COSTS**

State and federal laws and regulations require that the City place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. In addition to operating expenses related to current activities of the landfill, an expense provision and related liability are being recognized based on the future closure and postclosure care costs that will be incurred near or after the landfill no longer accepts waste. The recognition of these landfill closure and postclosure care costs is based on the amount of landfill used during the year. The estimated liability for landfill closure and postclosure care costs has a balance of \$14,700,370 (including \$634,925 for corrective action liability) as of June 30, 2016, which is based on 100.0% usage (filled) of the landfill. This estimated total current cost of the landfill closure and postclosure care is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of June 30, 2016, as determined by the last engineering study performed. However, the actual cost of closure and postclosure care may change due to inflation, changes in technology, or changes in landfill laws and regulations.

The City is required by state and federal laws and regulations to make annual contributions to finance closure and postclosure care. The City is in compliance with these requirements, and at June 30, 2016, held \$8,311,150 within its pooled investments designated for these purposes. The City has made a pledge of future service revenues for anticipated remaining expected costs, future inflation costs, and any additional costs that might arise from changes in postclosure requirements (due to changes in technology or more rigorous environmental regulations, for example).

**City of Ukiah**  
**Notes to Financial Statements**  
Year Ended June 30, 2016

**13) SERVICE CONTRACTS**

The City has entered into several agreements to provide services to the citizens of the City and surrounding areas. The general purpose and description of these contract agreements are as follows:

The City has entered into an agreement with the Ukiah Valley Fire District (“UVFD”) to provide firefighting, emergency medical response and hazardous material response services within the corporate limits of the City. The current interim agreement commenced January 1, 2014 and terminates December 31, 2015. Under the terms of the agreement the City will provide fulltime and temporary fire personnel and use of City fire engines, rolling stock and related equipment to the UVFD, as well as making City facilities available to the UVFD. Fire personnel will remain employees of the City, and the City will continue to own all the equipment and facilities affected by the agreement. The UVFD will be responsible for day-to-day management and administration. The City will share in the cost for the employment of the Fire Chief, as well as certain fixed and reimbursable costs. For the year ended June 30, 2016, the City paid \$383,415 under the term of the agreement.

The City has entered into a leasing agreement with Tayman Park Golf Group, Inc. (“Lessee”) to operate, manage, repair and maintain the City’s municipal golf course. The lease includes the 18 hole golf course, clubhouse, and shared usage of City equipment. The Lessee is responsible to provide all services, maintenance, and administration –including setting user fees – for the normal operation of the course. The initial term of the agreement is ten years commencing July 1, 2012, with an option for two (2) additional five (5) year extensions, and cancellable by either party in the event of default. The Lessee must pay to the City rent based on a percentage of gross revenues from course operations and concessions, and reimburse the City for personnel and equipment provided by the City. In addition, the Lessee annually must contribute \$40,000 to a Capital Improvement Project for the benefit of the golf course. For the year ended June 30, 2016, the City received \$66,437 in rents. The City reports activities of the golf course as a nonmajor enterprise fund. The cost and carrying amount of assets lease under this agreement were as follows:

	Cost	Accumulated Depreciation	Carrying Value
Land	\$ 1,001,350	\$ -	\$ 1,001,350
Land Improvements	308,753	303,503	5,250
Infrastructure Systems:	178,259	178,259	-
Building and Improvements	105,992	86,903	19,089
Rolling Equipment	28,006	28,006	-
Machinery and Equipment	30,390	30,390	-
Total	\$ 1,652,750	\$ 627,061	\$ 1,025,689

The City has granted Ukiah Waste Solutions a franchise for mandatory residential and optional commercial garbage collection and disposal. The City has also contracted with Ukiah Waste Solutions to provide a citywide recycling program. The City acts as billing and collecting agent for the residential accounts of Ukiah Waste Solutions. Amounts held by the City on behalf of the corporation are accounted for in the Agency funds.

The City has contracted with the Ukiah Valley Sanitation District to provide processing of the District’s wastewater. In addition, the City provides billing, collection and other direct maintenance services for the District. District assets held by the City are accounted for in the Agency funds.

---

## ***Required Supplementary Information***

---

**City of Ukiah**  
**Required Supplementary Information**  
June 30, 2016

**Schedule of Changes in the Net Pension Liability and  
Related Ratios - Last 10 Years\*  
Agent Multiple Employer Plan**

	Measurement Date	
	2015	2014
<b>Total Pension Liability</b>		
Service cost	\$ 1,612,003	\$ 1,788,902
Interest on total pension liability	5,564,428	5,416,497
Differences between expected and actual experience	(1,280,133)	-
Changes in assumptions	(1,318,850)	-
Changes in benefits	-	-
Benefit payments, including refunds	(4,205,497)	(3,795,124)
Net change in total pension liability	371,951	3,410,275
Total pension liability - beginning	76,633,341	73,223,066
Total pension liability - ending (a)	<u>\$ 77,005,292</u>	<u>\$ 76,633,341</u>
<b>Plan Fiduciary Net Position</b>		
Contributions - employer	\$ 2,156,759	\$ 2,193,059
Contributions - employee	634,373	779,732
Net investment income	1,106,699	7,445,055
Benefit payments	(4,205,497)	(3,795,124)
Administrative Expense	(55,697)	-
Net change in plan fiduciary net position	(363,363)	6,622,722
Plan fiduciary net position - beginning	49,825,618	43,202,896
Plan fiduciary net position - ending (b)	<u>\$ 49,462,255</u>	<u>\$ 49,825,618</u>
Net pension liability - ending (a) - (b)	<u>\$ 27,543,037</u>	<u>\$ 26,807,723</u>
Plan fiduciary net position as a percentage of the total pension liability	64.23%	65.02%
Covered - employee payroll	\$ 8,008,361	\$ 8,340,257
Net pension liability as percentage of covered-employee payroll	343.93%	321.43%

\* - Fiscal Year 2015 was the first year of implementation, therefore, not all 10 years of information is available.

**City of Ukiah**  
**Required Supplementary Information**  
June 30, 2016

**Schedule of Contributions**  
**Last 10 Years\***  
**Agent Multiple Employer Plan**

	2016	2015
Actuarially determined contribution	\$ 2,156,759	\$ 2,193,059
Contributions in relation to the actuarially determined contributions	\$ 2,156,759	\$ 2,193,059
Contribution deficiency (excess)	\$ -	\$ -
Covered-employee payroll	\$ 8,008,361	\$ 8,340,257
Contributions as a percentage of covered-employee payroll	26.93%	26.29%
<b>Notes to schedule</b>		
Valuation date:	June 30, 2014	June 30, 2013

\* - Fiscal Year 2015 was the first year of implementation, therefore, not all 10 years of information is available.

**City of Ukiah**  
**Required Supplementary Information**  
June 30, 2016

**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY  
COST SHARING PLAN  
Last 10 Years\***

	Measurement Period	
	2015	2014
Proportion of the Net Pension Liability	0.18060%	0.18518%
Proportionate Share of Net Pension Liability	\$ 12,396,053	\$ 11,522,849
Covered - Employee Payroll	\$ 3,844,242	\$ 3,330,571
Proportionate Share of the Net Pension Liability as a percentage of Payroll	322.46%	345.97%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.31%	79.27%

\* - Fiscal Year 2015 was the first year of implementation, therefore, not all 10 years of information is available.

**City of Ukiah**  
**Required Supplementary Information**  
June 30, 2016

**SCHEDULE OF PLAN CONTRIBUTIONS**  
**COST SHARING PLAN**  
**Last 10 Years\***

	2016	2015
Contractually Required Contributions (actuarially determined)	\$ 1,520,825	\$ 1,309,930
Contributions in Relation to the Actuarially Determined Contributions	(1,520,825)	(1,309,930)
Contribution Deficiency (Excess)	\$ -	\$ -
Covered-Employee Payroll	\$ 3,844,242	\$ 3,330,571
Contributions as a Percentage of Covered Employee Payroll	39.56%	39.33%

**Notes to the Schedule of Plan Contributions**

Valuation Date: 6/30/2014

\* - Fiscal Year 2015 was the first year of implementation, therefore, not all 10 years of information is available.

**City of Ukiah**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - General Fund**  
Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes:				
Property Taxes	\$ 2,631,618	\$ 2,631,618	\$ 2,641,247	\$ 9,629
Sales Taxes	7,669,462	7,669,462	7,714,762	45,300
Transient Occupancy Taxes	1,052,621	1,052,621	1,229,814	177,193
Business License Taxes	355,772	355,772	360,732	4,960
Property Transfer Tax	30,000	30,000	41,791	11,791
Franchise Fees	1,500,360	1,500,360	1,514,800	14,440
Licenses and Permits	279,226	279,226	341,642	62,416
Fines and Forfeitures	63,696	63,696	78,589	14,893
Interest, Rents and Concession	197,103	197,103	161,676	(35,427)
Intergovernmental	145,594	145,594	165,376	19,782
Charges for Services	994,800	982,855	713,948	(268,907)
Miscellaneous	329,400	329,400	360,302	30,902
<b>Total Revenues</b>	<b>15,249,652</b>	<b>15,237,707</b>	<b>15,324,679</b>	<b>86,972</b>
<b>EXPENDITURES</b>				
Current:				
General Government	424,739	446,819	391,859	54,960
Public Safety	9,796,042	9,847,727	10,828,693	(980,966)
Public Works	1,996,363	2,114,251	1,847,237	267,014
Housing and Community Development	363,286	371,457	147,879	223,578
Parks and Recreation	2,112,478	2,124,773	2,081,416	43,357
Capital Outlay	16,575	16,575	16,575	-
<b>Total Expenditures</b>	<b>14,709,483</b>	<b>14,921,602</b>	<b>15,313,659</b>	<b>(392,057)</b>
Excess (Deficiency) of Revenues over Expenditures	540,169	316,105	11,020	(305,085)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers	325,364	325,364	345,445	20,081
Transfers Out	(410,856)	(410,856)	(503,358)	(92,502)
<b>Total Other Financing Sources (Uses)</b>	<b>(85,492)</b>	<b>(85,492)</b>	<b>(157,913)</b>	<b>(72,421)</b>
Net Change in Fund Balances	454,677	230,613	(146,893)	(377,506)
Fund Balance, Beginning of Year	5,359,894	5,359,894	5,359,894	-
Fund Balance, End of Year	<u>\$ 5,814,571</u>	<u>\$ 5,590,507</u>	<u>\$ 5,213,001</u>	<u>\$ (377,506)</u>

**City of Ukiah**  
**Notes to Required Supplementary Information**  
June 30, 2016

**Budgetary Data**

General Budget Policies

The City Council approves the annual budget submitted by the City Manager prior to the beginning of the new fiscal year. Public hearings are conducted prior to its adoption by Council. Supplemental appropriations, where required during the period, are also approved by the Council. There were several supplemental appropriations required during the year. At fiscal year-end, all operating budget appropriations lapse.

Expenditures are monitored at the fund level for all funds with a legally adopted budget. These levels are considered the legal level of control.

Department heads are authorized to transfer budgeted amounts within their departments, within the same fund, with the approval of the City Manager. Transfers of appropriations between departments may be made only by authority of the City Manager. Transfers of appropriations between funds may be made only by authority of the City Council. Formal budgetary integration is employed as a management control device during the fiscal year for all governmental funds.

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds except for certain special revenue and capital projects funds, which adopt project-length budgets.

Encumbrances

Encumbrances are estimations of costs related to unperformed contracts for goods and services. These commitments are recorded for budgetary control purposes in the General, Special Revenue and similar governmental funds. Encumbrances outstanding at year-end are reported as a committed fund balance. They represent the estimated amount of the expenditure ultimately to result if unperformed contracts in process at year-end are completed. They do not constitute expenditures or estimated liabilities.

The City did not adopt a budget for the Observatory Park Special Revenue Fund, the Playground and Park Amenities Special Revenue Fund, the Swimming Pool Special Revenue Fund, the Skate Park Special Revenue Fund, the Softball Complex Special Revenue Fund, the Local Law Enforcement Special Revenue Fund, the Special Police Special Revenue Fund, the STIP Augmentation Special Revenue Fund, the FEMA Special Revenue Fund, and the City Housing Bond Proceeds Capital Projects Fund.

---

## ***Optional Supplementary Information***

---

*Nonmajor funds combining financial statements,  
budgetary schedules, combining internal service funds,  
and combining fiduciary funds.*

**City of Ukiah**  
**Combining Balance Sheet**  
**Non-major Governmental Funds**  
June 30, 2016

	Special Revenue			
	Park Development	Anton Stadium	Observatory Park	Playground and Park Amenities
<b>ASSETS</b>				
Cash and Investments	\$ 31,505	\$ 32,329	\$ -	\$ 2,532
Cash with Fiscal Agent	-	-	-	-
Receivables:				
Accounts	-	-	-	-
Interest	-	67	-	5
Intergovernmental	-	-	-	-
Long-term Notes	-	-	-	-
Prepaid Expenditures	-	-	-	-
Land Held for Resale	-	-	-	-
<b>Total Assets</b>	<b>\$ 31,505</b>	<b>\$ 32,396</b>	<b>\$ -</b>	<b>\$ 2,537</b>
<b>LIABILITIES</b>				
Accounts Payable	\$ 6,048	\$ -	\$ -	\$ -
Accrued Salaries and Benefits	-	-	-	-
Due to Other Funds	-	-	-	-
Advances from Other Funds	-	-	-	-
<b>Total Liabilities</b>	<b>6,048</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenues - Grants	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>				
Restricted	25,457	32,396	-	2,537
Assigned	-	-	-	-
Unassigned	-	-	-	-
<b>Total Fund Balances</b>	<b>25,457</b>	<b>32,396</b>	<b>-</b>	<b>2,537</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 31,505</b>	<b>\$ 32,396</b>	<b>\$ -</b>	<b>\$ 2,537</b>

Special Revenue

Swimming Pool	Riverside Park	State Park	Softball Complex	Museum Grants Prop 84	Asset Seizure	Supplemental Law Enforcement
\$ 11,741	\$ -	\$ 11,220	\$ 6,452	\$ 19	\$ 75,413	\$ 1,916
-	-	-	-	-	-	-
-	-	-	-	-	-	-
24	-	23	13	-	177	-
-	-	-	-	364,941	50,684	11,253
-	-	-	-	243,136	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 11,765</u>	<u>\$ -</u>	<u>\$ 11,243</u>	<u>\$ 6,465</u>	<u>\$ 608,096</u>	<u>\$ 126,274</u>	<u>\$ 13,169</u>
\$ -	\$ -	\$ -	\$ -	\$ 257,959	\$ 4,050	\$ -
-	-	-	-	-	-	2,699
-	-	-	-	368,577	-	-
148,000	-	-	-	-	-	-
<u>148,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>626,536</u>	<u>4,050</u>	<u>2,699</u>
-	-	-	-	243,136	-	-
-	-	-	-	243,136	-	-
-	-	11,243	6,465	-	122,224	-
-	-	-	-	-	-	-
(136,235)	-	-	-	(261,576)	-	10,470
<u>(136,235)</u>	<u>-</u>	<u>11,243</u>	<u>6,465</u>	<u>(261,576)</u>	<u>122,224</u>	<u>10,470</u>
<u>\$ 11,765</u>	<u>\$ -</u>	<u>\$ 11,243</u>	<u>\$ 6,465</u>	<u>\$ 608,096</u>	<u>\$ 126,274</u>	<u>\$ 13,169</u>

Continued

**City of Ukiah**  
**Combining Balance Sheet**  
**Non-major Governmental Funds - Continued**  
June 30, 2016

	Special Revenue			
	Local Law Enforcement Block Grant	Asset Forfeiture 11470.2 H&S	Special Police	Special Revenue
<b>ASSETS</b>				
Cash and Investments	\$ -	\$ 37,303	\$ 583	\$ -
Cash with Fiscal Agent	-	-	-	-
Receivables:				
Accounts	-	-	31,250	-
Interest	-	80	150	-
Intergovernmental	-	-	-	-
Long-term Notes	-	-	-	-
Prepaid Expenditures	-	-	-	-
Land Held for Resale	-	-	-	-
<b>Total Assets</b>	<b>\$ -</b>	<b>\$ 37,383</b>	<b>\$ 31,983</b>	<b>\$ -</b>
<b>LIABILITIES</b>				
Accounts Payable	\$ -	\$ -	\$ -	\$ 1,836
Accrued Salaries and Benefits	-	-	-	-
Due to Other Funds	-	-	-	-
Advances from Other Funds	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,836</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenues - Grants	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>				
Restricted	-	37,383	31,983	(1,836)
Assigned	-	-	-	-
Unassigned	-	-	-	-
<b>Total Fund Balances</b>	<b>-</b>	<b>37,383</b>	<b>31,983</b>	<b>(1,836)</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ -</b>	<b>\$ 37,383</b>	<b>\$ 31,983</b>	<b>\$ -</b>

Special Revenue

ARC General Operating	Signalization	Gas Tax 2106	Gas Tax 2107	Gas Tax 2107.5	Gas Tax 2105	STIP Augmentation
\$ -	\$ 434,887	\$ 13,702	\$ 114	\$ 199	\$ 27,798	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	906	14	57	-	118	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 435,793</u>	<u>\$ 13,716</u>	<u>\$ 171</u>	<u>\$ 199</u>	<u>\$ 27,916</u>	<u>\$ -</u>
\$ 6,201	\$ -	\$ -	\$ 23,371	\$ -	\$ -	\$ -
809	-	-	-	-	-	-
43,818	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>50,828</u>	<u>-</u>	<u>-</u>	<u>23,371</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-				

**City of Ukiah**  
**Combining Balance Sheet**  
**Non-major Governmental Funds - Continued**  
June 30, 2016

	Special Revenue			
	CDBG Grants	HOME Grants	FEMA Grants	SB325 Reimbursement
<b>ASSETS</b>				
Cash and Investments	\$ 175,081	\$ 6,409	\$ 31,357	\$ 108,525
Cash with Fiscal Agent	-	-	-	-
Receivables:				
Accounts	-	-	-	-
Interest	458	-	-	-
Intergovernmental	188,940	-	-	-
Long-term Notes	2,005,116	1,579,141	-	-
Prepaid Expenditures	-	-	-	-
Land Held for Resale	-	-	-	-
<b>Total Assets</b>	<b>\$ 2,369,595</b>	<b>\$ 1,585,550</b>	<b>\$ 31,357</b>	<b>\$ 108,525</b>
<b>LIABILITIES</b>				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Accrued Salaries and Benefits	-	-	-	-
Due to Other Funds	187,761	-	-	-
Advances from Other Funds	-	-	-	-
<b>Total Liabilities</b>	<b>187,761</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenues - Grants	38,094	42,174	3,600	-
<b>Total Deferred Inflows of Resources</b>	<b>38,094</b>	<b>42,174</b>	<b>3,600</b>	<b>-</b>
<b>FUND BALANCES</b>				
Restricted	2,143,740	1,543,376	27,757	108,525
Assigned	-	-	-	-
Unassigned	-	-	-	-
<b>Total Fund Balances</b>	<b>2,143,740</b>	<b>1,543,376</b>	<b>27,757</b>	<b>108,525</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 2,369,595</b>	<b>\$ 1,585,550</b>	<b>\$ 31,357</b>	<b>\$ 108,525</b>

Special Revenue				Capital Projects		
State STP	Congestion Relief	Museum	LMIHF Housing Asset	Equipment Reserve	Special Project Reserve	Capital Improvement
\$ 108,327	\$ 649,211	\$ 27,003	\$ 49,058	\$ 1,606,363	\$ 1,953,455	\$ -
-	-	-	-	-	-	-
-	-	1,396	1,000	-	1,500	-
-	1,328	47	102	3,517	4,265	-
-	-	-	-	-	-	-
-	-	-	1,751,327	-	-	-
-	-	-	-	-	-	-
-	-	-	2,435,114	-	-	-
<u>\$ 108,327</u>	<u>\$ 650,539</u>	<u>\$ 28,446</u>	<u>\$ 4,236,601</u>	<u>\$ 1,609,880</u>	<u>\$ 1,959,220</u>	<u>\$ -</u>
\$ -	\$ -	\$ 5,039	\$ -	\$ 146,447	\$ 63,969	\$ -
-	-	27,810	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	32,849	-	146,447	63,969	-
-	-	-	13,171	-	-	-
-	-	-	13,171	-	-	-
108,327	650,539	-	4,223,430	-	-	-
-	-	-	-	1,463,433	1,895,251	-
-	-	(4,403)	-	-	-	-
<u>108,327</u>	<u>650,539</u>	<u>(4,403)</u>	<u>4,223,430</u>	<u>1,463,433</u>	<u>1,895,251</u>	<u>-</u>
<u>\$ 108,327</u>	<u>\$ 650,539</u>	<u>\$ 28,446</u>	<u>\$ 4,236,601</u>	<u>\$ 1,609,880</u>	<u>\$ 1,959,220</u>	<u>\$ -</u>

Continued

**City of Ukiah**  
**Combining Balance Sheet**  
**Non-major Governmental Funds - Continued**  
June 30, 2016

	Capital Projects		Total
	City		Non-major
	Housing Bond		Funds
	Proceeds		Funds
<hr/>			
<b>ASSETS</b>			
Cash and Investments	\$ -	\$	5,402,502
Cash with Fiscal Agent	2,748,907		2,748,907
Receivables:			
Accounts	-		35,146
Interest	-		11,351
Intergovernmental	-		615,818
Long-term Notes	-		5,578,720
Prepaid Expenditures	-		-
Land Held for Resale	-		2,435,114
	<hr/>		<hr/>
Total Assets	\$ 2,748,907	\$	16,827,558
	<hr/>		<hr/>
<b>LIABILITIES</b>			
Accounts Payable	\$ -	\$	514,920
Accrued Salaries and Benefits	-		31,318
Due to Other Funds	-		600,156
Advances from Other Funds	-		148,000
	<hr/>		<hr/>
Total Liabilities	-		1,294,394
	<hr/>		<hr/>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable Revenues - Grants	-		340,175
	<hr/>		<hr/>
Total Deferred Inflows of Resources	-		340,175
	<hr/>		<hr/>
<b>FUND BALANCES</b>			
Restricted	2,748,907		12,276,877
Assigned	-		3,358,684
Unassigned	-		(442,572)
	<hr/>		<hr/>
Total Fund Balances	2,748,907		15,192,989
	<hr/>		<hr/>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 2,748,907	\$	16,827,558
	<hr/>		<hr/>

**City of Ukiah**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-major Governmental Funds**  
Year Ended June 30, 2016

	Special Revenue			
	Park Development	Anton Stadium	Observatory Park	Playground and Park Amenities
<b>REVENUES</b>				
Interest, Rents and Concessions	\$ (139)	\$ 528	\$ (1)	\$ 39
Intergovernmental	142,800	-	-	-
Charges for Services	3,399	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	<u>146,060</u>	<u>528</u>	<u>(1)</u>	<u>39</u>
<b>EXPENDITURES</b>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Housing and Community Development	-	-	-	-
Parks and Recreation	51,341	3,670	-	-
Capital Outlay	91,080	345	-	-
Total Expenditures	<u>142,421</u>	<u>4,015</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>3,639</u>	<u>(3,487)</u>	<u>(1)</u>	<u>39</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	137	-
Transfers Out	(20)	-	-	-
Total Other Financing Sources (Uses)	<u>(20)</u>	<u>-</u>	<u>137</u>	<u>-</u>
Net Change in Fund Balances	3,619	(3,487)	136	39
Fund Balances, Beginning of Year	<u>21,838</u>	<u>35,883</u>	<u>(136)</u>	<u>2,498</u>
Fund Balances, End of Year	<u>\$ 25,457</u>	<u>\$ 32,396</u>	<u>\$ -</u>	<u>\$ 2,537</u>

Special Revenue

Swimming Pool	Riverside Park	State Park	Softball Complex	Museum Grants Prop 84	Asset Seizure	Supplemental Law Enforcement
\$ 184	\$ -	\$ 177	\$ 102	\$ (2,360)	\$ 1,418	\$ (207)
-	-	-	-	1,107,615	131,233	101,978
-	-	-	-	-	-	-
750	-	-	-	-	-	-
<u>934</u>	<u>-</u>	<u>177</u>	<u>102</u>	<u>1,105,255</u>	<u>132,651</u>	<u>101,771</u>
-	-	-	-	-	-	-
-	-	-	-	-	144,207	104,971
-	-	-	-	-	-	-
-	-	-	-	55,357	-	-
-	-	-	-	1,287,728	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,343,085</u>	<u>144,207</u>	<u>104,971</u>
<u>934</u>	<u>-</u>	<u>177</u>	<u>102</u>	<u>(237,830)</u>	<u>(11,556)</u>	<u>(3,200)</u>
-	20	-	-	-	-	21,101
-	-	-	-	-	-	-
-	20	-	-	-	-	21,101
934	20	177	102	(237,830)	(11,556)	17,901
<u>(137,169)</u>	<u>(20)</u>	<u>11,066</u>	<u>6,363</u>	<u>(23,746)</u>	<u>133,780</u>	<u>(7,431)</u>
<u>\$ (136,235)</u>	<u>\$ -</u>	<u>\$ 11,243</u>	<u>\$ 6,465</u>	<u>\$ (261,576)</u>	<u>\$ 122,224</u>	<u>\$ 10,470</u>

Continued

**City of Ukiah**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-major Governmental Funds - Continued**  
Year Ended June 30, 2016

	Special Revenue			
	Local Law Enforcement Block Grant	Asset Forfeiture 11470.2 H&S	Special Police	Special Revenue
<b>REVENUES</b>				
Interest, Rents and Concessions	\$ (158)	\$ 692	\$ 1,464	\$ 820
Intergovernmental	-	10,575	125,000	106,133
Charges for Services	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	<u>(158)</u>	<u>11,267</u>	<u>126,464</u>	<u>106,953</u>
<b>EXPENDITURES</b>				
Current:				
General Government	-	-	-	-
Public Safety	-	18,897	-	-
Public Works	-	-	-	-
Housing and Community Development	-	-	-	-
Parks and Recreation	-	-	-	-
Capital Outlay	-	-	-	571,646
Total Expenditures	<u>-</u>	<u>18,897</u>	<u>-</u>	<u>571,646</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(158)</u>	<u>(7,630)</u>	<u>126,464</u>	<u>(464,693)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	16,489	-	-	54,424
Transfers Out	-	-	(196,503)	-
Total Other Financing Sources (Uses)	<u>16,489</u>	<u>-</u>	<u>(196,503)</u>	<u>54,424</u>
Net Change in Fund Balances	16,331	(7,630)	(70,039)	(410,269)
Fund Balances, Beginning of Year	<u>(16,331)</u>	<u>45,013</u>	<u>102,022</u>	<u>408,433</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ 37,383</u>	<u>\$ 31,983</u>	<u>\$ (1,836)</u>

Special Revenue

ARC General Operating	Signalization	Gas Tax 2106	Gas Tax 2107	Gas Tax 2107.5	Gas Tax 2105	STIP Augmentation
\$ 66,376	\$ 6,832	\$ 83	\$ 514	\$ 2	\$ 940	\$ -
-	7,245	66,106	117,522	4,000	90,253	-
8,004	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>74,380</u>	<u>14,077</u>	<u>66,189</u>	<u>118,036</u>	<u>4,002</u>	<u>91,193</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
101,071	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	186,499	-	-	-
<u>101,071</u>	<u>-</u>	<u>-</u>	<u>186,499</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(26,691)</u>	<u>14,077</u>	<u>66,189</u>	<u>(68,463)</u>	<u>4,002</u>	<u>91,193</u>	<u>-</u>
-	-	-	36,815	-	-	-
-	-	(52,473)	-	(4,000)	(129,284)	-
-	-	(52,473)	36,815	(4,000)	(129,284)	-
(26,691)	14,077	13,716	(31,648)	2	(38,091)	-
(24,137)	421,716	-	8,448	197	66,007	-
<u>\$ (50,828)</u>	<u>\$ 435,793</u>	<u>\$ 13,716</u>	<u>\$ (23,200)</u>	<u>\$ 199</u>	<u>\$ 27,916</u>	<u>\$ -</u>

Continued

**City of Ukiah**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-major Governmental Funds - Continued**  
Year Ended June 30, 2016

	Special Revenue			
	CDBG Grants	HOME Grants	FEMA Grants	SB325 Reimbursement
<b>REVENUES</b>				
Interest, Rents and Concessions	\$ 10,062	\$ -	\$ -	\$ -
Intergovernmental	576,319	-	12,873	64,019
Charges for Services	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	<u>586,381</u>	<u>-</u>	<u>12,873</u>	<u>64,019</u>
<b>EXPENDITURES</b>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Housing and Community Development	621,500	-	-	-
Parks and Recreation	-	-	-	-
Capital Outlay	-	-	-	64,019
Total Expenditures	<u>621,500</u>	<u>-</u>	<u>-</u>	<u>64,019</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(35,119)</u>	<u>-</u>	<u>12,873</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	108	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>108</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(35,011)	-	12,873	-
Fund Balances, Beginning of Year	<u>2,178,751</u>	<u>1,543,376</u>	<u>14,884</u>	<u>108,525</u>
Fund Balances, End of Year	<u>\$ 2,143,740</u>	<u>\$ 1,543,376</u>	<u>\$ 27,757</u>	<u>\$ 108,525</u>

Special Revenue			Capital Projects			
State STP	Congestion Relief	Museum	LMIHF Housing Asset	Equipment Reserve	Special Project Reserve	Capital Improvement
\$ -	\$ 10,429	\$ (713)	\$ 12,728	\$ 28,424	\$ 32,761	\$ -
-	82,577	-	-	-	-	-
-	3,534	26,189	-	-	-	-
-	-	50,000	-	-	-	-
-	96,540	75,476	12,728	28,424	32,761	-
-	-	96,889	-	53,686	-	-
-	-	-	-	-	-	-
-	137,564	-	-	122,977	65,436	-
-	-	-	-	-	-	-
-	-	425,072	-	-	-	-
-	66,267	-	-	128,858	199,201	-
-	203,831	521,961	-	305,521	264,637	-
-	(107,291)	(446,485)	12,728	(277,097)	(231,876)	-
-	-	465,524	-	-	-	-
-	-	-	-	(473,540)	(54,424)	-
-	-	465,524	-	(473,540)	(54,424)	-
-	(107,291)	19,039	12,728	(750,637)	(286,300)	-
108,327	757,830	(23,442)	4,210,702	2,214,070	2,181,551	-
<u>\$ 108,327</u>	<u>\$ 650,539</u>	<u>\$ (4,403)</u>	<u>\$ 4,223,430</u>	<u>\$ 1,463,433</u>	<u>\$ 1,895,251</u>	<u>\$ -</u>

Continued

**City of Ukiah**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-major Governmental Funds - Continued**  
Year Ended June 30, 2016

	Capital Projects City Housing Bond Proceeds	Total Non-major Funds
<b>REVENUES</b>		
Interest, Rents and Concessions	\$ 3,500	\$ 174,497
Intergovernmental	-	2,746,248
Charges for Services	-	41,126
Miscellaneous	-	50,750
	3,500	3,012,621
<b>EXPENDITURES</b>		
Current:		
General Government	-	150,575
Public Safety	-	268,075
Public Works	-	325,977
Housing and Community Development	-	722,571
Parks and Recreation	-	535,440
Capital Outlay	-	2,595,643
	-	4,598,281
Excess (Deficiency) of Revenues Over Expenditures	3,500	(1,585,660)
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers In	-	594,618
Transfers Out	-	(910,244)
	-	(315,626)
Net Change in Fund Balances	3,500	(1,901,286)
Fund Balances, Beginning of Year	2,745,407	17,094,275
Fund Balances, End of Year	\$ 2,748,907	\$ 15,192,989

**City of Ukiah**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Park Development Special Revenue Fund**  
Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest, Rents and Concessions	\$ 218	\$ 218	\$ (139)	\$ (357)
Intergovernmental	282,800	282,800	142,800	(140,000)
Charges for Services	-	-	3,399	3,399
Total Revenues	<u>283,018</u>	<u>283,018</u>	<u>146,060</u>	<u>(136,958)</u>
<b>EXPENDITURES</b>				
Current:				
Parks and Recreation	140,000	140,000	51,341	88,659
Capital Outlay	142,800	142,800	91,080	51,720
Total Expenditures	<u>282,800</u>	<u>282,800</u>	<u>142,421</u>	<u>140,379</u>
Excess (Deficiency) of Revenues over Expenditures	<u>218</u>	<u>218</u>	<u>3,639</u>	<u>3,421</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	(20)	(20)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(20)</u>	<u>(20)</u>
Net Change in Fund Balance	218	218	3,619	3,401
Fund Balance, Beginning of Year	<u>21,838</u>	<u>21,838</u>	<u>21,838</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 22,056</u></u>	<u><u>\$ 22,056</u></u>	<u><u>\$ 25,457</u></u>	<u><u>\$ 3,401</u></u>

**City of Ukiah**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Anton Stadium Special Revenue Fund**  
Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest, Rents and Concessions	\$ -	\$ -	\$ 528	\$ 528
Intergovernmental	-	-	-	-
Charges for Services	18,000	18,000	-	18,000
Total Revenues	<u>18,000</u>	<u>18,000</u>	<u>528</u>	<u>(17,472)</u>
<b>EXPENDITURES</b>				
Current:				
Parks and Recreation	-	-	3,670	(3,670)
Capital Outlay	18,000	18,000	345	17,655
Total Expenditures	<u>18,000</u>	<u>18,000</u>	<u>4,015</u>	<u>13,985</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>-</u>	<u>(3,487)</u>	<u>(3,487)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	-	(3,487)	(3,487)
Fund Balance, Beginning of Year	<u>35,883</u>	<u>35,883</u>	<u>35,883</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 35,883</u></u>	<u><u>\$ 35,883</u></u>	<u><u>\$ 32,396</u></u>	<u><u>\$ (3,487)</u></u>

**City of Ukiah**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Museum Grants Prop 84 Special Revenue Fund**  
Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest, Rents and Concessions	\$ -	\$ -	\$ (2,360)	\$ (2,360)
Intergovernmental	2,300,000	2,300,000	1,107,615	(1,192,385)
Total Revenues	<u>2,300,000</u>	<u>2,300,000</u>	<u>1,105,255</u>	<u>(1,194,745)</u>
<b>EXPENDITURES</b>				
Current:				
Parks and Recreation	-	75,483	55,357	20,126
Capital Outlay	2,300,000	2,560,000	1,287,728	1,272,272
Total Expenditures	<u>2,300,000</u>	<u>2,635,483</u>	<u>1,343,085</u>	<u>1,292,398</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>(335,483)</u>	<u>(237,830)</u>	<u>97,653</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	(335,483)	(237,830)	97,653
Fund Balance, Beginning of Year	<u>(23,746)</u>	<u>(23,746)</u>	<u>(23,746)</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ (23,746)</u>	<u>\$ (359,229)</u>	<u>\$ (261,576)</u>	<u>\$ 97,653</u>

**City of Ukiah**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Asset Seizure Special Revenue Fund**  
Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest, Rents and Concessions	\$ -	\$ -	\$ 1,418	\$ 1,418
Intergovernmental	-	-	131,233	131,233
Total Revenues	-	-	132,651	132,651
<b>EXPENDITURES</b>				
Current:				
Public Safety	-	18,283	144,207	(125,924)
Capital Outlay	-	-	-	-
Total Expenditures	-	18,283	144,207	(125,924)
Excess (Deficiency) of Revenues over Expenditures	-	(18,283)	(11,556)	6,727
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	-	(18,283)	(11,556)	6,727
Fund Balance, Beginning of Year	133,780	133,780	133,780	-
Fund Balance, End of Year	\$ 133,780	\$ 115,497	\$ 122,224	\$ 6,727

**City of Ukiah**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Supplemental Law Enforcement Special Revenue Fund**  
Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest, Rents and Concessions	\$ 500	\$ 500	\$ (207)	\$ (707)
Intergovernmental	100,000	100,000	101,978	1,978
Total Revenues	<u>100,500</u>	<u>100,500</u>	<u>101,771</u>	<u>1,271</u>
<b>EXPENDITURES</b>				
Current:				
Public Safety	110,571	110,571	104,971	5,600
Capital Outlay	-	-	-	-
Total Expenditures	<u>110,571</u>	<u>110,571</u>	<u>104,971</u>	<u>5,600</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(10,071)</u>	<u>(10,071)</u>	<u>(3,200)</u>	<u>6,871</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	21,101	21,101
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>21,101</u>	<u>21,101</u>
Net Change in Fund Balance	(10,071)	(10,071)	17,901	27,972
Fund Balance, Beginning of Year	<u>(7,431)</u>	<u>(7,431)</u>	<u>(7,431)</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ (17,502)</u>	<u>\$ (17,502)</u>	<u>\$ 10,470</u>	<u>\$ 27,972</u>

**City of Ukiah**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Asset Forfeiture Special Revenue Fund**  
Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest, Rents and Concessions	\$ 1,624	\$ 1,624	\$ 692	\$ (932)
Intergovernmental	-	-	10,575	10,575
Total Revenues	<u>1,624</u>	<u>1,624</u>	<u>11,267</u>	<u>9,643</u>
<b>EXPENDITURES</b>				
Current:				
Public Safety	-	17,630	18,897	(1,267)
Capital Outlay	-	-	-	-
Total Expenditures	<u>-</u>	<u>17,630</u>	<u>18,897</u>	<u>(1,267)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>1,624</u>	<u>(16,006)</u>	<u>(7,630)</u>	<u>8,376</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	1,624	(16,006)	(7,630)	8,376
Fund Balance, Beginning of Year	<u>45,013</u>	<u>45,013</u>	<u>45,013</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 46,637</u>	<u>\$ 29,007</u>	<u>\$ 37,383</u>	<u>\$ 8,376</u>

**City of Ukiah**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Special Revenue Fund**  
Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest, Rents and Concessions	\$ 6,139	\$ 6,139	\$ 820	\$ (5,319)
Intergovernmental	2,203,500	2,203,500	106,133	(2,097,367)
Total Revenues	<u>2,209,639</u>	<u>2,209,639</u>	<u>106,953</u>	<u>(2,102,686)</u>
<b>EXPENDITURES</b>				
Current:				
Public Safety	-	-	-	-
Capital Outlay	2,204,000	2,557,357	571,646	1,985,711
Total Expenditures	<u>2,204,000</u>	<u>2,557,357</u>	<u>571,646</u>	<u>1,985,711</u>
Excess (Deficiency) of Revenues over Expenditures	<u>5,639</u>	<u>(347,718)</u>	<u>(464,693)</u>	<u>(116,975)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	54,424	54,424
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>54,424</u>	<u>54,424</u>
Net Change in Fund Balance	5,639	(347,718)	(410,269)	(62,551)
Fund Balance, Beginning of Year	<u>408,433</u>	<u>408,433</u>	<u>408,433</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 414,072</u>	<u>\$ 60,715</u>	<u>\$ (1,836)</u>	<u>\$ (62,551)</u>

**City of Ukiah**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - ARC General Operating Special Revenue Fund**  
Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest, Rents and Concessions	\$ 68,016	\$ 68,016	\$ 66,376	\$ (1,640)
Charges for Services	20,000	28,004	8,004	(20,000)
Total Revenues	<u>88,016</u>	<u>96,020</u>	<u>74,380</u>	<u>(21,640)</u>
<b>EXPENDITURES</b>				
Current:				
Housing and Community Development	88,016	88,166	101,071	(12,905)
Capital Outlay	-	-	-	-
Total Expenditures	<u>88,016</u>	<u>88,166</u>	<u>101,071</u>	<u>(12,905)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>7,854</u>	<u>(26,691)</u>	<u>(34,545)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	7,854	(26,691)	(34,545)
Fund Balance, Beginning of Year	<u>(24,137)</u>	<u>(24,137)</u>	<u>(24,137)</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ (24,137)</u>	<u>\$ (16,283)</u>	<u>\$ (50,828)</u>	<u>\$ (34,545)</u>

**City of Ukiah**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Signalization Special Revenue Fund**  
Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest, Rents and Concessions	\$ 3,372	\$ 3,372	\$ 6,832	\$ 3,460
Intergovernmental	-	-	7,245	7,245
	<u>3,372</u>	<u>3,372</u>	<u>14,077</u>	<u>10,705</u>
<b>EXPENDITURES</b>				
Current:				
Housing and Community Development	-	-	-	-
Capital Outlay	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues over Expenditures	<u>3,372</u>	<u>3,372</u>	<u>14,077</u>	<u>10,705</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	3,372	3,372	14,077	10,705
Fund Balance, Beginning of Year	<u>421,716</u>	<u>421,716</u>	<u>421,716</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 425,088</u>	<u>\$ 425,088</u>	<u>\$ 435,793</u>	<u>\$ 10,705</u>

**City of Ukiah**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Gas Tax 2106 Special Revenue Fund**  
Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest, Rents and Concessions	\$ 424	\$ 424	\$ 83	\$ (341)
Charges for Services	52,473	52,473	66,106	13,633
Total Revenues	<u>52,897</u>	<u>52,897</u>	<u>66,189</u>	<u>13,292</u>
<b>EXPENDITURES</b>				
Current:				
Public Works	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>52,897</u>	<u>52,897</u>	<u>66,189</u>	<u>13,292</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	(52,473)	(52,473)	(52,473)	-
Total Other Financing Sources (Uses)	<u>(52,473)</u>	<u>(52,473)</u>	<u>(52,473)</u>	<u>-</u>
Net Change in Fund Balance	424	424	13,716	13,292
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 424</u>	<u>\$ 424</u>	<u>\$ 13,716</u>	<u>\$ 13,292</u>

**City of Ukiah**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Gas Tax 2107 Special Revenue Fund**  
Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest, Rents and Concessions	\$ 83	\$ 83	\$ 514	\$ 431
Charges for Services	126,422	126,422	117,522	(8,900)
Total Revenues	<u>126,505</u>	<u>126,505</u>	<u>118,036</u>	<u>(8,469)</u>
<b>EXPENDITURES</b>				
Current:				
Public Works	-	-	-	-
Capital Outlay	-	136,735	186,499	(49,764)
Total Expenditures	<u>-</u>	<u>136,735</u>	<u>186,499</u>	<u>(49,764)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>126,505</u>	<u>(10,230)</u>	<u>(68,463)</u>	<u>(58,233)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	36,815	36,815
Transfers Out	(126,422)	(126,422)	-	126,422
Total Other Financing Sources (Uses)	<u>(126,422)</u>	<u>(126,422)</u>	<u>36,815</u>	<u>163,237</u>
Net Change in Fund Balance	83	(136,652)	(31,648)	105,004
Fund Balance, Beginning of Year	<u>8,448</u>	<u>8,448</u>	<u>8,448</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 8,531</u>	<u>\$ (128,204)</u>	<u>\$ (23,200)</u>	<u>\$ 105,004</u>

**City of Ukiah**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Gas Tax 2107.5 Special Revenue Fund**  
Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest, Rents and Concessions	\$ -	\$ -	\$ 2	\$ 2
Charges for Services	4,000	4,000	4,000	-
Total Revenues	<u>4,000</u>	<u>4,000</u>	<u>4,002</u>	<u>2</u>
<b>EXPENDITURES</b>				
Current:				
Public Works	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>4,000</u>	<u>4,000</u>	<u>4,002</u>	<u>2</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	(4,000)	(4,000)	(4,000)	-
Total Other Financing Sources (Uses)	<u>(4,000)</u>	<u>(4,000)</u>	<u>(4,000)</u>	<u>-</u>
Net Change in Fund Balance	-	-	2	2
Fund Balance, Beginning of Year	<u>197</u>	<u>197</u>	<u>197</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 197</u>	<u>\$ 197</u>	<u>\$ 199</u>	<u>\$ 2</u>

**City of Ukiah**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Gas Tax 2105 Special Revenue Fund**  
Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest, Rents and Concessions	\$ 21	\$ 21	\$ 940	\$ 919
Charges for Services	92,469	92,469	90,253	(2,216)
Total Revenues	<u>92,490</u>	<u>92,490</u>	<u>91,193</u>	<u>(1,297)</u>
<b>EXPENDITURES</b>				
Current:				
Public Works	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>92,490</u>	<u>92,490</u>	<u>91,193</u>	<u>(1,297)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	(92,469)	(92,469)	(129,284)	(36,815)
Total Other Financing Sources (Uses)	<u>(92,469)</u>	<u>(92,469)</u>	<u>(129,284)</u>	<u>(36,815)</u>
Net Change in Fund Balance	21	21	(38,091)	(38,112)
Fund Balance, Beginning of Year	<u>66,007</u>	<u>66,007</u>	<u>66,007</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 66,028</u>	<u>\$ 66,028</u>	<u>\$ 27,916</u>	<u>\$ (38,112)</u>

**City of Ukiah**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - CDBG Grants Special Revenue Fund**  
Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest, Rents and Concessions	\$ -	\$ -	\$ 10,062	\$ 10,062
Intergovernmental	1,302,545	1,302,545	576,319	(726,226)
Miscellaneous	-	-	-	-
Total Revenues	<u>1,302,545</u>	<u>1,302,545</u>	<u>586,381</u>	<u>(716,164)</u>
<b>EXPENDITURES</b>				
Current:				
Housing and Community Development	1,302,545	1,419,283	621,500	797,783
Capital Outlay	-	-	-	-
Total Expenditures	<u>1,302,545</u>	<u>1,419,283</u>	<u>621,500</u>	<u>797,783</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>(116,738)</u>	<u>(35,119)</u>	<u>81,619</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	108	108
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>108</u>	<u>108</u>
Net Change in Fund Balance	-	(116,738)	(35,011)	81,727
Fund Balance, Beginning of Year	<u>2,178,751</u>	<u>2,178,751</u>	<u>2,178,751</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 2,178,751</u></u>	<u><u>\$ 2,062,013</u></u>	<u><u>\$ 2,143,740</u></u>	<u><u>\$ 81,727</u></u>

**City of Ukiah**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - HOME Grants Special Revenue Fund**  
Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest, Rents and Concessions	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	-	-	-	-
<b>EXPENDITURES</b>				
Current:				
Housing and Community Development	-	392,006	-	392,006
Capital Outlay	-	-	-	-
Total Expenditures	-	392,006	-	392,006
Excess (Deficiency) of Revenues over Expenditures	-	(392,006)	-	392,006
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	-	(392,006)	-	392,006
Fund Balance, Beginning of Year	1,543,376	1,543,376	1,543,376	-
Fund Balance, End of Year	<u>\$ 1,543,376</u>	<u>\$ 1,151,370</u>	<u>\$ 1,543,376</u>	<u>\$ 392,006</u>

**City of Ukiah**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - SB 325 Reimbursement Special Revenue Fund**  
Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest, Rents and Concessions	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	64,019	64,019
Total Revenues	-	-	64,019	64,019
<b>EXPENDITURES</b>				
Current:				
Public Works	-	-	-	-
Capital Outlay	-	70,837	64,019	6,818
Total Expenditures	-	70,837	64,019	6,818
Excess (Deficiency) of Revenues over Expenditures	-	(70,837)	-	70,837
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	-	(70,837)	-	70,837
Fund Balance, Beginning of Year	108,525	108,525	108,525	-
Fund Balance, End of Year	<u>\$ 108,525</u>	<u>\$ 37,688</u>	<u>\$ 108,525</u>	<u>\$ 70,837</u>

**City of Ukiah**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - State STP Reimbursement Special Revenue Fund**  
Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest, Rents and Concessions	\$ -	\$ -	\$ -	\$ -
Intergovernmental	350,500	350,500	-	(350,500)
Total Revenues	<u>350,500</u>	<u>350,500</u>	<u>-</u>	<u>(350,500)</u>
<b>EXPENDITURES</b>				
Current:				
Public Works	-	-	-	-
Capital Outlay	387,000	387,000	-	387,000
Total Expenditures	<u>387,000</u>	<u>387,000</u>	<u>-</u>	<u>387,000</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(36,500)</u>	<u>(36,500)</u>	<u>-</u>	<u>36,500</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(36,500)	(36,500)	-	36,500
Fund Balance, Beginning of Year	<u>108,327</u>	<u>108,327</u>	<u>108,327</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 71,827</u></u>	<u><u>\$ 71,827</u></u>	<u><u>\$ 108,327</u></u>	<u><u>\$ 36,500</u></u>

**City of Ukiah**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Congestion Relief Special Revenue Fund**  
Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest, Rents and Concessions	\$ 5,717	\$ 5,717	\$ 10,429	\$ 4,712
Intergovernmental	73,311	73,311	82,577	9,266
Charges for Services	-	-	3,534	3,534
	<u>79,028</u>	<u>79,028</u>	<u>96,540</u>	<u>17,512</u>
<b>EXPENDITURES</b>				
Current:				
Public Works	400,000	400,000	137,564	262,436
Capital Outlay	-	141,858	66,267	75,591
	<u>400,000</u>	<u>541,858</u>	<u>203,831</u>	<u>338,027</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(320,972)</u>	<u>(462,830)</u>	<u>(107,291)</u>	<u>355,539</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(320,972)	(462,830)	(107,291)	355,539
Fund Balance, Beginning of Year	<u>757,830</u>	<u>757,830</u>	<u>757,830</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 436,858</u></u>	<u><u>\$ 295,000</u></u>	<u><u>\$ 650,539</u></u>	<u><u>\$ 355,539</u></u>

**City of Ukiah**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Museum Special Revenue Fund**  
Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest, Rents and Concessions	\$ -	\$ -	\$ (713)	\$ (713)
Charges for Services	29,000	29,000	26,189	(2,811)
Miscellaneous	50,000	50,000	50,000	-
Total Revenues	<u>79,000</u>	<u>79,000</u>	<u>75,476</u>	<u>(3,524)</u>
<b>EXPENDITURES</b>				
Current:				
General Government	113,241	113,567	96,889	16,678
Housing and Community Development	370,293	372,808	425,072	(52,264)
Capital Outlay	-	-	-	-
Total Expenditures	<u>483,534</u>	<u>486,375</u>	<u>521,961</u>	<u>(35,586)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(404,534)</u>	<u>(407,375)</u>	<u>(446,485)</u>	<u>(39,110)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	410,856	410,856	465,524	54,668
Transfers Out	-	(16,000)	-	16,000
Total Other Financing Sources (Uses)	<u>410,856</u>	<u>394,856</u>	<u>465,524</u>	<u>70,668</u>
Net Change in Fund Balance	6,322	(12,519)	19,039	31,558
Fund Balance, Beginning of Year	<u>(23,442)</u>	<u>(23,442)</u>	<u>(23,442)</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ (17,120)</u>	<u>\$ (35,961)</u>	<u>\$ (4,403)</u>	<u>\$ 31,558</u>

**City of Ukiah**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - LMIHF Housing Asset Special Revenue Fund**  
Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest, Rents and Concessions	\$ 12,239	\$ 12,239	\$ 12,728	\$ 489
Charges for Services	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	<u>12,239</u>	<u>12,239</u>	<u>12,728</u>	<u>489</u>
<b>EXPENDITURES</b>				
Current:				
Housing and Community Development	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>12,239</u>	<u>12,239</u>	<u>12,728</u>	<u>489</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	12,239	12,239	12,728	489
Fund Balance, Beginning of Year	<u>4,210,702</u>	<u>4,210,702</u>	<u>4,210,702</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 4,222,941</u></u>	<u><u>\$ 4,222,941</u></u>	<u><u>\$ 4,223,430</u></u>	<u><u>\$ 489</u></u>

**City of Ukiah**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Equipment Reserve Capital Projects Fund**  
Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest, Rents and Concessions	\$ 21,403	\$ 21,403	\$ 28,424	\$ 7,021
Charges for Services	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	<u>21,403</u>	<u>21,403</u>	<u>28,424</u>	<u>7,021</u>
<b>EXPENDITURES</b>				
Current:				
General Government	-	-	53,686	(53,686)
Public Works	-	-	122,977	(122,977)
Capital Outlay	<u>930,546</u>	<u>1,513,476</u>	<u>128,858</u>	<u>1,384,618</u>
Total Expenditures	<u>930,546</u>	<u>1,513,476</u>	<u>305,521</u>	<u>1,207,955</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(909,143)</u>	<u>(1,492,073)</u>	<u>(277,097)</u>	<u>1,214,976</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	583,684	599,684	-	(599,684)
Transfers Out	-	-	<u>(473,540)</u>	<u>(473,540)</u>
Total Other Financing Sources (Uses)	<u>583,684</u>	<u>599,684</u>	<u>(473,540)</u>	<u>(1,073,224)</u>
Net Change in Fund Balance	(325,459)	(892,389)	(750,637)	141,752
Fund Balance, Beginning of Year	<u>2,214,070</u>	<u>2,214,070</u>	<u>2,214,070</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 1,888,611</u>	<u>\$ 1,321,681</u>	<u>\$ 1,463,433</u>	<u>\$ 141,752</u>

**City of Ukiah**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Special Project Reserve Capital Projects Fund**  
Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest, Rents and Concessions	\$ 18,835	\$ 18,835	\$ 32,761	\$ 13,926
Charges for Services	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	<u>18,835</u>	<u>18,835</u>	<u>32,761</u>	<u>13,926</u>
<b>EXPENDITURES</b>				
Current:				
Public Works	-	-	65,436	(65,436)
Capital Outlay	<u>1,053,948</u>	<u>1,042,991</u>	<u>199,201</u>	<u>843,790</u>
Total Expenditures	<u>1,053,948</u>	<u>1,042,991</u>	<u>264,637</u>	<u>778,354</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(1,035,113)</u>	<u>(1,024,156)</u>	<u>(231,876)</u>	<u>792,280</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	863,000	863,000	-	(863,000)
Transfers Out	<u>(250,000)</u>	<u>(250,000)</u>	<u>(54,424)</u>	<u>195,576</u>
Total Other Financing Sources (Uses)	<u>613,000</u>	<u>613,000</u>	<u>(54,424)</u>	<u>(667,424)</u>
Net Change in Fund Balance	(422,113)	(411,156)	(286,300)	124,856
Fund Balance, Beginning of Year	<u>2,181,551</u>	<u>2,181,551</u>	<u>2,181,551</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 1,759,438</u></u>	<u><u>\$ 1,770,395</u></u>	<u><u>\$ 1,895,251</u></u>	<u><u>\$ 124,856</u></u>

**City of Ukiah**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Capital Improvement Capital Projects Fund**  
Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest, Rents and Concessions	\$ -	\$ -	\$ -	\$ -
Charges for Services	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	-	-	-	-
<b>EXPENDITURES</b>				
Current:				
Public Works	-	-	-	-
Capital Outlay	-	3,901	-	3,901
Total Expenditures	-	3,901	-	3,901
Excess (Deficiency) of Revenues over Expenditures	-	(3,901)	-	3,901
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	-	(3,901)	-	3,901
Fund Balance, Beginning of Year	-	-	-	-
Fund Balance, End of Year	\$ -	\$ (3,901)	\$ -	\$ 3,901

**City of Ukiah**  
**Combining Statement of Net Position**  
**Non-major Enterprise Funds**  
June 30, 2016

	Parking District	Street Lighting	Airport	Conference Center
<b>ASSETS</b>				
Current Assets:				
Cash and Investments	\$ 28,065	\$ 183,619	\$ 109,285	\$ 11,979
Receivables:				
Accounts (Net)	6,213	19,103	38,931	12,584
Interest	82	422	501	48
Notes - current portion	-	-	-	-
Total Current Assets	<u>34,360</u>	<u>203,144</u>	<u>148,717</u>	<u>24,611</u>
Noncurrent Assets:				
Capital Assets:				
Land	183,871	-	271,957	372,750
Land Improvements	-	-	1,290,900	-
Infrastructure Systems	77,682	-	1,055,148	-
Buildings and Improvements	-	-	542,677	2,294,473
Rolling Equipment	33,043	-	262,330	-
Machinery and Equipment	-	-	101,214	53,094
Construction in Progress	-	109,247	899,731	-
Less: Accumulated Depreciation	(47,384)	-	(2,350,131)	(1,084,770)
Total Noncurrent Assets	<u>247,212</u>	<u>109,247</u>	<u>2,073,826</u>	<u>1,635,547</u>
Total Assets	<u>281,572</u>	<u>312,391</u>	<u>2,222,543</u>	<u>1,660,158</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable	2,579	17,498	23,697	6,711
Accrued Salaries and Benefits	-	4,020	11,930	6,024
Due to Other Funds	-	-	-	-
Customer Deposits	-	-	4,313	2,162
Interest Payable	-	-	-	-
Total Current Liabilities	<u>2,579</u>	<u>21,518</u>	<u>39,940</u>	<u>14,897</u>
Noncurrent Liabilities:				
Compensated Absences	-	7,668	15,643	7,010
Advances from Other Funds	-	-	-	-
Total Current Liabilities	<u>-</u>	<u>7,668</u>	<u>15,643</u>	<u>7,010</u>
Total Liabilities	<u>2,579</u>	<u>29,186</u>	<u>55,583</u>	<u>21,907</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	247,212	109,247	2,073,826	1,635,547
Unrestricted	31,781	173,958	93,134	2,704
Total Net Position	<u>\$ 278,993</u>	<u>\$ 283,205</u>	<u>\$ 2,166,960</u>	<u>\$ 1,638,251</u>

<u>Golf Course</u>	<u>Totals</u>
\$ -	\$ 332,948
6,673	83,504
-	1,053
<u>36,500</u>	<u>36,500</u>
<u>43,173</u>	<u>454,005</u>
1,001,350	1,829,928
308,753	1,599,653
178,259	1,311,089
105,992	2,943,142
28,006	323,379
30,390	184,698
-	1,008,978
<u>(627,061)</u>	<u>(4,109,346)</u>
<u>1,025,689</u>	<u>5,091,521</u>
<u>1,068,862</u>	<u>5,545,526</u>
173	50,658
851	22,825
-	-
-	6,475
<u>2,390</u>	<u>2,390</u>
<u>3,414</u>	<u>82,348</u>
2,166	32,487
<u>936,449</u>	<u>936,449</u>
<u>938,615</u>	<u>968,936</u>
<u>942,029</u>	<u>1,051,284</u>
1,025,689	5,091,521
<u>(898,856)</u>	<u>(597,279)</u>
<u>\$ 126,833</u>	<u>\$ 4,494,242</u>

**City of Ukiah**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**Non-major Enterprise Funds**  
Year Ended June 30, 2016

	Parking District	Street Lighting	Airport	Conference Center
<b>OPERATING REVENUES</b>				
Charges for Services	\$ 63,790	\$ 187,414	\$ 18,626	\$ -
Sales of Fuel	-	-	832,486	-
Facility Rents	-	-	258,594	335,099
Miscellaneous	22,830	-	3,245	16,153
Total Operating Revenues	<u>86,620</u>	<u>187,414</u>	<u>1,112,951</u>	<u>351,252</u>
<b>OPERATING EXPENSES</b>				
Maintenance and Operations	-	175,530	224,948	156,705
General and Administration	158,200	139,059	343,982	189,748
Fuel	-	-	468,925	-
Depreciation	5,325	-	71,381	46,308
Total Operating Expenses	<u>163,525</u>	<u>314,589</u>	<u>1,109,236</u>	<u>392,761</u>
Operating Income (Loss)	<u>(76,905)</u>	<u>(127,175)</u>	<u>3,715</u>	<u>(41,509)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Property Taxes	11,893	-	-	-
Loss on Disposal of Property	-	-	-	-
Interest and Investment Revenue	108	3,927	5,118	82
Total Nonoperating Revenues (Expenses)	<u>12,001</u>	<u>3,927</u>	<u>5,118</u>	<u>82</u>
Income (Loss) Before Capital Contributions and Operating Transfers	<u>(64,904)</u>	<u>(123,248)</u>	<u>8,833</u>	<u>(41,427)</u>
Capital Contributions	<u>-</u>	<u>-</u>	<u>10,384</u>	<u>-</u>
Change in Net Position	<u>(64,904)</u>	<u>(123,248)</u>	<u>19,217</u>	<u>(41,427)</u>
Net Position - Beginning of Year	<u>343,897</u>	<u>406,453</u>	<u>2,147,743</u>	<u>1,679,678</u>
Net Position - End of Year	<u>\$ 278,993</u>	<u>\$ 283,205</u>	<u>\$ 2,166,960</u>	<u>\$ 1,638,251</u>

Golf Course	Totals
\$ -	\$ 269,830
-	832,486
66,437	660,130
1,436	43,664
<u>67,873</u>	<u>1,806,110</u>
12,126	569,309
35,161	866,150
-	468,925
2,236	125,250
<u>49,523</u>	<u>2,029,634</u>
<u>18,350</u>	<u>(223,524)</u>
-	11,893
-	-
-	9,235
<u>-</u>	<u>21,128</u>
18,350	(202,396)
<u>-</u>	<u>10,384</u>
18,350	(192,012)
108,483	4,686,254
<u>\$ 126,833</u>	<u>\$ 4,494,242</u>

**City of Ukiah**  
**Combining Statement of Cash Flows**  
**Non-major Enterprise Funds**  
Year Ended June 30, 2016

	Parking District	Street Lighting	Airport
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from Customers	\$ 86,427	\$ 187,043	\$ 1,131,066
Payments to Employees for Services	-	(22,555)	(328,124)
Payments to Suppliers for Goods and Services	(157,444)	(291,937)	(804,772)
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>(71,017)</u>	<u>(127,449)</u>	<u>(1,830)</u>
<b>CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Cash Paid to Other Funds	-	-	-
Property Taxes Received	11,893	-	-
Payments Received on Long-term Note	-	-	-
<b>Net Cash Provided (Used) by Noncapital and Related Financing Activities</b>	<u>11,893</u>	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Capital Grants	-	-	10,384
Acquisition and Construction of Capital Assets	-	(109,247)	(72,197)
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<u>-</u>	<u>(109,247)</u>	<u>(61,813)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest Received	27	3,505	4,617
<b>Net Cash Provided (Used) by Investing Activities</b>	<u>27</u>	<u>3,505</u>	<u>4,617</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(59,097)	(233,191)	(59,026)
Cash and Cash Equivalents, Beginning of the Year	87,162	416,810	168,311
Cash and Cash Equivalents, End of the Year	<u>\$ 28,065</u>	<u>\$ 183,619</u>	<u>\$ 109,285</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>			
Operating Income (Loss)	\$ (76,905)	\$ (127,175)	\$ 3,715
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation	5,325	-	71,381
Changes in Operating Assets and Liabilities:			
Decrease (Increase) in Accounts Receivable	(193)	(371)	18,815
Decrease (Increase) in Prepaids	-	-	800
Increase (Decrease) in Accounts Payable	756	(6,983)	(98,502)
Increase (Decrease) in Accrued Salaries and Benefits	-	2,735	1,501
Increase (Decrease) in Compensated Absences	-	4,345	1,160
Increase (Decrease) in Deposits Payable	-	-	(700)
<b>TOTAL CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>\$ (71,017)</u>	<u>\$ (127,449)</u>	<u>\$ (1,830)</u>

Conference Center	Golf Course	Totals
\$ 348,459	\$ 68,038	\$ 1,821,033
(178,502)	(37,763)	(566,944)
(168,959)	(14,437)	(1,437,549)
<u>998</u>	<u>15,838</u>	<u>(183,460)</u>
-	(21,838)	(21,838)
-	-	11,893
-	6,000	6,000
<u>-</u>	<u>(15,838)</u>	<u>(3,945)</u>
-	-	10,384
-	-	(181,444)
<u>-</u>	<u>-</u>	<u>(171,060)</u>
33	-	8,182
33	-	8,182
1,031	-	(350,283)
10,948	-	683,231
<u>\$ 11,979</u>	<u>\$ -</u>	<u>\$ 332,948</u>
\$ (41,509)	\$ 18,350	\$ (223,524)
46,308	2,236	125,250
(2,793)	165	15,623
-	-	800
(3,109)	(157)	(107,995)
1,452	(42)	5,646
649	(4,714)	1,440
-	-	(700)
<u>\$ 998</u>	<u>\$ 15,838</u>	<u>\$ (183,460)</u>

**City of Ukiah**  
**Combining Statement of Net Position**  
**Internal Service Funds**  
June 30, 2016

	<u>Garage</u>	<u>Public Safety Dispatch</u>	<u>Purchasing</u>	<u>Billing and Collection</u>
<b>ASSETS</b>				
Current Assets:				
Cash and Investments	\$ 75,839	\$ 76,455	\$ 56,470	\$ 670,427
Receivables:				
Accounts (net)	9,190	-	-	-
Interest	306	116	101	1,465
Refundable Deposits	760	-	-	-
Total Current Assets	<u>86,095</u>	<u>76,571</u>	<u>56,571</u>	<u>671,892</u>
Noncurrent Assets:				
Advances to Other Funds	-	-	-	-
Capital Assets:				
Buildings and Improvements	327,113	-	-	-
Rolling Equipment	43,649	-	4,769	-
Machinery and Equipment	33,869	367,702	-	45,525
Less: Accumulated Depreciation	<u>(196,583)</u>	<u>(298,631)</u>	<u>(4,769)</u>	<u>(38,482)</u>
Total Noncurrent Assets	<u>208,048</u>	<u>69,071</u>	<u>-</u>	<u>7,043</u>
Total Assets	<u>294,143</u>	<u>145,642</u>	<u>56,571</u>	<u>678,935</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable	6,497	51,805	3,674	3,701
Accrued Salaries and Benefits	<u>10,536</u>	<u>34,215</u>	<u>5,712</u>	<u>23,706</u>
Total Current Liabilities	<u>17,033</u>	<u>86,020</u>	<u>9,386</u>	<u>27,407</u>
Noncurrent Liabilities:				
Compensated Absences	<u>26,006</u>	<u>49,465</u>	<u>16,079</u>	<u>22,163</u>
Total Noncurrent Liabilities	<u>26,006</u>	<u>49,465</u>	<u>16,079</u>	<u>22,163</u>
Total Liabilities	<u>43,039</u>	<u>135,485</u>	<u>25,465</u>	<u>49,570</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	208,048	69,071	-	7,043
Unrestricted	<u>43,056</u>	<u>(58,914)</u>	<u>31,106</u>	<u>622,322</u>
Total Net Position	<u>\$ 251,104</u>	<u>\$ 10,157</u>	<u>\$ 31,106</u>	<u>\$ 629,365</u>

<u>Workers' Compensation Insurance</u>	<u>Liability Insurance</u>	<u>Building Maintenance</u>	<u>IT</u>	<u>Totals</u>
\$ 899,804	\$ 417,161	\$ 89,622	\$ 36,228	\$ 2,322,006
21,228	-	-	-	30,418
-	-	77	-	2,065
-	-	-	-	760
<u>921,032</u>	<u>417,161</u>	<u>89,699</u>	<u>36,228</u>	<u>2,355,249</u>
-	930,203	-	-	930,203
-	-	-	-	327,113
-	-	-	-	48,418
-	-	-	-	447,096
-	-	-	-	(538,465)
-	<u>930,203</u>	-	-	<u>1,214,365</u>
<u>921,032</u>	<u>1,347,364</u>	<u>89,699</u>	<u>36,228</u>	<u>3,569,614</u>
-	-	16,582	19,811	102,070
-	-	12,312	10,778	97,259
-	-	<u>28,894</u>	<u>30,589</u>	<u>199,329</u>
-	-	<u>19,622</u>	<u>2,913</u>	<u>136,248</u>
-	-	<u>19,622</u>	<u>2,913</u>	<u>136,248</u>
-	-	<u>48,516</u>	<u>33,502</u>	<u>335,577</u>
921,032	1,347,364	41,183	2,726	284,162
<u>\$ 921,032</u>	<u>\$ 1,347,364</u>	<u>\$ 41,183</u>	<u>\$ 2,726</u>	<u>\$ 3,234,037</u>

**City of Ukiah**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**Internal Service Funds**  
Year Ended June 30, 2016

	Garage	Public Safety Dispatch	Purchasing	Billing and Collection
<b>OPERATING REVENUES</b>				
Charges for Services	\$ 394,434	\$ 1,269,024	\$ 254,297	\$ 1,183,196
Miscellaneous	-	-	2,080	-
	<u>394,434</u>	<u>1,269,024</u>	<u>256,377</u>	<u>1,183,196</u>
Total Operating Revenues				
	<u>394,434</u>	<u>1,269,024</u>	<u>256,377</u>	<u>1,183,196</u>
<b>OPERATING EXPENSES</b>				
Maintenance and Operations	65,695	252,001	23,761	363,249
General and Administration	332,047	1,311,473	233,498	633,531
Insurance Premiums	-	-	-	-
Depreciation	11,531	22,871	-	3,922
	<u>409,273</u>	<u>1,586,345</u>	<u>257,259</u>	<u>1,000,702</u>
Total Operating Expenses				
	<u>409,273</u>	<u>1,586,345</u>	<u>257,259</u>	<u>1,000,702</u>
Operating Income (Loss)	<u>(14,839)</u>	<u>(317,321)</u>	<u>(882)</u>	<u>182,494</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest and Investment Income	<u>3,490</u>	<u>5,022</u>	<u>1,612</u>	<u>13,721</u>
Total Nonoperating Revenues (Expenses)	<u>3,490</u>	<u>5,022</u>	<u>1,612</u>	<u>13,721</u>
Income (Loss) Before Capital Contributions and Operating Transfers	(11,349)	(312,299)	730	196,215
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Change in Net Position	<u>(11,349)</u>	<u>(312,299)</u>	<u>730</u>	<u>196,215</u>
Net Position - Beginning of Year	<u>262,453</u>	<u>322,456</u>	<u>30,376</u>	<u>433,150</u>
Net Position - End of Year	<u>\$ 251,104</u>	<u>\$ 10,157</u>	<u>\$ 31,106</u>	<u>\$ 629,365</u>

Workers' Compensation Insurance	Liability Insurance	Building Maintenance	IT	Totals
\$ 776,002	\$ 590,598	\$ 656,121	\$ 908,940	\$ 6,032,612
-	-	-	-	2,080
<u>776,002</u>	<u>590,598</u>	<u>656,121</u>	<u>908,940</u>	<u>6,034,692</u>
-	-	613,121	-	1,317,827
-	-	4,381	908,940	3,423,870
684,097	590,598	-	-	1,274,695
-	-	-	-	38,324
<u>684,097</u>	<u>590,598</u>	<u>617,502</u>	<u>908,940</u>	<u>6,054,716</u>
<u>91,905</u>	<u>-</u>	<u>38,619</u>	<u>-</u>	<u>(20,024)</u>
-	-	2,564	2,726	29,135
-	-	2,564	2,726	29,135
91,905	-	41,183	2,726	9,111
-	-	-	-	-
-	-	-	-	-
<u>91,905</u>	<u>-</u>	<u>41,183</u>	<u>2,726</u>	<u>9,111</u>
<u>829,127</u>	<u>1,347,364</u>	<u>-</u>	<u>-</u>	<u>3,224,926</u>
<u>\$ 921,032</u>	<u>\$ 1,347,364</u>	<u>\$ 41,183</u>	<u>\$ 2,726</u>	<u>\$ 3,234,037</u>

**City of Ukiah**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
Year Ended June 30, 2016

	Garage	Public Safety Dispatch	Purchasing
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from Interfund Charges	\$ 385,244	\$ 1,269,024	\$ 256,377
Payments to Employees for Services	(319,858)	(1,035,059)	(208,159)
Payments to Suppliers for Goods and Services	(99,715)	(502,902)	(45,024)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>(34,329)</b>	<b>(268,937)</b>	<b>3,194</b>
<b>CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Cash Received from Other Funds	-	-	-
Cash Paid to Other Funds	-	-	-
<b>Net Cash Provided (Used) by Noncapital and Related Financing Activities</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition and Construction of Capital Assets	-	-	-
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest Received	3,184	4,906	1,511
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>3,184</b>	<b>4,906</b>	<b>1,511</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(31,145)</b>	<b>(264,031)</b>	<b>4,705</b>
Cash and Cash Equivalents, Beginning of the Year	106,984	340,486	51,765
Cash and Cash Equivalents, End of the Year	<b>\$ 75,839</b>	<b>\$ 76,455</b>	<b>\$ 56,470</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>			
Operating Income (Loss)	\$ (14,839)	\$ (317,321)	\$ (882)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation	11,531	22,871	-
Changes in Operating Assets and Liabilities:			
Decrease (Increase) in Accounts Receivable	(9,190)	-	-
Increase (Decrease) in Accounts Payable	(22,036)	20,667	3,042
Increase (Decrease) in Accrued Salaries and Benefits	1,785	8,558	481
Increase (Decrease) in Compensated Absences Payable	(1,580)	(3,712)	553
<b>TOTAL CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ (34,329)</b>	<b>\$ (268,937)</b>	<b>\$ 3,194</b>

Billing and Collection	Workers' Compensation Insurance	Liability Insurance	Building Maintenance	IT	Totals
\$ 1,183,217	\$ 771,070	\$ 590,598	\$ 656,121	\$ 908,940	\$ 6,020,591
(756,200)	-	-	(339,847)	(369,403)	(3,028,526)
(238,917)	(684,097)	(590,598)	(229,139)	(506,035)	(2,896,427)
<u>188,100</u>	<u>86,973</u>	<u>-</u>	<u>87,135</u>	<u>33,502</u>	<u>95,638</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
12,257	-	-	2,487	2,726	27,071
<u>12,257</u>	<u>-</u>	<u>-</u>	<u>2,487</u>	<u>2,726</u>	<u>27,071</u>
200,357	86,973	-	89,622	36,228	122,709
<u>470,070</u>	<u>812,831</u>	<u>417,161</u>	<u>-</u>	<u>-</u>	<u>2,199,297</u>
<u>\$ 670,427</u>	<u>\$ 899,804</u>	<u>\$ 417,161</u>	<u>\$ 89,622</u>	<u>\$ 36,228</u>	<u>\$ 2,322,006</u>
\$ 182,494	\$ 91,905	\$ -	\$ 38,619	\$ -	\$ (20,024)
3,922	-	-	-	-	38,324
21	(4,932)	-	-	-	(14,101)
(7,446)	-	-	16,582	19,811	30,620
14,976	-	-	12,312	10,778	48,890
(5,867)	-	-	19,622	2,913	11,929
<u>\$ 188,100</u>	<u>\$ 86,973</u>	<u>\$ -</u>	<u>\$ 87,135</u>	<u>\$ 33,502</u>	<u>\$ 95,638</u>

**City of Ukiah**  
**Combining Balance Sheet**  
**All Agency Funds**  
June 30, 2016

	Ukiah Valley Sanitation District	Downtown Business Improvement	Payroll Revolving
<b>ASSETS</b>			
Cash and Investments	\$ 4,544,482	\$ 6,841	\$ 117,137
Receivables:			
Accounts	664,006	-	96
Interest Receivable	15,217	14	-
	<u>5,223,705</u>	<u>6,855</u>	<u>117,233</u>
Total Assets	<u>\$ 5,223,705</u>	<u>\$ 6,855</u>	<u>\$ 117,233</u>
<b>LIABILITIES</b>			
Accounts Payable	\$ 941	\$ 3,596	\$ -
Accrued Salaries and Benefits	-	-	117,233
Customer Deposits	-	-	-
Due to Other Agencies	5,222,764	3,259	-
	<u>5,223,705</u>	<u>6,855</u>	<u>117,233</u>
Total Liabilities	<u>\$ 5,223,705</u>	<u>\$ 6,855</u>	<u>\$ 117,233</u>

<u>Special Deposit</u>	<u>Garbage Billing</u>	<u>Russian River Watershed</u>	<u>Total Agency</u>
\$ 504,137	\$ 610,560	\$ 173,927	\$ 5,957,084
18,900	20,411	-	703,413
-	1,305	419	16,955
<u>\$ 523,037</u>	<u>\$ 632,276</u>	<u>\$ 174,346</u>	<u>\$ 6,677,452</u>
\$ 25,856	\$ 52,496	\$ 108,481	\$ 191,370
-	-	-	117,233
484,300	-	-	484,300
12,881	579,780	65,865	5,884,549
<u>\$ 523,037</u>	<u>\$ 632,276</u>	<u>\$ 174,346</u>	<u>\$ 6,677,452</u>

**City of Ukiah**  
**Combining Statement of Changes in Assets and Liabilities**  
**All Agency Funds**  
For the Year Ended June 30, 2016

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
<b><u>Ukiah Valley Sanitation District</u></b>				
<b>Assets:</b>				
Cash and Investments	\$ 5,240,533	\$ 7,197,732	\$ 7,893,783	\$ 4,544,482
Receivables:				
Accounts	775,385	2,933,285	3,044,664	664,006
Interest Receivable	11,446	15,217	11,446	15,217
Total Assets	<u>\$ 6,027,364</u>	<u>\$ 10,146,234</u>	<u>\$ 10,949,893</u>	<u>\$ 5,223,705</u>
<b>Liabilities:</b>				
Accounts Payable	\$ -	\$ 1,501,200	\$ 1,500,259	\$ 941
Due to Other Agencies	6,027,364	11,649,969	12,454,569	5,222,764
Total Liabilities	<u>\$ 6,027,364</u>	<u>\$ 13,151,169</u>	<u>\$ 13,954,828</u>	<u>\$ 5,223,705</u>
<b><u>Downtown Business Improvement</u></b>				
<b>Assets:</b>				
Cash and Investments	\$ 5,545	\$ 19,063	\$ 17,767	\$ 6,841
Receivables:				
Interest	-	14	-	14
Total Assets	<u>\$ 5,545</u>	<u>\$ 19,077</u>	<u>\$ 17,767</u>	<u>\$ 6,855</u>
<b>Liabilities:</b>				
Accounts Payable	\$ 5,545	\$ 13,259	\$ 15,208	\$ 3,596
Due to Other Agencies	-	5,818	2,559	3,259
Total Liabilities	<u>\$ 5,545</u>	<u>\$ 19,077</u>	<u>\$ 17,767</u>	<u>\$ 6,855</u>
<b><u>Payroll Revolving</u></b>				
<b>Assets:</b>				
Cash and Investments	\$ 186,031	\$ 10,656,969	\$ 10,725,863	\$ 117,137
Receivables:				
Accounts	-	203,736	203,640	96
Total Assets	<u>\$ 186,031</u>	<u>\$ 10,860,705</u>	<u>\$ 10,929,503</u>	<u>\$ 117,233</u>
<b>Liabilities:</b>				
Accrued Salaries and Benefits	\$ 186,031	\$ 13,990,426	\$ 14,059,224	\$ 117,233
Total Liabilities	<u>\$ 186,031</u>	<u>\$ 13,990,426</u>	<u>\$ 14,059,224</u>	<u>\$ 117,233</u>

Continued

**City of Ukiah**  
**Combining Statement of Changes in Assets and Liabilities**  
**All Agency Funds - Continued**  
For the Year Ended June 30, 2016

	<u>Balance July 1, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2016</u>
<b><u>Special Deposit</u></b>				
<b>Assets:</b>				
Cash and Investments	\$ 494,971	\$ 30,205,570	\$ 30,196,404	\$ 504,137
Receivables:				
Accounts	6,761	29,949,865	29,937,726	18,900
	<u>\$ 501,732</u>	<u>\$ 60,155,435</u>	<u>\$ 60,134,130</u>	<u>\$ 523,037</u>
<b>Total Assets</b>				
<b>Liabilities:</b>				
Accounts Payable	\$ 3,652	\$ 259,291	\$ 237,087	\$ 25,856
Customer Deposits	498,080	461,074	474,854	484,300
Due to Other Agencies	-	12,881	-	12,881
	<u>\$ 501,732</u>	<u>\$ 733,246</u>	<u>\$ 711,941</u>	<u>\$ 523,037</u>
<b>Total Liabilities</b>				
<b><u>Garbage Billing</u></b>				
<b>Assets:</b>				
Cash and Investments	\$ 636,164	\$ 926,778	\$ 952,382	\$ 610,560
Receivables:				
Accounts	31,982	40,232	51,803	20,411
Interest	-	1,305	-	1,305
	<u>\$ 668,146</u>	<u>\$ 968,315</u>	<u>\$ 1,004,185</u>	<u>\$ 632,276</u>
<b>Total Assets</b>				
<b>Liabilities:</b>				
Accounts Payable	\$ 23,062	\$ 337,854	\$ 308,420	\$ 52,496
Due to Other Agencies	645,084	630,461	695,765	579,780
	<u>\$ 668,146</u>	<u>\$ 968,315</u>	<u>\$ 1,004,185</u>	<u>\$ 632,276</u>
<b>Total Liabilities</b>				
<b><u>Russian River Watershed</u></b>				
<b>Assets:</b>				
Cash and Investments	\$ 194,540	\$ 389,049	\$ 409,662	\$ 173,927
Receivables:				
Interest	-	419	-	419
	<u>\$ 194,540</u>	<u>\$ 389,468</u>	<u>\$ 409,662</u>	<u>\$ 174,346</u>
<b>Total Assets</b>				
<b>Liabilities:</b>				
Accounts Payable	\$ 81,432	\$ 829,284	\$ 802,235	\$ 108,481
Due to Other Agencies	113,108	-	47,243	65,865
	<u>\$ 194,540</u>	<u>\$ 829,284</u>	<u>\$ 849,478</u>	<u>\$ 174,346</u>
<b>Total Liabilities</b>				

Continued

**City of Ukiah**  
**Combining Statement of Changes in Assets and Liabilities**  
**All Agency Funds - Continued**  
For the Year Ended June 30, 2016

	<u>Balance July 1, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2016</u>
<b><u>Totals - All Agency Funds</u></b>				
<b>Assets:</b>				
Cash and Investments	\$ 6,757,784	\$ 49,395,161	\$ 50,195,861	\$ 5,957,084
Receivables:				
Accounts	814,128	33,127,118	33,237,833	703,413
Interest Receivable	11,446	16,955	11,446	16,955
	<u>\$ 7,583,358</u>	<u>\$ 82,539,234</u>	<u>\$ 83,433,694</u>	<u>\$ 6,677,452</u>
Total Assets				
<b>Liabilities:</b>				
Accounts Payable	\$ 113,691	\$ 2,940,888	\$ 2,863,209	\$ 191,370
Accrued Salaries and Benefits	186,031	13,990,426	14,059,224	117,233
Customer Deposits	498,080	461,074	474,854	484,300
Due to Other Agencies	6,785,556	12,299,129	13,200,136	5,884,549
	<u>\$ 7,583,358</u>	<u>\$ 29,691,517</u>	<u>\$ 30,597,423</u>	<u>\$ 6,677,452</u>
Total Liabilities				

---

## **Statistical Section**

---

*This part of the City of Ukiah'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 government's overall financial health.*

**Table 1**  
**City of Ukiah**  
**Net Position by Component (Accrual Basis of Accounting)**  
**Last 10 Fiscal Years**

As of June 30	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Governmental Activities</b>										
Net investment in capital assets	\$ 21,865,791	\$ 21,427,557	\$ 22,328,676	\$ 31,547,564	\$ 17,407,569	\$ 26,649,167	\$ 27,304,019	\$ 27,139,213	\$ 27,624,813	\$ 29,088,528
Restricted	7,605,826	7,078,491	7,107,257	7,574,594	17,276,255	3,086,157	3,025,432	6,021,075	12,931,066	12,263,161
Unrestricted	13,735,320	19,470,248	22,069,011	7,547,784	14,030,594	17,420,652	15,461,713	12,110,479	(20,291,488)	(20,646,894)
Total governmental activities net position	\$ 43,206,937	\$ 47,976,296	\$ 51,504,944	\$ 46,669,942	\$ 48,714,418	\$ 47,155,976	\$ 45,791,164	\$ 45,270,767	\$ 20,264,391	\$ 20,704,795
<b>Business-type Activities</b>										
Net investment in capital assets	\$ 24,173,407	\$ 28,606,388	\$ 22,508,736	\$ 33,203,171	\$ 40,266,700	\$ 48,101,086	\$ 44,514,348	\$ 46,693,900	\$ 50,088,246	\$ 54,756,782
Restricted	2,015,181	2,003,618	1,999,495	2,006,773	2,172,394	4,128,472	2,027,529	2,072,014	2,072,225	2,427,020
Unrestricted	38,754,350	40,386,700	46,697,741	40,762,605	33,817,844	28,366,417	32,460,639	31,604,793	26,648,008	24,215,129
Total business-type activities net position	\$ 64,942,938	\$ 70,996,706	\$ 71,205,972	\$ 75,972,549	\$ 76,256,928	\$ 80,595,975	\$ 79,002,516	\$ 80,370,707	\$ 78,808,479	\$ 81,398,931
<b>Primary government</b>										
Net investment in capital assets	\$ 46,039,198	\$ 50,033,945	\$ 44,837,412	\$ 64,750,735	\$ 57,674,269	\$ 74,750,253	\$ 71,818,367	\$ 73,833,113	\$ 77,713,059	\$ 83,845,310
Restricted	9,621,007	9,082,109	9,106,752	9,581,367	19,448,639	7,214,629	5,052,961	8,093,089	15,003,291	14,690,181
Unrestricted	52,489,670	59,856,948	68,766,752	48,310,389	47,848,438	45,787,069	47,922,352	43,715,272	6,356,520	3,568,235
Total primary government	\$ 108,149,875	\$ 118,973,002	\$ 122,710,916	\$ 122,642,491	\$ 124,971,346	\$ 127,751,951	\$ 124,793,680	\$ 125,641,474	\$ 99,072,870	\$ 102,103,726

Source: Audited Financial Statements - Statement of Net Position

**Table 2**  
**City of Ukiah**  
**Changes in Net Position**  
**Last 10 Fiscal Years**  
 (accrual basis of accounting)

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Expenses</b>										
Governmental Activities:										
General government	\$ 2,905,386	\$ 3,411,371	\$ 2,908,643	\$ 2,837,619	\$ 2,479,770	\$ 2,570,568	\$ 2,956,583	\$ 3,715,968	\$ 772,771	\$ 142,792
Public safety	8,090,623	8,640,259	9,233,988	9,181,714	9,595,075	9,827,504	10,514,943	9,867,900	10,563,479	11,081,325
Public works	3,004,288	3,273,011	2,002,957	1,577,833	3,097,652	2,206,556	2,109,273	2,290,261	2,847,800	2,555,524
Housing and community development	1,823,274	2,037,947	2,525,679	10,308,280	3,598,630	1,223,579	1,254,265	832,020	348,477	891,644
Parks and recreation	2,044,667	2,066,409	2,392,889	1,985,137	2,466,386	2,262,816	2,481,572	2,540,689	2,829,367	2,757,551
Interest on long-term debt	438,919	365,021	333,081	317,152	451,141	420,132	-	-	-	-
Total governmental activities expenses	18,307,167	19,794,018	19,397,237	26,207,735	21,688,654	18,511,155	19,316,636	19,246,838	17,361,894	17,428,836
Business-Type Activities:										
Electric	18,638,548	14,065,295	16,739,318	14,900,706	12,859,394	13,980,276	14,483,083	14,554,884	16,140,229	15,779,225
Water	3,093,685	3,549,376	3,850,248	3,629,692	3,289,935	3,414,760	3,651,349	3,717,064	3,783,257	3,930,252
Wastewater	2,956,066	3,579,514	3,755,359	3,301,200	8,329,472	8,243,340	8,637,591	8,118,315	8,229,553	8,620,824
Disposal site	597,001	428,253	430,643	381,384	196,168	340,324	413,657	573,478	5,950,554	388,553
Nonmajor activities	2,822,013	3,052,273	2,920,083	2,636,680	2,756,727	2,980,963	2,648,970	2,196,295	2,287,340	2,029,634
Total business-type expenses	28,107,313	24,674,711	27,695,651	24,849,662	27,431,696	28,959,663	29,834,650	29,160,036	36,390,933	30,748,488
Total Expenses	\$ 46,414,480	\$ 44,468,729	\$ 47,092,888	\$ 51,057,397	\$ 49,120,350	\$ 47,470,818	\$ 49,151,286	\$ 48,406,874	\$ 53,752,827	\$ 48,177,324
<b>Program Revenues</b>										
Governmental Activities:										
Charges for services:	\$ 1,646,230	\$ 1,690,431	\$ 1,410,045	\$ 1,642,298	\$ 1,843,825	\$ 1,630,601	\$ 1,005,296	\$ 1,255,815	\$ 288,049	\$ 258,262
General government	880,847	953,588	1,099,193	1,111,741	1,092,577	1,080,981	1,224,421	851,328	221,156	284,562
Public safety	612,019	1,300,523	1,000,841	584,329	587,676	564,639	368,895	682,559	215,615	339,403
Housing and community development	568,782	967,723	990,501	326,202	210,910	211,904	456,294	197,003	-	-
Parks and recreation	430,863	598,767	588,419	632,037	751,854	716,363	1,072,615	749,548	756,906	716,575
Operating grants and contributions	1,498,513	326,298	447,551	1,011,588	1,320,581	1,062,183	1,237,955	1,097,599	1,471,799	2,283,777
Capital grants and contributions	1,964,588	1,910,704	657,583	2,720,942	2,430,383	3,098,450	250,992	483,992	889,024	859,772
Total governmental activities	7,601,842	7,738,034	6,194,133	8,029,137	8,237,806	8,355,121	5,616,468	5,317,844	3,842,549	4,742,351
Business-Type Activities:										
Charges for services:	15,437,412	15,988,323	15,259,236	15,148,212	15,314,426	16,157,282	15,140,175	14,993,910	15,243,471	15,076,565
Electric	2,645,216	2,919,950	2,866,811	2,698,212	4,039,757	4,935,691	5,813,699	6,006,675	5,579,127	5,446,778
Water	5,320,114	6,243,311	7,008,738	7,419,735	6,423,276	9,786,375	6,213,481	8,832,757	9,264,399	9,667,659
Disposal site	93,636	66,597	67,297	66,947	108,401	127,228	129,321	132,287	217,999	132,106
Nonmajor activities	2,681,329	2,857,667	2,866,554	2,446,397	2,508,685	2,905,410	2,467,226	1,965,547	2,053,819	1,806,110
Operating grants and contributions	20,451	19,905	19,920	20,155	10,359	10,660	40,717	57,271	25,175	10,384
Capital grants and contributions	746,011	822,113	684,170	1,737,550	-	-	-	-	-	-
Total business-type activities	26,944,169	28,917,866	28,772,726	29,537,208	28,404,904	33,922,646	29,804,619	31,988,447	32,383,990	32,139,602
Total Program Revenues	\$ 34,546,011	\$ 36,655,900	\$ 34,966,859	\$ 37,566,345	\$ 36,642,710	\$ 42,277,767	\$ 35,421,087	\$ 37,306,291	\$ 36,226,539	\$ 36,881,953
<b>Net (Expense)/Revenue:</b>										
Governmental activities	\$ (10,705,325)	\$ (12,055,984)	\$ (13,203,104)	\$ (18,178,598)	\$ (13,450,848)	\$ (10,156,034)	\$ (13,700,166)	\$ (13,928,994)	\$ (13,519,345)	\$ (12,686,485)
Business-type activities	(1,163,144)	4,243,155	1,077,075	4,687,546	973,208	4,982,983	(30,031)	2,828,411	(4,006,943)	1,391,114
Total Net Expense	\$ (11,868,469)	\$ (7,812,829)	\$ (12,126,029)	\$ (13,491,052)	\$ (12,477,640)	\$ (5,193,051)	\$ (13,730,199)	\$ (11,100,583)	\$ (17,526,288)	\$ (11,295,371)

**Table 2**  
**City of Ukiah**  
**Changes in Net Position (continued)**  
**Last 10 Fiscal Years**  
(accrual basis of accounting)

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
For Fiscal Year Ended June 30										
<b>General Revenues</b>										
Governmental Activities:										
Property taxes	\$ 5,105,884	\$ 5,365,559	\$ 5,741,393	\$ 5,106,817	\$ 4,426,250	\$ 3,182,981	\$ 1,484,934	\$ 1,251,189	\$ 3,729,370	\$ 3,531,272
Sales taxes	6,894,257	7,154,547	6,439,622	5,776,015	6,951,957	6,518,506	6,901,284	7,134,537	5,976,938	6,740,622
Transient occupancy taxes	604,080	753,715	710,053	661,149	691,627	775,547	828,000	959,570	1,061,823	1,229,814
Vehicle in-lieu taxes	1,187,612	1,228,550	1,266,285	1,295,970	1,311,862	1,238,660	1,229,156	1,237,181	-	-
Other taxes	928,336	927,083	910,424	936,854	891,717	917,930	929,173	916,007	2,281,810	1,939,984
Interest and investment earnings	495,784	450,344	398,868	300,784	173,255	175,318	91,117	93,521	501,217	323,373
Transfers	737,079	945,545	1,265,107	1,012,185	1,408,163	1,065,910	871,692	1,816,592	-	(473,539)
Total general revenues, transfers and special items	\$ 15,953,032	\$ 16,825,343	\$ 16,731,752	\$ 15,089,774	\$ 15,854,831	\$ 13,874,852	\$ 12,335,356	\$ 13,408,597	\$ 13,551,158	\$ 13,291,526
Business-Type Activities:										
Interest and investment earnings	2,447,206	2,756,158	2,297,298	1,091,216	719,334	441,974	200,899	356,372	321,824	672,730
Special item: Transfer to other agency	-	-	(1,900,000)	-	-	-	-	-	-	-
Transfers in/(Out)	(737,079)	(945,545)	(1,265,107)	(1,012,185)	(1,408,163)	(1,065,910)	(584,482)	(1,816,592)	-	473,539
Total business-type activities	\$ 1,710,127	\$ 1,810,613	\$ (867,809)	\$ 79,031	\$ (688,829)	\$ (623,936)	\$ (383,583)	\$ (1,460,220)	\$ 321,824	\$ 1,146,269
Total Primary Government	\$ 17,663,159	\$ 18,635,956	\$ 15,863,943	\$ 15,168,805	\$ 15,166,002	\$ 13,250,916	\$ 11,951,773	\$ 11,948,377	\$ 13,872,982	\$ 14,437,795
<b>Extraordinary Items</b>										
Governmental activities	\$ -	\$ -	\$ -	\$ (1,746,178) <sup>b</sup>	\$ (359,507) <sup>b</sup>	\$ (5,277,260) <sup>d</sup>	\$ -	\$ -	\$ -	\$ -
Business-type activities	-	-	-	-	-	-	-	-	-	-
Total Extraordinary Items	\$ -	\$ -	\$ -	\$ (1,746,178)	\$ (359,507)	\$ (5,277,260)	\$ -	\$ -	\$ -	\$ -
<b>Accounting Change - Accumulative Effect</b>										
Governmental activities	\$ 12,165,225	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Business-type activities	12,763,389	-	-	-	-	-	(1,179,845) <sup>e</sup>	-	-	-
Total Extraordinary Items	\$ 24,928,614 <sup>a</sup>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,179,845)	\$ -	\$ -	\$ -
<b>Change in Net Position</b>										
Governmental activities	\$ 17,412,932	\$ 4,769,359	\$ 3,528,648	\$ (4,835,002)	\$ 2,044,476	\$ (1,558,442)	\$ (1,364,812)	\$ (520,397)	\$ 31,813	\$ 605,041
Business-type activities	13,310,372	6,053,768	209,266	4,766,577	284,379	4,339,047	(1,593,459)	1,366,191	(3,685,119)	2,537,383
Total Net Position	\$ 30,723,304	\$ 10,823,127	\$ 3,737,914	\$ (68,425)	\$ 2,328,855	\$ 2,780,605	\$ (2,958,271)	\$ 847,794	\$ (3,653,306)	\$ 3,142,424

Source - Audited Financial Statements - Statement of Activities

**Table 3**  
**City of Ukiah**  
**Fund Balance of Governmental Funds**  
**Last 10 Fiscal Years**  
(modified accrual basis of accounting)

Table 3

As of June 30	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund:										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ 877,506	\$ 559,134	\$ 619,044	\$ 619,044	\$ 645,728	\$ 911,343
Committed	-	-	-	-	146,147	-	183,956	203,105	-	-
Assigned	-	-	-	-	4,686,766	4,851,110	89,859	-	-	185,443
Unassigned	-	-	-	-	527,381	1,454,665	4,381,047	4,233,953	4,878,803	4,116,215
Reserved	2,388,819	1,121,539	1,184,675	1,365,187	-	-	-	-	-	-
Unreserved	1,790,710	3,849,361	3,723,221	4,325,375	-	-	-	-	-	-
Total general fund	\$ 4,179,529	\$ 4,970,900	\$ 4,907,896	\$ 5,690,562	\$ 6,237,800	\$ 6,864,909	\$ 5,273,906	\$ 5,056,102	\$ 5,524,531	\$ 5,213,001
All Other Governmental Funds:										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	13,404,870	5,867,124	4,486,098	4,805,526	12,931,066	12,276,877
Committed	-	-	-	-	756,047	1,235,785	713,402	3,569,505	-	-
Assigned	-	-	-	-	7,759,509	3,460,240	5,832,173	2,514,649	4,395,621	3,358,684
Unassigned	-	-	-	-	-	-	(894,993)	(736,226)	(232,412)	(442,572)
Reserved	8,750,121	10,437,242	11,738,706	6,402,686	-	-	-	-	-	-
Unreserved	11,967,164	14,335,315	15,634,574	10,027,963	-	-	-	-	-	-
Total all other governmental funds	\$ 20,717,285	\$ 24,772,557	\$ 27,373,280	\$ 16,430,649	\$ 21,920,426	\$ 10,563,149	\$ 10,136,680	\$ 10,153,454	\$ 17,094,275	\$ 15,192,989

Source: Audited Financial Statements - Balance Sheet-Governmental funds

Note: The City of Ukiah adopted the provisions of GASB Statement No. 54 in FY2011. Prior year amounts were not restated.

**Table 4**  
**City of Ukiah**  
**Changes in Fund Balances of Governmental Funds**  
**Last 10 Fiscal Years**  
(modified accrual basis of accounting)

Function	Fiscal year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Revenues</b>										
Property taxes	\$ 5,105,884	\$ 5,365,559	\$ 5,741,393	\$ 5,106,817	\$ 4,426,250	\$ 3,182,981	\$ 1,484,934	\$ 1,251,189	\$ 3,729,370	\$ 3,531,272
Sales taxes	6,894,257	7,154,547	6,439,622	5,776,015	6,807,971	6,465,410	6,977,233	7,104,666	5,976,938	6,824,737
Transient occupancy taxes	604,080	753,715	710,053	661,149	691,627	775,547	828,000	925,191	1,061,823	1,229,814
Other taxes	928,336	927,083	910,424	936,854	891,717	917,930	929,173	950,386	2,047,734	1,917,323
Licenses & permits	208,573	142,036	155,807	337,508	344,593	434,468	272,070	292,688	186,012	341,842
Fines & forfeitures	96,112	128,797	145,971	195,817	295,613	270,468	319,189	256,776	58,692	78,589
Intergovernmental	3,813,212	3,615,552	2,424,259	4,419,645	4,626,790	4,756,038	2,964,207	3,270,042	3,048,401	2,911,624
Interest and rents	1,873,653	2,476,051	2,563,121	1,565,187	1,264,421	1,083,685	224,129	340,887	497,681	336,173
Charges for services	989,142	924,657	922,787	1,024,323	1,309,827	1,146,590	1,580,632	1,013,534	1,032,957	755,074
Miscellaneous	1,018,824	735,691	479,909	301,866	497,661	375,103	243,654	493,158	232,651	411,052
<b>Total revenues</b>	<b>21,532,073</b>	<b>22,223,688</b>	<b>20,493,346</b>	<b>20,325,181</b>	<b>21,156,470</b>	<b>19,408,244</b>	<b>15,823,221</b>	<b>15,898,517</b>	<b>17,872,259</b>	<b>18,337,300</b>
<b>Expenditures</b>										
Current:										
General government	2,106,228	2,055,096	1,787,942	1,712,083	1,701,144	1,861,192	2,117,303	2,773,585	852,079	542,434
Public safety	7,666,646	8,086,283	8,656,150	8,794,788	8,712,155	8,996,781	9,831,860	9,297,118	10,229,049	11,096,768
Public works	2,827,485	3,075,056	1,798,507	1,398,207	2,255,054	1,508,698	1,411,445	1,612,266	2,337,389	2,173,214
Housing and community development	1,764,237	1,911,046	2,494,429	10,255,824	3,530,698	1,151,384	1,205,464	785,349	327,921	870,450
Parks and recreation	1,900,284	1,980,129	2,236,986	1,859,248	2,312,834	2,048,294	2,327,464	2,304,893	2,692,906	2,616,856
Debt Service:										
Principal	5,632,452	345,000	230,000	235,000	250,000	265,000	-	-	-	-
Interest and fiscal charges	442,322	359,249	323,541	307,978	289,515	559,797	-	-	-	-
Issue costs	122,485	-	-	192,808	-	-	-	-	-	-
Capital outlay	804,623	510,731	1,693,179	5,188,025	5,354,765	2,481,671	1,545,538	1,159,928	1,739,147	2,612,218
<b>Total expenditures</b>	<b>23,266,762</b>	<b>18,322,590</b>	<b>19,220,734</b>	<b>29,751,153</b>	<b>24,598,973</b>	<b>18,872,817</b>	<b>18,439,074</b>	<b>17,933,139</b>	<b>18,178,491</b>	<b>19,911,940</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(1,734,689)</b>	<b>3,901,098</b>	<b>1,272,612</b>	<b>(9,425,972)</b>	<b>(3,442,503)</b>	<b>535,427</b>	<b>(2,615,853)</b>	<b>(2,034,622)</b>	<b>(306,232)</b>	<b>(1,574,640)</b>
<b>Other financing sources (uses):</b>										
Bond issue proceeds	5,595,000	-	-	-	8,430,000	-	-	-	-	-
Discount on bonds issued	(69,704)	-	-	(249,138)	-	-	-	-	-	-
Transfers-in	1,657,093	1,257,262	1,303,267	2,114,256	4,047,961	1,072,410	2,680,654	2,076,641	1,349,208	940,063
Transfers-out	(1,002,033)	(311,717)	(38,160)	(1,102,071)	(2,389,798)	(6,500)	(2,082,273)	(243,049)	(1,378,578)	(1,413,602)
Proceeds from borrowing	-	-	-	-	-	-	-	-	-	-
<b>Total financing sources (uses):</b>	<b>6,180,356</b>	<b>945,545</b>	<b>1,265,107</b>	<b>1,012,185</b>	<b>9,839,025</b>	<b>1,065,910</b>	<b>598,381</b>	<b>1,833,592</b>	<b>(29,370)</b>	<b>(473,539)</b>
<b>Extraordinary items &amp; Prior Period Adjs.</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,746,178)</b>	<b>(359,507)</b>	<b>(12,331,505)</b>	<b>-</b>	<b>-</b>	<b>7,744,852</b>	<b>-</b>
<b>Net Change in Fund Balance</b>	<b>\$ 4,445,667</b>	<b>\$ 4,846,643</b>	<b>\$ 2,537,719</b>	<b>\$ (10,159,965)</b>	<b>\$ 6,037,015</b>	<b>\$ (10,730,168)</b>	<b>\$ (2,017,472)</b>	<b>\$ (201,030)</b>	<b>\$ 7,409,250</b>	<b>\$ (2,048,179)</b>
Debt service as percentage of non-capital expenses	37.35%	4.12%	3.26%	2.26%	2.91%	5.30%	0.00%	0.00%	0.00%	0.00%

Source: Audited Financial Statements - Statement of Revenues, Expenditures and Changes in Fund Balances

Prior Period adjustment of is the result of moving long-term receivables and Land Held for Resale from deferred inflows-unavailable revenues to restricted fund balance. See Note 14.

**Table 5**  
**City of Ukiah**  
**Tax Revenues by Source, Governmental Funds,**  
**Last Ten Fiscal Years**

Fiscal Year	Type of Tax					Total
	Property	Sales & Use	Occupancy	Franchise	Other	
2007	5,105,884	6,894,257	604,080	530,373	397,963	13,532,557
2008	5,365,559	7,154,547	753,715	555,281	371,802	14,200,904
2009	5,741,393	6,439,622	710,053	582,764	327,660	13,801,492
2010	5,106,817	5,776,015	661,149	545,503	391,351	12,480,835
2011	4,426,250	6,260,583	691,627	548,783	342,934	12,270,177
2012	3,182,981	6,465,410	775,547	567,486	350,444	11,341,868
2013	1,484,934	6,977,233	828,000	569,892	359,281	10,219,340
2014	1,251,189	7,104,666	925,191	591,767	358,618	10,231,431
2015	3,729,370 <sup>1</sup>	5,976,938 <sup>2</sup>	1,061,823	1,643,559 <sup>3</sup>	404,175	12,815,865
2016	3,531,272	6,824,737	1,229,814	1,514,798	402,524	13,503,146
Change 2014-2015	198.1%	-15.9%	14.8%	177.7%	12.7%	25.3%

Source: Audited Financial Statements - Statement of Revenues, Expenditures and Changes in Fund Balances

1. The change in FY2015 included moving the Motor Vehicle License fee from Sales & Use to Property.
2. The change in FY2015 included moving the Motor Vehicle License fee from Sales & Use to Property.
3. Includes the Electric Utility Franchise Fee which was previously included as a Transfer to General Fund.

**Table 6**  
**City of Ukiah**  
**Electric Utility Rates**  
**Last 10 Fiscal Years**

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Residential, single phase										
Per meter per month, per KWH	\$ 0.12040	\$ 0.12040	\$ 0.12040	\$ 0.12040	\$ 0.12040	\$ 0.12040	\$ 0.12040	\$ 0.12040	\$ 0.12040	\$ 0.12040
Minimum monthly billing	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00
General service:										
Base charge:										
Single phase	\$ 8.40	\$ 8.40	\$ 8.40	\$ 8.40	\$ 8.40	\$ 8.40	\$ 8.40	\$ 8.40	\$ 8.40	\$ 8.40
Polyphase	\$ 9.80	\$ 9.80	\$ 9.80	\$ 9.80	\$ 9.80	\$ 9.80	\$ 9.80	\$ 9.80	\$ 9.80	\$ 9.80
X-ray machine	\$ 21.00	\$ 21.00	\$ 21.00	\$ 21.00	\$ 21.00	\$ 21.00	\$ 21.00	\$ 21.00	\$ 21.00	\$ 21.00
Minimum charge:										
second meter	\$ 8.40	\$ 8.40	\$ 8.40	\$ 8.40	\$ 8.40	\$ 8.40	\$ 8.40	\$ 8.40	\$ 8.40	\$ 8.40
Energy use charge, per										
meter, per month, per KWH										
Summer	\$ 0.16568	\$ 0.16568	\$ 0.16568	\$ 0.16568	\$ 0.16568	\$ 0.16568	\$ 0.16568	\$ 0.16568	\$ 0.16568	\$ 0.16568
Winter	\$ 0.12294	\$ 0.12294	\$ 0.12294	\$ 0.12294	\$ 0.12294	\$ 0.12294	\$ 0.12294	\$ 0.12294	\$ 0.12294	\$ 0.12294
General Service with Demand:										
Base rate, per meter, per month	\$ 70.60	\$ 70.60	\$ 70.60	\$ 70.60	\$ 70.60	\$ 70.60	\$ 70.60	\$ 70.60	\$ 70.60	\$ 70.60
Demand charge per KWH	\$ 0.10966	\$ 0.10966	\$ 0.10966	\$ 0.10966	\$ 0.10966	\$ 0.10966	\$ 0.10966	\$ 0.10966	\$ 0.10966	\$ 0.10966
Summer	\$ 0.08829	\$ 0.08829	\$ 0.08829	\$ 0.08829	\$ 0.08829	\$ 0.08829	\$ 0.08829	\$ 0.08829	\$ 0.08829	\$ 0.08829
Winter										
General large Industrial Service:										
Base charge, per meter, per month	\$ 70.60	\$ 70.60	\$ 70.60	\$ 70.60	\$ 70.60	\$ 70.60	\$ 70.60	\$ 70.60	\$ 70.60	\$ 70.60
Demand charge per kwh of										
maximum demand:										
Winter	\$ 4.05	\$ 4.05	\$ 4.05	\$ 4.05	\$ 4.05	\$ 4.05	\$ 4.05	\$ 4.05	\$ 4.05	\$ 4.05
Summer	\$ 6.45	\$ 6.45	\$ 6.45	\$ 6.45	\$ 6.45	\$ 6.45	\$ 6.45	\$ 6.45	\$ 6.45	\$ 6.45

Source: Utility Billing Department Rate Schedules

**Table 7**  
**City of Ukiah**  
**Wastewater Utility Rates**  
**Last 10 Fiscal Years**

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Wastewater System Rates- City (1)</b>										
<b>Residential</b>										
Fixed Minimum Charge- Per Dwelling Unit	\$ 32.26	\$ 41.31	\$ 47.18	\$ 47.18	\$ 47.18	\$ 50.44	\$ 58.40	\$ 60.39	\$ 62.44	\$ 62.44
Consumption Rate (\$/hcf (2))	\$ 1.27	\$ 1.62	\$ 1.85	\$ 1.85	\$ 1.85	\$ 1.98	\$ 2.29	\$ 2.37	\$ 2.45	\$ 2.45
<b>Commercial</b>										
Commercial Low Strength (\$/hcf)	\$ 5.06	\$ 6.48	\$ 7.40	\$ 7.40	\$ 7.40	\$ 7.91	\$ 9.16	\$ 9.47	\$ 9.79	\$ 9.79
Commercial Moderate Strength (\$/hcf)	\$ 5.41	\$ 6.92	\$ 7.91	\$ 7.91	\$ 7.91	\$ 8.46	\$ 9.79	\$ 10.12	\$ 10.47	\$ 10.47
Commercial Medium Strength (\$/hcf)	\$ 9.57	\$ 12.24	\$ 13.99	\$ 13.99	\$ 13.99	\$ 14.96	\$ 17.32	\$ 17.91	\$ 18.52	\$ 18.52
Commercial High Strength (\$/hcf)	\$ 12.32	\$ 15.77	\$ 18.02	\$ 18.02	\$ 18.02	\$ 19.26	\$ 22.31	\$ 23.07	\$ 23.85	\$ 23.85
(1) The rates beginning in 2009-10 were approved pursuant to Resolution No. 2010-28 by City Council on July 21, 2010.										
(2) Each unit equals 748 gallons or 100 cubic feet (hcf).										
<b>Wastewater System Rates- District (1)</b>										
<b>Residential</b>										
Fixed Minimum Charge- Per Dwelling Unit	\$ 32.26	\$ 41.31	\$ 47.18	\$ 47.18	\$ 53.47	\$ 53.47	\$ 53.47	\$ 53.47	\$ 53.47	\$ 53.47
Consumption Rate (\$/hcf (2))	\$ 1.27	\$ 1.62	\$ 1.85	\$ 1.85	\$ 3.40	\$ 4.45	\$ 5.50	\$ 6.60	\$ 6.60	\$ 6.60
<b>Commercial</b>										
Commercial Low Strength (\$/hcf)	\$ 5.06	\$ 6.48	\$ 7.40	\$ 7.40	\$ 7.91	\$ 8.46	\$ 9.06	\$ 9.69	\$ 9.69	\$ 9.69
Commercial Moderate Strength (\$/hcf)	\$ 5.41	\$ 6.92	\$ 7.91	\$ 7.91	\$ 8.46	\$ 9.05	\$ 9.68	\$ 10.36	\$ 10.36	\$ 10.36
Commercial Medium Strength (\$/hcf)	\$ 9.57	\$ 12.24	\$ 13.99	\$ 13.99	\$ 14.96	\$ 16.00	\$ 17.12	\$ 18.32	\$ 18.32	\$ 18.32
Commercial High Strength (\$/hcf)	\$ 12.32	\$ 15.77	\$ 18.02	\$ 18.02	\$ 19.26	\$ 20.61	\$ 22.05	\$ 23.60	\$ 23.60	\$ 23.60
Special (3)										
(1) The rates beginning in 2010-2011 were approved pursuant to Ordinance No. 36 approved by the District on June 30, 2011.										
(2) Each unit equals 748 gallons or 100 cubic feet (hcf).										
(3) Determined on a case-by-case basis.										

Source: Utility Billing Department Rate Schedules

**Table 8**  
**City of Ukiah**  
**Water Utility Rates**  
**Last 10 Fiscal Years**

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Water System Rates (1)</b>										
Consumption Rate (\$/unit (2))										
Single Family Residential	\$ 0.91	\$ 1.07	\$ 1.20	\$ 1.29	\$ 1.92	\$ 2.21	\$ 2.41	\$ 2.65	\$ 2.73	\$ 2.86
All Other Customers	\$ 0.91	\$ 1.07	\$ 1.20	\$ 1.29	\$ 1.92	\$ 2.21	\$ 2.41	\$ 2.65	\$ 2.73	\$ 2.86
Minimum base charge by Meter Size/ Class:										
3/4" Meter	\$ 14.36	\$ 14.64	\$ 14.94	\$ 15.24	\$ 22.71	\$ 26.11	\$ 28.46	\$ 31.31	\$ 32.25	\$ 33.63
1" Meter	\$ 21.58	\$ 22.97	\$ 21.41	\$ 25.90	\$ 38.59	\$ 44.38	\$ 48.37	\$ 53.21	\$ 54.81	\$ 54.00
1 1/2" Meter	\$ 37.85	\$ 41.85	\$ 45.99	\$ 50.28	\$ 74.92	\$ 86.15	\$ 93.91	\$ 103.30	\$ 106.40	\$ 104.47
2" Meter	\$ 58.10	\$ 65.38	\$ 72.93	\$ 80.75	\$ 120.32	\$ 138.37	\$ 150.82	\$ 165.90	\$ 170.88	\$ 165.27
3" Meter	\$ 105.72	\$ 120.70	\$ 136.25	\$ 152.36	\$ 227.02	\$ 261.07	\$ 284.57	\$ 313.02	\$ 322.41	\$ 307.24
4" Meter	\$ 173.40	\$ 199.43	\$ 226.44	\$ 254.45	\$ 379.13	\$ 436.00	\$ 475.24	\$ 522.76	\$ 538.45	\$ 510.02
6" Meter	\$ 341.13	\$ 394.53	\$ 449.92	\$ 507.37	\$ 755.98	\$ 869.38	\$ 947.62	\$ 1,042.38	\$ 1,073.66	\$ 1,073.66
Fire Service 2" & under	\$ 11.62	\$ 13.08	\$ 14.59	\$ 16.15	\$ 24.06	\$ 27.67	\$ 30.16	\$ 33.18	\$ 34.18	\$ 36.07
Fire Service 3"	\$ 21.14	\$ 24.14	\$ 27.25	\$ 30.47	\$ 45.40	\$ 52.21	\$ 56.91	\$ 62.60	\$ 64.48	\$ 64.84
Fire Service 4"	\$ 34.68	\$ 39.89	\$ 45.29	\$ 50.89	\$ 75.83	\$ 87.20	\$ 95.05	\$ 104.55	\$ 107.69	\$ 105.93
Fire Service 6" & up	\$ 68.23	\$ 78.91	\$ 89.98	\$ 101.47	\$ 151.19	\$ 173.87	\$ 189.52	\$ 208.47	\$ 214.72	\$ 208.56

(1) The rates beginning in 2009-10 were approved pursuant to Resolution No. 2010-27 by City Council on July 21, 2010.

(2) Each unit equals 748 gallons.

Source: Utility Billing Department Rate Schedules

**Table 9**  
**City of Ukiah**  
**Top Ten Electric Usage Customers**  
**Current Year in alphabetical order**

Rate Payers	2016	
	Electric Usage	
City of Ukiah	\$ 720,194	5.09%
County of Medocino	571,575	4.04%
Ukiah Valley Medical Center	475,558	3.36%
Ukiah Unified School District	428,519	3.03%
Save Mart Supermarkets (Lucky's)	328,879	2.33%
Safeway Stores	254,605	1.80%
Save Mart Supermarkets (Food Maxx)	230,527	1.63%
Maverick Enterprises	235,865	1.67%
Mendocino Brewing Co.	173,867	1.23%
Wal-Mart	143,381	1.01%
	<u>\$ 3,562,971</u>	<u>25%</u>

Source: Utility Billing Module

**Table 10**  
**City of Ukiah**  
**Ratio of Outstanding Debt by Type**  
**Per Capita & Per Capita Income Data**  
**Last 10 Fiscal Years**

Fiscal Year	Estimated Population	Countywide Per Capita Income	Estimated Ukiah Personal Income	Business Type Activities						Total Primary Government	Debt Per Capita	Percentage of Personal Income
				Governmental Type Activities	Redevelopment Bonds	Electric Revenue Bonds	Installment Agreements	State Loans	Landfill Obligations			
2006	15,955	\$ 29,508	\$ 470,800,140	\$ 5,632,452	\$ 16,830,000	\$ 89,415,000	\$ 5,832,793	\$ 7,831,864	\$ 13,464,316	\$ 844	2.86%	
2007	15,876	\$ 31,383	\$ 498,236,508	\$ 5,595,000	\$ 15,860,000	\$ 89,415,000	\$ 5,412,073	\$ 8,041,167	\$ 13,636,167	\$ 859	2.74%	
2008	15,758	\$ 32,589	\$ 513,537,462	\$ 5,250,000	\$ 14,830,000	\$ 89,135,000	\$ 4,977,952	\$ 8,167,206	\$ 13,417,206	\$ 851	2.61%	
2009	15,711	\$ 33,614	\$ 528,109,554	\$ 5,020,000	\$ 13,735,000	\$ 88,445,000	\$ 4,530,099	\$ 8,409,211	\$ 13,429,211	\$ 855	2.54%	
2010	15,682	\$ 32,388	\$ 507,908,616	\$ 4,785,000	\$ 12,570,000	\$ 86,945,000	\$ 4,068,249	\$ 8,594,214	\$ 13,379,214	\$ 853	2.63%	
2011	16,109	\$ 33,353	\$ 537,283,477	\$ 12,965,000	\$ 11,330,000	\$ 85,035,000	\$ 3,591,810	\$ 8,595,222	\$ 21,560,222	\$ 1,338	4.01%	
2012	15,960	\$ 35,110	\$ 560,355,600	\$ 12,700,000	\$ 10,005,000	\$ 83,055,000	\$ 3,100,437	\$ 8,775,386	\$ 21,475,386	\$ 1,346	3.83%	
2013	16,065	\$ 36,791	\$ 591,047,415	\$ 11,845,000	\$ 8,595,000	\$ 81,010,000	\$ 2,593,306	\$ 8,928,942	\$ 20,773,942	\$ 1,293	3.51%	
2014	16,185	\$ 38,307	\$ 619,998,795	\$ 10,935,000	\$ 7,095,000	\$ 78,895,000	\$ 2,070,256	\$ 9,062,877	\$ 19,997,877	\$ 1,236	3.23%	
2015	16,073	\$ 39,545	\$ 635,606,785	\$ 9,970,000	\$ 5,485,000	\$ 76,695,000	\$ 1,530,670	\$ 14,700,370	\$ 24,670,370	\$ 1,535	3.88%	
2016	16,186	\$ 43,845	\$ 709,675,170	\$ 8,950,000	\$ 3,775,000	\$ 74,075,000	\$ -	\$ 14,700,370	\$ 23,650,370	\$ 1,461	3.33%	

Source: Estimated Population from the State of California Department of Finance.

Countywide Per Capita Income- Bureau of Economic Analysis CA1 Personal Income Summary; Personal Income, Population, Per Capita Personal Income

Redevelopment Bond - Audited Financial Statements-Combining Statement of Fiduciary Net Position

Installment Agreements/State Loans & Landfill Obligations-Notes to Financial Statements-Long Term Debt

**Table 11**  
**City of Ukiah**  
**Ratio of General Bonded Outstanding Debt**  
**Last 10 Fiscal Years**

Fiscal Year	Estimated Population	Countywide Per Capita Income	Actual Taxable Value of Property	General Bonded Debt Outstanding				Percentage of Actual Taxable Value of Property
				Redevelopment Bonds	General Obligation Bonds	Total Primary Government	Debt Per Capita	
2006	15,955	\$ 29,508	\$ 953,993,844	\$ 5,632,452	\$ -	\$ 5,632,452	\$ 353	0.59%
2007	15,876	\$ 31,383	\$ 1,035,450,324	\$ 5,595,000	\$ -	\$ 5,595,000	\$ 352	0.54%
2008	15,758	\$ 32,589	\$ 1,119,849,497	\$ 5,250,000	\$ -	\$ 5,250,000	\$ 333	0.47%
2009	15,711	\$ 33,614	\$ 1,178,230,603	\$ 5,020,000	\$ -	\$ 5,020,000	\$ 320	0.43%
2010	15,682	\$ 32,388	\$ 1,205,686,442	\$ 4,785,000	\$ -	\$ 4,785,000	\$ 305	0.40%
2011	16,109	\$ 33,353	\$ 1,180,790,444	\$12,965,000	\$ -	\$ 12,965,000	\$ 805	1.10%
2012	15,960	\$ 35,110	\$ 1,169,395,369	\$12,700,000	\$ -	\$ 12,700,000	\$ 796	1.09%
2013	16,065	\$ 36,791	\$ 1,171,599,083	\$11,845,000	\$ -	\$ 11,845,000	\$ 737	1.01%
2014	16,185	\$ 38,307	\$ 1,195,466,105	\$10,935,000	\$ -	\$ 10,935,000	\$ 676	0.91%
2015	16,073	\$ 39,545	\$ 1,224,746,468	\$ 9,970,000	\$ -	\$ 9,970,000	\$ 620	0.81%
2016	16,186	\$ 43,845	\$ 1,267,903,229	\$ 8,950,000	\$ -	\$ 8,950,000	\$ 553	0.71%

Source: Estimated Population-from the State of California Department of Finance  
Countywide Per Capita Income- Bureau of Economic Analysis CA1 Personal Income Summary: Personal Income, Population,  
Per Capita Personal Income  
Redevelopment Bond - Audited Financial Statements-Combining Statement of Fiduciary Net Position  
County of Mendocino Assessed Valuations by District

**Table 12**  
**City of Ukiah**  
**Computation of Direct and Overlapping Bonded Debt**  
**June 30, 2016**

Jurisdiction	Debt Outstanding	Estimated Percentage Applicable to City (1)	Estimated Share of Direct and Overlapping Debt
Overlapping tax and assessment debt:			
City of Ukiah		100.000%	0
Ukiah Community College District	\$60,552,690	13.550%	8,204,889
Ukiah Unified School District	\$53,580,997	34.160%	18,303,269
<b>Total overlapping tax and assessment debt</b>			<u>26,508,158</u>
Overlapping General Fund Debt:			
Mendocino County General Fund Obligations	\$20,479,148	12.670%	2,594,708
Mendocino County Pension Obligation Bonds	\$64,147,348	12.670%	8,127,469
City of Ukiah	0	100.000%	0
<b>Total overlapping general fund obligation debt</b>			<u>10,722,177</u>
Overlapping Tax Increment Debt (Successor Agency):	\$8,950,000	100.000%	\$ 8,950,000
Total Direct Debt			\$ -
Total Overlapping Debt			\$ 46,180,335
Total combined debt			<u>\$ 46,180,335 (2)</u>
Ratio to 2014-2015 assessed valuation			\$ 1,336,239,895
City of Ukiah total assessed valuation		0.00%	
Direct debt (City)		1.98%	
Direct debt (MJCCD, UVSD)		0.80%	
Overlapping debt		<u>3.46%</u>	
Combined total debt			
Ratios to Redevelopment Successor Agency Incremental Assessed Valuation			\$ 596,112,311
Redevelopment Successor Agency Incremental Assessed Valuation		1.50%	
Overlapping Tax Increment Debt			

[1] The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.

[2] Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

California Municipal Statistics, Inc. provided percentages applicable to City which are applied to the total outstanding debt amount as reported by the County of Mendocino. Assessed valuation total is provided by the County of Mendocino

**Table 13**  
**City of Ukiah**  
**Legal Debt Margin Information**  
**Last 10 Fiscal Years**

Fiscal Year	Assessed Valuation	Ratio Applied as % of Assessed Value	Legal Debt Limit Margin	Total Debt Subject to Limit	Debt Subject to Limit as % of Debt Limit
2007	\$1,035,450,324	15.00%	155,317,549	-	0.00%
2008	\$1,119,849,497	15.00%	167,977,425	-	0.00%
2009	\$1,178,230,603	15.00%	176,734,590	-	0.00%
2010	\$1,205,686,442	15.00%	180,852,966	-	0.00%
2011	\$1,180,790,444	15.00%	177,118,567	-	0.00%
2012	\$1,169,395,369	15.00%	175,409,305	-	0.00%
2013	\$1,171,599,083	15.00%	175,739,862	-	0.00%
2014	\$1,195,466,105	15.00%	179,319,916	-	0.00%
2015	\$1,224,746,468	15.00%	183,711,970	-	0.00%
2016	\$1,267,903,229	15.00%	190,185,484	-	0.00%

Legal Debt Limit Margin Calculation for 2015-2016

Assessed value	<u>\$ 1,267,903,229</u>
Debt limit is 15% of assessed value	\$ 190,185,484
Less: Debt applicable to limitation	\$ -
Total bonded debt	<u>\$ -</u>
Legal debt margin	<u>\$ 190,185,484</u>

In accordance with state law the City may not incur general obligation bonded indebtedness in excess of 15% of total assessed valuation, with such debt being payable from the proceeds of taxes levied upon taxable properties  
Source: County of Mendocino Assessed Valuations by District



**Table 15**  
**City of Ukiah**  
**Demographic & Economic Statistics**  
**Last 10 Fiscal Years**

Fiscal Year	Estimated Population	Countywide Per Capita Income	Estimated City Ukiah Income	Assessed Valuation	Unemployment Rate
2007	15,876	\$ 31,383	\$ 498,236,508	\$ 1,035,450,324	-
2008	15,758	\$ 32,589	\$ 513,537,462	\$ 1,119,849,497	6.40%
2009	15,711	\$ 33,614	\$ 528,109,554	\$ 1,178,230,603	10.10%
2010	15,682	\$ 32,388	\$ 507,908,616	\$ 1,205,686,442	10.80%
2011	16,109	\$ 33,353	\$ 537,283,477	\$ 1,180,790,444	10.60%
2012	15,960	\$ 35,110	\$ 560,355,600	\$ 1,169,395,369	9.90%
2013	16,065	\$ 36,791	\$ 591,047,415	\$ 1,171,599,083	7.40%
2014	16,185	\$ 38,307	\$ 619,998,795	\$ 1,195,466,105	5.90%
2015	16,073	\$ 39,545	\$ 635,606,785	\$ 1,224,746,468	5.40%
2016	16,186	\$ 43,845	\$ 709,675,170	\$ 1,267,903,229	5.90%

Source: Estimated Population-State of California Department of Finance  
Countywide Per Capita Income- Bureau of Economic Analysis CA1 Personal Income Summary: Personal Income, Population, Per Capita Personal Income  
Assessed Valuations-County of Mendocino-Assessed Valuations by District  
Unemployment Rate-State of California Employment Development Department Labor Market Division Labor Force Data for Counties

**Table 16**  
**City of Ukiah**  
**Full-Time Equivalent City Government Employees by Function**  
**Last 10 Years**

Function	Full-Time Equivalent Personnel as of June 30									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government <sup>(1)</sup>	22.6	24.9	25.2	21.2	21.7	20.7	23.2	23.1	24.0	21.5
Police <sup>(2)</sup>	42.8	43.8	43.3	42.5	39.5	39.5	38.5	43.0	48.0	49.0
Fire <sup>(3)</sup>	21.0	22.0	21.5	20.5	18.5	18.5	15.5	11.0	11.0	11.0
Planning & Building	5.3	5.3	5.1	4.5	4.3	4.3	4.0	5.5	6.0	6.0
Public Works, Water Sewer & Wastewater Treatment	44.2	43.9	44.4	43.9	45.7	41.6	38.9	38.3	39.0	41.5
Electric	17.6	17.6	17.1	18.1	17.8	17.4	18.2	16.2	17.0	17.0
Airport	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Parks & Recreation	21.0	22.0	21.0	19.5	18.9	17.9	18.7	17.9	17.0	20.0
Totals:	<u>176.3</u>	<u>181.3</u>	<u>179.4</u>	<u>172.2</u>	<u>168.4</u>	<u>162.0</u>	<u>159.0</u>	<u>157.0</u>	<u>164.0</u>	<u>168.0</u>

(1) includes City Administration, Finance, Human Resources, Administrative Support and Information Services Functions

(2) Includes dispatch that supports both police and fire.

(3) Decrease in fire was due to discontinuing Ambulance Services

Source: City of Ukiah Budget-Authorized Full-Time Personnel (FTE) FY15/16

**Table 17**  
**City of Ukiah**  
**Operating Indicators**  
**Last 10 Fiscal Years**

Function	Fiscal Year Ended June 30									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Police										
Felony crimes (1)	1797	1522	1355	1398	1362	1192	1183	1091	508	453
Misdemeanor Arrests	658	791	624	660	621	560	557	479	1269	1200
DUI	411	271	232	165	190	141	135	59	113	117
Crime Reports	<b>4475</b>	<b>4412</b>	<b>4190</b>	<b>3658</b>	<b>3664</b>	<b>3569</b>	<b>3579</b>	<b>3301</b>	<b>3736</b>	<b>3806</b>
Water system (2)										
Annual Consumption (AF)	3,490	3,148	2,872	2,387	2,505	2,660	2,831	2,788	2,609	2,467
Daily average consumption in MGD	3.116	2.810	2.563	2.130	2.236	2.374	2.527	2.489	2.330	2.203
Wastewater system (3)										
Daily average treatment in MGD	1,064.0	1,122.2	738.8	1,297.3	1,477.8	1,153.5	1,028.8	902.5	1,098.5	1,347.6
Maximum daily capacity of treatment plant, in MGD	2.915	3.066	2.024	3.554	4.049	3.152	2.819	2.473	3.010	3.680
Airport system (2)										
Number landings	29,009	21,391	24,813	22,326	21,972	25,269	38,293	31,700	42,507	32,629
Electric System										
Kwh generated in (millions)	1	8	6	8	16	3	5	3	4	5
Streets (4)										
Expenditures for streets in thousands of dollars	\$ 776	\$ 825	\$ 798	\$ 651	\$ 923	\$ 762	\$ 833	\$ 1,087	\$ 1,119	\$ 811
Fire Suppression (5)										
Number paramedical calls	1,502	1,603	1,519	1,561.00	1,521	1,421	260	-	-	-
Number fire calls	2,332	2,471	2,389	2,383	2,319	2,304	393	-	-	-

(1) Source-Ukiah Police Department Records Management System

(2) Source- State Controller's Report

(3) Source- City Wastewater Treatment Plant Operations Manager

(4) Source:General Ledger

(5) Source- Ambulance is now operated by a private company. Fire call statistics are maintained by Ukiah Valley Fire District

**Table 18**  
**City of Ukiah**  
**Capital Asset Statistics**  
**Last Ten Fiscal Years**

Function	Fiscal Years ended June 30									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Area in Square Miles	4.70	4.70	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7
Fire protection (State/County)										
Number of stations	1	1	1	1	1	1	1	1	1	1
Number of personnel	22.0	22.0	22.0	18.5	18.5	18.5	15.5	12.0	11.0	11.0
Parks and recreation:										
Conference center	1	1	1	1	1	1	1	1	1	1
Parks & open space areas	17	17	17	17	17	17	18	18	18	18
Park acreage	261	261	261	261	261	261	298	298	298	298
Tennis courts	5	3	3	3	3	3	3	3	3	3
Police protection										
Number of substations	1	1	1	1	1	1	1	1	1	1
Public library (County)										
Number of branches	1	1	1	1	1	1	1	1	1	1
Streets										
Miles of streets	53	53	53	53	53	53	53	53	53	53
Water system										
Service connections	5,498	4,256	5,544	5,574	5,585	5,650	5,680	5,699	5,712	5,725
Miles of water mains	8.9	8.9	8.9	8.9	8.9	8.9	8.9	8.9	8.9	8.9
Wastewater system										
Number of treatment plants	1	1	1	1	1	1	1	1	1	1
Electric system										
Number street lights	2352	2352	2352	2352	2352	2352	2352	2352	2352	2352

---

***Other Compliance Reports***

---



**Independent Auditor's Report on Internal Control over Financial Reporting and  
on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

City Council  
City of Ukiah  
Ukiah, California

We have audited, in accordance with the 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, the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the City of Ukiah (City), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 28, 2017.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described as item 2016-1 in the accompanying schedule of findings and responses to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2016-2 to 2016-5 to be significant deficiencies.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **City of Ukiah's Responses to Findings**

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Van Lant & Frankhamel, LLP*

March 28, 2017

**CITY OF UKIAH**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**Year Ended June 30, 2015**

***2016-1 Accuracy and Timeliness of Accounting Records***

*Finding:*

The City's management is responsible for establishing and maintaining effective internal controls over financial reporting to help ensure that appropriate goals and objectives are met. This responsibility includes the selection and application of accounting principles, ensuring that financial information is reliable and properly recorded, and evaluating and monitoring ongoing activities.

In preparation for the annual audit, the City's Finance staff performed significant analysis and reconciliations of various accounts in the City's general ledger. However, when we began our year-end audit fieldwork, it became apparent that certain accounts had not yet been thoroughly analyzed and reconciled to supporting records. This includes grant receivables, unavailable revenue accounts, pooled cash accounts, long-term debt, and capital assets. In addition, while performing audit procedures, we identified and proposed several material adjusting entries to the City's accounting records. Furthermore, *Statements on Auditing Standards No. 115, "Communicating Internal Control Related Matters Identified in an Audit"* states that "indicators of material weaknesses in internal control include: identification by the auditor of a material misstatement of the financial statements under audit in circumstances that indicate the misstatement would not have been detected by the entity's internal control."

Reconciliation and review of all balance sheet accounts and various revenue and expenditure accounts on a recurring basis, and especially at year-end, is a vital part of maintaining the integrity of the accounting and financial reporting system. Periodic reconciliations of balance sheet and other selected accounts provide accurate data from which to base decisions, prevent costly errors and provide ease in identifying potential adjustments and corrections. If this is not done in a timely manner throughout the fiscal year, the year-end closing process tends to be more difficult and time-consuming, and may contribute to delays in issuing year-end reports. It should be noted, adjusting journal entries were being made to the City's accounting records as late as March 2017, approximately 9 months after the end of the fiscal year.

*Recommendation:*

Therefore, in order to maintain the integrity of the accounting and financial reporting system, and to ensure timely reporting, we recommend that all balance sheet accounts and other selected accounts be analyzed on a monthly, quarterly or other periodic basis as appropriate. We suggest a schedule of accounting functions to be performed monthly, quarterly, etc., be prepared with the provision for signing off by date and initials when the procedure is complete. We understand significant turnover in the finance department were contributing factors to the finding described above.

**CITY OF UKIAH**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**Year Ended June 30, 2015**

***2016-1 Accuracy and Timeliness of Accounting Records - Continued***

*Management's Response:*

Management agrees with the Auditor's recommendation. The City's new Finance Director intends to implement regular review of all balance sheet accounts and other selected accounts at least semi-annually, if not more frequently. Further, it is the intent of the Finance Department to issue quarterly reports reflecting this regular analysis beginning in fiscal year 2016-17.

***2016-2 Fraud Prevention and Detection Program***

The following is a continuation from the prior year:

*Finding:*

Management of the City is responsible for designing and implementing systems and procedures for the prevention and detection of fraud, and for ensuring a culture and environment that promotes honesty and ethical behavior. Fraud can range from minor employee theft and unproductive behavior to misappropriation of assets and fraudulent financial reporting.

The risk of fraud can be reduced through a combination of prevention, deterrence, and detection measures. However, fraud can be difficult to detect because it often involves concealment through falsification of documents or collusion among management, employees, or third parties. Therefore, it is important to place a strong emphasis on fraud prevention, which may reduce opportunities for fraud to take place, and fraud deterrence, which could persuade individuals that they should not commit fraud because of the likelihood of detection and punishment. Moreover, prevention and deterrence measures are much less costly than the time and expense required for fraud detection and investigation.

*Recommendation:*

While the City has taken steps to address the risk of fraud in certain areas, such as segregation of duties and other internal controls, we recommend the City consider taking a more formal, proactive approach to fraud prevention and deterrence. This would involve establishing an ongoing program of formally identifying and measuring fraud risks, taking steps to mitigate identified risks, and implementing and monitoring any necessary preventive and deterrent measures.

**CITY OF UKIAH**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**Year Ended June 30, 2015**

***2016-2 Fraud Prevention and Detection Program - Continued***

For example, the City should consider establishing a more formal training program for its employees regarding fraud. New employees should be trained at the time of hiring about the entity's values and its code of conduct. This training should explicitly cover expectations of all employees regarding (1) their duty to communicate certain matters; (2) a list of the types of matters, including actual or suspected fraud, to be communicated along with specific examples; and (3) information on how to communicate those matters. In addition to the training at the time of hiring, employees should receive refresher training periodically thereafter.

As mentioned above, management needs to provide information to employees on how to communicate fraud related matters. Research has shown that the majority of fraud is detected by fellow employees, and not outside auditors or internal controls. It is important for the City to establish and communicate to employees a reporting system that is appropriate for the City. The City should consider establishing a confidential reporting mechanism, which may include a combination of internal reporting and an anonymous tip hotline, not only for employees, but also for vendors and customers of the City.

In summary, the City has established controls over fraud in many areas. However, the City should evaluate whether a more formal, proactive approach to preventing fraud would be appropriate. The above comments do not address all components of a strong antifraud program. Additional information can be provided to the City's management regarding this issue.

*Management's Response:*

Management agrees with the Auditor's opinion in the value of prudent and reasonable fraud detection. The City exercises significant oversight and control of spending and actively monitors financial transactions to detect potential fraud, among other purposes. The Finance Department will continue to work with the City's Human Resources/Risk Management Department in taking a proactive approach to educating Finance Department, executive management, and any other team member charged with appropriation and spending oversight in fraud detection, deterrence, and communication. The Finance Department will continue reviewing its internal processes and protocols to promote greater efficiency and effectiveness in fraud detection, deterrence, and communication.

**CITY OF UKIAH  
SCHEDULE OF FINDINGS AND RESPONSES  
Year Ended June 30, 2015**

***2016-3 Segregation of Incompatible Duties Over Cash Receipts for Community Services***

The following is a continuation from the prior year:

*Condition:*

As part of our audit procedures we reviewed the process of collecting cash receipts at the Community Services Department in order to gain an understanding of the internal controls in this area. During our review we noted several weaknesses in the cash collection process. Below is a list of the issues identified:

- 1) No numerical reconciliation of the manual receipts issued, and through discussions with City staff, the issuance of receipts is not mandatory.
- 2) Cash payments are taken by instructors without the issuance of receipts.
- 3) Reconciliation of the number of people registered for classes to the number of people in attendance in a class is not done on a consistent basis.
- 4) Lack of segregation of duties for the receptionist/clerk who collects payments, inputs receipts, and reconciles the cash and checks collected.

*Criteria:*

In a strong internal control environment, receipts should be issued on all transactions, manual receipts should only be used in very limited circumstances, and if used, the numerical sequence of receipts issued should be performed, and incompatible duties should be properly segregated.

*Cause of Condition:*

Procedures for reviewing numerical sequence of receipts has not been established and implemented and cash receipting duties have not been sufficiently segregated.

*Potential Effect of Condition:*

Lack of internal controls over the collection of payments at the Community Services Department could result in payments collected that are not ultimately recorded in the City's general ledger and deposited into the City's bank accounts.

*Recommendation:*

We recommend the City implement procedures for reviewing the numerical sequence of cash receipts by an individual independent of the cash collection process, make sure all customers are issued receipts, and properly segregate duties for cash collection.

**CITY OF UKIAH**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**Year Ended June 30, 2015**

***2016-3 Segregation of Incompatible Duties Over Cash Receipts for Community Services - Continued***

*Management's Response:*

Management agrees with the Auditor's recommendation and will work to implement the appropriate procedures and protocols for cash management in the Community Services Department. The Finance Department expects to begin that work in late fiscal year 2016-17.

***2016-4 Cash Receipts System***

*Condition:*

The City uses several different cash receipting systems throughout the City. There is a system for Utility Billing, QuickBooks is used at the Conference Center, manual receipts are used throughout the City, RecDesk is used at the Community Center, Tyler cashiering is used for miscellaneous receipts at City Hall. In addition, it appears that only Tyler cashiering is integrated with the City's general ledger accounting system. All other cash receipting programs used in the various locations previously described, must be entered into multiple programs to ultimately be recorded in the City's general ledger. In addition, Finance Department personnel do not obtain reports directly from the other cashiering systems for review to reconcile to the receipts collected.

*Criteria:*

In a strong internal control environment, a centralized cashiering program should be used throughout the agency.

*Cause of Condition:*

The City does not have a centralized cashiering system.

*Potential Effect of Condition:*

Transactions must be entered multiple times which increases the opportunity for errors to occur. This could affect the amounts that are recorded in the general ledger and ultimately deposited in the City's bank account.

*Recommendation:*

We recommend the City review the current cash receipting systems used throughout the City and determine what changes could be made to implement a citywide central cashiering program.

**CITY OF UKIAH**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**Year Ended June 30, 2015**

***2016-4 Cash Receipts System - Continued***

*Management's Response:*

Management agrees with the Auditor's opinion in having strong internal controls for cash receipting, which a unified, comprehensive cash receipting system organization-wide can provide. But it is one among several suitable, reasonable, and appropriate alternatives. The Finance Department will continue to evaluate the current network of disparate systems to determine if more appropriate systems are reasonably feasible to implement. A centralized cashiering system, although ideal, may not be the most appropriate and/or the most efficient and effective method of administering cashiering, given the many diverse functions and activities provided by the City, including utility billing, recreation programs, airport, conference center, etc. The current disparate systems used, such as Quickbooks and RecDesk, are systems more reasonably suited to the activities for which they are employed than the general governmental functions for which the City's current main cashiering system is designed for. However, the Finance Department will continue to evaluate this condition to ensure prudent, reasonable, and appropriate procedures are in place to ensure the opportunities for error are mitigated to a nominal and reasonable level.

***2016-5 Building Permits***

*Condition:*

The City's building permit system is a module of Munis, the general ledger accounting system used. Payments for building permits are collected by the cashiers by crediting the permit application in Munis. However, the permit technicians can issue permits with a balance due and there is no reconciliation being done between the permits issued and the revenues collected and posted to the general ledger for building permits.

*Criteria:*

In a strong internal control environment, permits issued should be reconciled with the revenues collected and recorded in the general ledger on a periodic basis to verify all permits issued have a corresponding cash receipt.

*Cause of Condition:*

The City does not reconcile the building permits issued to the revenues collected and recorded in the general ledger.

*Potential Effect of Condition:*

Building permits could be issued without a corresponding cash receipt being recorded in the City's general ledger and deposit in the City's bank account.

**CITY OF UKIAH**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**Year Ended June 30, 2015**

***2016-5 Building Permits - Continued***

*Recommendation:*

We recommend the City implement a procedure to generate reports from the building permit module, periodically (daily, weekly, monthly) and have someone independent of the permit issuance and collection functions review and reconcile the amounts from these reports to the revenues posted in the City's general ledger.

*Management's Response:*

Management agrees with the Auditor's recommendation. The City's Finance Department will continue to work with the Community Development Department to evaluate and implement reasonable and appropriate procedures to strengthen its ability to account for building permit activities.

**INDEPENDENT ACCOUNTANT'S REPORT ON AGREED-UPON PROCEDURES  
APPLIED TO APPROPRIATIONS LIMIT WORKSHEETS**

City Council  
City of Ukiah  
Ukiah, California

We have performed procedures enumerated below to be the accompanying Appropriations Limit worksheet of the City of Ukiah, for the year ended June 30, 2016. These procedures, which were agreed to by the City of Ukiah and the League of California Cities (as presented in the publication entitled *Agreed-upon Procedures Applied to the Appropriations Limitation Prescribed by Article XIII B of the California Constitution*), were performed solely to assist the City in meeting the requirements of Section 1.5 of Article XIII B of the California Constitution. The City's management is responsible for the Appropriations Limit worksheet. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and our findings were as follows:

1. We obtained the completed worksheets and compared the limit and annual adjustment factors included in those worksheets to the limit and annual adjustment factors that were adopted by resolution of the City Council. We also compared the population and inflation options included in the aforementioned documents to those that were selected by a recorded vote of the City Council.

Finding: No exceptions were noted as a result of our procedures.

2. For the accompanying Appropriations Limit worksheet, we added last year's limit to total adjustments and agreed the resulting amount to this year's limit.

Finding: No exceptions were noted as a result of our procedures.

3. We agreed the current year information presented in the accompanying Appropriations Limit worksheet to the other documents referenced in #1 above.

Finding: No exceptions were noted as a result of our procedures.

4. We agreed the prior year appropriations limit presented in the accompanying Appropriations Limit worksheet to the prior year appropriations limit adopted by the City Council during the prior year.

Finding: No exceptions were noted as a result of our procedures.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on the accompanying Appropriations Limit worksheet. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. No procedures have been performed with respect to the determination of the appropriations limit for the base year, as defined by the League publication entitled *Article XIII B of the California Constitution*.

This report is intended solely for the use of the City Council and management of the City of Ukiah and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

*Van Lant & Fankhaed, LLP*

March 28, 2017

**CITY OF UKIAH**  
**APPROPRIATIONS LIMIT COMPUTATION**  
2015 – 2016

	<u>2015 - 2016</u>
Change in Per Capital Personal Income	3.82%
Population Change	
City Population Growth	0.01%
Change in Per Capita Personal Income Converted to a Ratio	1.0382
Population Change Converted to a Ratio	1.0001
Calculation of Growth Factor	1.03830382
2014 - 2015 Appropriations Limit	<u>\$ 35,302,689</u>
2015 - 2016 Appropriations Limit (\$35,302,689 X 1.03830382)	<u>\$ 36,654,917</u>