



Comprehensive Annual Financial Report

For the fiscal year ended June 30, 2015



City of Ukiah
***Comprehensive Annual
Financial Report for the
Fiscal Year Ended June 30, 2015***

Prepared by the Finance Department



**City of Ukiah
Comprehensive Annual Financial Report
Year Ended June 30, 2015**

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Introductory Section





June 7, 2016

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, 2015. This report is prepared in accordance with State law and generally accepted accounting principles (GAAP). 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 disclosure 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 the MD&A and should be read in conjunction with it. Management's Discussion and Analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements.

Management of the City has established a comprehensive internal control framework that is designed to protect the government's assets from loss, theft, or misuse and to produce reliable information for the preparation of the City's financial statements. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the City's financial statements are free of material misstatements. As management, we assert that, to the best of our knowledge, this financial report is complete and reliable in all material respects.

The firm of Van Lant & Fankhnel, LLP, Certified Public Accountants, has issued an unqualified opinion, which states that the City's financial statements for the fiscal year ended June 30, 2015, are presented fairly in conformity with GAAP. The independent auditor's report is located at the front of the financial section of this report.

Profile of the City and Operations

The City of Ukiah was incorporated in 1876. The City is located in Northern California, approximately 125 miles north of San Francisco on highway 101. The City occupies 4.7 square miles and is the County seat for Mendocino County. According to the 2010 census, Ukiah's population is 16,075.

Ukiah is a general law city under California state law and its rights, powers, privileged, authority, and functions are established through the State constitution. The City operates under a council-manager form of government. The five members of the Ukiah City Council are elected by voters to serve

overlapping four-year terms. The mayor is elected by, and from, the City Council for a one-year term. The Council appoints the City Manager who serves at their discretion. The City Council is a policy-setting body that is responsible for passing ordinances, adopting a City Budget, and appointing committees. The Council also serves as the governing board for the Successor Agency to the Ukiah Redevelopment Agency.

The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the daily operations of the City, and for appointing other employees and otherwise managing daily operations of the City.

The City provides a full range of municipal services including fire and police protection, construction and maintenance of City Streets, storm drains, bridges and similar infrastructure type assets; park maintenance, community recreation activities, museum, and community development. In terms of business-type activities, the City provides water, wastewater and electric services through the operations of its utility enterprises. In addition, the City operates an Airport, Conference Center, Golf Course and Parking District.

The City operates on a fiscal year basis, beginning July 1 and ending June 30. All financial activity is authorized by the City Council through an annually adopted City Budget and implemented by the City Manager through adopted financial policies and procedures.

The City's annual budget serves as the foundation for the City of Ukiah's financial planning and control systems. All departments of the City submit requests for appropriations to the City Manager in the spring of each year. The Manager uses these requests as a starting point for developing a proposed budget. The Manager presents a proposed budget to the City Council each year prior to the end of the current fiscal year. The Council holds public hearings on the proposed budget and then ultimately adopts a formal budget before the beginning of the new fiscal year. The City maintains comprehensive municipal accounting system and uses encumbrance accounting procedures to maintain budgetary control. Purchase orders, contracts, and other commitments for expenditure of monies are encumbered to reserve a portion of applicable budget appropriation. The total expenditures of each fund may not exceed the total fund appropriations and total expenditures for each department may not exceed departmental appropriations without City Council approval of a budget amendment. Encumbrances outstanding at year-end are reported as assigned fund balance. Unencumbered amounts lapse at year-end and may be appropriated as part of the following year's budget.

Local Economy and the Future

As the Mendocino County seat and the business/education/shopping hub for much of Mendocino, Lake, and Northern Sonoma Counties, Ukiah's weekday population swells from 16,075 to nearly 35,000.

Consequently, sales tax revenue is an important economic driver for the community. With a diverse and stable tax base the growth in this area is positive; Ukiah gained approximately 5% in FY 2014-15, nearly double the State-wide average. The City is well-poised for additional growth and expects to see major retail and business developments occurring within the next two years.

Tourism is an increasingly significant industry in Ukiah and is steadily growing. In fact, since 2010, the local TOT revenue is up 77%. These massive gains can be largely attributed to an active visitor attraction program, Visit Ukiah, and an increase in business travel. The impact on the General Fund is positive--for the City of Ukiah, TOT revenue is now surpassing \$1 million.

With a renewed focus on economic development and streamlining the development process, Ukiah's outlook is bright. City Staff is taking a balanced approach, ensuring that "quality of life" features like new parks, walking paths, and recreational programs are developed alongside new utility infrastructure, roads, housing, and commercial growth.

Over the course of the last seven years, the economic recession and loss of Redevelopment have had significant impacts on the City of Ukiah. New development at the Redwood Business Park and other areas of the City will increase the sales and property tax base and improve General Fund revenues.

The City is investing in utilities, traffic, undergrounding and other infrastructure improvements in the downtown and retail projects after years of preparatory work. City staff is working to facilitate that development with a proactive, community-minded approach. Much of the new development will be focused on the dedicated commercial hub at Redwood Business Park. There has been noted a significant increase in the development interest in properties along the other major gateways as well.

I would like to thank the Finance Department staff for their efforts in producing this report and maintaining the high standards of municipal finance accounting and reporting. I especially want to thank Leigh Halvorsen for her efforts during the absence of the Finance Director.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Sage Sangiacomo".

Sage Sangiacomo
City Manger

City Officials

Mayor
Vice Mayor
Councilmember
Councilmember
Councilmember

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

City Manager

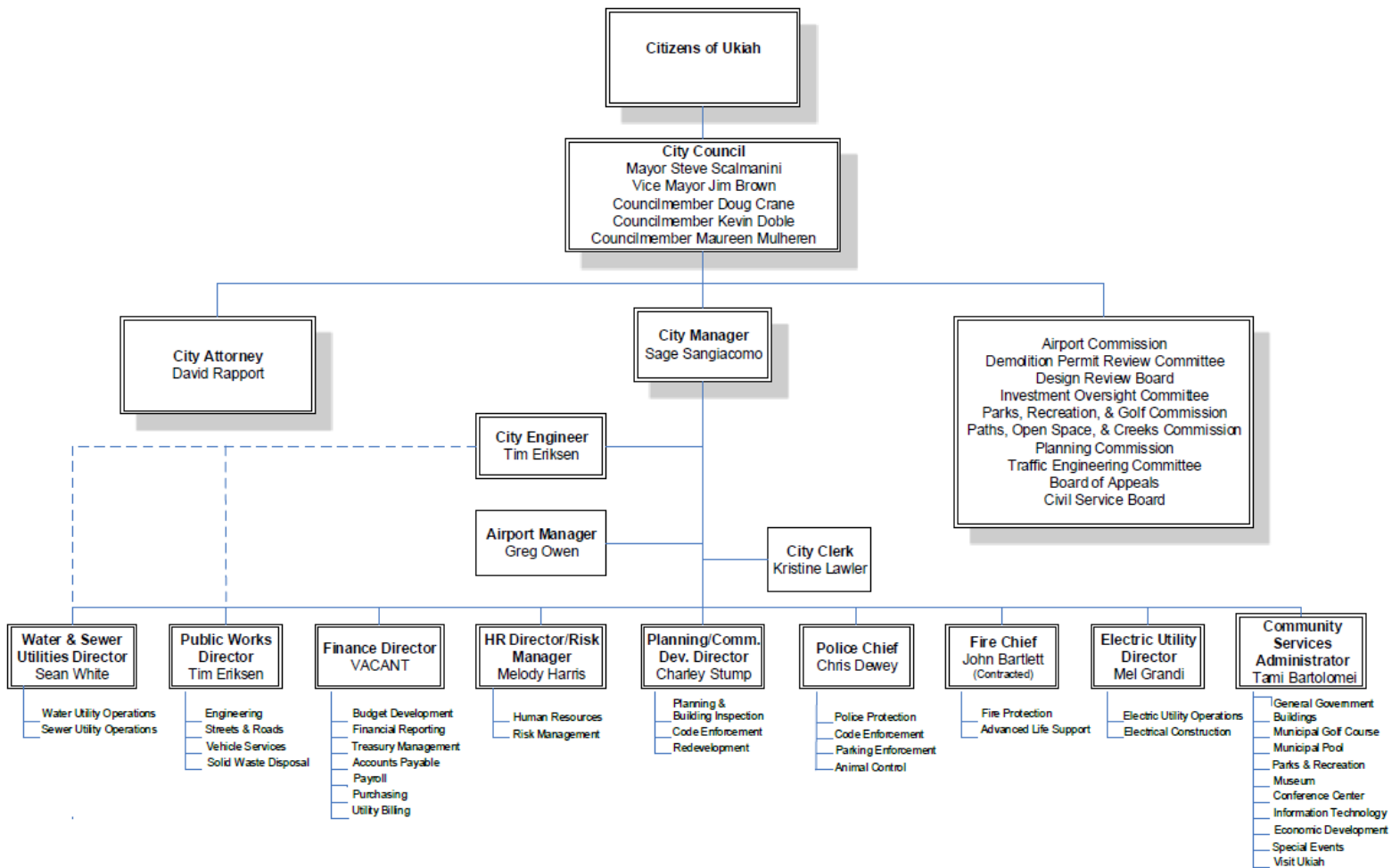
Sage Sangiacomo

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



Organization Chart



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, 2015, and the related notes to the financial statements which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express 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, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 9 to the financial statements, in 2015, the City adopted new accounting guidance, *GASB Statement No. 68, Accounting and Financial Reporting for Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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 June 7, 2016 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 & Fankhaenel, LLP

June 7, 2016

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, 2015. Please read it in conjunction with the accompanying basic financial statements.

This analysis is organized into sections, moving from highlights of FY 2014-15, 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*.

FINANCIAL HIGHLIGHTS

- The City's prior year net position was restated and decreased by 18% to \$102,727.
- The City's total net position decreased 21% to \$98,961 from \$125,642 a year ago or, as restated, a 4% decrease from \$102,727.
- Governmental activities net position ended the year at \$20,100 down 56% from \$45,271 in the prior year and the net position for Business Type activities was also down 2% to \$78,861 from \$80,371 in 2014.
- Total tax revenue, other governmental revenues and business activity revenues were less than expenses by \$3,746 or 7%.
- Total revenues from all sources were \$49,987, up 1% from \$49,255 in the prior year.
- The total cost of all activities was \$53,753, up 11% from \$48,407 in the prior year.
- General Fund expenditures exceeded revenues and other financing sources and uses by \$355 or 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.

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"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenues, expenses, and changes in net position • Statement of cash flows
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 and liabilities – 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, ambulance fees, transient occupancy taxes, and franchise fees finance most of these activities.

Business-type (Proprietary) activities –The City charges fees to customers to cover all or most of the cost of the services provided. The City's utility services (water, wastewater and electric), 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 Council 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 has two kinds of funds:
 - *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.
 - *Proprietary funds* – Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-and short-term financial information.
 - 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.

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, 2015 and June 30, 2014.

The City accounts for general governmental functions such as police, fire, public works, development, and other community services in the General and Special Revenue funds categorized as Governmental Activities on Table 1. The

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 and internal service funds are also accounted for as enterprise funds. These funds are categorized as Business Type Activities on Table 1.

The City's combined net position for the fiscal year ended June 30, 2015 was \$98,961. The City's net position for Governmental activities decreased 56% from \$45,271 to \$20,100, before accounting for prior year restatement. Business-type activities' net position decreased 2% from \$80,371 to \$78,861. 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.

Table 1
Summary of Net Position
June 30, 2015 and 2014
(Full Accrual, in Thousands)

	Governmental Activities		Business Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Assets						
Current assets	19,330	20,023	53,276	44,772	72,606	64,795
Non current assets	35,282	34,225	135,176	134,819	170,458	169,044
Total Assets	54,612	54,248	188,452	179,591	243,064	233,839
Deferred outflows of resources	2,951	-	639	-	3,590	-
Liabilities						
Current liabilities	1,307	8,977	2,386	2,075	3,693	11,052
Non current liabilities	31,095	-	106,820	97,145	137,915	97,145
Total Liabilities	32,402	8,977	109,206	99,220	141,608	108,197
Deferred inflows of resources	5,061	-	1,024	-	6,085	-
Net Position						
Capital assets	27,625	27,139	50,088	46,694	77,713	73,833
Restricted						
Public Safety	704	334	-	-	704	334
Public Works	1,471	2,675	-	-	1,471	2,675
Housing & Community						
Development	10,678	2,938	-	-	10,678	2,938
Parks & Recreation	78	75	-	-	78	75
Debt Service	-	-	2,072	2,072	2,072	2,072
NCPA Projects	-	-	468	-	468	-
Unrestricted	(20,456)	12,110	26,233	31,605	5,777	43,715
Total Net Position	20,100	45,271	78,861	80,371	98,961	125,642

A restatement of the prior year net position was made in both the Governmental and Business-type activities to implement new accounting standards and restate assets and liabilities. This resulted in a net reduction of \$22,915 or 18% in the combined net position from \$125,642 to \$102,727. The restatement increase or (decrease) was for the implementation of Governmental Accounting Standards Board (GASB) Statement 68, *Accounting and Financial Reporting for Pensions* - (\$40,821), a restatement of long-term loans and land held for resale - \$7,086, the recording of reserve electric utility funds held by Northern California Power Agency (NCPA) - \$10,471, and a set-aside liability for unemployment claims - (\$349). The restatement is shown in Table 2 and detailed in the Notes to Financial Statements.

In Table 2, Governmental revenues increased by \$319 or 2% due to operating grants and other revenues. Expenses decreased by \$1,885 or 10% due to implementation of a cost allocation plan and the completion of projects. Business-type activities revenues increased by \$413 or 1%, and expenses increased by \$7,231 or 25% due primarily to accrual of the Landfill closure liability.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Table 2
Summary of Changes in Net Position
For the Fiscal Years Ended June 30, 2015 and 2014
(Full Accrual, in Thousands)

	Governmental Activities		Business Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenue						
Charges for Services	1,482	3,736	32,266	31,932	33,748	35,668
Operating Grants and Contributions	1,472	1,098	-	57	1,472	1,155
Capital Grants and Contributions	889	484	25	-	914	484
Taxes	12,833	10,261	15	-	12,848	10,261
From Other Agencies	-	1,237	-	-	-	1,237
Use of Money	337	94	449	356	786	450
Miscellaneous	216	-	3	-	219	-
Total Revenues	17,229	16,910	32,758	32,345	49,987	49,255
Expenses						
General Government	773	3,716	-	-	773	3,716
Public Safety	10,564	9,868	-	-	10,564	9,868
Public Works	2,848	2,290	-	-	2,848	2,290
Housing and Community Development	348	832	-	-	348	832
Parks & Recreation	2,829	2,541	-	-	2,829	2,541
Electric	-	-	16,140	14,555	16,140	14,555
Water	-	-	3,783	3,717	3,783	3,717
Wastewater	-	-	8,230	8,118	8,230	8,118
Solid Waste Disposal Site (Inactive)	-	-	5,951	573	5,951	573
Parking District	-	-	138	171	138	171
Street Lighting	-	-	258	217	258	217
Airport	-	-	1,466	1,338	1,466	1,338
Conference Center	-	-	377	342	377	342
Golf Course	-	-	48	129	48	129
Total Expenses	17,362	19,247	36,391	29,160	53,753	48,407
Change in Net Position before Transfers	(133)	(2,337)	(3,633)	3,185	(3,766)	848
Net Transfers	-	1,817	-	(1,817)	-	-
Change in Net Position	(133)	(520)	(3,633)	1,368	(3,766)	848
Net Position - Beginning of Year	45,271	45,791	80,371	79,003	125,642	124,794
Restatement of Net Position	(25,038)	-	2,123	-	(22,915)	-
Net Position - End of Year	20,100	45,271	78,861	80,371	98,961	125,642

Governmental Activities

Table 3 presents the cost of each of the City's major governmental programs for FY 2014-15 and FY 2013-14.

On a full accrual basis, including financing and capital costs as reported under GASB 34, the City's total cost of governmental activities decreased by 10%. The increases in Public Safety, Public Works and Parks & Recreation were offset by decreases in General Government and Housing and Community Development. Governmental expenses reflect a wide variety of projects and ongoing activities, many of which are supported in part by program fees or other funding sources.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Table 3
Cost of Governmental Activities
 For the Fiscal Years Ended June 30, 2015 and 2014
(Full Accrual, in Thousands)

	<u>2015</u>	<u>2014</u>	<u>Cost Change</u>	<u>Percentage Change</u>
General Government	773	3,716	(2,943)	-79%
Public Safety	10,564	9,868	696	7%
Public Works	2,848	2,290	558	24%
Housing and Community Development	348	832	(484)	-58%
Parks & Recreation	2,829	2,541	288	11%
Total Governmental Activities	<u>17,362</u>	<u>19,247</u>	<u>(1,885)</u>	<u>-10%</u>

The City's PERS retirement benefits costs increased by \$404 from 2014 to 2015 (to \$3,446 from \$3,042).

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, and Human Resources. The decrease by \$2,943 is primarily due to implementation of the cost allocation of general government services to the other governmental City services and Business-type activities in the amount of \$2,521.

Public Safety is the largest component of governmental activities. The majority of public safety cost is for personnel. Police salaries, benefits and overtime increased by \$505. Public Works primarily consists of engineering, streets, and public rights of way maintenance.

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.

Business Type Activities

Table 4 details the City's net position for business-type activities in continuing operations, which resulted in a \$1,701 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 \$3,270 increase, or 10% in 2014. 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Table 4
Statement of Operating Income and Expenses - Business Type Funds
 For the Fiscal Years Ended June 30, 2015 and 2014
(Full Accrual, in Thousands)

	Operating Expenses		Operating Revenues		Net Increase (Decrease) From Operations		
	2015	2014	2015	2014	2015	2014	
Active Programs							
Electric	16,140	14,555	15,244	14,994	(896)	-6%	439
Water	3,783	3,717	5,579	6,007	1,796	32%	2,290
Wastewater	8,230	8,118	9,264	8,833	1,034	11%	715
Parking District	138	171	91	116	(47)	-52%	(55)
Street Lighting	258	217	186	191	(72)	-39%	(26)
Airport	1,466	1,338	1,349	1,259	(117)	-9%	(79)
Conference Center	377	342	342	298	(35)	-10%	(44)
Golf Course	48	129	86	159	38	44%	30
Total Business Type Funds	30,440	28,587	32,141	31,857	1,701	5%	3,270
Closed Program							
Solid Waste Disposal Site (2001 Inactive)	5,951	573	126	132	(5,825)		(441)

The Electric Utility transferred \$1,043 to the General Fund as a franchise fee that would be charged to an outside provider. This amount is calculated at 7% of electric revenues. Electricity purchase costs decreased from \$8,466 last year to \$8,307 in FY 2014-15, while rates charged by the Utility were held constant. Purchase costs represented 53% of the Operating Expenses for FY 2014-15 down, from 61% in FY 2013-14.

Net water revenue continued to decrease and was down 22% from the prior year reflecting continued conservation efforts due to the drought and reduced water sales.

The non-major operations of Parking District, Street Lighting, Airport and Conference Center continue to be unable to fully fund operating expenses, after depreciation, in FY 2014-15. 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 State regulatory agencies to complete the formal closure of the site and has increased the liability of the closure costs in FY 2014-15 to \$14,700 to include State required financial assurances.

FINANCIAL ANALYSIS OF THE FUND STATEMENTS

Governmental Funds

The total increase in governmental revenues was \$1,810 or 11% from \$15,898 to 17,708. This increase is primarily due to the change in the reporting of the Electric franchise fee of \$1,043 as franchise revenue in FY 2014-15, instead as a transfer in as reported in FY 2013-14.

The governmental expenses increased by \$246 or 1% from \$17,933 to \$18,179 due to a net change of a decrease in general government expenses allocated to business-type funds and increases in capital outlay and public safety costs. The net change in fund balances increased by \$299 from a negative \$201 in FY 2013-14 to a negative \$500 in FY 2014-15.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Table 5 summarizes the major revenue classifications used for taxes and other governmental revenues, expenditures, transfers, and changes in fund balances:

Table 5
Revenue, Expenditures and Fund Balance Summary - Governmental Funds
 For the Fiscal Years Ended June 30, 2015 and 2014
 (Full Accrual, in Thousands)

	General		Other Governmental Funds		Total Governmental Funds	
	2015	2014	2015	2014	2015	2014
Revenue						
Taxes	12,816	10,230	-	-	12,816	10,230
Licenses and Permits	186	284	-	9	186	293
Fines and Forfeitures	59	54	-	203	59	257
Interest, Rents and Concessions	219	183	113	158	332	341
Intergovernmental	183	1,253	2,866	2,017	3,049	3,270
Charges for Services	883	1,006	150	8	1,033	1,014
Miscellaneous	148	225	85	268	233	493
Total Revenues	14,494	13,235	3,214	2,663	17,708	15,898
Expenses						
Current:						
General Government	839	2,676	13	97	852	2,773
Public Safety	9,754	8,700	475	597	10,229	9,297
Public Works	2,011	1,141	327	471	2,338	1,612
Housing and Community Development	203	481	125	305	328	786
Parks & Recreation	1,982	1,907	711	398	2,693	2,305
Capital Outlay	311	263	1,428	897	1,739	1,160
Total Expenses	15,100	15,168	3,079	2,765	18,179	17,933
Excess (Deficiency) of Revenues over Expenditures	(606)	(1,933)	135	(102)	(471)	(2,035)
Other Financing Sources (Uses)						
Transfers In	712	1,715	637	362	1,349	2,077
Transfers Out	(461)	-	(917)	(243)	(1,378)	(243)
Total Other Financing Sources (Uses)	251	1,715	(280)	119	(29)	1,834
Net Change in Fund Balances	(355)	(218)	(145)	17	(500)	(201)
Fund Balances, Beginning of Year	5,056	5,274	10,153	10,137	15,209	15,411
Prior Period Adjustment	659	-	7,086	-	7,745	-
Fund Balances, End of Year	5,360	5,056	17,094	10,154	22,454	15,210

The \$2,586 increase in Taxes from \$10,230 to \$12,816 includes the change in franchise fees, as discussed above, and a change in reporting the Property Tax in Lieu of Vehicle License Fees of \$1,253 as property tax in FY 2014-15, instead as Intergovernmental revenues. This change was to better reflect implementation of State law that realigned property tax allocations to local agencies and the revenue based on City assessed valuation. With these changes, the overall tax revenues increased by 2% or \$290. The voter approved one-half percent sales tax went into effect in October 2005. In FY 2014-15, revenue from this tax increased by 2% to \$2,466 from \$2,424. There was an increase in property tax received of 2.5% from \$2,476 to \$2,539 reflecting continued economic improvement.

Other Governmental Funds Revenue, classified as intergovernmental, include many Federal, State or Special District grants which vary from year to year. In FY 2012-13, the intergovernmental revenues were \$1,719 which increased in FY 2013-14 to \$2,017 and increased again in FY 2014-15 to \$2,866. The largest grants were \$446 for the Museum Prop 84, \$310 for CDBG, \$312 for Home and \$712 for Special Revenues.

Current General Fund expenditures decreased less than 1% from \$15,168 to \$15,100. General Fund Capital Outlay increased from \$263 to \$311. Other Governmental Funds saw an 11% increase in expenditures, primarily in Parks and

MANAGEMENT'S DISCUSSION AND ANALYSIS

Recreation and Capital Outlay.

The net change in fund balance in the General Fund for FY 2014-15 was a decrease of \$355, as compared to a decrease of \$218 in FY 2013-14. There was a prior period adjustment to the General Fund balance to correct the balance of compensated absences. This had the effect increasing the fund balance to \$5,306, or a net increase of \$304 or 6%.

The net change in fund balances for the Other Governmental Funds was an increase of \$6,941 in FY 2014-15 to \$17,094. This increase was primarily due to a prior period adjustment which reclassified long-term receivables and land held for resale from deferred inflows to restricted fund balance.

GENERAL FUND BUDGETARY HIGHLIGHTS

Actual General Fund revenues exceeded the final budget by \$289, a variance of 2%. Total tax revenues were 2% over budget, primarily because transient occupancy taxes were over budget by \$248 or 30%. As noted above, there was a reclassification in reporting of motor vehicle in-lieu revenues from intergovernmental to taxes which distorted the comparison to the final budget amounts.

Total General Fund expenditures finished the year under budget by \$275 or 2%, with Public Safety, Housing and Community Development, and Parks and Recreation offsetting increases in General Government, Public Works and Capital Outlay.

Table 6
Revenue, Expenditures and Changes in Fund Balance Summary - Budget to Actual - General Fund
 For the Fiscal Year Ended June 30, 2015
 (Full Accrual, in Thousands)

	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget
Revenue			
Taxes	11,318	12,816	1,498
Licenses and Permits	268	186	(82)
Fines and Forfeitures	65	59	(6)
Interest, Rents and Concessions	159	219	60
Intergovernmental	1,349	183	(1,166)
Charges for Services	980	883	(97)
Miscellaneous	67	148	81
Total Revenues	14,206	14,494	288
Expenses			
Current:			
General Government	1,316	839	(477)
Public Safety	9,410	9,754	344
Public Works	2,157	2,011	(146)
Housing and Community Development	164	203	39
Parks & Recreation	1,954	1,982	28
Capital Outlay	374	311	(63)
Total Expenses	15,375	15,100	(275)
Excess (Deficiency) of Revenues over Expenditures	(1,169)	(606)	563
Other Financing Sources (Uses)			
Transfers In	272	712	440
Transfers Out	-	(461)	(461)
Total Other Financing Sources (Uses)	272	251	(21)
Net Change in Fund Balances	(896)	(355)	541
Fund Balances, Beginning of Year	5,056	5,056	(0)
Prior Period Adjustment	-	659	659
Fund Balances, End of Year	4,160	5,360	1,200

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 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.

CAPITAL ASSETS

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

Table 7
Capital Assets (Net of Depreciation)
June 30, 2015 and 2014
(Full Accrual, in Thousands)

	Governmental Activities		Business Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	495	495	5,234	4,674	5,729	5,169
Land improvements	4,345	3,137	587	625	4,932	3,762
Buildings and improvements	3,665	3,816	32,098	32,506	35,763	36,322
Equipment, vehicles and machinery	1,958	2,115	3,724	3,591	5,682	5,706
Infrastructure	14,217	14,786	88,741	90,125	102,958	104,911
Construction in progress	2,945	2,790	3,459	3,255	6,404	6,045
					-	-
Total	27,625	27,139	133,843	134,776	161,468	161,915

As shown on Table 7, at June 30, 2015, the value of capital assets of the governmental activities, net of accumulated depreciation, totaled \$27,625 and the value of capital assets of the business-type activities, net of accumulated depreciation, totaled \$133,843. 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.

CURRENT LIABILITIES AND LONG-TERM LIABILITIES AND DEBT

City liabilities and debt obligations are segregated between current, which is generally due in one year, and long-term which are generally due in annual payments spread over a number of years and governed by specific agreements. Future taxes, service charges and other revenues are projected over the years to fund long-term liabilities.

Current liabilities are \$1,307 for general governmental and \$ 2,386 for business-type activities, which total \$ 3,693 and are \$7,359 less than the prior year. This significant decline is primarily due to a prior period adjustment to reclassify unearned revenues from current liabilities to restricted fund balance. See Table 1 above for more information.

The City has long-term governmental liabilities totaling \$31,095 and long-term business-type liabilities of \$106,819 for a total of \$137,914, which is an increase of \$40,768 from the prior year. This increase is primarily due to changes in accounting requirements to record and report compensated absences and pension liabilities of the City. These liabilities were previously required to be mentioned in the Notes to the Financial Statements. This change in reporting has increased the City's ratio of total liabilities-to-net-position to 144%, from 86% in FY2013-14.

MANAGEMENT'S DISCUSSION AND ANALYSIS

In Table 8 below, the primary outstanding long-term liabilities are pension's payable and one-time outstanding debt issues. Also, as noted above, the Landfill Closure and Post-Closure liabilities were increased by \$5,637 to \$14,700 to reflect the obligations of the City to the State for formally closing the inactive landfill and for thirty years of post-closure monitoring and maintenance. As of June 30, 2015, \$8,538 has been designated for the landfill closure and post-closure.

Table 8
Outstanding Long-Term Liabilities and Debt (net of debt discounts/premiums)
 June 30, 2015 and 2014
 (Full Accrual, in Thousands)

	Governmental Activities		Business Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Liabilities						
Compensated Absences	807		322		1,129	-
Net Pension Liability	30,288	-	8,042	-	38,330	-
Total Liabilities	31,095	-	8,364	-	39,459	-
Debt						
Electric Revenue Bonds			5,399	6,981	5,399	6,981
Installment Agreements:						
Water treatment Plant			11,928	12,282	11,928	12,282
Wastewater Treatment Plant			64,898	66,749	64,898	66,749
State Loans:						
SWRCB Water Treatment			1,117	1,255	1,117	1,255
SWRCB Wastewater Treatment			413	815	413	815
Landfill Closure and Post-Closure			14,700	9,063	14,700	9,063
Total Debt	-	-	98,455	97,145	98,455	97,145
Total Long-Term Liabilities and Debt	31,095	-	106,819	97,145	137,914	97,145

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

NEXT YEAR'S BUDGET AND ECONOMIC FACTORS

The FY 2015-16 Adopted Budget reflects a conservative projection of revenues and expenses based on slow and steady economic growth in the city and region. Included in the budget is further realignment of central government services with the implementation of an updated cost allocation plan encompassing the General Fund, enterprise funds and other funds to better reflect the costs of all funds.

The City's projected economic growth in new development, housing and private economic activity is limited as the City and region continue to recover from the recession. The costs of government services continues to increase with low inflation, changes in labor contracts, unfunded pension liabilities, and equipment and infrastructure replacement needs.

Governmental Funds

The City's General Fund Budget for FY 2015-16 of \$17,071, shows an increase expenditures and transfers out of \$1,509 over FY 2014-15 actuals. Budgeted revenues and transfers of \$17,526 show an increase of \$2,156 over FY 2014-15 actuals from Table 5 above. The net change in fund balance at June 30, 2016 is projected to increase by \$455.

Budgeted combined Public Safety and General Fund revenues for FY 2015-16 are \$592 above the actual revenues for FY 2014-15. Budgeted expenditures are \$1,561 over FY 2014-15 actual expenditures. These amounts include the revenue and expenditures related to the Measure "P" Sales Taxes which are restricted for public safety activities

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Measure "P" was voted in November 2014 to extend the 2005 Measure "S" until repealed by a vote) .

Based on the analysis of the City's sales tax consultants, the adopted FY 2015-16 budget contains a projected sales tax increase of \$474 over FY 2014-15 actual sales taxes. The Measure "P" Sales Tax revenues for FY 2015-16 are projected to be \$2,507. Total budgeted Public Safety (Police and Fire) expenditures are \$9,712. The General Fund provides the additional funding necessary for the expenditures in excess of the revenue received from Measure "P" and grant funds.

Business Type Funds - Enterprise Funds

Electric Utility expenses are projected to increase over the next year by \$503. Replacement of defective distribution poles began in FY2011-12 and will continue on an annual basis. Another significant project will be the undergrounding of the system in certain areas of the City.

A new five-year water operations rate study will be completed in FY 2015-16.

A five-year rate wastewater operations study will be started in FY 2015-16. In addition, a new recycled water enterprise to dispose of the wastewater effluent will be created.

The City will continue to implement the requirements of the State in the formal closing of the inactive solid waste landfill. In 2011, new contracts for curbside collection and for transfer station operations were completed. These contracts established new methods for revising fees based on a combination of the diesel fuel index, the consumer price index, fees and charges levied by other governments, and changes in the landfill charges for waste that is not recycled. These contracts extend for fifteen years and provide an option for an additional five years under certain conditions. The contracts will provide funding for the post-closure maintenance and monitoring of the closed landfill.

Other Information

A proposed Costco store in the City's Airport Business Park is on hold with an appeal filed by the City in the court ruling challenging the Costco Environmental Impact Report (EIR). The Costco EIR was published in early 2013 and certified in January 2014. The lawsuit was filed in February 2014.

In September 2013, the City implemented salary reductions of 5% for most labor units as a means of reducing expenditures. The reductions are in effect for a period of two years and adjustments will be negotiated in FY 2015-16.

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

The City has entered into an interim agreement with the Ukiah Valley Fire District as of January 1, 2014 to provide firefighting, emergency medical response and hazardous material response services within the corporate limits of the City. Additional details of the agreement are included in the Notes to the Financial Statements.

The City will adopt a broad based five year capital improvement plan in FY 2016-17 covering the utilities, other enterprise operations and other municipal facilities and equipment.

In FY 2015-16, the City will continue to implement a comprehensive cost allocation plan and will expand the use of internal service funds to more fairly and equitably allocate these types of support services costs to the line departments.

SUMMARY

As the County seat for Mendocino County, the City grew to provide a wide array of services and public facilities for the benefit of its residents, its commercial and industrial businesses, and visitors. The general tax revenue base is limited in growth and will continue to be enhanced by fees for services, grants, donations and other revenues. Over the years, the City has set up reserves to address operational shortfalls, replacement of equipment and infrastructure and address other ongoing liabilities. During the last several years, the City's enterprise funds have been reviewed for financial sustainability with studies to update rates charged for services and facility studies to update infrastructure and equipment needs in the future.

Over the course of the last seven years, the economic recession and loss of Redevelopment funding have had significant impacts on the City of Ukiah. New development at the Redwood Business Park and other areas of the City will increase the sales and property tax base and improve General Fund revenues.

The City is investing in utilities, traffic, undergrounding and other infrastructure improvements in the downtown and retail projects after years of preparatory work. City staff is working to facilitate that development with a proactive, community-minded approach. Much of the new development will be focused on the dedicated commercial hub at Redwood Business Park. There has been a significant increase in development interest in properties along the other major gateways as well.

Tourism is also becoming an increasingly important industry for the City and surrounding region. Promotional efforts of "Visit Ukiah" have helped to produce a 52% increase in transient occupancy tax over the last five years, outpacing the rest of the County, which has only seen a 3% increase in the same period. The first four months of 2015 have shown an additional 15% increase, demonstrating that Ukiah's tourism industry and associated job creation are growing.

REQUESTS FOR INFORMATION

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 Director 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, 2015

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Investments	\$ 12,941,583	\$ 41,715,007	\$ 54,656,590
Cash and Investments with Fiscal Agents	2,745,407	2,072,232	4,817,639
Receivables:			
Accounts	245,392	4,568,933	4,814,325
Taxes	1,230,266	-	1,230,266
Notes	5,221,608	42,500	5,264,108
Interest	47,203	86,451	133,654
Intergovernmental Receivables	389,179	-	389,179
Loans to Employees	1,385	-	1,385
Investment in NCPA Reserves	-	6,532,349	6,532,349
Internal Balances	1,703,287	(1,703,287)	-
Prepays	25,748	-	25,748
Refundable Deposits	-	4,530	4,530
Land Held for Resale	2,435,114	-	2,435,114
Inventory	760	1,290,202	1,290,962
Capital Assets, Not Being Depreciated	3,440,275	8,692,945	12,133,220
Capital Assets, Depreciated, Net	24,184,538	125,149,892	149,334,430
Total Assets	54,611,745	188,451,754	243,063,499
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Pension Related Items	2,951,157	639,297	3,590,454
LIABILITIES			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	1,306,811	919,979	2,226,790
Interest Payable	-	1,193,432	1,193,432
Deposits Payable	-	273,065	273,065
Noncurrent Liabilities:			
Due within One Year	125,000	4,556,266	4,681,266
Due in More Than One Year	30,969,833	102,263,180	133,233,013
Total Liabilities	32,401,644	109,205,922	141,607,566
DEFERRED INFLOWS OF RESOURCES			
Deferred Pension Related Items	5,061,504	1,023,581	6,085,085
NET POSITION			
Net Investment in Capital Assets	27,624,813	50,088,246	77,713,059
Restricted for:			
Public Safety	704,132	-	704,132
Public Works	1,471,050	-	1,471,050
Housing and Community Development	10,678,236	-	10,678,236
Parks and Recreation	77,648	-	77,648
Debt Service	-	2,072,225	2,072,225
NCPA Projects	-	467,663	467,663
Unrestricted	(20,456,125)	26,233,414	5,777,289
Total Net Position	\$ 20,099,754	\$ 78,861,548	\$ 98,961,302

The accompanying notes are an integral part of this statement.

City of Ukiah
Statement of Activities
Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	\$ 772,772	\$ 288,049	\$ -	\$ -
Public Safety	10,563,479	221,156	551,384	-
Public Works	2,847,800	215,615	101,702	889,024
Housing and Community Development	348,477	-	530,918	-
Parks and Recreation	2,829,367	756,906	287,795	-
Total Governmental Activities	17,361,895	1,481,726	1,471,799	889,024
Business-type Activities:				
Electric	16,140,229	15,243,471	-	-
Water	3,783,257	5,579,127	-	-
Wasterwater	8,229,553	9,264,399	-	-
Disposal Site	5,950,554	125,963	-	-
Parking	138,317	91,444	-	-
Street Lighting	257,707	185,679	-	-
Airport	1,466,116	1,348,687	-	25,175
Conference Center	377,493	342,388	-	-
Golf Course	47,707	85,621	-	-
Total Business-type Activities	36,390,933	32,266,779	-	25,175
Total Primary Government	\$ 53,752,828	\$ 33,748,505	\$ 1,471,799	\$ 914,199

General Revenues:

Taxes:

- Property Taxes
- Sales Taxes
- Transient Occupancy Tax
- Business License and Transfer Taxes
- Franchise Taxes
- 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

Restatement of Net Position

Net Position - End of Year

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (484,723)	\$ -	\$ (484,723)
(9,790,939)	-	(9,790,939)
(1,641,459)	-	(1,641,459)
182,441	-	182,441
<u>(1,784,666)</u>	<u>-</u>	<u>(1,784,666)</u>
<u>(13,519,346)</u>	<u>-</u>	<u>(13,519,346)</u>
-	(896,758)	(896,758)
-	1,795,870	1,795,870
-	1,034,846	1,034,846
-	(5,824,591)	(5,824,591)
-	(46,873)	(46,873)
-	(72,028)	(72,028)
-	(92,254)	(92,254)
-	(35,105)	(35,105)
-	37,914	37,914
<u>-</u>	<u>(4,098,979)</u>	<u>(4,098,979)</u>
<u>(13,519,346)</u>	<u>(4,098,979)</u>	<u>(17,618,325)</u>
3,729,370	14,888	3,744,258
5,976,938	-	5,976,938
1,061,823	-	1,061,823
421,777	-	421,777
1,643,559	-	1,643,559
-	3,307	3,307
336,581	448,734	785,315
216,474	-	216,474
<u>-</u>	<u>-</u>	<u>-</u>
<u>13,386,522</u>	<u>466,929</u>	<u>13,853,451</u>
(132,824)	(3,632,050)	(3,764,874)
45,270,767	80,370,707	125,641,474
<u>(25,038,189)</u>	<u>2,122,891</u>	<u>(22,915,298)</u>
<u>\$ 20,099,754</u>	<u>\$ 78,861,548</u>	<u>\$ 98,961,302</u>

City of Ukiah
Balance Sheet
Governmental Funds
June 30, 2015

	General	Non-major Governmental Funds	Total Governmental Funds
ASSETS			
Cash and Investments	\$ 3,677,677	\$ 7,064,609	\$ 10,742,286
Cash and Investments with Fiscal Agents	-	2,745,407	2,745,407
Taxes Receivable	1,230,266	-	1,230,266
Accounts Receivable	191,543	37,532	229,075
Interest Receivable	47,203	-	47,203
Intergovernmental Receivables	24,718	364,461	389,179
Prepaid Expenditures	25,748	-	25,748
Loans to Employees	1,385	-	1,385
Due from Other Funds	359,286	-	359,286
Long-term Notes Receivable	-	5,221,608	5,221,608
Advances to Other Funds	618,595	-	618,595
Land Held for Resale	-	2,435,114	2,435,114
	<u>\$ 6,176,421</u>	<u>\$ 17,868,731</u>	<u>\$ 24,045,152</u>
LIABILITIES			
Accounts Payable	\$ 433,374	\$ 445,733	\$ 879,107
Accrued Salaries and Benefits	299,038	8,847	307,885
Due to Other Funds	-	56,797	56,797
Advances from Other Funds	-	148,000	148,000
	<u>732,412</u>	<u>659,377</u>	<u>1,391,789</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenues - Grants	84,115	115,079	199,194
	<u>84,115</u>	<u>115,079</u>	<u>199,194</u>
FUND BALANCES			
Nonspendable	645,728	-	645,728
Restricted	-	12,931,066	12,931,066
Assigned	-	4,395,621	4,395,621
Unassigned	4,714,166	(232,412)	4,481,754
	<u>5,359,894</u>	<u>17,094,275</u>	<u>22,454,169</u>
Total Fund Balances	<u>5,359,894</u>	<u>17,094,275</u>	<u>22,454,169</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 6,176,421</u>	<u>\$ 17,868,731</u>	<u>\$ 24,045,152</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, 2015

Fund Balances of Governmental Funds	\$	22,454,169
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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		59,044,140
Accumulated Depreciation		(31,741,814)

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

Compensated Absences		(682,259)
Net Pension Liability		(30,288,255)

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		2,951,157
Deferred Inflows - Pension Related Items		(5,061,504)

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.

3,224,926

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

199,194

Net Position of Governmental Activities

\$ 20,099,754

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, 2015

	General	Non-major Governmental Funds	Total Governmental Funds
REVENUES			
Taxes:			
Property Taxes	\$ 3,729,370	\$ -	\$ 3,729,370
Sales Taxes	5,976,938	-	5,976,938
Transient Occupancy Taxes	1,061,823	-	1,061,823
Franchise Fees	1,643,559	-	1,643,559
Business License Taxes	364,491	-	364,491
Property Transfer Tax	39,684	-	39,684
Licenses and Permits	186,012	-	186,012
Fines and Forfeitures	58,692	-	58,692
Interest, Rents and Concessions	219,696	113,349	333,045
Intergovernmental	183,021	2,865,380	3,048,401
Charges for Services	882,761	150,196	1,032,957
Miscellaneous	147,815	84,836	232,651
	<u>14,493,862</u>	<u>3,213,761</u>	<u>17,707,623</u>
EXPENDITURES			
Current:			
General Government	838,891	13,189	852,080
Public Safety	9,753,881	475,168	10,229,049
Public Works	2,010,958	326,431	2,337,389
Housing and Community Development	202,683	125,238	327,921
Parks and Recreation	1,981,999	710,907	2,692,906
Capital Outlay	311,333	1,427,814	1,739,147
	<u>15,099,745</u>	<u>3,078,747</u>	<u>18,178,492</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(605,883)</u>	<u>135,014</u>	<u>(470,869)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	712,151	637,057	1,349,208
Transfers Out	<u>(461,800)</u>	<u>(916,778)</u>	<u>(1,378,578)</u>
Total Other Financing Sources (Uses)	<u>250,351</u>	<u>(279,721)</u>	<u>(29,370)</u>
Net Change in Fund Balances	(355,532)	(144,707)	(500,239)
Fund Balances, Beginning of Year	5,056,102	10,153,454	15,209,556
Prior Period Adjustment	<u>659,324</u>	<u>7,085,528</u>	<u>7,744,852</u>
Fund Balances, End of Year	<u>\$ 5,359,894</u>	<u>\$ 17,094,275</u>	<u>\$ 22,454,169</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, 2015

Net Changes in Fund Balances - Total Governmental Funds \$ (500,239)

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	1,862,302
Depreciation Expense	(1,338,378)

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	4,968,772
Compensated Absences	(22,935)

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	166,484
Deferred Inflows - Pension Related Items	(5,061,504)

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. (482,071)

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. 274,745

Change in Net Position of Governmental Activities \$ (132,824)

The accompanying notes are an integral part of this statement.

City of Ukiah
Statement of Net Position
Proprietary Funds
June 30, 2015

	Business-type Activities			
	Electric	Water	Sewer	Disposal Site
ASSETS				
Current Assets:				
Cash and Investments	\$ 9,549,551	\$ 7,388,381	\$ 15,639,601	\$ 8,454,243
Restricted Cash and Investments	2,072,225	-	7	-
Receivables:				
Accounts (net)	2,694,003	1,008,932	755,471	11,400
Interest	22,374	16,582	35,101	12,394
Grants	-	-	-	-
Notes - current portion	-	-	-	-
Investment in NCPA Reserves	6,532,349	-	-	-
Refundable Deposits	-	3,730	-	-
Inventory	1,181,844	108,358	-	-
Total Current Assets	<u>22,052,346</u>	<u>8,525,983</u>	<u>16,430,180</u>	<u>8,478,037</u>
Noncurrent Assets:				
Advances to Other Funds	-	-	-	-
Notes Receivable	-	-	-	-
Capital Assets:				
Land	1,963,436	70,126	670,431	699,654
Land Improvements	47,211	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	511,335	625,077	101,296
Machinery and Equipment	2,733,672	2,092,385	1,579,442	434,290
Construction in Progress	561,600	310,073	1,687,966	-
Less: Accumulated Depreciation	<u>(25,001,429)</u>	<u>(9,790,237)</u>	<u>(16,857,009)</u>	<u>(368,129)</u>
Total Noncurrent Assets	<u>27,040,754</u>	<u>20,931,215</u>	<u>79,968,430</u>	<u>867,111</u>
Total Assets	<u>49,093,100</u>	<u>29,457,198</u>	<u>96,398,610</u>	<u>9,345,148</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Pension Related Items	255,719	191,789	191,789	-
LIABILITIES				
Current Liabilities:				
Accounts Payable	269,587	110,622	163,789	46,937
Accrued Salaries and Benefits	64,316	41,456	45,906	1,534
Due to Other Funds	-	-	-	-
Customer Deposits	239,031	26,859	-	-
Interest Payable	28,568	181,215	981,259	-
Long-term Obligations - Current	1,710,000	503,014	2,343,252	-
Total Current Liabilities	<u>2,311,502</u>	<u>863,166</u>	<u>3,534,206</u>	<u>48,471</u>
Noncurrent Liabilities:				
Advances from Other Funds	-	745,000	-	-
Revenue Bonds	3,689,581	-	-	-
Installment Obligations	-	11,567,538	62,966,802	-
State Loans	-	974,404	-	-
Net Pension Liability	3,216,927	2,412,695	2,412,695	-
Compensated Absences	117,119	70,289	99,402	4,311
Landfill Closure/Postclosure	-	-	-	14,700,370
Total Noncurrent Liabilities	<u>7,023,627</u>	<u>15,769,926</u>	<u>65,478,899</u>	<u>14,704,681</u>
Total Liabilities	<u>9,335,129</u>	<u>16,633,092</u>	<u>69,013,105</u>	<u>14,753,152</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Pension Related Items	409,433	307,074	307,074	-
NET POSITION				
Net Investment in Capital Assets	21,641,173	7,886,259	14,658,376	867,111
Restricted for Debt Service	2,072,225	-	-	-
Restricted for NCPA Projects	467,663	-	-	-
Unrestricted	15,423,196	4,822,562	12,611,844	(6,275,115)
Total Net Position	<u>\$ 39,604,257</u>	<u>\$ 12,708,821</u>	<u>\$ 27,270,220</u>	<u>\$ (5,408,004)</u>

The accompanying notes are an integral part of this statement.

Business-type Activities		Governmental Activities
Non-major Enterprise Funds	Totals	Internal Service Funds
\$ 683,231	\$ 41,715,007	\$ 2,199,297
-	2,072,232	-
99,127	4,568,933	16,317
-	86,451	-
-	-	-
42,500	42,500	-
-	6,532,349	-
800	4,530	-
-	1,290,202	760
<u>825,658</u>	<u>56,312,204</u>	<u>2,216,374</u>
-	-	930,203
-	-	-
1,829,928	5,233,575	-
1,599,653	1,909,310	-
1,311,089	111,546,641	-
2,943,142	57,412,562	327,113
323,379	3,329,989	48,418
112,501	6,952,290	447,096
899,731	3,459,370	-
<u>(3,984,096)</u>	<u>(56,000,900)</u>	<u>(500,140)</u>
<u>5,035,327</u>	<u>133,842,837</u>	<u>1,252,690</u>
<u>5,860,985</u>	<u>190,155,041</u>	<u>3,469,064</u>
-	639,297	-
158,653	749,588	71,450
17,179	170,391	48,369
302,489	302,489	-
7,175	273,065	-
2,390	1,193,432	-
-	4,556,266	-
<u>487,886</u>	<u>7,245,231</u>	<u>119,819</u>
655,798	1,400,798	-
-	3,689,581	-
-	74,534,340	-
-	974,404	-
-	8,042,317	-
31,047	322,168	124,319
-	14,700,370	-
<u>686,845</u>	<u>103,663,978</u>	<u>124,319</u>
<u>1,174,731</u>	<u>110,909,209</u>	<u>244,138</u>
-	1,023,581	-
5,035,327	50,088,246	322,487
-	2,072,225	-
-	467,663	-
<u>(349,073)</u>	<u>26,233,414</u>	<u>2,902,439</u>
<u>\$ 4,686,254</u>	<u>\$ 78,861,548</u>	<u>\$ 3,224,926</u>

City of Ukiah
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
Year Ended June 30, 2015

	Business-type Activities			
	Electric	Water	Sewer	Disposal Site
OPERATING REVENUES				
Charges for Services	\$ 15,225,367	\$ 5,576,979	\$ 9,260,631	\$ 125,963
Sales of Fuel	-	-	-	-
Facility Rents	-	-	-	-
Miscellaneous	18,104	2,148	3,768	-
Total Operating Revenues	15,243,471	5,579,127	9,264,399	125,963
OPERATING EXPENSES				
Purchased Power	8,306,625	-	-	-
Maintenance and Operations	4,005,705	1,248,602	1,771,551	5,882,379
General and Administration	2,184,459	1,372,528	1,580,074	56,580
Fuel	-	-	-	-
Insurance Premiums	-	-	-	-
Depreciation	1,157,100	647,781	1,877,915	11,595
Total Operating Expenses	15,653,889	3,268,911	5,229,540	5,950,554
Operating Income (Loss)	(410,418)	2,310,216	4,034,859	(5,824,591)
NONOPERATING REVENUES (EXPENSES)				
Property Taxes	-	3,166	-	-
Gain/(Loss) on Disposal of Property	5,316	-	-	-
Interest Income	164,583	58,362	130,507	66,758
Interest Expense	(486,340)	(514,346)	(3,000,013)	-
Total Nonoperating Revenues (Expenses)	(316,441)	(452,818)	(2,869,506)	66,758
Income (Loss) Before Capital Contributions and Operating Transfers	(726,859)	1,857,398	1,165,353	(5,757,833)
Capital Contributions	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Change in Net Position	(726,859)	1,857,398	1,165,353	(5,757,833)
Net Position - Beginning of Year	33,199,345	13,355,863	28,609,307	349,829
Restatement of Net Position	7,131,771	(2,504,440)	(2,504,440)	-
Net Position - End of Year	\$ 39,604,257	\$ 12,708,821	\$ 27,270,220	\$ (5,408,004)

The accompanying notes are an integral part of this statement.

Business-type Activities		Governmental Activities
Non-major Enterprise Funds	Totals	Internal Service Funds
\$ 273,884	\$ 30,462,824	\$ 3,771,799
1,051,315	1,051,315	-
661,428	661,428	-
67,192	91,212	2,010
<u>2,053,819</u>	<u>32,266,779</u>	<u>3,773,809</u>
-	8,306,625	-
616,060	13,524,297	333,975
729,859	5,923,500	1,940,060
818,266	818,266	-
-	-	1,219,594
123,155	3,817,546	38,324
<u>2,287,340</u>	<u>32,390,234</u>	<u>3,531,953</u>
<u>(233,521)</u>	<u>(123,455)</u>	<u>241,856</u>
11,722	14,888	-
(2,009)	3,307	-
28,524	448,734	3,519
-	(4,000,699)	-
<u>38,237</u>	<u>(3,533,770)</u>	<u>3,519</u>
(195,284)	(3,657,225)	245,375
25,175	25,175	-
-	-	36,370
-	-	(7,000)
<u>(170,109)</u>	<u>(3,632,050)</u>	<u>274,745</u>
4,856,363	80,370,707	2,601,544
-	2,122,891	348,637
<u>\$ 4,686,254</u>	<u>\$ 78,861,548</u>	<u>\$ 3,224,926</u>

City of Ukiah
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2015

	Enterprise Funds		
	Electric	Water	Sewer
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ 15,103,561	\$ 5,609,731	\$ 9,251,318
Receipts from Interfund Services Provided	-	-	-
Payments to Employees for Services	(2,072,454)	(1,324,293)	(1,497,464)
Payments to Suppliers for Goods and Services	(12,427,937)	(1,311,482)	(1,771,864)
Net Cash Provided (Used) by Operating Activities	603,170	2,973,956	5,981,990
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES			
Property Taxes Received	-	3,166	-
Cash Received from Other Funds	-	-	-
Cash Paid to Other Funds	-	-	-
Principal Payments Received on Loans Receivable	-	-	-
Net Cash Provided (Used) by Noncapital and Related Financing Activities	-	3,166	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and Construction of Capital Assets	(1,730,441)	(520,893)	(578,980)
Interest Paid	(466,253)	(525,763)	(3,026,945)
Capital Grants	-	-	-
Principal Paid on Capital Debt	(1,610,000)	(488,037)	(2,251,549)
Proceeds from Sale of Property	15,680	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(3,791,014)	(1,534,693)	(5,857,474)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from Drawdown of Investment in NCPA Reserves	3,938,675	-	-
Interest Received	160,273	55,654	124,686
Net Cash Provided (Used) by Investing Activities	4,098,948	55,654	124,686
Net Increase (Decrease) in Cash and Cash Equivalents	911,104	1,498,083	249,202
Cash and Cash Equivalents, Beginning of the Year	10,710,672	5,890,298	15,390,406
Cash and Cash Equivalents, End of the Year	\$ 11,621,776	\$ 7,388,381	\$ 15,639,608
Reconciliation of Operating Income (Loss) to			
Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ (410,418)	\$ 2,310,216	\$ 4,034,859
Adjustments to Reconcile Operating Income (Loss) to			
Net Cash Provided (Used) by Operating Activities:			
Depreciation	1,157,100	647,781	1,877,915
Changes in Operating Assets and Liabilities:			
Decrease (Increase) in Accounts Receivable	(378,941)	3,745	(13,081)
Decrease (Increase) in Inventory	(248,322)	(22,637)	-
Decrease (Increase) in Deferred Outflows - Pensions	7,447	5,586	5,586
Increase (Decrease) in Accounts Payable	204,948	(35,159)	48,308
Increase (Decrease) in Accrued Salaries and Benefits	12,787	12,551	10,743
Increase (Decrease) in Landfill Closure/Postclosure Liability	-	-	-
Increase (Decrease) in Deferred Inflows - Pensions	409,433	307,074	307,074
Increase (Decrease) in Net Pension Liability	(385,493)	(289,120)	(289,120)
Increase (Decrease) in Compensated Absences Payable	(4,402)	7,060	(294)
Increase (Decrease) in Deposits Payable	239,031	26,859	-
TOTAL CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 603,170	\$ 2,973,956	\$ 5,981,990
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES			
Amortization Related to Long-term Debt	\$ 28,472	\$ 4,084	\$ 2,265

The accompanying notes are an integral part of this statement.

Disposal Site	Enterprise Funds		Governmental
	Non-major Enterprise Funds	Totals	Internal Service Funds
\$ 125,755	\$ 2,316,719	\$ 32,407,084	\$ -
-	-	-	3,774,425
(66,615)	(596,664)	(5,557,490)	(1,672,747)
<u>(190,371)</u>	<u>(1,460,152)</u>	<u>(17,161,806)</u>	<u>(1,801,479)</u>
(131,231)	259,903	9,687,788	300,199
-	11,722	14,888	-
-	-	-	36,370
-	(219,939)	(219,939)	(7,000)
-	6,000	6,000	-
-	<u>(202,217)</u>	<u>(199,051)</u>	<u>29,370</u>
(30,251)	(41,346)	(2,901,911)	-
-	-	(4,018,961)	-
-	49,445	49,445	-
-	-	(4,349,586)	-
-	5,110	20,790	-
<u>(30,251)</u>	<u>13,209</u>	<u>(11,200,223)</u>	<u>-</u>
-	-	3,938,675	-
73,388	29,823	443,824	5,627
<u>73,388</u>	<u>29,823</u>	<u>4,382,499</u>	<u>5,627</u>
(88,094)	100,718	2,671,013	335,196
8,542,337	582,513	41,116,226	1,864,101
<u>\$ 8,454,243</u>	<u>\$ 683,231</u>	<u>\$ 43,787,239</u>	<u>\$ 2,199,297</u>
\$ (5,824,591)	\$ (233,521)	\$ (123,455)	\$ 241,856
11,595	123,155	3,817,546	38,324
(208)	263,287	(125,198)	616
-	-	(270,959)	-
-	-	18,619	-
46,718	107,166	371,981	11,662
(378)	1,132	36,835	1,294
5,637,493	-	5,637,493	-
-	-	1,023,581	-
-	-	(963,733)	-
(1,860)	(929)	(425)	6,447
-	(387)	265,503	-
<u>(131,231)</u>	<u>259,903</u>	<u>9,687,788</u>	<u>300,199</u>
\$ -	\$ -	\$ 34,821	\$ -

City of Ukiah
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2015

	Agency Funds	Successor Agency Private-purpose Trust Fund
ASSETS		
Cash and Investments	\$ 6,757,784	\$ 3,276,606
Cash and Investments with Fiscal Agent	-	5,765,456
Receivables:		
Accounts	814,128	-
Interest Receivable	11,446	-
Land Held for Resale	-	3,872,533
Total Assets	\$ 7,583,358	12,914,595
LIABILITIES		
Accounts Payable	\$ 299,722	1,628
Accrued Salaries and Benefits	-	222
Interest Payable	-	132,237
Customer Deposits	498,080	-
Due to Other Agencies	6,785,556	-
Noncurrent Liabilities:		
Due within One Year	-	1,020,000
Due in More than One Year	-	8,950,000
Total Liabilities	\$ 7,583,358	10,104,087
NET POSITION		
Net Position (Deficit) Held in Trust for Successor Agency		\$ 2,810,508

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, 2015

	Successor Agency Private-purpose Trust Fund
ADDITIONS	
Taxes	\$ 605,745
Investment Earnings	2,774
Total Additions	608,519
DEDUCTIONS	
General Administration	78,523
Contractual Services	71,780
Interest Expense	626,680
Total Deductions	776,983
Change in Net Position	(168,464)
Net Position - Beginning of Year	3,221,387
Prior Period Adjustments	(242,415)
Net Position - End of Year	\$ 2,810,508

The accompanying notes are an integral part of this statement.

City of Ukiah
Notes to Financial Statements
Year Ended June 30, 2015

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, 2015

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, 2015

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, 2015

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 1st and were levied on July 1st. Taxes are due in two equal installments on November 1st and February 1st. 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, 2015

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, 2015, 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, 2015, the carrying value of these properties was \$2,435,114.

City of Ukiah
Notes to Financial Statements
Year Ended June 30, 2015

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 \$1,128,746 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 three items that qualify for reporting in this category. Each of these items 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.

City of Ukiah
Notes to Financial Statements
Year Ended June 30, 2015

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, 2015

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. 72

In February of 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application*. This statement was issued to address accounting and financial reporting issues related to fair value measurements. This GASB Statement is required to be implemented in financial statements issued for the periods beginning after June 15, 2015. 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, 2015

2) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

The following non-major funds had deficit fund balances at June 30, 2015:

Deficit Fund Equity

Special Revenue Funds:		
Observatory Park	\$	(136)
Swimming Pool	\$	(137,169)
Riverside Park	\$	(20)
Museum Grants Prop 84	\$	(23,746)
Supplemental Law Enforcement	\$	(7,431)
Local Law Enforcement Block Grant	\$	(16,331)
ARC General Operating	\$	(24,137)
Museum	\$	(23,442)

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	\$	54,656,590
Restricted Cash and Investments		4,817,639
Statement of Fiduciary Net Position:		
Cash and Investments		10,034,390
Restricted Cash and Investments		5,765,456
		<hr/>
Total	\$	<u>75,274,075</u>

Cash and investments at June 30, 2015 consisted of the following:

Cash on Hand	\$	2,700
Deposits with Financial Institutions		7,432,781
Investments		67,838,594
		<hr/>
Total	\$	<u>75,274,075</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, 2015

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, 2015

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	\$ 16,909,101	\$ -	\$ 7,586,038	\$ 9,323,063
U.S. Treasury Bonds and Notes	27,853,365	678,931	20,039,684	7,134,750
U.S. Agency Bonds	10,271,558	-	8,848,852	1,422,706
Municipal and State Bonds	2,009,176	1,131,386	877,790	-
State Investment Pool (LAIF)	67,862	67,862	-	-
Money Market Funds	144,436	144,436	-	-
Held by Bond Trustees:				
Money Market Funds	10,583,096	10,583,096	-	-
Total	\$ 67,838,594	\$ 12,605,711	\$ 37,352,364	\$ 17,880,519

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	\$16,909,101	N/A	\$ 1,954,415	\$14,364,810	\$ 589,876
U.S. Treasury Bonds and Notes	27,853,365	N/A	-	-	27,853,365
U.S. Agency Bonds	10,271,558	N/A	-	10,271,558	-
Municipal and State Bonds	2,009,176	N/A	-	1,729,176	280,000
State Investment Pool (LAIF)	67,862	N/A	-	-	67,862
Money Market Funds	144,436	N/A	144,436	-	-
Held by Bond Trustees:					
Money Market Funds	10,583,096	N/A	10,583,096	-	-
Total	\$67,838,594		\$12,681,947	\$26,365,544	\$28,791,103

City of Ukiah
Notes to Financial Statements
Year Ended June 30, 2015

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, 2015, 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 Home Loan Bank	6,264,111	9.23%
Federal Home Loan Mortgage Corporation	4,846,620	7.14%

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, 2015, 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, 2015, 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	\$ 16,909,101
U.S. Treasury Bonds and Notes	13,400,163
U.S. Agency Securities	14,453,202
Municipal and State Bonds	2,009,176

City of Ukiah
Notes to Financial Statements
Year Ended June 30, 2015

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.

4) CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015, is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 495,340	\$ -	\$ -	\$ 495,340
Construction in Progress	2,790,439	1,525,001	(1,370,505)	2,944,935
Total Capital Assets, Not Being Depreciated	<u>3,285,779</u>	<u>1,525,001</u>	<u>(1,370,505)</u>	<u>3,440,275</u>
Capital Assets Being Depreciated:				
Land Improvements	4,184,886	1,377,671	-	5,562,557
Infrastructure Systems	35,748,228	-	-	35,748,228
Buildings	6,757,422	-	-	6,757,422
Rolling Equipment	4,432,319	213,852	(16,618)	4,629,553
Machinery and Equipment	3,626,932	116,283	(14,483)	3,728,732
Total Capital Assets Being Depreciated	<u>54,749,787</u>	<u>1,707,806</u>	<u>(31,101)</u>	<u>56,426,492</u>
Less Accumulated Depreciation:				
Land Improvements	(1,048,227)	(169,178)	-	(1,217,405)
Infrastructure Systems	(20,962,345)	(568,592)	-	(21,530,937)
Buildings	(2,940,720)	(152,223)	-	(3,092,943)
Rolling Equipment	(3,395,667)	(262,939)	16,618	(3,641,988)
Machinery and Equipment	(2,549,394)	(223,770)	14,483	(2,758,681)
Total Accumulated Depreciation	<u>(30,896,353)</u>	<u>(1,376,702)</u>	<u>31,101</u>	<u>(32,241,954)</u>
Total Capital Assets Being Depreciated, Net	<u>23,853,434</u>	<u>331,104</u>	<u>-</u>	<u>24,184,538</u>
Government Activities Capital Assets, Net	<u>\$ 27,139,213</u>	<u>\$ 1,856,105</u>	<u>\$ (1,370,505)</u>	<u>\$ 27,624,813</u>

City of Ukiah
Notes to Financial Statements
Year Ended June 30, 2015

4) CAPITAL ASSETS - Continued

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Business-type Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 4,673,811	\$ 559,764	\$ -	\$ 5,233,575
Construction in Progress	<u>3,254,826</u>	<u>1,132,637</u>	<u>(928,093)</u>	<u>3,459,370</u>
Total Capital Assets, Not Being Depreciated	<u>7,928,637</u>	<u>1,692,401</u>	<u>(928,093)</u>	<u>8,692,945</u>
Capital Assets Being Depreciated:				
Land Improvements	1,897,850	11,460	-	1,909,310
Infrastructure Systems	110,640,008	906,633	-	111,546,641
Buildings	56,704,536	708,026	-	57,412,562
Rolling Equipment	3,156,773	319,269	(146,053)	3,329,989
Machinery and Equipment	<u>6,770,314</u>	<u>192,215</u>	<u>(10,239)</u>	<u>6,952,290</u>
Total Capital Assets Being Depreciated	<u>179,169,481</u>	<u>2,137,603</u>	<u>(156,292)</u>	<u>181,150,792</u>
Less Accumulated Depreciation:				
Land Improvements	(1,272,957)	(49,398)	-	(1,322,355)
Infrastructure Systems	(20,515,175)	(2,290,767)	-	(22,805,942)
Buildings	(24,198,249)	(1,115,921)	-	(25,314,170)
Rolling Equipment	(2,323,148)	(143,458)	128,571	(2,338,035)
Machinery and Equipment	<u>(4,012,635)</u>	<u>(218,002)</u>	<u>10,239</u>	<u>(4,220,398)</u>
Total Accumulated Depreciation	<u>(52,322,164)</u>	<u>(3,817,546)</u>	<u>138,810</u>	<u>(56,000,900)</u>
 Total Capital Assets Being Depreciated, Net	 <u>126,847,317</u>	 <u>(1,679,943)</u>	 <u>(17,482)</u>	 <u>125,149,892</u>
 Government Activities Capital Assets, Net	 <u>\$134,775,954</u>	 <u>\$ 12,458</u>	 <u>\$ (945,575)</u>	 <u>\$133,842,837</u>

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

Governmental Activities:	
General Government	\$ 251,689
Public Safety	334,430
Public Works	633,566
Housing and Community Development	20,556
Culture and Recreation	<u>136,461</u>
 Total Depreciation Expense	 <u>\$ 1,376,702</u>

City of Ukiah
Notes to Financial Statements
Year Ended June 30, 2015

4) CAPITAL ASSETS - Continued

Business-type Activities:	
Electric	\$ 1,157,100
Water	647,781
Sewer	1,877,915
Disposal Site	11,595
Parking	5,325
Airport	69,286
Conference Center	46,308
Golf Course	<u>2,236</u>
Total Depreciation Expense	<u><u>\$ 3,817,546</u></u>

5) INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2015 is as follows:

	Receivable Fund	Payable Fund
General Fund	\$ 359,286	\$ -
Non-major Governmental Funds	-	56,797
Non-major Golf Course Enterprise Fund	-	<u>302,489</u>
 Total	 <u>\$ 359,286</u>	 <u>\$ 359,286</u>

The General Fund has reported a receivable of \$359,286 for deficit pooled fund cash balances at June 30, 2015. 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, 2015:

	Receivable Fund	Payable Fund
General Fund	\$ 618,595	\$ -
Non-major Governmental Funds		148,000
Proprietary Funds:		
Water Fund		745,000
Non-major Golf Course Fund		655,798
Internal Service Liability Fund	<u>930,203</u>	
 Total	 <u>\$ 1,548,798</u>	 <u>\$ 1,548,798</u>

City of Ukiah
Notes to Financial Statements
Year Ended June 30, 2015

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, 2015 are as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 712,151	\$ -
Non-major Governmental Funds		
Equipment Reserve		473,151
2106 Gas Tax Fund		108,947
2107 Gas Tax Fund		126,053
2107.5 Gas Tax Fund		4,000
Non-major Governmental Funds		
Museum Fund	461,800	
General Fund		461,800
Non-major Governmental Funds		
Anton Stadium	28,781	
Observatory Park	32,822	
Orchard Ave Bridge	51,638	
1998 STIP	49,576	
Riverside Park	5,439	
Special Projects Reserve		87,106
2105 Gas Tax		49,576
Park Development		5,439
Playground & Park Amenities		26,135
Non-major Governmental Funds		
Public Safety Dispatch	36,370	7,000
Internal Service Funds		
Equipment Reserve	<u>7,000</u>	<u>36,370</u>
 Total	 <u>\$ 1,385,577</u>	 <u>\$ 1,385,577</u>

Transfers in to the General Fund from Non-major Governmental Funds of \$712,151 were for equipment and street maintenance. Transfers from the General Fund of \$461,800 to the Museum Fund were for support of the Museum operations and improvements. Transfers between Non-Major Governmental Funds totaling \$149,611 were for streets, facilities and park improvements. Transfers between the Internal service Equipment Reserve Fund and the Non-Major Governmental Public Safety Dispatch fund are related to equipment upgrades.

City of Ukiah
Notes to Financial Statements
Year Ended June 30, 2015

6) LONG-TERM DEBT

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2015, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental Activities:					
Compensated Absences	\$ 783,217	\$ 138,753	\$ 115,392	\$ 806,578	\$ 125,000
Net Pension Liability	-	35,257,027	4,968,772	30,288,255	-
Total	<u>\$ 783,217</u>	<u>\$35,395,780</u>	<u>\$ 5,084,164</u>	<u>\$ 31,094,833</u>	<u>\$ 125,000</u>
Business-type Activities:					
Electric Revenue Bonds	\$ 7,095,000	\$ -	\$ 1,610,000	\$ 5,485,000	\$ 1,710,000
Unamortized Discount	(113,891)	-	(28,472)	(85,419)	-
Installment Agreements:					
Water Treatment Plant	12,195,000	-	350,000	11,845,000	360,000
Wastewater Treatment Plant	66,700,000	-	1,850,000	64,850,000	1,930,000
Unamortized Premium	135,689	-	6,349	129,340	-
State Loans:					
SWRCB Water Treatment	1,255,455		138,037	1,117,418	143,014
SWRCB Sewer Treatment	814,801		401,549	413,252	413,252
Net Pension Liability	-	9,024,050	981,733	8,042,317	-
Compensated Absences	322,593	87,382	87,807	322,168	-
Landfill Closure and Post-closure	9,062,877	5,637,493	-	14,700,370	-
Total	<u>\$97,467,524</u>	<u>\$14,748,925</u>	<u>\$ 5,397,003</u>	<u>\$ 106,819,446</u>	<u>\$ 4,556,266</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%. The Electric Fund did not meet the rate covenant of 1.25 times net revenues, plus any surplus amount on deposit with the Trustee pledged to the payment of debt, for the fiscal year ended June 30, 2015, as required by the bond indenture. The City plans to transfer surplus funds from the Electric Utility fund to the Trustee by June 30, 2016 to meet the rate covenant. In addition, the City plans to develop and conduct a rate study to evaluate rate structures in Fiscal Year 2015-16 and adjust the electric rates as needed. Revenue bonds outstanding, excluding an unamortized discount of \$85,419, at June 30, 2015 were as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2016	\$ 1,710,000	\$ 342,812	\$ 2,052,812
2017	1,825,000	235,938	2,060,938
2018	1,950,000	121,875	2,071,875
Totals	<u>\$ 5,485,000</u>	<u>\$ 700,625</u>	<u>\$ 6,185,625</u>

City of Ukiah
Notes to Financial Statements
Year Ended June 30, 2015

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 1st and March 1st and pay interest ranging from 4.00% to 4.50%. At June 30, 2015 the installment obligation liability outstanding excluding the unamortized premium of \$82,538 was as follows:

Fiscal Year Ending	Principal	Interest	Total
June 30,			
2016	\$ 360,000	\$ 509,993	\$ 869,993
2017	375,000	494,925	869,925
2018	390,000	479,242	869,242
2019	405,000	462,945	867,945
2020	425,000	445,930	870,930
2021	435,000	428,083	863,083
2022	455,000	409,279	864,279
2023	475,000	389,516	864,516
2024	495,000	368,904	863,904
2025	520,000	347,010	867,010
2026	540,000	323,755	863,755
2027	565,000	299,445	864,445
2028	590,000	274,035	864,035
2029	620,000	247,415	867,415
2030	645,000	219,262	864,262
2031	675,000	189,563	864,563
2032	705,000	158,512	863,512
2033	740,000	126,000	866,000
2034	775,000	91,913	866,913
2035	810,000	56,250	866,250
2036	845,000	19,012	864,012
Totals	<u>\$11,845,000</u>	<u>\$ 6,340,989</u>	<u>\$18,185,989</u>

City of Ukiah
Notes to Financial Statements
Year Ended June 30, 2015

6) LONG-TERM DEBT - Continued

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 1st and March 1st and pay interest ranging from 4.00% to 4.75%. At June 30, 2015 the installment obligation liability outstanding excluding the unamortized premium of \$46,802 was as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2016	\$ 1,930,000	\$ 2,928,500	\$ 4,858,500
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>\$64,850,000</u>	<u>\$37,831,025</u>	<u>\$102,681,025</u>

State Loans

The City has obtained two (2) loans from the California Department of Water Resources to finance an upgrade of the water treatment plant and to finance an upgrade of the wastewater treatment plant to comply with safe drinking water standards.

City of Ukiah
Notes to Financial Statements
Year Ended June 30, 2015

6) LONG-TERM DEBT - Continued

Water Treatment Plant

The maximum loan amount was \$3,599,009 and is payable over 30 years. At June 30, 2015, the balance of the loan was \$1,117,418. Principal and interest are payable semi-annually on April 1st, and October 1st, with the interest rate being 3.6024%. Loan payments will be made exclusively from revenues received from assessments and user charges of the treatment plant.

Fiscal Year Ending June 30,	Principal	Interest	Total
2016	\$ 143,014	\$ 38,999	\$ 182,013
2017	148,212	33,801	182,013
2018	153,599	28,413	182,012
2019	159,182	22,830	182,012
2020	164,968	17,044	182,012
2021	170,965	11,048	182,013
2022	177,478	4,536	182,014
Totals	\$ 1,117,418	\$ 156,671	\$ 1,274,089

Waste Water Treatment Plant

The maximum loan amount was \$6,592,944, payable over 20 years. At June 30, 2015, the balance of the loan was \$413,252. Principal and interest are payable annually on April 15th with the interest rate being 3.0%.

Fiscal Year Ending June 30,	Principal	Interest	Total
2016	\$ 413,252	\$ 12,398	\$ 425,650
Totals	\$ 413,252	\$ 12,398	\$ 425,650

City of Ukiah
Notes to Financial Statements
Year Ended June 30, 2015

6) LONG-TERM DEBT - Continued

Fiduciary Fund

As of June 30, 2015, 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	\$ 3,700,000	\$ -	\$ 305,000	\$ 3,395,000	\$ 320,000
Series 2011A	4,150,000	-	555,000	3,595,000	580,000
Series 2011B	3,085,000	-	105,000	2,980,000	120,000
Total	<u>\$10,935,000</u>	<u>\$ -</u>	<u>\$ 965,000</u>	<u>\$ 9,970,000</u>	<u>\$ 1,020,000</u>

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, 2015 was as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2016	\$ 320,000	\$ 145,728	\$ 465,728
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>\$ 3,395,000</u>	<u>\$ 740,487</u>	<u>\$ 4,135,487</u>

City of Ukiah
Notes to Financial Statements
Year Ended June 30, 2015

6) LONG-TERM DEBT - Continued

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. The outstanding balance as of June 30, 2015 was as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2016	\$ 580,000	\$ 194,413	\$ 774,413
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>\$ 3,595,000</u>	<u>\$ 1,830,418</u>	<u>\$ 5,425,418</u>

City of Ukiah
Notes to Financial Statements
Year Ended June 30, 2015

6) LONG-TERM DEBT - Continued

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, 2015 was as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2016	\$ 120,000	\$ 242,050	\$ 362,050
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>\$ 2,980,000</u>	<u>\$ 1,818,950</u>	<u>\$ 4,798,950</u>

City of Ukiah
Notes to Financial Statements
Year Ended June 30, 2015

7) FUND BALANCE

Details of the City's governmental fund balances at June 30, 2015, are presented below:

	General Fund	Non-major Governmental Funds	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
Nonspendable:			
Prepaid Costs	\$ 25,748	\$	\$ 25,748
Loans to Employees	1,385		1,385
Advances to Other Funds	618,595		618,595
Restricted for:			
Park Facilities		77,648	77,648
Police Equipment		704,132	704,132
Street Related Projects		1,317,608	1,317,608
Low Income Housing		10,723,153	10,723,153
Transportation		108,525	108,525
Committed to:			
Assigned to:			
Repairs and Equipment		2,214,070	2,214,070
Special Programs		2,181,551	2,181,551
Unassigned	<u>4,714,166</u>	<u>(232,412)</u>	<u>4,481,754</u>
Total Fund Balance (Deficit)	<u>\$ 5,359,894</u>	<u>\$ 17,094,275</u>	<u>\$ 22,454,169</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, 2015

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, 2015, was \$1,229,992 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 Plans, agent multiple-employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and 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 Plans are agent multiple-employer defined benefit pension plans 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, 2013 Annual Actuarial Valuation Report. Details of the benefits provided can be obtained in Appendix B of the June 30, 2013 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, 2015

9) PENSION PLANS - Continued

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

	Miscellaneous	
	Classic Prior to January 1, 2013	PEPRA On or after January 1, 2013
Hire date	January 1, 2013	January 1, 2013
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	27.96%	6.50%

(1) - Depending on years of service

Employees Covered – At June 30, 2015, the following employees were covered by the benefit terms for each Plan:

	Miscellaneous
Inactive employees or beneficiaries currently receiving benefits	159
Inactive employees entitled to but not yet receiving benefits	105
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. For the measurement period ended June 30, 2014 (the measurement date), the average active employee contribution rate is 7.872 percent of annual pay, and the employer's contribution rate is 19.702 percent of annual payroll. Employer contribution rates may change if plan contracts are amended.

Net Pension Liability

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

City of Ukiah
Notes to Financial Statements
Year Ended June 30, 2015

9) PENSION PLANS - Continued

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

	<u>Miscellaneous</u>
Valuation date	June 30, 2013
Measurement date	June 30, 2014
Actuarial cost method	entry-age normal
Actuarial assumptions:	
Discount rate	7.50%
Inflation	2.75%
Payroll growth	3.00%
Projected salary increase	(1)
Investment rate of return	7.50% (2)
Mortality	(3)

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

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

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

Discount Rate - The discount rate used to measure the total pension liability was 7.50 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, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.50 percent 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.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. This difference was deemed immaterial to the agent multiple-employer plan.

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

City of Ukiah
Notes to Financial Statements
Year Ended June 30, 2015

9) PENSION PLANS - Continued

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

In determining the long-term expected rate of return, 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	47%	5.25%	5.71%
Global Fixed Income	19%	0.99%	2.43%
Inflation Sensitive	6%	0.45%	3.36%
Private Equity	12%	6.83%	6.95%
Real Estate	11%	4.50%	5.13%
Infrastructure and Forestland	3%	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, 2015

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	\$ 73,223,066	\$ 43,202,896	\$ 30,020,170
Changes in the year:			
Service cost	1,788,902	-	1,788,902
Interest on the total pension liability	5,416,497	-	5,416,497
Changes of benefit terms	-	-	-
Differences between expected and actual experience	-	-	-
Changes in assumptions	-	-	-
Contributions from the employer	-	2,193,059	(2,193,059)
Contributions from employees	-	779,732	(779,732)
Net investment income	-	7,445,055	(7,445,055)
Benefit payments, including refunds	(3,795,124)	(3,795,124)	-
Net changes	3,410,275	6,622,722	(3,212,447)
Balance at June 30, 2015	\$ 76,633,341	\$ 49,825,618	\$ 26,807,723

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 7.50 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 (6.50 percent) or 1 percentage-point higher (8.50 percent) than the current rate:

	Miscellaneous
1% Decrease	6.50%
Net Pension Liability	\$ 36,484,505
Current Discount Rate	7.50%
Net Pension Liability	\$ 26,807,723
1% Increase	8.50%
Net Pension Liability	\$ 18,770,567

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, 2015

9) PENSION PLANS - Continued

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

For the year ended June 30, 2015, the City recognized pension expense for the Miscellaneous Plan of \$2,392,550. At June 30, 2015, 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	\$ 2,130,993	\$ -
Differences between actual and expected experience	-	-
Changes in assumptions	-	-
Net differences between projected and actual earnings on plan investments	-	3,411,938
	<hr/>	<hr/>
Total	<u>\$ 2,130,993</u>	<u>\$ 3,411,938</u>

\$2,130,993 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, 2016. 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 Ended June 30,	
2016	\$ (852,985)
2017	(852,985)
2018	(852,985)
2019	(852,983)
2020	-
Thereafter	-

Payable to the Pension Plan

At June 30, 2015, the District reported a payable of \$ -0- for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2015.

City of Ukiah
Notes to Financial Statements
Year Ended June 30, 2015

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 City's separate Safety (police and fire) Plans, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided – The Plans are cost-sharing multiple-employer defined benefit pension plans 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, 2013 Annual Actuarial Valuation Report. Details of the benefits provided can be obtained in Appendix B of the June 30, 2013 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 PEPR
	Prior to January 1, 2013	Prior to January 1, 2013	On or after January 1, 2013
Hire date			
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	39.792%	33.818%	11.5%

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.

For the year ended June 30, 2015, the contributions recognized as part of pension expense was \$1,249,532.

City of Ukiah
Notes to Financial Statements
Year Ended June 30, 2015

9) PENSION PLANS - Continued

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

As of June 30, 2015, the City reported a net pension liability for its proportionate shares of the net pension liability of \$11,522,849. The City's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2014, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

The City's proportionate share of the net pension liability as of June 30, 2013 and 2014 was as follows:

	Safety
Proportion - June 30, 2013	0.29568%
Proportion - June 30, 2014	0.30719%
Change - Increase (Decrease)	0.01151%

For the year ended June 30, 2015, the City recognized pension expense of \$1,053,088. At June 30, 2015, 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	\$ 1,309,930	\$ -
Differences between actual and expected experience	-	-
Changes in assumptions	-	-
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	31,572	139,485
Net differences between projected and actual earnings on plan investments	-	2,651,622
	\$ 1,341,502	\$ 2,791,107
Total		

City of Ukiah
Notes to Financial Statements
Year Ended June 30, 2015

9) PENSION PLANS - Continued

\$1,309,930 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, 2016. 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 Ended June 30,	
2016	\$ (701,446)
2017	(701,446)
2018	(693,738)
2019	(662,905)
2020	-
Thereafter	-

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

	<u>Safety</u>
Valuation date	June 30, 2013
Measurement date	June 30, 2014
Actuarial cost method	entry-age normal
Actuarial assumptions:	
Discount rate	7.50%
Inflation	2.75%
Payroll growth	3.00%
Projected salary increase	(1)
Investment rate of return	7.50% (2)
Mortality	(3)

- (1) Depending on age, service and type of employment
- (2) Net of pension plan investment expenses, including inflation
- (3) Derived using CalPERS' Membership Data for all Funds.

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

City of Ukiah
Notes to Financial Statements
Year Ended June 30, 2015

9) PENSION PLANS - Continued

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

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

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

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

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (1)	Real Return Years 11+ (2)
Global Equity	47%	5.25%	5.71%
Global Fixed Income	19%	0.99%	2.43%
Inflation Sensitive	6%	0.45%	3.36%
Private Equity	12%	6.83%	6.95%
Real Estate	11%	4.50%	5.13%
Infrastructure and Forestland	3%	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, 2015

9) PENSION PLANS - Continued

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 each Plan, calculated using the discount rate for each 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		6.50%
Net Pension Liability	\$	18,220,754
Current Discount Rate		7.50%
Net Pension Liability	\$	11,522,849
1% Increase		8.50%
Net Pension Liability	\$	6,004,065

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

Payable to the Pension Plan

At June 30, 2015, the City reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2015.

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.

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, 2015, the City paid \$8,306,625 to the NCPA for power supplied by the agency.

City of Ukiah
Notes to Financial Statements
Year Ended June 30, 2015

10) RELATED ORGANIZATIONS

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, 2015, the City's balance held in the reserve was \$6,532,349, of which \$467,663 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 \$1,178,081. 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, 2015

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, 2015, 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, 2015, 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, 2015, held \$8,537,524 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, 2015

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, 2015, the City paid \$516,180 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, 2015, the City received \$69,457 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	302,753	6,000
Infrastructure Systems:	178,259	178,259	-
Building and Improvements	105,992	85,417	20,575
Rolling Equipment	28,006	28,006	-
Machinery and Equipment	30,390	30,390	-
Total	\$ 1,652,750	\$ 624,825	\$ 1,027,925

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.

City of Ukiah
Notes to Financial Statements
Year Ended June 30, 2015

14) RESTATEMENT OF NET POSITION/PRIOR PERIOD ADJUSTMENTS

The restatement of net position in the Statement of Activities is the result of the following adjustments:

Governmental Activities	Business-type Activities
\$ (32,472,354) (1)	\$ 10,471,024 (3)
7,085,528 (2)	(8,348,133) (1)
348,637 (4)	-
\$ (25,038,189)	\$ 2,122,891

- (1) The City implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, in fiscal year 2014-15. As a result, the beginning net position in the Statement of Activities was restated by \$32,472,354 and \$8,348,133 in the Governmental Activities and Business-type Activities, respectively, to reflect the cumulative effect of applying this statement. The adjustment of \$8,348,133 related to the Business-type Activities is a result of the adjustment to the Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds of \$3,339,253, \$2,504,440, and \$2,504,440 in the Electric, Water, and Sewer Funds, respectively.
- (2) Long-term loans receivable and land held for resale were offset with unearned revenue in the prior year. This adjustment is to record these balances as a component of net position. In addition, this adjustment is reflected in the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds. The adjustment to the Non-major Governmental Funds is the result of moving long-term receivables and land held for resale, previously recorded as deferred inflows – unavailable revenues, to restricted fund balance.
- (3) The City is a member of the Northern California Power Agency (NCPA) for the purchase of electric energy. Under certain agency, power and custodial agreements with the NCPA, the City is required to maintain a General Operating Reserve to fund contingent liabilities and certain security accounts. Under the terms of the custodial agreement, the City has constructive control and may draw down on the General Operating Reserve. The adjustment of \$10,471,024 is to reflect the beginning balance of the Investment in the NCPA Reserves as of July 1, 2014. As of June 30, 2014, the City’s portion of the General Operating Reserve was \$10,471,024, of which \$433,912 was restricted for NCPA OPS/Security accounts.
- (4) In prior years, the City reported amounts set aside for unemployment claims as a liability in a Private-purpose Trust Fund. These amounts are now shown in the internal service funds. The \$348,637 represents the amount set aside for unemployment claims and recorded as a liability as of June 30, 2014, this is an adjustment to beginning net position in the Governmental Activities and the Internal Service Funds as amounts set aside to pay for unemployment claims in future years.

In addition, the prior period adjustment of \$659,324 in the General Fund on the Statement of Revenues, Expenditures and Changes in Fund Balances was to remove the beginning balance of compensated absences from the General Fund.

A prior period adjustment of \$242,415 was recorded in the Successor Agency Private-purpose Trust Fund to write-off bond discounts from prior years.

City of Ukiah
Notes to Financial Statements
Year Ended June 30, 2015

15) SUBSEQUENT EVENTS

In March 2016, the City issued \$11,155,000 in Water Revenue Refunding Bonds for the purpose of refunding the Installment agreement obligation with the Association of Bay Area Governments (ABAG) outstanding 2005 Water and Wastewater Revenue Bonds Series A.

Required Supplementary Information

City of Ukiah
Required Supplementary Information
June 30, 2015

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

	2015
Total Pension Liability	
Service cost	\$ 1,788,902
Interest on total pension liability	5,416,497
Differences between expected and actual experience	-
Changes in assumptions	-
Changes in benefits	-
Benefit payments, including refunds	(3,795,124)
Net change in total pension liability	3,410,275
Total pension liability - beginning	73,223,066
Total pension liability - ending (a)	\$ 76,633,341
 Plan Fiduciary Net Position	
Contributions - employer	\$ 2,193,059
Contributions - employee	779,732
Net investment income	7,445,055
Benefit payments	(3,795,124)
Net change in plan fiduciary net position	6,622,722
Plan fiduciary net position - beginning	43,202,896
Plan fiduciary net position - ending (b)	\$ 49,825,618
 Net pension liability - ending (a) - (b)	\$ 26,807,723
 Plan fiduciary net position as a percentage of the total pension liability	65.02%
 Covered - employee payroll	\$ 8,340,257
 Net pension liability as percentage of covered-employee payroll	321.43%

* - Fiscal Year 2015 was the first year of implementation, therefore, only one year is shown.

City of Ukiah
Required Supplementary Information
June 30, 2015

Schedule of Contributions
Last 10 Years*
Agent Multiple Employer Plans

	<u>2015</u>
Actuarially determined contribution	\$ 2,193,059
Contributions in relation to the actuarially determined contributions	<u>\$ 2,193,059</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>
Covered-employee payroll	\$ 8,340,257
Contributions as a percentage of covered-employee payroll	26.29%

Notes to schedule

Valuation date: June 30, 2013

*Fiscal year 2015 is the first year of implementation, therefore only one year of information is available.

City of Ukiah
Required Supplementary Information
June 30, 2015

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

		Safety Risk Pool 2015
Proportion of the Net Pension Liability		0.18518%
Proportionate Share of Net Pension Liability	\$	11,522,849
Covered - Employee Payroll	\$	3,330,571
Proportionate Share of the Net Pension Liability as a percentage of Payroll		345.97%
Plan's Fiduciary Net Position	\$	38,481,097
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		79.27%

* - Fiscal Year 2015 was the first year of implementation, therefore, only one year is shown.

City of Ukiah
Required Supplementary Information
 June 30, 2015

SCHEDULE OF PLAN CONTRIBUTIONS
 COST SHARING PLANS
 Last 10 Years*

		2015
Contractually Required Contributions (actuarially determined)	\$	1,053,462
Contributions in Relation to the Actuarially Determined Contributions		1,053,462
Contribution Deficiency (Excess)	\$	-
		-
Covered-Employee Payroll	\$	3,330,571
Contributions as a Percentage of Covered Employee Payroll		31.63%

Notes to the Schedule of Plan Contributions

Valuation Date: 6/30/2013

*Fiscal year 2015 is the first year of implementation, therefore only one year 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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Property Taxes	\$ 4,961,527	\$ 4,961,527	\$ 3,729,370	\$(1,232,157)
Sales Taxes	3,561,797	3,561,797	5,976,938	2,415,141
Transient Occupancy Taxes	814,331	814,331	1,061,823	247,492
Franchise Fees	1,623,485	1,623,485	1,643,559	20,074
Business License Taxes	326,875	326,875	364,491	37,616
Property Transfer Tax	30,000	30,000	39,684	9,684
Licenses and Permits	268,294	268,294	186,012	(82,282)
Fines and Forfeitures	64,645	64,645	58,692	(5,953)
Interest, Rents and Concession	158,955	158,955	219,696	60,741
Intergovernmental	1,347,595	1,347,595	183,021	(1,164,574)
Charges for Services	980,150	980,150	882,761	(97,389)
Miscellaneous	67,402	67,402	147,815	80,413
	<u>14,205,056</u>	<u>14,205,056</u>	<u>14,493,862</u>	<u>288,806</u>
EXPENDITURES				
Current:				
General Government	2,309,813	1,315,569	838,891	476,678
Public Safety	8,655,113	9,409,582	9,753,881	(344,299)
Public Works	2,042,241	2,156,840	2,010,958	145,882
Housing and Community Development	162,362	164,449	202,683	(38,234)
Parks and Recreation	1,893,105	1,954,123	1,981,999	(27,876)
Capital Outlay	277,000	374,093	311,333	62,760
	<u>15,339,634</u>	<u>15,374,656</u>	<u>15,099,745</u>	<u>274,911</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(1,134,578)</u>	<u>(1,169,600)</u>	<u>(605,883)</u>	<u>563,717</u>
OTHER FINANCING SOURCES (USES)				
Transfers	239,000	272,151	712,151	440,000
Transfers Out	-	-	(461,800)	(461,800)
	<u>239,000</u>	<u>272,151</u>	<u>250,351</u>	<u>(21,800)</u>
Net Change in Fund Balances	(895,578)	(897,449)	(355,532)	541,917
Fund Balance, Beginning of Year	5,056,102	5,056,102	5,056,102	-
Prior Period Adjustment	-	-	659,324	659,324
Fund Balance, End of Year	<u>\$ 4,160,524</u>	<u>\$ 4,158,653</u>	<u>\$ 5,359,894</u>	<u>\$ 1,201,241</u>

City of Ukiah
Notes to Required Supplementary Information
June 30, 2015

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 Softball Complex Special Revenue Fund, the Local Law Enforcement Special Revenue Fund, the Asset Forfeiture Special Revenue Fund, the Special Police Special Revenue Fund, the Signalization Special Revenue Fund, the Gas Tax Special Revenue Funds, the STIP Augmentation Special Revenue Fund, the FEMA Special Revenue Fund, the State STP Special Revenue Fund, the LMIHF Housing Asset 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, 2015

	Special Revenue			
	Park Development	Anton Stadium	Observatory Park	Playground and Park Amenities
ASSETS				
Cash and Investments	\$ 21,838	\$ 38,559	\$ -	\$ 2,498
Cash with Fiscal Agent	-	-	-	-
Receivables:				
Accounts	-	-	-	-
Intergovernmental	-	-	-	-
Long-term Notes	-	-	-	-
Land Held for Resale	-	-	-	-
Total Assets	\$ 21,838	\$ 38,559	\$ -	\$ 2,498
LIABILITIES				
Accounts Payable	\$ -	\$ 2,676	\$ -	\$ -
Accrued Salaries and Benefits	-	-	-	-
Due to Other Funds	-	-	136	-
Advances from Other Funds	-	-	-	-
Total Liabilities	-	2,676	136	-
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenues - Grants	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
FUND BALANCES				
Restricted	21,838	35,883	-	2,498
Assigned	-	-	-	-
Unassigned	-	-	(136)	-
Total Fund Balances	21,838	35,883	(136)	2,498
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 21,838	\$ 38,559	\$ -	\$ 2,498

City of Ukiah
Combining Balance Sheet
Non-major Governmental Funds - Continued
June 30, 2015

	Special Revenue			
	Local Law Enforcement Block Grant	Asset Forfeiture 11470.2 H&S	Special Police	Special Revenue
ASSETS				
Cash and Investments	\$ -	\$ 172,301	\$ 70,772	\$ 611,167
Cash with Fiscal Agent	-	-	-	-
Receivables:				
Accounts	-	-	-	-
Intergovernmental	-	-	31,250	115,990
Long-term Notes	-	-	-	-
Land Held for Resale	-	-	-	-
Total Assets	\$ -	\$ 172,301	\$ 102,022	\$ 727,157
LIABILITIES				
Accounts Payable	\$ -	\$ 127,288	\$ -	\$ 207,245
Accrued Salaries and Benefits	-	-	-	-
Due to Other Funds	16,331	-	-	-
Advances from Other Funds	-	-	-	-
Total Liabilities	16,331	127,288	-	207,245
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenues - Grants	-	-	-	111,479
Total Deferred Inflows of Resources	-	-	-	111,479
FUND BALANCES				
Restricted	-	45,013	102,022	408,433
Assigned	-	-	-	-
Unassigned	(16,331)	-	-	-
Total Fund Balances	(16,331)	45,013	102,022	408,433
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ -	\$ 172,301	\$ 102,022	\$ 727,157

City of Ukiah
Combining Balance Sheet
Non-major Governmental Funds - Continued
June 30, 2015

	Special Revenue			
	CDBG Grants	HOME Grants	FEMA Grants	SB325 Reimbursement
ASSETS				
Cash and Investments	\$ 125,201	\$ 6,408	\$ -	\$ 44,806
Cash with Fiscal Agent	-	-	-	-
Receivables:				
Accounts	9,811	-	-	21,416
Intergovernmental	97,255	-	31,224	80,286
Long-term Notes	1,946,484	1,536,968	-	-
Land Held for Resale	-	-	-	-
Total Assets	<u>\$ 2,178,751</u>	<u>\$ 1,543,376</u>	<u>\$ 31,224</u>	<u>\$ 146,508</u>
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ -	\$ 37,983
Accrued Salaries and Benefits	-	-	-	-
Due to Other Funds	-	-	12,740	-
Advances from Other Funds	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>12,740</u>	<u>37,983</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenues - Grants	-	-	3,600	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>3,600</u>	<u>-</u>
FUND BALANCES				
Restricted	2,178,751	1,543,376	14,884	108,525
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	<u>2,178,751</u>	<u>1,543,376</u>	<u>14,884</u>	<u>108,525</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 2,178,751</u>	<u>\$ 1,543,376</u>	<u>\$ 31,224</u>	<u>\$ 146,508</u>

Special Revenue				Capital Projects		
State STP	Congestion Relief	Museum	LMIHF Housing Asset	Equipment Reserve	Special Project Reserve	Capital Improvement
\$ 108,327	\$ 757,830	\$ -	\$ 37,432	\$ 2,221,727	\$ 2,183,231	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	1,500	-
-	-	-	1,738,156	-	-	-
-	-	-	2,435,114	-	-	-
<u>\$ 108,327</u>	<u>\$ 757,830</u>	<u>\$ -</u>	<u>\$ 4,210,702</u>	<u>\$ 2,221,727</u>	<u>\$ 2,184,731</u>	<u>\$ -</u>
\$ -	\$ -	\$ 10,410	\$ -	\$ 7,657	\$ 3,180	\$ -
-	-	3,213	-	-	-	-
-	-	9,819	-	-	-	-
-	-	-	-	-	-	-
-	-	23,442	-	7,657	3,180	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
108,327	757,830	-	4,210,702	-	-	-
-	-	-	-	2,214,070	2,181,551	-
-	-	(23,442)	-	-	-	-
<u>108,327</u>	<u>757,830</u>	<u>(23,442)</u>	<u>4,210,702</u>	<u>2,214,070</u>	<u>2,181,551</u>	<u>-</u>
<u>\$ 108,327</u>	<u>\$ 757,830</u>	<u>\$ -</u>	<u>\$ 4,210,702</u>	<u>\$ 2,221,727</u>	<u>\$ 2,184,731</u>	<u>\$ -</u>

Continued

City of Ukiah
Combining Balance Sheet
Non-major Governmental Funds - Continued
June 30, 2015

	Capital Projects	Total
	City Housing Bond Proceeds	Non-major Funds
ASSETS		
Cash and Investments	\$ -	\$ 7,064,609
Cash with Fiscal Agent	2,745,407	2,745,407
Receivables:		
Accounts	-	37,532
Intergovernmental	-	364,461
Long-term Notes	-	5,221,608
Land Held for Resale	-	2,435,114
	\$ 2,745,407	\$ 17,868,731
Total Assets	\$ 2,745,407	\$ 17,868,731
LIABILITIES		
Accounts Payable	\$ -	\$ 445,733
Accrued Salaries and Benefits	-	8,847
Due to Other Funds	-	56,797
Advances from Other Funds	-	148,000
	-	659,377
Total Liabilities	-	659,377
DEFERRED INFLOWS OF RESOURCES		
Unavailable Revenues - Grants	-	115,079
	-	115,079
Total Deferred Inflows of Resources	-	115,079
FUND BALANCES		
Restricted	2,745,407	12,931,066
Assigned	-	4,395,621
Unassigned	-	(232,412)
	2,745,407	17,094,275
Total Fund Balances	2,745,407	17,094,275
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 2,745,407	\$ 17,868,731

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City of Ukiah
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Governmental Funds
Year Ended June 30, 2015

	Special Revenue			
	Park Development	Anton Stadium	Observatory Park	Playground and Park Amenities
REVENUES				
Interest, Rents and Concessions	\$ 102	\$ 196	\$ (137)	\$ 78
Intergovernmental	-	100,000	-	-
Charges for Services	-	2,609	-	-
Miscellaneous	-	-	4,000	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	102	102,805	3,863	78
	<hr/>	<hr/>	<hr/>	<hr/>
EXPENDITURES				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Housing and Community Development	-	-	-	-
Parks and Recreation	-	2,842	-	-
Capital Outlay	-	32,756	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	-	35,598	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Excess (Deficiency) of Revenues Over Expenditures	102	67,207	3,863	78
	<hr/>	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	28,781	32,823	-
Transfers Out	(5,439)	-	-	(26,135)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	(5,439)	28,781	32,823	(26,135)
	<hr/>	<hr/>	<hr/>	<hr/>
Net Change in Fund Balances	(5,337)	95,988	36,686	(26,057)
Fund Balances, Beginning of Year	27,175	(60,105)	(36,822)	28,555
Prior Period Adjustments	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Balances, End of Year	<u>\$ 21,838</u>	<u>\$ 35,883</u>	<u>\$ (136)</u>	<u>\$ 2,498</u>

Special Revenue

Swimming Pool	Riverside Park	State Park	Softball Complex	Museum Grants Prop 84	Asset Seizure	Supplemental Law Enforcement
\$ 82	\$ (20)	\$ 52	\$ 30	\$ (962)	\$ 56	\$ (69)
-	-	-	-	445,905	189,939	112,763
-	-	-	-	-	-	-
20	-	1,098	-	-	-	-
<u>102</u>	<u>(20)</u>	<u>1,150</u>	<u>30</u>	<u>444,943</u>	<u>189,995</u>	<u>112,694</u>
-	-	-	-	-	-	-
-	-	-	-	-	143,492	176,172
-	-	-	-	-	-	-
-	-	-	-	-	-	-
8,017	-	2,843	-	306,064	-	-
-	-	-	-	-	-	-
<u>8,017</u>	<u>-</u>	<u>2,843</u>	<u>-</u>	<u>306,064</u>	<u>143,492</u>	<u>176,172</u>
<u>(7,915)</u>	<u>(20)</u>	<u>(1,693)</u>	<u>30</u>	<u>138,879</u>	<u>46,503</u>	<u>(63,478)</u>
-	5,439	-	-	-	-	-
-	-	-	-	-	-	-
-	5,439	-	-	-	-	-
(7,915)	5,419	(1,693)	30	138,879	46,503	(63,478)
(129,254)	(5,439)	12,759	6,333	(162,625)	87,277	56,047
-	-	-	-	-	-	-
<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>

Continued

City of Ukiah
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Governmental Funds - Continued
Year Ended June 30, 2015

	Special Revenue			
	Local Law Enforcement Block Grant	Asset Forfeiture 11470.2 H&S	Special Police	Special Revenue
REVENUES				
Interest, Rents and Concessions	\$ (99)	\$ 983	\$ (397)	\$ 1,896
Intergovernmental	-	8,575	125,000	712,357
Charges for Services	-	-	-	-
Miscellaneous	-	-	-	-
	<u>(99)</u>	<u>9,558</u>	<u>124,603</u>	<u>714,253</u>
EXPENDITURES				
Current:				
General Government	-	-	-	-
Public Safety	-	154,702	802	-
Public Works	-	-	-	-
Housing and Community Development	-	-	-	-
Parks and Recreation	-	-	-	-
Capital Outlay	-	-	-	1,361,845
	<u>-</u>	<u>154,702</u>	<u>802</u>	<u>1,361,845</u>
Total Expenditures	<u>-</u>	<u>154,702</u>	<u>802</u>	<u>1,361,845</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(99)</u>	<u>(145,144)</u>	<u>123,801</u>	<u>(647,592)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(99)	(145,144)	123,801	(647,592)
Fund Balances, Beginning of Year	(16,232)	190,157	(21,779)	1,056,025
Prior Period Adjustments	-	-	-	-
Fund Balances, End of Year	<u>\$ (16,331)</u>	<u>\$ 45,013</u>	<u>\$ 102,022</u>	<u>\$ 408,433</u>

Special Revenue

ARC General Operating	Signalization	Gas Tax 2106	Gas Tax 2107	Gas Tax 2107.5	Gas Tax 2105	STIP Augmentation
\$ 64,907	\$ 2,020	\$ 356	\$ 48	\$ 1	\$ (93)	\$ -
-	-	65,718	112,199	4,000	87,668	-
32,004	48	-	-	-	-	-
-	-	-	-	-	-	-
<u>96,911</u>	<u>2,068</u>	<u>66,074</u>	<u>112,247</u>	<u>4,001</u>	<u>87,575</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
94,135	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>94,135</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>2,776</u>	<u>2,068</u>	<u>66,074</u>	<u>112,247</u>	<u>4,001</u>	<u>87,575</u>	<u>-</u>
-	-	-	-	-	-	49,576
-	-	(108,947)	(126,053)	(4,000)	(49,576)	-
-	-	(108,947)	(126,053)	(4,000)	(49,576)	49,576
2,776	2,068	(42,873)	(13,806)	1	37,999	49,576
(26,913)	419,648	42,873	22,254	196	28,008	(49,576)
-	-	-	-	-	-	-
<u>\$ (24,137)</u>	<u>\$ 421,716</u>	<u>\$ -</u>	<u>\$ 8,448</u>	<u>\$ 197</u>	<u>\$ 66,007</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, 2015

	Special Revenue			
	CDBG Grants	HOME Grants	FEMA Grants	SB325 Reimbursement
REVENUES				
Interest, Rents and Concessions	\$ 1,975	\$ (530)	\$ -	\$ -
Intergovernmental	310,547	311,555	27,624	101,702
Charges for Services	-	-	-	-
Miscellaneous	-	21,546	-	-
	<u>-</u>	<u>21,546</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>312,522</u>	<u>332,571</u>	<u>27,624</u>	<u>101,702</u>
EXPENDITURES				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	101,712
Housing and Community Development	22,823	8,280	-	-
Parks and Recreation	-	-	-	-
Capital Outlay	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>22,823</u>	<u>8,280</u>	<u>-</u>	<u>101,712</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>289,699</u>	<u>324,291</u>	<u>27,624</u>	<u>(10)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	289,699	324,291	27,624	(10)
Fund Balances, Beginning of Year	175,770	6,938	(12,740)	108,535
Prior Period Adjustments	<u>1,713,282</u>	<u>1,212,147</u>	<u>-</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 2,178,751</u>	<u>\$ 1,543,376</u>	<u>\$ 14,884</u>	<u>\$ 108,525</u>

Special Revenue				Capital Projects		
State STP	Congestion Relief	Museum	LMIHF Housing Asset	Equipment Reserve	Special Project Reserve	Capital Improvement
\$ -	\$ 3,440	\$ 1,972	\$ 12,171	\$ 13,490	\$ 11,019	\$ (316)
-	149,828	-	-	-	-	-
-	-	36,883	-	78,652	-	-
-	-	45,000	13,172	-	-	-
-	153,268	83,855	25,343	92,142	11,019	(316)
-	-	9,819	-	3,370	-	-
-	-	-	-	-	-	-
-	128,409	-	-	-	96,310	-
-	-	-	-	-	-	-
-	-	391,141	-	-	-	-
-	-	-	-	28,495	-	4,718
-	128,409	400,960	-	31,865	96,310	4,718
-	24,859	(317,105)	25,343	60,277	(85,291)	(5,034)
-	-	461,800	-	7,000	-	51,638
-	-	-	-	(509,521)	(87,107)	-
-	-	461,800	-	(502,521)	(87,107)	51,638
-	24,859	144,695	25,343	(442,244)	(172,398)	46,604
108,327	732,971	(168,137)	25,260	2,656,314	2,353,949	(46,604)
-	-	-	4,160,099	-	-	-
<u>\$ 108,327</u>	<u>\$ 757,830</u>	<u>\$ (23,442)</u>	<u>\$ 4,210,702</u>	<u>\$ 2,214,070</u>	<u>\$ 2,181,551</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, 2015

	Capital Projects City Housing Bond Proceeds	Total Non-major Funds
REVENUES		
Interest, Rents and Concessions	\$ 1,098	\$ 113,349
Intergovernmental	-	2,865,380
Charges for Services	-	150,196
Miscellaneous	-	84,836
	1,098	3,213,761
EXPENDITURES		
Current:		
General Government	-	13,189
Public Safety	-	475,168
Public Works	-	326,431
Housing and Community Development	-	125,238
Parks and Recreation	-	710,907
Capital Outlay	-	1,427,814
	-	3,078,747
Total Expenditures	-	3,078,747
Excess (Deficiency) of Revenues Over Expenditures	1,098	135,014
OTHER FINANCING SOURCES (USES)		
Transfers In	-	637,057
Transfers Out	-	(916,778)
	-	(279,721)
Total Other Financing Sources (Uses)	-	(279,721)
Net Change in Fund Balances	1,098	(144,707)
Fund Balances, Beginning of Year	2,744,309	10,153,454
Prior Period Adjustments	-	7,085,528
Fund Balances, End of Year	\$ 2,745,407	\$ 17,094,275

City of Ukiah
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Park Development Special Revenue Fund
Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interest, Rents and Concessions	\$ -	\$ -	\$ 102	\$ 102
Total Revenues	-	-	102	102
EXPENDITURES				
Current:				
Parks and Recreation	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues over Expenditures	-	-	102	102
OTHER FINANCING SOURCES (USES)				
Transfers In	91,843	91,843	-	(91,843)
Transfers Out	-	-	(5,439)	(5,439)
Total Other Financing Sources (Uses)	91,843	91,843	(5,439)	(97,282)
Net Change in Fund Balance	91,843	91,843	(5,337)	(97,180)
Fund Balance, Beginning of Year	27,175	27,175	27,175	-
Fund Balance, End of Year	<u>\$ 119,018</u>	<u>\$ 119,018</u>	<u>\$ 21,838</u>	<u>\$ (97,180)</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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interest, Rents and Concessions	\$ -	\$ -	\$ 196	\$ 196
Intergovernmental	10,000	10,000	100,000	(90,000)
Charges for Services	5,000	5,000	2,609	2,391
Total Revenues	<u>15,000</u>	<u>15,000</u>	<u>102,805</u>	<u>87,805</u>
EXPENDITURES				
Current:				
Parks and Recreation	-	-	2,842	(2,842)
Capital Outlay	60,000	63,223	32,756	30,467
Total Expenditures	<u>60,000</u>	<u>63,223</u>	<u>35,598</u>	<u>27,625</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(45,000)</u>	<u>(48,223)</u>	<u>67,207</u>	<u>115,430</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	28,781	28,781
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>28,781</u>	<u>28,781</u>
Net Change in Fund Balance	(45,000)	(48,223)	95,988	144,211
Fund Balance, Beginning of Year	<u>(60,105)</u>	<u>(60,105)</u>	<u>(60,105)</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ (105,105)</u></u>	<u><u>\$ (108,328)</u></u>	<u><u>\$ 35,883</u></u>	<u><u>\$ 144,211</u></u>

City of Ukiah
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Skate Park Special Revenue Fund
Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interest, Rents and Concessions	\$ -	\$ -	\$ 52	\$ 52
Miscellaneous	-	-	1,098	1,098
Total Revenues	-	-	1,150	1,150
EXPENDITURES				
Current:				
Parks and Recreation	12,860	12,860	2,843	10,017
Capital Outlay	-	-	-	-
Total Expenditures	12,860	12,860	2,843	10,017
Excess (Deficiency) of Revenues over Expenditures	(12,860)	(12,860)	(1,693)	11,167
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	(12,860)	(12,860)	(1,693)	11,167
Fund Balance, Beginning of Year	12,759	12,759	12,759	-
Fund Balance, End of Year	<u>\$ (101)</u>	<u>\$ (101)</u>	<u>\$ 11,066</u>	<u>\$ 11,167</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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interest, Rents and Concessions	\$ -	\$ -	\$ (962)	\$ (962)
Intergovernmental	-	-	445,905	445,905
Total Revenues	-	-	444,943	444,943
EXPENDITURES				
Current:				
Parks and Recreation	-	655,250	306,064	349,186
Capital Outlay	-	-	-	-
Total Expenditures	-	655,250	306,064	349,186
Excess (Deficiency) of Revenues over Expenditures	-	(655,250)	138,879	794,129
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	-	(655,250)	138,879	794,129
Fund Balance, Beginning of Year	(162,625)	(162,625)	(162,625)	-
Fund Balance, End of Year	<u>\$ (162,625)</u>	<u>\$ (817,875)</u>	<u>\$ (23,746)</u>	<u>\$ 794,129</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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interest, Rents and Concessions	\$ -	\$ -	\$ 56	\$ 56
Intergovernmental	-	-	189,939	189,939
Total Revenues	-	-	189,995	189,995
EXPENDITURES				
Current:				
Public Safety	-	1,058	143,492	(142,434)
Capital Outlay	-	-	-	-
Total Expenditures	-	1,058	143,492	(142,434)
Excess (Deficiency) of Revenues over Expenditures	-	(1,058)	46,503	47,561
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	-	(1,058)	46,503	47,561
Fund Balance, Beginning of Year	87,277	87,277	87,277	-
Fund Balance, End of Year	<u>\$ 87,277</u>	<u>\$ 86,219</u>	<u>\$ 133,780</u>	<u>\$ 47,561</u>

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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interest, Rents and Concessions	\$ -	\$ -	\$ (69)	\$ (69)
Intergovernmental	-	-	112,763	112,763
Total Revenues	-	-	112,694	112,694
EXPENDITURES				
Current:				
Public Safety	154,975	154,975	176,172	(21,197)
Capital Outlay	-	-	-	-
Total Expenditures	154,975	154,975	176,172	(21,197)
Excess (Deficiency) of Revenues over Expenditures	(154,975)	(154,975)	(63,478)	91,497
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	(154,975)	(154,975)	(63,478)	91,497
Fund Balance, Beginning of Year	56,047	56,047	56,047	-
Fund Balance, End of Year	<u>\$ (98,928)</u>	<u>\$ (98,928)</u>	<u>\$ (7,431)</u>	<u>\$ 91,497</u>

City of Ukiah
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Special Revenue Fund
Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interest, Rents and Concessions	\$ -	\$ -	\$ 1,896	\$ 1,896
Intergovernmental	-	-	712,357	712,357
Total Revenues	<u>-</u>	<u>-</u>	<u>714,253</u>	<u>714,253</u>
EXPENDITURES				
Current:				
Public Safety	-	-	-	-
Capital Outlay	118,400	2,669,061	1,361,845	1,307,216
Total Expenditures	<u>118,400</u>	<u>2,669,061</u>	<u>1,361,845</u>	<u>1,307,216</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(118,400)</u>	<u>(2,669,061)</u>	<u>(647,592)</u>	<u>2,021,469</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(118,400)	(2,669,061)	(647,592)	2,021,469
Fund Balance, Beginning of Year	<u>1,056,025</u>	<u>1,056,025</u>	<u>1,056,025</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 937,625</u></u>	<u><u>\$ (1,613,036)</u></u>	<u><u>\$ 408,433</u></u>	<u><u>\$ 2,021,469</u></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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interest, Rents and Concessions	\$ 56,000	\$ 56,000	\$ 64,907	\$ 8,907
Charges for Services	20,000	20,000	32,004	12,004
Total Revenues	<u>76,000</u>	<u>76,000</u>	<u>96,911</u>	<u>20,911</u>
EXPENDITURES				
Current:				
Housing and Community Development	71,048	77,561	94,135	(16,574)
Capital Outlay	-	-	-	-
Total Expenditures	<u>71,048</u>	<u>77,561</u>	<u>94,135</u>	<u>(16,574)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>4,952</u>	<u>(1,561)</u>	<u>2,776</u>	<u>4,337</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	4,952	(1,561)	2,776	4,337
Fund Balance, Beginning of Year	<u>(26,913)</u>	<u>(26,913)</u>	<u>(26,913)</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ (21,961)</u></u>	<u><u>\$ (28,474)</u></u>	<u><u>\$ (24,137)</u></u>	<u><u>\$ 4,337</u></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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interest, Rents and Concessions	\$ 2,350	\$ 2,350	\$ 1,975	\$ (375)
Intergovernmental	470,805	470,805	310,547	(160,258)
Miscellaneous	-	-	-	-
Total Revenues	<u>473,155</u>	<u>473,155</u>	<u>312,522</u>	<u>(160,633)</u>
EXPENDITURES				
Current:				
Housing and Community Development	470,805	537,425	22,823	514,602
Capital Outlay	-	-	-	-
Total Expenditures	<u>470,805</u>	<u>537,425</u>	<u>22,823</u>	<u>514,602</u>
Excess (Deficiency) of Revenues over Expenditures	<u>2,350</u>	<u>(64,270)</u>	<u>289,699</u>	<u>353,969</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	2,350	(64,270)	289,699	353,969
Fund Balance, Beginning of Year	175,770	175,770	175,770	-
Prior Period Adjustments	-	-	1,713,282	1,713,282
Fund Balance, End of Year	<u>\$ 178,120</u>	<u>\$ 111,500</u>	<u>\$ 2,178,751</u>	<u>\$ 2,067,251</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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interest, Rents and Concessions	\$ -	\$ -	\$ (530)	\$ (530)
Intergovernmental	26,799	26,799	311,555	284,756
Miscellaneous	-	-	21,546	21,546
	<u>26,799</u>	<u>26,799</u>	<u>332,571</u>	<u>305,772</u>
EXPENDITURES				
Current:				
Housing and Community Development	26,799	442,872	8,280	434,592
Capital Outlay	-	-	-	-
	<u>26,799</u>	<u>442,872</u>	<u>8,280</u>	<u>434,592</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>(416,073)</u>	<u>324,291</u>	<u>740,364</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	(416,073)	324,291	740,364
Fund Balance, Beginning of Year	6,938	6,938	6,938	-
Prior Period Adjustments	-	-	1,212,147	1,212,147
Fund Balance, End of Year	<u>\$ 6,938</u>	<u>\$ (409,135)</u>	<u>\$ 1,543,376</u>	<u>\$ 1,952,511</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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interest, Rents and Concessions	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	101,702	101,702
Total Revenues	-	-	101,702	101,702
EXPENDITURES				
Current:				
Public Works	-	108,530	101,712	6,818
Capital Outlay	-	-	-	-
Total Expenditures	-	108,530	101,712	6,818
Excess (Deficiency) of Revenues over Expenditures	-	(108,530)	(10)	108,520
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	-	(108,530)	(10)	108,520
Fund Balance, Beginning of Year	108,535	108,535	108,535	-
Fund Balance, End of Year	<u>\$ 108,535</u>	<u>\$ 5</u>	<u>\$ 108,525</u>	<u>\$ 108,520</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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interest, Rents and Concessions	\$ -	\$ -	\$ 3,440	\$ 3,440
Intergovernmental	-	-	149,828	149,828
Total Revenues	-	-	153,268	153,268
EXPENDITURES				
Current:				
Public Works	-	95,698	128,409	(32,711)
Capital Outlay	-	-	-	-
Total Expenditures	-	95,698	128,409	(32,711)
Excess (Deficiency) of Revenues over Expenditures	-	(95,698)	24,859	120,557
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	-	(95,698)	24,859	120,557
Fund Balance, Beginning of Year	732,971	732,971	732,971	-
Fund Balance, End of Year	<u>\$ 732,971</u>	<u>\$ 637,273</u>	<u>\$ 757,830</u>	<u>\$ 120,557</u>

City of Ukiah
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Museum Special Revenue Fund
Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interest, Rents and Concessions	\$ 3,500	\$ 3,500	\$ 1,972	\$ (1,528)
Charges for Services	92,000	92,000	36,883	(55,117)
Miscellaneous	-	-	45,000	45,000
Total Revenues	<u>95,500</u>	<u>95,500</u>	<u>83,855</u>	<u>(11,645)</u>
EXPENDITURES				
Current:				
General Government	-	-	9,819	(9,819)
Housing and Community Development	325,144	359,463	391,141	(31,678)
Capital Outlay	-	-	-	-
Total Expenditures	<u>325,144</u>	<u>359,463</u>	<u>400,960</u>	<u>(41,497)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(229,644)</u>	<u>(263,963)</u>	<u>(317,105)</u>	<u>(53,142)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	83,000	83,000	461,800	378,800
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>83,000</u>	<u>83,000</u>	<u>461,800</u>	<u>378,800</u>
Net Change in Fund Balance	(146,644)	(180,963)	144,695	325,658
Fund Balance, Beginning of Year	<u>(168,137)</u>	<u>(168,137)</u>	<u>(168,137)</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ (314,781)</u></u>	<u><u>\$ (349,100)</u></u>	<u><u>\$ (23,442)</u></u>	<u><u>\$ 325,658</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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interest, Rents and Concessions	\$ -	\$ -	\$ 13,490	\$ 13,490
Charges for Services	-	-	78,652	78,652
Miscellaneous	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>-</u>	<u>-</u>	<u>92,142</u>	<u>92,142</u>
EXPENDITURES				
Current:				
General Government	11,299	482,331	3,370	478,961
Capital Outlay	-	-	28,495	(28,495)
	<u>-</u>	<u>-</u>	<u>28,495</u>	<u>(28,495)</u>
Total Expenditures	<u>11,299</u>	<u>482,331</u>	<u>31,865</u>	<u>450,466</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(11,299)</u>	<u>(482,331)</u>	<u>60,277</u>	<u>542,608</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	57,992	57,992	7,000	(50,992)
Transfers Out	-	(69,521)	(509,521)	(440,000)
	<u>-</u>	<u>(69,521)</u>	<u>(509,521)</u>	<u>(440,000)</u>
Total Other Financing Sources (Uses)	<u>57,992</u>	<u>(11,529)</u>	<u>(502,521)</u>	<u>(490,992)</u>
Net Change in Fund Balance	46,693	(493,860)	(442,244)	51,616
Fund Balance, Beginning of Year	<u>2,656,314</u>	<u>2,656,314</u>	<u>2,656,314</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 2,703,007</u></u>	<u><u>\$ 2,162,454</u></u>	<u><u>\$ 2,214,070</u></u>	<u><u>\$ 51,616</u></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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interest, Rents and Concessions	\$ -	\$ -	\$ 11,019	\$ 11,019
Charges for Services	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	<u>-</u>	<u>-</u>	<u>11,019</u>	<u>11,019</u>
EXPENDITURES				
Current:				
Public Works	874,000	910,959	96,310	814,649
Capital Outlay	<u>89,000</u>	<u>89,000</u>	<u>-</u>	<u>89,000</u>
Total Expenditures	<u>963,000</u>	<u>999,959</u>	<u>96,310</u>	<u>903,649</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(963,000)</u>	<u>(999,959)</u>	<u>(85,291)</u>	<u>914,668</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	863,000	863,000	-	(863,000)
Transfers Out	<u>-</u>	<u>-</u>	<u>(87,107)</u>	<u>(87,107)</u>
Total Other Financing Sources (Uses)	<u>863,000</u>	<u>863,000</u>	<u>(87,107)</u>	<u>(950,107)</u>
Net Change in Fund Balance	(100,000)	(136,959)	(172,398)	(35,439)
Fund Balance, Beginning of Year	<u>2,353,949</u>	<u>2,353,949</u>	<u>2,353,949</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 2,253,949</u></u>	<u><u>\$ 2,216,990</u></u>	<u><u>\$ 2,181,551</u></u>	<u><u>\$ (35,439)</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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interest, Rents and Concessions	\$ -	\$ -	\$ (316)	\$ (316)
Charges for Services	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	<u>-</u>	<u>-</u>	<u>(316)</u>	<u>(316)</u>
EXPENDITURES				
Current:				
Public Works	-	-	-	-
Capital Outlay	-	8,619	4,718	3,901
Total Expenditures	<u>-</u>	<u>8,619</u>	<u>4,718</u>	<u>3,901</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>(8,619)</u>	<u>(5,034)</u>	<u>3,585</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	51,638	51,638
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>51,638</u>	<u>51,638</u>
Net Change in Fund Balance	-	(8,619)	46,604	55,223
Fund Balance, Beginning of Year	<u>(46,604)</u>	<u>(46,604)</u>	<u>(46,604)</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ (46,604)</u></u>	<u><u>\$ (55,223)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 55,223</u></u>

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City of Ukiah
Combining Statement of Net Position
Non-major Enterprise Funds
June 30, 2015

	Parking District	Street Lighting	Airport	Conference Center
ASSETS				
Current Assets:				
Cash and Investments	\$ 87,162	\$ 416,810	\$ 168,311	\$ 10,948
Receivables:				
Accounts (Net)	6,020	18,732	57,746	9,791
Notes - current portion	-	-	-	-
Refundable Deposits	-	-	800	-
Total Current Assets	<u>93,182</u>	<u>435,542</u>	<u>226,857</u>	<u>20,739</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	-	-	29,017	53,094
Construction in Progress	-	-	899,731	-
Less: Accumulated Depreciation	<u>(42,058)</u>	<u>-</u>	<u>(2,278,750)</u>	<u>(1,038,463)</u>
Total Noncurrent Assets	<u>252,538</u>	<u>-</u>	<u>2,073,010</u>	<u>1,681,854</u>
Total Assets	<u>345,720</u>	<u>435,542</u>	<u>2,299,867</u>	<u>1,702,593</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	1,823	24,481	122,199	9,820
Accrued Salaries and Benefits	-	1,285	10,429	4,572
Due to Other Funds	-	-	-	-
Customer Deposits	-	-	5,013	2,162
Interest Payable	-	-	-	-
Total Current Liabilities	<u>1,823</u>	<u>25,766</u>	<u>137,641</u>	<u>16,554</u>
Noncurrent Liabilities:				
Compensated Absences	-	3,323	14,483	6,361
Advances from Other Funds	-	-	-	-
Total Current Liabilities	<u>-</u>	<u>3,323</u>	<u>14,483</u>	<u>6,361</u>
Total Liabilities	<u>1,823</u>	<u>29,089</u>	<u>152,124</u>	<u>22,915</u>
NET POSITION				
Net Investment in Capital Assets	252,538	-	2,073,010	1,681,854
Unrestricted	<u>91,359</u>	<u>406,453</u>	<u>74,733</u>	<u>(2,176)</u>
Total Net Position	<u>\$ 343,897</u>	<u>\$ 406,453</u>	<u>\$ 2,147,743</u>	<u>\$ 1,679,678</u>

Golf Course	Totals
\$ -	\$ 683,231
6,838	99,127
42,500	42,500
-	800
<u>49,338</u>	<u>825,658</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	112,501
-	899,731
<u>(624,825)</u>	<u>(3,984,096)</u>
<u>1,027,925</u>	<u>5,035,327</u>
<u>1,077,263</u>	<u>5,860,985</u>
330	158,653
893	17,179
302,489	302,489
-	7,175
2,390	2,390
<u>306,102</u>	<u>487,886</u>
6,880	31,047
<u>655,798</u>	<u>655,798</u>
<u>662,678</u>	<u>686,845</u>
<u>968,780</u>	<u>1,174,731</u>
1,027,925	5,035,327
<u>(919,442)</u>	<u>(349,073)</u>
<u>\$ 108,483</u>	<u>\$ 4,686,254</u>

City of Ukiah
Combining Statement of Revenues, Expenses, and Changes in Net Position
Non-major Enterprise Funds
Year Ended June 30, 2015

	Parking District	Street Lighting	Airport	Conference Center
OPERATING REVENUES				
Charges for Services	\$ 55,344	\$ 185,679	\$ 22,439	\$ -
Sales of Fuel	-	-	1,051,315	-
Facility Rents	-	-	267,809	324,162
Miscellaneous	36,100	-	7,124	18,226
	<u>91,444</u>	<u>185,679</u>	<u>1,348,687</u>	<u>342,388</u>
Total Operating Revenues				
OPERATING EXPENSES				
Maintenance and Operations	-	201,337	238,350	165,229
General and Administration	132,992	56,370	340,214	165,956
Fuel	-	-	818,266	-
Depreciation	5,325	-	69,286	46,308
	<u>138,317</u>	<u>257,707</u>	<u>1,466,116</u>	<u>377,493</u>
Total Operating Expenses				
Operating Income (Loss)	<u>(46,873)</u>	<u>(72,028)</u>	<u>(117,429)</u>	<u>(35,105)</u>
NONOPERATING REVENUES (EXPENSES)				
Property Taxes	11,722	-	-	-
Loss on Disposal of Property	-	-	(2,009)	-
Interest and Investment Revenue	507	2,169	25,781	67
	<u>12,229</u>	<u>2,169</u>	<u>23,772</u>	<u>67</u>
Total Nonoperating Revenues (Expenses)				
Income (Loss) Before Capital Contributions and Operating Transfers	(34,644)	(69,859)	(93,657)	(35,038)
Capital Contributions	-	-	25,175	-
Change in Net Position	(34,644)	(69,859)	(68,482)	(35,038)
Net Position - Beginning of Year	<u>378,541</u>	<u>476,312</u>	<u>2,216,225</u>	<u>1,714,716</u>
Net Position - End of Year	<u>\$ 343,897</u>	<u>\$ 406,453</u>	<u>\$ 2,147,743</u>	<u>\$ 1,679,678</u>

Golf Course	Totals
\$ 10,422	\$ 273,884
-	1,051,315
69,457	661,428
5,742	67,192
<u>85,621</u>	<u>2,053,819</u>
11,144	616,060
34,327	729,859
-	818,266
2,236	123,155
<u>47,707</u>	<u>2,287,340</u>
<u>37,914</u>	<u>(233,521)</u>
-	11,722
-	(2,009)
-	28,524
<u>-</u>	<u>38,237</u>
37,914	(195,284)
<u>-</u>	<u>25,175</u>
37,914	(170,109)
<u>70,569</u>	<u>4,856,363</u>
<u>\$ 108,483</u>	<u>\$ 4,686,254</u>

City of Ukiah
Combining Statement of Cash Flows
Non-major Enterprise Funds
Year Ended June 30, 2015

	Parking District	Street Lighting	Airport
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ 96,033	\$ 189,117	\$ 1,565,974
Payments to Employees for Services	-	(56,301)	(337,939)
Payments to Suppliers for Goods and Services	(133,978)	(189,109)	(956,350)
Net Cash Provided (Used) by Operating Activities	(37,945)	(56,293)	271,685
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES			
Cash Paid to Other Funds	-	-	(142,364)
Property Taxes Received	11,722	-	-
Payments Received on Long-term Note	-	-	-
Net Cash Provided (Used) by Noncapital and Related Financing Activities	11,722	-	(142,364)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital Grants	-	-	49,445
Proceeds from Sale of Capital Assets	-	-	5,110
Acquisition and Construction of Capital Assets	-	-	(41,346)
Net Cash Provided (Used) by Capital and Related Financing Activities	-	-	13,209
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Received	755	3,220	25,781
Net Cash Provided (Used) by Investing Activities	755	3,220	25,781
Net Increase (Decrease) in Cash and Cash Equivalents	(25,468)	(53,073)	168,311
Cash and Cash Equivalents, Beginning of the Year	112,630	469,883	-
Cash and Cash Equivalents, End of the Year	<u>\$ 87,162</u>	<u>\$ 416,810</u>	<u>\$ 168,311</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ (46,873)	\$ (72,028)	\$ (117,429)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation	5,325	-	69,286
Changes in Operating Assets and Liabilities:			
Decrease (Increase) in Accounts Receivable	4,589	3,438	217,674
Increase (Decrease) in Accounts Payable	(986)	12,228	100,266
Increase (Decrease) in Accrued Salaries and Benefits	-	(353)	2,921
Increase (Decrease) in Compensated Absences	-	422	(646)
Increase (Decrease) in Deposits Payable	-	-	(387)
TOTAL CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (37,945)</u>	<u>\$ (56,293)</u>	<u>\$ 271,685</u>

Conference Center	Golf Course	Totals
\$ 347,990	\$ 117,605	\$ 2,316,719
(165,357)	(37,067)	(596,664)
<u>(166,390)</u>	<u>(14,325)</u>	<u>(1,460,152)</u>
16,243	66,213	259,903
(5,362)	(72,213)	(219,939)
-	-	11,722
<u>-</u>	<u>6,000</u>	<u>6,000</u>
<u>(5,362)</u>	<u>(66,213)</u>	<u>(202,217)</u>
-	-	49,445
-	-	5,110
<u>-</u>	<u>-</u>	<u>(41,346)</u>
-	-	13,209
67	-	29,823
<u>67</u>	<u>-</u>	<u>29,823</u>
10,948	-	100,718
<u>-</u>	<u>-</u>	<u>582,513</u>
<u>\$ 10,948</u>	<u>\$ -</u>	<u>\$ 683,231</u>
\$ (35,105)	\$ 37,914	\$ (233,521)
46,308	2,236	123,155
5,602	31,984	263,287
(1,161)	(3,181)	107,166
(161)	(1,275)	1,132
760	(1,465)	(929)
<u>-</u>	<u>-</u>	<u>(387)</u>
<u>\$ 16,243</u>	<u>\$ 66,213</u>	<u>\$ 259,903</u>

City of Ukiah
Combining Statement of Net Position
Internal Service Funds
June 30, 2015

	<u>Garage</u>	<u>Public Safety Dispatch</u>	<u>Purchasing</u>	<u>Billing and Collection</u>
ASSETS				
Current Assets:				
Cash and Investments	\$ 106,984	\$ 340,486	\$ 51,765	\$ 470,070
Receivables:				
Accounts (net)	-	-	-	21
Refundable Deposits	760	-	-	-
Total Current Assets	<u>107,744</u>	<u>340,486</u>	<u>51,765</u>	<u>470,091</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>(185,052)</u>	<u>(275,760)</u>	<u>(4,769)</u>	<u>(34,559)</u>
Total Noncurrent Assets	<u>219,579</u>	<u>91,942</u>	<u>-</u>	<u>10,966</u>
Total Assets	<u>327,323</u>	<u>432,428</u>	<u>51,765</u>	<u>481,057</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	28,533	31,138	632	11,147
Accrued Salaries and Benefits	8,751	25,657	5,231	8,730
Total Current Liabilities	<u>37,284</u>	<u>56,795</u>	<u>5,863</u>	<u>19,877</u>
Noncurrent Liabilities:				
Compensated Absences	27,586	53,177	15,526	28,030
Total Noncurrent Liabilities	<u>27,586</u>	<u>53,177</u>	<u>15,526</u>	<u>28,030</u>
Total Liabilities	<u>64,870</u>	<u>109,972</u>	<u>21,389</u>	<u>47,907</u>
NET POSITION				
Net Investment in Capital Assets	219,579	91,942	-	10,966
Unrestricted	42,874	230,514	30,376	422,184
Total Net Position	<u>\$ 262,453</u>	<u>\$ 322,456</u>	<u>\$ 30,376</u>	<u>\$ 433,150</u>

Workers' Compensation Insurance	Liability Insurance	Totals
\$ 812,831	\$ 417,161	\$ 2,199,297
16,296	-	16,317
-	-	760
<u>829,127</u>	<u>417,161</u>	<u>2,216,374</u>
-	930,203	930,203
-	-	327,113
-	-	48,418
-	-	447,096
-	-	(500,140)
<u>-</u>	<u>930,203</u>	<u>1,252,690</u>
<u>829,127</u>	<u>1,347,364</u>	<u>3,469,064</u>
-	-	71,450
-	-	48,369
<u>-</u>	<u>-</u>	<u>119,819</u>
<u>-</u>	<u>-</u>	<u>124,319</u>
<u>-</u>	<u>-</u>	<u>124,319</u>
<u>-</u>	<u>-</u>	<u>244,138</u>
829,127	1,347,364	322,487
<u>829,127</u>	<u>1,347,364</u>	<u>2,902,439</u>
<u>\$ 829,127</u>	<u>\$ 1,347,364</u>	<u>\$ 3,224,926</u>

City of Ukiah
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
Year Ended June 30, 2015

	Garage	Public Safety Dispatch	Purchasing	Billing and Collection
OPERATING REVENUES				
Charges for Services	\$ 439,835	\$ 1,148,811	\$ 229,964	\$ 530,307
Miscellaneous	802	-	1,208	-
Total Operating Revenues	<u>440,637</u>	<u>1,148,811</u>	<u>231,172</u>	<u>530,307</u>
OPERATING EXPENSES				
Maintenance and Operations	89,565	99,606	29,252	115,552
General and Administration	315,465	1,014,807	200,854	408,934
Insurance Premiums	-	-	-	-
Depreciation	11,531	22,871	-	3,922
Total Operating Expenses	<u>416,561</u>	<u>1,137,284</u>	<u>230,106</u>	<u>528,408</u>
Operating Income (Loss)	<u>24,076</u>	<u>11,527</u>	<u>1,066</u>	<u>1,899</u>
NONOPERATING REVENUES (EXPENSES)				
Interest and Investment Income	491	287	240	2,501
Total Nonoperating Revenues (Expenses)	<u>491</u>	<u>287</u>	<u>240</u>	<u>2,501</u>
Income (Loss) Before Capital Contributions and Operating Transfers	24,567	11,814	1,306	4,400
Transfers In	-	36,370	-	-
Transfers Out	-	(7,000)	-	-
Change in Net Position	24,567	41,184	1,306	4,400
Net Position - Beginning of Year	237,886	281,272	29,070	428,750
Prior Period Adjustment	-	-	-	-
Net Position - End of Year	<u>\$ 262,453</u>	<u>\$ 322,456</u>	<u>\$ 30,376</u>	<u>\$ 433,150</u>

Workers' Compensation Insurance	Liability Insurance	Totals
\$ 759,300	\$ 663,582	\$ 3,771,799
-	-	2,010
<u>759,300</u>	<u>663,582</u>	<u>3,773,809</u>
-	-	333,975
-	-	1,940,060
688,846	530,748	1,219,594
-	-	38,324
<u>688,846</u>	<u>530,748</u>	<u>3,531,953</u>
<u>70,454</u>	<u>132,834</u>	<u>241,856</u>
-	-	3,519
-	-	3,519
70,454	132,834	245,375
-	-	36,370
-	-	(7,000)
70,454	132,834	274,745
410,036	1,214,530	2,601,544
<u>348,637</u>	<u>-</u>	<u>348,637</u>
<u>\$ 829,127</u>	<u>\$ 1,347,364</u>	<u>\$ 3,224,926</u>

City of Ukiah
Combining Statement of Cash Flows
Internal Service Funds
Year Ended June 30, 2015

	Garage	Public Safety Dispatch	Purchasing
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Interfund Charges	\$ 442,102	\$ 1,148,811	\$ 231,219
Payments to Employees for Services	(305,767)	(843,570)	(192,874)
Payments to Suppliers for Goods and Services	(72,415)	(280,161)	(35,147)
Net Cash Provided (Used) by Operating Activities	<u>63,920</u>	<u>25,080</u>	<u>3,198</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES			
Cash Received from Other Funds	-	36,370	-
Cash Paid to Other Funds	-	(7,000)	-
Net Cash Provided (Used) by Noncapital and Related Financing Activities	<u>-</u>	<u>29,370</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and Construction of Capital Assets	-	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Received	610	950	355
Net Cash Provided (Used) by Investing Activities	<u>610</u>	<u>950</u>	<u>355</u>
Net Increase (Decrease) in Cash and Cash Equivalents	64,530	55,400	3,553
Cash and Cash Equivalents, Beginning of the Year	42,454	285,086	48,212
Cash and Cash Equivalents, End of the Year	<u>\$ 106,984</u>	<u>\$ 340,486</u>	<u>\$ 51,765</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ 24,076	\$ 11,527	\$ 1,066
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	1,465	-	47
Increase (Decrease) in Accounts Payable	24,808	(17,528)	632
Increase (Decrease) in Accrued Salaries and Benefits	1,228	2,318	643
Increase (Decrease) in Compensated Absences Payable	812	5,892	810
TOTAL CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 63,920</u>	<u>\$ 25,080</u>	<u>\$ 3,198</u>

Billing and Collection	Workers' Compensation Insurance	Liability Insurance	Totals
\$ 530,286	\$ 758,425	\$ 663,582	\$ 3,774,425
(330,536)	-	-	(1,672,747)
(194,162)	(688,846)	(530,748)	(1,801,479)
<u>5,588</u>	<u>69,579</u>	<u>132,834</u>	<u>300,199</u>
-	-	-	36,370
-	-	-	(7,000)
-	-	-	<u>29,370</u>
-	-	-	-
-	-	-	-
<u>3,712</u>	-	-	<u>5,627</u>
<u>3,712</u>	-	-	<u>5,627</u>
9,300	69,579	132,834	335,196
<u>460,770</u>	<u>743,252</u>	<u>284,327</u>	<u>1,864,101</u>
<u>\$ 470,070</u>	<u>\$ 812,831</u>	<u>\$ 417,161</u>	<u>\$ 2,199,297</u>
\$ 1,899	\$ 70,454	\$ 132,834	\$ 241,856
3,922	-	-	38,324
(21)	(875)	-	616
3,750	-	-	11,662
(2,895)	-	-	1,294
(1,067)	-	-	<u>6,447</u>
<u>\$ 5,588</u>	<u>\$ 69,579</u>	<u>\$ 132,834</u>	<u>\$ 300,199</u>

City of Ukiah
Combining Balance Sheet
All Agency Funds
June 30, 2015

	Ukiah Valley Sanitation District	Downtown Business Improvement	Payroll Revolving
ASSETS			
Cash and Investments	\$ 5,240,533	\$ 5,545	\$ 186,031
Receivables:			
Accounts	775,385	-	-
Interest Receivable	11,446	-	-
	<u>\$ 6,027,364</u>	<u>\$ 5,545</u>	<u>\$ 186,031</u>
Total Assets	\$ 6,027,364	\$ 5,545	\$ 186,031
LIABILITIES			
Accounts Payable	\$ -	\$ 5,545	\$ 186,031
Customer Deposits	-	-	-
Due to Other Agencies	6,027,364	-	-
	<u>\$ 6,027,364</u>	<u>\$ 5,545</u>	<u>\$ 186,031</u>
Total Liabilities	\$ 6,027,364	\$ 5,545	\$ 186,031

<u>Special Deposit</u>	<u>Garbage Billing</u>	<u>Russian River Watershed</u>	<u>Total Agency</u>
\$ 494,971	\$ 636,164	\$ 194,540	\$ 6,757,784
6,761	31,982	-	814,128
-	-	-	11,446
<u>\$ 501,732</u>	<u>\$ 668,146</u>	<u>\$ 194,540</u>	<u>\$ 7,583,358</u>
\$ 3,652	\$ 23,062	\$ 81,432	\$ 299,722
498,080	-	-	498,080
-	645,084	113,108	6,785,556
<u>\$ 501,732</u>	<u>\$ 668,146</u>	<u>\$ 194,540</u>	<u>\$ 7,583,358</u>

City of Ukiah
Combining Statement of Changes in Fiduciary Assets and Liabilities
All Agency Funds
For the Year Ended June 30, 2015

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
<u>Ukiah Valley Sanitation District</u>				
Assets:				
Cash and Investments	\$ 4,589,293	\$ 5,695,187	\$ 5,043,947	\$ 5,240,533
Receivables:				
Accounts	663,773	3,312,670	3,201,058	775,385
Interest Receivable	-	11,446	-	11,446
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 5,253,066</u>	<u>\$ 9,019,303</u>	<u>\$ 8,245,005</u>	<u>\$ 6,027,364</u>
Liabilities:				
Accounts Payable	\$ 522,163	\$ -	\$ 522,163	\$ -
Due to Other Agencies	4,730,903	9,019,303	7,722,842	6,027,364
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>\$ 5,253,066</u>	<u>\$ 9,019,303</u>	<u>\$ 8,245,005</u>	<u>\$ 6,027,364</u>
<u>Downtown Business Improvement</u>				
Assets:				
Cash and Investments	\$ 503	\$ 19,779	\$ 14,737	\$ 5,545
Receivables:				
Accounts	829	-	829	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 1,332</u>	<u>\$ 19,779</u>	<u>\$ 15,566</u>	<u>\$ 5,545</u>
Liabilities:				
Accounts Payable	\$ 1,332	\$ 19,779	\$ 15,566	\$ 5,545
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>\$ 1,332</u>	<u>\$ 19,779</u>	<u>\$ 15,566</u>	<u>\$ 5,545</u>
<u>Payroll Revolving</u>				
Assets:				
Cash and Investments	\$ 201,752	\$ 9,696,678	\$ 9,712,399	\$ 186,031
Receivables:				
Accounts	202	277,164	277,366	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 201,954</u>	<u>\$ 9,973,842</u>	<u>\$ 9,989,765</u>	<u>\$ 186,031</u>
Liabilities:				
Accounts Payable	\$ 201,954	\$ 12,716,243	\$ 12,732,166	\$ 186,031
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>\$ 201,954</u>	<u>\$ 12,716,243</u>	<u>\$ 12,732,166</u>	<u>\$ 186,031</u>

Continued

City of Ukiah
Combining Statement of Changes in Fiduciary Assets and Liabilities
All Agency Funds - Continued
For the Year Ended June 30, 2015

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
<u>Special Deposit</u>				
Assets:				
Cash and Investments	\$ 866,727	\$ 31,269,503	\$ 31,641,259	\$ 494,971
Receivables:				
Accounts	15,320	31,094,798	31,103,357	6,761
Total Assets	\$ 882,047	\$ 62,364,301	\$ 62,744,616	\$ 501,732
Liabilities:				
Accounts Payable	\$ 22,832	\$ 244,588	\$ 263,768	\$ 3,652
Customer Deposits	859,215	501,802	862,937	498,080
Total Liabilities	\$ 882,047	\$ 746,390	\$ 1,126,705	\$ 501,732
<u>Garbage Billing</u>				
Assets:				
Cash and Investments	\$ 684,561	\$ 1,047,454	\$ 1,095,851	\$ 636,164
Receivables:				
Accounts	-	82,751	50,769	31,982
Total Assets	\$ 684,561	\$ 1,130,205	\$ 1,146,620	\$ 668,146
Liabilities:				
Accounts Payable	\$ 51,057	\$ 345,823	\$ 373,818	\$ 23,062
Due to Other Agencies	633,504	784,382	772,802	645,084
Total Liabilities	\$ 684,561	\$ 1,130,205	\$ 1,146,620	\$ 668,146
<u>Russian River Watershed</u>				
Assets:				
Cash and Investments	\$ 140,322	\$ 339,789	\$ 285,571	\$ 194,540
Receivables:				
Accounts	313	438,574	438,887	-
Total Assets	\$ 140,635	\$ 778,363	\$ 724,458	\$ 194,540
Liabilities:				
Accounts Payable	\$ 26,021	\$ 340,803	\$ 285,392	\$ 81,432
Due to Other Agencies	114,614	437,560	439,066	113,108
Total Liabilities	\$ 140,635	\$ 778,363	\$ 724,458	\$ 194,540

Continued

City of Ukiah
Combining Statement of Changes in Fiduciary Assets and Liabilities
All Agency Funds - Continued
For the Year Ended June 30, 2015

<u>Totals - All Agency Funds</u>	<u>Balance July 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2015</u>
Assets:				
Cash and Investments	\$ 6,483,158	\$ 48,068,390	\$ 47,793,764	\$ 6,757,784
Receivables:				
Accounts	680,437	35,205,957	35,072,266	814,128
Interest Receivable	-	11,446	-	11,446
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 7,163,595</u>	<u>\$ 83,285,793</u>	<u>\$ 82,866,030</u>	<u>\$ 7,583,358</u>
Liabilities:				
Accounts Payable	\$ 825,359	\$ 13,667,236	\$ 14,192,873	\$ 299,722
Customer Deposits	859,215	501,802	862,937	498,080
Due to Other Agencies	5,479,021	10,241,245	8,934,710	6,785,556
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>\$ 7,163,595</u>	<u>\$ 24,410,283</u>	<u>\$ 23,990,520</u>	<u>\$ 7,583,358</u>

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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental Activities										
Net investment in capital assets	\$ 9,312,036	\$ 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
Restricted	5,850,088	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
Unrestricted	10,631,881	13,735,320	19,470,248	22,069,011	7,547,784	14,030,594	17,420,652	15,461,713	12,110,479	(20,456,125)
Total governmental activities net position	\$ 25,794,005	\$ 43,206,937	\$ 47,976,296	\$ 51,504,944	\$ 46,669,942	\$ 48,714,418	\$ 47,155,976	\$ 45,791,164	\$ 45,270,767	\$ 20,099,754
Business-type Activities										
Net investment in capital assets	\$ 5,983,855	\$ 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
Restricted	1,037,126	2,015,181	2,003,618	1,999,495	2,006,773	2,172,384	4,128,472	2,027,529	2,072,014	2,539,888
Unrestricted	44,611,585	38,754,350	40,386,700	46,697,741	40,762,605	33,817,844	28,366,417	32,460,639	31,604,793	26,233,414
Total business-type activities net position	\$ 51,632,566	\$ 64,942,938	\$ 70,996,706	\$ 71,205,972	\$ 75,972,549	\$ 76,256,928	\$ 80,595,975	\$ 79,002,516	\$ 80,370,707	\$ 78,861,548
Primary government										
Net investment in capital assets	\$ 15,295,891	\$ 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
Restricted	6,887,214	9,621,007	9,082,109	9,106,752	9,581,367	19,448,639	7,214,629	5,052,961	8,093,089	15,470,954
Unrestricted	55,243,466	52,489,670	59,856,948	68,766,752	48,310,389	47,848,438	45,787,069	47,922,352	43,715,272	5,777,289
Total primary government	\$ 77,426,571	\$ 108,149,875	\$ 118,973,002	\$ 122,710,916	\$ 122,642,491	\$ 124,971,346	\$ 127,751,951	\$ 124,793,680	\$ 125,641,474	\$ 98,961,302

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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental Activities:										
General government	\$ 2,255,304	\$ 2,905,386	\$ 3,411,371	\$ 2,908,643	\$ 2,837,619	\$ 2,479,770	\$ 2,570,568	\$ 2,956,583	\$ 3,715,968	\$ 772,772
Public safety	7,034,888	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
Public works	1,891,584	3,004,298	3,273,011	2,002,957	1,577,833	3,097,652	2,206,556	2,109,273	2,290,261	2,847,800
Housing and community development	1,065,156	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
Parks and recreation	1,734,575	2,044,667	2,066,409	2,392,869	1,985,137	2,466,386	2,262,816	2,481,572	2,540,689	2,829,367
Interest on long-term debt	456,596	438,919	365,021	333,081	317,152	451,141	420,132	417,521	-	-
Total governmental activities expenses	14,438,103	18,307,167	19,794,018	19,397,237	26,207,735	21,688,654	18,511,155	19,316,636	19,246,838	17,361,895
Business-Type Activities:										
Electric	13,299,458	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
Water	2,701,788	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
Wastewater	3,082,231	2,958,066	3,579,514	3,755,359	3,301,200	8,329,472	8,243,340	8,637,591	8,113,315	8,229,553
Disposal site	599,306	597,001	428,253	430,643	381,384	196,168	340,324	413,657	573,478	5,950,554
Nonmajor activities	2,540,337	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
Total business-type expenses	22,223,120	28,107,313	24,674,711	27,695,651	24,849,682	27,431,686	28,959,663	29,834,650	29,160,036	36,390,933
Total Expenses	\$ 36,661,223	\$ 46,414,480	\$ 44,468,729	\$ 47,092,888	\$ 51,057,397	\$ 49,120,350	\$ 47,470,818	\$ 49,151,286	\$ 48,406,874	\$ 53,752,828
Program Revenues										
Governmental Activities:										
Charges for services:										
General government	\$ 1,392,245	\$ 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
Public safety	1,004,252	860,847	953,588	1,099,193	1,111,741	1,092,577	1,080,981	1,224,421	851,328	221,156
Public works	344,892	612,019	1,300,523	1,000,841	584,329	587,676	554,639	368,895	682,559	215,615
Housing and community development	370,941	568,782	967,723	990,501	326,202	210,910	211,904	456,294	197,003	197,003
Parks and recreation	439,080	430,863	588,767	588,419	632,037	751,854	716,363	1,072,615	749,548	756,906
Operating grants and contributions	734,231	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
Capital grants and contributions	287,393	1,964,588	1,910,704	657,583	2,720,942	2,430,383	3,098,450	250,992	483,992	889,024
Total governmental activities	4,573,034	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
Business-Type Activities:										
Charges for services:										
Electric	15,318,680	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
Water	2,314,645	2,845,216	2,919,950	2,866,811	2,698,212	4,039,757	4,935,691	5,813,699	6,006,675	5,579,127
Wastewater	4,065,442	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
Disposal site	66,341	93,636	66,597	67,297	66,947	108,401	127,228	129,321	132,287	125,963
Nonmajor activities	2,155,035	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
Operating grants and contributions	19,926	20,451	19,905	19,920	20,155	10,359	10,660	40,717	57,271	25,175
Capital grants and contributions	769,167	746,011	822,113	684,170	1,737,550	-	-	-	-	-
Total business-type activities	24,709,236	26,944,169	28,917,866	28,772,726	29,537,208	28,404,904	33,922,646	29,804,619	31,988,447	32,291,954
Total Program Revenues	\$ 29,282,270	\$ 34,546,011	\$ 36,655,900	\$ 34,966,859	\$ 37,566,345	\$ 36,642,710	\$ 42,277,767	\$ 35,421,087	\$ 37,306,291	\$ 36,134,503
Net (Expense)/Revenue:										
Governmental activities	\$ (9,865,069)	\$ (10,705,325)	\$ (12,055,984)	\$ (13,203,104)	\$ (18,178,598)	\$ (13,450,848)	\$ (10,156,034)	\$ (13,700,168)	\$ (13,928,994)	\$ (13,519,346)
Business-type activities	2,486,116	(1,163,144)	4,243,155	1,077,075	4,687,546	973,208	4,962,983	(30,031)	2,828,411	(4,098,979)
Total Net Expense	\$ (7,378,953)	\$ (11,868,469)	\$ (7,812,829)	\$ (12,126,029)	\$ (13,491,052)	\$ (12,477,640)	\$ (5,193,051)	\$ (13,730,199)	\$ (11,100,583)	\$ (17,618,325)

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

	Fiscal Year									
For Fiscal Year Ended June 30	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Revenues										
Governmental Activities:										
Property taxes	\$ 4,202,837	\$ 5,105,884	\$ 5,385,559	\$ 5,741,393	\$ 5,106,817	\$ 4,426,250	\$ 3,182,981	\$ 1,484,934	\$ 1,251,189	\$ 3,729,370
Sales taxes	5,557,289	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
Transient occupancy taxes	489,659	604,080	753,715	710,053	661,149	691,627	775,547	828,000	959,570	1,061,823
Vehicle in-lieu taxes	1,009,912	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	929,154	928,336	927,083	910,424	936,854	891,717	917,930	929,173	916,007	2,281,810
Interest and investment earnings	369,480	495,784	450,344	398,868	300,784	173,255	175,318	91,117	93,521	336,581
Transfers	1,073,585	737,079	945,545	1,265,107	1,012,185	1,408,163	1,065,910	871,692	1,816,592	-
Total general revenues, transfers and special items	13,631,916	15,953,032	16,825,343	16,731,752	15,089,774	15,854,831	13,874,852	12,335,356	13,408,597	13,386,522
Business-Type Activities:										
Interest and investment earnings	1,504,868	2,447,206	2,756,158	2,297,298	1,091,216	719,334	441,974	200,899	356,372	466,929
Special item: Transfer to other agency	-	-	-	(1,900,000)	-	-	-	-	-	-
Transfers In/(Out)	(1,073,585)	(737,079)	(945,545)	(1,265,107)	(1,012,185)	(1,408,163)	(1,065,910)	(584,482)	(1,816,592)	-
Total business-type activities	431,283	1,710,127	1,810,613	(867,809)	79,031	(688,829)	(623,936)	(383,583)	(1,460,220)	466,929
Total Primary Government	\$ 14,063,199	\$ 17,663,159	\$ 18,635,956	\$ 15,863,943	\$ 15,168,805	\$ 15,166,002	\$ 13,250,916	\$ 11,951,773	\$ 11,948,377	\$ 13,853,451
Extraordinary Items										
Governmental activities	\$ -	\$ -	\$ -	\$ -	\$ (1,746,178) ^b	\$ (359,507) ^b	\$ (5,277,260) ^d	\$ -	\$ -	\$ -
Business-type activities	-	-	-	-	-	-	-	-	-	-
Total Extraordinary Items	\$ -	\$ -	\$ -	\$ -	\$ (1,746,178)	\$ (359,507)	\$ (5,277,260)	\$ -	\$ -	\$ -
Accounting Change - Accumulative Effect										
Governmental activities	\$ -	\$ 12,165,225	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Business-type activities	-	12,763,389	-	-	-	-	-	(1,179,845) ^e	-	-
Total Extraordinary Items	\$ -	\$ 24,928,614 ^a	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,179,845)	\$ -	\$ -
Change in Net Position										
Governmental activities	\$ 3,766,847	\$ 17,412,932	\$ 4,769,359	\$ 3,528,648	\$ (4,835,002)	\$ 2,044,476	\$ (1,558,442)	\$ (1,364,812)	\$ (520,397)	\$ (132,824)
Business-type activities	2,917,399	13,310,372	6,053,768	209,266	4,766,577	284,379	4,339,047	(1,593,459)	1,368,191	(3,632,050)
Total Net Position	\$ 6,684,246	\$ 30,723,304	\$ 10,823,127	\$ 3,737,914	\$ (68,425)	\$ 2,328,855	\$ 2,780,605	\$ (2,958,271)	\$ 847,794	\$ (3,764,874)

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)

As of June 30	Fiscal Year									
	2006	2007	2008	2009	2010	2011 ^a	2012	2013	2014	2015
General Fund:										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 877,506	\$ 559,134	\$ 619,044	\$ 619,044	\$ 645,728
Committed	-	-	-	-	-	146,147	-	183,956	203,105	-
Assigned	-	-	-	-	-	4,686,766	4,851,110	89,859	-	-
Unassigned	-	-	-	-	-	527,381	1,454,665	4,381,047	4,233,953	4,714,166
Reserved	1,444,418	2,388,819	1,121,539	1,184,675	1,365,187	-	-	-	-	-
Unreserved	2,007,003	1,790,710	3,849,361	3,723,221	4,325,375	-	-	-	-	-
Total general fund	\$ 3,451,421	\$ 4,179,529	\$ 4,970,900	\$ 4,907,896	\$ 5,690,562	\$ 6,237,800	\$ 6,864,909	\$ 5,273,906	\$ 5,056,102	\$ 5,359,894
All Other Governmental Funds:										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	13,404,870	5,867,124	4,486,098	4,805,526	12,931,066
Committed	-	-	-	-	-	756,047	1,235,785	713,402	3,569,505	4,395,621
Assigned	-	-	-	-	-	7,759,509	3,460,240	5,832,173	2,514,649	-
Unassigned	-	-	-	-	-	-	-	(894,993)	(736,226)	(232,412)
Reserved	7,201,180	8,750,121	10,437,242	11,738,706	6,402,686	-	-	-	-	-
Unreserved	9,798,546	11,967,164	14,335,315	15,634,574	10,027,963	-	-	-	-	-
Total all other governmental funds	\$ 16,999,726	\$ 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

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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Property taxes	\$ 4,202,837	\$ 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
Sales taxes	5,557,289	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
Transient occupancy taxes	489,659	604,080	753,715	710,053	661,149	691,627	775,547	828,000	925,191	1,061,823
Other taxes	929,154	928,336	927,083	910,424	936,854	891,717	917,930	929,173	950,386	2,047,734
Licenses & permits	153,096	208,573	142,036	155,807	337,508	344,593	434,492	272,070	292,688	186,012
Fines & forfeitures	74,744	96,112	128,797	145,971	195,817	295,613	270,468	319,189	256,776	58,692
Intergovernmental	2,164,530	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
Interest and rents	1,486,174	1,873,653	2,476,051	2,563,121	1,565,187	1,264,421	1,503,685	224,129	340,887	333,045
Charges for services	696,649	989,142	924,657	922,787	1,024,323	1,309,827	1,146,590	1,580,632	1,013,534	1,032,957
Miscellaneous	290,467	1,018,824	735,691	479,909	301,866	497,661	375,103	243,654	493,158	232,651
Total revenues	16,044,599	21,532,073	22,223,688	20,493,346	20,325,181	21,156,470	19,408,244	15,823,221	15,898,517	17,707,623
Expenditures										
Current:										
General government	1,595,073	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
Public safety	6,554,807	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
Public works	1,685,468	2,827,485	3,075,056	1,798,507	1,388,207	2,255,054	1,508,698	1,411,445	1,612,266	2,337,389
Housing and community development	1,023,471	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
Parks and recreation	1,573,832	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
Debt Service:										
Principal	233,489	5,632,452	345,000	230,000	235,000	250,000	265,000	-	-	-
Interest and fiscal charges	457,396	442,322	359,249	323,541	307,978	289,515	559,797	-	-	-
Issue costs	-	122,485	-	-	-	192,808	-	-	-	-
Capital outlay	982,220	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
Total expenditures	14,105,756	23,266,762	18,322,590	19,220,734	29,751,153	24,595,973	18,872,817	18,439,074	17,933,139	18,178,491
Excess (deficiency) of revenues over expenditures	1,938,843	(1,734,689)	3,901,098	1,272,612	(9,425,972)	(3,442,503)	535,427	(2,615,853)	(2,034,622)	(470,868)
Other financing sources (uses)										
Bond issue proceeds	-	5,595,000	-	-	-	8,430,000	-	-	-	-
Discount on bonds issued	-	(69,704)	-	-	-	(249,138)	-	-	-	-
Transfers-in	2,589,053	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
Transfers-out	(1,450,468)	(1,002,033)	(311,717)	(38,160)	(1,102,071)	(2,389,798)	(6,500)	(2,082,273)	(243,049)	(1,378,578)
Proceeds from borrowing	-	-	-	-	-	-	-	-	-	-
Total financing sources (uses)	1,138,585	6,180,356	945,545	1,265,107	1,012,185	9,839,025	1,065,910	598,381	1,833,592	(29,370)
Extraordinary items & Prior Period Adjs.										
	-	-	-	-	(1,746,178)	(359,507)	(12,331,505)	-	-	7,744,852
Net Change in Fund Balance	\$ 3,077,428	\$ 4,445,667	\$ 4,846,643	\$ 2,537,719	\$ (10,159,965)	\$ 6,037,015	\$ (10,730,168)	\$ (2,017,472)	\$ (201,030)	\$ 7,244,614
Debt service as percentage of non-capital expenses	5.56%	37.35%	4.12%	3.26%	2.26%	2.91%	5.30%	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	
2006	4,202,837	5,557,289	489,659	530,011	399,137	11,178,933
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	5,976,938	1,061,823	1,643,559	404,175	12,815,865
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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
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										
Summer	\$ 0.10966	\$ 0.10966	\$ 0.10966	\$ 0.10966	\$ 0.10966	\$ 0.10966	\$ 0.10966	\$ 0.10966	\$ 0.10966	\$ 0.10966
Winter	\$ 0.08829	\$ 0.08829	\$ 0.08829	\$ 0.08829	\$ 0.08829	\$ 0.08829	\$ 0.08829	\$ 0.08829	\$ 0.08829	\$ 0.08829
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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Wastewater System Rates- City (1)										
Residential										
Fixed Minimum Charge- Per Dwelling Unit	\$ 28.43	\$ 32.26	\$ 41.31	\$ 47.18	\$ 47.18	\$ 47.18	\$ 50.44	\$ 58.40	\$ 60.39	\$ 62.44
Consumption Rate (\$/hcf (2))	\$ 1.12	\$ 1.27	\$ 1.62	\$ 1.85	\$ 1.85	\$ 1.85	\$ 1.98	\$ 2.29	\$ 2.37	\$ 2.45
Commercial										
Commercial Low Strength (\$/hcf)	\$ 4.46	\$ 5.06	\$ 6.48	\$ 7.40	\$ 7.40	\$ 7.40	\$ 7.91	\$ 9.16	\$ 9.47	\$ 9.79
Commercial Moderate Strength (\$/hcf)	\$ 4.77	\$ 5.41	\$ 6.92	\$ 7.91	\$ 7.91	\$ 7.91	\$ 8.46	\$ 9.79	\$ 10.12	\$ 10.47
Commercial Medium Strength (\$/hcf)	\$ 8.44	\$ 9.57	\$ 12.24	\$ 13.99	\$ 13.99	\$ 13.99	\$ 14.96	\$ 17.32	\$ 17.91	\$ 18.52
Commercial High Strength (\$/hcf)	\$ 10.87	\$ 12.32	\$ 15.77	\$ 18.02	\$ 18.02	\$ 18.02	\$ 19.26	\$ 22.31	\$ 23.07	\$ 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).

Wastewater System Rates- District (1)

Residential										
Fixed Minimum Charge- Per Dwelling Unit	\$ 28.43	\$ 32.26	\$ 41.31	\$ 47.18	\$ 47.18	\$ 47.18	\$ 53.47	\$ 53.47	\$ 53.47	\$ 53.47
Consumption Rate (\$/hcf (2))	\$ 1.12	\$ 1.27	\$ 1.62	\$ 1.85	\$ 1.85	\$ 3.40	\$ 4.45	\$ 5.50	\$ 6.60	\$ 6.60
Commercial										
Commercial Low Strength (\$/hcf)	\$ 4.46	\$ 5.06	\$ 6.48	\$ 7.40	\$ 7.40	\$ 7.91	\$ 8.46	\$ 9.06	\$ 9.69	\$ 9.69
Commercial Moderate Strength (\$/hcf)	\$ 4.77	\$ 5.41	\$ 6.92	\$ 7.91	\$ 7.91	\$ 8.46	\$ 9.05	\$ 9.68	\$ 10.36	\$ 10.36
Commercial Medium Strength (\$/hcf)	\$ 8.44	\$ 9.57	\$ 12.24	\$ 13.99	\$ 13.99	\$ 14.96	\$ 16.00	\$ 17.12	\$ 18.32	\$ 18.32
Commercial High Strength (\$/hcf)	\$ 10.87	\$ 12.32	\$ 15.77	\$ 18.02	\$ 18.02	\$ 19.26	\$ 20.61	\$ 22.05	\$ 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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Water System Rates (1)										
Consumption Rate (\$/unit (2))										
Single Family Residential	\$ 0.73	\$ 0.91	\$ 1.07	\$ 1.20	\$ 1.29	\$ 1.92	\$ 2.21	\$ 2.41	\$ 2.65	\$ 2.73
All Other Customers	\$ 0.73	\$ 0.91	\$ 1.07	\$ 1.20	\$ 1.29	\$ 1.92	\$ 2.21	\$ 2.41	\$ 2.65	\$ 2.73
Minimum base charge by Meter Size/ Class:										
3/4" Meter	\$ 14.08	\$ 14.36	\$ 14.64	\$ 14.94	\$ 15.24	\$ 22.71	\$ 26.11	\$ 28.46	\$ 31.31	\$ 32.25
1" Meter	\$ 18.38	\$ 21.58	\$ 22.97	\$ 21.41	\$ 25.90	\$ 38.59	\$ 44.38	\$ 48.37	\$ 53.21	\$ 54.81
1 1/2" Meter	\$ 27.76	\$ 37.85	\$ 41.85	\$ 45.99	\$ 50.28	\$ 74.92	\$ 86.15	\$ 93.91	\$ 103.30	\$ 106.40
2" Meter	\$ 39.33	\$ 58.10	\$ 65.38	\$ 72.93	\$ 80.75	\$ 120.32	\$ 138.37	\$ 150.82	\$ 165.90	\$ 170.88
3" Meter	\$ 66.52	\$ 105.72	\$ 120.70	\$ 136.25	\$ 152.36	\$ 227.02	\$ 261.07	\$ 284.57	\$ 313.02	\$ 322.41
4" Meter	\$ 104.92	\$ 173.40	\$ 199.43	\$ 226.44	\$ 254.45	\$ 379.13	\$ 436.00	\$ 475.24	\$ 522.76	\$ 538.45
6" Meter	\$ 200.16	\$ 341.13	\$ 394.53	\$ 449.92	\$ 507.37	\$ 755.98	\$ 869.38	\$ 947.62	\$ 1,042.38	\$ 1,073.66
Fire Service 2" & under	\$ 7.87	\$ 11.62	\$ 13.08	\$ 14.59	\$ 16.15	\$ 24.06	\$ 27.67	\$ 30.16	\$ 33.18	\$ 34.18
Fire Service 3"	\$ 13.30	\$ 21.14	\$ 24.14	\$ 27.25	\$ 30.47	\$ 45.40	\$ 52.21	\$ 56.91	\$ 62.60	\$ 64.48
Fire Service 4"	\$ 20.98	\$ 34.68	\$ 39.89	\$ 45.29	\$ 50.89	\$ 75.83	\$ 87.20	\$ 95.05	\$ 104.55	\$ 107.69
Fire Service 6" & up	\$ 40.03	\$ 68.23	\$ 78.91	\$ 89.98	\$ 101.47	\$ 151.19	\$ 173.87	\$ 189.52	\$ 208.47	\$ 214.72

(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	2015	
	Electric Usage	
City of Ukiah	\$ 702,416	4.65%
County of Medocino	574,269	3.80%
Home Depot	140,550	0.93%
Maverick Enterprises	230,014	1.52%
Mendocino Brewing Co.	176,307	1.17%
Safeway Stores	278,116	1.84%
Save Mart Supermarkets	437,171	2.89%
Ukiah Unified School District	353,633	2.34%
Ukiah Valley Medical Center	385,902	2.56%
Wal-Mart	<u>142,205</u>	<u>0.94%</u>
	<u>\$ 3,420,584</u>	<u>23%</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	Governmental Type Activities				Business Type Activities				Total Primary Government	Debt Per Capita	Percentage of Personal Income
				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%			

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				Debt Per Capita	Percentage of Actual Taxable Value of Property
				Redevelopment Bonds	General Obligation Bonds	Total Primary Government			
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%	

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, 2015

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%	-
Ukiah Community College District	\$60,905,897	13.420%	\$ 8,173,571
Ukiah Unified School District	\$55,538,976	34.130%	\$ 18,955,453
Total overlapping tax and assessment debt			\$ 27,129,024
Overlapping General Fund Debt:			
Mendocino County General Fund Obligations	\$21,525,000	12.651%	\$ 2,723,128
Mendocino County Pension Obligation Bonds	\$68,305,000	12.651%	8,641,266
City of Ukiah	0	100.000%	-
Total overlapping general fund obligation debt			\$ 11,364,393
Overlapping Tax Increment Debt (Successor Agency):	\$9,970,000	100.000%	\$ 9,970,000
Total Direct Debt			\$ -
Total Overlapping Debt			\$ 48,463,417
Total combined debt			\$ 48,463,417 (2)
Ratio to 2014-2015 assessed valuation			
City of Ukiah total assessed valuation			\$ 1,294,489,514
Direct debt (City)		0.00%	
Direct debt (MJCCD, UVSD)		2.10%	
Overlapping debt		0.88%	
Combined total debt		3.74%	
Ratios to Redevelopment Successor Agency Incremental Assessed Valuation			
Redevelopment Successor Agency Incremental Assessed Valuation			\$ 560,189,211
Overlapping Tax Increment Debt		1.78%	

[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
2006	\$ 953,993,844	15.00%	143,099,077	-	0.00%
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%

Legal Debt Limit Margin Calculation for 2013-2014

Assessed value	<u>\$ 1,224,746,468</u>
Debt limit is 15% of assessed value	\$ 183,711,970
Less: Debt applicable to limitation	\$ -
Total bonded debt	<u>\$ -</u>
Legal debt margin	<u>\$ 183,711,970</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 14
City of Ukiah
Pledged Net Revenue Debt Coverage
Last 10 Fiscal Years

Fiscal Year	Water System Debts (2)				1992 Electric Revenue Bonds				Wastewater System Debts (3)			
	Pledged System		Debt Service		Pledged System		Debt Service		Pledged System		Debt Service	
	Net Revenues	Principal	Interest	Coverage	Net Revenues	Principal	Interest	Coverage	Net Revenues	Principal	Interest	Coverage
2005	-	-	-	-	3,905,903	855,000	1,127,125	1.97	-	-	-	-
2006	-	-	-	-	2,806,927	910,000	1,074,175	1.41	-	-	-	-
2007	258,359	-	-	-	3,936,655	970,000	1,017,775	1.98	-	-	-	-
2008	4,010,754	621,897	696,618	3.04	3,857,843	1,030,000	957,775	1.94	4,464,941	326,760	3,463,644	1.18
2009	3,196,026	637,635	679,481	2.43	401,066	1,095,000	892,656	0.20	5,023,445	736,291	3,454,113	1.20
2010	2,643,638	639,325	675,991	2.01	2,104,320	1,165,000	822,031	1.06	6,026,227	1,546,380	3,428,024	1.21
2011	2,007,243	647,515	665,601	1.53	4,234,671	1,240,000	746,875	2.13	3,577,709	1,956,772	3,369,632	0.67
2012	2,769,261	687,854	622,659	2.11	4,050,422	1,325,000	708,125	1.99	6,903,915	2,027,475	3,267,419	1.30
2013	2,662,015	453,632	622,148	2.47	463,374	1,410,000	625,312	0.23	6,685,684	2,098,499	3,189,995	1.26
2014	2,792,636	468,196	587,262	2.65	(82,183)	1,500,000	537,188	(0.04)	8,978,102	2,169,854	3,109,840	1.70
2015	3,223,234	488,037	567,331	3.05	881,810	1,610,000	443,438	0.43	7,260,306	2,263,252	3,038,640	1.37

Details regarding the City's outstanding debt can be found in the notes to the financial statements.

1. Includes Ukiah Valley Sanitation District payments for Waste Water services and portion of Debt Service.
2. 2005 Water System Installment Agreement
State of California Department of Water Resources
3. 2006 Waste Water System Installment Agreement.
State of California Water Resources Control Board

**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
2006	15,955	\$ 29,508	\$ 470,800,140	\$ 953,993,844	-
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%

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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government ⁽¹⁾	20.1	22.6	24.9	25.2	21.2	21.7	20.7	23.2	23.1	24.0
Police ⁽²⁾	40.5	42.8	43.8	43.3	42.5	39.5	39.5	38.5	43.0	48.0
Fire ⁽³⁾	19.5	21.0	22.0	21.5	20.5	18.5	18.5	15.5	11.0	11.0
Planning & Building	5.3	5.3	5.3	5.1	4.5	4.3	4.3	4.0	5.5	6.0
Public Works, Water Sewer & Wastewater Treatment	39.7	44.2	43.9	44.4	43.9	45.7	41.6	38.9	38.3	39.0
Electric	16.4	17.6	17.6	17.1	18.1	17.8	17.4	18.2	16.2	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	19.0	21.0	22.0	21.0	19.5	18.9	17.9	18.7	17.9	17.0
Totals:	<u>162.3</u>	<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>

(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) FY14/15

Table 17
City of Ukiah
Operating Indicators
Last 10 Fiscal Years

Function	Fiscal Year Ended June 30									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Police										
Felony crimes (1)	1677	1797	1522	1355	1398	1362	1192	1183	1091	508
Misdemeanor Arrests	753	658	791	624	660	621	560	557	479	1269
DUI	487	411	271	232	165	190	141	135	59	113
Crime Reports	4327	4475	4412	4190	3658	3664	3569	3579	3301	3736
Water system (2)										
Annual Consumption (AF)	3,739	3,490	3,148	2,872	2,387	2,505	2,660	2,831	2,788	2,609
Daily average consumption in MGD	3.338	3.116	2.810	2.563	2.130	2.236	2.374	2.527	2.489	2.330
Wastewater system (3)										
Daily average treatment in MGD	1,628.0	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
Maximum daily capacity of treatment plant, in MGD	4.459	2.915	3.066	2.024	3.554	4.049	3.152	2.819	2.473	3.010
Airport system (2)										
Number landings	26,892	29,009	21,391	24,813	22,326	21,972	25,269	38,293	31,700	42,507
Electric System (4)										
Kwh generated in (millions)	-	1	8	6	8	16	3	5	3	4
Streets (5)										
Expenditures for streets in thousands of dollars	\$ 657	\$ 776	\$ 825	\$ 798	\$ 651	\$ 923	\$ 762	\$ 833	\$ 1,087	\$ 1,119
Fire Suppression (6)										
Number paramedical calls	1,344	1,502	1,603	1,519	1,561.00	1,521	1,421	260	-	-
Number fire calls	2,132	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-Electric Energy Surcharge Returns-Note the Hydro Electric plant was not in operation in 2006.

(5) Source: General Ledger

(6) 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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Area in Square Miles	4.70	4.70	4.70	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	21.0	22.0	22.0	22.0	18.5	18.5	18.5	15.5	12.0	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	17	18	18	18
Park acreage	261	261	261	261	261	261	261	298	298	298
Tennis courts	5	5	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	5,439	5,498	4,256	5,544	5,574	5,585	5,650	5,680	5,699	5,712
Miles of water mains	8.6	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, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 7, 2016.

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 2015-1 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 2015-3 and 2015-4 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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2015-2.

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 & Fankhauser, LLP

June 7, 2016

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

2015-1 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, capital assets and accounts payable. 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 2016, 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.

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

2015-1 Accuracy and Timeliness of Accounting Records - Continued

Management's Response:

City management agrees with the recommendation and takes full responsibility for this material weakness in the effectiveness of the City's internal control. The deficiency is earnestly noted, that certain accounts in the City's general ledger had not been thoroughly analyzed and reconciled to supporting records during the fiscal year. Management clearly understands that, as a result of the deficiency, material misstatements in the City's June 30, 2015 financial statements would not have been detected by the City's internal control. Adjusting journal entries were made later to correct the City's accounting records, but the delay made the year-end closing process more difficult and time-consuming, which postponed year-end reports.

The City expects to successfully remedy the internal control weakness with the addition of trained accounting and financial reporting personnel, skilled hand-on leadership in the Finance Department, and improved system functionality and controls. This includes timely balance sheet account analysis and reconciliations. The City's measures will ensure the noted weaknesses are corrected permanently.

2015-2 Electric Revenue Bonds Rate Covenant

Finding:

The Indenture of Trust between the City of Ukiah and Bank of America National Trust and Savings Association, as Trustee for the Electric Revenue Refunding 1992 Bonds includes a requirement to:

"...prescribe, revise and collect such rates and charges for the services, facilities and electricity of Electric System which, after making allowances for contingencies and error in estimates, shall be at least sufficient to pay the following amounts in the order set forth:

- (a) Operating and Maintenance Expenses;
- (b) The interest on, principal and accreted Value (or Mandatory Sinking Account Payment) of the Outstanding Bonds (whether Serial or Term Bonds) as they become due and payable;
- (c) All other payments required for compliance with the Indenture or any Supplemental Indentures; and
- (d) All other payments required to meet any other obligations of the City which are charges, liens or encumbrances upon or payable from Net Operating Revenues.

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

2015-2 Electric Revenue Bonds Rate Covenant - Continued

The Charges shall be so fixed that the Net Operating Revenues, plus any surplus amounts on deposit with the Trustee pledged to the payment thereof, shall be at least 1.25 times the amounts payable under (b) above and 1.0 times the amounts payable under (c) and (d) above.”

For the 2014-15 fiscal year, the City’s Electric Enterprise Fund did not meet the required rate covenant requirement for the Electric Revenue Refunding 1992 Bonds as described above.

Recommendation:

We recommend the City, throughout the fiscal year, calculate and project their ability to meet the required bond rate covenants, and make any changes to the rate structure, if allowable, and/or expense reductions.

Management’s Response:

City management agrees with the recommendation and has put into place procedures to review the cash flows of the electric utility and monitor the revenues and expenses during the year. In addition, there will be a review of the reserve balances held in various accounts to make the appropriate transfers to the Trustee to comply with the rate coverage of the 1992 bonds.

2015-3 Fraud Prevention and Detection Program

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.

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

2015-3 Fraud Prevention and Detection Program - Continued

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.

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:

City management agrees with the recommendation and will take proactive steps to formally identify risks of fraud and to implement and monitor any necessary preventive and deterrent measures to minimize fraud. The City's new Finance Director, who starts on July 25, 2016, is a Certified Public Accountant and is well experienced in effective administrative, accounting, and financial reporting procedures that can deter workplace fraud. Additionally, the new Finance Director will work with the City Manager and the Human Resources Department to establish an ongoing employee training program that will explicitly cover expectations of all employees regarding their duty to communicate actual or suspected fraud as well as information on how to communicate these matters to City management.

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

2015-4 Segregation of Duties

Finding:

Community Services Cash Receipts

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.

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.

Cash Disbursements

While obtaining an understanding of the internal controls over the accounts payable and cash disbursements process, we found there is a lack of segregation of incompatible duties for the Administrative Analyst – AP Clerk. The Administrative Analyst, enters new vendors into the vendor file, changes/updates vendor information, inputs the payments to be made for each check run, obtains the signed and printed checks from the printer, and places the checks in envelopes to be mailed. Also, the Purchasing Supervisor can create purchase order's (PO's), issue PO's, make and approve purchases, request vendors to be added to the AP system, and approve receiving copy or invoice if necessary.

In a strong internal control environment, the individual responsible for entering payments to be made for each check run should not have access to the vendor master file, and also should not have access to the checks once they have been printed and signed. These functions should be segregated to reduce the potential for misappropriation of City funds. In addition, because the PO system does not require multiple approvals to generate PO's, the Purchasing Supervisor has an incompatible duty of being able to create and generate PO's and approve the invoice/purchase.

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

2015-4 Segregation of Duties - Continued

Recommendation:

The City should evaluate the various functions discussed above (and all City functions), and determine what practical steps can be taken to segregate incompatible duties. The City should perform risk assessment procedures, on a regular basis, to determine significant risks to which the City is exposed, which risks the City is willing to accept, and the risks for which the City should take action to mitigate. Cost versus benefit analysis should be considered throughout the risk assessment process.

Management's Response:

Community Services Cash Receipts

City management agrees with the recommendation and has taken appropriate measures to address the noted weaknesses in the Community Services' cash collection processes. In May 2016, the Community Services Department implemented RecDesk, a Web-based accounting and reporting system that manages online registrations for Community Services' programs and issues appropriate receipts for registration payments. Customers are encouraged to register online for programs. In addition, receipt books are used by staff to record payments received in the field, although such payments are seldom made. On a daily basis, all receipts are reconciled to RecDesk by the Department Receptionist and separately by another Community Services staff member. All receipts are forwarded to the Finance Department on a daily basis for deposit in the City's bank accounts and for appropriate coding in the City's general ledger.

Cash Disbursements

City management agrees with the recommendation, although a clear segregation of primary accounts payable responsibilities (vendor file maintenance, payment check processing and distribution) is not entirely possible given the small size of the City staff. However, mitigating measures are being established to ensure all vendor payments are appropriately authorized and reviewed for correctness. Such measures will provide a sound level of internal control over the City's purchasing and cash disbursement processes.

**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, 2015. 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: The City did not use the correct annual population adjustment factor on their Appropriations Limit worksheet. Therefore, their 2014-15 Appropriation Limit is lower by .068%

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

June 7, 2016

CITY OF UKIAH
APPROPRIATIONS LIMIT COMPUTATION
2014 – 2015

	<u>2014 - 2015</u>
Change in Per Capital Personal Income	-0.23%
Population Change	
City Population Growth	0.52%
Change in Per Capita Personal Income Converted to a Ratio	0.9977
Population Change Converted to a Ratio	1.0052
Calculation of Growth Factor	1.0029
2013 - 2014 Appropriations Limit	<u>\$ 35,148,577</u>
2014 - 2015 Appropriations Limit (\$35,148,577 X 1.0029)	<u>\$ 35,250,508</u>