



# City of Ukiah, California Annual Financial Report

Fiscal Year Ended  
June 30, 2018





# ANNUAL FINANCIAL REPORT

CITY OF UKIAH, CALIFORNIA

FISCAL YEAR ENDED JUNE 30, 2018

PREPARED BY

FINANCE DEPARTMENT

CITY OF UKIAH

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**City of Ukiah  
Annual Financial Report  
Year Ended June 30, 2018**

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## INTRODUCTORY SECTION



August 23, 2019

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

We are pleased to submit the City of Ukiah's basic financial statements for the fiscal year ended June 30, 2018. This report is prepared in accordance with state law, generally accepted accounting principles (GAAP), and the best management practices for financial reporting as defined by the Government Finance Officers' Association (GFOA). California law requires that a financial report be prepared annually and audited by a licensed certified public accountant within a reasonable period of time following the year end. These financial statements are presented in conformity with GAAP and audited in accordance with generally accepted auditing standards.

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

found immediately following the report of the independent auditor.

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

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

While traditionally addressed to the governing body of the City, this report is intended to provide relevant financial information to external users (non-management employees), who include the citizens of the City of Ukiah, City staff, creditors, investors, and other concerned



readers. We encourage all readers to contact the Finance Department with any questions or comments concerning this report.

The City's financial statements have been audited by Van Lant & Fankhanel, LLP, a firm of certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2018, are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation.

Based upon the audit, the independent auditors concluded that there was reasonable basis for rendering an unqualified opinion, which states that the City's financial statements for the fiscal year ended June 30, 2018, are presented fairly in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

## PROFILE OF THE CITY OF UKIAH

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

council serves as the legislative body and the City Manager its executive.

Incorporated on March 8, 1876 as a general law city, Ukiah serves as the administrative seat for the County of Mendocino, and with a residential population of more than 16,075<sup>1</sup> in a 4.7 square-mile area, Ukiah is graced with a strong business base and a well-established residential community.

Ukiah is a travel and recreation-oriented



destination and fortunate to have a large area serving as a hub for Lake, Mendocino, southern Humboldt, and northern Sonoma counties. The Ukiah business environment is positive and well organized. Driven by an active chamber of commerce, local businesses are community-oriented and engaged in City-business partnerships, including economic development, job creation, tourism, and community events. The City's permanent retail trade area population is approximately 104,000 people with

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<sup>1</sup> 2018 California Department of Finance, Demographic Research Unit, E-1 Population Estimates for Cities, Counties, and the State

45,000 within a 10-mile radius. Ukiah's historic downtown area is the center of commercial activity within the community. There are also commercial areas along Orchard/Perkins corridor, Airport Park Boulevard, Perkins Street, as well as much of State Street.

In Ukiah, the total labor force is approximately 7,290<sup>2</sup>. Unemployment in Ukiah is approximately 5.4 percent, down from 6.9 percent in 2017. Within ten miles, there is a diverse labor force specializing in such occupations as sales, technical and professional services, education, medical, agriculture, and government services, and other specialties. The largest employment sectors in the Ukiah area are: government (county and city); education; healthcare; light industry; and the service and hospitality trades. The agricultural and construction sectors are important, and the transportation/public utilities, wholesale trade, finance/insurance/real estate and manufacturing sectors round out the employment picture. Some of the larger employers in the primary trade area include the Ukiah Valley Medical Center, Ukiah Unified School District, County of Mendocino, City of Ukiah, and Savings Bank of Mendocino County. Approximately 18 percent of all jobs in Mendocino County are located within the City of Ukiah.

## THE CITY OF UKIAH ORGANIZATION

The City is committed to providing high quality services in an economical manner. For fiscal year 2017-18, the City maintained focus in the following areas:

- **Public Safety Services.** Demand for police and fire services continued to grow due in large part to transient related issues.

This demand has outpaced our labor and financial resources despite the continuation of Measure S funding and an increase in General Fund spending. For our Police Department, the increased service demand is forcing a reactive approach to crime instead of proactive strategies focused on prevention and community oriented policing services.

- **Housing.** Focusing on economic development also means ensuring there is adequate housing for a skilled and growing labor pool. Recognizing a need for housing of all types in Ukiah, the Ukiah City Council adopted a Housing Strategy to increase the supply of both lower-income housing and middle-income housing. The Housing Strategy utilizes a variety of tools and resources to incentivize housing production.
- **Streets.** Public Works has been engaged in projects utilizing Measure Y resources for the improvement of all streets throughout the city.

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

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

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<sup>2</sup> 2018 California Employment Development Department, Labor Market Information Division, <http://www.labormarketinfo.edd.ca.gov>

and is adopted by resolution by the City Council on or before June 30.

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

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

## RELEVANT FINANCIAL POLICIES

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

- All current operating expenditures will be paid for with current revenues, unless the use of reserves is approved by the City Council.
- Revenues will be conservatively estimated.
- Intergovernmental assistance in the form of grants and loans will be used to finance only:
  - Those capital improvements which can be maintained and operated over time; or

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

- The City requires an annual audit of the books of account, financial records, inventories and reports of all City officers and employees involved in the handling of financial matters by a qualified independent auditor.

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

### ACKNOWLEDGEMENTS

The preparation of these basic financial statements could not be accomplished without the efficient and dedicated service of the entire staff of the Finance Department, the City's Management Team, and the auditing firm of Van Lant & Fankhanel, LLP. We would like to express our appreciation to Brett Van Lant, CPA; Greg Fankhanel, CPA; the staff of Van Lant & Fankhanel; and to the members of the Finance Department, City Manager's Office, and other administrative departments who assisted and contributed to its development.

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

Respectfully submitted,



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**SAGE SANGIACOMO**  
**CITY MANAGER**



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**DANIEL BUFFALO, MPA, CPA, CGMA**  
**FINANCE DIRECTOR**  
City of Ukiah, California  
Introductory Section

City of Ukiah, California  
**LIST OF OFFICIALS**

June 30, 2018

CITY COUNCIL

UKIAH REDEVELOPMENT SUCCESSOR AGENCY BOARD OF DIRECTORS

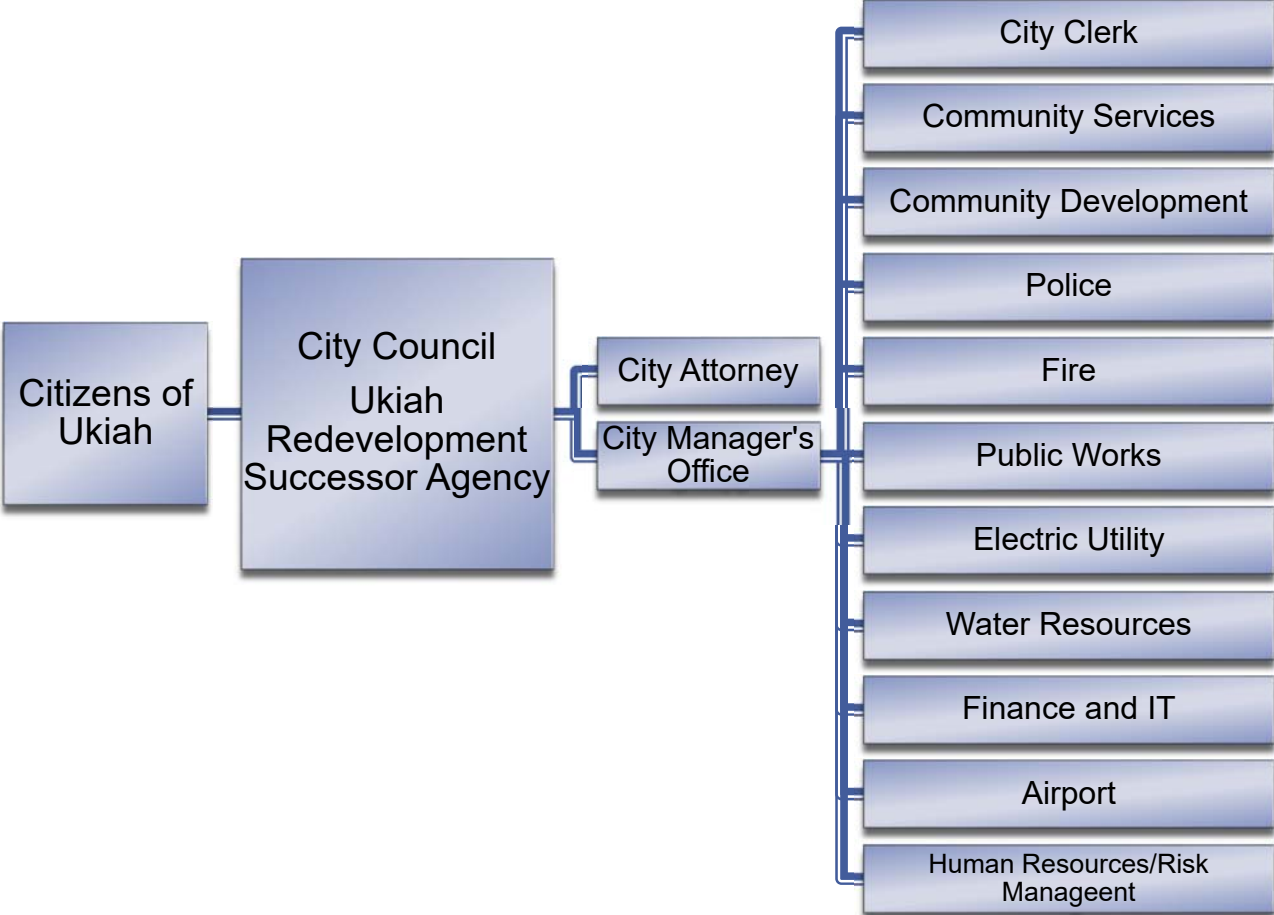
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Kevin Doble	Mayor
Maureen Mulheren	Mayor Pro Tem
Jim Brown	Council Member
Doug Crane	Council Member
Steve Scalmanini	Council Member

MANAGEMENT TEAM	
Sage Sangiacomo	City Manager
Shannon Riley	Deputy City Manager
David Rapport	City Attorney
Kristine Lawler	City Clerk
Chris Dewey	Chief of Police
Dan Grebil	Interim Fire Chief
Daniel Buffalo	Finance Director
Sheri Mannion	Human Resources/Risk Management Director
Tim Eriksen	Public Works Director/City Engineer
Craig Schlatter	Community Development Director
Greg Owen	Airport Manager
Mel Grandi	Electric Utility Director
Sean White	Water Resources Director



# City Organizational Chart



**FINANCIAL SECTION**

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## 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, 2018, 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 opinions.

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Ukiah, as of June 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and other 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 and the schedules listed in the supplementary information section of the table of contents 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 section has 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 August 23, 2019, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Van Lant & Fankhaed, LLP*

August 23, 2019

## MANAGEMENT DISCUSSION AND ANALYSIS (MD&A) (REQUIRED SUPPLEMENTARY INFORMATION)

The following discussion provides readers of the City of Ukiah's financial statements a narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with the Independent Auditor's Report, the basic financial statements, and the accompanying notes.

### FINANCIAL HIGHLIGHTS

- City assets exceeded its liabilities by \$120.5 million (net position) as of June 30, 2018.
- The City's net position in total increased by \$4.5 million during the fiscal year 2017-18, compared to an increase of \$3.6 million in fiscal year 2016-17.
- The net position for governmental activities (i.e., the general fund and special revenue funds) was \$29.5 million, as of year-end close, June 30, 2018 while the net position of business activities was \$90.9 million.
- Of the \$29.5 million in total governmental activities net position, a negative \$21.4 million is characterized as unrestricted, resulting from long-term liabilities unrelated to capital assets.
- General fund balance ended the year at 21.1 percent of revenues due to the completion of the Redwood Business Park infrastructure improvements, a project that ultimately is funded by an agreement between the Successor Agency of the Ukiah Redevelopment Agency and the City. Repayment for the project will commence in fiscal year 2019-20.
- The governmental activities saw increased revenues from tax sources in the amount of \$2.5 million driven by a strong local economy and realization of a full year of receipts from a 0.5 percent transaction and use tax, known as Measure Y. It was offset, in part, by a small decline in the License, permits and franchise income as well as interest income.
- Business activities saw revenue for charges for services increase by \$2.2 million driven primarily by increased rates for water and electric as well as the recognition of a few smaller one-time revenues.

### OVERVIEW OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT

These basic financial statements are presented in two major parts:

- 1) **Introductory section**, which includes the Transmittal Letter and general information; and
- 2) **Financial section**, which includes the Management's Discussion and Analysis (MD&A), the Basic Financial Statements, which include the Government-wide and the Fund Financial Statements, along with the notes to these financial statements and Combining and Individual Fund Financial Statements and Schedules; and

This Management discussion and Analysis is intended to serve as an introduction to the financial section. The statements of this section are comprised of components including financial highlights, government-wide financial statements, fund financial statements, a general fund budgetary comparison and an economic outlook.

### The Government-Wide Financial Statements

The government-wide financial analysis provides an overview of the City's activities and is comprised of the Statement of Net Position and the Statement of Activities. The Statement of Net Position provides information about the financial position of the City as a whole, including all of its assets, capital assets and liabilities on the full-accrual basis, similar to that used by private sector entities. The Statement of Activities provides information about all of the City's revenues and expenses, also on the full-accrual basis, with the emphasis on measuring net revenues or expenses of each the City's major functions, which have been categorized as follows:

#### Governmental Activities

- General government (e.g., City Council, City manager, City Clerk, finance and accounting, human resources, legal, treasurer, etc.)
- Public safety (Police and Fire)
- Public works (road maintenance, city engineer and public works,)
- Housing and community development (planning, building, CDBG and HOME grants)
- Recreation and culture (museum, pool, adult and youth sports, etc.)
- Parks, buildings, and grounds (parks, building and grounds maintenance, etc.)

#### Business-type activities

- Water (including recycled water)
- Sewer
- Electric
- Solid Waste Disposal site
- Parking
- Street lighting
- Airport
- Conference Center
- Golf Course

The Statement of Activities explains in detail the change in Net Position for the year. As indicated in the Financial Highlights, the City's net position increased \$4.5 million, which includes costs associated with depreciation and other non-budgeted items that may not have an effect on cash or current financial resources but do affect net position. The statement presents expenses categorized by function or activity. This is done so that a direct connection can be made to the cost of providing that service or function for the year. The statement then presents how that activity was financed using funds other than those that can be used for any purpose (i.e. taxes, fines, investment earnings, etc.). This is an attempt to demonstrate how self-sufficient an activity was during the year. The remainder is the net expense covered by general revenues.

All of the City's activities are grouped into either governmental activities or business-type activities, as explained below. The amounts in the Statement of Net Position and the Statement of Activities are

separated into governmental activities and business-type activities in order to provide a clear summary of the two.

Government-wide financial statements, prepared on the accrual basis, measure the flow of all economic resources of the City.

The Statement of Net Position and the Statement of Activities present information about the following:

- **Governmental activities**—all of the City’s basic services are considered to be governmental activities. These services are supported by general city revenues, such as taxes, and by specific program revenues such as user fees and charges.

The City’s governmental activities also include the housing activities of the (former) Ukiah Redevelopment Agency, a separate legal entity for which the City is financially responsible. As of February 1, 2012, the Ukiah Redevelopment Agency was dissolved and a successor agency was established to handle the remaining affairs and obligations of the former agency. The City of Ukiah elected to be that successor agency. Upon dissolution, the assets and liabilities of the former agency were transferred to a private-purpose trust fund, which is not reported on the government-wide statements, but is presented in the fund-based statements using the full accrual basis of accounting.

- **Business-type activities**—The City’s enterprise activities of electric, water, sewer, recycled water, solid waste disposal site, parking, street lighting, airport, conference center and golf course are reported in this area. Unlike governmental activities, these services are supported by charges paid by users based on the amount of the service they use.

## Fund Financial Statements

The fund financial statements report the City's operations in more detail than the entity-wide statements and focus primarily on the short-term activities of the City's general fund and other major funds. The fund financial statements measure only current revenues and expenditures and fund balances; they exclude capital assets, long-term debt and other long-term amounts.

Because the focus of fund statements is narrower than that of the government-wide, it is useful to compare the information presented for the governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impacts of the City's near-term financing decisions. Both the governmental activities Statement of Net Position and the governmental funds Statement of Revenues, Expenditures, and Changes in Net Position provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Major funds account for the largest portion of the financial activities of the City and are presented individually, while the activities of non-major funds are presented in summary, with supplementary schedules presenting the detail for each. Major funds are explained below.

The fund financial statements provide detailed information about each of the City's most significant funds, termed major funds. The concept of major funds, and the determination of which are major, was established by GASB Statement 34 and replaces the concept of combining like funds and presenting them in total. Instead, each major fund is presented individually, with all non-major funds summarized and presented only in a single column. Supplementary Information present the detail of these non-major funds. Major funds present the major activities of the City for the year, and may change from year to year as a result of changes in the pattern of City's activities.

For the fiscal year ended June 30, 2018, the City's major funds were as follows:

### GOVERNMENTAL FUNDS:

- General fund

### PROPRIETARY FUNDS:

- Electric fund
- Water enterprise fund
- Sewer enterprise fund
- Solid waste disposal site (landfill)

The City's enterprise funds (electric, water, sewer and disposal site) are reported as proprietary funds. Enterprise fund financial statements are prepared on the full-accrual basis, and include all of their assets and liabilities, both current and long-term.

The City adopts an annual appropriated budget for all governmental and proprietary funds. Budgetary comparison statements for the general fund and all major governmental funds are presented as required supplementary information (RSI), as required by GASB 34. Proprietary budget comparison statements are not required or presented.

## Fiduciary Statements

The City's fiduciary activities are reported in the separate Statement of Fiduciary Net Position. These activities are excluded from the City's other financial statements because the City cannot use these assets to finance its own operations. The City maintains two fund types in this category: agency and private purpose trust funds. These funds include resources held by the City on behalf of the Ukiah Valley Sanitation District, The Russian River Watershed Association, the Ukiah Valley Fire District and the successor agency (activities for the former redevelopment agency), and for certain other entities, for which the City acts solely as an agent. They provide information about the cash balances and activities of these funds.

## Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-wide and Fund Financial Statements. The notes to the basic financial statements can be found following the basic financial statement presentation of this report.

## Other Supplementary Information

In addition to the basic financial statements and the accompanying notes, this report also presents combined statements, which illustrate the condition and activities of all non-major funds. The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the notes to the financial statements.



## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. The following table reflects the condensed net position for both governmental and business-type activities.

### Net Position Comparison Fiscal Years 2018 and 2017

	Governmental Activities		Business-type Activities		Total Government	
	2018	2017	2018	2017	2018	2017
<b>ASSETS</b>						
Current assets	28,476,340	22,291,218	56,854,120	52,905,102	85,330,460	75,196,320
Capital assets	43,591,052	33,668,910	146,416,552	136,228,123	190,007,604	169,897,033
Total assets	72,067,392	55,960,128	203,270,672	189,133,225	275,338,064	245,093,353
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred outflow of resources related to pension	8,317,594	7,272,464	3,212,944	3,453,941	11,530,538	10,726,405
<b>LIABILITIES</b>						
Current liabilities	9,005,846	1,606,593	8,737,666	3,095,163	17,743,512	4,701,756
Noncurrent liabilities	41,049,956	31,160,055	106,100,799	110,077,406	147,150,755	141,237,461
Total liabilities	50,055,802	32,766,648	114,838,465	113,172,569	164,894,267	145,939,217
<b>DEFERRED INFLOW OF RESOURCES</b>						
Deferred inflow of resources related to pension	838,237	2,436,136	679,940	1,726,266	1,518,177	4,162,402
<b>NET POSITION</b>						
Net investment in capital assets	38,289,548	33,668,910	70,965,675	46,328,983	109,255,223	79,997,893
Restricted	12,610,721	11,698,264	81,992	-	12,692,713	11,698,264
Unrestricted	(21,409,322)	(17,337,366)	19,917,544	31,359,348	(1,491,778)	14,021,982
Total net position	\$ 29,490,947	\$ 28,029,808	\$ 90,965,211	\$ 77,688,331	\$ 120,456,158	\$ 105,718,139

The City's net position as of June 30, 2018, was \$120.5 million, an increase of \$4.5 million after a restatement of net position of \$10.2 million in business-type activities. The restatement primarily was the result of the recognition of the long-term receivable due to the City from the Ukiah Valley Sanitation District for the 2006 capacity improvements to the City's sewer treatment plant. The overall change in net position is due in large part to increased revenues for taxes and charges for services offset.

The change in net position for the fiscal years ended June 30, 2018 and 2017 are discussed below. This information is presented in greater detail than that found on the Statement of Activities or Changes in Net Position to allow the reader to gain a more in-depth understanding of the sources and uses of revenue.

Capital assets (net of related debt) of \$109.3 million include land, buildings and related improvements, machinery, equipment, vehicles, and infrastructure (roads and public rights-of-way, electric, water and sewer lines, etc.). A major addition was street and right-of-way improvements to the Redwood Business Park as well as work in progress for the recycled water project.

Restricted net position of \$12.7 million is primarily comprised of cash and cash-equivalents for use as prescribed by an outside entity, such as a grantor, bond holder, covenant, or other restricting entity or instrument, or are in the form of long-term notes receivable and are unavailable for spending. In the case for FY 2018, this is held primarily for streets and rights-of-way for the Redwood Business Park improvements funded by I-Bank loan proceeds of \$4 million as well as various special revenue funds. It is important to note that restricted cash and investments may be different than restricted net position, e.g., cash restricted by a bond indenture as part of a bond issue is offset by the corresponding liability on the statement of net position, which is part of net investment in capital assets.

Combined governmental and business-type unrestricted net position of negative \$6.4 million includes long-term liabilities, such as unfunded pension obligations with CalPERS. In governmental activities these obligations are greater than cash and cash equivalents and may be used to meet the City's ongoing obligations to citizens, creditors, and City-imposed designations (e.g. reserves, pending litigations, contingencies, capital projects, special grant and revenue programs and projects, etc.).

Changes in Net Position  
Fiscal Years Ended June 30, 2018 and 2017

	Governmental Activities		Business-type Activities		Total Government	
	2018	2017	2018	2017	2018	2017
<b>Revenues:</b>						
Program revenues	\$ 6,519,200	\$ 4,046,400	\$ 36,274,538	\$ 34,186,371	\$ 42,793,738	\$ 38,232,771
<b>General Revenue:</b>						
Taxes	15,533,252	12,969,357	73,004	13,146	15,606,256	12,982,503
Licenses, permits, and franchises	1,653,146	1,792,595	-	-	1,653,146	1,792,595
Fines, forfeitures, and penalties	-	73,835	-	72,038	-	145,873
Intergovernmental	-	-	-	-	-	-
Use of money and property	328,535	404,235	315,104	289,051	643,639	693,286
Gain on sale of property	-	-	-	45,998	-	45,998
Other Revenue	139,439	192,351	-	47,770	139,439	240,121
Total revenues	24,173,572	19,478,773	36,662,646	34,654,374	60,836,218	54,133,147
<b>Expenses:</b>						
<b>Governmental activities:</b>						
General government	1,517,657	(694,605)	-	-	1,517,657	(694,605)
Public safety	13,376,937	8,887,246	-	-	13,376,937	8,887,246
Public works	2,948,713	296,934	-	-	2,948,713	296,934
Housing and community development	1,173,232	1,007,840	-	-	1,173,232	1,007,840
Recreation and culture	1,846,275	(941,122)	-	-	1,846,275	(941,122)
Parks, buildings, and grounds	1,412,291	980,919	-	-	1,412,291	980,919
Interest	73,532	-	-	-	73,532	-
<b>Business-type activities:</b>						
Water utility	-	-	4,619,376	5,155,680	4,619,376	5,155,680
Sewer utility	-	-	9,731,326	10,097,669	9,731,326	10,097,669
Electric utility	-	-	16,302,780	17,401,780	16,302,780	17,401,780
Solid waste disposal site	-	-	667,195	565,819	667,195	565,819
Parking	-	-	153,686	158,482	153,686	158,482
Street lighting	-	-	395,722	328,943	395,722	328,943
Airport	-	-	1,518,021	1,836,332	1,518,021	1,836,332
Conference Center	-	-	369,086	411,141	369,086	411,141
Golf course	-	-	223,368	41,366	223,368	41,366
Total expenses	22,348,637	9,537,212	33,980,560	35,997,212	56,329,197	45,534,424
Increase (decrease) in net position before transfers and special items	1,824,935	9,941,561	2,682,086	(1,342,838)	4,507,021	8,598,723
Special items	-	-	-	(4,984,310)	-	(4,984,310)
Transfers	(363,796)	(639,819)	363,796	639,819	-	-
Change in net position	1,461,139	9,301,742	3,045,882	(5,687,329)	4,507,021	3,614,413
<b>Net position:</b>						
Beginning net position	28,029,808	18,728,066	77,688,331	83,375,660	105,718,139	102,103,726
Restatement of net position	-	-	10,230,998	-	10,230,998	-
End of year	\$ 29,490,947	\$ 28,029,808	\$ 90,965,211	\$ 77,688,331	\$ 120,456,158	\$ 105,718,139

## ACTIVITIES

Activity expenses of the City for FY 2018 year totaled \$56.3 million, an increase from FY 2017 of \$10.8 million. The increase was driven in large part by the recognition of expenses related to long-term obligations, such as unfunded pension liabilities. Governmental expenses totaled nearly \$22.4 million or 39.7 percent of total expenses. Public safety costs represented the majority of the governmental activities expenses, followed by public works and recreation and culture (including museum).

Governmental expenses in FY 2018 differ from those in FY 2017 primarily due to the effect of long-term obligations in 2018 as well as changes to the characterization of certain expenses by management.

Business-type activities incurred \$33.9 million of expense during the fiscal year, which was less than in FY 2017 by \$2.0 million. The decrease was attributed largely to less operating expenses in the electric utility, as well as several of the non-major enterprise funds.

### Governmental Activities (Expenses)

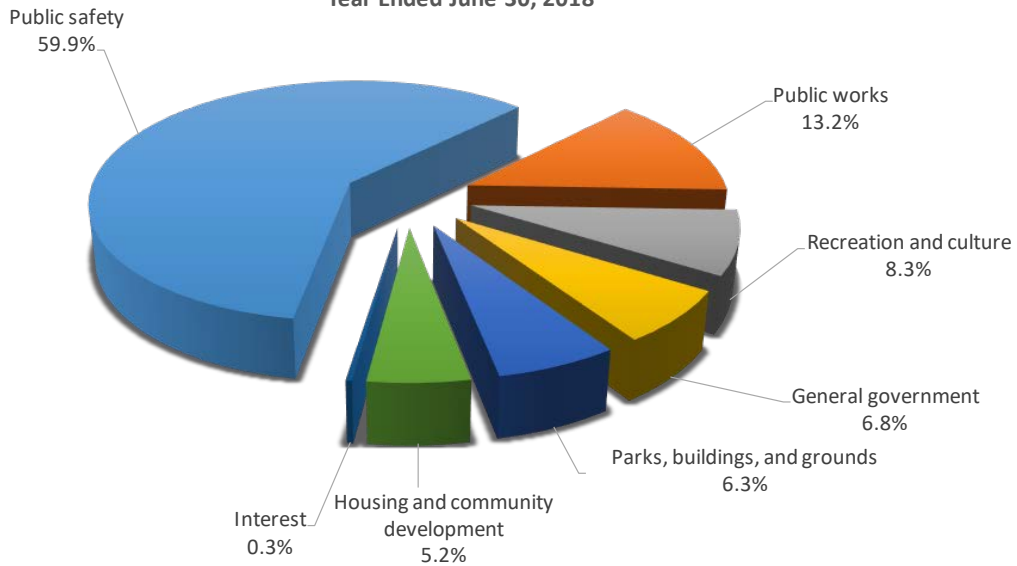
The most significant expenses incurred by the City are providing public safety services (59.9 percent of total governmental expenses). Roads and infrastructure include depreciation expense associated with assets assigned to governmental functions, such as buildings, equipment, and vehicles. From highest to lowest, costs directly associated with governmental activities were as follows:

#### HIGHEST TO LOWEST

##### Governmental Activities - Net Revenue (Expenses)

	Year Ended June 30, 2018		Year Ended June 30, 2017	
	Total Cost of Services	Net Revenue (Expense)	Total Cost of Services	Net Revenue (Expense)
Public safety	\$ 13,376,937	\$ (12,358,054)	\$ 8,887,246	\$ (7,902,988)
Public works	2,948,713	1,108,500	296,934	168,864
Recreation and culture	1,846,275	(817,556)	(941,122)	3,034,071
General government	1,517,657	(1,249,613)	(694,604)	875,648
Parks, buildings, and grounds	1,412,291	(1,412,291)	980,919	(957,520)
Housing and community development	1,173,232	(1,061,468)	1,007,840	(708,888)
Interest	73,532	(73,532)	-	-
Total	\$ 22,348,637	\$ (15,864,014)	\$ 9,537,213	\$ (5,490,813)

**Expenses by Function - Governmental Activities  
Year Ended June 30, 2018**



**Governmental Activities (Revenues)**

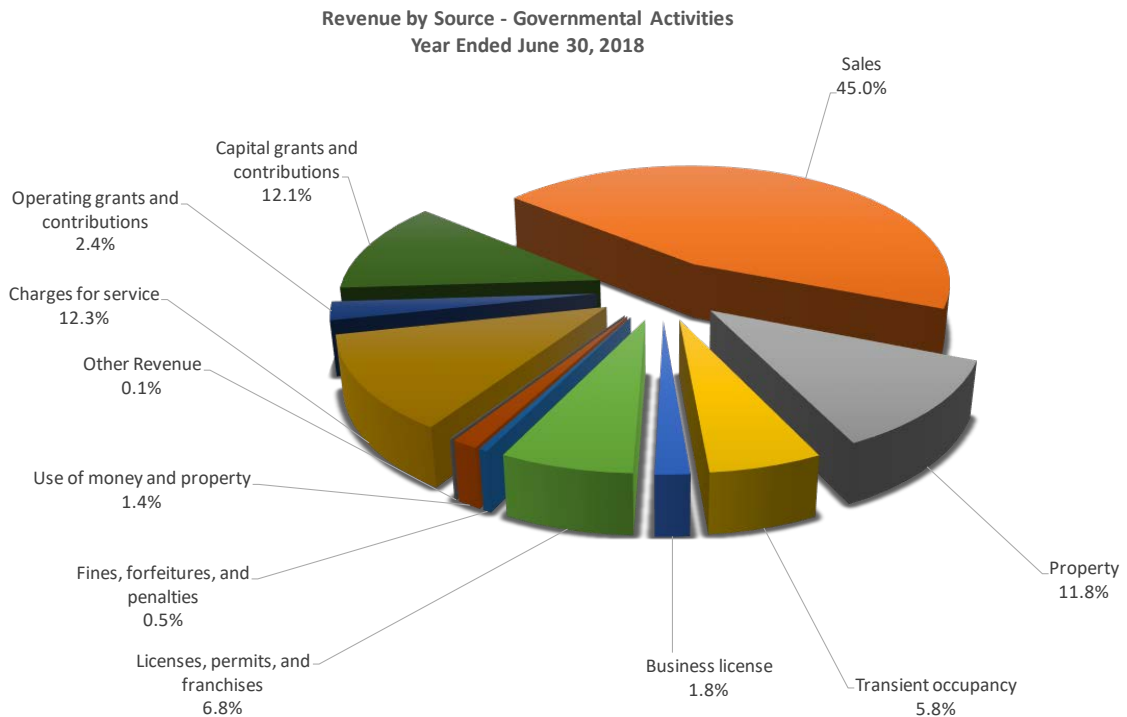
Significant revenues for the City came from taxes (65.4 percent), which included sales taxes (Bradley-Burns, Measure P and Measure Y transactions and use taxes), property taxes and transient occupancy taxes. Revenues overall were higher in 2018 than in 2017 due to a stronger local economy generating greater sales tax as well as the full year worth of collection of Measure Y proceeds. Only a partial year was received in 2017.

From highest to lowest, revenues directly associated with governmental collections were as follows. This information is presented in greater detail than that found on the Statement of Activities or Changes in Fund Balance to allow the reader to gain a more in-depth understanding of the sources and uses of revenue.

**Governmental Activities - Revenues**

	Year Ended June 30, 2018	Year Ended June 30, 2017
Taxes:		
Sales	\$ 10,853,469	\$ 9,805,225
Property	2,838,902	1,470,323
Transient occupancy	1,406,417	1,302,336
Business license	434,216	391,224
Other taxes	248	249
Licenses, permits, and franchises	1,653,146	1,792,595
Fines, forfeitures, and penalties	113,139	73,835
Use of money and property	328,535	404,235
Other Revenue	26,300	192,351
Charges for service	2,977,647	1,487,426
Operating grants and contributions	580,562	1,233,883
Capital grants and contributions	2,960,991	1,325,091
<b>Total</b>	<b>\$ 24,173,572</b>	<b>\$ 19,478,773</b>

Sales tax revenue is the most significant source of governmental income for the City at 45.7 percent. It emphasizes the strong tie the City has with its local economy and businesses. Charges for service, including recreation program income, drive the second most significant source of City income and, unlike taxes, are directly correlated to the programs and opportunities offered to the Ukiah citizenry.

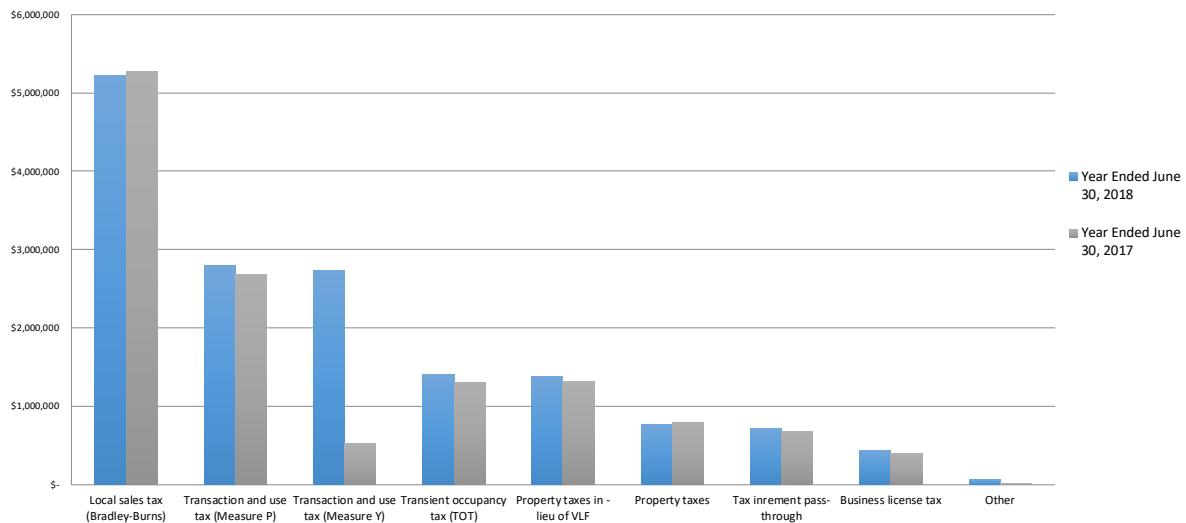


HIGHEST TO LOWEST

Taxes by Source - Governmental  
Two-Year Comparison

	Fiscal Year Ended		Increase (Decrease)
	Year Ended	Year Ended	
	June 30, 2018	June 30, 2017	
Local sales tax (Bradley-Burns)	\$ 5,224,629	\$ 5,276,719	\$ (52,090)
Transaction and use tax (Measure P)	2,790,668	2,684,958	105,710
Transaction and use tax (Measure Y)	2,729,797	528,057	2,201,740
Transient occupancy tax (TOT)	1,406,416	1,302,336	104,080
Property taxes in -lieu of VLF	1,390,342	1,315,491	74,851
Property taxes	768,812	787,437	(18,625)
Tax inrement pass-through	724,760	682,886	41,874
Business license tax	434,464	391,224	43,240
Other	63,364	249	63,116
	<u>\$ 15,533,252</u>	<u>\$ 12,969,357</u>	<u>\$ 2,563,895</u>

Tax Sources Compared  
2018 and 2017



## Business-type Activities

In the fiscal year ended June 30, 2018, business-type activities increased the City's net position by \$3.1 million, resulting from decreased operating costs in several enterprise funds - led by the electric utility - and increased revenue from rates in both water and electric.

Electric operating revenues were up 5.7 percent over FY 2017 while operating expenses decreased 5.9 percent. Power purchase costs were slightly lower than in the previous year.

Water revenues from fees and charges were up from the previous fiscal year by 10 percent resulting from a rate increase in 2016 that is being phased in over five years as well as increased expansion revenues from development. Operating expenses, however, were significantly higher than in 2017 due to increased maintenance activities, including depreciation expenses on newer capital assets.

Sewer revenues from fees and charges were up in 2018 compared the year prior, driven largely by expansion fee revenues from development. Conversely, sewer enterprise operating expenses remained relatively flat. Costs incurred from legal expenses by the City in defense of litigation brought by the Ukiah Valley Sanitation District remained significant to the enterprise. The result was Operating Income of \$1.1 million, which does not include debt service contributions from the Ukiah Valley Sanitation District.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

The City's investment in capital assets for its governmental and business-type activities at June 30, 2018 totaled \$189.9 million (net of accumulated depreciation). The investment in capital assets includes land, buildings and improvements, equipment, vehicles, infrastructure, and construction in progress. Depreciation expense for the year, government-wide, totaled \$5.8 million.

Capital Assets, net of depreciation  
Two-Year Comparison

	Governmental Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Land	\$ 495,340	\$ 495,340	\$ 6,699,399	\$ 5,233,575	\$ 7,194,739	\$ 5,728,915
Construction in progress	8,437,121	5,443,190	18,658,759	9,185,475	27,095,880	14,628,665
Buildings and improvements	15,521,701	12,792,999	29,225,060	30,406,208	44,746,761	43,199,207
Machinery, equipment, and vehicles	2,833,605	1,857,278	5,773,745	5,124,732	8,607,350	6,982,010
Infrastructure and network	16,303,285	13,080,103	86,059,589	86,275,039	102,362,874	99,355,142
Total Capital Assets, Net	\$ 43,591,052	\$ 33,668,910	\$ 146,416,552	\$ 136,225,029	\$ 190,007,604	\$ 169,893,939

Additional information on the City's capital assets can be found in Note 4, along with the City's capitalization policies in Note 1 in the notes to the basic financial statements. Primary reasons for the change in capital assets included the construction of recycled water project as well as the Redwood Business Park.

## Long-Term Liabilities

The City's outstanding Noncurrent liabilities, including bonds, loans payable, the net pension liability and compensated absences totaled \$147.2 million as of June 30, 2018. The City added five obligations to the balance sheet in 2018, including settlement payments to end the lawsuit with the Ukiah Valley Sanitation District; vehicle and equipment acquisitions; and amounts to its insurance carrier, REMIF, to fund past workers comp and liability claims. Electric revenue bonds, however, matured and were retired.

### Long-term Obligations Two-Year Comparison

	Governmental		Business-type		Total	
	Activities		Activities			
	2018	2017	2018	2017	2018	2017
2017 CallTrans Aeronautics Loan - Airport	\$ -	\$ -	\$ 190,121	\$ 199,883	\$ 190,121	\$ 199,883
Electric Revenue Bonds	-	-	-	1,950,000	-	1,950,000
2016 Water Revenue Refunding Bonds	-	-	10,190,000	10,680,000	10,190,000	10,680,000
2016 unamortized premium	-	-	1,433,734	1,458,887	1,433,734	1,458,887
2006 Wastewater Revenue Bonds	-	-	58,820,000	60,910,000	58,820,000	60,910,000
Lawsuit settlement liability	-	-	4,984,310	4,984,310	4,984,310	4,984,310
2017 fire engine lease	1,075,806	-	-	-	1,075,806	-
2017 computer equipment lease	225,698	-	-	-	225,698	-
2017 I-Bank financing lease	4,000,000	-	-	-	4,000,000	-
Claims payable	1,108,831	-	-	-	1,108,831	-
Net pension liability	34,062,535	30,608,527	15,535,707	14,903,571	49,598,242	45,512,098
Compensated absences	577,086	612,809	246,557	290,387	823,643	903,196
Landfill closure and post-closure	-	-	14,700,370	14,700,370	14,700,370	14,700,370
	<u>\$ 41,049,956</u>	<u>\$ 31,221,336</u>	<u>\$ 106,100,799</u>	<u>\$ 110,077,408</u>	<u>\$ 147,150,755</u>	<u>\$ 141,298,744</u>

Additional information on the City's outstanding long-term liabilities can be found in Note 6.

## FUND FINANCIAL ANALYSIS

The City employs fund accounting to ensure and demonstrate compliance with finance-related legal requirements. As was mentioned earlier, fund financial statements present information based on current financial resources and expenditures. Essentially they are snapshots of the condition of major funds in the near-term; whereas, the government-wide statements present the entire picture of the reporting entity. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. For comparison purposes, fund statements correlate well to the City's adopted budget.



## GOVERNMENTAL FUNDS

As of June 30, 2018, the City's governmental fund balance was \$16.6 million. GASB 54 established five new criteria for categorizing that balance based on its restricted and unrestricted use. The five categories are the following:

- Nonspendable fund balance
- Restricted fund balance
- Committed fund balance
- Assigned fund balance
- Unassigned fund balance.

A more detailed discussion of these fund balance categories is presented in Note 1.

### General Fund Financial Condition

The City's general fund is its primary source of discretionary resources for the provision of service deemed necessary and desirable by the citizens of Ukiah and the City Council. General fund revenues were up over 20 percent (\$3.3 million) with increases reflected across most categories. The improving economy is reflected in these numbers.

The fund reported \$1.7 million in nonspendable fund balance in fiscal year 2017-18. This is comprised of long-term interfund advances.

The balance of \$3.3 million includes \$4 million in loan proceeds from I-Bank, which is intended for the Redwood Business Park infrastructure improvements and is reported under restricted fund balance - those financial resources can be spent only on specific activities as defined by outside entities (e.g. a grantor, state agency, statute, etc.).

Assigned fund balance consists primarily of the general fund reserve and several select capital projects earmarked by the City Council. This amount is zero for the end of the year due to its use to complete the Redwood Business Park.

The City's reserve policy for the general fund is 25 percent. The fund dipped below that requirement to 21.1 percent to due funding for the Redwood Business Park infrastructure improvements. The project was intended to be paid for by the former Ukiah Redevelopment Agency through a formal agreement with the City. The agreement was disallowed by the California Department of Finance, but the City challenged that determination in court and was victorious. Repayment for the project to the general fund will begin in fiscal year 2019-20.

## PROPRIETARY FUNDS

### Enterprise Fund-Electric

The net position of the electric enterprise fund increased by \$814,572. Operating revenue increased considerably due to increases to the continued implementation of a revised rate schedule as well as the recognition of one-time sources. Purchased power decreased nominally, while expenses related to maintenance and operations decreased as well.

### Enterprise Fund - Water

The net position of the water enterprise fund increased by \$1.0 million from that of the prior year, which was a smaller increase to net position than in fiscal year 2018 due to the purchase of land at the Ukiah Municipal Golf Course for water storage tanks. Operating revenues exceeded operating expenses by \$2.2 million, while non-operating expenses outpaced revenues (property taxes and interest of water loans and bonds) by \$351,469.

### Enterprise Fund - Sewer

The net position of the sewer enterprise fund increased by \$590,171. Operating revenue was higher than the prior year in nearly all sources, including residential and commercial. Revenues exceeded operating expense by \$1.1 million.

Non-operating revenues and expenses decreased net position by \$2.7 million consisting of the interest expense on wastewater treatment plant 2006 bonds. The overall effect to this was offset by contributions by the Ukiah Valley Sanitation District toward the City's debt service of the 2006 bonds, representing its commitment and interest in use of the City's sewer treatment plant.

## BUDGETARY COMPARISON

A comparison of budget to actual for major governmental funds is presented in the fund financial statements. These statements and the notes are presented as additional information to show that appropriations are being spent as authorized by the City Council. Budgetary control for the City rests at the fund level.

### General Fund

The original budget estimated \$19.6 million in revenues. Estimates were increased nominally in recognition of small amounts to offset additional appropriation requests. Revenue in the general fund, as reported, was \$153,723 higher than was budgeted due to higher than anticipated increases to a number of various sources.

The only significant change to appropriations during the year was an increase to the capital outlay budget due to grant-funded projects that ultimately were deferred to the next fiscal year.

Actual expenditures were \$165,441 less than budget for the general fund. Included in the final expenditure amount is the recognition of the acquisition of two Type-I fire engines, which were approved

by the City Council without a corresponding budget amendment. Cost of public safety was higher than budget as well primarily due to overtime costs.

General Fund Budgetary Comparison  
Year Ended June 30, 2018

Revenues	Original Estimate	Final Estimate	Actual Revenue	Variance Positive (Negative)
General Fund				
Taxes:				
Sales	\$ 2,794,803	\$ 2,794,803	\$ 2,838,902	\$ 44,099
Property	11,590,836	11,590,836	10,802,364	(788,472)
Transient occupancy	1,293,650	1,293,650	1,406,417	112,767
Business license	367,250	367,250	358,610	(8,640)
Other taxes	45,000	45,000	51,389	6,389
Franchise fees	1,580,304	1,580,304	1,653,146	72,842
Licenses, permits, and franchises	330,525	345,525	548,627	203,102
Fines, forfeitures, and penalties	88,500	88,500	113,139	24,639
Intergovernmental	43,795	43,795	34,296	(9,499)
Use of money and property	174,300	174,300	170,939	(3,361)
Charges for service	1,289,400	1,289,400	1,679,034	389,634
Other Revenue	-	-	110,223	110,223
Total	<u>\$ 19,598,363</u>	<u>\$ 19,613,363</u>	<u>\$ 19,767,086</u>	<u>\$ 153,723</u>
Expenditures	Original Appropriation	Final Appropriation	Actual Expenditure	Variance Positive (Negative)
General Fund				
Current:				
General government	206,079	334,510	282,860	51,650
Housing and community development	908,376	1,100,855	1,019,061	81,794
Public works	1,585,763	1,652,513	1,643,691	8,822
Public safety	10,870,402	10,930,316	12,571,245	(1,640,929)
Recreation and culture	1,118,955	1,133,947	1,250,665	(116,718)
Parks, buildings, and grounds	1,466,595	1,526,402	1,412,291	114,111
Capital outlay	7,588,000	9,570,842	7,904,131	1,666,711
Debt service:				-
Principal retirement	-	49,925	49,925	-
Interest	-	14,055	14,055	-
Total	<u>\$ 23,744,170</u>	<u>\$ 26,313,365</u>	<u>\$ 26,147,924</u>	<u>\$ 165,441</u>
Excess of revenue over (under) expenditures	<u>(4,145,807)</u>	<u>(6,700,002)</u>	<u>(6,380,838)</u>	<u>319,164</u>
Other financing sources (uses)				
Debt proceeds	4,000,000	4,000,000	5,125,731	1,125,731
Transfers in	2,186,703	2,186,703	851,338	(1,335,365)
Transfers (out)	(410,856)	(410,856)	(748,546)	(337,690)
Total other	<u>5,775,847</u>	<u>5,775,847</u>	<u>5,228,523</u>	<u>(547,324)</u>
Net change in fund balance	<u>\$ 1,630,040</u>	<u>\$ (924,155)</u>	<u>\$ (1,152,315)</u>	<u>\$ (228,160)</u>

## ECONOMIC OUTLOOK

The local and national economy grew strongly in 2018. Unemployment continued to decline as consumer confidence rose. Sales tax revenue continued to grow robustly due, in part, to a full year collection of a 0.5 percent transaction and use sales tax measure. Home values continue rising and we expect to see revenues from property-related taxes increase as a result.

Maintaining and growing revenue streams to the City remains a high priority for staff. Existing sources – predominately sales and property taxes – continue to be strong and growing, but our estimates for the future will continue to be conservative. Expenses related to personnel (primarily in health premium and pension costs) are increasing at a substantial, though manageable, pace. We continue to look to find cost saving measures to help offset these expenses while pushing aggressively to retain and recruit the highest quality workforce possible. The challenge remains providing a high level of service that the community needs, expects, and deserves.

## REQUESTS FOR INFORMATION

These basic financial statements are intended to provide citizens, taxpayers, investors, and creditors with a general overview of the City's finances. Questions regarding this report, or request for additional information, should be made to the Finance Department, City of Ukiah, CA, 95453.

## **BASIC FINANCIAL STATEMENTS**

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**City of Ukiah**  
**Statement of Net Position**  
June 30, 2018

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and Investments	\$ 10,111,080	\$ 28,575,092	\$ 38,686,172
Restricted Cash and Investments	6,826,590	4,845,036	11,671,626
Receivables:			
Accounts	1,148,039	4,992,799	6,140,838
Taxes	2,133,052	-	2,133,052
Notes	5,127,712	32,500	5,160,212
Interest	26,140	85,100	111,240
Intergovernmental Receivables	536,917	79,496	616,413
Investment in NCPA Reserves	-	7,220,588	7,220,588
Internal Balances	4,646	(4,646)	-
Prepays	126,290	-	126,290
Refundable Deposits	-	3,730	3,730
Land Held for Resale	2,435,114	-	2,435,114
Inventory	760	1,144,482	1,145,242
Capacity Project Receivable from UVSD	-	9,879,943	9,879,943
Capital Assets, Not Being Depreciated	8,932,461	25,358,158	34,290,619
Capital Assets, Depreciated, Net	34,658,591	121,058,394	155,716,985
Total Assets	72,067,392	203,270,672	275,338,064
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Pension Related Items	8,317,594	3,212,944	11,530,538
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	8,942,272	7,674,032	16,616,304
Interest Payable	63,574	1,057,310	1,120,884
Deposits Payable	-	6,324	6,324
Noncurrent Liabilities:			
Due within One Year	624,462	3,774,407	4,398,869
Due in More Than One Year	40,425,494	102,326,392	142,751,886
Total Liabilities	50,055,802	114,838,465	164,894,267
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Pension Related Items	838,237	679,940	1,518,177
<b>NET POSITION</b>			
Net Investment in Capital Assets	38,289,548	70,965,675	109,255,223
Restricted for:			
Public Safety	361,887	-	361,887
Public Works:			
Expendable	238,273	-	238,273
Nonexpendable	137,576	-	137,576
Housing and Community Development	11,736,766	-	11,736,766
Parks and Recreation	136,219	-	136,219
NCPA Projects	-	81,992	81,992
Unrestricted	(21,409,322)	19,917,544	(1,491,778)
Total Net Position	\$ 29,490,947	\$ 90,965,211	\$ 120,456,158

The accompanying notes are an integral part of this statement.

**City of Ukiah**  
**Statement of Activities**  
Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
General Government	\$ 1,517,657	\$ 268,044	\$ -	\$ -
Public Safety	13,376,937	587,848	431,035	-
Public Works	2,948,713	1,093,036	37,763	2,960,991
Housing and Community Development	1,173,232	-	111,764	-
Recreation and Culture	1,846,275	1,028,719	-	-
Parks, Buildings and Grounds	1,412,291	-	-	-
Interest on Long-Term Debt	73,532	-	-	-
<b>Total Governmental Activities</b>	<b>22,348,637</b>	<b>2,977,647</b>	<b>580,562</b>	<b>2,960,991</b>
<b>Business-type Activities:</b>				
Electric	16,302,780	16,874,328	-	-
Water	4,619,376	6,394,117	-	-
Sewer	9,731,326	8,064,460	-	2,241,169
Disposal Site	667,195	622,436	-	-
Parking	153,686	134,745	-	-
Street Lighting	395,722	191,388	-	-
Airport	1,518,021	1,232,671	-	10,134
Conference Center	369,086	367,504	-	-
Golf Course	223,368	141,586	-	-
<b>Total Business-type Activities</b>	<b>33,980,560</b>	<b>34,023,235</b>	<b>-</b>	<b>2,251,303</b>
<b>Total Primary Government</b>	<b>\$ 56,329,197</b>	<b>\$ 37,000,882</b>	<b>\$ 580,562</b>	<b>\$ 5,212,294</b>

General Revenues:

Taxes:

Property Taxes

Sales Taxes

Transient Occupancy Tax

Business License and Transfer Taxes

Franchise Fees

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



Net (Expense) Revenue and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (1,249,613)	\$ -	\$ (1,249,613)
(12,358,054)	-	(12,358,054)
1,143,077	-	1,143,077
(1,061,468)	-	(1,061,468)
(817,556)	-	(817,556)
(1,412,291)	-	(1,412,291)
<u>(73,532)</u>	<u>-</u>	<u>(73,532)</u>
<u>(15,829,437)</u>	<u>-</u>	<u>(15,829,437)</u>
-	571,548	571,548
-	1,774,741	1,774,741
-	574,303	574,303
-	(44,759)	(44,759)
-	(18,941)	(18,941)
-	(204,334)	(204,334)
-	(275,216)	(275,216)
-	(1,582)	(1,582)
-	<u>(81,782)</u>	<u>(81,782)</u>
<u>-</u>	<u>2,293,978</u>	<u>2,293,978</u>
<u>(15,829,437)</u>	<u>2,293,978</u>	<u>(13,535,459)</u>
2,838,902	73,004	2,911,906
10,853,469	-	10,853,469
1,406,417	-	1,406,417
434,464	-	434,464
1,653,146	-	1,653,146
328,535	315,104	643,639
139,439	-	139,439
<u>(363,796)</u>	<u>363,796</u>	<u>-</u>
<u>17,290,576</u>	<u>751,904</u>	<u>18,042,480</u>
1,461,139	3,045,882	4,507,021
28,029,808	77,688,331	105,718,139
<u>-</u>	<u>10,230,998</u>	<u>10,230,998</u>
<u>\$ 29,490,947</u>	<u>\$ 90,965,211</u>	<u>\$ 120,456,158</u>

**City of Ukiah  
Balance Sheet  
Governmental Funds  
June 30, 2018**

	General	Non-major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and Investments	\$ 4,183,781	\$ 3,545,203	\$ 7,728,984
Cash and Investments with Fiscal Agents	4,035,436	2,791,154	6,826,590
Taxes Receivable	2,133,052	-	2,133,052
Accounts Receivable	150,830	948,624	1,099,454
Interest Receivable	11,247	8,901	20,148
Intergovernmental Receivables	-	536,917	536,917
Prepaid Expenditures	14,290	112,000	126,290
Long-term Notes Receivable	825	5,126,887	5,127,712
Advances to Other Funds	1,778,132	1,550,439	3,328,571
Land Held for Resale	-	2,435,114	2,435,114
	<u>\$ 12,307,593</u>	<u>\$ 17,055,239</u>	<u>\$ 29,362,832</u>
<b>LIABILITIES</b>			
Accounts Payable	\$ 5,886,763	\$ 2,339,306	\$ 8,226,069
Accrued Salaries and Benefits	502,733	22,454	525,187
Advances from Other Funds	1,748,176	847,932	2,596,108
	<u>8,137,672</u>	<u>3,209,692</u>	<u>11,347,364</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable Revenues - Grants	-	1,377,933	1,377,933
	<u>-</u>	<u>1,377,933</u>	<u>1,377,933</u>
<b>FUND BALANCES</b>			
Nonspendable	1,793,247	137,576	1,930,823
Restricted	4,000,000	12,610,721	16,610,721
Committed	-	121,605	121,605
Assigned	-	1,516,753	1,516,753
Unassigned	(1,623,326)	(1,919,041)	(3,542,367)
	<u>4,169,921</u>	<u>12,467,614</u>	<u>16,637,535</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 12,307,593</u>	<u>\$ 17,055,239</u>	<u>\$ 29,362,832</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, 2018

Fund Balances of Governmental Funds \$ 16,637,535

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	79,103,105
Accumulated Depreciation	(36,151,250)

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

Compensated Absences	(460,986)
Net Pension Liability	(34,062,535)
2017 Fire Engine Lease	(1,075,806)
2017 I-Bank Financing Lease	(4,000,000)

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	8,317,594
Deferred Inflows - Pension Related Items	(838,237)

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.

703,071

Accrued interest on long-term debt is not due and payable in the current period and is not reported in the funds.

(59,477)

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

1,377,933

Net Position of Governmental Activities \$ 29,490,947

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, 2018

	General	Non-major Governmental Funds	Total Governmental Funds
<b>REVENUES</b>			
Taxes:			
Property Taxes	\$ 2,838,902	\$ -	\$ 2,838,902
Sales Taxes	10,802,364	51,105	10,853,469
Transient Occupancy Taxes	1,406,417	-	1,406,417
Business License Taxes	358,610	-	358,610
Property Transfer Tax	51,389	-	51,389
Franchise Fees	1,653,146	-	1,653,146
Licenses and Permits	548,627	-	548,627
Fines and Forfeitures	113,139	-	113,139
Interest, Rents and Concessions	170,939	157,689	328,628
Intergovernmental	34,296	2,602,819	2,637,115
Charges for Services	1,679,034	758,009	2,437,043
Miscellaneous	110,223	72,101	182,324
<b>Total Revenues</b>	<b>19,767,086</b>	<b>3,641,723</b>	<b>23,408,809</b>
<b>EXPENDITURES</b>			
Current:			
General Government	282,860	134,624	417,484
Public Safety	12,571,245	275,678	12,846,923
Public Works	1,643,691	101,821	1,745,512
Housing and Community Development	1,019,061	154,171	1,173,232
Recreation and Culture	1,250,665	578,551	1,829,216
Parks, Buildings and Grounds	1,412,291	-	1,412,291
Capital Outlay	7,904,131	3,083,157	10,987,288
Debt Service:			
Principal	49,925	-	49,925
Interest	14,055	-	14,055
<b>Total Expenditures</b>	<b>26,147,924</b>	<b>4,328,002</b>	<b>30,475,926</b>
Excess (Deficiency) of Revenues Over Expenditures	(6,380,838)	(686,279)	(7,067,117)
<b>OTHER FINANCING SOURCES (USES)</b>			
Issuance of Debt	5,125,731	-	5,125,731
Transfers In	851,338	762,546	1,613,884
Transfers Out	(748,546)	(1,215,134)	(1,963,680)
<b>Total Other Financing Sources (Uses)</b>	<b>5,228,523</b>	<b>(452,588)</b>	<b>4,775,935</b>
<b>Net Change in Fund Balances</b>	<b>(1,152,315)</b>	<b>(1,138,867)</b>	<b>(2,291,182)</b>
Fund Balances, Beginning of Year	5,322,236	13,606,481	18,928,717
<b>Fund Balances, End of Year</b>	<b>\$ 4,169,921</b>	<b>\$ 12,467,614</b>	<b>\$ 16,637,535</b>

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, 2018

Net Changes in Fund Balances - Total Governmental Funds \$ (2,291,182)

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	11,125,542
Depreciation Expense	(1,599,879)

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	(3,454,008)
Compensated Absences	55,694

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

Deferred Outflows - Pension Related Items	1,045,130
Deferred Inflows - Pension Related Items	1,597,899

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, government funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. The effect of these differences are as follows:

Principal Paid on 2017 Fire Truck Capital Leases	49,925
Issuance of 2017 I-Bank Financing Loan	(4,000,000)
Issuance of 2017 Fire Engine Capital Lease	(1,125,731)

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. 764,762

Accrued interest for long-term debt. This is the net change in accrued interest for the current period. (59,477)

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. (647,536)

Change in Net Position of Governmental Activities	\$ 1,461,139
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The accompanying notes are an integral part of this statement.

**City of Ukiah**  
**Statement of Net Position**  
**Proprietary Funds**  
June 30, 2018

	Business-type Activities			
	Electric	Water	Sewer	Disposal Site
<b>ASSETS</b>				
Current Assets:				
Cash and Investments	\$ 7,099,448	\$ 3,908,031	\$ 8,652,077	\$ 8,573,733
Restricted Cash and Investments	28,004	10	4,817,022	-
Investment in NCPA Reserves	7,220,588	-	-	-
Receivables:				
Accounts (net)	2,714,290	1,224,264	855,757	96,408
Interest	18,125	10,622	34,272	21,434
Grants	-	-	-	-
Notes - current portion	-	-	-	-
Refundable Deposits	-	3,730	-	-
Due from Other Funds	91,125	-	-	-
Inventory	1,033,321	111,161	-	-
Total Current Assets	<u>18,204,901</u>	<u>5,257,818</u>	<u>14,359,128</u>	<u>8,691,575</u>
Noncurrent Assets:				
Advances to Other Funds	-	-	-	-
Capacity Project Receivable from UVSD	-	-	9,879,943	-
Capital Assets:				
Land	1,963,436	1,572,016	670,431	699,654
Infrastructure Systems	18,926,619	12,846,913	81,616,775	-
Building and Improvements	26,231,317	18,272,444	10,328,620	26,700
Machinery and Equipment	5,306,945	3,252,350	3,842,061	535,586
Construction in Progress	2,154,578	11,416,151	5,088,030	-
Less: Accumulated Depreciation	<u>(28,459,521)</u>	<u>(11,955,069)</u>	<u>(22,711,572)</u>	<u>(406,328)</u>
Total Noncurrent Assets	<u>26,123,374</u>	<u>35,404,805</u>	<u>88,714,288</u>	<u>855,612</u>
Total Assets	<u>44,328,275</u>	<u>40,662,623</u>	<u>103,073,416</u>	<u>9,547,187</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Pension Related Items	<u>1,293,860</u>	<u>699,428</u>	<u>669,275</u>	<u>121,148</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable	167,268	6,709,490	403,711	726
Accrued Salaries and Benefits	90,198	54,489	45,562	9,174
Due to Other Funds	-	-	-	-
Customer Deposits	-	-	-	-
Interest Payable	-	145,491	910,157	-
Compensated Absences - Current	31,759	15,960	14,689	2,771
Long-term Obligations - Current	-	525,153	3,164,310	-
Total Current Liabilities	<u>289,225</u>	<u>7,450,583</u>	<u>4,538,429</u>	<u>12,671</u>
Noncurrent Liabilities:				
Advances from Other Funds	-	1,621,568	-	-
Capital Leases Payable	-	-	-	-
Installment Obligations	-	11,098,581	56,640,000	-
Net Pension Liability	6,256,461	3,382,082	3,236,280	585,811
Compensated Absences	72,647	36,508	33,600	6,340
Settlement Liability	-	-	4,000,000	-
Claims Payable	-	-	-	-
Landfill Closure/Postclosure	-	-	-	14,700,370
Total Noncurrent Liabilities	<u>6,329,108</u>	<u>16,138,739</u>	<u>63,909,880</u>	<u>15,292,521</u>
Total Liabilities	<u>6,618,333</u>	<u>23,589,322</u>	<u>68,448,309</u>	<u>15,305,192</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Pension Related Items	<u>273,821</u>	<u>148,021</u>	<u>141,641</u>	<u>25,639</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	26,123,374	23,781,071	15,197,323	855,612
Restricted for NCPA Projects	81,992	-	-	-
Unrestricted	<u>12,524,615</u>	<u>(6,156,363)</u>	<u>19,955,418</u>	<u>(6,518,108)</u>
Total Net Position	<u>\$ 38,729,981</u>	<u>\$ 17,624,708</u>	<u>\$ 35,152,741</u>	<u>\$ (5,662,496)</u>

Adjutment to reflect the consolidation of internal service fund activities related to enterprise funds.

Net Position of Business-type Activities

The accompanying notes are an integral part of this statement.

Business-type Activities		Governmental Activities
Non-major Enterprise Funds	Totals	Internal Service Funds
\$ 341,803	\$ 28,575,092	\$ 2,382,096
-	4,845,036	-
-	7,220,588	-
102,080	4,992,799	48,585
647	85,100	5,992
79,496	79,496	-
32,500	32,500	-
-	3,730	-
-	91,125	-
-	1,144,482	760
<u>556,526</u>	<u>47,069,948</u>	<u>2,437,433</u>
876,568	876,568	942,737
-	9,879,943	-
1,793,862	6,699,399	-
2,504,300	115,894,607	-
4,542,795	59,401,876	327,113
755,705	13,692,647	972,236
-	18,658,759	-
(4,398,246)	(67,930,736)	(660,152)
<u>6,074,984</u>	<u>157,173,063</u>	<u>1,581,934</u>
<u>6,631,510</u>	<u>204,243,011</u>	<u>4,019,367</u>
<u>429,233</u>	<u>3,212,944</u>	<u>-</u>
166,414	7,447,609	71,462
27,000	226,423	119,554
91,125	91,125	-
6,324	6,324	-
1,662	1,057,310	4,097
9,821	75,000	39,230
9,944	3,699,407	-
<u>312,290</u>	<u>12,603,198</u>	<u>234,343</u>
930,200	2,551,768	-
-	-	225,698
180,177	67,918,758	-
2,075,073	15,535,707	-
22,462	171,557	76,870
-	4,000,000	-
-	-	1,108,831
-	14,700,370	-
<u>3,207,912</u>	<u>104,878,160</u>	<u>1,411,399</u>
<u>3,520,202</u>	<u>117,481,358</u>	<u>1,645,742</u>
<u>90,818</u>	<u>679,940</u>	<u>-</u>
5,008,295	70,965,675	324,177
-	81,992	-
(1,558,572)	18,246,990	2,049,448
<u>\$ 3,449,723</u>	<u>89,294,657</u>	<u>\$ 2,373,625</u>
	<u>1,670,554</u>	
	<u>\$ 90,965,211</u>	

**City of Ukiah**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
Year Ended June 30, 2018

	Business-type Activities			
	Electric	Water	Sewer	Disposal Site
<b>OPERATING REVENUES</b>				
Charges for Services	\$ 16,821,635	\$ 6,384,544	\$ 8,055,313	\$ 616,531
Sales of Fuel	-	-	-	-
Facility Rents	-	-	-	-
Miscellaneous	52,693	9,573	9,147	5,905
<b>Total Operating Revenues</b>	<b>16,874,328</b>	<b>6,394,117</b>	<b>8,064,460</b>	<b>622,436</b>
<b>OPERATING EXPENSES</b>				
Purchased Power	7,484,295	-	-	-
Maintenance and Operations	3,175,004	2,016,060	3,900,329	650,338
General and Administration	4,272,642	1,368,405	1,024,399	-
Fuel	-	-	-	-
Insurance Premiums	-	-	-	-
Depreciation	1,164,529	802,285	1,996,005	12,993
<b>Total Operating Expenses</b>	<b>16,096,470</b>	<b>4,186,750</b>	<b>6,920,733</b>	<b>663,331</b>
<b>Operating Income (Loss)</b>	<b>777,858</b>	<b>2,207,367</b>	<b>1,143,727</b>	<b>(40,895)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Property Taxes	-	56,054	-	-
Interest Income	148,433	(1,689)	57,937	40,726
Interest Expense	(111,719)	(405,834)	(2,754,131)	-
<b>Total Nonoperating Revenues (Expenses)</b>	<b>36,714</b>	<b>(351,469)</b>	<b>(2,696,194)</b>	<b>40,726</b>
<b>Income (Loss) Before Capital Contributions and Operating Transfers</b>	<b>814,572</b>	<b>1,855,898</b>	<b>(1,552,467)</b>	<b>(169)</b>
Capital Contributions	-	-	2,241,169	-
Transfers In	-	98,530	-	363,796
Transfers Out	-	(933,434)	(98,530)	-
<b>Change in Net Position</b>	<b>814,572</b>	<b>1,020,994</b>	<b>590,172</b>	<b>363,627</b>
Net Position - Beginning of Year	37,915,409	16,729,475	24,331,571	(6,026,123)
Restatement of Net Position	-	(125,761)	10,230,998	-
<b>Net Position - End of Year</b>	<b>\$ 38,729,981</b>	<b>\$ 17,624,708</b>	<b>\$ 35,152,741</b>	<b>\$ (5,662,496)</b>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				
Changes in Net Position of Business-type Activities				



Business-type Activities		Governmental Activities
Non-major Enterprise Funds	Totals	Internal Service Funds
\$ 397,092	\$ 32,275,115	\$ 7,326,194
912,884	912,884	-
683,528	683,528	-
74,390	151,708	2,778
<u>2,067,894</u>	<u>34,023,235</u>	<u>7,328,972</u>
-	7,484,295	-
968,206	10,709,937	1,473,428
896,549	7,561,995	5,037,736
609,201	609,201	-
-	-	1,619,132
164,172	4,139,984	35,442
<u>2,638,128</u>	<u>30,505,412</u>	<u>8,165,738</u>
<u>(570,234)</u>	<u>3,517,823</u>	<u>(836,766)</u>
16,950	73,004	-
69,697	315,104	10,182
(6,319)	(3,278,003)	(4,097)
<u>80,328</u>	<u>(2,889,895)</u>	<u>6,085</u>
(489,906)	627,928	(830,681)
10,134	2,251,303	-
933,434	1,395,760	-
-	(1,031,964)	(14,000)
453,662	3,243,027	(844,681)
2,870,300	75,820,632	3,218,306
125,761	10,230,998	-
<u>\$ 3,449,723</u>	<u>89,294,657</u>	<u>\$ 2,373,625</u>
	<u>(197,144)</u>	
	<u>\$ 13,276,881</u>	

**City of Ukiah**  
**Statement of Cash Flows**  
**Proprietary Funds**  
Year Ended June 30, 2018

	Business-type Activities		
	Electric	Water	Sewer
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from Customers	\$ 16,850,011	\$ 6,353,820	\$ 8,022,119
Receipts from Interfund Services Provided	-	-	-
Payments to Employees for Services	(2,657,859)	(1,449,268)	(1,619,138)
Payments to Suppliers for Goods and Services	(13,153,282)	(1,759,990)	(3,686,402)
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>1,038,870</u>	<u>3,144,562</u>	<u>2,716,579</u>
<b>CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Property Taxes Received	-	56,055	-
Cash Received from Other Funds	-	98,530	-
Cash Paid to Other Funds	(91,125)	(92,932)	(98,530)
Principal Payments Received on Loans Receivable	-	-	351,055
<b>Net Cash Provided (Used) by Noncapital and Related Financing Activities</b>	<u>(91,125)</u>	<u>61,653</u>	<u>252,525</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition and Construction of Capital Assets	(771,203)	(5,751,814)	(1,387,240)
Interest Paid	(121,875)	(436,669)	(2,772,700)
Capital Grants and Contributions	-	-	2,241,169
Principal Paid on Capital Debt	(1,950,000)	(490,000)	(2,090,000)
Proceeds from Issuance of Capital Debt	-	-	-
Proceeds from Sale of Property	-	-	-
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<u>(2,843,078)</u>	<u>(6,678,483)</u>	<u>(4,008,771)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest Received	148,587	(12,310)	23,665
<b>Net Cash Provided (Used) by Investing Activities</b>	<u>148,587</u>	<u>(12,310)</u>	<u>23,665</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(1,746,746)	(3,484,578)	(1,016,002)
Cash and Cash Equivalents, Beginning of the Year	16,094,786	7,392,619	14,485,101
Cash and Cash Equivalents, End of the Year	<u>\$ 14,348,040</u>	<u>\$ 3,908,041</u>	<u>\$ 13,469,099</u>
<b>Reconciliation of Operating Income (Loss) to</b>			
<b>Net Cash Provided (Used) by Operating Activities:</b>			
Operating Income (Loss)	\$ 777,858	\$ 2,207,367	\$ 1,143,727
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation	1,164,529	802,285	1,996,005
Changes in Operating Assets and Liabilities:			
Decrease (Increase) in Accounts Receivable	(24,317)	(40,297)	(42,341)
Decrease (Increase) in Inventory	(81,316)	1,153	-
Decrease (Increase) in Refundable Deposits	-	(3,730)	-
Decrease (Increase) in Deferred Outflows - Pensions	192,361	(54,774)	120,251
Increase (Decrease) in Accounts Payable	(368,677)	(197,364)	(46,889)
Increase (Decrease) in Accrued Salaries and Benefits	3,996	11,052	(4,916)
Increase (Decrease) in Landfill Closure/Postclosure Liability	-	-	-
Increase (Decrease) in Deferred Inflows - Pensions	(468,987)	(174,175)	(252,961)
Increase (Decrease) in Net Pension Liability	(156,505)	600,433	(170,482)
Increase (Decrease) in Claims Payable	-	-	-
Increase (Decrease) in Compensated Absences Payable	(72)	(7,388)	(25,815)
Increase (Decrease) in Deposits Payable	-	-	-
<b>TOTAL CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>\$ 1,038,870</u>	<u>\$ 3,144,562</u>	<u>\$ 2,716,579</u>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>			
Amortization Related to Long-term Debt	\$ -	\$ 25,153	\$ -
Acquisition of Capital Assets on Account	-	6,274,026	-

The accompanying notes are an integral part of this statement.

Business-type Activities			Governmental
Disposal Site	Non-major Enterprise Funds	Totals	Internal Service Funds
\$ 624,297	\$ 2,024,873	\$ 33,875,120	\$ -
-	-	-	7,323,830
(294,807)	(731,242)	(6,752,314)	(3,332,931)
<u>(295,035)</u>	<u>(1,552,385)</u>	<u>(20,447,094)</u>	<u>(3,799,547)</u>
34,455	(258,754)	6,675,712	191,352
-	16,950	73,005	-
363,796	184,057	646,383	-
-	(2,703)	(285,290)	(226,514)
-	-	351,055	-
<u>363,796</u>	<u>198,304</u>	<u>785,153</u>	<u>(226,514)</u>
(11,110)	(136,114)	(8,057,481)	(428,801)
-	-	(3,331,244)	-
-	88,242	2,329,411	-
-	(9,762)	(4,539,762)	(59,562)
-	-	-	285,260
-	(7,047)	(7,047)	-
<u>(11,110)</u>	<u>(64,681)</u>	<u>(13,606,123)</u>	<u>(203,103)</u>
38,119	84,036	282,097	5,690
<u>38,119</u>	<u>84,036</u>	<u>282,097</u>	<u>5,690</u>
425,260	(41,095)	(5,863,161)	(232,575)
<u>8,148,473</u>	<u>382,898</u>	<u>46,503,877</u>	<u>2,614,671</u>
<u>\$ 8,573,733</u>	<u>\$ 341,803</u>	<u>\$ 40,640,716</u>	<u>\$ 2,382,096</u>
\$ (40,895)	\$ (570,234)	\$ 3,517,823	\$ (836,766)
12,993	164,172	4,139,984	35,442
1,861	(42,270)	(147,364)	(5,142)
-	-	(80,163)	-
-	-	(3,730)	-
(8,627)	(8,214)	240,997	-
(6,493)	59,324	(560,099)	(120,044)
(2,012)	285	8,405	7,687
-	-	-	-
(30,599)	258,403	(668,319)	-
100,287	(119,604)	254,129	-
-	-	-	1,108,831
7,940	135	(25,200)	1,344
-	(751)	(751)	-
<u>\$ 34,455</u>	<u>\$ (258,754)</u>	<u>\$ 6,675,712</u>	<u>\$ 191,352</u>
\$ -	\$ -	\$ 25,153	\$ -
-	-	6,274,026	-

**City of Ukiah**  
**Statement of Net Position**  
**Fiduciary Funds**  
June 30, 2018

	Agency Funds	Successor Agency Private-purpose Trust Fund
<b>ASSETS</b>		
Cash and Investments	\$ 4,928,306	\$ 4,455,271
Cash and Investments with Fiscal Agent	-	5,822,113
Receivables:		
Accounts	1,050,179	-
Interest Receivable	9,547	11,078
Land Held for Resale	-	3,874,047
Total Assets	\$ 5,988,032	14,162,509
<b>LIABILITIES</b>		
Accounts Payable	\$ 267,477	86
Accrued Salaries and Benefits	79,752	635
Interest Payable	-	109,120
Customer Deposits	1,191,737	-
Due to Other Agencies	4,449,066	-
Noncurrent Liabilities:		
Due within One Year	-	550,000
Due in More than One Year	-	6,800,000
Total Liabilities	\$ 5,988,032	7,459,841
<b>NET POSITION</b>		
Net Position (Deficit) Held in Trust for Successor Agency		\$ 6,702,668

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, 2018

	Successor Agency Private-purpose Trust Fund
<b>ADDITIONS</b>	
Taxes	\$ 1,138,388
Investment Earnings	87,753
Sale of Property	1,930,479
	3,156,620
Total Additions	3,156,620
<b>DEDUCTIONS</b>	
General Administration	12,831
Contractual Services	256,865
Interest Expense	488,504
	758,200
Total Deductions	758,200
Change in Net Position	2,398,420
Net Position - Beginning of Year	4,304,248
Net Position - End of Year	\$ 6,702,668

The accompanying notes are an integral part of this statement.

**City of Ukiah**  
**Notes to Financial Statements**  
Year Ended June 30, 2018

**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, 2018

**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.

Additionally, the City reports the following fund types:

*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.

**City of Ukiah**  
**Notes to Financial Statements**  
Year Ended June 30, 2018

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

*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.

**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



**City of Ukiah**  
**Notes to Financial Statements**  
Year Ended June 30, 2018

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

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. There is no allowance for doubtful accounts at June 30, 2018.

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

**3) Inventories and Prepaid Items**

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

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

**4) Restricted Assets**

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

**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 capital assets received prior to the implementation of GASB 72 were recorded at the fair value on the date of donation. Donated capital assets received subsequent to the implementation of GASB 72 are recorded at acquisition value as of 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 capital assets, as applicable.

**City of Ukiah**  
**Notes to Financial Statements**  
Year Ended June 30, 2018

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

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.

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

Buildings and Improvements	30 - 60 years
Roadway Improvements	50 years
Sidewalks, Curbs and Gutters	50 years
Storm Drain Pipes/Structures	50 years
Traffic Signals	5 - 40 years
Landscaping	30 years
Signage	25 years
Leasehold Improvements	5 years
Machinery and Equipment	5 - 20 years
Vehicles	5 - 10 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, 2018, the carrying value of these properties was \$2,435,114.

**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. Eligible employees, upon retirement, can elect to convert unused sick leave to purchase additional service credits from CalPERS. Due to the long-term nature of compensated absences, the liability of \$823,643 has been accrued as incurred in the government-wide financial statements as a noncurrent liability. The compensated absences in the Governmental Activities is typically liquidated from the General Fund.

**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).

**City of Ukiah**  
**Notes to Financial Statements**  
Year Ended June 30, 2018

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

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 reports deferred outflows due to the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. See Note 9 – Pension Plans for more information.

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.

**City of Ukiah**  
**Notes to Financial Statements**  
Year Ended June 30, 2018

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

**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.

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.

**City of Ukiah**  
**Notes to Financial Statements**  
Year Ended June 30, 2018

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

**E) New Accounting Pronouncements**

The Governmental Accounting Standards Board has issued the following Statements, which may affect the City's financial reporting requirements in the future:

*GASB 83 - Certain Asset Retirement Obligations:* This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

*GASB 84 - Fiduciary Activities:* This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

*GASB 87 – Leases:* This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

*GASB 88 – Certain Disclosures Related to Debt:* The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

*GASB 89 – Accounting for Interest Cost Incurred before the End of a Construction Period:* This Statement establishes accounting requirements for interest cost incurred before the end of a construction period, effective for reporting periods beginning after December 15, 2019.

*GASB 90 – Majority Equity Interests:* The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

*GASB 91 – Conduit Debt Obligations:* The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

**City of Ukiah**  
**Notes to Financial Statements**  
Year Ended June 30, 2018

**2) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

The following non-major funds had deficit fund balances at June 30, 2018:

**Deficit Fund Equity**

Special Revenue Funds:		
Swimming Pool	\$	(136,191)
ARC General Operating		(51,320)
STIP Augmentation		(112,000)
SB 325 Reimbursement		(132,218)
State STP		(803,801)
Congestion Relief		(496,358)
Museum		(21,922)

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	\$	38,686,172
Restricted Cash and Investments		11,671,626
Statement of Fiduciary Net Position:		
Cash and Investments		9,383,577
Restricted Cash and Investments		5,822,113
		<hr/>
Total	\$	<u>65,563,488</u>

Cash and investments at June 30, 2018 consisted of the following:

Cash on Hand	\$	2,900
Deposits with Financial Institutions		12,700,932
Investments		52,859,656
		<hr/>
Total	\$	<u>65,563,488</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, 2018

**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

**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.

**City of Ukiah**  
**Notes to Financial Statements**  
Year Ended June 30, 2018

**3) CASH AND INVESTMENTS - Continued**

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	\$ 15,383,894	\$ -	\$ 5,917,911	\$ 9,465,983
U.S. Treasury Bonds and Notes	10,123,340	-	3,665,488	6,457,852
U.S. Agency Bonds	2,777,555	218,052	2,100,266	459,237
Supra-National Agency	2,723,040	-	1,267,331	1,455,709
Certificates of Deposit	7,541,277	1,911,755	3,893,067	1,736,455
Municipal and State Bonds	423,988	-	-	423,988
State Investment Pool (LAIF)	4,617,126	4,617,126	-	-
Money Market Funds	29,776	29,776	-	-
Mendocino County Investment Pool	597,517	597,517	-	-
Held by Bond Trustees:				
Money Market Funds	8,642,143	8,642,143	-	-
<b>Total</b>	<b>\$ 52,859,656</b>	<b>\$ 16,016,369</b>	<b>\$ 16,844,063</b>	<b>\$ 19,999,224</b>

**Disclosures Relating to Credit Risk**

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

Investment Type	Total Investment	Minimum Legal Rating	Rating as of Fiscal Year End		
			AAA	AA+/A+/BBB+	Unrated
Corporate Bonds and Notes	\$ 15,383,894	N/A	\$ 6,429,996	\$ 8,953,898	\$ -
U.S. Treasury Bonds and Notes	10,123,340	N/A	-	10,123,340	-
U.S. Agency Bonds	2,777,555	N/A	-	2,777,555	-
Supra-National Agency	2,723,040	N/A	2,723,040	-	-
Certificates of Deposit	7,541,277	N/A	-	7,541,277	-
Municipal and State Bonds	423,988	N/A	-	423,988	-
State Investment Pool (LAIF)	4,617,126	N/A	-	-	4,617,126
Money Market Funds	29,776	N/A	29,776	-	-
Mendocino County Investment Pool	597,517	N/A	-	-	597,517
Held by Bond Trustees:					
Money Market Funds	8,642,143	N/A	8,642,143	-	-
<b>Total</b>	<b>\$ 52,859,656</b>		<b>\$ 17,824,955</b>	<b>\$ 29,820,058</b>	<b>\$ 5,214,643</b>

**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, 2018, the City did not have investments from one issuer (other than U.S. Treasury securities, mutual funds and external investment pools) that represent 5% or more of the total City investments.



**City of Ukiah**  
**Notes to Financial Statements**  
Year Ended June 30, 2018

**3) CASH AND INVESTMENTS - Continued**

**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, 2018, the City's deposits (bank balances) were insured by the Federal Depository Insurance Corporation or collateralized as required under California Law.

**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 \$60,000,000 in the fund. Investments in LAIF are highly liquid, as deposits can be converted to cash within 24 hours without loss of interest. Funds deposited in LAIF are invested in accordance with Government Code Sections 16430 and 16480. Oversight of LAIF is provided by the Pooled Money Investment Board whose members are the California State Treasurer, California Director of Finance and the California State Controller.

**Fair Value**

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

Investment Type	Total Investment	Not Measured at Fair Value	Level	
			1	2
Corporate Bonds and Notes	\$15,383,894	\$ -	\$ -	\$15,383,894
U.S. Treasury Bonds and Notes	10,123,340	-	-	10,123,340
U.S. Agency Bonds	2,777,555	-	-	2,777,555
Supra-National Agency	2,723,040	-	-	2,723,040
Certificates of Deposit	7,541,277	-	-	7,541,277
Municipal and State Bonds	423,988	-	-	423,988
State Investment Pool (LAIF)	4,617,126	4,617,126	-	-
Mendocino County Investment Pool	597,517	597,517	-	-
Money Market Funds	29,776	29,776	-	-
Money Market Funds - Bond Funds	8,642,143	8,642,143	-	-
<b>Total</b>	<b>\$52,829,656</b>	<b>\$13,886,562</b>	<b>\$ -</b>	<b>\$38,973,094</b>

**City of Ukiah**  
**Notes to Financial Statements**  
Year Ended June 30, 2018

**4) CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2018, is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 495,340	\$ -	\$ -	\$ 495,340
Construction in Progress	5,443,190	7,703,043	(4,709,112)	8,437,121
Total Capital Assets, Not Being Depreciated	<u>5,938,530</u>	<u>7,703,043</u>	<u>(4,709,112)</u>	<u>8,932,461</u>
Capital Assets, Being Depreciated:				
Buildings and Improvements	17,973,713	3,335,014	-	21,308,727
Machinery, Equipment, and Vehicles	9,184,520	1,436,743	-	10,621,263
Infrastructure	35,748,228	3,791,775	-	39,540,003
Total Capital Assets Being Depreciated	<u>62,906,461</u>	<u>8,563,532</u>	<u>-</u>	<u>71,469,993</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(5,180,714)	(606,312)	-	(5,787,026)
Machinery, Equipment, and Vehicles	(7,327,242)	(460,416)	-	(7,787,658)
Infrastructure	(22,668,125)	(568,593)	-	(23,236,718)
Total Accumulated Depreciation	<u>(35,176,081)</u>	<u>(1,635,321)</u>	<u>-</u>	<u>(36,811,402)</u>
Net Capital Assets Being Depreciated	<u>27,730,380</u>	<u>6,928,211</u>	<u>-</u>	<u>34,658,591</u>
Governmental Activities Capital Assets, Net	<u>\$ 33,668,910</u>	<u>\$ 14,631,254</u>	<u>\$ (4,709,112)</u>	<u>\$ 43,591,052</u>
<b>Business-type Activities</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 5,233,575	\$ 1,465,824	\$ -	\$ 6,699,399
Construction in Progress	9,185,475	10,455,674	(982,390)	18,658,759
Total Capital Assets, Not Being Depreciated	<u>14,419,050</u>	<u>11,921,498</u>	<u>(982,390)</u>	<u>25,358,158</u>
Capital Assets, Being Depreciated:				
Buildings and Improvements	59,401,876	-	-	59,401,876
Machinery, Equipment, and Vehicles	12,493,472	1,199,175	-	13,692,647
Infrastructure	113,701,383	2,193,224	-	115,894,607
Total Capital Assets Being Depreciated	<u>185,596,731</u>	<u>3,392,399</u>	<u>-</u>	<u>188,989,130</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(28,995,668)	(1,181,148)	-	(30,176,816)
Machinery, Equipment, and Vehicles	(7,368,740)	(550,162)	-	(7,918,902)
Infrastructure	(27,426,344)	(2,408,674)	-	(29,835,018)
Total Accumulated Depreciation	<u>(63,790,752)</u>	<u>(4,139,984)</u>	<u>-</u>	<u>(67,930,736)</u>
Net Capital Assets Being Depreciated	<u>121,805,979</u>	<u>(747,585)</u>	<u>-</u>	<u>121,058,394</u>
Business-type Activities Capital Assets, Net	<u>\$ 136,225,029</u>	<u>\$ 11,173,913</u>	<u>\$ (982,390)</u>	<u>\$ 146,416,552</u>

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

Governmental Activities:	
General Government	\$ 132,875
Public Safety	140,812
Public Works	1,344,575
Culture and Recreation	<u>17,059</u>
Total Depreciation Expense	<u>\$ 1,635,321</u>

**City of Ukiah**  
**Notes to Financial Statements**  
Year Ended June 30, 2018

**4) CAPITAL ASSETS - Continued**

Business-type Activities:	
Electric	\$ 1,164,529
Water	802,003
Sewer	1,996,005
Disposal Site	12,993
Recycled Water	282
Parking	2,424
Street Lighting	8,405
Airport	104,799
Conference Center	46,308
Golf Course	<u>2,236</u>
Total Depreciation Expense	<u>\$ 4,139,984</u>

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

Interfund balances as of June 30, 2018 are as follows:

	Receivable Fund	Payable Fund
Electric Fund	\$ 91,125	\$ -
Non-major Enterprise Funds	<u>-</u>	<u>91,125</u>
Total	<u>\$ 91,125</u>	<u>\$ 91,125</u>

The Electric Fund has reported a receivable of \$91,125 for amounts borrowed by the Street Lighting non-major enterprise fund.

Advances to/from consist of the following at June 30, 2018:

ADVANCES FROM	ADVANCES TO				Total
	General Fund	Non-major Governmental Funds	Water Enterprise Fund	Non-major Enterprise Funds	
General Fund	\$ -	\$ 847,932	\$ -	\$ 930,200	\$ 1,778,132
Non-major Governmental Funds	1,550,439	-	-	-	1,550,439
Non-major Enterprise Funds	-	-	876,568	-	876,568
Internal Service Funds	<u>197,737</u>	<u>-</u>	<u>745,000</u>	<u>-</u>	<u>942,737</u>
Total	<u>\$ 1,748,176</u>	<u>\$ 847,932</u>	<u>\$ 1,621,568</u>	<u>\$ 930,200</u>	<u>\$ 5,147,876</u>

The General Fund has 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 General Fund has also made long-term advances to the Non-major Governmental Funds to fund projects that will be reimbursed in following fiscal years through the proceeds of grants and State subsidies and other revenues. The Liability Internal Service 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.

**City of Ukiah**  
**Notes to Financial Statements**  
Year Ended June 30, 2018

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

**Golf Course Enterprise Advance to Water Fund**

In July 2017, the Water Enterprise Fund entered into an agreement to purchase land from the Golf Course Enterprise Fund for \$969,000. In a prior year, the Water Enterprise Fund constructed water holding tanks and added an access road to the land owned by the Golf Course Enterprise Fund but never purchased or provided any form of compensation to the Golf Course Enterprise. The advance receivable and payable between the Water Enterprise Fund and Golf Course Enterprise Fund of \$876,568 is a result of this agreement. The payments are to be made over a 13-year period with an interest rate of 3.5%.

Interfund transfers for the year ended June 30, 2018 are as follows:

TRANSFERS OUT	TRANSFERS IN					Total
	General Fund	Non-major Governmental Funds	Water Enterprise Fund	Disposal Site Enterprise Fund	Non-major Enterprise Funds	
General Fund	\$ -	\$ 748,546	\$ -	\$ -	\$ -	\$ 748,546
Non-major Governmental Funds	851,338	-	-	363,796	-	1,215,134
Water Enterprise Fund	-	-	-	-	933,434	933,434
Sewer Enterprise Fund	-	-	98,530	-	-	98,530
Internal Service Funds	-	14,000	-	-	-	14,000
<b>Total</b>	<b>\$ 851,338</b>	<b>\$ 762,546</b>	<b>\$ 98,530</b>	<b>\$ 363,796</b>	<b>\$ 933,434</b>	<b>\$ 3,009,644</b>

Transfers to the General Fund from Non-major Governmental Funds of \$851,338 were for transportation funding sources for Redwood Business Park. Transfers from the General Fund of \$748,546 to the Non-major Governmental Funds were to fund various operations and improvements. Transfers from the Non-major Governmental Funds to the Disposal Site Enterprise Fund were for amounts collected from the lease of the transfer station for landfill closure costs. Transfers to the Water Enterprise Fund from the Sewer Enterprise of \$98,530 were for the Recycled Water Project.

**City of Ukiah**  
**Notes to Financial Statements**  
Year Ended June 30, 2018

**6) LONG-TERM DEBT**

**Changes in Long-term Liabilities**

Long-term liability activity for the year ended June 30, 2018, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
Compensated Absences	\$ 612,809	\$ 23,524	\$ 59,247	\$ 577,086	\$ 195,000
2017 Fire Engine Lease	-	1,125,731	49,925	1,075,806	101,727
2017 Computer Equipment Lease	-	285,260	59,562	225,698	54,596
2017 I-Bank Financing Lease	-	4,000,000	-	4,000,000	80,070
Claims Payable	-	1,108,831	-	1,108,831	193,069
Net Pension Liability	30,608,527	3,454,008	-	34,062,535	-
Total	<u>\$ 31,221,336</u>	<u>\$ 9,997,354</u>	<u>\$ 168,734</u>	<u>\$ 41,049,956</u>	<u>\$ 624,462</u>
<b>Business-type Activities:</b>					
2017 CalTrans Aeronautics Loan	\$ 199,883	\$ -	\$ 9,762	\$ 190,121	\$ 9,944
Electric Revenue Bonds	1,950,000	-	1,950,000	-	-
2016 Water Revenue Refunding Bonds	10,680,000	-	490,000	10,190,000	500,000
2016 Unamortized Premium	1,458,887	-	25,153	1,433,734	25,153
2006 Wastewater Revenue Bonds	60,910,000	-	2,090,000	58,820,000	2,180,000
Lawsuit Settlement Liability	4,984,310	-	-	4,984,310	984,310
Net Pension Liability	14,903,571	632,136	-	15,535,707	-
Compensated Absences	290,387	7,887	51,717	246,557	75,000
Landfill Closure and Post-closure	14,700,370	-	-	14,700,370	-
Total	<u>\$ 110,077,408</u>	<u>\$ 640,023</u>	<u>\$ 4,616,632</u>	<u>\$ 106,100,799</u>	<u>\$ 3,774,407</u>

**2017 Fire Truck Lease**

In October 2017, the City entered into a capital lease with Umpqua Bank for the purchase of two Type-1 fire engines totaling \$1,125,731. Principal and interest payments are due semi-annually on May 1 and November 1 of each year with an interest rate of 2.45%. Lease payments are made primarily by the General Fund. At June 30, 2018, the installment obligation liability outstanding was as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2019	\$ 101,727	\$ 26,232	\$ 127,959
2020	104,282	23,678	127,960
2021	106,901	21,059	127,960
2022	109,586	18,374	127,960
2023	112,338	15,622	127,960
2024	115,159	12,800	127,959
2025	118,051	9,908	127,959
2026	121,016	6,943	127,959
2027	124,055	3,904	127,959
2028	62,691	789	63,480
Totals	<u>\$ 1,075,806</u>	<u>\$ 139,309</u>	<u>\$ 1,215,115</u>

**City of Ukiah**  
**Notes to Financial Statements**  
Year Ended June 30, 2018

**6) LONG-TERM DEBT – Continued**

**2017 Computer Equipment Lease**

In July 2017, the City entered into a capital lease with IBM Credit LLC for the purchase of computer equipment and software totaling \$285,663. Principal is paid annually on September 1 and interest payments are due monthly with interest rates ranging from 2.15% to 2.37%. Lease payments are made primarily by the Internal Service Funds. At June 30, 2018, the installment obligation liability outstanding was as follows:

Fiscal Year Ending	Principal	Interest	Total
2019	\$ 54,596	\$ 4,068	\$ 58,664
2020	55,797	2,847	58,644
2021	57,025	1,599	58,624
2022	58,280	323	58,603
Totals	<u>\$ 225,698</u>	<u>\$ 8,837</u>	<u>\$ 234,535</u>

**2017 I-Bank Financing Lease**

In August 2017, the City entered into an agreement for \$4,000,000 with the California Infrastructure and Economic Development Bank (I-Bank) to finance roadway and other right-of-way improvements related to the Redwood Business Park. Principal is paid annually commencing on August 1, 2018, and interest payments are made semi-annually on August 1 and February 1 at an interest rate of 3.30%. Lease payments are made primarily by the General Fund. At June 30, 2018, the installment obligation liability outstanding was as follows:

**City of Ukiah**  
**Notes to Financial Statements**  
Year Ended June 30, 2018

**6) LONG-TERM DEBT – Continued**

Fiscal Year Ending June 30,	Principal	Interest	Total
2019	\$ 80,070	\$ 130,679	\$ 210,749
2020	82,712	129,358	212,070
2021	85,442	127,993	213,435
2022	88,261	126,628	214,889
2023	91,174	125,218	216,392
2024 - 2028	503,036	549,013	1,052,049
2029 - 2033	591,699	458,887	1,050,586
2034 - 2038	695,989	352,876	1,048,865
2039 - 2043	818,661	228,181	1,046,842
2044 - 2047	962,956	81,506	1,044,462
Totals	<u>\$ 4,000,000</u>	<u>\$ 2,310,339</u>	<u>\$ 6,310,339</u>

**2017 CalTRANS Aeronautics Loan**

In November 2016, the City issued a loan for the design, purchase, and installation of a 12,000-gallon service aviation gas station fuel tank at the Ukiah Municipal Airport. Annual principal and interest payments are made at an annual interest rate of 2.33% and are due February of each year. Revenues generated by the airport operations secure payments. At June 30, 2018, the installment obligation liability outstanding was as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2019	\$ 9,944	\$ 4,431	\$ 14,375
2020	10,175	4,199	14,374
2021	10,412	3,962	14,374
2022	10,655	3,719	14,374
2023	10,903	3,471	14,374
2024	11,157	3,217	14,374
2025	11,417	2,957	14,374
2026	11,683	2,691	14,374
2027	11,956	2,419	14,375
2028	12,234	2,140	14,374
2029	12,519	1,855	14,374
2030	12,811	1,564	14,375
2031	13,109	1,265	14,374
2032	13,415	960	14,375
2033	13,727	647	14,374
2034	14,004	327	14,331
Totals	<u>\$ 190,121</u>	<u>\$ 39,824</u>	<u>\$ 229,945</u>

**2006 Wastewater Revenue Refunding Bonds**

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

**City of Ukiah**  
**Notes to Financial Statements**  
Year Ended June 30, 2018

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

ranging from 4.00% to 4.75%. At June 30, 2018, the installment obligation liability outstanding was as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
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 - 2028	14,840,000	9,623,613	24,463,613
2029 - 2033	18,640,000	5,883,812	24,523,812
2034 - 2036	13,440,000	1,296,750	14,736,750
Totals	<u>\$ 58,820,000</u>	<u>\$ 29,280,325</u>	<u>\$ 88,100,325</u>

**2016 Water Revenue Refunding Bonds**

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

Fiscal Year Ending June 30,	Principal	Interest	Total
2019	\$ 500,000	\$ 419,319	\$ 919,319
2020	530,000	398,718	928,718
2021	540,000	377,319	917,319
2022	565,000	355,219	920,219
2023	415,000	335,618	750,618
2024	435,000	316,444	751,444
2025	460,000	294,069	754,069
2026	480,000	270,569	750,569
2027	505,000	245,943	750,943
2028	530,000	220,069	750,069
2029	560,000	192,819	752,819
2030	585,000	164,193	749,193
2031	615,000	134,194	749,194
2032	645,000	102,694	747,694
2033	675,000	76,443	751,443
2034	695,000	55,894	750,894
2035	715,000	34,297	749,297
2036	740,000	11,563	751,563
Totals	<u>\$ 10,190,000</u>	<u>\$ 4,005,384</u>	<u>\$ 14,195,384</u>



**City of Ukiah**  
**Notes to Financial Statements**  
Year Ended June 30, 2018

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

**2017 State Water Resource Control Board Loan**

In July 2017, the City entered into an agreement with the California State Water Resource Control Board (SWRCB) to finance the development and construction of a recycled water system. The principal amount of the loan is \$21,809,000 with an interest rate of 1.00%. The loan will be repaid with revenues from the Water Enterprise Fund. Issuance of the loan is dependent upon the project costs and reimbursements from SWRCB. As of June 30, 2018, the City had not received any disbursements from this loan. Project costs as of June 30, 2018 were approximately \$9,000,000. In July and August of 2018, subsequent to the end of the fiscal year, the City received over \$9,000,000 in drawdowns related to this loan. No liability for this loan has been recognized as of June 30, 2018. In addition, repayment of the loan does not begin until the project is completed and the total loan balance has been drawn down. Therefore, no repayment schedule has been established.

**Lawsuit Settlement Liability**

In October 2018, subsequent to the fiscal year-end (see Subsequent Event Note 14) the City entered into a settlement agreement as part of the ongoing lawsuit with the Ukiah Valley Sanitation District. As part of the settlement agreement, the City agreed to pay \$4,984,310 to the District over a 5-year period. The first payment of \$984,310 was made in October 2018, with annual installments of \$1,000,000 to be made each year for year four years beginning in October 2019.

**Fiduciary Fund**

As of June 30, 2018, 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	\$ 2,750,000	\$ -	\$ 340,000	\$ 2,410,000	\$ 360,000
Series 2011A	2,395,000	-	15,000	2,380,000	10,000
Series 2011B	2,720,000	-	160,000	2,560,000	180,000
Total	<u>\$ 7,865,000</u>	<u>\$ -</u>	<u>\$ 515,000</u>	<u>\$ 7,350,000</u>	<u>\$ 550,000</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. Future debt service requirements are as follows:

**City of Ukiah**  
**Notes to Financial Statements**  
Year Ended June 30, 2018

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

Fiscal Year Ending June 30,	Principal	Interest	Total
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>\$ 2,410,000</u>	<u>\$ 345,750</u>	<u>\$ 2,755,750</u>

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

Fiscal Year Ending June 30,	Principal	Interest	Total
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>\$ 2,380,000</u>	<u>\$ 1,312,874</u>	<u>\$ 3,692,874</u>

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

**City of Ukiah**  
**Notes to Financial Statements**  
Year Ended June 30, 2018

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

Fiscal Year Ending June 30,	Principal	Interest	Total
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>\$ 2,560,000</u>	<u>\$ 1,118,225</u>	<u>\$ 3,678,225</u>

**7) FUND BALANCE**

Details of the City's governmental fund balances at June 30, 2018, are presented below:

	General Fund	Non-major Governmental Funds	Total Governmental Funds
Nonspendable:			
Prepaid Costs	\$ 14,290	\$	\$ 14,290
Long-term Notes Receivable	825		825
Advances to Other Funds	1,778,132		1,778,132
Permanent Endowments		137,576	137,576
Restricted for:			
Parks and Recreation		136,219	136,219
Police Equipment		361,887	361,887
Street Related Projects	4,000,000	375,849	4,375,849
Low Income Housing		11,736,766	11,736,766
Committed to:			
Special Programs		121,605	121,605
Assigned to:			
Repairs and Equipment		1,516,753	1,516,753
Unassigned	<u>(1,623,326)</u>	<u>(1,919,041)</u>	<u>(3,542,367)</u>
Total Fund Balance (Deficit)	<u>\$ 4,169,921</u>	<u>\$ 12,467,614</u>	<u>\$ 16,637,535</u>

**City of Ukiah**  
**Notes to Financial Statements**  
Year Ended June 30, 2018

**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), \$400,000,000 (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.

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, 2018, was \$1,152,811.

Changes in the Internal Service Funds claims liabilities amounts in fiscal year 2018 and 2017 were as follows:

	2018	2017
Balance, Beginning of Fiscal Year	\$ -	\$ -
Claims and Adjustments	1,108,831	-
Claims Payments	-	-
Balance, End of Fiscal Year	\$ 1,108,831	\$ -

In accordance with the REMIF governing documents, REMIF Board has the authority to levy a cash assessment for any pooled coverage program on the Participating member. Due to unfavorable claims development and underfunding, REMIF's overall audited equity balance reflected a deficit of \$4.23 million as of June 30, 2017.

On March 22, 2018, the REMIF Board approved assessment for the following programs to be collected beginning in the 2018/2019 fiscal year:

- Workers' Compensation - \$6 million to be collected over 6 years.
- Liability program - \$2.5 million to be collected over 5 years.

The City is liable for \$860,916 and \$247,915 to be paid over 6 and 5 years, for the Workers' Compensation and Liability program, respectively. The total claims liability of \$1,108,831 includes the assessments of \$860,916 and \$247,915, Workers' Compensation and Liability program, respectively.

**City of Ukiah**  
**Notes to Financial Statements**  
Year Ended June 30, 2018

**8) RISK MANAGEMENT - Continued**

The following is a summary of the most recent financial statements of REMIF as of and for the fiscal year ended June 30, 2018:

<b>REMIF Equity</b>	
Total Assets	\$ 27,305,284
Total Deferred Outflows of Resources	884,139
Total Liabilities	(27,249,047)
Total Deferred Inflows of Resources	(318,912)
Members' Equity	\$ 621,464
Total Operating Revenues	\$ 32,694,595
Total Operating Expenses	(27,431,918)
Net Nonoperating Revenue (Expense)	225,356
Operating Income (loss)	\$ 5,488,033

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

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

**9) PENSION PLANS**

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

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

**Benefits Provided** – The Plan is an agent multiple-employer defined benefit pension plan administered by the California Public Employees’ Retirement System (CalPERS). A full description of the pension plan regarding number of employees covered, benefit provisions, assumptions (for funding purposes but not accounting purposes), and membership information are listed in the plan’s June 30, 2016 Annual Actuarial Valuation Report. Details of the benefits provided can be obtained in Appendix B of the actuarial valuation report. This report is a publicly available valuation report that can be obtained at CalPERS’ website under Forms and Publications.

The Plan’s provisions and benefits in effect at June 30, 2018, are summarized as follows:

**City of Ukiah**  
**Notes to Financial Statements**  
Year Ended June 30, 2018

**9) PENSION PLANS - Continued**

	Miscellaneous	
	Classic Prior to January 1, 2013	PEPRA On or after January 1, 2013
Hire date		
Benefit formula	2.7% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	55	62
Monthly benefits, as a % of eligible compensation	(1)	(1)
Required employee contribution rates	8%	6.50%
Required employer contribution rates	12.538% + \$1,850,244	6.75%

(1) - Depending on years of service

**Employees Covered** – At June 30, 2018, the following employees were covered by the benefit terms for the Plan:

	Miscellaneous
Inactive employees or beneficiaries currently receiving benefits	171
Inactive employees entitled to but not yet receiving benefits	113
Active employees	135

**Contributions** – Section 20814(c) of the California Public Employees’ Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS’ annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. It is the responsibility of the employer to make necessary accounting adjustments to reflect the impact due to any Employer-Paid Member Contributions or situations where members are paying a portion of the employer contribution.

**Net Pension Liability**

The City’s net pension liability for the Plan is measured as the total pension liability, less the pension plan’s fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2017, using an annual actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

**Actuarial Assumptions** – The total pension liabilities in the June 30, 2016 actuarial valuations were determined using the following actuarial assumptions:

**City of Ukiah**  
**Notes to Financial Statements**  
Year Ended June 30, 2018

**9) PENSION PLANS - Continued**

	Miscellaneous
Valuation date	June 30, 2016
Measurement date	June 30, 2017
Actuarial cost method	entry-age normal
Actuarial assumptions:	
Discount rate	7.15%
Inflation	2.75%
Payroll growth	3.00%
Projected salary increase	(1)
Investment rate of return	7.15%
Mortality	(2)

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

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

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2016 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website.

**Discount Rate** - The discount rate used to measure the total pension liability was 7.15 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing of the plans, the tests revealed the assets would not run out. Therefore, the current 7.15 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.15 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

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.

**City of Ukiah**  
**Notes to Financial Statements**  
Year Ended June 30, 2018

**9) PENSION PLANS - Continued**

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (1)	Real Return Years 11+ (2)
Global Equity	47%	4.90%	5.38%
Global Fixed Income	19%	0.80%	2.27%
Inflation Sensitive	6%	0.60%	1.39%
Private Equity	12%	6.60%	6.63%
Real Estate	11%	2.80%	5.21%
Infrastructure and Forestland	3%	3.90%	5.36%
Liquidity	2%	-0.40%	-0.90%

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

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

**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, 2016	\$ 78,957,006	\$ 48,737,167	\$ 30,219,839
Changes in the year:			
Service cost	1,823,230	-	1,823,230
Interest on the total pension liability	5,794,263	-	5,794,263
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(1,456,928)	-	(1,456,928)
Changes in assumptions	4,693,759	-	4,693,759
Contributions from the employer	-	2,652,462	(2,652,462)
Contributions from employees	-	659,895	(659,895)
Net investment income	-	5,421,492	(5,421,492)
Administrative Expenses	-	(71,957)	71,957
Benefit payments, including refunds	(4,133,617)	(4,133,617)	-
Net changes	6,720,707	4,528,275	2,192,432
Balance at June 30, 2017	\$ 85,677,713	\$ 53,265,442	\$ 32,412,271

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



**City of Ukiah**  
**Notes to Financial Statements**  
Year Ended June 30, 2018

**9) PENSION PLANS - Continued**

		Miscellaneous
1% Decrease		6.15%
Net Pension Liability	\$	43,721,177
Current Discount Rate		7.15%
Net Pension Liability	\$	32,412,271
1% Increase		8.15%
Net Pension Liability	\$	23,060,627

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

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

For the year ended June 30, 2018, the City recognized pension expense for the Miscellaneous Plan of \$3,352,364. At June 30, 2018, 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	\$ 2,941,163	\$ -
Differences between actual and expected experience	-	1,418,559
Changes in assumptions	3,075,221	-
Net differences between projected and actual earnings on plan investments	686,596	-
 Total	 \$ 6,702,980	 \$ 1,418,559

\$2,941,163 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending June 30,		
2019	\$	619,724
2020		1,825,110
2021		296,607
2022		(398,183)
2023		-
Thereafter		-

**City of Ukiah**  
**Notes to Financial Statements**  
Year Ended June 30, 2018

**9) PENSION PLANS - Continued**

**Payable to the Pension Plan**

At June 30, 2018, the City reported a payable of \$ -0- for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2018.

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

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

**Benefits Provided** – The Plan is a cost-sharing multiple-employer defined benefit pension plan administered by the California Public Employees’ Retirement System (CalPERS). A full description of the pension plan benefit provisions, assumptions for funding purposes but not accounting purposes, and membership information is listed in the June 30, 2016 Annual Actuarial Valuation Report. Details of the benefits provided can be obtained in Appendix B of the June 30, 2016 actuarial valuation report. This report is a publicly available valuation report that can be obtained at CalPERS’ website under Forms and Publications.

	<u>Safety Police</u>	<u>Safety Fire</u>	<u>Safety PEPRA</u>
	Prior to	Prior to	On or after
Hire date	January 1, 2013	January 1, 2013	January 1, 2013
Benefit formula	3% @ 50	3% @ 50	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50	50	57
Monthly benefits, as a % of eligible compensation	Highest single year	Highest single year	3-year average
Required employee contribution rates	9%	9%	11.5%
Required employer contribution rates	21.418% + \$665,337	19.520% + \$361,072	12.729% + \$240

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

Beginning in fiscal year 2016, CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability. The dollar amounts are billed on a monthly basis. The City’s required contribution for the unfunded liability was \$1,026,649 in fiscal year 2018.

**City of Ukiah**  
**Notes to Financial Statements**  
Year Ended June 30, 2018

**9) PENSION PLANS - Continued**

For the year ended June 30, 2018, the contributions recognized as part of pension expense was \$1,575,086.

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

As of June 30, 2018, the City reported a net pension liability for its proportionate shares of the net pension liability of \$17,185,971. The City's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2017, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

The City's proportionate share of the net pension liability as of June 30, 2016 and 2017 was as follows:

	Safety
Proportion - June 30, 2016	0.17673%
Proportion - June 30, 2017	0.17329%
Change - Increase (Decrease)	-0.00344%

For the year ended June 30, 2018, the City recognized pension expense of \$2,238,942. At June 30, 2018, 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	\$ 1,763,563	\$ -
Differences between actual and expected experience	125,727	-
Changes in assumptions	2,277,197	-
Change in Employer's Proportion	-	99,618
Differences between Employer's Contributions and Proportionate Share of Contributions	123,293	-
Net differences between projected and actual earnings on plan investments	537,778	-
Total	\$ 4,827,558	\$ 99,618

\$1,763,563 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

**City of Ukiah**  
**Notes to Financial Statements**  
Year Ended June 30, 2018

**9) PENSION PLANS - Continued**

Year Ending June 30,	\$
2019	674,867
2020	1,620,886
2021	983,297
2022	(314,673)
2023	-
Thereafter	-

**Actuarial Assumptions** – The total pension liabilities in the June 30, 2016 actuarial valuations were determined using the following actuarial assumptions:

	Safety
Valuation date	June 30, 2016
Measurement date	June 30, 2017
Actuarial cost method	entry-age normal
Actuarial assumptions:	
Discount rate	7.15%
Inflation	2.75%
Payroll growth	3.00%
Projected salary increase	(1)
Investment rate of return	7.15%
Mortality	(2)

- (1) Depending on age, service and type of employment
- (2) Derived using CalPERS' Membership Data for all Funds.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2016 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.

**Discount Rate** - The discount rate used to measure the total pension liability was 7.15% for the Plan. See disclosures above for the Miscellaneous pension plan regarding the discount rate.

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

**City of Ukiah**  
**Notes to Financial Statements**  
Year Ended June 30, 2018

**9) PENSION PLANS - Continued**

		Safety
1% Decrease		6.15%
Net Pension Liability	\$	25,334,026
Current Discount Rate		7.15%
Net Pension Liability	\$	17,185,971
1% Increase		8.15%
Net Pension Liability	\$	10,525,341

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

**Payable to the Pension Plan**

At June 30, 2018, the City reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2018.

**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, 2018, the City paid \$7,484,285 to the NCPA for power supplied by the agency.

The NCPA holds certain funds under a separate member custodial agreement - the general operating reserve. The purpose of the reserve is to allow members to fund all, or a portion, of the contingent liabilities that the NCPA faces at any given time, while providing the individual member with the flexibility to draw upon their part of the reserve, as each member individually deems appropriate. At June 30, 2018, the City's balance held in the reserve was \$7,220,588, of which \$81,992 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.

**City of Ukiah**  
**Notes to Financial Statements**  
Year Ended June 30, 2018

**10) RELATED ORGANIZATIONS - Continued**

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 \$1,506,051.

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.

**11) CONTINGENCIES**

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, 2018, which is based on 100.0% usage (filled) of the landfill.

**City of Ukiah**  
**Notes to Financial Statements**  
Year Ended June 30, 2018

**12) LANDFILL CLOSURE AND POSTCLOSURE COSTS - Continued**

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, 2018, 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, 2018, held \$8,573,733 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).

**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:

Ukiah Valley Fire District (UVFD)

The City has entered into an agreement with the UVFD to provide firefighting, emergency medical response and hazardous material response services within the corporate limits of the City. The current agreement commenced July 1, 2017. 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, 2018, the City paid \$501,275 under the term of the agreement.

Tayman Park Golf Group, Inc.

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, 2018, the City received \$43,325 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:

**City of Ukiah**  
**Notes to Financial Statements**  
Year Ended June 30, 2018

**13) SERVICE CONTRACTS - Continued**

	Cost	Accumulated Depreciation	Carrying Value
Land	\$ 965,284	\$ -	\$ 965,284
Land Improvements	308,753	305,003	3,750
Infrastructure Systems:	178,259	178,259	-
Building and Improvements	105,992	89,874	16,118
Rolling Equipment	28,006	28,006	-
Machinery and Equipment	30,390	30,390	-
Total	<u>\$ 1,616,884</u>	<u>\$ 631,532</u>	<u>\$ 985,152</u>

Ukiah Waste Solutions

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.

Ukiah Valley Sanitation District (UVSD)

The City has contracted with the UVSD 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.

**14) SUBSEQUENT EVENTS**

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 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 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 attempted to mediate the dispute to prevent the potential substantial defense costs should the case go to trial.

In October 2018, subsequent to the fiscal year end, the City entered into a settlement agreement with the District. In accordance with the agreement the City agreed to pay the District \$4,984,310. This is a long-term liability of the Sewer Enterprise Fund. See Long-Term Debt Note 6.

**15) CAPACITY PROJECT RECEIVABLE FROM UVSD**

In March 2006, the City entered into a financing agreement with the Ukiah Valley Sanitation District (the "District") related to the City's 2006 Wastewater Revenue Bonds. Under the agreement, the District received an intangible right to a portion of the increased capacity of the City's wastewater treatment plant and is required to pay 65% of the portion of the 2006 Wastewater Revenue Bonds related to the Capacity Project to the City in annual principal installments of \$67,188 to \$787,775 with interest rates of 4.00% to 4.75% and maturity on March 1, 2036. The initial receivable from the District based on the agreement was \$12,607,761.



**City of Ukiah**  
**Notes to Financial Statements**  
Year Ended June 30, 2018

**15) CAPACITY PROJECT RECEIVABLE FROM UVSD - Continued**

The payments are deposited into the City's Sewer Enterprise Fund. As of June 30, 2018, the receivable from the District is \$9,879,943. The future payment schedule may be adjusted through a negotiation process pursuant to an Operating Agreement between the City and the District effective October 2018. Future payments to be received from the District, including principal and interest, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2019	\$ 366,173	\$ 451,383	\$ 817,556
2020	382,970	436,279	819,249
2021	398,087	420,003	818,090
2022	416,563	403,084	819,647
2023	435,040	384,859	819,899
2024 - 2028	2,492,661	1,616,470	4,109,131
2029 - 2033	3,130,944	988,299	4,119,243
2034 - 2036	2,257,505	217,814	2,475,319
Totals	<u>\$ 9,879,943</u>	<u>\$ 4,918,191</u>	<u>\$ 14,798,134</u>

**16) RESTATEMENT OF NET POSITION.**

In the prior year, the City reported a nonmajor Recycled Water Enterprise Fund. The Recycled Water Enterprise Fund from the prior year is now combined with the Water Enterprise Fund for the purposes of financial reporting. Therefore, the restatement to the beginning net position of the Water Enterprise Fund and the Nonmajor Enterprise Funds of \$125,761 is the result of this combination. The restatement to the beginning net position in the Sewer Enterprise Fund of \$10,230,998 was to record the balance of the Capacity Project Receivable from UVSD as of July 1, 2017. See Note 15 for more information.

**REQUIRED SUPPLEMENTARY INFORMATION**

**City of Ukiah**  
**Required Supplementary Information**  
June 30, 2018

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

	Measurement Period			
	2017	2016	2015	2014
<b>Total Pension Liability</b>				
Service cost	\$ 1,823,230	\$ 1,572,047	\$ 1,612,003	\$ 1,788,902
Interest on total pension liability	5,794,263	5,696,580	5,564,428	5,416,497
Differences between expected and actual experience	(1,456,928)	(1,392,062)	(1,280,133)	-
Changes in assumptions	4,693,759	-	(1,318,850)	-
Changes in benefits	-	56,535	-	-
Benefit payments, including refunds	(4,133,617)	(3,981,386)	(4,205,497)	(3,795,124)
Net change in total pension liability	<u>6,720,707</u>	<u>1,951,714</u>	<u>371,951</u>	<u>3,410,275</u>
Total pension liability - beginning	78,957,006	77,005,292	76,633,341	73,223,066
Total pension liability - ending (a)	<u>\$ 85,677,713</u>	<u>\$ 78,957,006</u>	<u>\$ 77,005,292</u>	<u>\$ 76,633,341</u>
<b>Plan Fiduciary Net Position</b>				
Contributions - employer	\$ 2,652,462	\$ 2,391,847	\$ 2,156,759	\$ 2,193,059
Contributions - employee	659,895	648,121	634,373	779,732
Net investment income	5,421,492	246,475	1,106,699	7,445,055
Benefit payments	(4,133,617)	(3,981,386)	(4,205,497)	(3,795,124)
Administrative Expense	(71,957)	(30,145)	(55,697)	-
Net change in plan fiduciary net position	<u>4,528,275</u>	<u>(725,088)</u>	<u>(363,363)</u>	<u>6,622,722</u>
Plan fiduciary net position - beginning	48,737,167	49,462,255	49,825,618	43,202,896
Plan fiduciary net position - ending (b)	<u>\$ 53,265,442</u>	<u>\$ 48,737,167</u>	<u>\$ 49,462,255</u>	<u>\$ 49,825,618</u>
Net pension liability - ending (a) - (b)	<u>\$ 32,412,271</u>	<u>\$ 30,219,839</u>	<u>\$ 27,543,037</u>	<u>\$ 26,807,723</u>
Plan fiduciary net position as a percentage of the total pension liability	62.17%	61.73%	64.23%	65.02%
Covered payroll	\$ 8,412,838	\$ 7,949,673	\$ 8,008,361	\$ 8,340,257
Net pension liability as percentage of covered payroll	385.27%	380.14%	343.93%	321.43%

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

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2016 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 percent discount rate.

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

**City of Ukiah**  
**Required Supplementary Information**  
June 30, 2018

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

Fiscal Year	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency/ (Excess)	Covered Payroll	Contributions as a % of Covered Payroll
2018	\$ 2,941,163	\$ (2,941,163)	\$ -	\$ 8,953,884	32.85%
2017	2,652,462	(2,652,462)	-	8,412,838	31.53%
2016	2,391,847	(2,391,847)	-	7,949,673	30.09%
2015	2,156,759	(2,156,759)	-	8,008,361	26.93%
2014	2,193,059	(2,193,059)	-	8,340,257	26.29%

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

**City of Ukiah**  
**Required Supplementary Information**  
June 30, 2018

**Schedule of the City's Proportionate Share of the Net Pension Liability**  
**Last 10 Years\***

<u>Measurement Date</u>	<u>Proportion of the Net Pension Liability</u>	<u>Proportionate Share of Net Pension Liability</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Liability as a % of Payroll</u>	<u>Plan Fiduciary Net Position as a % of the Total Pension Liability</u>
2017	0.17329%	\$ 17,185,971	\$ 4,135,089	415.61%	70.49%
2016	0.17673%	15,292,260	3,434,144	445.30%	71.08%
2015	0.18060%	12,396,052	3,844,242	322.46%	75.31%
2014	0.18518%	11,522,849	3,330,571	345.97%	79.27%

**Notes to Schedule:**

Changes of Benefit Terms: In 2017, there were no changes to the benefit terms.

Changes in assumptions: In 2017, there were no changes in assumptions.

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

**City of Ukiah**  
**Required Supplementary Information**  
June 30, 2018

**Schedule of Plan Contributions**  
**Last 10 Years\***

Fiscal Year	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency/ (Excess)	Covered Payroll	Contributions as a % of Covered Payroll
2018	\$ 1,763,563	\$ (1,763,563)	\$ -	\$ 4,088,030	43.14%
2017	1,575,086	(1,575,086)	-	4,135,089	38.09%
2016	1,520,825	(1,520,825)	-	3,434,144	44.29%
2015	1,309,930	(1,309,930)	-	3,844,242	34.08%

**Notes to the Schedule of Plan Contributions**

Valuation Date: 6/30/2014, 6/30/2015, 6/30/2016

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

**City of Ukiah**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - General Fund**  
Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes:				
Property Taxes	\$ 2,794,803	\$ 2,794,803	\$ 2,838,902	\$ 44,099
Sales Taxes	11,590,836	11,590,836	10,802,364	(788,472)
Transient Occupancy Taxes	1,293,650	1,293,650	1,406,417	112,767
Business License Taxes	367,250	367,250	358,610	(8,640)
Property Transfer Tax	45,000	45,000	51,389	6,389
Franchise Fees	1,580,304	1,580,304	1,653,146	72,842
Licenses and Permits	330,525	345,525	548,627	203,102
Fines and Forfeitures	88,500	88,500	113,139	24,639
Interest, Rents and Concession	174,300	174,300	170,939	(3,361)
Intergovernmental	43,795	43,795	34,296	(9,499)
Charges for Services	1,289,400	1,289,400	1,679,034	389,634
Miscellaneous	-	-	110,223	110,223
<b>Total Revenues</b>	<b>19,598,363</b>	<b>19,613,363</b>	<b>19,767,086</b>	<b>153,723</b>
<b>EXPENDITURES</b>				
Current:				
General Government	206,079	334,510	282,860	51,650
Public Safety	10,870,402	10,930,316	12,571,245	(1,640,929)
Public Works	1,585,763	1,652,513	1,643,691	8,822
Housing and Community Development	908,376	1,100,855	1,019,061	81,794
Recreation and Culture	1,118,955	1,133,947	1,250,665	(116,718)
Parks, Buildings and Grounds	1,466,595	1,526,402	1,412,291	114,111
Capital Outlay	7,588,000	9,570,842	7,904,131	1,666,711
Debt Service:				
Principal	-	49,925	49,925	-
Interest	-	14,055	14,055	-
<b>Total Expenditures</b>	<b>23,744,170</b>	<b>26,313,365</b>	<b>26,147,924</b>	<b>165,441</b>
Excess (Deficiency) of Revenues over Expenditures	(4,145,807)	(6,700,002)	(6,380,838)	319,164
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of Debt	4,000,000	4,000,000	5,125,731	1,125,731
Transfers In	2,186,703	2,186,703	851,338	(1,335,365)
Transfers Out	(410,856)	(410,856)	(748,546)	(337,690)
<b>Total Other Financing Sources (Uses)</b>	<b>5,775,847</b>	<b>5,775,847</b>	<b>5,228,523</b>	<b>(547,324)</b>
Net Change in Fund Balances	1,630,040	(924,155)	(1,152,315)	(228,160)
Fund Balance, Beginning of Year	5,322,236	5,322,236	5,322,236	-
Fund Balance, End of Year	\$ 6,952,276	\$ 4,398,081	\$ 4,169,921	\$ (228,160)

**City of Ukiah**  
**Notes to Required Supplementary Information**  
June 30, 2018

**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 Local Law Enforcement Special Revenue Fund, the STIP Augmentation Special Revenue Fund, the HOME Grants Special Revenue Fund, the Prop. 172 Public Safety Special Revenue Fund, and the Riparian Corridor Enhancement Capital Projects Fund.



## **SUPPLEMENTARY INFORMATION**

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**NON-MAJOR GOVERNMENTAL FUNDS**

**City of Ukiah**  
**Combining Balance Sheet**  
**Non-major Governmental Funds**  
June 30, 2018

	Special Revenue			
	Museum Grants Prop 84	Asset Seizure	Supplemental Law Enforcement	Local Law Enforcement Block Grant
<b>ASSETS</b>				
Cash and Investments	\$ 1,684	\$ 79,323	\$ 31,809	\$ -
Cash with Fiscal Agent	-	-	-	-
Receivables:				
Accounts	-	-	-	-
Interest	4	199	80	-
Intergovernmental	-	-	88,163	-
Long-term Notes	-	-	-	-
Prepaid Expenditures	-	-	-	-
Advances to Other Funds	-	-	-	-
Land Held for Resale	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 1,688</u>	<u>\$ 79,522</u>	<u>\$ 120,052</u>	<u>\$ -</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ -	\$ 52,051	\$ -	\$ -
Accrued Salaries and Benefits	-	1,080	4,807	-
Advances from Other Funds	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>-</u>	<u>53,131</u>	<u>4,807</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenues - Grants	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>				
Nonspendable	-	-	-	-
Restricted	1,688	26,391	115,245	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>1,688</u>	<u>26,391</u>	<u>115,245</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,688</u>	<u>\$ 79,522</u>	<u>\$ 120,052</u>	<u>\$ -</u>

Special Revenue						
Asset Forfeiture 11470.2 H&S	Special Police	Special Revenue	ARC General Operating	Downtown Business Improvement	Winter Special Events	Signalization
\$ 57,385	\$ 112	\$ 111,628	\$ 12,194	\$ 14,896	\$ 25,889	\$ 321,059
-	-	-	-	-	-	-
143	1	279	30	37	65	804
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 57,528</u>	<u>\$ 113</u>	<u>\$ 111,907</u>	<u>\$ 12,224</u>	<u>\$ 14,933</u>	<u>\$ 25,954</u>	<u>\$ 321,863</u>
\$ -	\$ -	\$ 124	\$ 13,033	\$ 1,644	\$ -	\$ -
-	-	-	910	-	-	-
-	-	-	49,601	-	-	-
-	-	124	63,544	1,644	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
57,528	113	111,783	-	13,289	25,954	321,863
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	(51,320)	-	-	-
<u>57,528</u>	<u>113</u>	<u>111,783</u>	<u>(51,320)</u>	<u>13,289</u>	<u>25,954</u>	<u>321,863</u>
<u>\$ 57,528</u>	<u>\$ 113</u>	<u>\$ 111,907</u>	<u>\$ 12,224</u>	<u>\$ 14,933</u>	<u>\$ 25,954</u>	<u>\$ 321,863</u>

Continued

**City of Ukiah**  
**Combining Balance Sheet**  
**Non-major Governmental Funds - Continued**  
June 30, 2018

	Special Revenue			
	Gas Tax	STIP Augmentation	CDBG Grants	HOME Grants
<b>ASSETS</b>				
Cash and Investments	\$ 2,934	\$ -	\$ 364,962	\$ 282,177
Cash with Fiscal Agent	-	-	-	-
Receivables:				
Accounts	34,577	-	-	-
Interest	9	-	1,058	588
Intergovernmental	-	-	-	-
Long-term Notes	-	-	2,012,216	1,350,172
Prepaid Expenditures	-	112,000	-	-
Advances to Other Funds	-	-	-	-
Land Held for Resale	-	-	-	-
<b>Total Assets</b>	<u>\$ 37,520</u>	<u>\$ 112,000</u>	<u>\$ 2,378,236</u>	<u>\$ 1,632,937</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ -	\$ 112,000	\$ 1,375	\$ -
Accrued Salaries and Benefits	-	-	2,275	-
Advances from Other Funds	-	-	187,761	-
<b>Total Liabilities</b>	<u>-</u>	<u>112,000</u>	<u>191,411</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenues - Grants	-	112,000	-	-
<b>Total Deferred Inflows of Resources</b>	<u>-</u>	<u>112,000</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>				
Nonspendable	-	-	-	-
Restricted	37,520	-	2,186,825	1,632,937
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	(112,000)	-	-
<b>Total Fund Balances</b>	<u>37,520</u>	<u>(112,000)</u>	<u>2,186,825</u>	<u>1,632,937</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<u>\$ 37,520</u>	<u>\$ 112,000</u>	<u>\$ 2,378,236</u>	<u>\$ 1,632,937</u>

Special Revenue

SB 325 Reimbursement	State STP	Congestion Relief	Museum	Transfer Station	Visit Ukiah	LMIHF Housing Asset
\$ 37,095	\$ 206	\$ 277,067	\$ 4,278	\$ 117	\$ 54,535	\$ 32,320
-	-	-	-	-	-	-
38,676	804,008	-	-	68,863	-	1,000
92	1	694	11	-	136	81
283,523	-	-	-	-	-	-
-	-	-	-	-	-	1,764,499
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	2,435,114
<u>\$ 359,386</u>	<u>\$ 804,215</u>	<u>\$ 277,761</u>	<u>\$ 4,289</u>	<u>\$ 68,980</u>	<u>\$ 54,671</u>	<u>\$ 4,233,014</u>
\$ 110,340	\$ 574,189	\$ 774,081	\$ 13,993	\$ -	\$ 920	\$ -
-	-	38	12,218	-	1,126	-
97,741	229,819	-	-	-	-	-
208,081	804,008	774,119	26,211	-	2,046	-
283,523	804,008	-	-	-	-	13,171
283,523	804,008	-	-	-	-	13,171
-	-	-	-	-	-	-
-	-	-	-	-	-	4,219,843
-	-	-	-	68,980	52,625	-
-	-	-	-	-	-	-
(132,218)	(803,801)	(496,358)	(21,922)	-	-	-
(132,218)	(803,801)	(496,358)	(21,922)	68,980	52,625	4,219,843
<u>\$ 359,386</u>	<u>\$ 804,215</u>	<u>\$ 277,761</u>	<u>\$ 4,289</u>	<u>\$ 68,980</u>	<u>\$ 54,671</u>	<u>\$ 4,233,014</u>

Continued

**City of Ukiah**  
**Combining Balance Sheet**  
**Non-major Governmental Funds - Continued**  
June 30, 2018

	Special Revenue			Capital Projects
	Prop. 172 Public Safety	CBTHP Officer	City Housing Bond Proceeds	Park Development
<b>ASSETS</b>				
Cash and Investments	\$ 51,147	\$ 903,753	\$ -	\$ 29,242
Cash with Fiscal Agent	-	-	2,791,154	-
Receivables:				
Accounts	-	-	-	-
Interest	128	2,254	-	73
Intergovernmental	-	-	-	-
Long-term Notes	-	-	-	-
Prepaid Expenditures	-	-	-	-
Advances to Other Funds	-	-	-	-
Land Held for Resale	-	-	-	-
 Total Assets	 <u>\$ 51,275</u>	 <u>\$ 906,007</u>	 <u>\$ 2,791,154</u>	 <u>\$ 29,315</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 448	\$ -	\$ -	\$ -
Accrued Salaries and Benefits	-	-	-	-
Advances from Other Funds	-	-	-	-
 Total Liabilities	 <u>448</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenues - Grants	-	-	-	-
 Total Deferred Inflows of Resources	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>
<b>FUND BALANCES</b>				
Nonspendable	-	-	-	-
Restricted	50,827	906,007	2,791,154	29,315
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
 Total Fund Balances	 <u>50,827</u>	 <u>906,007</u>	 <u>2,791,154</u>	 <u>29,315</u>
 Total Liabilities, Deferred Inflows of Resources and Fund Balances	 <u>\$ 51,275</u>	 <u>\$ 906,007</u>	 <u>\$ 2,791,154</u>	 <u>\$ 29,315</u>



Capital Projects

Anton Stadium	Observatory Park	Playground and Park Amenities	Swimming Pool	Riverside Park	Skate Park	Softball Complex
\$ 32,066	\$ 6,508	\$ 2,557	\$ 158	\$ 20,217	\$ 11,328	\$ 6,514
-	-	-	-	-	-	-
80	16	6	-	51	28	16
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 32,146</u>	<u>\$ 6,524</u>	<u>\$ 2,563</u>	<u>\$ 158</u>	<u>\$ 20,268</u>	<u>\$ 11,356</u>	<u>\$ 6,530</u>
\$ -	\$ 125	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	136,349	-	-	-
-	125	-	136,349	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
32,146	6,399	2,563	-	20,268	11,356	6,530
-	-	-	-	-	-	-
-	-	-	(136,191)	-	-	-
<u>32,146</u>	<u>6,399</u>	<u>2,563</u>	<u>(136,191)</u>	<u>20,268</u>	<u>11,356</u>	<u>6,530</u>
<u>\$ 32,146</u>	<u>\$ 6,524</u>	<u>\$ 2,563</u>	<u>\$ 158</u>	<u>\$ 20,268</u>	<u>\$ 11,356</u>	<u>\$ 6,530</u>

Continued

**City of Ukiah**  
**Combining Balance Sheet**  
**Non-major Governmental Funds - Continued**  
June 30, 2018

	Capital Projects			Permanent Fund	Total Non-major Funds
	Special Project Reserve	Equipment Reserve	Rail Trail	Riparian Corridor Enhancement	
<b>ASSETS</b>					
Cash and Investments	\$ 619,561	\$ 10,079	\$ -	\$ 140,403	\$ 3,545,203
Cash with Fiscal Agent	-	-	-	-	2,791,154
Receivables:					-
Accounts	1,500	-	-	-	948,624
Interest	1,556	31	-	350	8,901
Intergovernmental	-	-	165,231	-	536,917
Long-term Notes	-	-	-	-	5,126,887
Prepaid Expenditures	-	-	-	-	112,000
Advances to Other Funds	1,070,439	480,000	-	-	1,550,439
Land Held for Resale	-	-	-	-	2,435,114
Total Assets	<u>\$ 1,693,056</u>	<u>\$ 490,110</u>	<u>\$ 165,231</u>	<u>\$ 140,753</u>	<u>\$ 17,055,239</u>
<b>LIABILITIES</b>					
Accounts Payable	\$ 650,420	\$ 15,993	\$ 18,570	\$ -	\$ 2,339,306
Accrued Salaries and Benefits	-	-	-	-	22,454
Advances from Other Funds	-	-	146,661	-	847,932
Total Liabilities	<u>650,420</u>	<u>15,993</u>	<u>165,231</u>	<u>-</u>	<u>3,209,692</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable Revenues - Grants	-	-	165,231	-	1,377,933
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>165,231</u>	<u>-</u>	<u>1,377,933</u>
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	137,576	137,576
Restricted	-	-	-	3,177	12,610,721
Committed	-	-	-	-	121,605
Assigned	1,042,636	474,117	-	-	1,516,753
Unassigned	-	-	(165,231)	-	(1,919,041)
Total Fund Balances	<u>1,042,636</u>	<u>474,117</u>	<u>(165,231)</u>	<u>140,753</u>	<u>12,467,614</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,693,056</u>	<u>\$ 490,110</u>	<u>\$ 165,231</u>	<u>\$ 140,753</u>	<u>\$ 17,055,239</u>

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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, 2018

	Special Revenue			
	Museum Grants Prop 84	Asset Seizure	Supplemental Law Enforcement	Local Law Enforcement Block Grant
<b>REVENUES</b>				
Interest, Rents and Concessions	\$ 1,010	\$ 162	\$ 81	\$ -
Sales Tax	-	-	-	-
Intergovernmental	600,000	44,155	188,163	-
Charges for Services	-	-	-	-
Miscellaneous	2	55	22	-
Total Revenues	<u>601,012</u>	<u>44,372</u>	<u>188,266</u>	<u>-</u>
<b>EXPENDITURES</b>				
Current:				
General Government	-	-	-	-
Public Safety	-	149,883	125,347	-
Public Works	-	-	-	-
Housing and Community Development	-	-	-	-
Recreation and Culture	-	-	-	-
Capital Outlay	21,206	-	-	-
Total Expenditures	<u>21,206</u>	<u>149,883</u>	<u>125,347</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>579,806</u>	<u>(105,511)</u>	<u>62,919</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	257,446	-	-	-
Transfers Out	-	(40,000)	-	-
Total Other Financing Sources (Uses)	<u>257,446</u>	<u>(40,000)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	837,252	(145,511)	62,919	-
Fund Balances, Beginning of Year	<u>(835,564)</u>	<u>171,902</u>	<u>52,326</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 1,688</u>	<u>\$ 26,391</u>	<u>\$ 115,245</u>	<u>\$ -</u>

Special Revenue						
Asset Forfeiture 11470.2 H&S	Special Police	Special Revenue	ARC General Operating	Downtown Business Improvement	Winter Special Events	Signalization
\$ 226	\$ (39)	\$ 532	\$ 83,895	\$ 55	\$ 99	\$ 1,630
-	-	-	-	-	-	-
6,400	62,500	96,602	-	-	-	-
-	-	-	20,004	24,466	157,134	152,640
39	398	17,103	9	10	-	222
<u>6,665</u>	<u>62,859</u>	<u>114,237</u>	<u>103,908</u>	<u>24,531</u>	<u>157,233</u>	<u>154,492</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	91,633	10,055	-	-
-	-	-	-	-	155,639	-
-	-	1,652	-	-	-	-
<u>-</u>	<u>-</u>	<u>1,652</u>	<u>91,633</u>	<u>10,055</u>	<u>155,639</u>	<u>-</u>
<u>6,665</u>	<u>62,859</u>	<u>112,585</u>	<u>12,275</u>	<u>14,476</u>	<u>1,594</u>	<u>154,492</u>
-	6	-	-	-	-	-
-	(94,498)	-	-	-	-	(270,907)
<u>-</u>	<u>(94,492)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(270,907)</u>
6,665	(31,633)	112,585	12,275	14,476	1,594	(116,415)
50,863	31,746	(802)	(63,595)	(1,187)	24,360	438,278
<u>\$ 57,528</u>	<u>\$ 113</u>	<u>\$ 111,783</u>	<u>\$ (51,320)</u>	<u>\$ 13,289</u>	<u>\$ 25,954</u>	<u>\$ 321,863</u>

Continued

**City of Ukiah**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-major Governmental Funds - Continued**  
Year Ended June 30, 2018

	Special Revenue			
	Gas Tax	STIP Augmentation	CDBG Grants	HOME Grants
<b>REVENUES</b>				
Interest, Rents and Concessions	\$ 569	\$ -	\$ 9,158	\$ 6,898
Sales Tax	-	-	-	-
Intergovernmental	450,052	-	67,608	-
Charges for Services	-	-	-	-
Miscellaneous	2	-	263	162
Total Revenues	<u>450,623</u>	<u>-</u>	<u>77,029</u>	<u>7,060</u>
<b>EXPENDITURES</b>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Housing and Community Development	-	-	43,949	-
Recreation and Culture	-	-	-	-
Capital Outlay	-	112,000	-	-
Total Expenditures	<u>-</u>	<u>112,000</u>	<u>43,949</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>450,623</u>	<u>(112,000)</u>	<u>33,080</u>	<u>7,060</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	3,071	-	-	-
Transfers Out	(445,933)	-	-	-
Total Other Financing Sources (Uses)	<u>(442,862)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	7,761	(112,000)	33,080	7,060
Fund Balances, Beginning of Year	<u>29,759</u>	<u>-</u>	<u>2,153,745</u>	<u>1,625,877</u>
Fund Balances, End of Year	<u>\$ 37,520</u>	<u>\$ (112,000)</u>	<u>\$ 2,186,825</u>	<u>\$ 1,632,937</u>

Special Revenue

SB 325 Reimbursement	State STP	Congestion Relief	Museum	Transfer Station	Visit Ukiah	LMIHF Housing Asset
\$ 123	\$ 1	\$ 198	\$ 14	\$ 117	\$ 227	\$ 11,133
-	-	-	-	-	-	-
37,763	-	-	-	-	-	-
-	-	-	5,460	397,522	683	-
26	-	191	52,253	-	37	22
<u>37,912</u>	<u>1</u>	<u>389</u>	<u>57,727</u>	<u>397,639</u>	<u>947</u>	<u>11,155</u>
-	-	-	-	-	102,519	-
-	-	-	-	-	-	-
61,696	-	14,773	-	-	-	-
-	-	-	-	-	-	8,534
-	-	-	417,268	-	-	-
221,828	879,749	952,703	-	-	-	-
<u>283,524</u>	<u>879,749</u>	<u>967,476</u>	<u>417,268</u>	<u>-</u>	<u>102,519</u>	<u>8,534</u>
<u>(245,612)</u>	<u>(879,748)</u>	<u>(967,087)</u>	<u>(359,541)</u>	<u>397,639</u>	<u>(101,572)</u>	<u>2,621</u>
-	-	-	370,050	-	117,969	-
-	-	-	-	(363,796)	-	-
-	-	-	370,050	(363,796)	117,969	-
(245,612)	(879,748)	(967,087)	10,509	33,843	16,397	2,621
113,394	75,947	470,729	(32,431)	35,137	36,228	4,217,222
<u>\$ (132,218)</u>	<u>\$ (803,801)</u>	<u>\$ (496,358)</u>	<u>\$ (21,922)</u>	<u>\$ 68,980</u>	<u>\$ 52,625</u>	<u>\$ 4,219,843</u>

Continued

**City of Ukiah**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-major Governmental Funds - Continued**  
Year Ended June 30, 2018

	Special Revenue			Capital Projects
	Prop. 172 Public Safety	CBHTP Officer	City Housing Bond Proceeds	Park Development
<b>REVENUES</b>				
Interest, Rents and Concessions	\$ 170	\$ 5,385	\$ 31,165	\$ 109
Sales Tax	51,105	-	-	-
Intergovernmental	-	900,000	-	-
Charges for Services	-	-	-	-
Miscellaneous	-	622	-	20
Total Revenues	<u>51,275</u>	<u>906,007</u>	<u>31,165</u>	<u>129</u>
<b>EXPENDITURES</b>				
Current:				
General Government	-	-	-	-
Public Safety	448	-	-	-
Public Works	-	-	-	-
Housing and Community Development	-	-	-	-
Recreation and Culture	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	<u>448</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>50,827</u>	<u>906,007</u>	<u>31,165</u>	<u>129</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	50,827	906,007	31,165	129
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>2,759,989</u>	<u>29,186</u>
Fund Balances, End of Year	<u>\$ 50,827</u>	<u>\$ 906,007</u>	<u>\$ 2,791,154</u>	<u>\$ 29,315</u>



Capital Projects						
Anton Stadium	Observatory Park	Playground and Park Amenities	Swimming Pool	Riverside Park	Skate Park	Softball Complex
\$ 118	\$ 39	\$ 9	\$ (28)	\$ 74	\$ 42	\$ 24
-	-	-	-	-	-	-
-	12,000	-	-	-	-	-
100	-	-	-	-	-	-
21	4	2	-	15	7	4
<u>239</u>	<u>12,043</u>	<u>11</u>	<u>(28)</u>	<u>89</u>	<u>49</u>	<u>28</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	5,644	-	-	-	-	-
-	-	-	-	-	-	-
-	<u>5,644</u>	-	-	-	-	-
<u>239</u>	<u>6,399</u>	<u>11</u>	<u>(28)</u>	<u>89</u>	<u>49</u>	<u>28</u>
-	-	-	4	-	-	-
-	-	-	-	-	-	-
-	-	-	<u>4</u>	-	-	-
239	6,399	11	(24)	89	49	28
<u>31,907</u>	<u>-</u>	<u>2,552</u>	<u>(136,167)</u>	<u>20,179</u>	<u>11,307</u>	<u>6,502</u>
<u>\$ 32,146</u>	<u>\$ 6,399</u>	<u>\$ 2,563</u>	<u>\$ (136,191)</u>	<u>\$ 20,268</u>	<u>\$ 11,356</u>	<u>\$ 6,530</u>

Continued

**City of Ukiah**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-major Governmental Funds - Continued**  
Year Ended June 30, 2018

	Capital Projects			Permanent Fund	Total Non-major Funds
	Special Project Reserve	Equipment Reserve	Rail Trail	Riparian Corridor Enhancement	
<b>REVENUES</b>					
Interest, Rents and Concessions	\$ 2,497	\$ (1,084)	\$ -	\$ 3,080	\$ 157,689
Sales Tax	-	-	-	-	51,105
Intergovernmental	-	-	-	137,576	2,602,819
Charges for Services	-	-	-	-	758,009
Miscellaneous	429	64	-	97	72,101
Total Revenues	2,926	(1,020)	-	140,753	3,641,723
<b>EXPENDITURES</b>					
Current:					
General Government	-	32,105	-	-	134,624
Public Safety	-	-	-	-	275,678
Public Works	25,352	-	-	-	101,821
Housing and Community Development	-	-	-	-	154,171
Recreation and Culture	-	-	-	-	578,551
Capital Outlay	697,685	31,103	165,231	-	3,083,157
Total Expenditures	723,037	63,208	165,231	-	4,328,002
Excess (Deficiency) of Revenues Over Expenditures	(720,111)	(64,228)	(165,231)	140,753	(686,279)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	-	14,000	-	-	762,546
Transfers Out	-	-	-	-	(1,215,134)
Total Other Financing Sources (Uses)	-	14,000	-	-	(452,588)
Net Change in Fund Balances	(720,111)	(50,228)	(165,231)	140,753	(1,138,867)
Fund Balances, Beginning of Year	1,762,747	524,345	-	-	13,606,481
Fund Balances, End of Year	<u>\$ 1,042,636</u>	<u>\$ 474,117</u>	<u>\$ (165,231)</u>	<u>\$ 140,753</u>	<u>\$ 12,467,614</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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest, Rents and Concessions	\$ -	\$ -	\$ 1,010	\$ 1,010
Intergovernmental	2,500,000	2,500,000	600,000	(1,900,000)
Miscellaneous	-	-	2	2
	<u>2,500,000</u>	<u>2,500,000</u>	<u>601,012</u>	<u>(1,898,988)</u>
<b>EXPENDITURES</b>				
Current:				
Recreation and Culture	-	-	-	-
Capital Outlay	-	-	21,206	(21,206)
	<u>-</u>	<u>-</u>	<u>21,206</u>	<u>(21,206)</u>
Total Expenditures	-	-	21,206	(21,206)
Excess (Deficiency) of Revenues over Expenditures	<u>2,500,000</u>	<u>2,500,000</u>	<u>579,806</u>	<u>(1,920,194)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	257,446	257,446
Transfers Out	(2,500,000)	(2,500,000)	-	2,500,000
	<u>(2,500,000)</u>	<u>(2,500,000)</u>	<u>257,446</u>	<u>2,757,446</u>
Total Other Financing Sources (Uses)	(2,500,000)	(2,500,000)	257,446	2,757,446
Net Change in Fund Balance	-	-	837,252	837,252
Fund Balance, Beginning of Year	<u>(835,564)</u>	<u>(835,564)</u>	<u>(835,564)</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ (835,564)</u>	<u>\$ (835,564)</u>	<u>\$ 1,688</u>	<u>\$ 837,252</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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest, Rents and Concessions	\$ 1,080	\$ 1,080	\$ 162	\$ (918)
Intergovernmental	201,500	201,500	44,155	(157,345)
Miscellaneous	-	-	55	55
	<u>202,580</u>	<u>202,580</u>	<u>44,372</u>	<u>(158,208)</u>
<b>EXPENDITURES</b>				
Current:				
Public Safety	50,000	63,478	149,883	(86,405)
Capital Outlay	80,000	80,000	-	80,000
	<u>130,000</u>	<u>143,478</u>	<u>149,883</u>	<u>(6,405)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>72,580</u>	<u>59,102</u>	<u>(105,511)</u>	<u>(164,613)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	(40,000)	(40,000)	(40,000)	-
	<u>(40,000)</u>	<u>(40,000)</u>	<u>(40,000)</u>	<u>-</u>
Net Change in Fund Balance	32,580	19,102	(145,511)	(164,613)
Fund Balance, Beginning of Year	<u>171,902</u>	<u>171,902</u>	<u>171,902</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 204,482</u></u>	<u><u>\$ 191,004</u></u>	<u><u>\$ 26,391</u></u>	<u><u>\$ (164,613)</u></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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest, Rents and Concessions	\$ 7	\$ 7	\$ 81	\$ 74
Intergovernmental	106,000	106,000	188,163	82,163
Miscellaneous	-	-	22	22
Total Revenues	<u>106,007</u>	<u>106,007</u>	<u>188,266</u>	<u>82,259</u>
<b>EXPENDITURES</b>				
Current:				
Public Safety	109,397	109,397	125,347	(15,950)
Capital Outlay	-	-	-	-
Total Expenditures	<u>109,397</u>	<u>109,397</u>	<u>125,347</u>	<u>(15,950)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(3,390)</u>	<u>(3,390)</u>	<u>62,919</u>	<u>66,309</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(3,390)	(3,390)	62,919	66,309
Fund Balance, Beginning of Year	<u>52,326</u>	<u>52,326</u>	<u>52,326</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 48,936</u></u>	<u><u>\$ 48,936</u></u>	<u><u>\$ 115,245</u></u>	<u><u>\$ 66,309</u></u>

**City of Ukiah**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Asset Forfeiture Special Revenue Fund**  
Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest, Rents and Concessions	\$ 700	\$ 700	\$ 226	\$ (474)
Intergovernmental	-	-	6,400	6,400
Miscellaneous	-	-	39	39
	<u>700</u>	<u>700</u>	<u>6,665</u>	<u>5,965</u>
<b>EXPENDITURES</b>				
Current:				
Public Safety	-	-	-	-
Capital Outlay	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues over Expenditures	<u>700</u>	<u>700</u>	<u>6,665</u>	<u>5,965</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	700	700	6,665	5,965
Fund Balance, Beginning of Year	<u>50,863</u>	<u>50,863</u>	<u>50,863</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 51,563</u></u>	<u><u>\$ 51,563</u></u>	<u><u>\$ 57,528</u></u>	<u><u>\$ 5,965</u></u>

**City of Ukiah**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Special Police Special Revenue Fund**  
Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest, Rents and Concessions	\$ 39	\$ 39	\$ (39)	\$ (78)
Intergovernmental	125,000	125,000	62,500	(62,500)
Miscellaneous	-	-	398	398
	<u>125,039</u>	<u>125,039</u>	<u>62,859</u>	<u>(62,180)</u>
Total Revenues				
<b>EXPENDITURES</b>				
Current:				
Public Safety	-	-	-	-
Capital Outlay	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures				
Excess (Deficiency) of Revenues over Expenditures	<u>125,039</u>	<u>125,039</u>	<u>62,859</u>	<u>(62,180)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	6	6
Transfers Out	(125,000)	(125,000)	(94,498)	30,502
	<u>(125,000)</u>	<u>(125,000)</u>	<u>(94,492)</u>	<u>30,508</u>
Total Other Financing Sources (Uses)				
Net Change in Fund Balance	39	39	(31,633)	(31,672)
Fund Balance, Beginning of Year	<u>31,746</u>	<u>31,746</u>	<u>31,746</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 31,785</u>	<u>\$ 31,785</u>	<u>\$ 113</u>	<u>\$ (31,672)</u>

**City of Ukiah**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Special Revenue Fund**  
Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest, Rents and Concessions	\$ -	\$ -	\$ 532	\$ 532
Intergovernmental	-	-	96,602	96,602
Miscellaneous	-	-	17,103	17,103
	<u>-</u>	<u>-</u>	<u>114,237</u>	<u>114,237</u>
Total Revenues	<u>-</u>	<u>-</u>	<u>114,237</u>	<u>114,237</u>
<b>EXPENDITURES</b>				
Current:				
Public Safety	-	-	-	-
Capital Outlay	-	19,619	1,652	17,967
	<u>-</u>	<u>19,619</u>	<u>1,652</u>	<u>17,967</u>
Total Expenditures	<u>-</u>	<u>19,619</u>	<u>1,652</u>	<u>17,967</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>(19,619)</u>	<u>112,585</u>	<u>132,204</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
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 Balance	-	(19,619)	112,585	132,204
Fund Balance, Beginning of Year	<u>(802)</u>	<u>(802)</u>	<u>(802)</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ (802)</u>	<u>\$ (20,421)</u>	<u>\$ 111,783</u>	<u>\$ 132,204</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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest, Rents and Concessions	\$ 76,000	\$ 76,000	\$ 83,895	\$ 7,895
Charges for Services	20,000	20,000	20,004	4
Miscellaneous	-	-	9	9
	<u>96,000</u>	<u>96,000</u>	<u>103,908</u>	<u>7,908</u>
<b>EXPENDITURES</b>				
Current:				
Housing and Community Development	113,567	113,567	91,633	21,934
Capital Outlay	-	-	-	-
	<u>113,567</u>	<u>113,567</u>	<u>91,633</u>	<u>21,934</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(17,567)</u>	<u>(17,567)</u>	<u>12,275</u>	<u>29,842</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(17,567)	(17,567)	12,275	29,842
Fund Balance, Beginning of Year	<u>(63,595)</u>	<u>(63,595)</u>	<u>(63,595)</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ (81,162)</u>	<u>\$ (81,162)</u>	<u>\$ (51,320)</u>	<u>\$ 29,842</u>

**City of Ukiah**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Downtown Business Improvement Special Revenue Fund**  
Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest, Rents and Concessions	\$ -	\$ -	\$ 55	\$ 55
Charges for Services	18,000	20,000	24,466	4,466
Miscellaneous	-	-	10	10
Total Revenues	<u>18,000</u>	<u>20,000</u>	<u>24,531</u>	<u>4,531</u>
<b>EXPENDITURES</b>				
Current:				
Housing and Community Development	15,008	15,008	10,055	4,953
Capital Outlay	-	-	-	-
Total Expenditures	<u>15,008</u>	<u>15,008</u>	<u>10,055</u>	<u>4,953</u>
Excess (Deficiency) of Revenues over Expenditures	<u>2,992</u>	<u>4,992</u>	<u>14,476</u>	<u>9,484</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	2,992	4,992	14,476	9,484
Fund Balance, Beginning of Year	<u>(1,187)</u>	<u>(1,187)</u>	<u>(1,187)</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 1,805</u>	<u>\$ 3,805</u>	<u>\$ 13,289</u>	<u>\$ 9,484</u>

**City of Ukiah**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Winter Special Events Special Revenue Fund**  
Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest, Rents and Concessions	\$ -	\$ -	\$ 99	\$ 99
Charges for Services	146,000	146,000	157,134	11,134
Miscellaneous	-	-	-	-
Total Revenues	<u>146,000</u>	<u>146,000</u>	<u>157,233</u>	<u>11,233</u>
<b>EXPENDITURES</b>				
Current:				
Housing and Community Development	142,000	142,000	155,639	(13,639)
Capital Outlay	-	-	-	-
Total Expenditures	<u>142,000</u>	<u>142,000</u>	<u>155,639</u>	<u>(13,639)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>4,000</u>	<u>4,000</u>	<u>1,594</u>	<u>(2,406)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	4,000	4,000	1,594	(2,406)
Fund Balance, Beginning of Year	<u>24,360</u>	<u>24,360</u>	<u>24,360</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 28,360</u></u>	<u><u>\$ 28,360</u></u>	<u><u>\$ 25,954</u></u>	<u><u>\$ (2,406)</u></u>

**City of Ukiah**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Signalization Special Revenue Fund**  
Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest, Rents and Concessions	\$ 1,889	\$ 1,889	\$ 1,630	\$ (259)
Charges for Services	-	-	152,640	152,640
Miscellaneous	-	-	222	222
Total Revenues	<u>1,889</u>	<u>1,889</u>	<u>154,492</u>	<u>152,603</u>
<b>EXPENDITURES</b>				
Current:				
Housing and Community Development	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>1,889</u>	<u>1,889</u>	<u>154,492</u>	<u>152,603</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	<u>(270,907)</u>	<u>(270,907)</u>	<u>(270,907)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(270,907)</u>	<u>(270,907)</u>	<u>(270,907)</u>	<u>-</u>
Net Change in Fund Balance	(269,018)	(269,018)	(116,415)	152,603
Fund Balance, Beginning of Year	<u>438,278</u>	<u>438,278</u>	<u>438,278</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 169,260</u></u>	<u><u>\$ 169,260</u></u>	<u><u>\$ 321,863</u></u>	<u><u>\$ 152,603</u></u>

**City of Ukiah**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Gas Tax Special Revenue Fund**  
Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest, Rents and Concessions	\$ 78	\$ 78	\$ 569	\$ 491
Charges for Services	457,896	567,896	450,052	(117,844)
Miscellaneous	-	-	2	2
Total Revenues	<u>457,974</u>	<u>567,974</u>	<u>450,623</u>	<u>(117,351)</u>
<b>EXPENDITURES</b>				
Current:				
Public Works	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>457,974</u>	<u>567,974</u>	<u>450,623</u>	<u>(117,351)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	3,071	3,071
Transfers Out	(215,500)	(215,500)	(445,933)	(230,433)
Total Other Financing Sources (Uses)	<u>(215,500)</u>	<u>(215,500)</u>	<u>(442,862)</u>	<u>(227,362)</u>
Net Change in Fund Balance	242,474	352,474	7,761	(344,713)
Fund Balance, Beginning of Year	<u>29,759</u>	<u>29,759</u>	<u>29,759</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 272,233</u></u>	<u><u>\$ 382,233</u></u>	<u><u>\$ 37,520</u></u>	<u><u>\$ (344,713)</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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest, Rents and Concessions	\$ 8,880	\$ 8,880	\$ 9,158	\$ 278
Intergovernmental	500,000	500,000	67,608	(432,392)
Miscellaneous	-	-	263	263
Total Revenues	<u>508,880</u>	<u>508,880</u>	<u>77,029</u>	<u>(431,851)</u>
<b>EXPENDITURES</b>				
Current:				
Housing and Community Development	500,000	555,611	43,949	511,662
Capital Outlay	-	-	-	-
Total Expenditures	<u>500,000</u>	<u>555,611</u>	<u>43,949</u>	<u>511,662</u>
Excess (Deficiency) of Revenues over Expenditures	<u>8,880</u>	<u>(46,731)</u>	<u>33,080</u>	<u>79,811</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	8,880	(46,731)	33,080	79,811
Fund Balance, Beginning of Year	<u>2,153,745</u>	<u>2,153,745</u>	<u>2,153,745</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 2,162,625</u></u>	<u><u>\$ 2,107,014</u></u>	<u><u>\$ 2,186,825</u></u>	<u><u>\$ 79,811</u></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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest, Rents and Concessions	\$ -	\$ -	\$ 123	\$ 123
Intergovernmental	105,000	105,000	37,763	(67,237)
Miscellaneous	-	-	26	26
	<u>105,000</u>	<u>105,000</u>	<u>37,912</u>	<u>(67,088)</u>
Total Revenues				
<b>EXPENDITURES</b>				
Current:				
Public Works	-	-	61,696	(61,696)
Capital Outlay	105,000	206,203	221,828	(15,625)
	<u>105,000</u>	<u>206,203</u>	<u>283,524</u>	<u>(77,321)</u>
Total Expenditures				
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>(101,203)</u>	<u>(245,612)</u>	<u>(144,409)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)				
Net Change in Fund Balance	-	(101,203)	(245,612)	(144,409)
Fund Balance, Beginning of Year	<u>113,394</u>	<u>113,394</u>	<u>113,394</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 113,394</u>	<u>\$ 12,191</u>	<u>\$ (132,218)</u>	<u>\$ (144,409)</u>

**City of Ukiah**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - State STP Reimbursement Special Revenue Fund**  
Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest, Rents and Concessions	\$ -	\$ -	\$ 1	\$ 1
Intergovernmental	-	-	-	-
Total Revenues	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>
<b>EXPENDITURES</b>				
Current:				
Public Works	-	-	-	-
Capital Outlay	25,000	899,688	879,749	19,939
Total Expenditures	<u>25,000</u>	<u>899,688</u>	<u>879,749</u>	<u>19,939</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(25,000)</u>	<u>(899,688)</u>	<u>(879,748)</u>	<u>19,940</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(25,000)	(899,688)	(879,748)	19,940
Fund Balance, Beginning of Year	<u>75,947</u>	<u>75,947</u>	<u>75,947</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 50,947</u></u>	<u><u>\$ (823,741)</u></u>	<u><u>\$ (803,801)</u></u>	<u><u>\$ 19,940</u></u>



**City of Ukiah**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Congestion Relief Special Revenue Fund**  
Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest, Rents and Concessions	\$ -	\$ 5,717	\$ 198	\$ (5,519)
Intergovernmental	-	73,311	-	(73,311)
Miscellaneous	-	-	191	191
Total Revenues	-	79,028	389	(78,639)
<b>EXPENDITURES</b>				
Current:				
Public Works	-	-	14,773	(14,773)
Capital Outlay	-	970,969	952,703	18,266
Total Expenditures	-	970,969	967,476	3,493
Excess (Deficiency) of Revenues over Expenditures	-	(891,941)	(967,087)	(75,146)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	-	(891,941)	(967,087)	(75,146)
Fund Balance, Beginning of Year	470,729	470,729	470,729	-
Fund Balance, End of Year	<u>\$ 470,729</u>	<u>\$ (421,212)</u>	<u>\$ (496,358)</u>	<u>\$ (75,146)</u>

**City of Ukiah**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Museum Special Revenue Fund**  
Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest, Rents and Concessions	\$ 15,153	\$ 15,153	\$ 14	\$ (15,139)
Charges for Services	20,000	20,000	5,460	(14,540)
Miscellaneous	58,000	58,000	52,253	(5,747)
Total Revenues	<u>93,153</u>	<u>93,153</u>	<u>57,727</u>	<u>(35,426)</u>
<b>EXPENDITURES</b>				
Current:				
General Government	-	-	-	-
Housing and Community Development	446,139	446,139	417,268	28,871
Capital Outlay	20,000	20,000	-	20,000
Total Expenditures	<u>466,139</u>	<u>466,139</u>	<u>417,268</u>	<u>48,871</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(372,986)</u>	<u>(372,986)</u>	<u>(359,541)</u>	<u>13,445</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	363,987	363,987	370,050	6,063
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>363,987</u>	<u>363,987</u>	<u>370,050</u>	<u>6,063</u>
Net Change in Fund Balance	(8,999)	(8,999)	10,509	19,508
Fund Balance, Beginning of Year	<u>(32,431)</u>	<u>(32,431)</u>	<u>(32,431)</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ (41,430)</u>	<u>\$ (41,430)</u>	<u>\$ (21,922)</u>	<u>\$ 19,508</u>

**City of Ukiah**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Transfer Station Special Revenue Fund**  
Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest, Rents and Concessions	\$ -	\$ -	\$ 117	\$ 117
Charges for Services	350,000	350,000	397,522	47,522
Miscellaneous	-	-	-	-
Total Revenues	<u>350,000</u>	<u>350,000</u>	<u>397,639</u>	<u>47,639</u>
<b>EXPENDITURES</b>				
Current:				
General Government	-	-	-	-
Housing and Community Development	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>350,000</u>	<u>350,000</u>	<u>397,639</u>	<u>47,639</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	<u>(350,000)</u>	<u>(350,000)</u>	<u>(363,796)</u>	<u>(13,796)</u>
Total Other Financing Sources (Uses)	<u>(350,000)</u>	<u>(350,000)</u>	<u>(363,796)</u>	<u>(13,796)</u>
Net Change in Fund Balance	-	-	33,843	33,843
Fund Balance, Beginning of Year	<u>35,137</u>	<u>35,137</u>	<u>35,137</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 35,137</u></u>	<u><u>\$ 35,137</u></u>	<u><u>\$ 68,980</u></u>	<u><u>\$ 33,843</u></u>

**City of Ukiah**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Visit Ukiah Special Revenue Fund**  
Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest, Rents and Concessions	\$ 228	\$ 228	\$ 227	\$ (1)
Charges for Services	-	-	683	683
Miscellaneous	-	-	37	37
	<u>228</u>	<u>228</u>	<u>947</u>	<u>719</u>
<b>EXPENDITURES</b>				
Current:				
General Government	145,506	148,481	102,519	45,962
Housing and Community Development	-	-	-	-
Capital Outlay	-	-	-	-
	<u>145,506</u>	<u>148,481</u>	<u>102,519</u>	<u>45,962</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(145,278)</u>	<u>(148,253)</u>	<u>(101,572)</u>	<u>46,681</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	129,364	129,364	117,969	(11,395)
Transfers Out	-	-	-	-
	<u>129,364</u>	<u>129,364</u>	<u>117,969</u>	<u>(11,395)</u>
Net Change in Fund Balance	(15,914)	(18,889)	16,397	35,286
Fund Balance, Beginning of Year	<u>36,228</u>	<u>36,228</u>	<u>36,228</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 20,314</u>	<u>\$ 17,339</u>	<u>\$ 52,625</u>	<u>\$ 35,286</u>

**City of Ukiah**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - LMIHF Housing Asset Special Revenue Fund**  
Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest, Rents and Concessions	\$ 12,219	\$ 12,219	\$ 11,133	\$ (1,086)
Charges for Services	-	-	-	-
Miscellaneous	-	-	22	22
Total Revenues	<u>12,219</u>	<u>12,219</u>	<u>11,155</u>	<u>(1,064)</u>
<b>EXPENDITURES</b>				
Current:				
Housing and Community Development	5,000	5,000	8,534	(3,534)
Capital Outlay	-	-	-	-
Total Expenditures	<u>5,000</u>	<u>5,000</u>	<u>8,534</u>	<u>(3,534)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>7,219</u>	<u>7,219</u>	<u>2,621</u>	<u>(4,598)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	7,219	7,219	2,621	(4,598)
Fund Balance, Beginning of Year	<u>4,217,222</u>	<u>4,217,222</u>	<u>4,217,222</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 4,224,441</u></u>	<u><u>\$ 4,224,441</u></u>	<u><u>\$ 4,219,843</u></u>	<u><u>\$ (4,598)</u></u>

**City of Ukiah**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - CBHTP Officer Special Revenue Fund**  
Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest, Rents and Concessions	\$ -	\$ -	\$ 5,385	\$ 5,385
Intergovernmental	-	900,000	900,000	-
Miscellaneous	-	-	622	622
	<u>-</u>	<u>-</u>	<u>622</u>	<u>622</u>
Total Revenues	<u>-</u>	<u>900,000</u>	<u>906,007</u>	<u>6,007</u>
<b>EXPENDITURES</b>				
Current:				
Housing and Community Development	-	-	-	-
Capital Outlay	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>900,000</u>	<u>906,007</u>	<u>6,007</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
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 Balance	-	900,000	906,007	6,007
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ 900,000</u>	<u>\$ 906,007</u>	<u>\$ 6,007</u>

**City of Ukiah**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - City Housing Bond Proceeds Capital Projects Fund**  
Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest, Rents and Concessions	\$ 24,000	\$ 24,000	\$ 31,165	\$ 7,165
Charges for Services	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	<u>24,000</u>	<u>24,000</u>	<u>31,165</u>	<u>7,165</u>
<b>EXPENDITURES</b>				
Current:				
Housing and Community Development	500,000	500,000	-	500,000
Capital Outlay	-	-	-	-
Total Expenditures	<u>500,000</u>	<u>500,000</u>	<u>-</u>	<u>500,000</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(476,000)</u>	<u>(476,000)</u>	<u>31,165</u>	<u>507,165</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(476,000)	(476,000)	31,165	507,165
Fund Balance, Beginning of Year	<u>2,759,989</u>	<u>2,759,989</u>	<u>2,759,989</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 2,283,989</u></u>	<u><u>\$ 2,283,989</u></u>	<u><u>\$ 2,791,154</u></u>	<u><u>\$ 507,165</u></u>

**City of Ukiah**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Park Development Capital Projects Fund**  
Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest, Rents and Concessions	\$ 127	\$ 127	\$ 109	\$ (18)
Intergovernmental	-	-	-	-
Miscellaneous	-	-	20	20
	<u>127</u>	<u>127</u>	<u>129</u>	<u>2</u>
Total Revenues				
<b>EXPENDITURES</b>				
Current:				
Recreation and Culture	-	-	-	-
Capital Outlay	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures				
Excess (Deficiency) of Revenues over Expenditures	<u>127</u>	<u>127</u>	<u>129</u>	<u>2</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)				
Net Change in Fund Balance	127	127	129	2
Fund Balance, Beginning of Year	<u>29,186</u>	<u>29,186</u>	<u>29,186</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 29,313</u>	<u>\$ 29,313</u>	<u>\$ 29,315</u>	<u>\$ 2</u>



**City of Ukiah**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Anton Stadium Capital Projects Fund**  
Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest, Rents and Concessions	\$ 141	\$ 141	\$ 118	\$ (23)
Charges for Services	-	-	100	(100)
Miscellaneous	-	-	21	(21)
Total Revenues	<u>141</u>	<u>141</u>	<u>239</u>	<u>98</u>
<b>EXPENDITURES</b>				
Current:				
Recreation and Culture	28	28	-	28
Capital Outlay	<u>18,000</u>	<u>18,000</u>	<u>-</u>	<u>18,000</u>
Total Expenditures	<u>18,028</u>	<u>18,028</u>	<u>-</u>	<u>18,028</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(17,887)</u>	<u>(17,887)</u>	<u>239</u>	<u>18,126</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
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 Balance	(17,887)	(17,887)	239	18,126
Fund Balance, Beginning of Year	<u>31,907</u>	<u>31,907</u>	<u>31,907</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 14,020</u></u>	<u><u>\$ 14,020</u></u>	<u><u>\$ 32,146</u></u>	<u><u>\$ 18,126</u></u>

**City of Ukiah**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Playground and Park Amenities Capital Projects Fund**  
Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest, Rents and Concessions	\$ 40	\$ 40	\$ 9	\$ (31)
Miscellaneous	-	-	2	(2)
Total Revenues	<u>40</u>	<u>40</u>	<u>11</u>	<u>(29)</u>
<b>EXPENDITURES</b>				
Current:				
Recreation and Culture	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>40</u>	<u>40</u>	<u>11</u>	<u>(29)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	40	40	11	(29)
Fund Balance, Beginning of Year	<u>2,552</u>	<u>2,552</u>	<u>2,552</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 2,592</u>	<u>\$ 2,592</u>	<u>\$ 2,563</u>	<u>\$ (29)</u>

**City of Ukiah**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Swimming Pool Capital Projects Fund**  
Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest, Rents and Concessions	\$ 185	\$ 185	\$ (28)	\$ (213)
Miscellaneous	-	-	-	-
Total Revenues	<u>185</u>	<u>185</u>	<u>(28)</u>	<u>(213)</u>
<b>EXPENDITURES</b>				
Current:				
Recreation and Culture	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>185</u>	<u>185</u>	<u>(28)</u>	<u>(213)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	4	4
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>4</u>	<u>4</u>
Net Change in Fund Balance	185	185	(24)	(209)
Fund Balance, Beginning of Year	<u>(136,167)</u>	<u>(136,167)</u>	<u>(136,167)</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ (135,982)</u>	<u>\$ (135,982)</u>	<u>\$ (136,191)</u>	<u>\$ (209)</u>

**City of Ukiah**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Riverside Park Capital Projects Fund**  
Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest, Rents and Concessions	\$ 135	\$ 185	\$ 74	\$ (111)
Miscellaneous	-	-	15	(15)
Total Revenues	<u>135</u>	<u>185</u>	<u>89</u>	<u>(96)</u>
<b>EXPENDITURES</b>				
Current:				
Recreation and Culture	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>135</u>	<u>185</u>	<u>89</u>	<u>(96)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	135	185	89	(96)
Fund Balance, Beginning of Year	<u>20,179</u>	<u>20,179</u>	<u>20,179</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 20,314</u>	<u>\$ 20,364</u>	<u>\$ 20,268</u>	<u>\$ (96)</u>

**City of Ukiah**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Skate Park Capital Projects Fund**  
Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest, Rents and Concessions	\$ 115	\$ 115	\$ 42	\$ (73)
Miscellaneous	-	-	7	7
Total Revenues	<u>115</u>	<u>115</u>	<u>49</u>	<u>(66)</u>
<b>EXPENDITURES</b>				
Current:				
Recreation and Culture	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>115</u>	<u>115</u>	<u>49</u>	<u>(66)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	115	115	49	(66)
Fund Balance, Beginning of Year	<u>11,307</u>	<u>11,307</u>	<u>11,307</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 11,422</u></u>	<u><u>\$ 11,422</u></u>	<u><u>\$ 11,356</u></u>	<u><u>\$ (66)</u></u>

**City of Ukiah**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Softball Complex Capital Projects Fund**  
Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest, Rents and Concessions	\$ 73	\$ 73	\$ 24	\$ (49)
Miscellaneous	-	-	4	4
Total Revenues	<u>73</u>	<u>73</u>	<u>28</u>	<u>(45)</u>
<b>EXPENDITURES</b>				
Current:				
Recreation and Culture	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>73</u>	<u>73</u>	<u>28</u>	<u>(45)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	73	73	28	(45)
Fund Balance, Beginning of Year	<u>6,502</u>	<u>6,502</u>	<u>6,502</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 6,575</u>	<u>\$ 6,575</u>	<u>\$ 6,530</u>	<u>\$ (45)</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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest, Rents and Concessions	\$ 8,222	\$ 8,222	\$ 2,497	\$ (5,725)
Charges for Services	-	-	-	-
Miscellaneous	-	-	429	429
Total Revenues	<u>8,222</u>	<u>8,222</u>	<u>2,926</u>	<u>(5,296)</u>
<b>EXPENDITURES</b>				
Current:				
Public Works	11,162	11,162	25,352	(14,190)
Capital Outlay	<u>742,866</u>	<u>1,751,224</u>	<u>697,685</u>	<u>1,053,539</u>
Total Expenditures	<u>754,028</u>	<u>1,762,386</u>	<u>723,037</u>	<u>1,039,349</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(745,806)</u>	<u>(1,754,164)</u>	<u>(720,111)</u>	<u>1,034,053</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
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 Balance	(745,806)	(1,754,164)	(720,111)	1,034,053
Fund Balance, Beginning of Year	<u>1,762,747</u>	<u>1,762,747</u>	<u>1,762,747</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 1,016,941</u></u>	<u><u>\$ 8,583</u></u>	<u><u>\$ 1,042,636</u></u>	<u><u>\$ 1,034,053</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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest, Rents and Concessions	\$ 6,429	\$ 6,429	\$ (1,084)	\$ (7,513)
Charges for Services	-	-	-	-
Miscellaneous	-	-	64	64
Total Revenues	<u>6,429</u>	<u>6,429</u>	<u>(1,020)</u>	<u>(7,449)</u>
<b>EXPENDITURES</b>				
Current:				
General Government	3,608	3,608	32,105	(28,497)
Public Works	-	-	-	-
Capital Outlay	<u>25,000</u>	<u>96,160</u>	<u>31,103</u>	<u>65,057</u>
Total Expenditures	<u>28,608</u>	<u>99,768</u>	<u>63,208</u>	<u>36,560</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(22,179)</u>	<u>(93,339)</u>	<u>(64,228)</u>	<u>29,111</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	14,000	14,000
Transfers Out	<u>(718,988)</u>	<u>(718,988)</u>	-	718,988
Total Other Financing Sources (Uses)	<u>(718,988)</u>	<u>(718,988)</u>	<u>14,000</u>	<u>732,988</u>
Net Change in Fund Balance	(741,167)	(812,327)	(50,228)	762,099
Fund Balance, Beginning of Year	<u>524,345</u>	<u>524,345</u>	<u>524,345</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ (216,822)</u>	<u>\$ (287,982)</u>	<u>\$ 474,117</u>	<u>\$ 762,099</u>



**City of Ukiah**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Rail Trail Capital Projects Fund**  
Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest, Rents and Concessions	\$ -	\$ -	\$ -	\$ -
Charges for Services	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	-	-	-	-
<b>EXPENDITURES</b>				
Current:				
Housing and Community Development	-	-	-	-
Capital Outlay	-	268,338	165,231	103,107
Total Expenditures	-	268,338	165,231	103,107
Excess (Deficiency) of Revenues over Expenditures	-	(268,338)	(165,231)	103,107
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	-	(268,338)	(165,231)	103,107
Fund Balance, Beginning of Year	-	-	-	-
Fund Balance, End of Year	\$ -	\$ (268,338)	\$ (165,231)	\$ 103,107

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## **NON-MAJOR ENTERPRISE FUNDS**

**City of Ukiah**  
**Combining Statement of Net Position**  
**Non-major Enterprise Funds**  
June 30, 2018

	Parking District	Street Lighting	Airport	Conference Center
<b>ASSETS</b>				
Current Assets:				
Cash and Investments	\$ 4,413	\$ 1,723	\$ 224,861	\$ 38,931
Receivables:				
Accounts (Net)	6,029	20,575	46,458	29,018
Interest	11	-	359	98
Grants	-	-	79,496	-
Notes - current portion	-	-	-	-
Total Current Assets	<u>10,453</u>	<u>22,298</u>	<u>351,174</u>	<u>68,047</u>
Noncurrent Assets:				
Advances to Other Funds	-	-	-	-
Capital Assets:				
Land	183,871	-	271,957	372,750
Infrastructure Systems	77,682	117,737	2,130,622	-
Buildings and Improvements	-	-	1,833,577	2,294,473
Machinery and Equipment	42,875	-	601,341	53,093
Less: Accumulated Depreciation	<u>(51,003)</u>	<u>(8,406)</u>	<u>(2,529,920)</u>	<u>(1,177,385)</u>
Total Noncurrent Assets	<u>253,425</u>	<u>109,331</u>	<u>2,307,577</u>	<u>1,542,931</u>
Total Assets	<u>263,878</u>	<u>131,629</u>	<u>2,658,751</u>	<u>1,610,978</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Outflows Related to Pensions	-	62,020	228,297	125,455
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable	2,116	24,481	60,133	17,022
Accrued Salaries and Benefits	-	4,303	14,006	7,777
Due to Other Funds	-	91,125	-	-
Customer Deposits	-	-	4,162	2,162
Interest Payable	-	-	1,662	-
Compensated Absences - Current	-	2,354	4,732	2,082
Long-term Obligations Due in One Year	-	-	9,944	-
Total Current Liabilities	<u>2,116</u>	<u>122,263</u>	<u>94,639</u>	<u>29,043</u>
Noncurrent Liabilities:				
Compensated Absences	-	5,385	10,823	4,761
Net Pension Liability	-	299,415	1,103,928	606,640
Installment Obligations	-	-	180,177	-
Advances from Other Funds	-	-	-	-
Total Current Liabilities	<u>-</u>	<u>304,800</u>	<u>1,294,928</u>	<u>611,401</u>
Total Liabilities	<u>2,116</u>	<u>427,063</u>	<u>1,389,567</u>	<u>640,444</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Inflows Related to Pensions	-	13,104	48,315	26,550
<b>NET POSITION</b>				
Net Investment in Capital Assets	253,425	109,331	2,117,456	1,542,931
Unrestricted	<u>8,337</u>	<u>(355,849)</u>	<u>(668,290)</u>	<u>(473,492)</u>
Total Net Position	<u>\$ 261,762</u>	<u>\$ (246,518)</u>	<u>\$ 1,449,166</u>	<u>\$ 1,069,439</u>

<u>Golf Course</u>	<u>Recycled Water</u>	<u>Totals</u>
\$ 71,875	\$ -	\$ 341,803
-	-	102,080
179	-	647
-	-	79,496
32,500	-	32,500
<u>104,554</u>	<u>-</u>	<u>556,526</u>
876,568	-	876,568
965,284	-	1,793,862
178,259	-	2,504,300
414,745	-	4,542,795
58,396	-	755,705
(631,532)	-	(4,398,246)
<u>1,861,720</u>	<u>-</u>	<u>6,074,984</u>
<u>1,966,274</u>	<u>-</u>	<u>6,631,510</u>
13,461	-	429,233
62,662	-	166,414
914	-	27,000
-	-	91,125
-	-	6,324
-	-	1,662
653	-	9,821
-	-	9,944
<u>64,229</u>	<u>-</u>	<u>312,290</u>
1,493	-	22,462
65,090	-	2,075,073
-	-	180,177
930,200	-	930,200
<u>996,783</u>	<u>-</u>	<u>3,207,912</u>
<u>1,061,012</u>	<u>-</u>	<u>3,520,202</u>
2,849	-	90,818
985,152	-	5,008,295
(69,278)	-	(1,558,572)
<u>\$ 915,874</u>	<u>\$ -</u>	<u>\$ 3,449,723</u>

**City of Ukiah**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**Non-major Enterprise Funds**  
Year Ended June 30, 2018

	Parking District	Street Lighting	Airport	Conference Center
<b>OPERATING REVENUES</b>				
Charges for Services	\$ 72,375	\$ 191,388	\$ 35,329	\$ -
Sales of Fuel	-	-	912,884	-
Facility Rents	-	-	280,715	359,488
Miscellaneous	62,370	-	3,743	8,016
<b>Total Operating Revenues</b>	<b>134,745</b>	<b>191,388</b>	<b>1,232,671</b>	<b>367,504</b>
<b>OPERATING EXPENSES</b>				
Maintenance and Operations	-	353,221	255,709	171,677
General and Administration	150,375	31,809	533,181	148,952
Fuel	-	-	609,201	-
Depreciation	2,424	8,405	104,799	46,308
<b>Total Operating Expenses</b>	<b>152,799</b>	<b>393,435</b>	<b>1,502,890</b>	<b>366,937</b>
<b>Operating Income (Loss)</b>	<b>(18,054)</b>	<b>(202,047)</b>	<b>(270,219)</b>	<b>567</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Property Taxes	16,950	-	-	-
Loss on Disposal of Property	-	-	-	-
Interest and Investment Revenue	5	(156)	69,683	165
Interest Expense and Fiscal Charges	-	-	(6,319)	-
<b>Total Nonoperating Revenues (Expenses)</b>	<b>16,955</b>	<b>(156)</b>	<b>63,364</b>	<b>165</b>
<b>Income (Loss) Before Capital Contributions and Operating Transfers</b>	<b>(1,099)</b>	<b>(202,203)</b>	<b>(206,855)</b>	<b>732</b>
Capital Contributions	-	-	10,134	-
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<b>Change in Net Position</b>	<b>(1,099)</b>	<b>(202,203)</b>	<b>(196,721)</b>	<b>732</b>
Net Position - Beginning of Year	262,861	(44,315)	1,645,887	1,068,707
Restatement of Net Position	-	-	-	-
<b>Net Position - End of Year</b>	<b>\$ 261,762</b>	<b>\$ (246,518)</b>	<b>\$ 1,449,166</b>	<b>\$ 1,069,439</b>

Golf Course	Recycled Water	Totals
\$ 98,000	\$ -	\$ 397,092
-	-	912,884
43,325	-	683,528
261	-	74,390
<u>141,586</u>	<u>-</u>	<u>2,067,894</u>
187,599	-	968,206
32,232	-	896,549
-	-	609,201
2,236	-	164,172
<u>222,067</u>	<u>-</u>	<u>2,638,128</u>
<u>(80,481)</u>	<u>-</u>	<u>(570,234)</u>
-	-	16,950
-	-	-
-	-	69,697
<u>-</u>	<u>-</u>	<u>(6,319)</u>
<u>-</u>	<u>-</u>	<u>80,328</u>
(80,481)	-	(489,906)
-	-	10,134
933,434	-	933,434
-	-	-
852,953	-	453,662
62,921	(125,761)	2,870,300
-	125,761	125,761
<u>\$ 915,874</u>	<u>\$ -</u>	<u>\$ 3,449,723</u>

**City of Ukiah**  
**Combining Statement of Cash Flows**  
**Non-major Enterprise Funds**  
Year Ended June 30, 2018

	Parking District	Street Lighting	Airport
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from Customers	\$ 130,344	\$ 187,693	\$ 1,209,976
Payments to Employees for Services	-	(157,983)	(363,311)
Payments to Suppliers for Goods and Services	(148,935)	(220,918)	(890,198)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>(18,591)</b>	<b>(191,208)</b>	<b>(43,533)</b>
<b>CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Cash Paid to Other Funds	-	-	-
Cash Received from Other Funds	-	91,125	-
Property Taxes Received	16,950	-	-
Payments Received on Long-term Note	-	-	-
<b>Net Cash Provided (Used) by Noncapital and Related Financing Activities</b>	<b>16,950</b>	<b>91,125</b>	<b>-</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Capital Grants	-	-	88,242
Interest Paid	-	-	(4,657)
Principal Paid on Capital Related Debt	-	-	(9,762)
Acquisition and Construction of Capital Assets	-	-	(136,114)
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>-</b>	<b>-</b>	<b>(62,291)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest Received	(5)	(156)	84,309
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>(5)</b>	<b>(156)</b>	<b>84,309</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(1,646)</b>	<b>(100,239)</b>	<b>(21,515)</b>
Cash and Cash Equivalents, Beginning of the Year	6,059	101,962	246,376
Cash and Cash Equivalents, End of the Year	<u>\$ 4,413</u>	<u>\$ 1,723</u>	<u>\$ 224,861</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>			
Operating Income (Loss)	\$ (18,054)	\$ (202,047)	\$ (270,219)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation	2,424	8,405	104,799
Changes in Operating Assets and Liabilities:			
Decrease (Increase) in Accounts Receivable	(4,401)	(3,695)	(21,944)
Decrease (Increase) in Prepaids	-	-	-
Decrease (Increase) in Deferred Outflows - Pensions	-	3,618	(29,509)
Increase (Decrease) in Accounts Payable	1,440	6,935	(21,952)
Increase (Decrease) in Accrued Salaries and Benefits	-	(898)	777
Increase (Decrease) in Compensated Absences	-	(18)	136
Increase (Decrease) in Net Pension Liability	-	16,193	246,168
Increase (Decrease) in Deferred Inflows - Pensions	-	(19,701)	(51,038)
Increase (Decrease) in Deposits Payable	-	-	(751)
<b>TOTAL CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b><u>\$ (18,591)</u></b>	<b><u>\$ (191,208)</u></b>	<b><u>\$ (43,533)</u></b>



Conference Center	Golf Course	Recycled Water	Totals
\$ 355,232	\$ 141,628	\$ -	\$ 2,024,873
(180,590)	(29,358)	-	(731,242)
(161,272)	(131,062)	-	(1,552,385)
<u>13,370</u>	<u>(18,792)</u>	<u>-</u>	<u>(258,754)</u>
-	-	(2,703)	(2,703)
-	92,932	-	184,057
-	-	-	16,950
-	-	-	-
<u>-</u>	<u>92,932</u>	<u>(2,703)</u>	<u>198,304</u>
-	-	-	88,242
-	(2,390)	-	(7,047)
-	-	-	(9,762)
-	-	-	(136,114)
<u>-</u>	<u>(2,390)</u>	<u>-</u>	<u>(64,681)</u>
<u>67</u>	<u>(179)</u>	<u>-</u>	<u>84,036</u>
<u>67</u>	<u>(179)</u>	<u>-</u>	<u>84,036</u>
13,437	71,571	(2,703)	(41,095)
25,494	304	2,703	382,898
<u>\$ 38,931</u>	<u>\$ 71,875</u>	<u>\$ -</u>	<u>\$ 341,803</u>
\$ 567	\$ (80,481)	\$ -	\$ (570,234)
46,308	2,236	-	164,172
(12,272)	42	-	(42,270)
-	-	-	-
16,135	1,542	-	(8,214)
10,589	62,312	-	59,324
565	(159)	-	285
5	12	-	135
(4,311)	353	-	258,403
(44,216)	(4,649)	-	(119,604)
-	-	-	(751)
<u>\$ 13,370</u>	<u>\$ (18,792)</u>	<u>\$ -</u>	<u>\$ (258,754)</u>

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## **INTERNAL SERVICE FUNDS**

**City of Ukiah**  
**Combining Statement of Net Position**  
**Internal Service Funds**  
June 30, 2018

	<u>Garage</u>	<u>Public Safety Dispatch</u>	<u>Purchasing</u>	<u>Billing and Collection</u>
<b>ASSETS</b>				
Current Assets:				
Cash and Investments	\$ 28,344	\$ 12,542	\$ 49,167	\$ 885,407
Receivables:				
Accounts (net)	-	1,264	-	-
Interest	120	31	122	2,211
Refundable Deposits	760	-	-	-
Total Current Assets	<u>29,224</u>	<u>13,837</u>	<u>49,289</u>	<u>887,618</u>
Noncurrent Assets:				
Advances to Other Funds	-	-	-	-
Capital Assets:				
Buildings and Improvements	327,113	-	-	-
Rolling Equipment	-	-	-	-
Machinery and Equipment	191,299	228,710	4,769	232,438
Less: Accumulated Depreciation	<u>(219,645)</u>	<u>(205,381)</u>	<u>(4,769)</u>	<u>(230,357)</u>
Total Noncurrent Assets	<u>298,767</u>	<u>23,329</u>	<u>-</u>	<u>2,081</u>
Total Assets	<u>327,991</u>	<u>37,166</u>	<u>49,289</u>	<u>889,699</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable	1,203	4,096	2,799	16,342
Accrued Salaries and Benefits	11,273	36,743	11,629	25,688
Interest Payable	-	-	-	-
Compensated Absences - Current	<u>7,661</u>	<u>12,996</u>	<u>5,153</u>	<u>6,401</u>
Total Current Liabilities	<u>20,137</u>	<u>53,835</u>	<u>19,581</u>	<u>48,431</u>
Noncurrent Liabilities:				
Compensated Absences	15,010	25,466	10,097	12,542
Claims Payable	-	-	-	-
Capital Lease Payable	-	-	-	-
Total Noncurrent Liabilities	<u>15,010</u>	<u>25,466</u>	<u>10,097</u>	<u>12,542</u>
Total Liabilities	<u>35,147</u>	<u>79,301</u>	<u>29,678</u>	<u>60,973</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	298,767	23,329	-	2,081
Unrestricted	<u>(5,923)</u>	<u>(65,464)</u>	<u>19,611</u>	<u>826,645</u>
Total Net Position	<u>\$ 292,844</u>	<u>\$ (42,135)</u>	<u>\$ 19,611</u>	<u>\$ 828,726</u>

<u>Workers' Compensation Insurance</u>	<u>Liability Insurance</u>	<u>Building Maintenance</u>	<u>IT</u>	<u>Totals</u>
\$ 808,925	\$ 343,886	\$ 147,933	\$ 105,892	\$ 2,382,096
47,321	-	-	-	48,585
2,019	857	369	263	5,992
-	-	-	-	760
<u>858,265</u>	<u>344,743</u>	<u>148,302</u>	<u>106,155</u>	<u>2,437,433</u>
197,737	745,000	-	-	942,737
-	-	-	-	327,113
-	-	-	-	-
-	-	29,760	285,260	972,236
-	-	-	-	(660,152)
<u>197,737</u>	<u>745,000</u>	<u>29,760</u>	<u>285,260</u>	<u>1,296,674</u>
<u>1,056,002</u>	<u>1,089,743</u>	<u>178,062</u>	<u>391,415</u>	<u>4,019,367</u>
-	-	30,172	16,850	71,462
-	-	13,099	21,122	119,554
-	-	-	4,097	4,097
-	-	6,253	766	39,230
-	-	49,524	42,835	234,343
-	-	12,253	1,502	76,870
860,916	247,915	-	-	1,108,831
-	-	-	225,698	225,698
<u>860,916</u>	<u>247,915</u>	<u>12,253</u>	<u>227,200</u>	<u>1,411,399</u>
<u>860,916</u>	<u>247,915</u>	<u>61,777</u>	<u>270,035</u>	<u>1,645,742</u>
-	-	-	-	324,177
195,086	841,828	116,285	121,380	2,049,448
<u>\$ 195,086</u>	<u>\$ 841,828</u>	<u>\$ 116,285</u>	<u>\$ 121,380</u>	<u>\$ 2,373,625</u>

**City of Ukiah**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**Internal Service Funds**  
Year Ended June 30, 2018

	Garage	Public Safety Dispatch	Purchasing	Billing and Collection
<b>OPERATING REVENUES</b>				
Charges for Services	\$ 577,740	\$ 1,254,434	\$ 385,995	\$ 1,290,335
Miscellaneous	-	8	34	1,769
Total Operating Revenues	<u>577,740</u>	<u>1,254,442</u>	<u>386,029</u>	<u>1,292,104</u>
<b>OPERATING EXPENSES</b>				
Maintenance and Operations	165,508	73,354	73,755	474,032
General and Administration	342,779	1,186,563	324,035	760,646
Insurance Premiums	-	-	-	-
Depreciation	11,531	22,871	-	1,040
Total Operating Expenses	<u>519,818</u>	<u>1,282,788</u>	<u>397,790</u>	<u>1,235,718</u>
Operating Income (Loss)	<u>57,922</u>	<u>(28,346)</u>	<u>(11,761)</u>	<u>56,386</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest and Investment Income	160	40	164	2,943
Interest Expense	-	-	-	-
Total Nonoperating Revenues (Expenses)	<u>160</u>	<u>40</u>	<u>164</u>	<u>2,943</u>
Income (Loss) Before Capital Contributions and Operating Transfers	58,082	(28,306)	(11,597)	59,329
Transfers In	-	-	-	-
Transfers Out	-	(14,000)	-	-
Change in Net Position	58,082	(42,306)	(11,597)	59,329
Net Position - Beginning of Year	<u>234,762</u>	<u>171</u>	<u>31,208</u>	<u>769,397</u>
Net Position - End of Year	<u>\$ 292,844</u>	<u>\$ (42,135)</u>	<u>\$ 19,611</u>	<u>\$ 828,726</u>

Workers' Compensation Insurance	Liability Insurance	Building Maintenance	IT	Totals
\$ 1,091,926	\$ 791,073	\$ 756,222	\$ 1,178,469	\$ 7,326,194
556	236	102	73	2,778
<u>1,092,482</u>	<u>791,309</u>	<u>756,324</u>	<u>1,178,542</u>	<u>7,328,972</u>
-	-	686,779	-	1,473,428
860,916	433,200	-	1,129,597	5,037,736
1,003,408	615,724	-	-	1,619,132
-	-	-	-	35,442
<u>1,864,324</u>	<u>1,048,924</u>	<u>686,779</u>	<u>1,129,597</u>	<u>8,165,738</u>
<u>(771,842)</u>	<u>(257,615)</u>	<u>69,545</u>	<u>48,945</u>	<u>(836,766)</u>
4,896	1,142	489	348	10,182
-	-	-	(4,097)	(4,097)
<u>4,896</u>	<u>1,142</u>	<u>489</u>	<u>(3,749)</u>	<u>6,085</u>
(766,946)	(256,473)	70,034	45,196	(830,681)
-	-	-	-	-
-	-	-	-	(14,000)
<u>(766,946)</u>	<u>(256,473)</u>	<u>70,034</u>	<u>45,196</u>	<u>(844,681)</u>
962,032	1,098,301	46,251	76,184	3,218,306
<u>\$ 195,086</u>	<u>\$ 841,828</u>	<u>\$ 116,285</u>	<u>\$ 121,380</u>	<u>\$ 2,373,625</u>

**City of Ukiah**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
Year Ended June 30, 2018

	Garage	Public Safety Dispatch	Purchasing
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from Interfund Charges	\$ 592,120	\$ 1,253,178	\$ 386,029
Payments to Employees for Services	(337,353)	(1,047,512)	(307,012)
Payments to Suppliers for Goods and Services	(179,470)	(208,332)	(86,383)
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>75,297</u>	<u>(2,666)</u>	<u>(7,366)</u>
<b>CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Cash Received from Other Funds	-	-	-
Cash Paid to Other Funds	(14,777)	(14,000)	-
<b>Net Cash Provided (Used) by Noncapital and Related Financing Activities</b>	<u>(14,777)</u>	<u>(14,000)</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition and Construction of Capital Assets	(113,781)	-	-
Proceeds from Capital Lease	-	-	-
Principal Paid on Capital Related Debt	-	-	-
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<u>(113,781)</u>	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest Received	40	9	42
<b>Net Cash Provided (Used) by Investing Activities</b>	<u>40</u>	<u>9</u>	<u>42</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<u>(53,221)</u>	<u>(16,657)</u>	<u>(7,324)</u>
Cash and Cash Equivalents, Beginning of the Year	81,565	29,199	56,491
Cash and Cash Equivalents, End of the Year	<u>\$ 28,344</u>	<u>\$ 12,542</u>	<u>\$ 49,167</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>			
Operating Income (Loss)	\$ 57,922	\$ (28,346)	\$ (11,761)
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	14,380	(1,264)	-
Increase (Decrease) in Accounts Payable	(5,310)	1,808	1,084
Increase (Decrease) in Accrued Salaries and Benefits	(3,253)	2,053	3,072
Increase (Decrease) in Claims Payable	-	-	-
Increase (Decrease) in Compensated Absences Payable	27	212	239
<b>TOTAL CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>\$ 75,297</u>	<u>\$ (2,666)</u>	<u>\$ (7,366)</u>



Billing and Collection	Workers' Compensation Insurance	Liability Insurance	Building Maintenance	IT	Totals
\$ 1,292,104	\$ 1,074,224	\$ 791,309	\$ 756,324	\$ 1,178,542	\$ 7,323,830
(795,673)	-	-	(362,462)	(482,919)	(3,332,931)
(440,634)	(1,003,408)	(801,009)	(348,464)	(731,847)	(3,799,547)
55,797	70,816	(9,700)	45,398	(36,224)	191,352
-	-	-	-	-	-
-	(197,737)	-	-	-	(226,514)
-	(197,737)	-	-	-	(226,514)
-	-	-	(29,760)	(285,260)	(428,801)
-	-	-	-	285,260	285,260
-	-	-	-	(59,562)	(59,562)
-	-	-	(29,760)	(59,562)	(203,103)
732	4,377	285	120	85	5,690
732	4,377	285	120	85	5,690
56,529	(122,544)	(9,415)	15,758	(95,701)	(232,575)
828,878	931,469	353,301	132,175	201,593	2,614,671
<u>\$ 885,407</u>	<u>\$ 808,925</u>	<u>\$ 343,886</u>	<u>\$ 147,933</u>	<u>\$ 105,892</u>	<u>\$ 2,382,096</u>
\$ 56,386	\$ (771,842)	\$ (257,615)	\$ 69,545	\$ 48,945	\$ (836,766)
1,040	-	-	-	-	35,442
-	(18,258)	-	-	-	(5,142)
367	-	-	(25,145)	(92,848)	(120,044)
(2,309)	-	-	931	7,193	7,687
-	860,916	247,915	-	-	1,108,831
313	-	-	67	486	1,344
<u>\$ 55,797</u>	<u>\$ 70,816</u>	<u>\$ (9,700)</u>	<u>\$ 45,398</u>	<u>\$ (36,224)</u>	<u>\$ 191,352</u>

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## **FIDUCIARY FUNDS**

**City of Ukiah**  
**Combining Balance Sheet**  
**All Agency Funds**  
June 30, 2018

	Ukiah Valley Sanitation District	Payroll Revolving	Special Deposit
<b>ASSETS</b>			
Cash and Investments	\$ 1,986,334	\$ 3,986	\$ 1,185,955
Receivables:			
Accounts	700,309	1,600	44,369
Interest Receivable	4,456	21	3,049
 Total Assets	 \$ 2,691,099	 \$ 5,607	 \$ 1,233,373
<b>LIABILITIES</b>			
Accounts Payable	\$ 107	\$ 5,607	\$ 19,023
Accrued Salaries and Benefits	-	-	-
Customer Deposits	-	-	1,191,737
Due to Other Agencies	2,690,992	-	22,613
 Total Liabilities	 \$ 2,691,099	 \$ 5,607	 \$ 1,233,373

<u>Garbage Billing</u>	<u>Russian River Watershed</u>	<u>Ukiah Valley Fire District</u>	<u>Total Agency</u>
\$ 382,575	\$ 135,840	\$ 1,233,616	\$ 4,928,306
49,183	169,629	85,089	1,050,179
1,045	7	969	9,547
<u>\$ 432,803</u>	<u>\$ 305,476</u>	<u>\$ 1,319,674</u>	<u>\$ 5,988,032</u>
\$ 29,046	\$ 202,548	\$ 11,146	\$ 267,477
-	-	79,752	79,752
-	-	-	1,191,737
403,757	102,928	1,228,776	4,449,066
<u>\$ 432,803</u>	<u>\$ 305,476</u>	<u>\$ 1,319,674</u>	<u>\$ 5,988,032</u>

**City of Ukiah**  
**Combining Statement of Changes in Assets and Liabilities**  
**All Agency Funds**  
For the Year Ended June 30, 2018

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
<b><u>Ukiah Valley Sanitation District</u></b>				
<b>Assets:</b>				
Cash and Investments	\$ 5,051,136	\$ 7,295,087	\$ 10,359,889	\$ 1,986,334
Receivables:				
Accounts	702,067	441,670	443,428	700,309
Interest Receivable	18,922	8,173	22,639	4,456
	<u>\$ 5,772,125</u>	<u>\$ 7,744,930</u>	<u>\$ 10,825,956</u>	<u>\$ 2,691,099</u>
<b>Liabilities:</b>				
Accounts Payable	\$ -	\$ 4,820,716	\$ 4,820,609	\$ 107
Due to Other Agencies	5,772,125	2,924,214	6,005,347	2,690,992
	<u>\$ 5,772,125</u>	<u>\$ 7,744,930</u>	<u>\$ 10,825,956</u>	<u>\$ 2,691,099</u>
<b><u>Payroll Revolving</u></b>				
<b>Assets:</b>				
Cash and Investments	\$ 117,409	\$ 10,205,241	\$ 10,318,664	\$ 3,986
Receivables:				
Accounts	-	283,246	281,646	1,600
Interest	-	21	-	21
	<u>\$ 117,409</u>	<u>\$ 10,488,508</u>	<u>\$ 10,600,310</u>	<u>\$ 5,607</u>
<b>Liabilities:</b>				
Accounts Payable	\$ -	\$ 3,409,247	\$ 3,403,640	\$ 5,607
Accrued Salaries and Benefits	117,409	7,079,261	7,196,670	-
	<u>\$ 117,409</u>	<u>\$ 10,488,508</u>	<u>\$ 10,600,310</u>	<u>\$ 5,607</u>
<b><u>Special Deposit</u></b>				
<b>Assets:</b>				
Cash and Investments	\$ 899,041	\$ 35,608,199	\$ 35,321,285	\$ 1,185,955
Receivables:				
Accounts	16,653	35,004,132	34,976,416	44,369
Interest	-	3,049	-	3,049
	<u>\$ 915,694</u>	<u>\$ 70,615,380</u>	<u>\$ 70,297,701</u>	<u>\$ 1,233,373</u>
<b>Liabilities:</b>				
Accounts Payable	\$ 26,496	\$ 870,541	\$ 878,014	\$ 19,023
Customer Deposits	872,545	69,731,958	69,412,766	1,191,737
Due to Other Agencies	16,653	12,881	6,921	22,613
	<u>\$ 915,694</u>	<u>\$ 70,615,380</u>	<u>\$ 70,297,701</u>	<u>\$ 1,233,373</u>

Continued

**City of Ukiah**  
**Combining Statement of Changes in Assets and Liabilities**  
**All Agency Funds - Continued**  
For the Year Ended June 30, 2018

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
<b><u>Garbage Billing</u></b>				
<b>Assets:</b>				
Cash and Investments	\$ 572,531	\$ 1,181,378	\$ 1,371,334	\$ 382,575
Receivables:				
Accounts	20,363	114,159	85,339	49,183
Interest	1,363	1,045	1,363	1,045
	<b>\$ 594,257</b>	<b>\$ 1,296,582</b>	<b>\$ 1,458,036</b>	<b>\$ 432,803</b>
<b>Liabilities:</b>				
Accounts Payable	\$ 23,870	\$ 350,452	\$ 345,276	\$ 29,046
Due to Other Agencies	570,387	946,130	1,112,760	403,757
	<b>\$ 594,257</b>	<b>\$ 1,296,582</b>	<b>\$ 1,458,036</b>	<b>\$ 432,803</b>
<b><u>Russian River Watershed</u></b>				
<b>Assets:</b>				
Cash and Investments	\$ 122,654	\$ 834,151	\$ 820,965	\$ 135,840
Receivables:				
Accounts	-	678,777	509,148	169,629
Interest	374	7	374	7
	<b>\$ 123,028</b>	<b>\$ 1,512,935</b>	<b>\$ 1,330,487</b>	<b>\$ 305,476</b>
<b>Liabilities:</b>				
Accounts Payable	\$ 161,105	\$ 859,130	\$ 817,687	\$ 202,548
Due to Other Agencies	(38,077)	653,805	512,800	102,928
	<b>\$ 123,028</b>	<b>\$ 1,512,935</b>	<b>\$ 1,330,487</b>	<b>\$ 305,476</b>
<b><u>Ukiah Valley Fire District</u></b>				
<b>Assets:</b>				
Cash and Investments	\$ 1,116,006	\$ 2,302,924	\$ 2,185,314	\$ 1,233,616
Receivables:				
Accounts	4,552	97,587	17,050	85,089
Interest Receivable	1,018	969	1,018	969
	<b>\$ 1,121,576</b>	<b>\$ 2,401,480</b>	<b>\$ 2,203,382</b>	<b>\$ 1,319,674</b>
<b>Liabilities:</b>				
Accounts Payable	\$ 21,872	\$ 342,266	\$ 352,992	\$ 11,146
Accrued Salaries and Benefits	113,865	101,132	135,245	79,752
Due to Other Agencies	985,839	1,958,082	1,715,145	1,228,776
	<b>\$ 1,121,576</b>	<b>\$ 2,401,480</b>	<b>\$ 2,203,382</b>	<b>\$ 1,319,674</b>

Continued

**City of Ukiah**  
**Combining Statement of Changes in Assets and Liabilities**  
**All Agency Funds - Continued**  
For the Year Ended June 30, 2018

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2018</u>
<b><u>Totals - All Agency Funds</u></b>				
<b>Assets:</b>				
Cash and Investments	\$ 7,878,777	\$ 57,426,980	\$ 60,377,451	\$ 4,928,306
Receivables:				
Accounts	743,635	36,619,571	36,313,027	1,050,179
Interest Receivable	21,677	13,264	25,394	9,547
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Assets	<u>\$ 8,644,089</u>	<u>\$ 94,059,815</u>	<u>\$ 96,690,478</u>	<u>\$ 5,988,032</u>
<b>Liabilities:</b>				
Accounts Payable	\$ 233,343	\$ 10,652,352	\$ 10,618,218	\$ 267,477
Accrued Salaries and Benefits	231,274	7,180,393	7,331,915	79,752
Customer Deposits	872,545	69,731,958	69,412,766	1,191,737
Due to Other Agencies	7,306,927	6,495,112	9,352,973	4,449,066
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Liabilities	<u>\$ 8,644,089</u>	<u>\$ 94,059,815</u>	<u>\$ 96,715,872</u>	<u>\$ 5,988,032</u>





**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, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated August 23, 2019.

**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 deficiencies described as item 2018-001 and 2018-007 in the accompanying schedule of findings and responses to be material weaknesses.

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 2018-002 to 2018-006 to be significant deficiencies.

### **Compliance and Other Matters**

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

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

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

### **Purpose of this Report**

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

*Van Lant & Fankhaed, LLP*

August 23, 2019

**CITY OF UKIAH**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**Year Ended June 30, 2018**

***2018-001 Accuracy and Timeliness of Accounting Records***

*Finding:*

*The following is a continuation from the prior year:*

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

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

Reconciliation and review of all balance sheet accounts and various revenue and expenditure accounts on a recurring basis, and especially at year-end, is a vital part of maintaining the integrity of the accounting and financial reporting system. Periodic reconciliations of balance sheet and other selected accounts provide accurate data from which to base decisions, prevent costly errors and provide ease in identifying potential adjustments and corrections. If this is not done in a timely manner throughout the fiscal year, the year-end closing process tends to be more difficult and time-consuming, and may contribute to delays in issuing year-end reports. It should be noted, adjusting journal entries were being made to the City's accounting records as late as August 2019, approximately 12 months after the end of the fiscal year.

*Recommendation:*

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

**CITY OF UKIAH**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**Year Ended June 30, 2018**

***2018-001 Accuracy and Timeliness of Accounting Records - Continued***

*Management's Response:*

Management agrees with the Auditor's recommendation. Significant changes to personnel in the reporting year hampered the Department's ability to perform this function timely and well. The Department has since made adjustments, and the City's Finance Director has implemented regular review of all balance sheet accounts and other selected accounts quarterly.

***2018-002 Fraud Prevention and Detection Program***

The following is a continuation from the prior year:

*Finding:*

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

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

*Recommendation:*

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

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

**CITY OF UKIAH**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**Year Ended June 30, 2018**

***2018-002 Fraud Prevention and Detection Program – Continued***

matters, including actual or suspected fraud, to be communicated along with specific examples; and (3) information on how to communicate those matters. In addition to the training at the time of hiring, employees should receive refresher training periodically thereafter.

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

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

**Management's Response:**

Management agrees with the Auditor's opinion in the value of prudent and reasonable fraud detection. The City exercises significant oversight and control of spending and actively monitors financial transactions to detect potential fraud, among other purposes. The Finance Department, working with the City's Human Resources/Risk Management Department, has taken steps to further educating Finance Department, executive management, and any other team member charged with appropriation and spending oversight in fraud detection, deterrence, and communication. A more formal program is being developed through City policy revisions and an update to the personnel manual. The Finance Department continues its review of internal processes and protocols to promote greater efficiency and effectiveness in fraud detection, deterrence, and communication.

***2018-003 Segregation of Incompatible Duties Over Cash Receipts for Community Services***

*The following is a continuation from the prior year:*

**Condition:**

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

**CITY OF UKIAH**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**Year Ended June 30, 2018**

***2018-003 Segregation of Incompatible Duties Over Cash Receipts for Community Services***  
***- Continued***

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

*Criteria:*

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

*Cause of Condition:*

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

*Potential Effect of Condition:*

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

*Recommendation:*

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

*Management's Response:*

Management agrees with the Auditor's recommendation and will work to implement the appropriate procedures and protocols for cash management in the Community Services Department. The Finance Department was unable to address this issue in 2017-18 but intends to complete an evaluation of the condition by the end of 2019-20 and implement changes if needed.

**CITY OF UKIAH**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**Year Ended June 30, 2018**

***2018-004 Cash Receipts System***

*The following is a continuation from the prior year:*

*Condition:*

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

*Criteria:*

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

*Cause of Condition:*

The City does not have a centralized cashiering system.

*Potential Effect of Condition:*

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

*Recommendation:*

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

*Management's Response:*

Management's response remains unmodified from 2016-17. Management agrees with the Auditor's opinion in having strong internal controls for cash receipting, which a unified, comprehensive cash receipting system organization-wide can provide. But it is one among several suitable, reasonable, and appropriate alternatives. The Finance Department will continue to evaluate the current network of disparate systems to determine if more appropriate systems are reasonably feasible to implement. A centralized cashiering system, although ideal, may not

**CITY OF UKIAH**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**Year Ended June 30, 2018**

***2018-004 Cash Receipts System - Continued***

be the most appropriate and/or the most efficient and effective method of administering cashing, given the many diverse functions and activities provided by the City, including utility billing, recreation programs, airport, conference center, etc. The current disparate systems used, such as Quickbooks and RecDesk, are systems more reasonably suited to the activities for which they are employed than the general governmental functions for which the City's current main cashing system is designed for. However, the Finance Department will continue to evaluate this condition to ensure prudent, reasonable, and appropriate procedures are in place to ensure the opportunities for error are mitigated to a nominal and reasonable level.

***2018-005 Building Permits***

*Condition:*

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

*Criteria:*

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

*Cause of Condition:*

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

*Potential Effect of Condition:*

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

*Recommendation:*

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



**CITY OF UKIAH**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**Year Ended June 30, 2018**

***2018-005 Building Permits - Continued***

*Management's Response:*

Management agrees with the Auditor's recommendation. The City's Finance Department worked with the Community Development Department to evaluate and implement reasonable and appropriate procedures to strengthen its ability to account for building permit activities during the 2017-18 fiscal year. The process is ongoing but significant improvements were implemented in 2018-19, following a complete review and re-training by Community Development and Finance Department team members on the use of the Munis building permit module.

***2018-006 Credit Card Use Policy***

*Condition:*

While conducting audit procedures relating to disbursements/expenditures, we were unable to obtain a detailed credit card use policy. In addition, through review of credit card activity, it appears that meals are being purchased using the City credit card. The City has reimbursement policies for meals and travel expenses; however, there is no detailed policy for credit card use when traveling or for the purchase of meals.

*Criteria:*

Credit card usage should be well documented and subject to established City policies. Use of City credit cards by City staff should have sufficient supporting documentation to detail the specific reasons for using the credit cards, including when used for meals and travel. In addition, travel costs incurred should be in accordance with set standard amounts, such as those established by the General Services Administration (GSA).

*Cause of Condition:*

The City's credit card policies are lacking in sufficient detail to provide detailed guidance on allowable use.

*Potential Effect of Condition:*

The potential for unauthorized purchases or excessive costs incurred is increased.

**CITY OF UKIAH**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**Year Ended June 30, 2018**

***2018-006 Credit Card Use Policy - Continued***

*Recommendation:*

We recommend the City establish detailed policies on the appropriate use of City credit cards and implement procedures to ensure all credit card activity is properly reviewed and documented. Credit card policies should be established to ensure conservative, efficient use of City funds. IN addition, policies for allowable use of City credit cards while traveling should also be clearly defined. The supporting documentation should include the purpose for travel and a reconciliation of the travel costs with a set standard of limits for meals and lodging.

*Management's Response:*

Management agrees with the Auditor's recommendation. The City does have a defined policy, adopted by City Council, on travel and related meals for City team members. It follows that policy accordingly when travel and related meals are reviewed, approved, incurred, and reconciled. The City does not have a specific, defined credit card use policy outside of its standard policies on the use of City funds and resources. The latter has been used to govern credit card use. All credit card transactions are reviewed by the respective department head and the Finance Department during the credit card statement reconciliation and before payment. However, in 2018-19 the City began implementing a new travel program and protocol along, with a new credit card system planned for 2019-20, aligning with the State of California's CalCard program. Integral to its implementation will be a specific policy on the use of the CalCard. Further, the new travel program will align the City's policies to GSA guidelines and standards.

***2018-007 Timeliness of Billing for Reimbursable Projects***

*Condition:*

The City began several projects throughout the year that are funded by grants that are required to be claimed from the granting agency through a reimbursement request after eligible expenditures have been incurred. During the course of our audit, we identified significant adjustments to accounts receivable balances related to reimbursements for grants and other reimbursable revenues. The reimbursements are related to project costs incurred in fiscal year 2017-18 and the reimbursement requests had not been prepared as late as August 2019.

**CITY OF UKIAH**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**Year Ended June 30, 2018**

***2018-007 Timeliness of Billing for Reimbursable Projects – Continued***

*Criteria:*

In order to present the financial statements in accordance with Generally Accepted Accounting Principles (GAAP), all revenues earned during the period should be recorded as receivables at year-end in accordance with Governmental Accounting Standards Board Statement (GASB) No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. In this case, the revenues earned as a result of a voluntary non-exchange transaction (grants) were not recorded in the City's accounting records.

*Cause of Condition:*

The City has not established procedures to ensure all projects funded by grants are reimbursed in a timely manner, for example, monthly or quarterly.

*Potential Effect of Condition:*

Without requesting reimbursements in a timely manner, cash balances are reduced for longer periods of time which could result in potential lost revenues from interest. In addition, the potential for material misstatements in the City's accounting records is increased if receivables are not billed and ultimately recorded. Also, some grants have time limits for requesting the reimbursements within a specific time after the expenditures are incurred or the grant is awarded.

*Recommendation:*

We recommend the City establish procedures to ensure reimbursement requests are submitted to the applicable grantor in a timely manner. Departments undertaking the projects should meet periodically with the Finance Department to discuss the progress of the project and the revenues and reimbursement requests needed to fund the projects to ensure the Finance Department is kept up to date throughout the year. The above procedures will help ensure the accounting records are kept up to date and in accordance with GAAP.

*Management's Response:*

Management agrees with the Auditor's recommendation. During the 2017-18 year, the Department became aware of certain accounting and invoicing issues of grant, subvention, and other third-party funded programs. The Department has taken steps to address those issues and is working to strengthen its efforts to ensure that timely reimbursement requests related to such programs are done well.

**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, 2018. These procedures, which were agreed to by the City of Ukiah and the League of California Cities (as presented in the publication entitled *Agreed-upon Procedures Applied to the Appropriations Limitation Prescribed by Article XIII B of the California Constitution*), were performed solely to assist the City in meeting the requirements of Section 1.5 of Article XIII B of the California Constitution. The City's management is responsible for the Appropriations Limit worksheet. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and our findings were as follows:

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

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

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

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

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

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

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

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

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

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

*Van Lant & Fankhaed, LLP*

August 23, 2019

**CITY OF UKIAH**  
**APPROPRIATIONS LIMIT COMPUTATION**  
2017 – 2018

	<u>2017 - 2018</u>
Change in Per Capital Personal Income	3.69%
Population Change	
City Population Growth	0.37%
Change in Per Capita Personal Income Converted to a Ratio	1.0369
Population Change Converted to a Ratio	1.0037
Calculation of Growth Factor	1.04073653
2016 - 2017 Appropriations Limit	<u>\$ 38,712,120</u>
2017 - 2018 Appropriations Limit (\$38,712,120 X 1.04073653)	<u>\$ 40,289,117</u>

August 23, 2019

City Council  
City of Ukiah  
Ukiah, CA

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Ukiah for the year ended June 30, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 27, 2018. Professional standards also require that we communicate to you the following information related to our audit.

### Significant Audit Findings

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's estimate of the fair value of investments is based on information provided by financial institutions. We evaluated the key factors and assumptions used to develop the fair value of investments in determining that it is reasonable in relation to the financial statements as a whole.

Management's estimate of capital assets depreciation is based on historical estimates of each capitalized item's useful life. We evaluated key factors and assumptions used to develop the estimated useful lives in determining that they are reasonable in relation to the financial statements as a whole.

Management's estimate of the net pension liability is based on actuarial information provided by the California Public Employee Retirement System's (CalPERS) actuarial office. We evaluated the key factors and assumptions to develop the net pension liability in determining that it is reasonable in relation to the financial statements as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

The disclosure of the fair value of investments in Note 3 to the financial statements represents amounts susceptible to market fluctuation.

The disclosure of accumulated depreciation in Note 6 to the financial statements is based on estimated useful lives which could differ from actual useful lives of each capitalized item.

The disclosure of the net pension liability in Note 11 to the financial statements is based on the City's proportionate share of the total pension liability of the pool and includes assumptions for discount rates, which could differ from actual discount rates. Note 11 discloses the differences in the net pension liability assuming different discount rates.

#### *Difficulties Encountered in Performing the Audit*

The completion of our audit was delayed due to the timing in which the City's accounting records were reconciled, analyzed, and ready to be audited. As we began the year-end audit fieldwork in December 2018, it was apparent that certain accounts as of June 30, 2018 had not yet been thoroughly analyzed and reconciled to supporting records. Although the necessary analysis and supporting documentation was ultimately provided, this contributed to the late issuance of the audited financial statements.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The following material misstatements detected as a result of audit procedures were corrected by management:

- (1) Adjustments were made to adjust capital assets at year-end.
- (2) Adjustments were made to record receivables and unavailable revenue.
- (3) Adjustments were made to reconcile cash and investment accounts and correct the recording of the fair market value of investments.
- (4) Adjustments were made to correct allowance for doubtful accounts balances.
- (5) Adjustments were made to move deposits to the appropriate revenue accounts.



### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated August 23, 2019.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### *Findings and Recommendations:*

In addition to our audit opinion on the financial statements, we issued our "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*" dated August 23, 2019, in which we identified material weaknesses and significant deficiencies in internal controls.

### Other Matters

We applied certain limited procedures to management's discussion and analysis and the schedules listed as required supplementary information in the table of contents, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the supplementary information as listed in the table of contents, which accompany the financial statements but are not RSI. With respect to this supplementary

information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the introductory sections, which accompanies the financial statements but is not RSI. Such information has 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 it.

Restrictions on Use

This information is intended solely for the use of the City Council and management of the City and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

*Van Lant & Fankhaenel, LLP*