



# ***Comprehensive Annual Financial Report***

*For the fiscal year ended June 30, 2014*

*City of Ukiah, California*



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*City of Ukiah*

***Comprehensive Annual  
Financial Report for the  
Fiscal Year Ended June 30, 2014***

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*Prepared by the Finance Department*

*City of Ukiah, California*



**CITY OF UKIAH**  
**Comprehensive Annual Financial Report**  
**For the Fiscal Year Ended June 30, 2014**

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# ***Introductory Section***

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# *City of Ukiah*

300 Seminary Ave., Ukiah, CA 95482  
(707) 463-6228 FAX (707) 463-6204

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Date: January 9, 2015

To: Honorable Mayor, Members of the City Council, and Citizens of the City of Ukiah

The City follows a policy of preparing a complete set of financial statements in conformity with U.S. generally accepted accounting principles after the end of each fiscal year. This report is published to fulfill that policy for the fiscal year ended June 30, 2014.

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

The firm of Davis Hammon & Company, Certified Public Accountants, has issued an unmodified independent auditors' report on the City of Ukiah's financial statements for the fiscal year ended June 30, 2014. The independent auditor's report is located at the front of the financial section of this report.

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

## **Profile of the City and its operations**

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

Ukiah is a general law city under California state law and its rights, powers, privileged, authority, and functions are established through the State constitution. The City operates under a council-manager form of government. The five members of the Ukiah City Council are elected by voters to serve overlapping four-year terms. The mayor is elected by, and from, the City Council for a one-year term. The Council appoints the City Manager who serves at their discretion. The City Council is a policy setting body that is responsible for passing ordinances, adopting a City Budget, appointing committees. The Council also serves as the governing board for the Successor Agency to the Ukiah Redevelopment Agency.

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

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

The City operates on a fiscal year basis, beginning July 1 and ending June 30. Financial prudence is exercised when preparing the City's budget. One-time revenues are not considered for ongoing operation expenditures. The City's annual budget serves as the foundation for the City of Ukiah's financial planning and control system. All departments of the City submit requests for appropriations to the City Manager each year. The Manager uses these requests as a starting point for developing a proposed budget. The Manager presents a proposed budget to the City Council each year. The Council holds public hearings on the proposed budget and then ultimately adopts a formal budget. The City maintains an encumbrance accounting system as one way of accomplishing budgetary control. Purchase orders, contracts, and other commitments for expenditure of monies are secured in order to reserve that portion of applicable appropriation. Total expenditures of each fund may not exceed fund appropriations and total expenditures for each department may not exceed departmental appropriations. Encumbrances outstanding at year-end are reported as assigned fund balance. Unencumbered amounts lapse at year-end and may be appropriated as part of the following year's budget.

## **Local Economy**

The City has a strong sales tax base. The population can increase by 20%. During the fiscal year 2013/14 the city saw positive trends in some economic segments. Unemployment decreased by 1.4% down to 6% from the prior fiscal year, based on data from the California State Development Department.

Tourism has steadily increased in the City since 2010. This fiscal year transient occupancy taxes increased 15.8% from last fiscal year. These revenues have grown to almost \$1 million annually.

The City has a strong sales tax base and attracts shoppers from all over the surrounding area. During fiscal year 2013/14 sales tax revenues increased by 3%.

## **Long-Term Financial Planning**

The City, in fiscal year 2015, expects the local economy to stabilize with little to no growth. The City has made a series of difficult decisions over the course of the last six years in order to maintain the solvency of the Ukiah General Fund. Citizens recently passed Measure P that extended a ½ cent sales tax which was set to expire in September of 2015. The renewal was critical to the City for maintaining services and equipment for police and fire operations and is approximately \$2.4 million for the general fund. The City is projecting a balanced operational fund and using reserves for one-time capital costs.

## **Major Initiatives**

In addition to adopting a balanced budget for the year, Council adopted formal financial management policies and general financial goals during the fiscal year. Those financial goals include:

1. To maintain a financially viable City that provides an adequate level of municipal services.
2. To maintain financial flexibility in order to be able to continually adapt to local and regional economic changes.
3. To maintain and enhance the sound fiscal condition of the City.

Respectfully submitted,

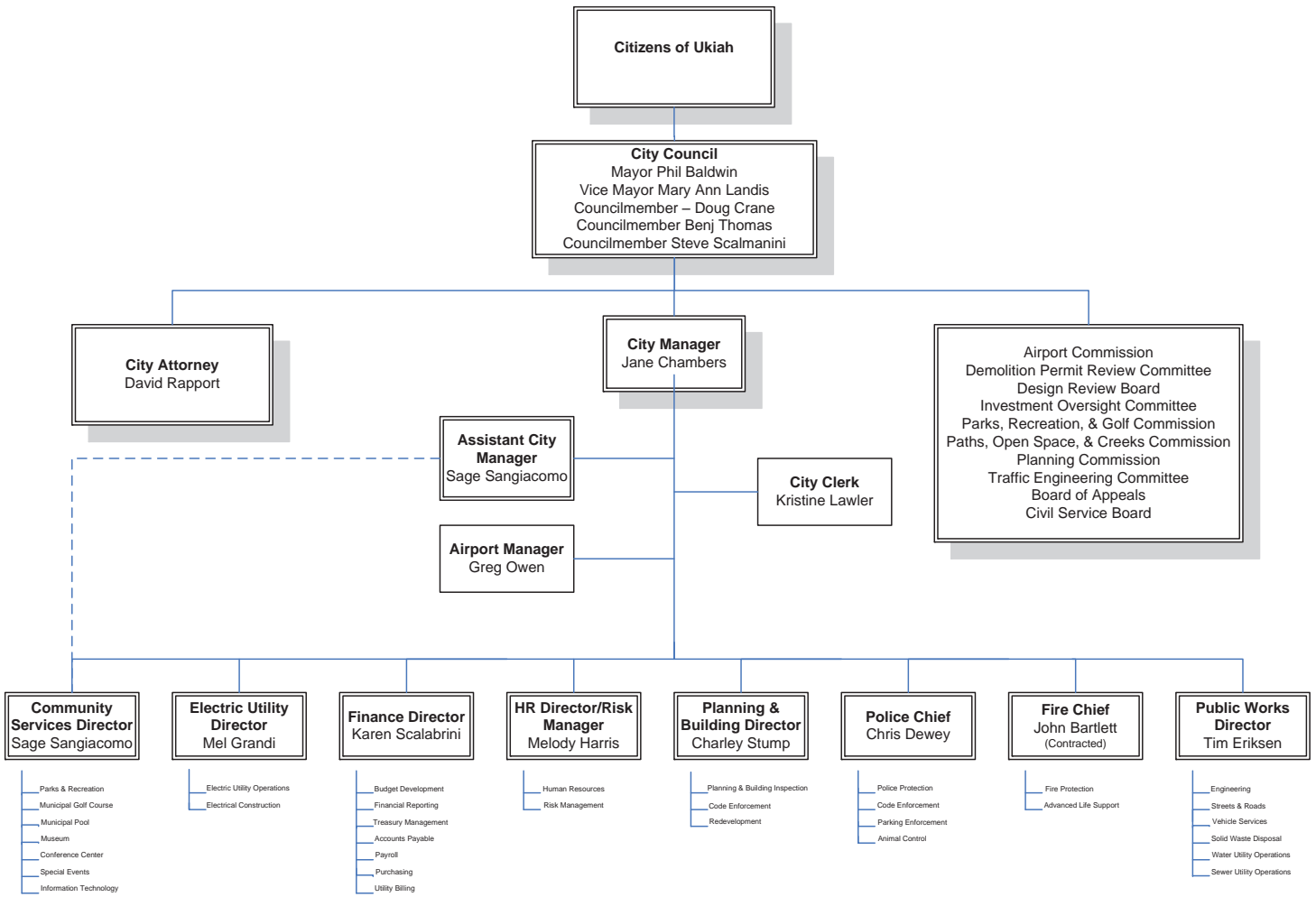


Karen Scalabrini  
Finance Director

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# City of Ukiah

## Organization Chart



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# ***City Officials***

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<i>Mayor</i>	<b>Phil Baldwin</b>
<i>Vice Mayor</i>	<b>Mary Ann Landis</b>
<i>Councilmember</i>	<b>Benj Thomas</b>
<i>Councilmember</i>	<b>Douglas Crane</b>
<i>Councilmember</i>	<b>Steve Scalmanini</b>
<i>City Manager</i>	<b>Jane Chambers</b>
<i>Assistant City Manager</i>	<b>Sage Sangiacomo</b>
<i>Electric Director</i>	<b>Mel Grandi</b>
<i>Finance Director</i>	<b>Karen Scalabrini</b>
<i>Human Resources Director</i>	<b>Melody Harris</b>
<i>Police Chief</i>	<b>Chris Dewey</b>
<i>Fire Chief</i>	<b>John Bartlett</b>
<i>Public Works Director</i>	<b>Tim Eriksen</b>
<i>Planning Director</i>	<b>Charley Stomp</b>
<i>City Attorney</i>	<b>David Rapport</b>
<i>City Clerk</i>	<b>Kristine Lawler</b>



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## ***Financial Section***

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



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Davis W. Hammon, Jr., CPA  
(1924-1989)

Stephen B. Norman, CPA • PFS  
Stephen J. Herr, CPA  
James L. Duckett, CPA

## INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council  
Members of the City of Ukiah  
Ukiah, California 95482

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregated remaining fund information of the City of Ukiah, California, as of and for the year ended June 30, 2014, 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.

### Auditors' Responsibility

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

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatements 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 financial statement presentation.

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregated remaining fund information of the City of Ukiah as of June 30, 2014 and the respective changes in financial position and, where applicable, cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.



## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information on pages 4 through 14 and 46 through 47, respectively, 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 of Ukiah's basic financial statements. The introductory section, combining and individual nonmajor fund statements and schedules, comparative major enterprise fund statements, and statistical section are presented for the purpose of additional analysis and are not a required part of the financial statements.

The combining and individual nonmajor fund statements and schedules, and comparative major enterprise fund statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund statements and schedules, and comparative major enterprise fund statements are fairly stated in all material respects in relation to the financial statements taken as a whole.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 9, 2015, on our consideration of the City of Ukiah's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Davis Hammon & Co.*

January 9, 2015

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# *Management's Discussion and Analysis*

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As management of the City of Ukiah (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2014. Please read it in conjunction with the accompanying basic financial statements.

This Analysis is organized into ten topics, moving from highlights of 2014, through descriptions of the financial statements and analysis of the selected information. The final topics discuss some of the City's financial processes and the upcoming budget outlook.

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

## **1. FINANCIAL HIGHLIGHTS**

- The City's total net position increased 0.6% to \$125,641 from \$124,794 a year ago.
- Governmental activities net position ended the year at \$45,271 down 1.1% from \$45,791 in the prior year while the net position for Business Type activities was up 1.7% to \$80,370 from \$79,003 in 2013.
- Total tax revenue, other governmental revenues and business activity revenues were higher than expenses by \$847.
- General Fund expenditures exceeded revenues and other financing sources and uses by \$218.
- Total revenues from all sources were \$49,254, up 4.6% from \$47,086 in the prior year.
- The total cost of all activities was \$48,407, down from the prior year at \$49,152.

## **2. USING THIS ANNUAL REPORT**

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

- (1) The first two statements are government-wide financial statements that provide both long-term and short-term information about the City's *overall* financial status. These include the Statement of Net Position and the Statement of Activities.
- (2) The remaining statements are *fund financial statements* that focus on individual parts of the City government, reporting on the City's operations in more detail than the government-wide statements.
  - The *governmental funds* statements tell how *general governmental* services like public safety were financed in the short-term as well as what remains for future spending.
  - Proprietary fund statements offer short and long-term financial information about activities the government operates *like businesses*, such as the electric, water and wastewater funds business-type activities.

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

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

### Government-wide Statements

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

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

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

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

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

### **Fund Financial Statements**

The fund financial statements provide more detailed information about the City's most significant funds – not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law.
- The City Council establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants. The City has two kinds of funds:
  - *Governmental funds* – Most of the City's basic services are included in governmental funds, which focus on (1) *how cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term view* that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them.
  - *Proprietary funds* – Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-and short-term financial information.
    - In fact, the City's enterprise funds (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flows.
    - The City's internal service funds are another type of proprietary fund used to account for activities charged to other funds on a cost reimbursement basis.

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

The Summary of Net Position (Table 1) and Summary of Changes in Net Position (Table 2) present the City's governmental and business activities in total for the years ending June 30, 2014 and June 30, 2013.

The City's combined net position for the fiscal year ended June 30, 2014 was \$125,641. The City accounts for its utilities, including electric, water, wastewater and solid waste disposal as proprietary funds. The airport, parking district, golf course, conference center, and street lighting system are also accounted for as enterprise funds. These funds are categorized as Business Activities on Table 1.

The City's net position for governmental activities decreased 1% from \$45,791 to \$45,271. Business-type activities net position increased 2% from \$79,003 to \$80,370. Legally unrestricted governmental net position included assets in special revenue funds received for specific purposes and amounts accumulated for capital projects.

The Electric Utility transferred \$1,009 to the General Fund as payment in lieu of taxes that would be charged to an outside provider. This amount is calculated at 7% of electric revenues.

In FY 2008-09 two Rate Stabilization Funds were created; one in the Wastewater Enterprise (\$2,850 initial balance) and one for the Ukiah Valley Sanitation District (\$1,900 initial balance). In FY 2013-14, no transfers were made to the Wastewater Debt Service Fund for the Rate Stabilization Funds.

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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Table 1  
**Summary of Net Position**  
 June 30, 2014 and 2013  
*(Full Accrual, in Thousands)*

	Governmental Activities		Business Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current assets	20,023	21,694	44,772	44,899	64,795	66,593
Noncurrent assets	34,225	34,112	134,818	137,331	169,043	171,443
<b>Total Assets</b>	<b>54,248</b>	<b>55,806</b>	<b>179,590</b>	<b>182,230</b>	<b>233,838</b>	<b>238,036</b>
Current liabilities	8,977	10,015	2,075	2,100	11,052	12,115
Noncurrent liabilities	-	-	97,145	101,127	97,145	101,127
<b>Total Liabilities</b>	<b>8,977</b>	<b>10,015</b>	<b>99,220</b>	<b>103,227</b>	<b>108,197</b>	<b>113,242</b>
<b>Net Position:</b>						
Net investment in capital assets	27,139	27,304	46,694	44,514	73,833	71,818
Restricted:						
Public safety	333	525	-	-	333	525
Public works	2,675	2,320	-	-	2,675	2,320
Housing & community development	2,938	180	-	-	2,938	180
Parks & recreation	75	-	-	-	75	-
Debt service	-	-	2,035	2,028	2,035	2,028
Unrestricted	12,111	15,462	31,641	32,461	43,752	47,923
<b>Total Net Position</b>	<b>45,271</b>	<b>45,791</b>	<b>80,370</b>	<b>79,003</b>	<b>125,641</b>	<b>124,794</b>



**MANAGEMENT'S DISCUSSION AND ANALYSIS**

Table 2  
**Summary of Changes in Net Position**  
 For the Fiscal Years Ended June 30, 2014 and 2013  
 (Full Accrual, in Thousands)

	Governmental Activities		Business Type Activities		Total	
	2014	2013	2014	2013	2014	2013
<b>Revenues:</b>						
Program Revenues:						
Charges for services	3,736	4,128	31,931	29,764	35,667	33,892
Operating grants and contributions	1,098	1,238	57	41	1,155	1,279
Capital grants and contributions	484	251	-	-	484	251
General Revenues:						
Taxes	10,261	10,143	-	-	10,261	10,143
Intergovernmental revenue not restricted to specific programs	1,237	1,229	-	-	1,237	1,229
Unrestricted investment earnings	94	91	356	201	450	292
<b>Total Revenues</b>	<b>16,910</b>	<b>17,080</b>	<b>32,344</b>	<b>30,006</b>	<b>49,254</b>	<b>47,086</b>
Expenses:						
General government	3,716	2,957	-	-	3,716	2,957
Public safety	9,868	10,515	-	-	9,868	10,515
Public works	2,290	2,109	-	-	2,290	2,109
Community development	832	1,254	-	-	832	1,254
Parks and recreation	2,541	2,482	-	-	2,541	2,482
Interest on long-term debt	-	-	-	-	-	-
Electric	-	-	14,555	14,483	14,555	14,483
Water	-	-	3,717	3,651	3,717	3,651
Wastewater	-	-	8,118	8,638	8,118	8,638
Solid waste disposal site (closed)	-	-	573	414	573	414
Street lighting	-	-	217	225	217	225
Airport	-	-	1,338	1,638	1,338	1,638
Parking district	-	-	171	166	171	166
Golf course	-	-	129	275	129	275
Conference center	-	-	342	345	342	345
<b>Total Expenses</b>	<b>19,247</b>	<b>19,317</b>	<b>29,160</b>	<b>29,835</b>	<b>48,407</b>	<b>49,152</b>
Change in Net Position Before Transfers:	(2,337)	(2,237)	3,184	171	847	(2,066)
Transfers	1,817	872	(1,817)	(584)	-	288
<b>Change in Net Position</b>	<b>(520)</b>	<b>(1,365)</b>	<b>1,367</b>	<b>(413)</b>	<b>847</b>	<b>(1,778)</b>
Beginning Net Position	45,791	47,156	79,003	80,596	124,794	127,752
Change in Accounting Principle	-	-	-	(1,180)	-	(1,180)
Beginning Net Position - Restated	45,791	47,156	79,003	79,416	124,794	126,572
<b>Ending Net Position</b>	<b>45,271</b>	<b>45,791</b>	<b>80,370</b>	<b>79,003</b>	<b>125,641</b>	<b>124,794</b>

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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**Governmental Activities**

Table 3 presents the cost of each of the City's major governmental programs for FY 2013-14 and FY 2012-13.

**Table 3**  
**Cost of Governmental Activities**  
 For the Fiscal Years Ended June 30, 2014 and 2013  
*(Full Accrual, in Thousands)*

	2014	2013	Cost Change	Percentage Change
General government	3,716	2,957	759	26%
Public safety	9,868	10,515	(647)	-6%
Public works	2,290	2,109	181	9%
Community development	832	1,254	(422)	-34%
Parks & recreation	2,541	2,482	59	2%
<b>Total Governmental Activities</b>	<b>19,247</b>	<b>19,317</b>	<b>(70)</b>	<b>0%</b>

On a full accrual basis, including financing and capital costs as reported under GASB 34, the City's total cost of governmental activities decreased by 0.4%. The increases in General Government, Public Works and Parks & Recreation were offset by decreases in Public Safety and Community Development. Governmental expenses reflect a wide variety of projects and on-going activities, many of which are supported in part by program fees or other funding sources.

The City's PERS retirement benefits costs decreased by \$109 from 2013 to 2014 (to \$3,042 from \$3,151).

General government services, functions that support Public Safety and all the other City services, include the City Council, City Clerk, City Treasurer, Community Planning, and the City Manager's office as well as Finance, Administrative Services, Legal, and Human Resources.

Public Safety is the largest component of governmental activities. The majority of public safety cost is for personnel. Police salaries and overtime increased by \$69. Fire salaries and overtime decreased by \$557 with the cessation of the ambulance service provided by the City as of March 2013 as well as the combining of the Fire Department with the Ukiah Valley Fire District.

Public Works primarily consists of engineering, streets, and public rights of way maintenance. Projects in FY 2013-14 included work on the Talmage Road Corridor Improvements, the Northwest Pacific Rail Trail and the Oak Manor Trail.

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

Community Development is primarily grant-funded projects. FY 2013-14 expenses included \$224 for First Time Home Buyers and Owner Occupied Rehab program, \$85 for the Visit Ukiah TOT program and \$79 for the Alex Rorabaugh Center general operating expenses

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Business Type Activities

The City's net position for business-type activities in continuing operations resulted in a \$3,270 increase in net position or 10% of total revenues (before revenue from the use of money and property and transfers to other funds), compared with a \$255 increase, or 1% in 2013. The Solid Waste Disposal Site was closed in 2001 and its current position is presented separately so as to not distort the results of continuing operations presented on Table 4.

Table 4  
**Statement of Operating Income and Expenses - Business Type Funds**  
 For the Fiscal Years Ended June 30, 2014 and 2013  
*(Full Accrual, in Thousands)*

	Operating Expenses		Operating Revenues		Increase (Decrease) From Operations			
	2014	2013	2014	2013	2014		2013	
Electric	14,555	14,483	14,994	15,140	439	3%	657	4%
Water	3,717	3,651	6,007	5,814	2,290	38%	2,163	37%
Wastewater	8,118	8,638	8,833	6,214	715	8%	(2,424)	-39%
Street lighting	217	225	191	193	(26)	-14%	(32)	17%
Airport	1,338	1,638	1,259	1,726	(79)	-6%	88	5%
Parking district	171	166	116	114	(55)	-47%	(52)	46%
Golf course	129	275	159	195	30	19%	(80)	41%
Conference center	342	345	298	280	(44)	-15%	(65)	23%
<b>Total</b>	<b>28,587</b>	<b>29,421</b>	<b>31,857</b>	<b>29,676</b>	<b>3,270</b>	<b>10%</b>	<b>255</b>	<b>1%</b>
Closed Program:								
Solid Waste Disposal Site	573	414	132	129	(441)		(285)	

Electricity purchase costs increased from \$7,983 last year to \$8,466 in FY 2013-14, while rates charged by the Utility were held constant. Purchase costs represented 58% of the Operating Expenses for FY 2013-14 up from 55% in FY 2012-13.

Annual water revenue was up 3% from the prior year reflecting the increased water rates offset, in part, by increased operations and maintenance expenses.

The Conference Center was unable to fully fund its operating expenses, after depreciation, in FY 2013-14. Management will continue its effort to improve marketing, restructure operations and reduce operating costs in relation to revenue.

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

## 4. FINANCIAL ANALYSIS OF THE FUND STATEMENTS

### Governmental Funds

The voter approved one-half percent sales tax went into effect in October 2005. In FY 2013-14, revenue from this tax increased to \$2,424 from \$2,413. There was a decline in property tax received of \$234 reflecting continued economic challenges. The total increase in governmental revenues was \$76. Table 5 summarizes the major revenue classifications used for taxes and other governmental revenues, expenditures, transfers, and changes in fund balances:

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

Table 5  
**Revenue, Expenditures and Fund Balance Summary - Governmental Funds**

For the Fiscal Years Ended June 30, 2014 and 2013

(Modified Accrual Basis, in Thousands)

	General		Other Governmental Funds		Total Governmental Funds	
	2014	2013	2014	2013	2014	2013
<b>Revenues:</b>						
Taxes	10,230	10,219	-	-	10,230	10,219
Licenses and permits	284	272	9	-	293	272
Fines, forfeitures & penalties	54	45	203	274	257	319
Interest, rents & concessions	183	155	158	69	341	224
Intergovernmental	1,253	1,245	2,017	1,719	3,270	2,964
Charges for services	1,006	1,518	8	63	1,014	1,581
Other	225	(1)	268	245	493	244
<b>Total Revenues</b>	<b>13,235</b>	<b>13,453</b>	<b>2,663</b>	<b>2,370</b>	<b>15,898</b>	<b>15,823</b>
<b>Expenditures:</b>						
Current:						
General government	2,676	1,985	97	132	2,773	2,117
Public safety	8,700	9,448	597	384	9,297	9,832
Public works	1,141	1,059	471	352	1,612	1,411
Housing & community development	481	649	305	557	786	1,206
Parks & recreation	1,907	1,962	398	366	2,305	2,328
Capital outlay	263	246	897	1,299	1,160	1,545
<b>Total Expenditures</b>	<b>15,168</b>	<b>15,349</b>	<b>2,765</b>	<b>3,090</b>	<b>17,933</b>	<b>18,439</b>
Excess(Deficiency) of revenues over expenditures	(1,933)	(1,896)	(102)	(720)	(2,035)	(2,616)
<b>Other Financing Sources(Uses):</b>						
Transfers in	1,715	1,267	362	1,414	2,077	2,681
Transfers out	-	(962)	(243)	(1,120)	(243)	(2,082)
	<b>1,715</b>	<b>305</b>	<b>119</b>	<b>294</b>	<b>1,834</b>	<b>599</b>
Net Change in Fund Balances	(218)	(1,591)	17	(426)	(201)	(2,017)
Fund Balances, July 1	5,274	6,865	10,137	10,563	15,411	17,428
<b>Fund Balances, June 30</b>	<b>5,056</b>	<b>5,274</b>	<b>10,154</b>	<b>10,137</b>	<b>15,210</b>	<b>15,411</b>

Before the revenue from the additional 0.5% local sales tax, net taxes (including sales, property, occupancy, business licenses and franchise fees) increased by less than 1%. The revenue from the additional 0.5% local sales tax increased by less than 1% from FY 2012-13 to FY 2013-14.

Intergovernmental General Fund revenue from primarily includes State of California payments for motor Vehicle License Fees (MVLFF).

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Other Governmental Funds Revenue classified as “Intergovernmental” include many government grants which vary dramatically from year to year. FY 2005-06 totaled \$1,138, increasing to \$2,516 for FY 2006-07, dropping to \$2,357 for FY 2007-08, to \$1,116 for FY 2008-09, then increasing to \$3,020 for FY 2009-10, increasing to \$3,168 for FY 2010-11, increasing to \$3,406 for FY2011-12 decreasing in FY2012-13 to \$1,719 and increasing again in FY 2013-14 to \$2,017. The largest component of this year’s funding included \$574 for Riverside Park improvements, \$224 from the 11-HOME-7654 Grant for First Time Homebuyers and Owner Occupied Rehabilitation, \$214 for the Museum Prop 84 grant and \$100 for Anton Stadium.

Current General Fund expenditures decreased from \$15,103 to \$14,905. Other Governmental Funds saw an 11% decrease in expenditures, primarily in Housing and Community Development and Capital Outlay. Total Governmental Fund expenditures decreased from \$18,439 in FY 2012-13 to \$17,933 in FY 2013-14, a 3% decrease.

The net change in fund balance in the General Fund for FY 2013-14 was a decrease of \$218, as compared to a decrease of \$1,591 in FY 2012-13 as no transfers out were made this year. The net change in fund balances for the Other Governmental Funds was an increase of \$17 in FY 2013-14 as compared to \$(426) decrease in FY 2012-13.

### 5. GENERAL FUND BUDGETARY HIGHLIGHTS

Actual General Fund revenues exceeded budget by \$15, a variance of less than 1%. Total tax revenues were 2% under budget, with property taxes down 21% offset, in part, by the transient occupancy taxes (over budget by 20%) and Property transfers (over budget by 15%). The regular sales tax revenue was under budget by \$82, 1.7% and the local one-half percent sales tax was over by \$52 (2%).

Total General Fund expenditures finished the year under budget by \$720.

### 6. CASH MANAGEMENT

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

### 7. CAPITAL ASSETS

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

Table 6  
**Capital Assets (Net of Depreciation)**  
 June 30, 2014 and 2013  
*(In Thousands)*

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	495	495	4,674	4,674	5,169	5,169
Land improvements	3,137	2,274	625	661	3,762	2,935
Buildings and improvements	3,816	3,577	32,506	33,610	36,322	37,187
Equipment, vehicles and machinery	2,115	2,305	3,591	3,298	5,706	5,603
Infrastructure	14,786	12,867	90,125	91,925	104,911	104,792
Construction in progress	2,790	5,786	3,255	3,163	6,045	8,949
<b>Total</b>	<b>27,139</b>	<b>27,304</b>	<b>134,776</b>	<b>137,331</b>	<b>161,915</b>	<b>164,635</b>

## MANAGEMENT'S DISCUSSION AND ANALYSIS

At June 30, 2014, the value of capital assets of the governmental activities, net of accumulated depreciation, totaled \$27,139 and the value of capital assets of the business-type activities, net of accumulated depreciation, totaled \$134,776. Depreciation on capital assets is recognized in the Government-Wide financial statements but not in the Fund financial statements. Additional information regarding the City's capital assets can be found on pages 35-36 in the Notes to the Financial Statements.

The City attempts to minimize debt by reserving current revenue for capital projects. A current expense is recorded and transferred to specific project accounts in either the Equipment Replacement or Special Projects Reserve Funds. A given project may require transfers for several years to accumulate sufficient funding before going forward.

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

At year-end, current governmental liabilities are \$8,977 and business-type liabilities are \$2,075. The City had governmental liabilities totaling \$8,977 and business-type liabilities of \$99,220. The \$97,145 of noncurrent business-type debt the Lake Mendocino Hydro power plant bonds and water and wastewater utility upgrades. The City has a total liabilities-to-net-position ratio of 86%, down from 91% in FY2012-13.

Table 7  
**Outstanding Debt (net of debt discounts/premiums)**  
 June 30, 2014 and 2013  
*(In Thousands)*

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Electric revenue bonds	-	-	6,981	8,453	6,981	8,453
Installment obligations:						
Water treatment plant	-	-	12,282	12,620	12,282	12,620
Wastewater treatment plant	-	-	66,749	68,531	66,749	68,531
State Loans:						
Water treatment plant			1,255	1,389	1,255	1,389
Wastewater treatment plant	-	-	815	1,205	815	1,205
Landfill closure/postclosure	-	-	9,063	8,929	9,063	8,929
<b>Total</b>	<b>-</b>	<b>-</b>	<b>97,145</b>	<b>101,127</b>	<b>97,145</b>	<b>101,127</b>

Additional information regarding the City's outstanding debt can be found on pages 38-40 in the Notes to the Financial Statements.

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

The City General Fund Budget for FY 2014-15 increased expenditures by \$661 and increased revenues by \$445 from the projected actuals for FY 2013-14.

Budgeted combined Public Safety and General Fund revenues for FY 2014-15 are \$1,220 above the actual revenues for FY 2013-14. The budgeted expenditures are \$139 over FY 2013-14 actual expenditures. These amounts include the revenue and expenditures related to the Measure "S" Sales Tax which is budgeted for FY 2014-15 with a \$54 increase over FY 2013-14 actual. The budget adopted for the combined Public Safety and General Funds for FY 2014-15 has a balance of \$(277). This is decrease from the balance of \$(1,566) for FY 2013-14 budget.

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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The Measure "S" Sales Tax revenues for FY 2013-14 are projected to be \$2,340. In the budget presentation, this revenue is combined with the General Fund in the "Combined Public Safety and General Fund Summary" and on other summary schedules. Public Safety (Police and Fire) expenditures of \$8,628 are budgeted in Public Safety Fund #105. The General Fund (#100) provides the additional funding necessary for the expenditures in excess of the revenue received from Measure "S" and grant funds recorded directly in the Public Safety Fund.

### GOVERNMENTAL FUNDS

Based on the analysis of our sales tax consultants, the budget contains a projected sales tax increase of \$238 over the FY 2013-14 projected actual sales tax amount. The FY 2014-15 budget reflects another difficult year that local governments in parts California and the United States are facing.

Further reductions in operating expenses will be required to achieve a balanced budget for FY 2014-15 as the continued economic climate restricts the recovery of City revenues. Uncertain financial conditions at the State level may have unknown fiscal impacts on the City.

Measure "S" Sales Tax: While this revenue source is part of the General Fund for budget purposes, it is internally recorded as a separate fund. The sales tax and interest revenue is projected to be \$2,478 for the FY2014-15 budget year. Expenditures are broken into two categories: Police Department and Fire Department. Budgeted expenditures are \$8,628. These expenditures are the entire Police and Fire operations, with the additional funding coming from the City's General Fund (#100) to make up the difference between the Measure "S" funding and budgeted expenses. The funding plan behind Measure "S" called for General Fund support of \$5,020 per year. The General Fund Support projected for FY 2014-15 is \$6,120.

### ENTERPRISE FUNDS

Electric Utility: The Electric Utility expenditures are projected to decrease over the next year with the largest reduction in the cost of electric generation. Replacement of defective electric poles began in FY2011-12 and will continue on an annual basis as identified on the priority list. Another significant project will be the undergrounding of the system in certain areas of the city.

Water Operations: A five-year rate study was completed in 2010. The first scheduled increase became effective on August 1, 2010 with the fifth increase implemented July 2014. New rate schedules are in process.

Wastewater Operations: A five-year rate study was completed in 2010. The first rate increase became effective in July 2011, with planned increases in each of the subsequent three years. The schedule of four annual rate increases is projected to meet debt revenue covenants. The City is beginning the process for updating the rate structure to meet revenue covenants in future years.

Solid Waste: A review of the garbage rates was completed and new rates implemented in December 2010. In 2011 new contracts for curbside collection and for transfer station operation were completed. These contracts established new methods for revising fees based on a combination of the diesel fuel index, the consumer price index, fees and charges levied by other governments, and changes in the landfill charges for waste that is not recycled. These contracts extend for fifteen years and provide an option for an additional five years under certain conditions.

Ukiah Valley Conference Center: The Conference Center had net gain, before depreciation and transfers, of \$2, compared to a net loss of \$(18) in FY 2012-13. Income continues to be less than the depreciation expense. Capital costs will continue to be subsidized, as necessary, by the General Fund, until the Conference Center is able to provide funding beyond operating expenses.

### OTHER INFORMATION

Development: A proposed major retail development, of a Costco store in the City's Airport Business Park, is moving forward. The Costco Draft EIR was published in early 2013 and certified in January 2014. A lawsuit was filed in February 2014 placing the project on hold.

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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City Operations: In September 2013, the City implemented salary reductions of 5% for most labor units as a means of reducing expenditures. The reductions are in effect for a period of two years.

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

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

### Summary

While facing ongoing General Fund budget deficits, the City continues to provide not only basic services, but also many quality-of-life services that enhance the community. City staff will continue to develop expenditure reduction plans during FY 2014-15 to realign revenues and expenditures. The City plans on utilizing General Fund reserves to finance one-time expenses. Expenditure reductions, changes in fees and charges, and related organizational changes are expected to result in balanced budgets in the future. Sponsorships, donations, and fees-for-service cover many of our youth sports and recreational programs, as well as community events. Successful grant awards have assisted the City by providing the majority of funding for the new skateboard park and upgrades to the swimming pool facility and Anton Stadium. City staff will continue to apply for grants in all categories, including bike lane enhancements and transportation funding, as they become available. The release of STIP funding from the State has also enhanced the City's ability to provide Public Works upgrades to street and infrastructure systems. As growth in the surrounding unincorporated areas continues to impact City services, the need to prepare for possible service enhancements increases.

## 10. CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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



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# *Basic Financial Statements*

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**CITY OF UKIAH**  
**Statement of Net Position**  
**June 30, 2014**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Current assets:			
Cash and investments	\$ 13,046,574	\$ 39,044,212	\$ 52,090,786
Cash and investments - restricted	2,744,309	2,072,014	4,816,323
Net receivables	2,292,841	4,555,545	6,848,386
Internal balances	1,923,225	(1,923,225)	-
Deposits	760	4,530	5,290
Prepayments	14,998	-	14,998
Inventory	-	1,019,243	1,019,243
Total current assets	<u>20,022,707</u>	<u>44,772,319</u>	<u>64,795,026</u>
Noncurrent assets:			
Long term receivables -loans	4,650,414	42,500	4,692,914
Land primarily held for resale	2,435,114	-	2,435,114
Capital assets not being depreciated	3,285,779	7,928,637	11,214,416
Capital assets being depreciated, net	23,853,434	126,847,317	150,700,751
Total noncurrent assets	<u>34,224,741</u>	<u>134,818,454</u>	<u>169,043,195</u>
Total assets	<u>54,247,448</u>	<u>179,590,773</u>	<u>233,838,221</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and other current liabilities	1,891,153	833,756	2,724,909
Customer deposits	-	7,562	7,562
Accrued interest payable	-	1,233,817	1,233,817
Unearned revenues - long-term loans receivable	4,650,414	-	4,650,414
Unearned revenues - real property held for resale	2,435,114	-	2,435,114
Total current liabilities	<u>8,976,681</u>	<u>2,075,135</u>	<u>11,051,816</u>
Noncurrent liabilities:			
Due within one year	-	4,349,591	4,349,591
Due in more than one year	-	92,795,340	92,795,340
Total noncurrent liabilities	<u>-</u>	<u>97,144,931</u>	<u>97,144,931</u>
Total liabilities	<u>8,976,681</u>	<u>99,220,066</u>	<u>108,196,747</u>
<b>NET POSITION</b>			
Net investment in capital assets	27,139,213	46,693,900	73,833,113
Restricted:			
Public safety	333,481	-	333,481
Public works	2,675,263	-	2,675,263
Housing and community development	2,937,509	-	2,937,509
Parks and recreation	74,822	-	74,822
Debt service	-	2,072,014	2,072,014
Unrestricted	<u>12,110,479</u>	<u>31,604,793</u>	<u>43,715,272</u>
Total net position	<u>\$ 45,270,767</u>	<u>\$ 80,370,707</u>	<u>\$ 125,641,474</u>

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

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**CITY OF UKIAH**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2014**

<b>Functions/Programs</b>	<b>Program Revenues</b>			
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>
City government				
Governmental activities:				
General government	\$ 3,715,968	\$ 1,255,815	\$ -	\$ -
Public safety	9,867,900	851,328	239,942	-
Public works	2,290,261	682,559	607,743	258,666
Community development	832,020	197,003	210,363	-
Parks and recreation	2,540,689	749,548	39,551	225,326
Total governmental activities	19,246,838	3,736,253	1,097,599	483,992
Business-type activities:				
Electric	14,554,884	14,993,910	-	-
Water	3,717,064	6,006,675	-	-
Wastewater	8,118,315	8,832,757	-	-
Disposal site	573,478	132,287	-	-
Street lighting	216,528	191,389	-	-
Airport	1,337,555	1,201,546	57,271	-
Parking	170,627	115,556	-	-
Golf course	129,182	159,253	-	-
Conference center	342,403	297,803	-	-
Total business-type activities	29,160,036	31,931,176	57,271	-
Total City government	\$ 48,406,874	\$ 35,667,429	\$ 1,154,870	\$ 483,992

General revenue, transfers and extraordinary item:

Taxes:

  Property taxes

  Sales taxes

  Transient occupancy taxes

  Business license tax and transfer taxes

  Franchises

  Use of money and property

  From other agencies not restricted to specific programs

  Transfers

Total general revenues and special item

**Change in net position**

Net position, beginning

Net position, ending

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

**Net (Expenses) Revenue and  
Changes in Net Position**

**City Government**

<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
\$ (2,460,153)	\$ -	\$ (2,460,153)
(8,776,630)	-	(8,776,630)
(741,293)	-	(741,293)
(424,654)	-	(424,654)
(1,526,264)	-	(1,526,264)
<u>(13,928,994)</u>	<u>-</u>	<u>(13,928,994)</u>
-	439,026	439,026
-	2,289,611	2,289,611
-	714,442	714,442
-	(441,191)	(441,191)
-	(25,139)	(25,139)
-	(78,738)	(78,738)
-	(55,071)	(55,071)
-	30,071	30,071
-	(44,600)	(44,600)
<u>-</u>	<u>2,828,411</u>	<u>2,828,411</u>
<u>(13,928,994)</u>	<u>2,828,411</u>	<u>(11,100,583)</u>
1,251,189	-	1,251,189
7,134,537	-	7,134,537
959,570	-	959,570
324,240	-	324,240
591,767	-	591,767
93,521	356,372	449,893
1,237,181	-	1,237,181
1,816,592	(1,816,592)	-
<u>13,408,597</u>	<u>(1,460,220)</u>	<u>11,948,377</u>
(520,397)	1,368,191	847,794
<u>45,791,164</u>	<u>79,002,516</u>	<u>124,793,680</u>
<u>\$ 45,270,767</u>	<u>\$ 80,370,707</u>	<u>\$ 125,641,474</u>

**CITY OF UKIAH  
Balance Sheet  
Governmental Funds  
June 30, 2014**

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash and investments	\$ 3,379,224	\$ 8,151,886	\$ 11,531,110
Cash with fiscal agent	-	2,744,309	2,744,309
Taxes receivable	126,183	-	126,183
Accounts receivable	1,338,573	176,740	1,515,313
Interest receivable	14,432	17,160	31,592
Intergovernmental receivables	-	600,282	600,282
Prepayments	13,498	1,500	14,998
Loans to employees	429	-	429
Due from other funds	1,152,912	-	1,152,912
Advances to other funds	618,594	-	618,594
Long term notes receivables	-	4,650,414	4,650,414
Real property held for resale	-	2,435,114	2,435,114
	<u>\$ 6,643,845</u>	<u>\$ 18,777,405</u>	<u>\$ 25,421,250</u>
<b>LIABILITIES</b>			
Liabilities:			
Accounts payable	\$ 499,337	\$ 206,154	\$ 705,491
Accrued salaries and benefits	278,078	17,504	295,582
Compensated absences	659,324	6,021	665,345
Due to other funds	-	630,484	630,484
Advances from other funds	-	148,000	148,000
Unearned revenues - long-term loans receivable	-	4,650,414	4,650,414
Unearned revenues - real property held for resale	-	2,435,114	2,435,114
	<u>1,436,739</u>	<u>8,093,691</u>	<u>9,530,430</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenues	151,004	530,260	681,264
Total deferred inflows of resources	<u>151,004</u>	<u>530,260</u>	<u>681,264</u>
<b>FUND BALANCES</b>			
Nonspendable	619,044	-	619,044
Restricted	-	4,805,526	4,805,526
Committed	203,105	3,569,505	3,772,610
Assigned	-	2,514,649	2,514,649
Unassigned	4,233,953	(736,226)	3,497,727
	<u>5,056,102</u>	<u>10,153,454</u>	<u>15,209,556</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 6,643,845</u>	<u>\$ 18,777,405</u>	<u>\$ 25,421,250</u>

Amounts reported for governmental activities in the statement of net position (page 16) are different because:

Total Governmental Fund Balances	\$ 15,209,556
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Capital assets	\$ 58,035,566
Accumulated depreciation	<u>(30,896,353)</u>
	27,139,213
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the fund:	
Unavailable revenues	681,264
Internal service funds are used by management to charge the cost of purchasing, risk management, billing & collection, garage and public safety dispatch to to individual funds. The assets and liabilities of the internal service funds are included in governmental activities statement of net position:	<u>2,240,734</u>
Net Position of Governmental Activities	<u>\$ 45,270,767</u>

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

**CITY OF UKIAH**  
**Statements of Revenues, Expenditures, and**  
**Changes in Fund Balances**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2014**

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>			
Taxes:			
Property taxes	\$ 1,251,189	\$ -	\$ 1,251,189
Sales taxes	7,104,666	-	7,104,666
Transient occupancy taxes	925,191	-	925,191
Franchises	591,767	-	591,767
Business license	324,240	-	324,240
Property transfer	34,379	-	34,379
Licenses and permits	283,786	8,902	292,688
Fines, forfeitures and penalties	53,999	202,777	256,776
Interest, rents and concessions	182,485	158,402	340,887
Intergovernmental	1,252,709	2,017,333	3,270,042
Charges for services	1,005,530	8,004	1,013,534
Miscellaneous	225,509	267,649	493,158
	<u>13,235,450</u>	<u>2,663,067</u>	<u>15,898,517</u>
Total revenues			
	<u>13,235,450</u>	<u>2,663,067</u>	<u>15,898,517</u>
<b>EXPENDITURES</b>			
Current:			
General government	2,676,148	97,437	2,773,585
Public safety	8,699,716	597,402	9,297,118
Public works	1,141,456	470,810	1,612,266
Housing and community development	480,881	304,468	785,349
Parks and recreation	1,907,144	397,749	2,304,893
Capital outlay	262,482	897,446	1,159,928
	<u>15,167,827</u>	<u>2,765,312</u>	<u>17,933,139</u>
Total expenditures			
	<u>15,167,827</u>	<u>2,765,312</u>	<u>17,933,139</u>
Excess (deficiency) of revenues over expenditures	<u>(1,932,377)</u>	<u>(102,245)</u>	<u>(2,034,622)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	1,714,573	362,068	2,076,641
Transfers out	-	(243,049)	(243,049)
	<u>1,714,573</u>	<u>119,019</u>	<u>1,833,592</u>
Total other financing sources (uses)			
	<u>1,714,573</u>	<u>119,019</u>	<u>1,833,592</u>
Net change in fund balances	(217,804)	16,774	(201,030)
Fund balances, July 1	<u>5,273,906</u>	<u>10,136,680</u>	<u>15,410,586</u>
Fund balances, June 30	<u>\$ 5,056,102</u>	<u>\$ 10,153,454</u>	<u>\$ 15,209,556</u>

The notes to financial statements 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**  
**For the Fiscal Year Ended June 30, 2014**

Amounts reported for governmental activities in the statement of activities (page 17) are different because:

Net Change in Fund Balances - total governmental funds (page 19)	\$ (201,030)
Governmental funds report capital outlays as expenditures. However, in the the statement of activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.	(151,054)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	(244,659)
Internal service funds are closed by charging additional amounts or reducing charges to participating governmental activities to completely cover the internal service fund's costs for the year.	<u>76,346</u>
Change in Net Position of Governmental Activities	<u><u>\$ (520,397)</u></u>

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

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**CITY OF UKIAH**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2014**

	Business-Type Activities			
	Electric	Water	Sewer	Disposal Site
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 8,638,658	\$ 5,890,298	\$ 15,390,406	\$ 8,542,337
Cash and cash equivalents - restricted	2,072,014	-	-	-
Receivables:				
Accounts (net)	379,681	157,231	122,662	11,192
Unbilled	1,935,381	855,446	619,728	-
Interest	18,063	13,874	29,280	19,024
Grants	-	-	-	-
Notes - current portion	-	-	-	-
Refundable deposits	-	3,730	-	-
Inventory	933,522	85,721	-	-
Total current assets	<u>13,977,319</u>	<u>7,006,300</u>	<u>16,162,076</u>	<u>8,572,553</u>
Noncurrent assets:				
Advances to other funds	-	-	-	-
Notes receivable	-	-	-	-
Capital assets:				
Land	1,403,672	70,126	670,431	699,654
Land improvements	35,751	142,156	120,290	-
Infrastructure systems	18,737,542	9,080,305	81,511,072	-
Buildings and improvements	25,437,975	18,130,288	10,193,131	-
Rolling equipment	1,700,362	461,797	575,539	101,296
Machinery and equipment	2,729,456	2,019,960	1,461,565	404,039
Less accumulated depreciation	(23,927,114)	(9,142,456)	(14,979,094)	(356,534)
Construction in progress	360,133	295,927	1,714,431	-
Total noncurrent assets	<u>26,477,777</u>	<u>21,058,103</u>	<u>81,267,365</u>	<u>848,455</u>
<b>Total assets</b>	<u>40,455,096</u>	<u>28,064,403</u>	<u>97,429,441</u>	<u>9,421,008</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	64,639	145,781	115,481	219
Accrued salaries and benefits	51,529	28,905	35,163	1,912
Compensated absences	121,521	63,229	99,696	6,171
Due to other funds	-	-	-	-
Customer deposits	-	-	-	-
Interest payable	36,953	188,548	1,005,926	-
Long term obligations due in one year	1,610,000	488,042	2,251,549	-
Total current liabilities	<u>1,884,642</u>	<u>914,505</u>	<u>3,507,815</u>	<u>8,302</u>
Noncurrent liabilities:				
Advances from other funds	-	745,000	-	-
Revenue bonds	5,371,109	-	-	-
Installment obligations	-	11,931,622	64,899,067	-
State loans	-	1,117,413	413,252	-
Landfill closure/postclosure	-	-	-	9,062,877
Total noncurrent liabilities	<u>5,371,109</u>	<u>13,794,035</u>	<u>65,312,319</u>	<u>9,062,877</u>
<b>Total liabilities</b>	<u>7,255,751</u>	<u>14,708,540</u>	<u>68,820,134</u>	<u>9,071,179</u>
<b>NET POSITION</b>				
Net investment in capital assets	19,496,668	7,521,026	13,703,497	848,455
Restricted for debt service	2,072,014	-	-	-
Unrestricted	11,630,663	5,834,837	14,905,810	(498,626)
<b>Total net position</b>	<u>\$ 33,199,345</u>	<u>\$ 13,355,863</u>	<u>\$ 28,609,307</u>	<u>\$ 349,829</u>

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

Business-Type Activities		Governmental Activities
Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
\$ 582,513	\$ 39,044,212	\$ 1,515,464
-	2,072,014	-
340,244	1,011,010	16,933
22,170	3,432,725	-
1,299	81,540	2,109
24,270	24,270	-
6,000	6,000	-
800	4,530	760
-	1,019,243	-
<u>977,296</u>	<u>46,695,544</u>	<u>1,535,266</u>
-	-	930,203
42,500	42,500	-
1,829,928	4,673,811	-
1,599,653	1,897,850	-
1,311,089	110,640,008	-
2,943,142	56,704,536	327,113
317,779	3,156,773	43,649
155,294	6,770,314	451,865
(3,916,966)	(52,322,164)	(461,817)
884,335	3,254,826	-
<u>5,166,754</u>	<u>134,818,454</u>	<u>1,291,013</u>
<u>6,144,050</u>	<u>181,513,998</u>	<u>2,826,279</u>
51,487	377,607	59,788
16,047	133,556	47,075
31,976	322,593	117,872
522,428	522,428	-
7,562	7,562	-
2,390	1,233,817	-
-	4,349,591	-
<u>631,890</u>	<u>6,947,154</u>	<u>224,735</u>
655,797	1,400,797	-
-	5,371,109	-
-	76,830,689	-
-	1,530,665	-
-	9,062,877	-
<u>655,797</u>	<u>94,196,137</u>	<u>-</u>
<u>1,287,687</u>	<u>101,143,291</u>	<u>224,735</u>
5,124,254	46,693,900	360,810
-	2,072,014	-
(267,891)	31,604,793	2,240,734
<u>\$ 4,856,363</u>	<u>\$ 80,370,707</u>	<u>\$ 2,601,544</u>

**CITY OF UKIAH**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2014**

	Business-Type Activities			
	Electric	Water	Sewer	Disposal Site
<b>OPERATING REVENUES</b>				
Current services	\$ 14,697,774	\$ 5,997,957	\$ 8,815,439	\$ 124,857
Incoming provision	-	-	-	-
Sales of fuel	-	-	-	-
Facility rents	-	-	-	-
Miscellaneous	296,136	8,718	17,318	7,430
Total operating revenues	<u>14,993,910</u>	<u>6,006,675</u>	<u>8,832,757</u>	<u>132,287</u>
<b>OPERATING EXPENSES</b>				
Purchased power	8,466,241	-	-	-
Maintenance and operations	3,561,410	1,779,625	2,622,192	560,731
General and administration	801,864	708,320	568,013	-
Fuel	-	-	-	-
Insurance premiums	-	-	-	-
Depreciation and amortization	1,162,108	640,945	1,877,905	12,747
Total operating expenses	<u>13,991,623</u>	<u>3,128,890</u>	<u>5,068,110</u>	<u>573,478</u>
Operating income (loss)	<u>1,002,287</u>	<u>2,877,785</u>	<u>3,764,647</u>	<u>(441,191)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Operating subsidies	-	-	-	-
Property taxes	-	-	-	-
Interest and investment revenue	86,746	56,550	123,366	84,068
Interest expense and fiscal charges	(563,261)	(588,174)	(3,050,205)	-
Net nonoperating revenues (expenses)	<u>(476,515)</u>	<u>(531,624)</u>	<u>(2,926,839)</u>	<u>84,068</u>
Income (loss) before transfers	525,772	2,346,161	837,808	(357,123)
Transfers out	(1,009,418)	(250,000)	(68,000)	-
Change in net position	(483,646)	2,096,161	769,808	(357,123)
Total net position, July 1	<u>33,682,991</u>	<u>11,259,702</u>	<u>27,839,499</u>	<u>706,952</u>
Total net position, June 30	<u>\$ 33,199,345</u>	<u>\$ 13,355,863</u>	<u>\$ 28,609,307</u>	<u>\$ 349,829</u>

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

Business-Type Activities		Governmental Activities
Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
\$ 396,173	\$ 30,032,200	\$ 2,706,606
-	-	1,245,142
885,449	885,449	-
636,655	636,655	-
36,386	365,988	87,815
<u>1,954,663</u>	<u>31,920,292</u>	<u>4,039,563</u>
-	8,466,241	-
1,216,399	9,740,357	2,261,491
202,973	2,281,170	404,475
662,074	662,074	-
-	-	1,253,500
114,849	3,808,554	35,595
<u>2,196,295</u>	<u>24,958,396</u>	<u>3,955,061</u>
<u>(241,632)</u>	<u>6,961,896</u>	<u>84,502</u>
57,271	57,271	-
10,884	10,884	-
5,642	356,372	8,844
-	(4,201,640)	-
<u>73,797</u>	<u>(3,777,113)</u>	<u>8,844</u>
(167,835)	3,184,783	93,346
<u>(489,174)</u>	<u>(1,816,592)</u>	<u>(17,000)</u>
(657,009)	1,368,191	76,346
<u>5,513,372</u>	<u>79,002,516</u>	<u>2,525,198</u>
<u>\$ 4,856,363</u>	<u>\$ 80,370,707</u>	<u>\$ 2,601,544</u>

**CITY OF UKIAH**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2014**

	Business-Type Activities			
	Electric	Water	Sewer	Disposal Site
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers and users	\$ 15,771,553	\$ 6,056,120	\$ 8,658,761	\$ 137,346
Payments for interfund services	(10,101,256)	(296,403)	(320,100)	(4,164)
Payments to suppliers	(2,175,916)	(924,490)	(1,431,419)	(352,095)
Payments to employees	(594,831)	(1,174,877)	(1,444,252)	(77,010)
Net cash provided by (used for) operating activities	<u>2,899,550</u>	<u>3,660,350</u>	<u>5,462,990</u>	<u>(295,923)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers out	-	-	-	-
Operating subsidies	-	-	-	-
Property taxes	(1,009,418)	(250,000)	(68,000)	-
Net cash provided by (used for) noncapital financing activities	<u>(1,009,418)</u>	<u>(250,000)</u>	<u>(68,000)</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES</b>				
Payments received on long-term note	-	-	-	-
Payments to acquire capital assets	(860,408)	(137,327)	(52,295)	-
Payments on long-term debt principal	(1,500,000)	(468,196)	(2,169,854)	-
Interest paid on long-term debt	(537,187)	(598,455)	(3,111,639)	-
Trustee fees	(5,413)	-	-	-
Net cash provided by (used for) capital related financing activities	<u>(2,903,008)</u>	<u>(1,203,978)</u>	<u>(5,333,788)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest receipts	117,963	71,404	171,999	110,173
Net cash provided by investing activities	<u>117,963</u>	<u>71,404</u>	<u>171,999</u>	<u>110,173</u>
Net increase (decrease) in cash and cash equivalents	(894,913)	2,277,776	233,201	(185,750)
Balances-beginning of the year	11,605,585	3,612,522	15,157,205	8,728,087
Balances-end of the year	<u>\$ 10,710,672</u>	<u>\$ 5,890,298</u>	<u>\$ 15,390,406</u>	<u>\$ 8,542,337</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>				
Operating income (loss)	\$ 1,002,287	\$ 2,877,785	\$ 3,764,647	\$ (441,191)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization expense	1,162,108	640,945	1,877,905	12,747
Decrease (increase) in receivables	777,643	49,445	(173,996)	5,059
Decrease (increase) in inventory	(18,063)	(3,043)	-	-
Increase (decrease) in payables	(24,425)	95,218	(5,566)	127,462
	<u>\$ 2,899,550</u>	<u>\$ 3,660,350</u>	<u>\$ 5,462,990</u>	<u>\$ (295,923)</u>

**SCHEDULE OF NON-CASH CAPITAL FINANCING ACTIVITIES:**

None during the fiscal year.

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

		Governmental Activities	
Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds	
\$ 1,786,202	\$ 32,409,982	\$ 4,198,819	
(49,337)	(10,771,260)	(404,475)	
(927,331)	(5,811,251)	(1,731,948)	
(592,759)	(3,883,729)	(1,753,315)	
<u>216,775</u>	<u>11,943,742</u>	<u>309,081</u>	
(489,174)	(489,174)	(17,000)	
33,001	33,001	-	
10,884	(1,316,534)	-	
<u>(445,289)</u>	<u>(1,772,707)</u>	<u>(17,000)</u>	
5,500	5,500	-	
(203,558)	(1,253,588)	(21,844)	
-	(4,138,050)	-	
-	(4,247,281)	-	
-	(5,413)	-	
<u>(198,058)</u>	<u>(9,638,832)</u>	<u>(21,844)</u>	
9,510	481,049	9,867	
9,510	481,049	9,867	
(417,062)	1,013,252	280,104	
999,575	40,102,974	1,235,360	
<u>\$ 582,513</u>	<u>\$ 41,116,226</u>	<u>\$ 1,515,464</u>	
\$ (241,632)	\$ 6,961,896	\$ 84,502	
114,849	3,808,554	35,595	
(168,461)	489,690	159,256	
-	(21,106)	-	
512,019	704,708	29,728	
<u>\$ 216,775</u>	<u>\$ 11,943,742</u>	<u>\$ 309,081</u>	



**CITY OF UKIAH**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2014**

	<u>Private Purpose Trust</u>	<u>Agency Funds</u>
<b>Assets</b>		
Cash and investments	\$ 5,831,678	\$ 5,414,175
Cash and investments	5,760,668	-
Receivables:		
Accounts	16,251	379,099
Unbilled	-	292,288
Accrued interest	9,947	17,783
Real property held for resale	3,730,238	-
Capital assets	<u>142,295</u>	<u>2,268,471</u>
Total assets	<u>15,491,077</u>	<u>\$ 8,371,816</u>
<b>Liabilities</b>		
Accounts payable	26,897	\$ 700,008
Accrued salaries and benefits	390	-
Accrued interest	137,240	-
Payroll withholdings and employer contributions	547,793	-
Customer utility deposits	393,055	-
Other deposits	470,397	-
Due to other agencies		7,671,808
Noncurrent liabilities:		
Due within one year	965,000	-
Due in more than one year	<u>9,727,586</u>	<u>-</u>
Total liabilities	<u>12,268,358</u>	<u>\$ 8,371,816</u>
<b>Net Position</b>		
Held in trust for other purposes	<u>\$ 3,222,719</u>	

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

**CITY OF UKIAH**  
**Statement of Changes in Fiduciary Net Position**  
**Private Purpose Trust Funds**  
**For the Fiscal Year Ended June 30, 2014**

	Total Private Purpose Trust
Additions:	
Taxes	\$ 2,771,423
Interest, rents and concessions	38,642
Other revenues	201
Total additions	2,810,266
Deductions:	
Salaries and benefits	19,351
Contractual services	93,014
Internal charges	69,601
Interest and fiscal charges	677,277
Total deductions	859,243
Change in net position	1,951,023
Net position, July 1	1,271,696
Net position, June 30	\$ 3,222,719

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

**CITY OF UKIAH**  
**Notes to the Financial Statements**  
**June 30, 2014**

**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, conference center, and redevelopment activities. 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, 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 changes in net position) 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*.

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) Measurement Focus, Basis Of Accounting, And Financial Statement Presentation**

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.

**CITY OF UKIAH**  
**Notes to the Financial Statements**  
**June 30, 2014**

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 to 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 *Wastewater 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:

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

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

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

*Private-Purpose Trust Funds* - account for resources legally held in trust for use by other organizations and departments. 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

**CITY OF UKIAH**  
**Notes to the Financial Statements**  
**June 30, 2014**

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.

New Pronouncements

In June 2012, the Governmental Accounting Standards Board ("GASB") approved Statement No. 68, *Accounting and Financial Reporting for Pensions*. This statement requires governments providing defined benefit pension plans to recognize their long-term obligation for pension benefits as a liability in the statement of net position and to more comprehensively and comparably measure the annual costs of pension benefits. Statement No. 68 also requires revised and new note disclosures and required supplementary information (RSI) to be reported by employers. The implementation of this GASB statement could have a significant impact on the City's financial statements and is effective for the fiscal year ended June 30, 2015.

**D) Assets, Liabilities, And Net Position Or Equity**

1) Cash And Investments

Investments for the City and its component units are reported at fair value. The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

2) Receivables And Payables

For the government-wide financial statements the individual components comprising *Net Receivables* and *Accounts Payable and Other Current Liabilities* include the following:

	Governmental Activities	Business- Type Activities	Total
<b>Net Receivables:</b>			
Accounts receivable (net)	\$ 1,532,246	\$ 1,011,010	\$ 2,543,256
Unbilled	-	3,432,725	3,432,725
Taxes	126,183	-	126,183
Accrued interest	33,701	81,540	115,241
Grants	600,282	24,270	624,552
Employee loans	429	-	429
Notes - current portion	-	6,000	6,000
	<u>2,292,841</u>	<u>4,555,545</u>	<u>6,848,386</u>
<b>Accounts Payable and Other Current Liabilities:</b>			
Accounts payable	\$ 765,279	\$ 377,607	\$ 1,142,886
Accrued salaries and benefits	342,657	133,556	476,213
Accrued compensated absences	783,217	322,593	1,105,810
	<u>1,891,153</u>	<u>833,756</u>	<u>2,724,909</u>

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to either "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

An estimated receivable of \$3,432,725 has been reported within the City's enterprise funds for services provided but not yet billed as of June 30, 2014. The receivable, and increase to related revenue accounts, was arrived at by taking the cycle billings the City sent the customers in July and prorating for the number of days applicable to the fiscal year ended June 30, 2014.

**CITY OF UKIAH**  
**Notes to the Financial Statements**  
**June 30, 2014**

All trade and property tax receivables are shown net of an allowance for uncollectible accounts. Allowances for uncollectible receivables totaled \$140,341 and were determined based on an analysis of historical trends.

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

3) Inventories And Prepaid Items

Inventories are valued at the lower of cost (first-in, first-out) or market. 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 \$5,000 and an estimated useful life in excess of two years. Capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received.

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

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

Interest is capitalized on construction of major assets acquired with debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period. For the year ended June 30, 2014, no interest expense was capitalized to any of the City's capital projects.

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

	<u>Years</u>
Land improvements	20 - 40 years
Buildings and improvements	30 - 60 years
Infrastructure	30 - 60 years
Licensed vehicles	5 - 10 years
Machinery and equipment	5 - 20 years

**CITY OF UKIAH**  
**Notes to the Financial Statements**  
**June 30, 2014**

6) Deferred Inflows of Resources

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 classified several items as deferred inflows because they were current accrued revenues that are not available to pay for current period expenditures. Accordingly, these items have been reported as “*Unavailable Revenues*” on the accompanying balance sheets. These amounts are deferred and will be recognized as an inflow of resources in the period that the amounts become available.

7) Real Property Primarily 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 market and fully offset by recognizing a liability for “Unearned Revenues – Real Property Held for Resale.” At June 30, 2014, the carrying value of these properties was \$2,435,114.

8) Compensated Absences

It is the City's policy to allow an employee to accumulate no more than two years vacation. Full time City employees are entitled to sick leave with full pay due to absence resulting from illness or injury to the extent of the amount earned. There is no liability for unpaid sick leave since the government does not have a policy to pay any amount when employees separate from service with the City. The City reports all accrued compensated absences as a current obligation payable from current financial resources, therefore, the entire liability of \$1,105,810 has been accrued as incurred in the government-wide and fund financial statements.

9) Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Long-term debt issue discounts and premiums are deferred and amortized over the life of the debt using the straight-line method, which is not materially different from the effective interest method. Bonds payable and installment obligations are reported net of the unamortized discounts and premiums. Debt issue costs are recognized as an expense in the year incurred.

10) Net Position/Fund Balance Assumptions

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 government-wide and proprietary 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 – net position to have been depleted before unrestricted – net position are applied.

The government-wide statement of net position reports \$8,056,676 of restricted net position, of which \$27,175 is restricted by enabling legislation.

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.

11) Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance). The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The City Council is the highest level of decision-making

**CITY OF UKIAH**  
**Notes to the Financial Statements**  
**June 30, 2014**

authority for the City that can, by adoption of a resolution, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The City Council has authorized the City Department Heads to assign fund balance. The City Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

At June 30, 2014, the fund balances of the City's governmental funds were classified as nonspendable, restricted, committed and assigned for the following purposes:

	<u>General</u>	<u>Other Nonmajor Funds</u>	<u>Total</u>
Nnspendable:			
Petty cash	\$ 450	\$ -	\$ 450
Long-term receivable	618,594	-	618,594
Restricted:			
Public safety	-	333,481	333,481
Public works	-	1,492,593	1,492,593
Housing and community development	-	2,952,277	2,952,277
Parks and recreation	-	27,175	27,175
Committed:			
General government	99,477	775,157	874,634
Public safety	38,730	636,484	675,214
Public works	5,655	1,262,891	1,268,546
Parks and recreation	57,299	-	57,299
Housing and community development	1,944	-	1,944
City utility improvements	-	894,973	894,973
Assigned:			
General government	-	250,074	250,074
Public safety	-	-	-
Public works	-	2,091,606	2,091,606
Parks and recreation	-	172,969	172,969
Unassigned	4,233,953	(736,226)	3,497,727
	<u>\$ 5,056,102</u>	<u>\$ 10,153,454</u>	<u>\$ 15,209,556</u>

**2 Stewardship, Compliance And Accountability**

**A) Budgetary Information**

Annual budgets were adopted for all governmental funds except the certain minor special revenue (STIP Augmentation, FEMA Grant, and LMIHF Housing Asset) and capital projects (City Housing Bond Proceeds) funds which were expected to have little or no activity. Budgets are adopted on a basis consistent with generally accepted accounting principles. Annually, each City department submits a request for appropriation to the City Manager so that a budget may be prepared. The budget is prepared by fund, function and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year. Before June 30th, the proposed budget is presented to the City Council for review. The City Council holds public hearings and may add to, subtract from, or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated as available by the City Manager, or the revenue estimates must be changed by an affirmative vote of a majority of the City Council.

Expenditures may not legally exceed budgeted appropriations at the activity level. During the year, several supplementary appropriations totaling \$1,342,830 were authorized.



**CITY OF UKIAH**  
**Notes to the Financial Statements**  
**June 30, 2014**

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting - under which purchase orders, contracts and other commitments for the expenditures of resources are recorded to reserve that portion of the applicable appropriation - is utilized in the governmental funds. Encumbrances outstanding at year-end are reported as commitments of fund balances and do not constitute expenditures or liabilities because the commitments will be reapportioned and honored during the subsequent year.

**B) Excess Of Expenditures Over Appropriations**

For the year ended June 30, 2014, the following fund had expenditures exceeding appropriations:

Expenditures Over Appropriations:	
Asset Seizure	\$ (183,762)
Supplemental Law Enforcement	(11,355)
Asset Forfeiture 11470.2 H&S	(4,634)
Museum	(23,215)

**C) Deficit Fund Equity**

The following funds had deficit fund balances as of June 30, 2014. These deficits were primarily caused by expenditures in excess of grant awards, or delayed reimbursements from grant agencies. Management is monitoring each fund's activities to ensure improved financial position. The deficits do not represent a significant financial burden.

Deficit Fund Equities:	
Anton Stadium	\$ (60,105)
Observatory Park	(36,822)
Swimming Pool	(129,254)
Riverside Park	(5,439)
Museum Grants Prop 84	(162,625)
Local Law Enforcement Block Grant	(16,232)
Special Police	(21,779)
ARC General Operating	(26,913)
STIP Augmentation	(49,576)
FEMA Grants	(12,740)
Museum	(168,137)
Capital Improvement	(46,604)

**3) Detailed Notes On All Funds**

**A) Cash And Investments**

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

Statement of Net Position:	
Cash and investments	\$ 52,090,786
Restricted cash with fiscal agent	4,816,323
Statement of Fiduciary Net Position:	
Cash and investments	11,245,853
Cash with fiscal agent	5,760,668
Total Cash and Investments	<u>\$ 73,913,630</u>

Cash and investments consist of the following:

Cash on hand	\$ 2,700
Deposits with financial institutions	12,432,994
Investments	61,477,936
Total Cash and Investments	<u>\$ 73,913,630</u>

**CITY OF UKIAH**  
**Notes to the Financial Statements**  
**June 30, 2014**

**Authorized Investments – City Investment Policy**

The table below identifies the types of investments that are authorized by the City's investment policy:

Authorized Investment Type	Maximum Maturity	Maximum Total of Portfolio	Maximum Investment On One Issuer
City of Ukiah Bonds	5 years	No limit	10%
U.S. Treasuries (notes, bonds, bills and other indebtedness)	5 years	No limit	None
Obligations of the State of California (warrants, notes and bonds)	5 years	No limit	10%
Local Agency Obligations (bonds, notes and other indebtedness)	5 years	No limit	10%
U.S. Agency Obligations	5 years	No limit	None
Bankers Acceptances	180 days	40%	10%
Commercial Paper (rated "A" or better)	270 days	25%	10%
Negotiable Certificates	5 years	30%	10%
Repurchase Agreements	365 days	No limit	10%
Reverse Repurchase Agreements (1)	92 days	20%	10%
Medium-Term Notes	5 years	30%	10%
Money Market Funds (highest rating)	5 years	20%	10%
Local Agency Investment Fund	5 years	\$50 million	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 before investment is purchased.

**Authorized Investments – Debt Trustee Agreements**

Investments held by bond fiscal agents (trustees) are governed by the provisions of the underlying indenture agreements rather than the general provisions of the City's investment policy or California Government Code. The indenture agreements do not specifically identify maximum maturity and maximum investment provisions. The indenture agreements do identify the following permitted investments:

- U.S. Government Obligations
- U.S. Agency Obligations
- Money Market Funds (rated AA-Am-G, AA-Am or A-am)
- Demand or Time Deposits (FDIC insured or fully secured)
- Bonds or Notes (must have one of two highest ratings)
- Bankers Acceptances
- Commercial Paper
- Repurchase Agreements

**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 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 flow and liquidity needed for City's operations. The City's target maximum average maturity to control overall exposure to interest rate risk is 2.5 years.

**CITY OF UKIAH**  
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As of June 30, 2014, the City had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (Years)
Corporate Bonds and Notes	\$ 14,229,126	2.12
U.S Treasury Bonds and Notes	22,250,187	2.26
U.S. Government Agency Bonds and Notes	9,393,137	1.88
Municipal and State Bonds	2,186,629	1.45
State Investment Pool (LAIF)	2,514,817	0.76
Money Market Funds	7,485,421	-
Held By Bond Trustee:		
Money Market Funds	3,418,619	-
 Total Fair Value	 <u>\$ 61,477,936</u>	
Portfolio Weighted Average Maturity		<u>1.68</u>

**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 an investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. As of June 30, 2014, the City's investments were in compliance with the ratings required by the City's investment policy and indenture agreements.

Investment Type	Fair Value	Exempt From Disclosure	Year End Rating			Not Rated
			AAA/AAAm	AA+/AA/AA-	A+/A-1+	
Corporate Bonds and Notes	\$ 14,229,126	\$ -	\$ -	\$ 7,797,759	\$ 6,431,367	\$ -
U.S Treasury Bonds and Notes	22,250,187	22,250,187	-	-	-	-
U.S. Government Agency Bonds and Notes	9,393,137	-	-	9,393,137	-	-
Municipal and State Bonds	2,186,629	-	-	1,585,471	601,158	-
State Investment Pool	2,514,817	-	-	-	-	2,514,817
Money Market Funds	7,485,421	-	7,485,421	-	-	-
Held By Bond Trustee:						
Money Market Funds	3,418,619	-	3,418,619	-	-	-
 Total Fair Value	 <u>\$ 61,477,936</u>	<u>\$ 22,250,187</u>	<u>\$ 10,904,040</u>	<u>\$ 18,776,367</u>	<u>\$ 7,032,525</u>	<u>\$ 2,514,817</u>

**Concentrations of Credit Risk**

With the exception of securities of the U.S. Government and its agencies, the investment policy of the City limit the amount that can be invested in any one issuer to no more than 10% of the total portfolio. At June 30, 2014, the following investments from one issuer (other than U.S. Treasury securities, mutual funds and external investment pools) represented 5% or more of the total City investments.

Investment Type	Issuer	Fair Value
Dreyfus Tax Exempt Cash Management Money Fund	Dreyfus	\$ 4,414,062
Federal National Mortgage Association Notes	FNMA	3,437,355

**Custodial Credit Risk**

Custodial credit risk for *deposits* is the risk that in the event of bank failure, the City's deposits may not be returned to the City or the City 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 failure of the counterparty (e.g. broker-dealer) to a transaction, the City 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 provisions for deposits: The California Government Code requires that a financial institution secure deposits

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made by state and local governmental units by pledging securities in an undivided collateral pool held by the a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal 110% of the total deposits by 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.

At year-end, the City's deposits with financial institutions totaled \$12,383,344, of which \$2,139,582 was covered by federal depository insurance. The \$10,244,762 uninsured amount was exposed to custodial credit risk, but was collateralized by securities, as described above.

As of June 30, 2014, City investments in the following investment types were held by the same institution that was used by the City to buy the securities:

Corporate Bonds and Notes	\$ 14,229,126
U.S Treasury Bonds and Notes	22,250,187
U.S. Government Agency Bonds and Notes	9,393,137
Municipal and State Bonds	2,186,629

**Investment in State Investment Pool**

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

**B) Capital Assets**

Capital assets activity for the year ended June 30, 2014 was as follows:

<b>Government Activities:</b>	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
Nondepreciable Capital Assets:				
Land	\$ 495,340	\$ -	\$ -	\$ 495,340
Construction in progress	5,786,178	800,148	3,795,887	2,790,439
Total Nondepreciable Capital Assets	<u>6,281,518</u>	<u>800,148</u>	<u>3,795,887</u>	<u>3,285,779</u>
Depreciable Capital Assets:				
Land improvements	3,196,132	988,754	-	4,184,886
Infrastructure systems	33,309,341	2,438,887	-	35,748,228
Buildings	6,372,666	384,756	-	6,757,422
Rolling equipment	4,196,591	235,728	-	4,432,319
Machinery and equipment	3,547,288	128,389	48,745	3,626,932
Total Depreciable Capital Assets	<u>50,622,018</u>	<u>4,176,514</u>	<u>48,745</u>	<u>54,749,787</u>
Less: Accumulated Depreciation:				
Land improvements	(921,573)	(126,654)	-	(1,048,227)
Infrastructure systems	(20,442,530)	(519,815)	-	(20,962,345)
Buildings	(2,796,191)	(144,529)	-	(2,940,720)
Rolling equipment	(3,108,817)	(286,850)	-	(3,395,667)
Machinery and equipment	(2,330,406)	(232,253)	(13,265)	(2,549,394)
Total Accumulated Depreciation	<u>(29,599,517)</u>	<u>(1,310,101)</u>	<u>(13,265)</u>	<u>(30,896,353)</u>
Depreciable Capital Assets, net	<u>21,022,501</u>	<u>2,866,413</u>	<u>35,480</u>	<u>23,853,434</u>
Governmental Activities Capital Assets, net	<u>\$ 27,304,019</u>	<u>\$ 3,666,561</u>	<u>\$ 3,831,367</u>	<u>\$ 27,139,213</u>

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<b>Business-Type Activities:</b>	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
<b>Nondepreciable Capital Assets:</b>				
Land	\$ 4,673,811	\$ -	\$ -	\$ 4,673,811
Construction in progress	3,162,892	91,934	-	3,254,826
<b>Total Nondepreciable Capital Assets</b>	<b>7,836,703</b>	<b>91,934</b>	<b>-</b>	<b>7,928,637</b>
<b>Depreciable Capital Assets:</b>				
Land improvements	1,884,900	12,950	-	1,897,850
Infrastructure systems	110,162,257	477,751	-	110,640,008
Buildings and improvements	56,691,132	13,404	-	56,704,536
Rolling equipment	2,499,225	657,548	-	3,156,773
Machinery and equipment	6,775,739	-	5,425	6,770,314
<b>Total Depreciable Capital Assets</b>	<b>178,013,253</b>	<b>1,161,653</b>	<b>5,425</b>	<b>179,169,481</b>
<b>Less: Accumulated Depreciation:</b>				
Land improvements	(1,224,207)	(48,750)	-	(1,272,957)
Infrastructure systems	(18,236,352)	(2,278,823)	-	(20,515,175)
Buildings and improvements	(23,080,901)	(1,117,348)	-	(24,198,249)
Rolling equipment	(2,194,413)	(128,735)	-	(2,323,148)
Machinery and equipment	(3,783,162)	(234,898)	(5,425)	(4,012,635)
<b>Total Accumulated Depreciation</b>	<b>(48,519,035)</b>	<b>(3,808,554)</b>	<b>(5,425)</b>	<b>(52,322,164)</b>
Depreciable Capital Assets, net	129,494,218	(2,646,901)	-	126,847,317
<b>Business-Type Activities Capital Assets, net</b>	<b>\$ 137,330,921</b>	<b>\$ (2,554,967)</b>	<b>\$ -</b>	<b>\$ 134,775,954</b>

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

<b>Governmental Activities:</b>	
General government	\$ 239,513
Public safety	318,251
Public works	602,916
Housing and community development	19,562
Parks and recreation	129,859
<b>Total Depreciation Expense - Governmental Activities</b>	<b>\$ 1,310,101</b>
<b>Business-Type Activities:</b>	
Electric	\$ 1,162,108
Water	640,945
Sewer	1,877,905
Disposal site	12,747
Parking	5,325
Airport	60,686
Conference center	46,602
Golf course	2,236
<b>Total Depreciation Expense - Business-Type Activities</b>	<b>\$ 3,808,554</b>

**Construction And Other Commitments**

At year-end the City's incomplete major commitments with contractors were as follows:

	Expended To-Date	Remaining Commitment
Museum Prop 84 Nature Education	\$ 287,299	\$ 321,250
Talmage Road Corridor Improvements	296,642	185,201
ERP Software	674,636	100,696
Costco EIR Phase II	16,355	37,415
Utility Billing Software	47,437	15,625
Northwest Pacific Rail Trail	110,483	971,791

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**C) Interfund Receivables, Payables And Transfers**

The composition of interfund balances and transfers within the City's fund financial statements as of June 30, 2014 is as follows:

<u>Due To(From) Other Funds</u>	<u>Due From</u>	<u>Due To</u>
General Fund	\$ 1,152,912	\$ -
Nonmajor governmental funds:		
Anton Stadium	-	47,620
Observatory Park	-	32,951
Riverside Park	-	5,426
Museum Grants Prop 84	-	165,663
Local Law Enforcement Block Grant	-	16,196
Special Police	-	77,597
Gas Tax 2107.5	-	3,804
ARC General Operating	-	16,259
STIP Augmentation	-	49,576
FEMA Grants	-	12,740
Museum	-	156,151
Capital Improvement	-	46,501
Nonmajor business-type funds:		
Airport	-	142,364
Conference Center	-	5,362
Golf	-	374,702
Total Due To(From) Other Funds	<u>\$ 1,152,912</u>	<u>\$ 1,152,912</u>

The General Fund has reported a receivable of \$1,152,912 for deficit pooled fund cash balances at June 30, 2014. For the most part, the deficit balances are expected to be eliminated through proceeds of grants and State subsidies. Exceptions include the Museum deficit of \$156,151 which is expected to be eliminated by a combination of grants, and donations made by the Grace Hudson Museum Endowment. The ARC General Operating Fund and Conference Center deficits should be eliminated by future operating revenues. The Airport Fund deficit will be eliminated when a substantial receivable for fuel sales is collected.

Management expects both the Capital Improvement Fund and Golf Fund deficits will in all likelihood be resolved by transfers from the General Fund, but no transfers have been authorized.

<u>Advances Due To(From) Other Funds</u>	<u>Due From</u>	<u>Due To</u>
General Fund	\$ 618,594	\$ -
Water Fund	-	745,000
Swimming Pool Fund - nonmajor special revenue	-	148,000
Golf Fund - nonmajor proprietary	-	655,797
Liability Fund - internal service	930,203	-
Total Advances Due To(From) Other Funds	<u>\$ 1,548,797</u>	<u>\$ 1,548,797</u>

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

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Interfund Transfers	Transfers In	Transfers Out
General Fund	\$ 1,714,573	\$ -
Electric Fund	-	1,009,418
Water Fund	-	250,000
Sewer Fund	-	68,000
Private Purpose Trust Fund	-	-
Nonmajor governmental funds	362,068	243,049
Nonmajor business-type funds	-	489,174
Internal service funds	-	17,000
Total Transfers In(Out)	<u>\$ 2,076,641</u>	<u>\$ 2,076,641</u>

A transfer of \$475,684 from the Golf Fund and \$13,490 from the Conference Center Fund (nonmajor enterprise funds), the General Fund to return transfers made in the prior year for pooled cash deficits. The Electric Fund transferred \$1,009,418 to the General Fund representing payments in-lieu of taxes. The General Fund also received \$215,981 from nonmajor Gas Tax Funds for costs incurred for streets and roads maintenance projects. The Wastewater Fund and Water Fund transferred \$68,000 and \$250,000, respectively, and the Garage Fund and Public Safety Dispatch Fund (internal service) transferred \$10,000 and \$7,000, respectively, to the Special Projects Fund (nonmajor capital projects fund) for their proportionate share of future capital outlays.

A transfer of \$27,068 was made from the Special Projects Fund (nonmajor capital projects) to the Special Revenue (nonmajor special revenue) for costs associated with a public works project.

**D) Long-Term Debt**

Changes in long-term liabilities

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014	Due Within One Year
<b>Business-Type Activities:</b>					
Electric revenue bonds payable	\$ 8,595,000	\$ -	\$ 1,500,000	\$ 7,095,000	\$ 1,610,000
Deferred amounts:					
Issuance discounts	(142,365)	-	(28,474)	(113,891)	
Net revenue bonds payable	<u>8,452,635</u>	-	<u>1,471,526</u>	<u>6,981,109</u>	<u>1,610,000</u>
Installment obligations payable:					
Water treatment plant	12,530,000	-	335,000	12,195,000	350,000
Wastewater treatment plant	68,480,000	-	1,780,000	66,700,000	1,850,000
Deferred amounts:					
Issuance premiums	142,038	-	6,349	135,689	
Net installment obligations payable	<u>81,152,038</u>	-	<u>2,121,349</u>	<u>79,030,689</u>	<u>2,200,000</u>
State loans:					
Water Resources - Water Treatment	1,388,651	-	133,196	1,255,455	138,042
Water Resources - Sewer Treatment	1,204,655	-	389,854	814,801	401,549
Total State loans	<u>2,593,306</u>	-	<u>523,050</u>	<u>2,070,256</u>	<u>539,591</u>
Landfill closure and post-closure	<u>8,928,942</u>	<u>133,935</u>	-	<u>9,062,877</u>	-
Total Business-Type Activities					
Long-Term Liabilities	<u>\$ 101,126,921</u>	<u>\$ 133,935</u>	<u>\$ 4,115,925</u>	<u>\$ 97,144,931</u>	<u>\$ 4,349,591</u>

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**Electric Revenue Bonds.** The City has issued bonds where the City pledges revenue derived from the acquired or constructed assets of the City's electric system to pay debt service. Revenue bonds outstanding, excluding an unamortized discount of \$113,891, at June 30, 2014 were as follows:

Purpose	Interest Rates	Amount
Electric Revenue Refunding Series 1992	3.20% - 5.90%	\$ 7,095,000

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

Water Treatment Plant – Dated September 1, 2005 the original amount of the obligation was \$14,355,000 and is secured with a pledge of net revenues from the City's water system. The obligation principal is payable in annual installments beginning September 1, 2007 ranging from \$280,000 to \$845,000 through September 1, 2035. Interest payments commenced March 1, 2006 and are payable semiannually on September 1<sup>st</sup> and March 1<sup>st</sup>. At June 30, 2014 the installment obligation liability outstanding excluding the unamortized premium of \$86,622 was as follows:

Purpose	Interest Rates	Amount
Water Treatment Plant Upgrade	4.00% - 4.50%	\$ 12,195,000

Wastewater Treatment Plant – Dated March 1, 2006 the original amount of the obligation was \$75,060,000 and is secured with a pledge of net revenues from the City's wastewater system. The obligation principal is payable in annual installments beginning March 1, 2009 ranging from \$400,000 to \$4,690,000 through March 1, 2036. Interest payments commence September 1, 2006 and are payable semiannually on September 1<sup>st</sup> and March 1<sup>st</sup>. At June 30, 2014 the installment obligation liability outstanding excluding the unamortized premium of \$49,067 was as follows:

Purpose	Interest Rates	Amount
Wastewater Treatment Plant Upgrade & Expansion	4.00% - 4.75%	\$ 66,700,000

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

Water Treatment Plant – The maximum loan amount was \$3,599,009 and is payable over 30 years. At June 30, 2014, the balance of the loan was \$1,255,455. Principal and interest are payable semi-annually on April 1<sup>st</sup>, and October 1<sup>st</sup>, with the interest rate being 3.6024%. Loan payments will be made exclusively from revenues received from assessments and user charges of the treatment plant.

Wastewater Treatment Plant – The maximum loan amount was \$6,592,944, payable over 20 years. At June 30, 2014, the balance of the loan was \$814,801. Principal and interest are payable annually on April 15<sup>th</sup> with the interest rate being 3.0%.

**Landfill Closure And Postclosure Costs.** As more fully discussed in Note 4(D), long-term liabilities include \$9,062,877 which has been accrued for future landfill closure and postclosure costs.

**Legal Debt Limit.** The City is subject to a debt limit of 15% of the City's gross assessed valuation. At June 30, 2014, the City's legal debt limit amount was \$120,505,532, and the City had no outstanding debt applicable to the limit.



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Debt service requirements for future years, excluding landfill closure and postclosure costs, are as follows:

Year Ended June 30,	Business-Type Activities					
	Revenue Bonds		State Loans		Installment Loans	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 1,610,000	\$ 443,438	\$ 539,591	\$ 68,438	\$ 2,200,000	\$ 3,527,048
2016	1,710,000	342,812	556,311	51,719	2,290,000	3,438,492
2017	1,825,000	235,938	148,259	33,777	2,385,000	3,346,225
2018	1,950,000	121,875	153,648	28,388	2,480,000	3,250,143
2019	-	-	159,233	22,803	2,585,000	3,150,245
2020-2024	-	-	513,214	32,894	14,715,000	14,008,499
2025-2029	-	-	-	-	18,355,000	10,442,935
2030-2034	-	-	-	-	23,060,000	5,801,762
2035-2039	-	-	-	-	10,825,000	733,612
	<u>\$ 7,095,000</u>	<u>\$ 1,144,063</u>	<u>\$ 2,070,256</u>	<u>\$ 238,019</u>	<u>\$ 78,895,000</u>	<u>\$ 47,698,961</u>

**Long-Term Debt - Ukiah Successor Agency**

As previously described the Ukiah Successor Agency ("USA") is responsible to windup the affairs of the former Ukiah Redevelopment Agency ("RDA"). At the time of the dissolution of the RDA, there were three (3) outstanding bond series outstanding which are now being administered by the USA. In future fiscal years, bond payments will be made by assets held with the USA or from an allocation of property tax revenues in an amount that is necessary to pay the annual installment payments on these bonds. At June 30, 2014, the total balance of the bonds outstanding was \$10,935,000 which has been reported as a liability of the Ukiah Successor Agency private-purpose trust fund and is comprised of the following individual bond series:

**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 1<sup>st</sup> 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 1<sup>st</sup> and December 1<sup>st</sup>. The outstanding balance was \$3,700,000 at June 30, 2014.

**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 1<sup>st</sup> through the year 2021, and \$2,340,000 in term bonds maturing on December 1, 2028. The serial bonds require annual principal payments ranging from \$10,000 to \$620,000. Proceeds of the bonds were to be used to finance redevelopment activities, fund a reserve account for the bond issue and provide for the cost of issuing the bonds. The outstanding balance was \$4,150,000 at June 30, 2014.

**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 1<sup>st</sup> through the year 2021, and \$1,665,000 in term bonds maturing on August 1, 2026. The serial bonds require annual principal payments ranging from \$75,000 to \$270,000. Proceeds of the bonds were to be used to finance redevelopment activities benefiting low and moderate income housing, fund a reserve account for the bond issue and provide for the cost of issuing the bonds. The outstanding balance was \$3,085,000 at June 30, 2014.

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**E) Segment Information**

As discussed previously, the City has issued revenue bonds to finance improvements in its electric department. The City also obtained State loans and incurred installment obligations to finance improvements in its water and wastewater departments. These enterprises were all determined to be major funds for financial reporting purposes and required segment information is presented in the proprietary fund financial statements. None of the City's nonmajor enterprise funds meet the criteria for segment reporting.

**4) Other Information**

**A) Risk Management**

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

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

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, 2014, was \$678,942 which management believes is adequate to finance the City's share of any losses.

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

Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**B) 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, 2014, the City paid \$8,466,241 to the NCPA for power supplied by the agency.

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**Notes to the Financial Statements**  
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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, 2014, the City's balance held in the reserve was \$10,037,107. Due to the nature of the reserve held by NCPA, payments made to the reserve are expensed as purchased power.

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 \$1,253,500. During the year, the City received distribution from REMIF totaling \$59,408 for surplus funds within REMIF's liability insurance program.

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

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

**C) Contingencies**

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

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

**D) 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

**CITY OF UKIAH**  
**Notes to the Financial Statements**  
**June 30, 2014**

during the year. The estimated liability for landfill closure and postclosure care costs has a balance of \$9,062,877 (including \$900,032 for corrective action liability) as of June 30, 2014, which is based on 100.0% usage (filled) of the landfill. This estimated total current cost of the landfill closure and postclosure care is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of June 30, 2014, 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, 2014, held \$9,062,471 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).

**E) Service Contracts**

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

The City has entered into an agreement with the Ukiah Valley Fire District (“UVFD”) to provide firefighting, emergency medical response and hazardous material response services within the corporate limits of the City. The current interim agreement commenced January 1, 2014 and terminates December 31, 2015. Under the terms of the agreement the City will provide fulltime and temporary fire personnel and use of City fire engines, rolling stock and related equipment to the UVFD, as well as making City facilities available to the UVFD. Fire personnel will remain employees of the City, and the City will continue to own all the equipment and facilities affected by the agreement. The UVFD will be responsible for day-to-day management and administration. The City will share in the cost for the employment of the Fire Chief, as well as certain fixed and reimbursable costs. For the year ended June 30, 2014, the City paid \$142,375 under the term of the agreement.

The City has entered into a leasing agreement with Tayman Park Golf Group, Inc. (“Lessee”) to operate, manage, repair and maintain the City’s municipal golf course. The lease includes the 18 hole golf course, clubhouse, and shared usage of City equipment. The Lessee is responsible to provide all services, maintenance, and administration – including setting user fees – for the normal operation of the course. The initial term of the agreement is ten years commencing July 1, 2012, with an option for two (2) additional five (5) year extensions, and cancellable by either party in the event of default. The Lessee must pay to the City rent based on a percentage of gross revenues from course operations and concessions, and reimburse the City for personnel and equipment provided by the City. In addition, the Lessee annually must contribute \$40,000 to a Capital Improvement Project for the benefit of the golf course. For the year ended June 30, 2014, the City received \$65,162 in rents. The City reports activities of the golf course as a nonmajor enterprise fund. The cost and carrying amount of assets lease under this agreement were as follows:

	Cost	Accumulated Depreciation	Carrying Value
Land	\$ 1,001,350	\$ -	\$ 1,001,350
Land improvements	308,753	(302,003)	6,750
Infrastructure systems	178,259	(178,259)	-
Buildings and improvements	105,992	(83,932)	22,060
Rolling equipment	28,006	(28,006)	-
Machinery and equipment	30,390	(30,390)	-
Total	<u>\$ 1,652,750</u>	<u>\$ (622,590)</u>	<u>\$ 1,030,160</u>

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

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

**CITY OF UKIAH**  
**Notes to the Financial Statements**  
**June 30, 2014**

**F) Employee Retirement Systems**

**Plan Description:**

The City has three (3) defined benefit pension plans; the Miscellaneous Plan of the City of Ukiah (Miscellaneous Plan), the Safety Police Plan of the City Of Ukiah (Police Plan), and the Safety Fire Plan of the City of Ukiah (Fire Plan). Each plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The plans are part of the Public Agency portion of the California Public Employees Retirement System (CalPERS), an agent multiple employer defined benefit plan which acts as a common investment and administrative agent for participating public employees within the State of California. Since both the Police and Fire Plans each have less than 100 City participants they are required by CalPERS to participate in a risk pools and, therefore, are presented as cost-sharing, multiple-employer plans.

State statutes within the Public Employees' Retirement Law establish a menu of benefit provisions as well as other requirements. The City of Ukiah selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance. CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office - 400 P Street - Sacramento, CA 95814.

On January 1, 2013, the Public Employees' Pension Reform Act of 2013 (PEPRA) took effect. The impact of most of the PEPRA changes will first show up in the rates and the benefit provision listings of the June 30, 2014 valuation, which sets the 2015-16 contribution rates. For more information on PEPRA, please refer to the CalPERS website.

**Funding Policy:**

Active plan members in the Plans are required to contribute a portion of their annual covered salary. The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by CalPERS Board of Administration. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS. The required employer contribution rates for fiscal 2013/14 were as follows:

	Member Contribution Rate	Employer Contribution Rates		Annual Pension Cost
		Classic	PEPRA	
Miscellaneous	8.00%	26.25%	12.25%	\$ 1,995,467
Fire	10.00%	31.76%	12.25%	285,813
Police	10.00%	36.85%	12.25%	761,020
				\$ 3,042,300

**Annual Pension Cost:**

For fiscal year 2013/14 the City's annual pension cost was \$3,042,300 and the City actually contributed \$3,042,300. The annual required contribution for fiscal year 2013/14 was determined as part of the June 30, 2011, actuarial valuation.

Year Ending June 30,	Three-Year Trend Information			Percentage Contributed	Net Pension Obligation
	Miscellaneous	Fire	Police		
2012	\$ 1,826,673	\$ 349,759	\$ 730,621	100%	\$ -
2013	2,038,799	329,291	782,983	100%	-
2014	1,995,467	285,813	761,020	100%	-

**Actuarial Methods and Assumptions (Miscellaneous Plan):**

Initial unfunded liabilities are amortized over a closed period that depends on the plan's date of entry into CalPERS. Subsequent plan amendments are amortized as a level percentage of pay over a closed 20-year period. Gains and losses that occur in the operation of the plan are amortized over a 30-year period with Direct Rate Smoothing with a 5-year ramp up/ramp down. If the plan's accrued liability exceeds the actuarial value of plan assets, then the amortization payment on the total unfunded liability may not be lower than the payment calculated over a 30-year amortization

**CITY OF UKIAH**  
**Notes to the Financial Statements**  
**June 30, 2014**

period. A summary of principal assumptions and methods used to determine the annual required contribution (ARC) as of the latest available valuation date is presented below:

Miscellaneous Plan	
Valuation date	June 30, 2013
Actuarial cost method	Entry age normal cost method
Amortization method	Level percent of payroll
Asset valuation method	Market value
Actuarial Assumptions:	
Discount rate	7.5% (net of administration)
Projected salary increases	3.30% to 14.20%
Inflation	2.75%
Payroll growth	3.00%

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits.

**Plan Changes (all plans):**

On April 17, 2013, the CalPERS Board of Administration approved a recommendation to change the CalPERS amortization and smoothing policies. Prior to this change, CalPERS employed an amortization and smoothing policy, which spread investment returns over a 15-year period while experience gains and losses were amortized over a rolling 30-year period. Effective with the June 30, 2014 valuations, CalPERS will no longer use an actuarial value of assets and will employ an amortization and smoothing policy that will spread rate increases or decreases over a 5-year period, and will amortize all experience gains and losses over a fixed 30-year period. The new amortization and smoothing policy will be used for the first time in the June 30, 2014 actuarial valuations. These valuations will be performed in the fall of 2014 and will set employer contribution rates for the fiscal year 2015-16.

**G) Deferred Compensation**

The City of Ukiah offers its employees deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plans, available to all City employees, permit employees to defer a portion of their salary until future years. Participation in the plans is optional, and the City does not match any employee contributions. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The City has adopted the provisions of GASB Statement No. 32 and, therefore, the assets and liabilities of these plans have been excluded from the accompanying financial statements.

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# ***Required Supplementary Information***

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**CITY OF UKIAH**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2014**

	<u>Budget Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>REVENUES</b>				
Taxes:				
Property taxes	\$ 1,586,505	\$ 1,586,505	\$ 1,251,189	\$ (335,316)
Sales taxes	7,134,996	7,134,996	7,104,666	(30,330)
Transient occupancy taxes	772,500	772,500	925,191	152,691
Franchises	579,820	579,820	591,767	11,947
Business license	315,900	315,900	324,240	8,340
Property transfer	30,000	30,000	34,379	4,379
Licenses and permits	127,930	127,930	283,786	155,856
Fines, forfeitures and penalties	50,500	50,500	53,999	3,499
Interest, rents and concessions	168,813	168,813	182,485	13,672
Intergovernmental	1,262,116	1,262,116	1,252,709	(9,407)
Charges for services	1,191,475	1,191,475	1,005,530	(185,945)
Miscellaneous	-	-	225,509	225,509
Total revenues	<u>13,220,555</u>	<u>13,220,555</u>	<u>13,235,450</u>	<u>14,895</u>
<b>EXPENDITURES</b>				
Current:				
General government	2,665,349	2,900,320	2,676,148	224,172
Public safety	8,652,604	8,850,020	8,699,716	150,304
Public works	1,067,381	1,081,804	1,141,456	(59,652)
Housing and community development	674,544	674,544	480,881	193,663
Parks and recreation	1,998,571	2,042,079	1,907,144	134,935
Capital outlay	315,000	338,656	262,482	76,174
Total expenditures	<u>15,373,449</u>	<u>15,887,423</u>	<u>15,167,827</u>	<u>719,596</u>
Excess (deficiency) of revenues over expenditures	<u>(2,152,894)</u>	<u>(2,666,868)</u>	<u>(1,932,377)</u>	<u>734,491</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,155,000	1,155,000	1,714,573	559,573
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>1,155,000</u>	<u>1,155,000</u>	<u>1,714,573</u>	<u>559,573</u>
Net change in fund balances	(997,894)	(1,511,868)	(217,804)	1,294,064
Fund balances, July 1	5,273,906	5,273,906	5,273,906	-
Fund balances, June 30	<u>\$ 4,276,012</u>	<u>\$ 3,762,038</u>	<u>\$ 5,056,102</u>	<u>\$ 1,294,064</u>

**CITY OF UKIAH**  
**Schedule of Funding Progress**  
**Public Employees' Retirement System**

**Miscellaneous Plan of the City of Ukiah**

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) - Entry Age (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll [(B-A)/C]
6/30/2011	\$ 45,539,395	\$ 64,706,927	\$ 19,167,532	70.4%	\$ 8,358,294	229.3%
6/30/2012	46,891,536	67,126,262	20,234,726	69.9%	8,146,799	248.4%
6/30/2013	43,152,382	69,916,982	26,764,600	61.7%	8,097,337	330.5%

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## ***Optional Supplementary Information***

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



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**CITY OF UKIAH**  
**Combining Balance Sheets**  
**Nonmajor Governmental Funds**  
**June 30, 2014**

	Special Revenue					
	Park Development	Anton Stadium	Observatory Park	Playground and Park Amenities	Swimming Pool	Riverside Park
<b>Assets</b>						
Cash and investments	\$ 27,105	\$ -	\$ -	\$ 28,492	\$ 18,704	\$ -
Cash with fiscal agent	-	-	-	-	-	-
Receivables:						
Accounts	-	-	-	-	-	-
Intergovernmental	-	100,000	-	-	-	-
Accrued interest	70	-	-	63	42	-
Notes, long-term	-	-	-	-	-	-
Prepayments	-	-	-	-	-	-
Real property held for resale	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 27,175</b>	<b>\$ 100,000</b>	<b>\$ -</b>	<b>\$ 28,555</b>	<b>\$ 18,746</b>	<b>\$ -</b>
<b>Liabilities:</b>						
Accounts payable	\$ -	\$ 12,485	\$ 3,871	\$ -	\$ -	\$ 13
Accrued salaries and benefits	-	-	-	-	-	-
Compensated absences	-	-	-	-	-	-
Due to other funds	-	47,620	32,951	-	-	5,426
Advances from other funds	-	-	-	-	148,000	-
<b>Total liabilities</b>	<b>-</b>	<b>60,105</b>	<b>36,822</b>	<b>-</b>	<b>148,000</b>	<b>5,439</b>
<b>Deferred inflow of resources:</b>						
Unavailable revenues:						
Grants	-	100,000	-	-	-	-
Long-term loans receivable	-	-	-	-	-	-
Real property held for resale	-	-	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>100,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances:</b>						
Nonspendable:						
Petty cash	-	-	-	-	-	-
Restricted:						
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Housing and community development	-	-	-	-	-	-
Parks and recreation	27,175	-	-	-	-	-
Committed:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
City utility improvements	-	-	-	-	-	-
Assigned:						
General government	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Parks and recreation	-	-	-	28,555	-	-
Unassigned	-	(60,105)	(36,822)	-	(129,254)	(5,439)
<b>Total fund balances</b>	<b>27,175</b>	<b>(60,105)</b>	<b>(36,822)</b>	<b>28,555</b>	<b>(129,254)</b>	<b>(5,439)</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 27,175</b>	<b>\$ 100,000</b>	<b>\$ -</b>	<b>\$ 28,555</b>	<b>\$ 18,746</b>	<b>\$ -</b>

Special Revenue

Skate Park	Softball Complex	Museum Grants Prop 84	Asset Seizure	Supplemental Law Enforcement	Local Law Enforcement Block Grant	Asset Forfeiture 11470.2 H&S	Special Police
\$ 12,731	\$ 6,319	\$ -	\$ 94,859	\$ 52,549	\$ -	\$ 193,944	\$ -
-	-	-	-	-	-	-	-
-	-	213,263	-	8,127	-	-	62,500
28	14	-	226	117	-	419	213
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 12,759</u>	<u>\$ 6,333</u>	<u>\$ 213,263</u>	<u>\$ 95,085</u>	<u>\$ 60,793</u>	<u>\$ -</u>	<u>\$ 194,363</u>	<u>\$ 62,713</u>
\$ -	\$ -	\$ 48,515	\$ 7,754	\$ -	\$ 36	\$ -	\$ 132
-	-	-	54	2,918	-	1,913	4,863
-	-	-	-	1,828	-	2,293	1,900
-	-	165,663	-	-	16,196	-	77,597
-	-	-	-	-	-	-	-
-	-	214,178	7,808	4,746	16,232	4,206	84,492
-	-	161,710	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	161,710	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	87,277	56,047	-	190,157	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
12,759	6,333	-	-	-	-	-	-
-	-	(162,625)	-	-	(16,232)	-	(21,779)
<u>12,759</u>	<u>6,333</u>	<u>(162,625)</u>	<u>87,277</u>	<u>56,047</u>	<u>(16,232)</u>	<u>190,157</u>	<u>(21,779)</u>
<u>\$ 12,759</u>	<u>\$ 6,333</u>	<u>\$ 213,263</u>	<u>\$ 95,085</u>	<u>\$ 60,793</u>	<u>\$ -</u>	<u>\$ 194,363</u>	<u>\$ 62,713</u>

(Continued)

**CITY OF UKIAH**  
**Combining Balance Sheets**  
**Nonmajor Governmental Funds**  
**June 30, 2014**

	Special Revenue					
	Special Revenue	ARC General Operating	Signalization	Gas Tax 2106	Gas Tax 2107	Gas Tax 2107.5
<b>Assets</b>						
Cash and investments	\$ 1,090,366	\$ -	\$ 418,715	\$ 36,808	\$ 10,881	\$ -
Cash with fiscal agent	-	-	-	-	-	-
Receivables:						
Accounts	176,740	-	-	-	-	-
Intergovernmental	66,005	-	-	5,982	11,349	4,000
Accrued interest	2,429	-	933	83	24	-
Notes, long-term	-	-	-	-	-	-
Prepayments	-	-	-	-	-	-
Real property held for resale	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 1,335,540</b>	<b>\$ -</b>	<b>\$ 419,648</b>	<b>\$ 42,873</b>	<b>\$ 22,254</b>	<b>\$ 4,000</b>
<b>Liabilities:</b>						
Accounts payable	\$ 36,770	\$ 10,400	\$ -	\$ -	\$ -	\$ -
Accrued salaries and benefits	-	254	-	-	-	-
Compensated absences	-	-	-	-	-	-
Due to other funds	-	16,259	-	-	-	3,804
Advances from other funds	-	-	-	-	-	-
<b>Total liabilities</b>	<b>36,770</b>	<b>26,913</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,804</b>
<b>Deferred inflow of resources:</b>						
Unavailable revenues:						
Grants	242,745	-	-	-	-	-
Long-term loans receivable	-	-	-	-	-	-
Real property held for resale	-	-	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>242,745</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances:</b>						
Nonspendable:						
Petty cash	-	-	-	-	-	-
Restricted:						
Public safety	-	-	-	-	-	-
Public works	29,781	-	419,648	42,873	22,254	196
Housing and community development	-	-	-	-	-	-
Parks and recreation	-	-	-	-	-	-
Committed:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	1,026,244	-	-	-	-	-
City utility improvements	-	-	-	-	-	-
Assigned:						
General government	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Parks and recreation	-	-	-	-	-	-
Unassigned	-	(26,913)	-	-	-	-
<b>Total fund balances</b>	<b>1,056,025</b>	<b>(26,913)</b>	<b>419,648</b>	<b>42,873</b>	<b>22,254</b>	<b>196</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 1,335,540</b>	<b>\$ -</b>	<b>\$ 419,648</b>	<b>\$ 42,873</b>	<b>\$ 22,254</b>	<b>\$ 4,000</b>

Special Revenue

Gas Tax 2105	STIP Augmentation	CDBG Grants	HOME Grants	FEMA Grants	SB325 Reimbursement	Srate STP	Congestion Relief	Museum
\$ 19,666	\$ -	\$ 175,380	\$ 6,937	\$ -	\$ 109,338	\$ 108,327	\$ 709,963	\$ -
-	-	-	-	-	-	-	-	-
8,273	-	-	-	25,805	73,551	-	21,427	-
69	-	390	1	-	-	-	1,581	-
-	-	1,713,282	1,212,147	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>\$ 28,008</u>	<u>\$ -</u>	<u>\$ 1,889,052</u>	<u>\$ 1,219,085</u>	<u>\$ 25,805</u>	<u>\$ 182,889</u>	<u>\$ 108,327</u>	<u>\$ 732,971</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 74,354	\$ -	\$ -	\$ 4,568
-	-	-	-	-	-	-	-	7,418
-	49,576	-	-	12,740	-	-	-	156,151
-	-	-	-	-	-	-	-	-
-	49,576	-	-	12,740	74,354	-	-	168,137
-	-	-	-	25,805	-	-	-	-
-	-	1,713,282	1,212,147	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	1,713,282	1,212,147	25,805	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
28,008	-	-	-	-	108,535	108,327	732,971	-
-	-	175,770	6,938	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	(49,576)	-	-	(12,740)	-	-	-	(168,137)
28,008	(49,576)	175,770	6,938	(12,740)	108,535	108,327	732,971	(168,137)
<u>\$ 28,008</u>	<u>\$ -</u>	<u>\$ 1,889,052</u>	<u>\$ 1,219,085</u>	<u>\$ 25,805</u>	<u>\$ 182,889</u>	<u>\$ 108,327</u>	<u>\$ 732,971</u>	<u>\$ -</u>

(Continued)



**CITY OF UKIAH**  
**Combining Balance Sheets**  
**Nonmajor Governmental Funds**  
**June 30, 2014**

	Special Revenue		Capital Projects			Totals
	LMIHF Housing Asset	Equipment Reserve	Special Project Reserve	Capital Improvement	City Housing Bond Proceeds	
<b>Assets</b>						
Cash and investments	\$ 25,204	\$ 2,658,367	\$ 2,347,231	\$ -	\$ -	\$ 8,151,886
Cash with fiscal agent	-	-	-	-	2,744,309	2,744,309
Receivables:						
Accounts	-	-	-	-	-	176,740
Intergovernmental	-	-	-	-	-	600,282
Accrued interest	56	5,184	5,218	-	-	17,160
Notes, long-term	1,724,985	-	-	-	-	4,650,414
Prepayments	-	-	1,500	-	-	1,500
Real property held for resale	2,435,114	-	-	-	-	2,435,114
<b>Total assets</b>	<b>\$ 4,185,359</b>	<b>\$ 2,663,551</b>	<b>\$ 2,353,949</b>	<b>\$ -</b>	<b>\$ 2,744,309</b>	<b>\$ 18,777,405</b>
<b>Liabilities:</b>						
Accounts payable	\$ -	\$ 7,153	\$ -	\$ 103	\$ -	\$ 206,154
Accrued salaries and benefits	-	84	-	-	-	17,504
Compensated absences	-	-	-	-	-	6,021
Due to other funds	-	-	-	46,501	-	630,484
Advances from other funds	-	-	-	-	-	148,000
<b>Total liabilities</b>	<b>-</b>	<b>7,237</b>	<b>-</b>	<b>46,604</b>	<b>-</b>	<b>1,008,163</b>
<b>Deferred inflow of resources:</b>						
Unavailable revenues:						
Grants	-	-	-	-	-	530,260
Long-term loans receivable	1,724,985	-	-	-	-	4,650,414
Real property held for resale	2,435,114	-	-	-	-	2,435,114
<b>Total deferred inflows of resources</b>	<b>4,160,099</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,615,788</b>
<b>Fund balances:</b>						
Nonspendable:						
Petty cash	-	-	-	-	-	-
Restricted:						
Public safety	-	-	-	-	-	333,481
Public works	-	-	-	-	-	1,492,593
Housing and community development	25,260	-	-	-	2,744,309	2,952,277
Parks and recreation	-	-	-	-	-	27,175
Committed:						
General government	-	745,157	30,000	-	-	775,157
Public safety	-	636,484	-	-	-	636,484
Public works	-	236,313	334	-	-	1,262,891
City utility improvements	-	894,973	-	-	-	894,973
Assigned:						
General government	-	143,387	106,687	-	-	250,074
Public works	-	-	2,091,606	-	-	2,091,606
Parks and recreation	-	-	125,322	-	-	172,969
Unassigned	-	-	-	(46,604)	-	(736,226)
<b>Total fund balances</b>	<b>25,260</b>	<b>2,656,314</b>	<b>2,353,949</b>	<b>(46,604)</b>	<b>2,744,309</b>	<b>10,153,454</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 4,185,359</b>	<b>\$ 2,663,551</b>	<b>\$ 2,353,949</b>	<b>\$ -</b>	<b>\$ 2,744,309</b>	<b>\$ 18,777,405</b>

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**CITY OF UKIAH**  
**Combining Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Fiscal Year Ended June 30, 2014**

Special Revenue

	Park Development	Anton Stadium	Observatory Park	Playground and Park Amenities	Swimming Pool	Riverside Park
Revenues:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	8,902	-	-	-	-	-
Fines, forfeitures and penalties	-	-	-	-	-	-
Interest, rents and concessions	301	-	-	263	166	791
Intergovernmental	-	-	-	-	-	574,048
Charges for services	-	-	-	-	-	-
Other revenues	-	16,355	-	-	16	-
<b>Total revenues</b>	<b>9,203</b>	<b>16,355</b>	<b>-</b>	<b>263</b>	<b>182</b>	<b>574,839</b>
Expenditures:						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Housing and community development	-	-	-	-	-	-
Parks and recreation	-	22,127	116	-	-	-
Capital outlay	-	30,772	1,527	-	31,431	-
<b>Total expenditures</b>	<b>-</b>	<b>52,899</b>	<b>1,643</b>	<b>-</b>	<b>31,431</b>	<b>-</b>
Excess of revenues over (under) expenditures	9,203	(36,544)	(1,643)	263	(31,249)	574,839
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>9,203</b>	<b>(36,544)</b>	<b>(1,643)</b>	<b>263</b>	<b>(31,249)</b>	<b>574,839</b>
Fund balances, July 1	17,972	(23,561)	(35,179)	28,292	(98,005)	(580,278)
Fund balances, June 30	\$ 27,175	\$ (60,105)	\$ (36,822)	\$ 28,555	\$ (129,254)	\$ (5,439)

Special Revenue

Skate Park	Softball Complex	Museum Grants Prop 84	Asset Seizure	Supplemental Law Enforcement	Local Law Enforcement Block Grant	Asset Forfeiture 11470.2 H&S	Special Police
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	157,797	-	-	44,980	-
119	58	-	784	565	-	1,876	1,091
-	-	67,466	-	99,414	-	-	125,000
-	-	-	-	-	-	-	-
81	-	-	-	-	-	-	-
<u>200</u>	<u>58</u>	<u>67,466</u>	<u>158,581</u>	<u>99,979</u>	<u>-</u>	<u>46,856</u>	<u>126,091</u>
-	-	-	-	-	-	-	-
-	-	-	166,196	183,013	109	83,118	148,098
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
386	-	6,111	-	-	-	-	-
-	-	209,063	64,414	-	-	-	-
<u>386</u>	<u>-</u>	<u>215,174</u>	<u>230,610</u>	<u>183,013</u>	<u>109</u>	<u>83,118</u>	<u>148,098</u>
<u>(186)</u>	<u>58</u>	<u>(147,708)</u>	<u>(72,029)</u>	<u>(83,034)</u>	<u>(109)</u>	<u>(36,262)</u>	<u>(22,007)</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>(186)</u>	<u>58</u>	<u>(147,708)</u>	<u>(72,029)</u>	<u>(83,034)</u>	<u>(109)</u>	<u>(36,262)</u>	<u>(22,007)</u>
<u>12,945</u>	<u>6,275</u>	<u>(14,917)</u>	<u>159,306</u>	<u>139,081</u>	<u>(16,123)</u>	<u>226,419</u>	<u>228</u>
<u>\$ 12,759</u>	<u>\$ 6,333</u>	<u>\$ (162,625)</u>	<u>\$ 87,277</u>	<u>\$ 56,047</u>	<u>\$ (16,232)</u>	<u>\$ 190,157</u>	<u>\$ (21,779)</u>

(Continued)

**CITY OF UKIAH**  
**Combining Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Fiscal Year Ended June 30, 2014**

	Special Revenue					
	Special Revenue	ARC General Operating	Signalization	Gas Tax 2106	Gas Tax 2107	Gas Tax 2107.5
Revenues:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Fines, forfeitures and penalties	-	-	-	-	-	-
Interest, rents and concessions	10,908	58,455	3,864	271	91	-
Intergovernmental	298,125	-	-	63,815	116,194	4,000
Charges for services	-	8,004	-	-	-	-
Other revenues	105,660	-	-	-	-	-
<b>Total revenues</b>	<b>414,693</b>	<b>66,459</b>	<b>3,864</b>	<b>64,086</b>	<b>116,285</b>	<b>4,000</b>
Expenditures:						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	366,862	-	-	1,318	-	-
Housing and community development	-	79,337	-	-	-	-
Parks and recreation	-	-	-	-	-	-
Capital outlay	446,906	-	-	-	-	-
<b>Total expenditures</b>	<b>813,768</b>	<b>79,337</b>	<b>-</b>	<b>1,318</b>	<b>-</b>	<b>-</b>
Excess of revenues over (under) expenditures	(399,075)	(12,878)	3,864	62,768	116,285	4,000
Other financing sources (uses):						
Transfers in	27,068	-	-	-	-	-
Transfers out	-	-	-	(24,687)	(112,040)	(4,000)
<b>Total other financing sources (uses)</b>	<b>27,068</b>	<b>-</b>	<b>-</b>	<b>(24,687)</b>	<b>(112,040)</b>	<b>(4,000)</b>
<b>Net change in fund balances</b>	<b>(372,007)</b>	<b>(12,878)</b>	<b>3,864</b>	<b>38,081</b>	<b>4,245</b>	<b>-</b>
Fund balances, July 1	1,428,032	(14,035)	415,784	4,792	18,009	196
Fund balances, June 30	<u>\$ 1,056,025</u>	<u>\$ (26,913)</u>	<u>\$ 419,648</u>	<u>\$ 42,873</u>	<u>\$ 22,254</u>	<u>\$ 196</u>

Special Revenue

Gas Tax 2105	STIP Augmentation	CDBG Grants	HOME Grants	FEMA Grants	SB325 Reimbursement	Srate STP	Congestion Relief	Museum
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
83	-	14,586	74	66	-	-	6,148	1,015
108,608	-	1,200	223,931	-	73,482	-	222,499	39,551
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	2,394	-	3,116
<u>108,691</u>	<u>-</u>	<u>15,786</u>	<u>224,005</u>	<u>66</u>	<u>73,482</u>	<u>2,394</u>	<u>228,647</u>	<u>43,682</u>
-	-	-	-	-	-	-	-	-
-	-	-	-	-	74,355	-	-	-
-	-	1,200	223,931	-	-	-	-	-
-	-	-	-	-	-	-	-	369,009
-	-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>1,200</u>	<u>223,931</u>	<u>-</u>	<u>74,355</u>	<u>-</u>	<u>-</u>	<u>369,009</u>
<u>108,691</u>	<u>-</u>	<u>14,586</u>	<u>74</u>	<u>66</u>	<u>(873)</u>	<u>2,394</u>	<u>228,647</u>	<u>(325,327)</u>
-	-	-	-	-	-	-	-	-
<u>(75,254)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(75,254)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
33,437	-	14,586	74	66	(873)	2,394	228,647	(325,327)
<u>(5,429)</u>	<u>(49,576)</u>	<u>161,184</u>	<u>6,864</u>	<u>(12,806)</u>	<u>109,408</u>	<u>105,933</u>	<u>504,324</u>	<u>157,190</u>
<u>\$ 28,008</u>	<u>\$ (49,576)</u>	<u>\$ 175,770</u>	<u>\$ 6,938</u>	<u>\$ (12,740)</u>	<u>\$ 108,535</u>	<u>\$ 108,327</u>	<u>\$ 732,971</u>	<u>\$ (168,137)</u>

(Continued)

**CITY OF UKIAH**  
**Combining Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Fiscal Year Ended June 30, 2014**

	Special Revenue		Capital Projects			Totals
	LMIHF Housing Asset	Equipment Reserve	Special Project Reserve	Capital Improvement	City Housing Bond Proceeds	
<b>Revenues:</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	8,902
Fines, forfeitures and penalties	-	-	-	-	-	202,777
Interest, rents and concessions	12,710	21,749	21,677	-	691	158,402
Intergovernmental	-	-	-	-	-	2,017,333
Charges for services	-	-	-	-	-	8,004
Other revenues	-	125,009	-	2,908	12,110	267,649
<b>Total revenues</b>	<b>12,710</b>	<b>146,758</b>	<b>21,677</b>	<b>2,908</b>	<b>12,801</b>	<b>2,663,067</b>
<b>Expenditures:</b>						
<b>Current:</b>						
General government	-	75,823	21,614	-	-	97,437
Public safety	-	16,868	-	-	-	597,402
Public works	-	-	23,741	4,534	-	470,810
Housing and community development	-	-	-	-	-	304,468
Parks and recreation	-	-	-	-	-	397,749
Capital outlay	-	113,333	-	-	-	897,446
<b>Total expenditures</b>	<b>-</b>	<b>206,024</b>	<b>45,355</b>	<b>4,534</b>	<b>-</b>	<b>2,765,312</b>
<b>Excess of revenues over (under) expenditures</b>	<b>12,710</b>	<b>(59,266)</b>	<b>(23,678)</b>	<b>(1,626)</b>	<b>12,801</b>	<b>(102,245)</b>
<b>Other financing sources (uses):</b>						
Transfers in	-	335,000	-	-	-	362,068
Transfers out	-	-	(27,068)	-	-	(243,049)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>335,000</b>	<b>(27,068)</b>	<b>-</b>	<b>-</b>	<b>119,019</b>
<b>Net change in fund balances</b>	<b>12,710</b>	<b>275,734</b>	<b>(50,746)</b>	<b>(1,626)</b>	<b>12,801</b>	<b>16,774</b>
<b>Fund balances, July 1</b>	<b>12,550</b>	<b>2,380,580</b>	<b>2,404,695</b>	<b>(44,978)</b>	<b>2,731,508</b>	<b>10,136,680</b>
<b>Fund balances, June 30</b>	<b>\$ 25,260</b>	<b>\$ 2,656,314</b>	<b>\$ 2,353,949</b>	<b>\$ (46,604)</b>	<b>\$ 2,744,309</b>	<b>\$ 10,153,454</b>

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**CITY OF UKIAH**  
**Park Development Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2014**

	Budgets			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Licenses and permits:				
Development fees	\$ -	\$ -	\$ 8,902	\$ 8,902
Interest, rents and concessions:				
Investment earnings	2,751	2,751	301	(2,450)
Total revenues	2,751	2,751	9,203	6,452
Expenditures:				
Capital outlay:				
Open space	-	976	-	976
Total expenditures	-	976	-	976
Excess of revenues over (under) expenditures	2,751	1,775	9,203	7,428
Transfer out	-	-	-	-
Net change in fund balances	2,751	1,775	9,203	7,428
Fund balance, July 1	17,972	17,972	17,972	-
Fund balance, June 30	\$ 20,723	\$ 19,747	\$ 27,175	\$ 7,428

**CITY OF UKIAH**  
**Anton Stadium Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2014**

	Budgets			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Intergovernmental:				
State grant	\$ 100,000	\$ 100,000	\$ -	\$ (100,000)
Other revenues:				
Contributions and donations	-	-	16,355	16,355
Total revenues	100,000	100,000	16,355	(83,645)
Expenditures:				
Current:				
Other services and supplies	248	248	22,127	(21,879)
Capital outlay:				
Anton Stadium	76,552	76,552	30,772	45,780
Total expenditures	76,800	76,800	52,899	23,901
Excess of revenues over (under) expenditures	23,200	23,200	(36,544)	(59,744)
Transfer out	-	-	-	-
Net change in fund balances	23,200	23,200	(36,544)	(59,744)
Fund balance, July 1	(23,561)	(23,561)	(23,561)	-
Fund balance, June 30	\$ (361)	\$ (361)	\$ (60,105)	\$ (59,744)

**CITY OF UKIAH**  
**Observatory Park Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2014**

	<u>Budgets</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
Revenues:				
Intergovernmental:				
State grant	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures:				
Current:				
Other services and supplies	1,001	1,001	116	885
Capital outlay:				
Observatory Park	6,000	7,230	1,527	5,703
Total expenditures	7,001	8,231	1,643	6,588
Excess of revenues over (under) expenditures	(7,001)	(8,231)	(1,643)	6,588
Transfer out	-	-	-	-
Net change in fund balances	(7,001)	(8,231)	(1,643)	6,588
Fund balance, July 1	(35,179)	(35,179)	(35,179)	-
Fund balance, June 30	<u>\$ (42,180)</u>	<u>\$ (43,410)</u>	<u>\$ (36,822)</u>	<u>\$ 6,588</u>

**CITY OF UKIAH**  
**Playground and Park Amenities Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2014**

	Budgets			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Interest, rents and concessions:				
Investment earnings	\$ 323	\$ 323	\$ 263	\$ (60)
Total revenues	323	323	263	(60)
Expenditures:				
Current:				
Other services and supplies	-	-	-	-
Total expenditures	-	-	-	-
Excess of revenues over (under) expenditures	323	323	263	(60)
Transfer out	-	-	-	-
Net change in fund balances	323	323	263	(60)
Fund balance, July 1	28,292	28,292	28,292	-
Fund balance, June 30	\$ 28,615	\$ 28,615	\$ 28,555	\$ (60)

**CITY OF UKIAH**  
**Swimming Pool Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2014**

	<u>Budgets</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
Revenues:				
Interest, rents and concessions:				
Investment earnings	\$ 583	\$ 583	\$ 166	\$ (417)
Other Revenues:				
Contributions and donations	10,000	10,000	16	(9,984)
Total revenues	<u>10,583</u>	<u>10,583</u>	<u>182</u>	<u>(10,401)</u>
Expenditures:				
Capital outlay:				
Swimming pool	75,000	105,223	31,431	73,792
Total expenditures	<u>75,000</u>	<u>105,223</u>	<u>31,431</u>	<u>73,792</u>
Excess of revenues over (under) expenditures	<u>(64,417)</u>	<u>(94,640)</u>	<u>(31,249)</u>	<u>63,391</u>
Transfer out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(64,417)	(94,640)	(31,249)	63,391
Fund balance, July 1	(98,005)	(98,005)	(98,005)	-
Fund balance, June 30	<u>\$ (162,422)</u>	<u>\$ (192,645)</u>	<u>\$ (129,254)</u>	<u>\$ 63,391</u>

**CITY OF UKIAH**  
**Riverside Park Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2014**

	<u>Budgets</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Interest, rents and concessions:				
Investment earnings	\$ -	\$ -	\$ 791	\$ 791
Intergovernmental:				
State grant	-	-	574,048	574,048
Total revenues	-	-	574,839	574,839
Expenditures:				
Current:				
Public works	9,225	9,225	-	9,225
Capital outlay:				
Anton Stadium	2,000	6,864	-	6,864
Total expenditures	11,225	16,089	-	16,089
Excess of revenues over (under) expenditures	(11,225)	(16,089)	574,839	590,928
Transfer out	-	-	-	-
Net change in fund balances	(11,225)	(16,089)	574,839	590,928
Fund balance, July 1	(580,278)	(580,278)	(580,278)	-
Fund balance, June 30	<u>\$ (591,503)</u>	<u>\$ (596,367)</u>	<u>\$ (5,439)</u>	<u>\$ 590,928</u>

**CITY OF UKIAH**  
**Skate Park Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2014**

	Budgets			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Interest, rents and concessions:				
Investment earnings	\$ 176	\$ 176	\$ 119	\$ (57)
Other revenues:				
Contributions and donations	-	-	81	81
Total revenues	176	176	200	24
Expenditures:				
Current:				
Other services and supplies			386	(386)
Capital outlay:				
Skate park	12,860	12,860	-	12,860
Total expenditures	12,860	12,860	386	12,474
Excess of revenues over (under) expenditures	(12,684)	(12,684)	(186)	12,498
Transfer out	-	-	-	-
Net change in fund balances	(12,684)	(12,684)	(186)	12,498
Fund balance, July 1	12,945	12,945	12,945	-
Fund balance, June 30	\$ 261	\$ 261	\$ 12,759	\$ 12,498

**CITY OF UKIAH**  
**Softball Complex Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2014**

	Budgets			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Interest, rents and concessions:				
Investment earnings	\$ 72	\$ 72	\$ 58	\$ (14)
Total revenues	72	72	58	(14)
Expenditures:				
Capital outlay:				
Softball complex	-	-	-	-
Total expenditures	-	-	-	-
Excess of revenues over (under) expenditures	72	72	58	(14)
Transfer out	-	-	-	-
Net change in fund balances	72	72	58	(14)
Fund balance, July 1	6,275	6,275	6,275	-
Fund balance, June 30	\$ 6,347	\$ 6,347	\$ 6,333	\$ (14)



**CITY OF UKIAH**  
**Museum Grants Prop 84 Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2014**

	<u>Budgets</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
Revenues:				
Interest, rents and concessions:				
Investment earnings	\$ 284	\$ 284	\$ -	\$ (284)
Intergovernmental:				
Proposition 84 allocation	750,000	750,000	67,466	(682,534)
Total revenues	<u>750,284</u>	<u>750,284</u>	<u>67,466</u>	<u>(682,818)</u>
Expenditures:				
Current:				
Other services and supplies	757,000	855,255	6,111	849,144
Capital outlay:				
Museum renovation	-	-	209,063	(209,063)
Total expenditures	<u>757,000</u>	<u>855,255</u>	<u>215,174</u>	<u>640,081</u>
Excess(deficiency) of revenues over (under) expenditures	<u>(6,716)</u>	<u>(104,971)</u>	<u>(147,708)</u>	<u>(42,737)</u>
Other financing sources (uses)				
Transfers out	-	-	-	-
Net change in fund balance	(6,716)	(104,971)	(147,708)	(42,737)
Fund balance, July 1	<u>(14,917)</u>	<u>(14,917)</u>	<u>(14,917)</u>	<u>-</u>
Fund balance, June 30	<u>\$ (21,633)</u>	<u>\$ (119,888)</u>	<u>\$ (162,625)</u>	<u>\$ (42,737)</u>

**CITY OF UKIAH**  
**Asset Seizure Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2014**

	Budgets			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Fines, forfeitures and penalties:				
Asset seizures	\$ -	\$ 17,400	\$ 125,340	\$ 107,940
Asset seizures - Federal	-	-	30,457	30,457
LEAA 11489	-	-	2,000	2,000
Interest, rents and concessions:				
Investment earnings	2,548	2,548	784	(1,764)
Total revenues	2,548	19,948	158,581	138,633
Expenditures:				
Current:				
Salaries and benefits	-	-	54	(54)
Other services and supplies	-	46,848	166,142	(119,294)
Capital outlay:				
Equipment	-	-	64,414	(64,414)
Total expenditures	-	46,848	230,610	(183,762)
Excess of revenues over (under) expenditures	2,548	(26,900)	(72,029)	(45,129)
Transfer out	-	-	-	-
Net change in fund balances	2,548	(26,900)	(72,029)	(45,129)
Fund balance, July 1	159,306	159,306	159,306	-
Fund balance, June 30	\$ 161,854	\$ 132,406	\$ 87,277	\$ (45,129)

**CITY OF UKIAH**  
**Supplemental Law Enforcement Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2014**

	<u>Budgets</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
Revenues:				
Interest, rents and concessions:				
Investment earnings	\$ 1,338	\$ 1,338	\$ 565	\$ (773)
Intergovernmental:				
COPS allocation	100,000	100,000	99,414	(586)
Total revenues	<u>101,338</u>	<u>101,338</u>	<u>99,979</u>	<u>(1,359)</u>
Expenditures:				
Current:				
Salaries and benefits	143,017	143,017	155,513	(12,496)
Other services and supplies	30,000	30,000	27,500	2,500
Total expenditures	<u>173,017</u>	<u>173,017</u>	<u>183,013</u>	<u>(9,996)</u>
Excess of revenues over (under) expenditures	<u>(71,679)</u>	<u>(71,679)</u>	<u>(83,034)</u>	<u>(11,355)</u>
Transfer out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(71,679)	(71,679)	(83,034)	(11,355)
Fund balance, July 1	139,081	139,081	139,081	-
Fund balance, June 30	<u>\$ 67,402</u>	<u>\$ 67,402</u>	<u>\$ 56,047</u>	<u>\$ (11,355)</u>

**CITY OF UKIAH**  
**Local Law Enforcement Block Grant Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2014**

	<u>Budgets</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
Revenues:				
	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
Current:				
Other services and supplies	184	184	109	75
Total expenditures	<u>184</u>	<u>184</u>	<u>109</u>	<u>75</u>
Excess of revenues over (under) expenditures	<u>(184)</u>	<u>(184)</u>	<u>(109)</u>	<u>75</u>
Transfer out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(184)	(184)	(109)	75
Fund balance, July 1	(16,123)	(16,123)	(16,123)	-
Fund balance, June 30	<u>\$ (16,307)</u>	<u>\$ (16,307)</u>	<u>\$ (16,232)</u>	<u>\$ 75</u>

**CITY OF UKIAH**  
**Asset Forfeiture 11470.2 H&S Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2014**

	Budgets			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Fines, forfeitures and penalties:				
Asset seizures - State	\$ -	\$ -	\$ 44,980	\$ 44,980
Interest, rents and concessions:				
Investment earnings	2,586	2,586	1,876	(710)
Total revenues	2,586	2,586	46,856	44,270
Expenditures:				
Current:				
Salaries and benefits	-	-	73,738	(73,738)
Other services and supplies	78,454	78,484	9,380	69,104
Total expenditures	78,454	78,484	83,118	(4,634)
Excess of revenues over (under) expenditures	(75,868)	(75,898)	(36,262)	39,636
Transfer out	-	-	-	-
Net change in fund balances	(75,868)	(75,898)	(36,262)	39,636
Fund balance, July 1	226,419	226,419	226,419	-
Fund balance, June 30	\$ 150,551	\$ 150,521	\$ 190,157	\$ 39,636

**CITY OF UKIAH**  
**Special Police Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2014**

	<u>Budgets</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Interest, rents and concessions:				
Investment earnings	\$ -	\$ -	\$ 1,091	\$ 1,091
Intergovernmental:				
Community Corrections Patrol	492,502	492,502	125,000	(367,502)
Total revenues	<u>492,502</u>	<u>492,502</u>	<u>126,091</u>	<u>(366,411)</u>
Expenditures:				
Current:				
Salaries and benefits	250,778	250,778	148,098	102,680
Total expenditures	<u>250,778</u>	<u>250,778</u>	<u>148,098</u>	<u>102,680</u>
Excess of revenues over (under) expenditures	<u>241,724</u>	<u>241,724</u>	<u>(22,007)</u>	<u>(263,731)</u>
Transfer out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	241,724	241,724	(22,007)	(263,731)
Fund balance, July 1	228	228	228	-
Fund balance, June 30	<u>\$ 241,952</u>	<u>\$ 241,952</u>	<u>\$ (21,779)</u>	<u>\$ (263,731)</u>

**CITY OF UKIAH**  
**Special Revenue Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2014**

	Budgets			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Interest, rents and concessions:				
Investment earnings	\$ 15,710	\$ 15,710	\$ 10,908	\$ (4,802)
Intergovernmental:				
SWRCB Underground Tank	-	-	19,145	19,145
CalTrans BTA Grant	-	-	265,046	265,046
State Local Transportation	-	-	13,934	13,934
Other Revenues:				
Underground tank insurance	-	-	105,660	105,660
Total revenues	15,710	15,710	414,693	398,983
Expenditures:				
Current:				
Other services & supplies	60,000	162,659	366,862	(204,203)
Capital outlay:				
Talmage Rd corridor	753,113	955,411	154,641	800,770
Redwood Business Park	-	-	17,170	(17,170)
Oak Manor Trail	-	-	164,612	(164,612)
Northwest Pacific Trail	-	97,897	110,483	(12,586)
Total expenditures	813,113	1,215,967	813,768	402,199
Excess of revenues over (under) expenditures	(797,403)	(1,200,257)	(399,075)	801,182
Transfer in	-	-	27,068	27,068
Net change in fund balances	(797,403)	(1,200,257)	(372,007)	828,250
Fund balance, July 1	1,428,032	1,428,032	1,428,032	-
Fund balance, June 30	\$ 630,629	\$ 227,775	\$ 1,056,025	\$ 828,250

**CITY OF UKIAH**  
**ARC General Operating Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2014**

	<u>Budgets</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
Revenues:				
Interest, rents and concessions:				
Rents and concessions	\$ 55,000	\$ 55,000	\$ 58,455	\$ 3,455
Charges for services:				
Program income	20,000	20,000	8,004	(11,996)
Total revenues	<u>75,000</u>	<u>75,000</u>	<u>66,459</u>	<u>(8,541)</u>
Expenditures:				
Current:				
Salaries and benefits	19,162	19,162	21,784	(2,622)
Other services & supplies	58,066	55,838	57,553	(1,715)
Total expenditures	<u>77,228</u>	<u>75,000</u>	<u>79,337</u>	<u>(4,337)</u>
Excess of revenues over (under) expenditures	<u>(2,228)</u>	<u>-</u>	<u>(12,878)</u>	<u>(12,878)</u>
Transfer in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(2,228)	-	(12,878)	(12,878)
Fund balance, July 1	(14,035)	(14,035)	(14,035)	-
Fund balance, June 30	<u>\$ (16,263)</u>	<u>\$ (14,035)</u>	<u>\$ (26,913)</u>	<u>\$ (12,878)</u>



**CITY OF UKIAH**  
**Signalization Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2014**

	<u>Budgets</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
Revenues:				
Interest, rents and concessions:				
Investment earnings	\$ 4,740	\$ 4,750	\$ 3,864	\$ (886)
Total revenues	<u>4,740</u>	<u>4,750</u>	<u>3,864</u>	<u>(886)</u>
Expenditures:				
Capital outlay:				
Redwood Business Park	462,144	462,144	-	462,144
Total expenditures	<u>462,144</u>	<u>462,144</u>	<u>-</u>	<u>462,144</u>
Excess of revenues over (under) expenditures	<u>(457,404)</u>	<u>(457,394)</u>	<u>3,864</u>	<u>461,258</u>
Transfer in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(457,404)	(457,394)	3,864	461,258
Fund balance, July 1	415,784	415,784	415,784	-
Fund balance, June 30	<u>\$ (41,620)</u>	<u>\$ (41,610)</u>	<u>\$ 419,648</u>	<u>\$ 461,258</u>

**CITY OF UKIAH**  
**Gas Tax 2106 Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2014**

	<u>Budgets</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
Revenues:				
Interest, rents and concessions:				
Investment earnings	\$ 459	\$ 459	\$ 271	\$ (188)
Intergovernmental:				
Gas tax 2106	54,687	54,687	63,815	9,128
Total revenues	<u>55,146</u>	<u>55,146</u>	<u>64,086</u>	<u>8,940</u>
Expenditures:				
Current:				
Engineering - streets	24,687	24,687	-	24,687
Other services & supplies	30,000	31,318	1,318	30,000
Total expenditures	<u>54,687</u>	<u>56,005</u>	<u>1,318</u>	<u>54,687</u>
Excess of revenues over (under) expenditures	<u>459</u>	<u>(859)</u>	<u>62,768</u>	<u>63,627</u>
Transfer out	<u>-</u>	<u>-</u>	<u>(24,687)</u>	<u>(24,687)</u>
Net change in fund balances	459	(859)	38,081	38,940
Fund balance, July 1	4,792	4,792	4,792	-
Fund balance, June 30	<u>\$ 5,251</u>	<u>\$ 3,933</u>	<u>\$ 42,873</u>	<u>\$ 38,940</u>

**CITY OF UKIAH**  
**Gas Tax 2107 Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2014**

	<u>Budgets</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
Revenues:				
Interest, rents and concessions:				
Investment earnings	\$ 1,344	\$ 1,344	\$ 91	\$ (1,253)
Intergovernmental:				
Gas tax 2107	112,040	112,040	116,194	4,154
Total revenues	<u>113,384</u>	<u>113,384</u>	<u>116,285</u>	<u>2,901</u>
Expenditures:				
Current:				
Engineering - streets	112,040	112,040	-	112,040
Other services & supplies	-	1,221	-	1,221
Total expenditures	<u>112,040</u>	<u>113,261</u>	<u>-</u>	<u>113,261</u>
Excess of revenues over (under) expenditures	<u>1,344</u>	<u>123</u>	<u>116,285</u>	<u>116,162</u>
Transfer out	<u>-</u>	<u>-</u>	<u>(112,040)</u>	<u>(112,040)</u>
Net change in fund balances	1,344	123	4,245	4,122
Fund balance, July 1	18,009	18,009	18,009	-
Fund balance, June 30	<u>\$ 19,353</u>	<u>\$ 18,132</u>	<u>\$ 22,254</u>	<u>\$ 4,122</u>

**CITY OF UKIAH**  
**Gas Tax 2107.5 Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2014**

	Budgets			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Interest, rents and concessions:				
Investment earnings	\$ 46	\$ 46	\$ -	\$ (46)
Intergovernmental:				
Gas tax 2107.5	4,000	4,000	4,000	-
Total revenues	4,046	4,046	4,000	(46)
Expenditures:				
Current:				
Engineering - streets	4,000	4,000	-	4,000
Total expenditures	4,000	4,000	-	4,000
Excess of revenues over (under) expenditures	46	46	4,000	3,954
Transfer out	-	-	(4,000)	(4,000)
Net change in fund balances	46	46	-	(46)
Fund balance, July 1	196	196	196	-
Fund balance, June 30	\$ 242	\$ 242	\$ 196	\$ (46)

**CITY OF UKIAH**  
**Gas Tax 2105 Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2014**

	<u>Budgets</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
Revenues:				
Interest, rents and concessions:				
Investment earnings	\$ 744	\$ 744	\$ 83	\$ (661)
Intergovernmental:				
Gas tax 2105	<u>75,254</u>	<u>75,254</u>	<u>108,608</u>	<u>33,354</u>
Total revenues	<u>75,998</u>	<u>75,998</u>	<u>108,691</u>	<u>32,693</u>
Expenditures:				
Current:				
Maintenance - streets	<u>75,254</u>	<u>75,254</u>	<u>-</u>	<u>75,254</u>
Total expenditures	<u>75,254</u>	<u>75,254</u>	<u>-</u>	<u>75,254</u>
Excess of revenues over (under) expenditures	<u>744</u>	<u>744</u>	<u>108,691</u>	<u>107,947</u>
Transfer out	<u>-</u>	<u>-</u>	<u>(75,254)</u>	<u>(75,254)</u>
Net change in fund balances	744	744	33,437	32,693
Fund balance, July 1	(5,429)	(5,429)	(5,429)	-
Fund balance, June 30	<u>\$ (4,685)</u>	<u>\$ (4,685)</u>	<u>\$ 28,008</u>	<u>\$ 32,693</u>

**CITY OF UKIAH**  
**STIP Augmentation Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2014**

	Budgets			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures:				
	-	-	-	-
Total expenditures	-	-	-	-
Excess of revenues over (under) expenditures	-	-	-	-
Transfer out	-	-	-	-
Net change in fund balances	-	-	-	-
Fund balance, July 1	(49,576)	(49,576)	(49,576)	-
Fund balance, June 30	\$ (49,576)	\$ (49,576)	\$ (49,576)	\$ -

**CITY OF UKIAH**  
**CDBG Grants Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2014**

	Budgets			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Interest, rents and concessions:				
Investment earnings	\$ 9,413	\$ 9,413	\$ 3,828	\$ (5,585)
Revolving loan payments	12,974	12,974	10,758	(2,216)
Intergovernmental:				
10-EDEF-7261 grant	470,805	470,805	1,200	(469,605)
Total revenues	493,192	493,192	15,786	(477,406)
Expenditures:				
Current:				
Administration	20,210	26,681	1,200	25,481
Active delivery	67,820	67,820	-	67,820
Contracted services	395,749	395,749	-	395,749
Total expenditures	483,779	490,250	1,200	489,050
Excess of revenues over (under) expenditures	9,413	2,942	14,586	11,644
Transfer out	-	-	-	-
Net change in fund balances	9,413	2,942	14,586	11,644
Fund balance, July 1	161,184	161,184	161,184	-
Fund balance, June 30	\$ 170,597	\$ 164,126	\$ 175,770	\$ 11,644

**CITY OF UKIAH**  
**HOME Grants Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2014**

	<u>Budgets</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
Revenues:				
Interest, rents and concessions:				
Investment earnings	\$ 1	\$ 1	\$ 74	\$ 73
Intergovernmental:				
11-HOME-7654 grant	645,564	645,564	223,931	(421,633)
Total revenues	<u>645,565</u>	<u>645,565</u>	<u>224,005</u>	<u>(421,560)</u>
Expenditures:				
Current:				
Administration	14,295	14,295	6,230	8,065
Active delivery	41,247	41,247	13,286	27,961
Contracted services	590,220	590,220	204,415	385,805
Total expenditures	<u>645,762</u>	<u>645,762</u>	<u>223,931</u>	<u>421,831</u>
Excess of revenues over (under) expenditures	<u>(197)</u>	<u>(197)</u>	<u>74</u>	<u>271</u>
Transfer out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(197)	(197)	74	271
Fund balance, July 1	6,864	6,864	6,864	-
Fund balance, June 30	<u>\$ 6,667</u>	<u>\$ 6,667</u>	<u>\$ 6,938</u>	<u>\$ 271</u>



**CITY OF UKIAH**  
**FEMA Grants Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2014**

	<u>Budgets</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
Revenues:				
Interest, rents and concessions:				
Investment earnings	\$ -	\$ -	\$ 66	\$ 66
Total revenues	-	-	66	66
Expenditures:				
Total expenditures	-	-	-	-
Excess of revenues over (under) expenditures	-	-	66	66
Transfer out	-	-	-	-
Net change in fund balances	-	-	66	66
Fund balance, July 1	(12,806)	(12,806)	(12,806)	-
Fund balance, June 30	<u>\$ (12,806)</u>	<u>\$ (12,806)</u>	<u>\$ (12,740)</u>	<u>\$ 66</u>

**CITY OF UKIAH**  
**SB325 Reimbursement Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2014**

	<u>Budgets</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
Revenues:				
Intergovernmental:				
MCOG allocations	\$ -	\$ -	\$ 73,482	\$ 73,482
Total revenues	-	-	73,482	73,482
Expenditures:				
Current:				
Contracted services	162,019	162,019	74,355	87,664
Total expenditures	162,019	162,019	74,355	87,664
Excess of revenues over (under) expenditures	(162,019)	(162,019)	(873)	161,146
Transfer out	-	-	-	-
Net change in fund balances	(162,019)	(162,019)	(873)	161,146
Fund balance, July 1	109,408	109,408	109,408	-
Fund balance, June 30	<u>\$ (52,611)</u>	<u>\$ (52,611)</u>	<u>\$ 108,535</u>	<u>\$ 161,146</u>

**CITY OF UKIAH**  
**State STP Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2014**

	Budgets			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Intergovernmental:				
MCOG allocations	\$ 120,000	\$ 120,000	\$ -	\$ (120,000)
Other revenues:				
Miscellaneous reimbursement	-	-	2,394	2,394
Total revenues	120,000	120,000	2,394	(117,606)
Expenditures:				
Capital outlay:				
US 101 corridor interchange	425,000	542,628	-	542,628
Total expenditures	425,000	542,628	-	542,628
Excess of revenues over (under) expenditures	(305,000)	(422,628)	2,394	425,022
Transfer out	-	-	-	-
Net change in fund balances	(305,000)	(422,628)	2,394	425,022
Fund balance, July 1	105,933	105,933	105,933	-
Fund balance, June 30	\$ (199,067)	\$ (316,695)	\$ 108,327	\$ 425,022

**CITY OF UKIAH**  
**Trans-Traffic Congestion Relief Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2014**

	<u>Budgets</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
Revenues:				
Interest, rents and concessions:				
Investment earnings	\$ 5,512	\$ 5,512	\$ 6,148	\$ 636
Intergovernmental:				
Gas tax 2103	228,008	228,008	222,499	(5,509)
Total revenues	<u>233,520</u>	<u>233,520</u>	<u>228,647</u>	<u>(4,873)</u>
Expenditures:				
Current:				
Contracted services	399,716	399,716	-	399,716
Total expenditures	<u>399,716</u>	<u>399,716</u>	<u>-</u>	<u>399,716</u>
Excess of revenues over (under) expenditures	<u>(166,196)</u>	<u>(166,196)</u>	<u>228,647</u>	<u>394,843</u>
Transfer out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(166,196)	(166,196)	228,647	394,843
Fund balance, July 1	504,324	504,324	504,324	-
Fund balance, June 30	<u>\$ 338,128</u>	<u>\$ 338,128</u>	<u>\$ 732,971</u>	<u>\$ 394,843</u>

**CITY OF UKIAH**  
**Museum Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2014**

	<u>Budgets</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
Revenues:				
Interest, rents and concessions:				
Investment earnings	\$ 1,282	\$ 1,282	\$ -	\$ (1,282)
Rentals	5,000	5,000	1,015	(3,985)
Intergovernmental:				
Proposition 84 allocation	30,000	30,000	39,551	9,551
Other revenues:				
Sun House Guild & Endowment	45,000	45,000	-	(45,000)
Attendance and donations	12,000	12,000	3,116	(8,884)
Total revenues	<u>93,282</u>	<u>93,282</u>	<u>43,682</u>	<u>(49,600)</u>
Expenditures:				
Current:				
Salaries and benefits	266,165	266,165	290,785	(24,620)
Other services and supplies	51,720	52,233	48,900	3,333
Interfund charges	27,396	27,396	29,324	(1,928)
Total expenditures	<u>345,281</u>	<u>345,794</u>	<u>369,009</u>	<u>(23,215)</u>
Excess(deficiency) of revenues over (under) expenditures	<u>(251,999)</u>	<u>(252,512)</u>	<u>(325,327)</u>	<u>(72,815)</u>
Other financing sources (uses)				
Transfers out	-	-	-	-
Net change in fund balance	(251,999)	(252,512)	(325,327)	(72,815)
Fund balance, July 1	<u>157,190</u>	<u>157,190</u>	<u>157,190</u>	<u>-</u>
Fund balance, June 30	<u>\$ (94,809)</u>	<u>\$ (95,322)</u>	<u>\$ (168,137)</u>	<u>\$ (72,815)</u>

**CITY OF UKIAH**  
**LMIHF Housing Asset Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2014**

	<u>Budgets</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
Revenues:				
Interest, rents and concessions:				
Investment earnings	\$ -	\$ -	\$ 210	\$ 210
Rentals	-	-	12,000	12,000
Revolving loan payments	-	-	500	500
Total revenues	<u>-</u>	<u>-</u>	<u>12,710</u>	<u>12,710</u>
Expenditures:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess(deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>12,710</u>	<u>12,710</u>
Other financing sources (uses)				
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	12,710	12,710
Fund balance, July 1	<u>12,550</u>	<u>12,550</u>	<u>12,550</u>	<u>-</u>
Fund balance, June 30	<u>\$ 12,550</u>	<u>\$ 12,550</u>	<u>\$ 25,260</u>	<u>\$ 12,710</u>

**CITY OF UKIAH**  
**Equipment Reserve Capital Projects Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2014**

	Budgets			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Interest, rents and concessions:				
Investment earnings	\$ 26,822	\$ 26,822	\$ 21,749	\$ (5,073)
Other revenues:				
General governmental buildings	-	-	125,009	125,009
Total revenues	26,822	26,822	146,758	119,936
Expenditures:				
Current:				
Salaries and benefits - finance	11,429	11,429	6,291	5,138
Other services and supplies		175,000	86,400	88,600
Capital outlay:				
Equipment - finance	311,649	222,649	84,998	137,651
Equipment - fire	45,000	45,000	24,480	20,520
Equipment - governmental buildings	100,000	103,855	3,855	100,000
Total expenditures	468,078	557,933	206,024	351,909
Excess(deficiency) of revenues over (under) expenditures	(441,256)	(531,111)	(59,266)	471,845
Other financing sources (uses)				
Transfers in	132,000	132,000	335,000	203,000
Net change in fund balance	(309,256)	(399,111)	275,734	674,845
Fund balance, July 1	2,380,580	2,380,580	2,380,580	-
Fund balance, June 30	\$ 2,071,324	\$ 1,981,469	\$ 2,656,314	\$ 674,845

**CITY OF UKIAH**  
**Special Project Reserve Capital Projects Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2014**

	<u>Budgets</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Interest, rents and concessions:				
Investment earnings	\$ 20,350	\$ 20,350	\$ 21,677	\$ 1,327
Total revenues	<u>20,350</u>	<u>20,350</u>	<u>21,677</u>	<u>1,327</u>
Expenditures:				
Current:				
Other services and supplies	123,766	123,766	45,355	78,411
Capital outlay:				
Infrastructure - streets	<u>289,853</u>	<u>306,170</u>	<u>-</u>	<u>306,170</u>
Total expenditures	<u>413,619</u>	<u>429,936</u>	<u>45,355</u>	<u>384,581</u>
Excess(deficiency) of revenues over (under) expenditures	<u>(393,269)</u>	<u>(409,586)</u>	<u>(23,678)</u>	<u>385,908</u>
Other financing sources (uses)				
Transfers in	<u>-</u>	<u>-</u>	<u>(27,068)</u>	<u>(27,068)</u>
Net change in fund balance	(393,269)	(409,586)	(50,746)	358,840
Fund balance, July 1	<u>2,404,695</u>	<u>2,404,695</u>	<u>2,404,695</u>	<u>-</u>
Fund balance, June 30	<u>\$ 2,011,426</u>	<u>\$ 1,995,109</u>	<u>\$ 2,353,949</u>	<u>\$ 358,840</u>



**CITY OF UKIAH**  
**Capital Improvement Capital Projects Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2014**

	Budgets			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Other revenues:				
Miscellaneous reimbursement	\$ -	\$ -	\$ 2,908	\$ 2,908
Total revenues	-	-	2,908	2,908
Expenditures:				
Current:				
Other services and supplies	488	488	4,534	(4,046)
Internal charges	470	470		470
Capital outlay:				
Infrastructure - streets	-	11,407	-	11,407
Total expenditures	958	12,365	4,534	7,831
Excess(deficiency) of revenues over (under) expenditures	(958)	(12,365)	(1,626)	10,739
Other financing sources (uses)				
Transfers in	-	-	-	-
Net change in fund balance	(958)	(12,365)	(1,626)	10,739
Fund balance, July 1	(44,978)	(44,978)	(44,978)	-
Fund balance, June 30	\$ (45,936)	\$ (57,343)	\$ (46,604)	\$ 10,739

**CITY OF UKIAH**  
**City Housing Bond Proceeds Capital Projects Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2014**

	<u>Budgets</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
Revenues:				
Interest, rents and concessions:				
Investment earnings	\$ -	\$ -	\$ 691	\$ 691
Other revenues:				
Miscellaneous reimbursement	-	-	12,110	12,110
Total revenues	-	-	12,801	12,801
Expenditures:				
Current:				
Other services and supplies	-	-	-	-
Internal charges	-	-	-	-
Capital outlay:				
Infrastructure - streets	-	-	-	-
Total expenditures	-	-	-	-
Excess(deficiency) of revenues over (under) expenditures	-	-	12,801	12,801
Other financing sources (uses)				
Transfers in	-	-	-	-
Net change in fund balance	-	-	12,801	12,801
Fund balance, July 1	2,731,508	2,731,508	2,731,508	-
Fund balance, June 30	<u>\$ 2,731,508</u>	<u>\$ 2,731,508</u>	<u>\$ 2,744,309</u>	<u>\$ 12,801</u>

**CITY OF UKIAH**  
**Combining Statement of Net Position**  
**Nonmajor Enterprise Funds**  
**June 30, 2014**

	Parking District	Street Lighting	Airport	Conference Center	Golf Course	Totals
<b>ASSETS</b>						
Current assets:						
Cash and cash equivalents	\$ 112,630	\$ 469,883	\$ -	\$ -	\$ -	\$ 582,513
Receivables:						
Accounts (net)	10,609	-	275,420	15,393	38,822	340,244
Unbilled	-	22,170	-	-	-	22,170
Interest	248	1,051	-	-	-	1,299
Grants	-	-	24,270	-	-	24,270
Notes	-	-	-	-	6,000	6,000
Refundable deposits	-	-	800	-	-	800
<b>Total current assets</b>	<b>123,487</b>	<b>493,104</b>	<b>300,490</b>	<b>15,393</b>	<b>44,822</b>	<b>977,296</b>
Noncurrent assets:						
Notes receivable	-	-	-	-	42,500	42,500
Capital assets:						
Land	183,871	-	271,957	372,750	1,001,350	1,829,928
Land improvements	-	-	1,290,900	-	308,753	1,599,653
Infrastructure systems	77,682	-	1,055,148	-	178,259	1,311,089
Buildings and improvements	-	-	542,677	2,294,473	105,992	2,943,142
Rolling equipment	-	-	289,773	-	28,006	317,779
Machinery and equipment	33,043	-	38,767	53,094	30,390	155,294
Less accumulated depreciation	(36,733)	-	(2,265,488)	(992,155)	(622,590)	(3,916,966)
Construction in progress	-	-	884,335	-	-	884,335
<b>Total noncurrent assets</b>	<b>257,863</b>	<b>-</b>	<b>2,108,069</b>	<b>1,728,162</b>	<b>1,072,660</b>	<b>5,166,754</b>
<b>Total assets</b>	<b>381,350</b>	<b>493,104</b>	<b>2,408,559</b>	<b>1,743,555</b>	<b>1,117,482</b>	<b>6,144,050</b>
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable	2,809	12,253	21,933	10,981	3,511	51,487
Accrued salaries and benefits	-	1,638	7,508	4,733	2,168	16,047
Compensated absences	-	2,901	15,129	5,601	8,345	31,976
Due to other funds	-	-	142,364	5,362	374,702	522,428
Customer deposits	-	-	5,400	2,162	-	7,562
Interest payable	-	-	-	-	2,390	2,390
<b>Total current liabilities</b>	<b>2,809</b>	<b>16,792</b>	<b>192,334</b>	<b>28,839</b>	<b>391,116</b>	<b>631,890</b>
Noncurrent liabilities due in more more than one year:						
Advances from other funds	-	-	-	-	655,797	655,797
<b>Total noncurrent liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>655,797</b>	<b>655,797</b>
<b>Total liabilities</b>	<b>2,809</b>	<b>16,792</b>	<b>192,334</b>	<b>28,839</b>	<b>1,046,913</b>	<b>1,287,687</b>
<b>NET POSITION</b>						
Net investment in capital assets	257,863	-	2,108,069	1,728,162	1,030,160	5,124,254
Unrestricted	120,678	476,312	108,156	(13,446)	(959,591)	(267,891)
<b>Total net position</b>	<b>\$ 378,541</b>	<b>\$ 476,312</b>	<b>\$ 2,216,225</b>	<b>\$ 1,714,716</b>	<b>\$ 70,569</b>	<b>\$ 4,856,363</b>

**CITY OF UKIAH**  
**Combining Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Nonmajor Enterprise Funds**  
**For the Fiscal Year Ended June 30, 2014**

	Parking District	Street Lighting	Airport	Conference Center	Golf Course	Totals
<b>OPERATING REVENUES</b>						
Parking meters and fees	\$ 60,455	\$ -	\$ -	\$ -	\$ -	\$ 60,455
Parking fines	44,217	-	-	-	-	44,217
Lighting fees	-	191,389	-	-	-	191,389
Hangar and landing fees	-	-	20,353	-	-	20,353
Sales of fuel	-	-	885,449	-	-	885,449
Facility rents	-	-	294,479	277,014	65,162	636,655
Course fees and charges	-	-	-	-	79,759	79,759
Miscellaneous	-	-	1,265	20,789	14,332	36,386
Total operating revenues	<u>104,672</u>	<u>191,389</u>	<u>1,201,546</u>	<u>297,803</u>	<u>159,253</u>	<u>1,954,663</u>
<b>OPERATING EXPENSES</b>						
Salaries and benefits	-	62,173	365,607	137,317	111,324	676,421
Contractual services/lease	103,818	3,025	7,236	6,239	95	120,413
Other services and supplies	13,245	150,195	135,968	104,630	15,527	419,565
Interfund charges	48,239	1,135	105,984	47,615	-	202,973
Fuel	-	-	662,074	-	-	662,074
Depreciation and amortization	5,325	-	60,686	46,602	2,236	114,849
Total operating expenses	<u>170,627</u>	<u>216,528</u>	<u>1,337,555</u>	<u>342,403</u>	<u>129,182</u>	<u>2,196,295</u>
Operating income (loss)	<u>(65,955)</u>	<u>(25,139)</u>	<u>(136,009)</u>	<u>(44,600)</u>	<u>30,071</u>	<u>(241,632)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>						
Operating subsidies	-	-	57,271	-	-	57,271
Property taxes	10,884	-	-	-	-	10,884
Interest and investment revenue	1,069	4,399	174	-	-	5,642
Net nonoperating revenues (expenses)	<u>11,953</u>	<u>4,399</u>	<u>57,445</u>	<u>-</u>	<u>-</u>	<u>73,797</u>
Income (loss) before transfers	<u>(54,002)</u>	<u>(20,740)</u>	<u>(78,564)</u>	<u>(44,600)</u>	<u>30,071</u>	<u>(167,835)</u>
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(13,490)</u>	<u>(475,684)</u>	<u>(489,174)</u>
Change in net position	<u>(54,002)</u>	<u>(20,740)</u>	<u>(78,564)</u>	<u>(58,090)</u>	<u>(445,613)</u>	<u>(657,009)</u>
Total net position, July 1	<u>432,543</u>	<u>497,052</u>	<u>2,294,789</u>	<u>1,772,806</u>	<u>516,182</u>	<u>5,513,372</u>
Total net position, June 30	<u>\$ 378,541</u>	<u>\$ 476,312</u>	<u>\$ 2,216,225</u>	<u>\$ 1,714,716</u>	<u>\$ 70,569</u>	<u>\$ 4,856,363</u>

**CITY OF UKIAH**  
**Combining Statement of Cash Flows**  
**Nonmajor Enterprise Funds**  
**For the Fiscal Year Ended June 30, 2014**

	Parking District	Street Lighting	Airport	Conference Center	Golf Course	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Receipts from customers	\$ 112,636	\$ 194,373	\$ 966,196	\$ 293,699	\$ 219,298	\$ 1,786,202
Payments for interfund services	(22,490)	(2,617)	(549)	(19,071)	(4,610)	(49,337)
Payments to suppliers	(140,770)	(151,725)	(858,482)	(127,901)	351,547	(927,331)
Payments to employees	-	(61,392)	(302,079)	(133,237)	(96,051)	(592,759)
Net cash provided by (used for) operating activities	(50,624)	(21,361)	(194,914)	13,490	470,184	216,775
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Transfers out	-	-	-	(13,490)	(475,684)	(489,174)
Property taxes	10,884	-	-	-	-	10,884
Operating subsidies	-	-	33,001	-	-	33,001
Net cash provided by (used for) noncapital financing activities	10,884	-	33,001	(13,490)	(475,684)	(445,289)
<b>CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES</b>						
Payments to acquire capital assets	-	-	(203,558)	-	-	(203,558)
Payments received on long-term note	-	-	-	-	5,500	5,500
Net cash provided by (used for) capital related financing activities	-	-	(203,558)	-	5,500	(198,058)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Interest receipts	1,601	5,857	2,052	-	-	9,510
Net cash provided by investing activities	1,601	5,857	2,052	-	-	9,510
Net increase (decrease) in cash and cash equivalents	(38,139)	(15,504)	(363,419)	-	-	(417,062)
Balances-beginning of the year	150,769	485,387	363,419	-	-	999,575
Balances-end of the year	<u>\$ 112,630</u>	<u>\$ 469,883</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 582,513</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>						
Operating income (loss)	\$ (65,955)	\$ (25,139)	\$ (136,009)	\$ (44,600)	\$ 30,071	\$ (241,632)
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation and amortization expense	5,325	-	60,686	46,602	2,236	114,849
Decrease (increase) in receivables	7,964	2,984	(235,350)	(4,104)	60,045	(168,461)
Increase (decrease) in payables	2,042	794	115,759	15,592	377,832	512,019
Net cash provided by (used for) operating activities	<u>\$ (50,624)</u>	<u>\$ (21,361)</u>	<u>\$ (194,914)</u>	<u>\$ 13,490</u>	<u>\$ 470,184</u>	<u>\$ 216,775</u>

**Noncash capital financing activities:**

During the fiscal year, there were none.

**CITY OF UKIAH**  
**Combining Statement of Net Position**  
**Internal Service Funds**  
**June 30, 2014**

	Garage	Public Safety Dispatch	Purchasing	Billing & Collection	Workers' Comp Insurance	Liability Insurance	Totals
<b>ASSETS</b>							
Current assets:							
Cash and cash equivalents	\$ 42,454	\$ 285,086	\$ 48,212	\$ 460,770	\$ 394,615	\$ 284,327	\$ 1,515,464
Receivables(net)	1,465	-	47	-	15,421	-	16,933
Accrued interest	120	663	115	1,211	-	-	2,109
Inventory	-	-	-	-	-	-	-
Refundable deposits	760	-	-	-	-	-	760
<b>Total current assets</b>	<b>44,799</b>	<b>285,749</b>	<b>48,374</b>	<b>461,981</b>	<b>410,036</b>	<b>284,327</b>	<b>1,535,266</b>
Noncurrent assets:							
Advances to other funds	-	-	-	-	-	930,203	930,203
Capital assets:							
Buildings and improvements	327,113	-	-	-	-	-	327,113
Rolling equipment	43,649	-	4,769	-	-	-	48,418
Machinery and equipment	33,869	367,702	-	45,525	-	-	447,096
Less: Accumulated depreciation	(173,522)	(252,889)	(4,769)	(30,637)	-	-	(461,817)
<b>Total noncurrent assets</b>	<b>231,109</b>	<b>114,813</b>	<b>-</b>	<b>14,888</b>	<b>-</b>	<b>930,203</b>	<b>1,291,013</b>
<b>Total assets</b>	<b>275,908</b>	<b>400,562</b>	<b>48,374</b>	<b>476,869</b>	<b>410,036</b>	<b>1,214,530</b>	<b>2,826,279</b>
<b>LIABILITIES</b>							
Current liabilities:							
Accounts payable	3,725	48,666	-	7,397	-	-	59,788
Accrued salaries and benefits	7,523	23,339	4,588	11,625	-	-	47,075
Compensated absences	26,774	47,285	14,716	29,097	-	-	117,872
<b>Total current liabilities</b>	<b>38,022</b>	<b>119,290</b>	<b>19,304</b>	<b>48,119</b>	<b>-</b>	<b>-</b>	<b>224,735</b>
<b>Total liabilities</b>	<b>38,022</b>	<b>119,290</b>	<b>19,304</b>	<b>48,119</b>	<b>-</b>	<b>-</b>	<b>224,735</b>
<b>NET POSITION</b>							
Net investment in capital assets	231,109	114,813	-	14,888	-	-	360,810
Unrestricted	6,777	166,459	29,070	413,862	410,036	1,214,530	2,240,734
<b>Total net position</b>	<b>\$ 237,886</b>	<b>\$ 281,272</b>	<b>\$ 29,070</b>	<b>\$ 428,750</b>	<b>\$ 410,036</b>	<b>\$ 1,214,530</b>	<b>\$ 2,601,544</b>

**CITY OF UKIAH**  
**Combining Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Internal Service Funds**  
**For the Fiscal Year Ended June 30, 2014**

	Garage	Public Safety Dispatch	Purchasing	Billing & Collection	Workers' Comp	Liability Insurance	Totals
<b>OPERATING REVENUES</b>							
Current services	\$ 461,693	\$ 1,175,110	\$ 274,449	\$ 795,354	\$ -	\$ -	\$ 2,706,606
Incoming provision	-	-	-	-	781,798	463,344	1,245,142
Miscellaneous	502	-	52	27,853	-	59,408	87,815
Total operating revenues	<u>462,195</u>	<u>1,175,110</u>	<u>274,501</u>	<u>823,207</u>	<u>781,798</u>	<u>522,752</u>	<u>4,039,563</u>
<b>OPERATING EXPENSES</b>							
Salaries and benefits	310,144	825,641	190,631	442,915	-	-	1,769,331
Contractual services/lease	5,224	216,581	9,197	58,825	-	-	289,827
Other services and supplies	66,671	21,164	12,016	102,482	-	-	202,333
Interfund charges	23,881	66,346	68,850	245,398	-	-	404,475
Insurance premiums	-	-	-	-	652,426	601,074	1,253,500
Depreciation and amortization	8,801	22,871	-	3,923	-	-	35,595
Total operating expenses	<u>414,721</u>	<u>1,152,603</u>	<u>280,694</u>	<u>853,543</u>	<u>652,426</u>	<u>601,074</u>	<u>3,955,061</u>
Operating income (loss)	<u>47,474</u>	<u>22,507</u>	<u>(6,193)</u>	<u>(30,336)</u>	<u>129,372</u>	<u>(78,322)</u>	<u>84,502</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>							
Investment earnings	384	3,085	463	4,912	-	-	8,844
Net nonoperating revenues (expenses)	<u>384</u>	<u>3,085</u>	<u>463</u>	<u>4,912</u>	<u>-</u>	<u>-</u>	<u>8,844</u>
Income (loss) before transfers	<u>47,858</u>	<u>25,592</u>	<u>(5,730)</u>	<u>(25,424)</u>	<u>129,372</u>	<u>(78,322)</u>	<u>93,346</u>
Transfers out	<u>(10,000)</u>	<u>(7,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(17,000)</u>
Change in net position	37,858	18,592	(5,730)	(25,424)	129,372	(78,322)	76,346
Total net position, July 1	<u>200,028</u>	<u>262,680</u>	<u>34,800</u>	<u>454,174</u>	<u>280,664</u>	<u>1,292,852</u>	<u>2,525,198</u>
Total net position, June 30	<u>\$ 237,886</u>	<u>\$ 281,272</u>	<u>\$ 29,070</u>	<u>\$ 428,750</u>	<u>\$ 410,036</u>	<u>\$ 1,214,530</u>	<u>\$ 2,601,544</u>

**CITY OF UKIAH**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Fiscal Year Ended June 30, 2014**

	Garage	Public Safety Dispatch	Purchasing	Billing & Collection	Workers' Comp	Liability Insurance	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>							
Receipts from interfund services provided	\$ 461,334	\$ 341,637	\$ 274,454	\$ 823,667	\$ 782,462	\$ 522,752	\$ 3,206,306
Receipts from intergovernmental services	-	992,513	-	-	-	-	992,513
Payments for interfund services	(23,881)	(66,346)	(68,850)	(245,398)	-	-	(404,475)
Payments to suppliers	(71,687)	(222,702)	(23,116)	(160,943)	(652,426)	(601,074)	(1,731,948)
Payments to employees	(305,770)	(820,978)	(189,229)	(437,338)	-	-	(1,753,315)
Net cash provided by (used for) operating activities	59,996	224,124	(6,741)	(20,012)	130,036	(78,322)	309,081
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>							
Transfers out	(10,000)	(7,000)	-	-	-	-	(17,000)
Net cash provided by (used for) noncapital financing activities	(10,000)	(7,000)	-	-	-	-	(17,000)
<b>CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES</b>							
Payments to acquire capital assets	(21,844)	-	-	-	-	-	(21,844)
Net cash provided by (used for) capital related financing activities	(21,844)	-	-	-	-	-	(21,844)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
Interest receipts	336	2,758	629	6,144	-	-	9,867
Net cash provided by investing activities	336	2,758	629	6,144	-	-	9,867
Net increase (decrease) in cash and cash equivalents	28,488	219,882	(6,112)	(13,868)	130,036	(78,322)	280,104
Balances-beginning of the year	13,966	65,204	54,324	474,638	264,579	362,649	1,235,360
Balances-end of the year	<u>\$ 42,454</u>	<u>\$ 285,086</u>	<u>\$ 48,212</u>	<u>\$ 460,770</u>	<u>\$ 394,615</u>	<u>\$ 284,327</u>	<u>\$ 1,515,464</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>							
Operating income (loss)	\$ 47,474	\$ 22,507	\$ (6,193)	\$ (30,336)	\$ 129,372	\$ (78,322)	\$ 84,502
Adjustments to reconcile operating income to net cash provided by operating activities:							
Depreciation and amortization expense	8,801	22,871	-	3,923	-	-	35,595
Change in assets and liabilities:							
Decrease (increase) in receivables	(861)	159,040	(47)	460	664	-	159,256
Increase (decrease) in accounts payable	208	15,043	(1,903)	364	-	-	13,712
Increase (decrease) in other liabilities	4,374	4,663	1,402	5,577	-	-	16,016
Net cash provided by (used for) operating activities	<u>\$ 59,996</u>	<u>\$ 224,124</u>	<u>\$ (6,741)</u>	<u>\$ (20,012)</u>	<u>\$ 130,036</u>	<u>\$ (78,322)</u>	<u>\$ 309,081</u>

**Noncash capital financing activities:**

During the fiscal year, there were none.



**CITY OF UKIAH**  
**Combining Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2014**

	Private Purpose Trust				
	Special Deposit	Payroll Revolving	Downtown Business Improvement	Ukiah Successor Agency	Total Private Purpose Trust
<b>Assets</b>					
Cash and investments	\$ 866,727	\$ 550,389	\$ 503	\$ 4,414,059	\$ 5,831,678
Cash and investments with fiscal agent	-	-	-	5,760,668	5,760,668
Receivables:					
Accounts	15,220	202	829	-	16,251
Unbilled	-	-	-	-	-
Accrued interest	-	-	-	9,947	9,947
Real property held for resale	-	-	-	3,730,238	3,730,238
Capital assets	-	-	-	142,295	142,295
<b>Total assets</b>	<b>881,947</b>	<b>550,591</b>	<b>1,332</b>	<b>14,057,207</b>	<b>15,491,077</b>
<b>Liabilities</b>					
Accounts payable	18,495	2,798	-	5,604	26,897
Accrued salaries and benefits	-	-	-	390	390
Accrued interest	-	-	-	137,240	137,240
Payroll withholdings and employer contributions	-	547,793	-	-	547,793
Customer utility deposits	393,055	-	-	-	393,055
Other deposits	470,397	-	-	-	470,397
Due to other agencies					
Noncurrent liabilities:					
Due within one year	-	-	-	965,000	965,000
Due in more than one year	-	-	-	9,727,586	9,727,586
<b>Total liabilities</b>	<b>881,947</b>	<b>550,591</b>	<b>-</b>	<b>10,835,820</b>	<b>12,268,358</b>
<b>Net Position</b>					
Held in trust for other purposes	\$ -	\$ -	\$ 1,332	\$ 3,221,387	\$ 3,222,719

Agency

Ukiah Valley Sanitation District	Garbage Billing	Russian River Watershed	Total Agency
\$ 4,589,293	\$ 684,560	\$ 140,322	\$ 5,414,175
-	-	-	-
355,532	23,567	-	379,099
292,288	-	-	292,288
15,953	1,517	313	17,783
-	-	-	-
2,268,471	-	-	2,268,471
<u>\$ 7,521,537</u>	<u>\$ 709,644</u>	<u>\$ 140,635</u>	<u>\$ 8,371,816</u>
\$ 522,163	\$ 151,824	\$ 26,021	\$ 700,008
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
6,999,374	557,820	114,614	7,671,808
-	-	-	-
-	-	-	-
<u>\$ 7,521,537</u>	<u>\$ 709,644</u>	<u>\$ 140,635</u>	<u>\$ 8,371,816</u>

**CITY OF UKIAH**  
**Combining Statement of Changes in Fiduciary Net Position**  
**Private Purpose Trust Funds**  
**For the Fiscal Year Ended June 30, 2014**

	Private Purpose Trust				
	Special Deposit	Payroll Revolving	Downtown Business Improvement	Ukiah Successor Agency	Total Private Purpose Trust
Additions:					
Taxes	\$ -	\$ -	\$ 18,240	\$ 2,753,183	\$ 2,771,423
Interest, rents and concessions	-	-	-	38,642	38,642
Other revenues	-	-	-	201	201
<b>Total additions</b>	<b>-</b>	<b>-</b>	<b>18,240</b>	<b>2,792,026</b>	<b>2,810,266</b>
Deductions:					
Salaries and benefits	-	-	-	19,351	19,351
Contractual services	-	-	13,735	79,279	93,014
Internal charges	-	-	3,791	65,810	69,601
Interest and fiscal charges	-	-	-	677,277	677,277
<b>Total deductions</b>	<b>-</b>	<b>-</b>	<b>17,526</b>	<b>841,717</b>	<b>859,243</b>
Change in net position	-	-	714	1,950,309	1,951,023
Net position, July 1	-	-	618	1,271,078	1,271,696
Net position, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,332</u>	<u>\$ 3,221,387</u>	<u>\$ 3,222,719</u>

**CITY OF UKIAH**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the Fiscal Year Ended June 30, 2014**

	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
<b>Assets</b>				
Cash and investments:				
Ukiah Valley Sanitation District	\$ 6,849,057	\$ 5,178,774	\$ 7,438,538	\$ 4,589,293
Garbage Billing	641,146	908,572	865,158	684,560
Russian River Watershed	113,326	317,302	290,306	140,322
Receivables:				
Ukiah Valley Sanitation District	552,450	4,519,730	4,408,407	663,773
Garbage Billing	59,953	897,676	932,545	25,084
Russian River Watershed	586	313	586	313
Capital assets:				
Ukiah Valley Sanitation District	2,338,888	-	70,417	2,268,471
Garbage Billing	-	-	-	-
Russian River Watershed	-	-	-	-
<b>Total assets</b>	<b>\$ 10,555,406</b>	<b>\$ 11,822,367</b>	<b>\$ 14,005,957</b>	<b>\$ 8,371,816</b>
<b>Liabilities</b>				
Accounts payable:				
Ukiah Valley Sanitation District	\$ 14,095	\$ 7,362,945	\$ 6,854,877	\$ 522,163
Garbage Billing	149,345	715,259	712,780	151,824
Russian River Watershed	20,623	275,081	269,683	26,021
Due to other agencies:				
Ukiah Valley Sanitation District	9,726,300	5,228,600	7,955,526	6,999,374
Garbage Billing	551,754	870,670	864,604	557,820
Russian River Watershed	93,289	317,029	295,704	114,614
<b>Total liabilities</b>	<b>\$ 10,555,406</b>	<b>\$ 14,769,584</b>	<b>\$ 16,953,174</b>	<b>\$ 8,371,816</b>

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# ***Supplementary Financial Information Section***

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*Comparative statements for major enterprise funds*



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**CITY OF UKIAH**  
**Comparative Statement of Net Position**  
**Major Electric Enterprise**  
**June 30, 2014**

	June 30	
	2014	2013
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 8,638,658	\$ 9,533,290
Receivables:		
Accounts (net)	379,681	1,439,837
Unbilled	1,935,381	1,652,868
Interest	18,063	49,280
Inventory	933,522	915,459
Total current assets	11,905,305	13,590,734
Noncurrent assets:		
Restricted assets:		
Cash and cash equivalents	2,072,014	2,072,295
Capital assets:		
Land	1,403,672	1,403,672
Land improvements	35,751	35,751
Infrastructure systems	18,737,542	18,259,791
Buildings and improvements	25,437,975	25,437,975
Rolling equipment	1,700,362	1,327,705
Machinery and equipment	2,729,456	2,729,456
Less accumulated depreciation	(23,927,114)	(22,765,006)
Construction in progress	360,133	350,133
Total noncurrent assets	28,549,791	28,851,772
<b>Total assets</b>	<b>40,455,096</b>	<b>42,442,506</b>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	64,639	94,454
Accrued salaries and benefits	51,529	49,034
Compensated absences	121,521	118,626
Current liabilities payable from restricted assets:		
Interest payable	36,953	44,766
Long term obligations due in one year	1,610,000	1,500,000
Total current liabilities	1,884,642	1,806,880
Noncurrent liabilities:		
Revenue bonds	5,371,109	6,952,635
Total noncurrent liabilities	5,371,109	6,952,635
<b>Total liabilities</b>	<b>7,255,751</b>	<b>8,759,515</b>
<b>NET POSITION</b>		
Net investment in capital assets	19,496,668	18,326,842
Restricted for debt service	2,035,601	2,027,529
Unrestricted	11,667,076	13,328,620
<b>Total net position</b>	<b>\$ 33,199,345</b>	<b>\$ 33,682,991</b>

**CITY OF UKIAH**  
**Comparative Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Major Electric Enterprise**  
**For the Fiscal Year Ended June 30, 2014**

	Fiscal Year Ended June 30	
	2014	2013
<b>OPERATING REVENUES</b>		
Current services	\$ 14,697,774	\$ 14,993,473
Miscellaneous	296,136	146,702
Total operating revenues	<u>14,993,910</u>	<u>15,140,175</u>
<b>OPERATING EXPENSES</b>		
Purchased power	8,466,241	7,982,892
Maintenance and operations	3,561,410	3,788,608
General and administration	801,864	907,804
Depreciation and amortization	<u>1,162,108</u>	<u>1,151,923</u>
Total operating expenses	<u>13,991,623</u>	<u>13,831,227</u>
Operating income (loss)	<u>1,002,287</u>	<u>1,308,948</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Interest and investment revenue	86,746	37,815
Interest expense and fiscal charges	<u>(563,261)</u>	<u>(651,856)</u>
Net nonoperating revenues (expenses)	<u>(476,515)</u>	<u>(614,041)</u>
Income (loss) before transfers	525,772	694,907
Transfers out	<u>(1,009,418)</u>	<u>(1,029,127)</u>
Change in net position	(483,646)	(334,220)
Total net position, July 1	<u>33,682,991</u>	<u>34,017,211</u>
Total net position, June 30	<u>\$ 33,199,345</u>	<u>\$ 33,682,991</u>



**CITY OF UKIAH**  
**Comparative Statement of Cash Flows**  
**Major Electric Enterprise**  
**For the Fiscal Year Ended June 30, 2014**

	Fiscal Year Ended June 30	
	2014	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	\$ 15,771,553	\$ 14,842,087
Payments for interfund services	(10,101,256)	(10,321,758)
Payments to suppliers	(2,175,916)	(1,741,037)
Payments to employees	(594,831)	(549,549)
Net cash provided by (used for) operating activities	2,899,550	2,229,743
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Transfers out	(1,009,418)	(1,029,127)
Net cash provided by (used for) noncapital financing activities	(1,009,418)	(1,029,127)
<b>CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES</b>		
Payments to acquire capital assets	(860,408)	(426,194)
Payments on long-term debt principal	(1,500,000)	(1,410,000)
Interest paid on long-term debt	(537,187)	(625,312)
Trustee fees	(5,413)	(5,414)
Net cash provided by (used for) capital related financing activities	(2,903,008)	(2,466,920)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest receipts	117,963	(11,465)
Net cash provided by investing activities	117,963	(11,465)
Net increase (decrease) in cash and cash equivalents	(894,913)	(1,277,769)
Balances-beginning of the year	11,605,585	12,883,354
Balances-end of the year	\$ 10,710,672	\$ 11,605,585
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>		
Operating income (loss)	\$ 1,002,287	\$ 1,308,948
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization expense	1,162,108	1,151,923
Decrease (increase) in receivables	777,643	(298,088)
Decrease (increase) in inventory	(18,063)	47,633
Increase (decrease) in payables	(24,425)	19,327
	\$ 2,899,550	\$ 2,229,743

**Noncash capital financing activities:**

During the fiscal year, there were none.

**CITY OF UKIAH**  
**Comparative Statement of Net Position**  
**Major Water Enterprise**  
**June 30, 2014**

	June 30	
	2014	2013
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 5,890,298	\$ 3,622,522
Receivables:		
Accounts (net)	157,231	244,398
Unbilled	855,446	817,724
Interest	13,874	18,728
Refundable deposits	3,730	3,730
Inventory	85,721	82,678
Total current assets	7,006,300	4,789,780
Noncurrent assets:		
Capital assets:		
Land	70,126	70,126
Land improvements	142,156	129,206
Infrastructure systems	9,080,305	9,080,305
Buildings and improvements	18,130,288	18,130,288
Rolling equipment	461,797	409,432
Machinery and equipment	2,019,960	2,019,960
Less accumulated depreciation	(9,142,456)	(8,501,511)
Construction in progress	295,927	223,916
Total noncurrent assets	21,058,103	21,561,722
<b>Total assets</b>	<b>28,064,403</b>	<b>26,351,502</b>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	145,781	61,912
Accrued salaries and benefits	28,905	24,485
Compensated absences	63,229	56,301
Interest payable	188,548	194,744
Long term obligations due in one year	488,042	468,200
Total current liabilities	914,505	805,642
Noncurrent liabilities due in more than one year:		
Installment agreement	11,931,622	12,285,707
State loans	1,117,413	1,255,451
Advances from other funds	745,000	745,000
Total noncurrent liabilities	13,794,035	14,286,158
<b>Total liabilities</b>	<b>14,708,540</b>	<b>15,091,800</b>
<b>NET POSITION</b>		
Net investment in capital assets	7,521,026	7,552,364
Unrestricted	5,834,837	3,707,338
<b>Total net position</b>	<b>\$ 13,355,863</b>	<b>\$ 11,259,702</b>

**CITY OF UKIAH**  
**Comparative Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Major Water Enterprise**  
**For the Fiscal Year Ended June 30, 2014**

	Fiscal Year Ened June 30	
	2014	2013
<b>OPERATING REVENUES</b>		
Current services	\$ 5,997,957	\$ 5,710,278
Miscellaneous	8,718	103,421
Total operating revenues	<u>6,006,675</u>	<u>5,813,699</u>
<b>OPERATING EXPENSES</b>		
Maintenance and operations	1,779,625	1,739,054
General and administration	708,320	707,455
Depreciation and amortization	640,945	591,738
Total operating expenses	<u>3,128,890</u>	<u>3,038,247</u>
Operating income (loss)	<u>2,877,785</u>	<u>2,775,452</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Interest and investment revenue	56,550	33,497
Interest expense and fiscal charges	(588,174)	(613,102)
Net nonoperating revenues (expenses)	<u>(531,624)</u>	<u>(579,605)</u>
Income (loss) before transfers	2,346,161	2,195,847
Transfers out	<u>(250,000)</u>	<u>(15,000)</u>
Change in net position	2,096,161	2,180,847
Total net position, July 1	<u>11,259,702</u>	<u>9,078,855</u>
Total net position, June 30	<u><u>\$ 13,355,863</u></u>	<u><u>\$ 11,259,702</u></u>

**CITY OF UKIAH**  
**Comparative Statement of Cash Flows**  
**Major Water Enterprise**  
**For the Fiscal Year Ended June 30, 2014**

	Fiscal Year Ended June 30	
	2014	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	\$ 6,056,120	\$ 5,583,439
Payments for interfund services	(296,403)	(262,729)
Payments to suppliers	(924,490)	(1,718,765)
Payments to employees	(1,174,877)	(524,834)
Net cash provided by (used for) operating activities	<u>3,660,350</u>	<u>3,077,111</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Transfers out	(250,000)	(15,000)
Net cash provided by (used for) noncapital financing activities	<u>(250,000)</u>	<u>(15,000)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES</b>		
Payments to acquire capital assets	(137,327)	(269,693)
Payments on long-term debt principal	(468,196)	(453,632)
Interest paid on long-term debt	(598,455)	(622,148)
Net cash provided by (used for) capital related financing activities	<u>(1,203,978)</u>	<u>(1,345,473)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest receipts	71,404	4,769
Net cash provided by investing activities	<u>71,404</u>	<u>4,769</u>
Net increase (decrease) in cash and cash equivalents	2,277,776	1,721,407
Balances-beginning of the year	3,612,522	1,901,115
Balances-end of the year	<u>\$ 5,890,298</u>	<u>\$ 3,622,522</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>		
Operating income (loss)	\$ 2,877,785	\$ 2,775,452
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization expense	640,945	591,738
Decrease (increase) in receivables	49,445	(230,260)
Decrease (increase) in refundable deposits	-	300
Decrease (increase) in inventory	(3,043)	4,615
Increase (decrease) in payables	95,218	(64,734)
	<u>\$ 3,660,350</u>	<u>\$ 3,077,111</u>

**Noncash capital financing activities:**

During the fiscal year, there were none.

**CITY OF UKIAH**  
**Comparative Statement of Net Position**  
**Major Wastewater Enterprise**  
**June 30, 2014**

	June 30	
	2014	2013
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 15,390,406	\$ 15,157,205
Receivables:		
Accounts (net)	122,662	51,111
Unbilled	619,728	517,283
Interest	29,280	77,914
Total current assets	16,162,076	15,803,513
Noncurrent assets:		
Capital assets:		
Land	670,431	670,431
Land improvements	120,290	120,290
Infrastructure systems	81,511,072	81,511,072
Buildings and improvements	10,193,131	10,179,727
Rolling equipment	575,539	246,573
Machinery and equipment	1,461,565	1,461,565
Less accumulated depreciation	(14,979,094)	(13,101,189)
Construction in progress	1,714,431	1,704,506
Total noncurrent assets	81,267,365	82,792,975
<b>Total assets</b>	<b>97,429,441</b>	<b>98,596,488</b>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	115,481	118,353
Accrued salaries and benefits	35,163	33,311
Compensated absences	99,696	104,243
Interest payable	1,005,926	1,065,096
Long term obligations due in one year	2,251,549	2,169,854
Total current liabilities	3,507,815	3,490,857
Noncurrent liabilities due in more than one year:		
Installment agreement	64,899,067	66,751,331
State loans	413,252	814,801
Total noncurrent liabilities	65,312,319	67,566,132
<b>Total liabilities</b>	<b>68,820,134</b>	<b>71,056,989</b>
<b>NET POSITION</b>		
Net investment in capital assets	13,703,497	13,056,989
Unrestricted	14,905,810	14,482,510
<b>Total net position</b>	<b>\$ 28,609,307</b>	<b>\$ 27,539,499</b>

**CITY OF UKIAH**  
**Comparative Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Major Wastewater Enterprise**  
**For the Fiscal Year Ended June 30, 2014**

	Fiscal Year Ended June 30	
	2014	2013
<b>OPERATING REVENUES</b>		
Current services	\$ 4,821,018	\$ 4,754,625
Operating charges allocated to UVSD	1,515,542	1,699,988
Debt service charges allocated to UVSD	2,478,879	2,485,486
Miscellaneous	17,318	66,122
Total operating revenues	<u>8,832,757</u>	<u>9,006,221</u>
<b>OPERATING EXPENSES</b>		
Maintenance and operations	2,622,192	2,746,425
General and administration	568,013	803,093
Depreciation and amortization	1,877,905	1,892,642
Total operating expenses	<u>5,068,110</u>	<u>5,442,160</u>
Operating income (loss)	<u>3,764,647</u>	<u>3,564,061</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Equity allocation to UVSD	-	(2,792,740)
Interest and investment revenue	123,366	79,277
Interest expense and fiscal charges	(3,050,205)	(3,195,431)
Net nonoperating revenues (expenses)	<u>(2,926,839)</u>	<u>(5,908,894)</u>
Income (loss) before transfers	837,808	(2,344,833)
Transfers out	(68,000)	(18,000)
Change in net position	769,808	(2,362,833)
Total net position, July 1	<u>27,839,499</u>	<u>30,202,332</u>
Total net position, June 30	<u>\$ 28,609,307</u>	<u>\$ 27,839,499</u>

**CITY OF UKIAH**  
**Comparative Statement of Cash Flows**  
**Major Wastewater Enterprise**  
**For the Fiscal Year Ended June 30, 2014**

	Fiscal Year Ended June 30	
	2014	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers and users	\$ 8,658,761	\$ 8,989,755
Payments for interfund services	(320,100)	(305,866)
Payments to suppliers	(1,431,419)	(2,245,398)
Payments to employees	(1,444,252)	(1,037,897)
Net cash provided by (used for) operating activities	5,462,990	5,400,594
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Transfers out	(68,000)	(18,000)
Net cash provided by (used for) noncapital financing activities	(68,000)	(18,000)
<b>CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES</b>		
Payments to acquire capital assets	(52,295)	(158,112)
Equity allocation to UVSD	-	(1,710,103)
Payments on long-term debt principal	(2,169,854)	(2,098,499)
Interest paid on long-term debt	(3,111,639)	(3,189,995)
Net cash provided by (used for) capital related financing activities	(5,333,788)	(7,156,709)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest receipts	171,999	1,363
Net cash provided by investing activities	171,999	1,363
Net increase (decrease) in cash and cash equivalents	233,201	(1,772,752)
Balances-beginning of the year	15,157,205	16,929,957
Balances-end of the year	\$ 15,390,406	\$ 15,157,205
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>		
Operating income (loss)	\$ 3,764,647	\$ 3,564,061
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization expense	1,877,905	1,892,642
Decrease (increase) in receivables	(173,996)	(16,466)
Increase (decrease) in payables	(5,566)	(39,643)
	\$ 5,462,990	\$ 5,400,594

**Noncash capital financing activities:**

During the fiscal year, there were none.

**CITY OF UKIAH**  
**Comparative Statement of Net Position**  
**Major Disposal Site Enterprise**  
**June 30, 2014**

	June 30	
	2014	2013
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 8,542,337	\$ 8,728,087
Receivables:		
Accounts (net)	11,192	16,251
Interest	19,024	45,129
Total current assets	8,572,553	8,789,467
Noncurrent assets:		
Capital assets:		
Land	699,654	699,654
Rolling equipment	101,296	101,296
Machinery and equipment	404,039	404,039
Less accumulated depreciation	(356,534)	(343,787)
Total noncurrent assets	848,455	861,202
<b>Total assets</b>	<b>9,421,008</b>	<b>9,650,669</b>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	219	7,550
Accrued salaries and benefits	1,912	915
Compensated absences	6,171	6,310
Total current liabilities	8,302	14,775
Noncurrent liabilities due in more more than one year:		
Landfill Closure/Postclosure	9,062,877	8,928,942
Total noncurrent liabilities	9,062,877	8,928,942
<b>Total liabilities</b>	<b>9,071,179</b>	<b>8,943,717</b>
<b>NET POSITION</b>		
Net investment in capital assets	848,455	861,202
Unrestricted	(498,626)	(154,250)
<b>Total net position</b>	<b>\$ 349,829</b>	<b>\$ 706,952</b>



**CITY OF UKIAH**  
**Comparative Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Major Disposal Site Enterprise**  
**For the Fiscal Year Ended June 30, 2014**

	Fiscal Year Ened June 30	
	2014	2013
<b>OPERATING REVENUES</b>		
Current services	\$ 124,857	\$ 122,037
Miscellaneous	7,430	7,284
Total operating revenues	<u>132,287</u>	<u>129,321</u>
<b>OPERATING EXPENSES</b>		
Maintenance and operations	560,731	400,909
Depreciation and amortization	12,747	12,748
Total operating expenses	<u>573,478</u>	<u>413,657</u>
Operating income (loss)	<u>(441,191)</u>	<u>(284,336)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Interest and investment revenue	84,068	43,984
Net nonoperating revenues (expenses)	<u>84,068</u>	<u>43,984</u>
Income (loss) before transfers	(357,123)	(240,352)
Transfers	-	-
Change in net position	(357,123)	(240,352)
Total net position, July 1	<u>706,952</u>	<u>947,304</u>
Total net position, June 30	<u>\$ 349,829</u>	<u>\$ 706,952</u>

**CITY OF UKIAH**  
**Comparative Statement of Cash Flows**  
**Major Disposal Site Enterprise**  
**For the Fiscal Year Ended June 30, 2014**

	Fiscal Year Ended June 30	
	2014	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	\$ 137,346	\$ 123,893
Payments for interfund services	(4,164)	(1,332)
Payments to suppliers	(352,095)	(217,891)
Payments to employees	(77,010)	(22,139)
Net cash provided by (used for) operating activities	(295,923)	(117,469)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Net cash provided by (used for) noncapital financing activities	-	-
<b>CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES</b>		
Net cash provided by (used for) capital related financing activities	-	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest receipts	110,173	(1,145)
Net cash provided by investing activities	110,173	(1,145)
Net increase (decrease) in cash and cash equivalents	(185,750)	(118,614)
Balances-beginning of the year	8,728,087	8,846,701
Balances-end of the year	\$ 8,542,337	\$ 8,728,087
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>		
Operating income (loss)	\$ (441,191)	\$ (284,336)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization expense	12,747	12,748
Decrease (increase) in receivables	5,059	(5,428)
Increase (decrease) in payables	127,462	159,547
	\$ (295,923)	\$ (117,469)

**Noncash capital financing activities:**

During the fiscal year, there were none.

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# Statistical Section

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This part of the City of Ukiah's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

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## Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being changed over time.

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## Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue sources.

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## Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.

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## Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

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## Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and activities it performs.



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Table 1

**City of Ukiah**  
**Net Position by Component**  
**Last Ten Fiscal Years**  
(accrual basis of accounting)

As of June 30	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Governmental Activities</b>										
Net investment in capital assets	\$ 2,911,896	\$ 9,312,036	\$ 21,865,791	\$ 21,427,557	\$ 22,328,676	\$ 31,547,564	\$ 17,407,569	\$ 26,649,167	\$ 27,304,019	\$ 27,139,213
Restricted	5,032,681	5,850,088	7,605,826	7,078,491	7,107,257	7,574,594	17,276,255	3,086,157	3,025,432	6,021,075
Unrestricted	14,082,581	10,631,881	13,735,320	19,470,248	22,069,011	7,547,784	14,030,594	17,420,652	15,461,713	12,110,479
Total governmental activities net position	<u>22,027,158</u>	<u>25,794,005</u>	<u>43,206,937</u>	<u>47,976,296</u>	<u>51,504,944</u>	<u>46,669,942</u>	<u>48,714,418</u>	<u>47,155,976</u>	<u>45,791,164</u>	<u>45,270,767</u>
<b>Business-type Activities</b>										
Net investment in capital assets	19,242,039	5,983,855	24,173,407	28,606,388	22,508,736	33,203,171	40,266,700	48,101,086	44,514,348	46,693,900
Restricted	1,129,719	1,037,126	2,015,181	2,003,618	1,999,495	2,006,773	2,172,384	4,128,472	2,027,529	2,072,014
Unrestricted	28,343,409	44,611,585	38,754,350	40,386,700	46,697,741	40,762,605	33,817,844	28,366,417	32,460,639	31,604,793
Total business-type activities net position	<u>48,715,167</u>	<u>51,632,566</u>	<u>64,942,938</u>	<u>70,996,706</u>	<u>71,205,972</u>	<u>75,972,549</u>	<u>76,256,928</u>	<u>80,595,975</u>	<u>79,002,516</u>	<u>80,370,707</u>
<b>Primary government</b>										
Net investment in capital assets	22,153,935	15,295,891	46,039,198	50,033,945	44,837,412	64,750,735	57,674,269	74,750,253	71,818,367	73,833,113
Restricted	6,162,400	6,887,214	9,621,007	9,082,109	9,106,752	9,581,367	19,448,639	7,214,629	5,052,961	8,093,089
Unrestricted	42,425,990	55,243,466	52,489,670	59,856,948	68,766,752	48,310,389	47,848,438	45,787,069	47,922,352	43,715,272
Total primary government	<u>\$ 70,742,325</u>	<u>\$ 77,426,571</u>	<u>\$ 108,149,875</u>	<u>\$ 118,973,002</u>	<u>\$ 122,710,916</u>	<u>\$ 122,642,491</u>	<u>\$ 124,971,346</u>	<u>\$ 127,751,951</u>	<u>\$ 124,793,680</u>	<u>\$ 125,641,474</u>

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

For Fiscal Year Ended June 30	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Expenses</b>										
Governmental Activities:										
General government	\$ 2,103,504	\$ 2,255,304	\$ 2,905,386	\$ 3,411,371	\$ 2,908,643	\$ 2,837,619	\$ 2,479,770	\$ 2,570,568	\$ 2,956,583	\$ 3,715,968
Public safety	6,434,118	7,034,888	8,090,623	8,640,259	9,233,988	9,181,714	9,595,075	9,827,504	10,514,943	9,867,900
Public works	1,580,300	1,891,584	3,004,298	3,273,011	2,002,957	1,577,833	3,097,652	2,206,556	2,109,273	2,290,261
Housing and community development	2,509,635	1,065,156	1,823,274	2,037,947	2,525,679	10,308,280	3,598,630	1,223,579	1,254,265	832,020
Parks and recreation	1,542,652	1,734,575	2,044,667	2,066,409	2,392,889	1,985,137	2,466,386	2,262,816	2,481,572	2,540,689
Interest on long-term debt	471,819	456,596	438,919	365,021	333,081	317,152	451,141	420,132	-	-
<b>Total governmental activities expenses</b>	<b>14,642,028</b>	<b>14,438,103</b>	<b>18,307,167</b>	<b>19,794,018</b>	<b>19,397,237</b>	<b>26,207,735</b>	<b>21,688,654</b>	<b>18,511,155</b>	<b>19,316,636</b>	<b>19,246,838</b>
Business-Type Activities:										
Electric	12,277,555	13,299,458	18,638,548	14,065,295	16,739,318	14,900,706	12,859,394	13,980,276	14,483,083	14,554,884
Water	2,302,426	2,701,788	3,093,685	3,549,376	3,850,248	3,629,692	3,289,935	3,414,760	3,651,349	3,717,064
Wastewater	2,432,729	3,082,231	2,956,066	3,579,514	3,755,359	3,301,200	8,329,472	8,243,340	8,637,591	8,118,315
Disposal site	513,606	599,306	597,001	428,253	430,643	381,384	196,168	340,324	413,657	573,478
Nonmajor activities	2,036,486	2,540,337	2,822,013	3,052,273	2,920,083	2,636,680	2,756,727	2,980,963	2,648,970	2,196,295
<b>Total business-type expenses</b>	<b>19,562,802</b>	<b>22,223,120</b>	<b>28,107,313</b>	<b>24,674,711</b>	<b>27,695,651</b>	<b>24,849,662</b>	<b>27,431,696</b>	<b>28,959,663</b>	<b>29,834,650</b>	<b>29,160,036</b>
<b>Total Expenses</b>	<b>\$ 34,204,830</b>	<b>\$ 36,661,223</b>	<b>\$ 46,414,480</b>	<b>\$ 44,468,729</b>	<b>\$ 47,092,888</b>	<b>\$ 51,057,397</b>	<b>\$ 49,120,350</b>	<b>\$ 47,470,818</b>	<b>\$ 49,151,286</b>	<b>\$ 48,406,874</b>
<b>Program Revenues</b>										
Governmental Activities:										
Charges for services:										
General government	\$ 1,244,847	\$ 1,392,245	\$ 1,646,230	\$ 1,690,431	\$ 1,410,045	\$ 1,642,298	\$ 1,843,825	\$ 1,630,601	\$ 1,005,296	\$ 1,255,815
Public safety	762,060	1,004,252	880,847	953,588	1,099,193	1,111,741	1,092,577	1,080,981	1,224,421	851,328
Public works	285,372	344,892	612,019	1,300,523	1,000,841	584,329	587,676	554,639	368,895	682,559
Housing and community development	59,567	370,941	568,782	967,723	990,501	326,202	210,910	211,904	456,294	197,003
Parks and recreation	402,935	439,080	430,863	588,767	588,419	632,037	751,854	716,363	1,072,615	749,548
Operating grants and contributions	1,669,541	734,231	1,498,513	326,298	447,551	1,011,588	1,320,581	1,062,183	1,237,955	1,097,599
Capital grants and contributions	250,614	287,393	1,964,588	1,910,704	657,583	2,720,942	2,430,383	3,098,450	250,992	483,992
<b>Total governmental activities</b>	<b>4,674,936</b>	<b>4,573,034</b>	<b>7,601,842</b>	<b>7,738,034</b>	<b>6,194,133</b>	<b>8,029,137</b>	<b>8,237,806</b>	<b>8,355,121</b>	<b>5,616,468</b>	<b>5,317,844</b>
Business-Type Activities:										
Charges for services:										
Electric	14,568,144	15,318,680	15,437,412	15,988,323	15,259,236	15,148,212	15,314,426	16,157,282	15,140,175	14,993,910
Water	1,915,595	2,314,645	2,645,216	2,919,950	2,866,811	2,698,212	4,039,757	4,935,691	5,813,699	6,006,675
Wastewater	2,594,745	4,065,442	5,320,114	6,243,311	7,008,738	7,419,735	6,423,276	9,786,375	6,213,481	8,832,757
Disposal site	73,188	66,341	93,636	66,597	67,297	66,947	108,401	127,228	129,321	132,287
Nonmajor activities	1,818,159	2,155,035	2,681,329	2,857,667	2,866,554	2,446,397	2,508,685	2,905,410	2,467,226	1,965,547
Operating grants and contributions	20,397	19,926	20,451	19,905	19,920	20,155	10,359	10,660	40,717	57,271
Capital grants and contributions	38,584	769,167	746,011	822,113	684,170	1,737,550	-	-	-	-
<b>Total business-type activities</b>	<b>21,028,812</b>	<b>24,709,236</b>	<b>26,944,169</b>	<b>28,917,866</b>	<b>28,772,726</b>	<b>29,537,208</b>	<b>28,404,904</b>	<b>33,922,646</b>	<b>29,804,619</b>	<b>31,988,447</b>
<b>Total Program Revenues</b>	<b>\$ 25,703,748</b>	<b>\$ 29,282,270</b>	<b>\$ 34,546,011</b>	<b>\$ 36,655,900</b>	<b>\$ 34,966,859</b>	<b>\$ 37,566,345</b>	<b>\$ 36,642,710</b>	<b>\$ 42,277,767</b>	<b>\$ 35,421,087</b>	<b>\$ 37,306,291</b>
Net (Expense)/Revenue:										
Governmental activities	\$ (9,967,092)	\$ (9,865,069)	\$ (10,705,325)	\$ (12,055,984)	\$ (13,203,104)	\$ (18,178,598)	\$ (13,450,848)	\$ (10,156,034)	\$ (13,700,168)	\$ (13,928,994)
Business-type activities	1,466,010	2,486,116	(1,163,144)	4,243,155	1,077,075	4,687,546	973,208	4,962,983	(30,031)	2,828,411
<b>Total Net Expense</b>	<b>\$ (8,501,082)</b>	<b>\$ (7,378,953)</b>	<b>\$ (11,868,469)</b>	<b>\$ (7,812,829)</b>	<b>\$ (12,126,029)</b>	<b>\$ (13,491,052)</b>	<b>\$ (12,477,640)</b>	<b>\$ (5,193,051)</b>	<b>\$ (13,730,199)</b>	<b>\$ (11,100,583)</b>

continued

Table 2

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

For Fiscal Year Ended June 30	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>General Revenues</b>										
Governmental Activities:										
Property taxes	\$ 3,594,440	\$ 4,202,837	\$ 5,105,884	\$ 5,365,559	\$ 5,741,393	\$ 5,106,817	\$ 4,426,250	\$ 3,182,981	\$ 1,484,934	\$ 1,251,189
Sales taxes	4,085,720	5,557,289	6,894,257	7,154,547	6,439,622	5,776,015	6,951,957	6,518,506	6,901,284	7,134,537
Transient occupancy taxes	423,303	489,659	604,080	753,715	710,053	661,149	691,627	775,547	828,000	959,570
Vehicle in-lieu taxes	1,154,667	1,009,912	1,187,612	1,228,550	1,266,285	1,295,970	1,311,862	1,238,660	1,229,156	1,237,181
Other taxes	779,937	929,154	928,336	927,083	910,424	936,854	891,717	917,930	929,173	916,007
Interest and investment earnings	593,336	369,480	495,784	450,344	398,868	300,784	173,255	175,318	91,117	93,521
Transfers	572,356	1,073,585	737,079	945,545	1,265,107	1,012,185	1,408,163	1,065,910	871,692	1,816,592
Total general revenues, transfers and special items	11,203,759	13,631,916	15,953,032	16,825,343	16,731,752	15,089,774	15,854,831	13,874,852	12,335,356	13,408,597
Business-Type Activities:										
Interest and investment earnings	869,319	1,504,868	2,447,206	2,756,158	2,297,298	1,091,216	719,334	441,974	200,899	356,372
Special item: Transfer to other agency	-	-	-	-	(1,900,000)	-	-	-	-	-
Transfers In/(Out)	(572,356)	(1,073,585)	(737,079)	(945,545)	(1,265,107)	(1,012,185)	(1,408,163)	(1,065,910)	(584,482)	(1,816,592)
Total business-type activities	296,963	431,283	1,710,127	1,810,613	(867,809)	79,031	(688,829)	(623,936)	(383,583)	(1,460,220)
Total Primary Government	\$ 11,500,722	\$ 14,063,199	\$ 17,663,159	\$ 18,635,956	\$ 15,863,943	\$ 15,168,805	\$ 15,166,002	\$ 13,250,916	\$ 11,951,773	\$ 11,948,377
<b>Extraordinary items</b>										
Governmental activities	\$ 67,866	\$ -	\$ -	\$ -	\$ -	\$ (1,746,178) <sup>b</sup>	\$ (359,507) <sup>b</sup>	\$ (5,277,260) <sup>d</sup>	\$ -	\$ -
Business-type activities	-	-	-	-	-	-	-	-	-	-
Total Extraordinary Items	\$ 67,866	\$ -	\$ -	\$ -	\$ -	\$ (1,746,178)	\$ (359,507)	\$ (5,277,260)	\$ -	\$ -
<b>Accounting Change - Accumulative Effect</b>										
Governmental activities	\$ -	\$ -	\$ 12,165,225	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Business-type activities	-	-	12,763,389	-	-	-	-	-	(1,179,845) <sup>e</sup>	-
Total Extraordinary Items	\$ -	\$ -	\$ 24,928,614 <sup>a</sup>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,179,845)	\$ -
<b>Change in Net Position</b>										
Governmental activities	\$ 1,304,533	\$ 3,766,847	\$ 17,412,932	\$ 4,769,359	\$ 3,528,648	\$ (4,835,002)	\$ 2,044,476	\$ (1,558,442)	\$ (1,364,812)	\$ (520,397)
Business-type activities	1,762,973	2,917,399	13,310,372	6,053,768	209,266	4,766,577	284,379	4,339,047	(1,593,459)	1,368,191
Total Net Position	\$ 3,067,506	\$ 6,684,246	\$ 30,723,304	\$ 10,823,127	\$ 3,737,914	\$ (68,425)	\$ 2,328,855	\$ 2,780,605	\$ (2,958,271)	\$ 847,794

<sup>a</sup> = City adopted the provisions of GASB 34 with regard to the capitalization and reporting of infrastructure.

<sup>b</sup> = City, through the Ukiah Redevelopment Agency, was required to make a payment to the Supplemental Revenue Augmentation Fund.

<sup>c</sup> = City, through the Ukiah Redevelopment Agency, expended \$4,197,996 on land held for resale, and contributed \$4,240,528 for projects of outside agencies.

<sup>d</sup> = Adjustment due to the dissolution of the Ukiah Redevelopment Agency.

<sup>e</sup> = City adopted policy to expense debt issue costs in year costs were incurred.



Table 3

**City of Ukiah**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
(modified accrual basis of accounting)

As of June 30	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011 <sup>a</sup>	2012	2013	2014
General Fund:										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 877,506	\$ 559,134	\$ 619,044	\$ 619,044
Committed	-	-	-	-	-	-	146,147	-	183,956	203,105
Assigned	-	-	-	-	-	-	4,686,766	4,851,110	89,859	-
Unassigned	-	-	-	-	-	-	527,381	1,454,665	4,381,047	4,233,953
Reserved	584,197	1,444,418	2,388,819	1,121,539	1,184,675	1,365,187	-	-	-	-
Unreserved	3,034,712	2,007,003	1,790,710	3,849,361	3,723,221	4,325,375	-	-	-	-
Total general fund	<u>\$ 3,618,909</u>	<u>\$ 3,451,421</u>	<u>\$ 4,179,529</u>	<u>\$ 4,970,900</u>	<u>\$ 4,907,896</u>	<u>\$ 5,690,562</u>	<u>\$ 6,237,800</u>	<u>\$ 6,864,909</u>	<u>\$ 5,273,906</u>	<u>\$ 5,056,102</u>
All Other Governmental Funds:										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-	13,404,870	5,867,124	4,486,098	4,805,526
Committed	-	-	-	-	-	-	756,047	1,235,785	713,402	3,569,505
Assigned	-	-	-	-	-	-	7,759,509	3,460,240	5,832,173	2,514,649
Unassigned	-	-	-	-	-	-	-	-	(894,993)	(736,226)
Reserved	8,853,816	7,201,180	8,750,121	10,437,242	11,738,706	6,402,686	-	-	-	-
Unreserved	4,900,994	9,798,546	11,967,164	14,335,315	15,634,574	10,027,963	-	-	-	-
Total all other governmental funds	<u>\$ 13,754,810</u>	<u>\$ 16,999,726</u>	<u>\$ 20,717,285</u>	<u>\$ 24,772,557</u>	<u>\$ 27,373,280</u>	<u>\$ 16,430,649</u>	<u>\$ 21,920,426</u>	<u>\$ 10,563,149</u>	<u>\$ 10,136,680</u>	<u>\$ 10,153,454</u>

<sup>a</sup> = The City adopted the provisions of GASB Statement No. 54 in 2011. Prior year amounts were not restated.

Table 4

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

Function	Fiscal year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Revenues</b>										
Property taxes	\$ 3,544,453	\$ 4,202,837	\$ 5,105,884	\$ 5,365,559	\$ 5,741,393	\$ 5,106,817	\$ 4,426,250	\$ 3,182,981	\$ 1,484,934	\$ 1,251,189
Sales taxes	4,085,720	5,557,289	6,894,257	7,154,547	6,439,622	5,776,015	6,807,971	6,465,410	6,977,233	7,104,666
Transient occupancy taxes	423,303	489,659	604,080	753,715	710,053	661,149	691,627	775,547	828,000	925,191
Other taxes	829,924	929,154	928,336	927,083	910,424	936,854	891,717	917,930	929,173	950,386
Licenses & permits	167,521	153,096	208,573	142,036	155,807	337,508	344,593	434,492	272,070	292,688
Fines & forfeitures	85,634	74,744	96,112	128,797	145,971	195,817	295,613	270,468	319,189	256,776
Intergovernmental	2,864,640	2,164,530	3,813,212	3,615,552	2,424,259	4,419,645	4,626,790	4,756,038	2,964,207	3,270,042
Interest and rents	1,401,423	1,486,174	1,873,653	2,476,051	2,563,121	1,565,187	1,264,421	1,083,685	224,129	340,887
Charges for services	725,125	696,649	989,142	924,657	922,787	1,024,323	1,309,827	1,146,590	1,580,632	1,013,534
Miscellaneous	74,877	290,467	1,018,824	735,691	479,909	301,866	497,661	375,103	243,654	493,158
<b>Total revenues</b>	<b>14,202,620</b>	<b>16,044,599</b>	<b>21,532,073</b>	<b>22,223,688</b>	<b>20,493,346</b>	<b>20,325,181</b>	<b>21,156,470</b>	<b>19,408,244</b>	<b>15,823,221</b>	<b>15,898,517</b>
<b>Expenditures</b>										
Current:										
General government	1,393,214	1,595,073	2,106,228	2,055,096	1,787,942	1,712,083	1,701,144	1,861,192	2,117,303	2,773,585
Public safety	5,915,992	6,554,807	7,666,646	8,086,283	8,656,150	8,794,788	8,712,155	8,996,781	9,831,860	9,297,118
Public works	1,376,948	1,685,468	2,827,485	3,075,056	1,798,507	1,398,207	2,255,054	1,508,698	1,411,445	1,612,266
Housing and community development	2,413,282	1,023,471	1,764,237	1,911,046	2,494,429	10,255,824 <sup>c</sup>	3,530,698	1,151,384	1,205,464	785,349
Parks and recreation	1,417,023	1,573,832	1,900,284	1,980,129	2,236,986	1,859,248	2,312,834	2,048,294	2,327,464	2,304,893
Debt Service:										
Principal	340,625	233,489	5,632,452 <sup>a</sup>	345,000	230,000	235,000	250,000	265,000	-	-
Interest and fiscal charges	472,594	457,396	442,322	359,249	323,541	307,978	289,515	559,797	-	-
Issue costs	-	-	122,485	-	-	-	192,808	-	-	-
Capital outlay	391,447	982,220	804,623	510,731	1,693,179	5,188,025	5,354,765	2,481,671	1,545,538	1,159,928
<b>Total expenditures</b>	<b>13,721,125</b>	<b>14,105,756</b>	<b>23,266,762</b>	<b>18,322,590</b>	<b>19,220,734</b>	<b>29,751,153</b>	<b>24,598,973</b>	<b>18,872,817</b>	<b>18,439,074</b>	<b>17,933,139</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>481,495</b>	<b>1,938,843</b>	<b>(1,734,689)</b>	<b>3,901,098</b>	<b>1,272,612</b>	<b>(9,425,972)</b>	<b>(3,442,503)</b>	<b>535,427</b>	<b>(2,615,853)</b>	<b>(2,034,622)</b>
<b>Other financing sources (uses)</b>										
Bond issue proceeds	-	-	5,595,000 <sup>a</sup>	-	-	-	8,430,000	-	-	-
Discount on bonds issued	-	-	(69,704)	-	-	-	(249,138)	-	-	-
Transfers-in	1,610,438	2,589,053	1,657,093	1,257,262	1,303,267	2,114,256	4,047,961	1,072,410	2,680,654	2,076,641
Transfers-out	(1,038,082)	(1,450,468)	(1,002,033)	(311,717)	(38,160)	(1,102,071)	(2,389,798)	(6,500)	(2,082,273)	(243,049)
Proceeds from borrowing	-	-	-	-	-	-	-	-	-	-
<b>Total financing sources (uses)</b>	<b>572,356</b>	<b>1,138,585</b>	<b>6,180,356</b>	<b>945,545</b>	<b>1,265,107</b>	<b>1,012,185</b>	<b>9,839,025</b>	<b>1,065,910</b>	<b>598,381</b>	<b>1,833,592</b>
Extraordinary items	-	-	-	-	-	(1,746,178) <sup>b</sup>	(359,507) <sup>b</sup>	(12,331,505) <sup>d</sup>	-	-
<b>Net Change in Fund Balance</b>	<b>\$ 1,053,851</b>	<b>\$ 3,077,428</b>	<b>\$ 4,445,667</b>	<b>\$ 4,846,643</b>	<b>\$ 2,537,719</b>	<b>\$ (10,159,965)</b>	<b>\$ 6,037,015</b>	<b>\$ (10,730,168)</b>	<b>\$ (2,017,472)</b>	<b>\$ (201,030)</b>
<b>Debt service as percentage of non-capital expenses</b>	<b>6.50%</b>	<b>5.56%</b>	<b>37.35%</b>	<b>4.12%</b>	<b>3.26%</b>	<b>2.26%</b>	<b>2.91%</b>	<b>5.30%</b>	<b>0.00%</b>	<b>0.00%</b>

<sup>a</sup> = On April 18, 2007, the Ukiah Redevelopment Agency issued \$5,595,000 in tax allocation bonds that were used to refinance an older obligation.

<sup>b</sup> = City, through the Ukiah Redevelopment Agency, was required to make a payment to the Supplemental Revenue Augmentation Fund.

<sup>c</sup> = City, through the Ukiah Redevelopment Agency, expended \$4,197,996 on land held for resale, and contributed \$4,240,528 for projects of outside agencies.

<sup>d</sup> = Adjustment due to the dissolution of the Ukiah Redevelopment Agency.

**Table 5**

**City of Ukiah  
Tax Revenues by Source - Governmental Funds  
Last Ten Fiscal Years**

Fiscal Year	Type of Tax					Total
	Property	Sales & Use	Occupancy	Franchise	Other	
2005	\$ 3,594,440	\$ 4,085,720	\$ 423,303	\$ 475,936	\$ 304,001	\$ 8,883,400
2006	4,202,837	5,557,289	489,659	530,011	399,137	11,178,933
2007	5,105,884	6,894,257	604,080	530,373	397,963	13,532,557
2008	5,365,559	7,154,547	753,715	555,281	371,802	14,200,904
2009	5,741,393	6,439,622	710,053	582,764	327,660	13,801,492
2010	5,106,817	5,776,015	661,149	545,503	391,351	12,480,835
2011	4,426,250	6,260,583	691,627	548,783	342,934	12,270,177
2012	3,182,981	6,465,410	775,547	567,486	350,444	11,341,868
2013	1,484,934	6,977,233	828,000	569,892	359,281	10,219,340
2014	1,251,189	7,104,666	925,191	591,767	358,618	10,231,431
Change 2013-2014	-15.7%	1.8%	11.7%	3.8%	-0.2%	0.1%

**Table 6**

**City of Ukiah  
Electric Revenues Rates  
Last Ten Fiscal Years**

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Residential, single phase										
Per meter per month, per KWH	\$ 0.12040	\$ 0.12040	\$ 0.12040	\$ 0.12040	\$ 0.12040	\$ 0.12040	\$ 0.12040	\$ 0.12040	\$ 0.12040	\$ 0.12040
Minimum monthly billing	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
General service:										
Base charge:										
Single phase	8.40	8.40	8.40	8.40	8.40	8.40	8.40	8.40	8.40	8.40
Polyphase	9.80	9.80	9.80	9.80	9.80	9.80	9.80	9.80	9.80	9.80
X-ray machine	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00
Minimum charge:										
second meter	8.40	8.40	8.40	8.40	8.40	8.40	8.40	8.40	8.40	8.40
Energy use charge, per meter, per month, per KWH										
Summer	0.16568	0.16568	0.16568	0.16568	0.16568	0.16568	0.16568	0.16568	0.16568	0.16568
Winter	0.12294	0.12294	0.12294	0.12294	0.12294	0.12294	0.12294	0.12294	0.12294	0.12294
General Service with Demand:										
Base rate, per meter, per month	70.60	70.60	70.60	70.60	70.60	70.60	70.60	70.60	70.60	70.60
Demand charge per KWH										
Summer	0.10966	0.10966	0.10966	0.10966	0.10966	0.10966	0.10966	0.10966	0.10966	0.10966
Winter	0.08829	0.08829	0.08829	0.08829	0.08829	0.08829	0.08829	0.08829	0.08829	0.08829
General large Industrial Service:										
Base charge, per meter, per month	70.60	70.60	70.60	70.60	70.60	70.60	70.60	70.60	70.60	70.60
Demand charge per kwh of maximum demand:										
Winter	4.05	4.05	4.05	4.05	4.05	4.05	4.05	4.05	4.05	4.05
Summer	6.45	6.45	6.45	6.45	6.45	6.45	6.45	6.45	6.45	6.45

**City of Ukiah  
Wastewater Revenue Rates  
Last Ten Fiscal Years**

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Wastewater System Rates- City (1)</b>										
<b>Residential</b>										
Fixed Minimum Charge- Per Dwelling Unit	\$ 20.97	\$ 28.43	\$ 32.26	\$ 41.31	\$ 47.18	\$ 47.18	\$ 47.18	\$ 50.44	\$ 58.40	\$ 60.39
Consumption Rate (\$/hcf (2))	0.82	1.12	1.27	1.62	1.85	1.85	1.85	1.98	2.29	2.37
<b>Commercial</b>										
Commercial Low Strength (\$/hcf)	3.29	4.46	5.06	6.48	7.40	7.40	7.40	7.91	9.16	9.47
Commercial Moderate Strength (\$/hcf)	3.51	4.77	5.41	6.92	7.91	7.91	7.91	8.46	9.79	10.12
Commercial Medium Strength (\$/hcf)	6.22	8.44	9.57	12.24	13.99	13.99	13.99	14.96	17.32	17.91
Commercial High Strength (\$/hcf)	8.01	10.87	12.32	15.77	18.02	18.02	18.02	19.26	22.31	23.07

(1) The rates beginning in 2009-10 were approved pursuant to Resolution No. 2010-28 by City Council on July 21, 2010.

(2) Each unit equals 748 gallons or 100 cubic feet (hcf).

**Wastewater System Rates- District (1)**

<b>Residential</b>										
Fixed Minimum Charge- Per Dwelling Unit	20.97	28.43	32.26	41.31	47.18	47.18	53.47	53.47	53.47	53.47
Consumption Rate (\$/hcf (2))	0.82	1.12	1.27	1.62	1.85	1.85	3.40	4.45	5.50	6.60
<b>Commercial</b>										
Commercial Low Strength (\$/hcf)	3.29	4.46	5.06	6.48	7.40	7.40	7.91	8.46	9.06	9.69
Commercial Moderate Strength (\$/hcf)	3.51	4.77	5.41	6.92	7.91	7.91	8.46	9.05	9.68	10.36
Commercial Medium Strength (\$/hcf)	6.22	8.44	9.57	12.24	13.99	13.99	14.96	16.00	17.12	18.32
Commercial High Strength (\$/hcf)	8.01	10.87	12.32	15.77	18.02	18.02	19.26	20.61	22.05	23.60
Special (3)										

(1) The rates beginning in 2010-2011 were approved pursuant to Ordinance No. 36 approved by the District on June 30, 2011.

(2) Each unit equals 748 gallons or 100 cubic feet (hcf).

(3) Determined on a case-by-case basis.

Table 8

**City of Ukiah  
Water Revenue Rates  
Last Ten Fiscal Years**

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Water System Rates (1)</b>										
Consumption Rate (\$/unit (2))										
Single Family Residential	\$ 0.73	\$ 0.91	\$ 1.07	\$ 1.20	\$ 1.29	\$ 1.92	\$ 2.21	\$ 2.41	\$ 2.65	\$ 2.73
All Other Customers	0.73	0.91	1.07	1.20	1.29	1.92	2.21	2.41	2.65	2.73
Minimum base charge by Meter Size/ Class:										
3/4" Meter	14.08	14.36	14.64	14.94	15.24	22.71	26.11	28.46	31.31	32.25
1" Meter	18.38	21.58	22.97	21.41	25.90	38.59	44.38	48.37	53.21	54.81
1 1/2" Meter	27.76	37.85	41.85	45.99	50.28	74.92	86.15	93.91	103.30	106.40
2" Meter	39.33	58.10	65.38	72.93	80.75	120.32	138.37	150.82	165.90	170.88
3" Meter	66.52	105.72	120.70	136.25	152.36	227.02	261.07	284.57	313.02	322.41
4" Meter	104.92	173.40	199.43	226.44	254.45	379.13	436.00	475.24	522.76	538.45
6" Meter	200.16	341.13	394.53	449.92	507.37	755.98	869.38	947.62	1,042.38	1,073.66
Fire Service 2" & under	7.87	11.62	13.08	14.59	16.15	24.06	27.67	30.16	33.18	34.18
Fire Service 3"	13.30	21.14	24.14	27.25	30.47	45.40	52.21	56.91	62.60	64.48
Fire Service 4"	20.98	34.68	39.89	45.29	50.89	75.83	87.20	95.05	104.55	107.69
Fire Service 6" & up	40.03	68.23	78.91	89.98	101.47	151.19	173.87	189.52	208.47	217.72

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

(2) Each unit equals 748 gallons.

Table 9

City of Ukiah  
Principal Electric Revenue Rate Payers  
Current Year

Rate Payers	2014	
	Electric Usage	
City of Ukiah	\$ 1,495,884	1.37%
County of Medocino	1,762,084	1.61%
Home Depot	1,243,440	1.14%
Maverick Enterprises	3,065,880	2.80%
Mendocino Brewing Co.	1,889,584	1.73%
Safeway Stores	2,438,640	2.23%
Save Mart Supermarkets	3,835,200	3.51%
Ukiah Unified School District	3,040,376	2.78%
Ukiah Valley Medical Center	3,592,688	3.29%
Wal-Mart	1,045,920	0.96%
	<u>\$ 23,409,696</u>	<u>21%</u>

Information for principal rate payers nine years ago was not available.

Table 10

**City of Ukiah  
Ratio of Debt Outstanding by Type  
Last Ten Fiscal Years**

Fiscal Year	Estimated Population (1)	Countywide Per Capita Income (2)	Estimated Ukiah Personal Income	Governmental Type Activities	Business Type Activities				Total Primary Government	Debt Per Capita	Percentage of Personal Income
				Redevelopment Bonds	Electric Revenue Bonds	Installment Agreements	State Loans	Landfill Obligations			
2005	15,891	\$ 35,299	\$ 560,936,409	\$ 5,865,941	\$ 17,740,000	\$ -	\$ 6,240,620	\$ 7,624,181	\$ 13,490,122	\$ 849	2.40%
2006 (2)	15,804	36,396	575,202,384	5,632,452	16,830,000	89,415,000	5,832,793	7,831,864	13,464,316	852	2.34%
2007	15,742	36,477	574,220,934	5,595,000	15,860,000	89,415,000	5,412,073	8,041,167	13,636,167	866	2.37%
2008	15,690	37,175	583,275,750	5,250,000	14,830,000	89,135,000	4,977,952	8,167,206	13,417,206	855	2.30%
2009	15,666	37,414	586,127,724	5,020,000	13,735,000	88,445,000	4,530,099	8,409,211	13,429,211	857	2.29%
2010 (3)	15,682	37,863	593,767,064	4,785,000	12,570,000	86,945,000	4,068,249	8,594,214	13,379,214	853	2.25%
2011 (4)	15,682	36,211	567,860,902	12,965,000	11,330,000	85,035,000	3,591,810	8,595,222	21,560,222	1,375	3.80%
2012 (5)	16,109	36,211	583,322,999	12,700,000	10,005,000	83,055,000	3,100,437	8,775,386	21,475,386	1,333	3.68%
2013 (5)	15,960	36,211	577,927,560	11,845,000	8,595,000	81,010,000	2,593,306	8,928,942	20,773,942	1,302	3.59%
2014	16,065	36,211	581,729,715	10,935,000	7,095,000	78,895,000	2,070,256	9,062,877	19,997,877	1,245	3.44%

Notes to Table:

- (1) Source: State Department of Finance
- (2) Source: California Labor Market Data (State EDD), 2005-06 estimated at 3.9% growth.
- (3) Source: 2009-10 MuniServices LLC Demographic & Economic Statistics
- (4) Source: Bureau of Economic Analysis for 2009 (most recent)
- (5) Source: Bureau of Economic Analysis



Table 11

**City of Ukiah**  
**Ratio of General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**

Fiscal Year	Estimated Population (1)	Countywide Per Capita Income (2)	Actual Taxable Value of Property	General Bonded Debt Outstanding				Percentage of Actual Taxable Value of Property
				Redevelopment Bonds	General Obligation Bonds	Total Primary Government	Debt Per Capita	
2005	15,891	\$ 35,299	\$ 925,374,029	\$ 5,865,941	\$ -	\$ 5,865,941	\$ 369	0.63%
2006 (2)	15,804	36,396	953,993,844	5,632,452	-	5,632,452	356	0.59%
2007	15,742	36,477	1,035,450,324	5,595,000	-	5,595,000	355	0.54%
2008	15,690	37,175	1,119,849,497	5,250,000	-	5,250,000	335	0.47%
2009	15,666	37,414	1,178,230,603	5,020,000	-	5,020,000	320	0.43%
2010 (3)	15,682	37,863	1,205,686,442	4,785,000	-	4,785,000	305	0.40%
2011 (4)	15,682	36,211	1,180,790,444	12,965,000	-	12,965,000	827	1.10%
2012 (5)	16,109	36,211	1,169,395,369	12,700,000	-	12,700,000	788	1.09%
2013 (5)	15,960	36,211	1,171,599,083	11,845,000	-	11,845,000	742	1.01%
2014 (5)	16,065	36,211	1,195,466,105	10,935,000	-	10,935,000	681	0.91%

Notes to Table:

(1) Source: State Department of Finance

(2) Source: California Labor Market Data (State EDD), 2005-06 estimated at 3.9% growth.

(3) Source: 2009-10 MuniServices LLC Demographic & Economic Statistics

(4) Source: Bureau of Economic Analysis for 2009 (most recent)

(5) Source: Bureau of Economic Analysis

The redevelopment agency was dissolved by law in fiscal 2012 and the redevelopment bonds were transferred from the City to a private purpose trust. The bonds are no longer considered an obligation of the City.

**City of Ukiah  
Computation of Direct and Overlapping Bonded Debt  
June 30, 2014**

**Table 12**

Jurisdiction	Debt Outstanding	Estimated Percentage Applicable to City	Estimated Share of Direct and Overlapping Debt
Overlapping tax and assessment debt:			
City of Ukiah		100.000%	\$ -
Ukiah Community College District	\$ 63,349,792	13.302%	8,426,789
Ukiah Unified School District	56,365,704	34.357%	19,365,565
Total overlapping tax and assessment debt			<u>\$ 27,792,354</u>
Overlapping General Fund Debt:			
Mendocino County General Fund Obligations	22,545,000	12.613%	\$ 2,843,601
Mendocino County Pension Obligation Bonds	72,245,000	12.613%	9,112,262
City of Ukiah	-	100.000%	-
Total overlapping general fund obligation debt			<u>\$ 11,955,863</u>
Overlapping Tax Increment Debt (Successor Agency):	10,935,000	100.000%	<u>\$ 10,935,000</u>
Total Direct Debt			\$ -
Total Overlapping Debt			50,683,217
Total combined debt			<u>\$ 50,683,217</u>
Ratio to 2013-2014 assessed valuation			
City of Ukiah total assessed valuation			\$ 1,265,700,188
Direct debt (City)		0.00%	
Direct debt (MJCCD, UVSD)		2.20%	
Overlapping debt		0.94%	
Combined total debt		<u>4.00%</u>	
Ratios to Redevelopment Successor Agency Incremental Valuation (\$547,163,216)			

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

Table 13

**City of Ukiah  
Legal Debt Margin Information  
Last Ten Fiscal Years**

Fiscal Year	Assessed Valuation	Ratio Applied as % of Assessed Value	Legal Debt Limit Margin	Total Debt Subject to Limit	Debt Subject to Limit as % of Debt Limit
2005	\$ 604,837,352.00	15.00%	\$ 90,725,603	-	0.00%
2006	651,336,061.00	15.00%	97,700,409	-	0.00%
2007	698,499,936.00	15.00%	104,774,990	-	0.00%
2008	748,332,436.00	15.00%	112,249,865	-	0.00%
2009	791,968,631.00	15.00%	118,795,295	-	0.00%
2010	810,846,735.00	15.00%	121,627,010	-	0.00%
2011	796,670,543.00	15.00%	119,500,581	-	0.00%
2012	794,452,962.00	15.00%	119,167,944	-	0.00%
2013	795,293,020.00	15.00%	119,293,953	-	0.00%
2014	803,370,213.00	15.00%	120,505,532	-	0.00%

Legal Debt Limit Margin Calculation for 2013-2014

Assessed value	<u>\$ 795,293,020</u>
Debt limit is 15% of assessed value	\$ 119,293,953
Less: Debt applicable to limitation	-
Total bonded debt	<u>-</u>
Legal debt margin	<u><u>\$ 119,293,953</u></u>

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

Table 14

**City of Ukiah  
Pledged Revenue Coverage  
Last Ten Fiscal Years**

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

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

**Table 15**

**City of Ukiah  
Demographic and Economic Statistics  
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Notes</u>	<u>Estimated Population (1)</u>	<u>Countywide Per Capita Income (2)</u>	<u>Estimated City Ukiah Income</u>	<u>Assessed Valuation</u>	<u>Unemployment Rate (4)</u>
2005	(5)	16,020	\$ 30,453	\$ 487,857,060	\$ 925,374,029	*
2006	(5)	15,960	32,761	522,865,560	953,993,844	*
2007	(5)	15,959	34,443	549,675,837	1,035,450,324	*
2008		15,963	35,307	563,605,641	1,119,849,497	6.40%
2009		15,983	33,981	543,118,323	1,178,230,603	10.10%
2010		16,042	35,030	561,951,260	1,205,686,442	10.80%
2011		16,075	36,677	589,582,775	1,180,790,444	10.60%
2012		16,069	38,337	616,037,253	1,169,395,369	9.90%
2013	(3)	16,101	39,487	635,781,958	1,171,599,083	7.40%
2014		16,109	39,524	636,692,116	1,195,466,105	5.90%

Notes to Table:

- (1) Source: State Department of Finance E-4 Population Estimates
- (2) Source: Bureau of Economic Analysis, 2013 estimated at 3.0%
- (3) Source: Bureau of Economic Analysis for 2007 (most recent)
- (4) Source: Employment Development Department Monthly Labor Force Data for Counties Report 400 C, June
- (5) Information unavailable

**Table 17**

**City of Ukiah  
Full-Time Equivalent City Government Employees by Function/Program  
Last Ten Fiscal Years**

Full-Time Equivalent Personnel as of June 30										
<u>Function</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Administration <sup>(1)</sup>	18.55	20.05	22.55	24.85	25.15	21.2	21.73	20.73	23.15	23.1
Police <sup>(2)</sup>	35.5	40.5	42.75	43.75	43.25	42.5	39.5	39.5	38.5	43
Fire <sup>(3)</sup>	19.5	19.5	21	22	21.5	20.5	18.5	18.5	15.5	11
Planning & Building	3.75	5.25	5.25	5.25	5.09	4.5	4.3	4.3	4	5.5
Public Works	14	15.5	15.5	15.5	15.78	15.21	14.11	14.03	12.42	10.91
Water/Sewer	15.9	16.15	19.65	19.4	19.62	19.69	18.58	18.57	17.53	18.39
Wastewater Treatment	8	8	9	9	9	9	9	9	9	9
Electric	16.1	16.35	17.6	17.55	17.05	18.05	17.8	17.4	18.2	16.2
Airport	2	2	2	2	2	2	2	2	2	2
Parks & Recreation	<u>17.5</u>	<u>19</u>	<u>21</u>	<u>22</u>	<u>21</u>	<u>19.5</u>	<u>18.9</u>	<u>17.9</u>	<u>18.7</u>	<u>17.9</u>
Totals:	<u><u>150.8</u></u>	<u><u>162.3</u></u>	<u><u>176.3</u></u>	<u><u>181.3</u></u>	<u><u>179.44</u></u>	<u><u>172.15</u></u>	<u><u>164.42</u></u>	<u><u>161.93</u></u>	<u><u>159</u></u>	<u><u>157</u></u>

(1) includes City Administration, Finance, and Information Services Functions

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

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

Table 18

**City of Ukiah  
Operating Indicators by Function/Program  
Last Ten Fiscal Years**

Function	Fiscal Year Ended June 30									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Police</b>										
Felony crimes (1)	1,278	1,677	1,797	1,522	1,355	1,398	1,362	1,192	1,183	1,091
Misdemeanor Arrests	698	753	658	791	624	660	621	560	557	479
DUI	116	487	411	271	232	165	190	141	135	59
Crime Reports	4,140	4,327	4,475	4,412	4,190	3,658	3,664	3,569	3,579	3,301
<b>Water system</b>										
Annual Consumption (AF)	4,102	3,739	3,490	3,148	2,872	2,387	2,505	2,660	2,831	2,788
Daily average consumption in MGD	4	3	3	3	3	2	2	2	3	2
<b>Wastewater system</b>										
Daily average treatment in MGD	1,360.0	1,628.0	1,064.0	1,122.2	738.8	1,297.3	1,477.8	1,153.5	1,028.8	902.5
Maximum daily capacity of treatment plant, in MGD	3.727	4.459	2.915	3.066	2.024	3.554	4.049	3.152	2.819	2.473
<b>Airport system</b>										
Number landings	39,000	26,892	29,009	21,391	24,813	22,326	21,972	25,269	38,293	31,700
<b>Electric System</b>										
Kwh generated in (millions)	- *	- *	1	8	6	8	16	3	5	3
<b>Streets</b>										
Expenditures for streets in thousands of dollars	\$ 586	\$ 657	\$ 776	\$ 825	\$ 798	\$ 651	\$ 923	\$ 762	\$ 833	\$ 1,087
<b>Fire Supression</b>										
Number paramedical calls	1,514	1,344	1,502	1,603	1,519	1,561.00	1,521	1,421	260*	-
Number fire calls	2,263	2,132	2,332	2,471	2,389	2,383	2,319	2,304	393*	-

Data not available unless otherwise noted

(1) Ukiah Police Department Records Management System reporting for calendar year ending December 31, data for 2014 through October.

\* Statistics no longer compiled after ambulance service was discontinued.

\*\* Hydro Electric plant was not in operation in 2005 and 2006.

Table 19

**City of Ukiah  
Capital Asset Statistics by Function/Program  
Last Ten Fiscal Years**

Function	Fiscal Years ended June 30									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Area in Square Miles	4.70	4.70	4.70	4.70	4.7	4.7	4.7	4.7	4.7	4.7
Fire protection (State/County)										
Number of stations	1	1	1	1	1	1	1	1	1	1
Number of personnel	19.0	21.0	22.0	22.0	22.0	18.5	18.5	18.5	15.5	12.0
Parks and recreation:										
Conference center	1	1	1	1	1	1	1	1	1	1
Parks & open space areas	17	17	17	17	17	17	17	17	18	18
Park acreage	261	261	261	261	261	261	261	261	298	298
Tennis courts	5	5	5	3	3	3	3	3	3	3
Police protection										
Number of substations	1	1	1	1	1	1	1	1	1	1
Public library (County)										
Number of branches	1	1	1	1	1	1	1	1	1	1
Streets										
Miles of streets	53	53	53	53	53	53	53	53	53	53
Water system										
Service connections	5,490	5,439	5,498	4,256	5,544	5,574	5,585	5,650	5,680	5,699
Miles of water mains	8.6	8.6	8.9	8.9	8.9	8.9	8.9	8.9	8.9	8.9
Wastewater system										
Number of treatment plants	1	1	1	1	1	1	1	1	1	1
Electric system										
Number street lights	2,352	2,352	2,352	2,352	2,352	2,352	2,352	2,352	2,352	2,352



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***Other Compliance Reports***

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**DAVIS HAMMON & CO.**  
Certified Public Accountants

Davis W. Hammon, Jr., CPA  
(1924-1989)

Stephen B. Norman, CPA • PFS  
Stephen J. Herr, CPA  
James L. Duckett, CPA

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF THE  
FINANCIAL STATEMENTS IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

Honorable Mayor and City Council  
Members of the City of Ukiah  
Ukiah, CA 95490

We have audited, 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, the basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregated remaining fund information of the City of Ukiah, California, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated January 9, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Ukiah'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 City of Ukiah's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Ukiah's internal control.

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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Ukiah'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 one instance of noncompliance that is required to be reported under *Government Auditing Standards* and is described in the accompanying schedule of findings and questioned costs as item 2013-02.

The City of Ukiah's response to the finding identified in our audit is described in the accompanying *schedule of findings and questioned costs*. The City's response was not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.



We noted certain other matters that we reported to management of the City of Ukiah in a separate letter dated January 9, 2015.

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Davis Hammon & Co.*

January 9, 2015

**CITY OF UKIAH  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2014**

**A) Summary of Audit Results**

- 1) The auditors' report expresses an unmodified opinion on the basic financial statements.
- 2) No significant deficiencies were disclosed related to the audit of the basic financial statements of the City of Ukiah.
- 3) No instances of noncompliance material to the basic financial statements of the City of Ukiah were disclosed as required to be reported in accordance with Government Auditing Standards.
- 4) The City of Ukiah's total expenditures of federal financial expenditures were less than \$500,000 and, therefore, the City was exempt from the single audit requirements of OMB Circular A-133.

**B) Findings – Financial Statement Audit**

No new were matters noted. The following finding was noted during the prior year audit, and has been updated for the current fiscal year:

2013-02: Noncompliance with Rate Covenants

*Criteria* – As part of the City's long-term debt obligations, the City has entered into several utility rate covenants whereby electric, water and sewer rates would be maintained at a levels sufficient to provide net revenues in excess of utility operating and debt service costs. Each obligation has slight variances in the terms and amounts used to compute the coverage requirements, but in each instance net revenues must exceed certain levels.

*Statement of Condition* – We noted that the Electric 1992 Series Revenue Bonds ("Electric Bonds") did not meet the required coverage requirements.

*Perspective Information* – In fiscal year 2013/14 the Electric Bonds did not met the gross revenue coverage requirement by \$82,183 (this criteria was met in fiscal 2012/13), and fell short of the net revenue requirement by \$591,376 (for 2012/13 the shortage was \$45,034).

*Cause* – The revenues of both the Electric Utility were less than amounts anticipated during the budget process. The City has actively promoted conservation of the use of electricity resulting in some decreases in utility revenues.

*Effect* – Upon written notice of the noncompliance by the Electric Bonds trustee, the City will have 90 days to respond that in its reasonable opinion the failure can be corrected. If, after receiving written notice of nonperformance, the City does not take reasonable steps to cure the failure, an event of default can be declared.

*Recommendation* - The City needs to monitor Electric system rates and charges in relation to costs and expenses to ensure compliance with the revenue covenants.

***Views of Responsible Officials*** – The City is currently undergoing a rate study and intends to bring new rates to the City Council in the next couple of months in order to correct this issue for future years. Rates have not been increased in over fourteen years.

**CITY OF UKIAH  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2014**

**C) Status of Prior Year Findings and Questioned Costs**

2013-01 Reconciliations of Pooled Cash and Investments

*Criteria* – The City’s internal control system should include procedures that regularly and consistently reconcile pooled cash and investments to amounts recorded in the City’s books and accounts.

*Statement of Condition* – The City did not finalize the reconciliation of pooled cash and investments for most of the year ended June 30, 2013, until May, 2014. Amounts were tracked and monitored by City staff during the entire period, but amounts were not tied to the balances recorded in the general ledger in a timely manner.

*Questioned Costs* – \$-0-

*Perspective Information* – When the City converted to new accounting and financial software, a new Pooled Cash Fund was created to account for the cash and investment activities of the City. The purpose of this fund is to 1) report the amount of cash and investments held by the City and 2) report the amount of each individual funds share of the pool balance.

*Cause* – With the great amount of staff resources dedicated to the launch and implementation of the new financial and accounting software, the actual step to reconcile cash and investment balances was not done.

*Effect* – The books of the City did not accurately reflect and report the assets of the City. Controls over cash and investment activities would not permit City staff to identify and correct errors in a timely manner. In addition, the City’s allocations of investment earnings to individual funds were delayed until pooled cash amounts were reconciled.

*Recommendation* – The City should establish, monitor and enforce a policy which requires cash and investments to be reconciled at the end of each and every month by the last day of the immediately following month.

***Views of Responsible Officials*** – The position of Finance Director was not permanently filled during the time in question. The City has taken action and filled the position. The New finance Director has placed a time schedule on reconciliations. Reconciliations are scheduled to be done by the 15<sup>th</sup> of the following month and will not be any later than the last day of the following month.

***Current Status*** - As the current year progressed, the City adopted a policy to prepare monthly reconciliations as soon after each month-end as practicable and, by the end of the fiscal year was completing reconciliations in a timely manner. We consider this matter resolved.



Davis W. Hammon, Jr., CPA  
(1924-1989)

Stephen B. Norman, CPA • PFS  
Stephen J. Herr, CPA  
James L. Duckett, CPA

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

Honorable Mayor and City Council  
Members of the City of Ukiah  
Ukiah, California 95490

We have applied the procedures enumerated below to the Appropriations Limit calculations of the City of Ukiah for the year ended June 30, 2014. These procedures, which were agreed to by the City of Ukiah and the League of California Cities (as presented in the League publication entitled *Article XIII B Appropriations Limitation Uniform Guidelines*) were performed solely to assist the City in meeting the requirements of Section 1.5 of Article XIII B of the California Constitution.

This engagement to apply agreed-upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified users of the 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 City's completed alternate computation Appropriations Limit 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 worksheets to those that were selected by a recorded vote of the City Council.

Finding: The alternate computation Appropriation Limit worksheets used an incorrect population change percentage amount. The "Unincorporated" population change for Mendocino County was 0.41% and the worksheets used 0.49%.

- 2) Using the City's alternate computational worksheet, we added last year's limit to the total current year limit adjustments, as computed, for this year, and compared the results to this year's limit.

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

- 3) We compared the prior year appropriations limit presented in the alternate computational worksheets to the prior year appropriations limit adopted by the City Council for the prior year.

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

We were not engaged to, and did not perform an audit, the objective of which would be the expression of an opinion on the Appropriations Limit alternate computational worksheets. 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 appropriation limit for the base year, as defined by the League publication *Article XIII B Appropriations Limitation Uniform Guidelines*.

This report is intended solely for the use of the City of Ukiah and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.

*Davis Hammon & Co.*

January 9, 2015