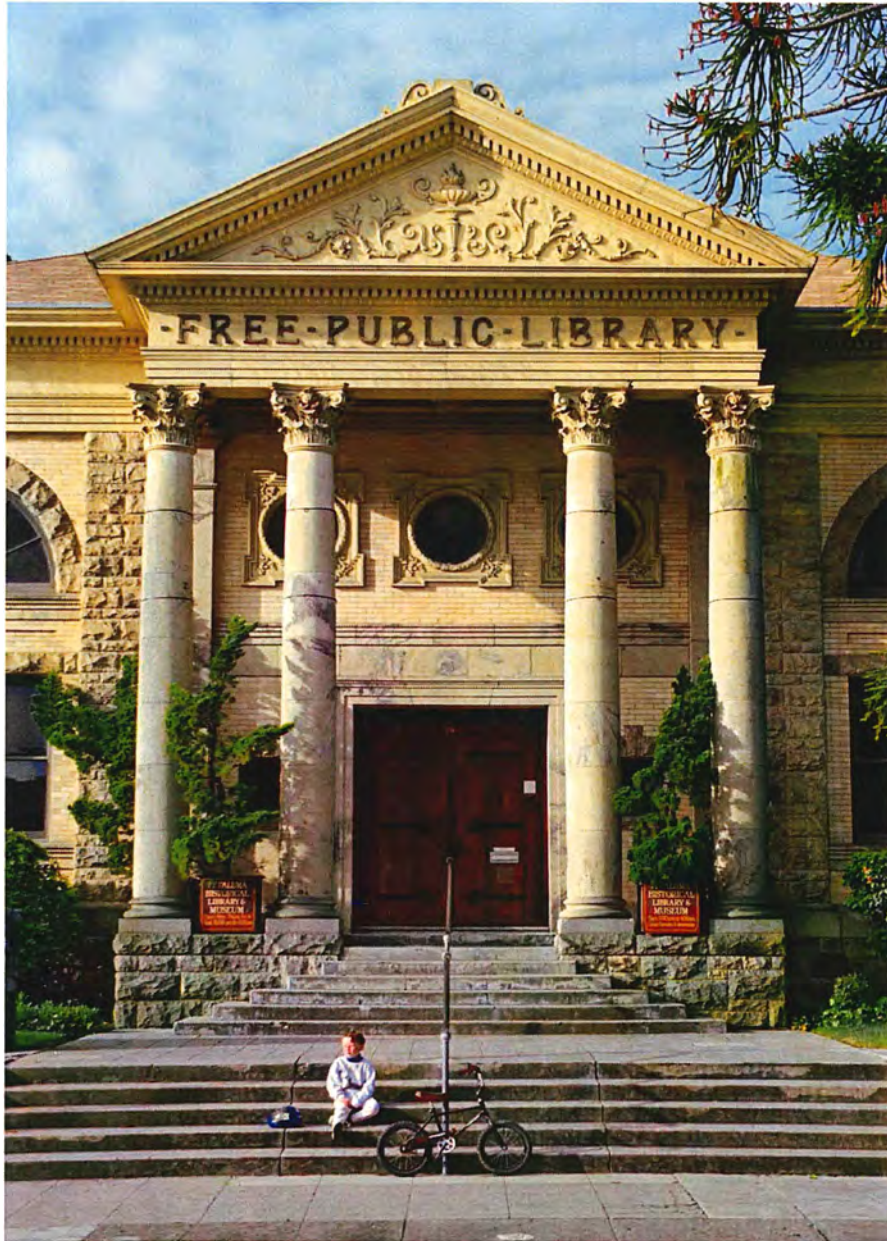


CITY OF PETALUMA
CALIFORNIA



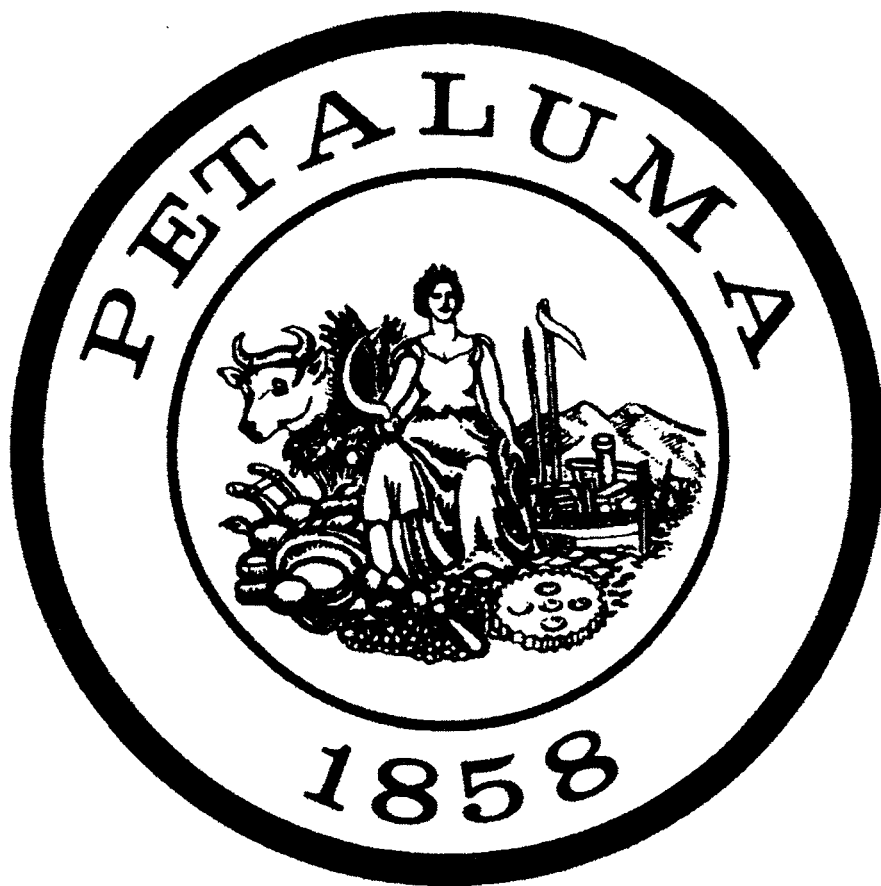
COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR
THE YEAR ENDED JUNE 30, 2015

City of Petaluma Petaluma, California

Comprehensive Annual Financial Report

For the year ended June 30, 2015

Prepared by the Finance Department



CITY OF PETALUMA, CALIFORNIA

Comprehensive Annual Financial Report
For the Year Ended June 30, 2015

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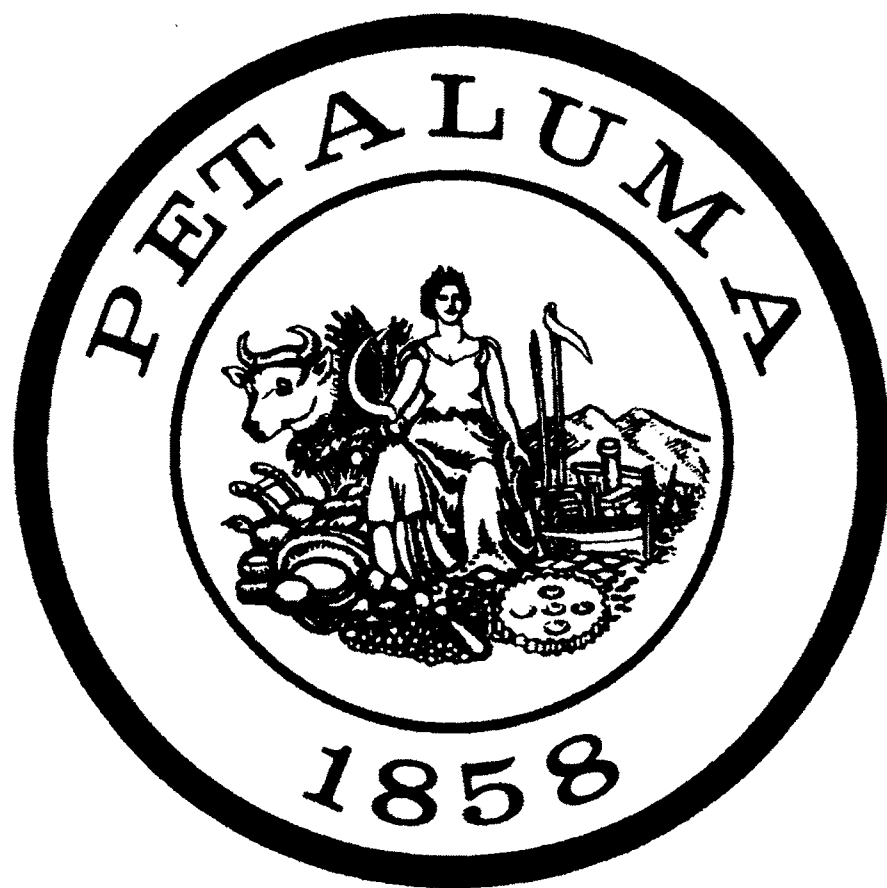
CITY OF PETALUMA, CALIFORNIA

**Comprehensive Annual Financial Report
For the Year Ended June 30, 2015**

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CITY OF PETALUMA

POST OFFICE BOX 61
PETALUMA, CA 94953-0061

David Glass
Mayor

Chris Albertson
Teresa Barrett
Mike Healy
Gabe Kearney
Dave King
Kathy Miller
Councilmembers

December 16, 2015

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

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) for the City of Petaluma. This report is published in accordance with local ordinance and state law requirements that financial statements be presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby submit the CAFR for the City of Petaluma, California for the fiscal year ended June 30, 2015.

For the fiscal year ended June 30, 2015, the City of Petaluma continues to comply with the pronouncements of the Governmental Accounting Standards Board (GASB), including GASB Statement No. 34. This is the eleventh fiscal year the new reporting model has been presented, which provides financial report users a narrative introduction, overview, and analysis, in the form of Management's Discussion and Analysis (MD&A), which accompanies the Basic Financial Statements. This letter of transmittal is designed to complement the MD&A, and should be read in conjunction with it. The City of Petaluma's MD&A can be found in the financial section, immediately following the reports of the independent auditors.

This MD&A consists of management's representations concerning the finances of the City of Petaluma. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Petaluma has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse, and to compile sufficient reliable information for the preparation of the City of Petaluma's financial statements.

The City of Petaluma's financial statements have been audited by Maze & Associates, Certified Public Accountants, a public accounting firm fully licensed and qualified to perform audits of State and local governments within the State of California.

Finance Department

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finance@ci.petaluma.ca.us

General Services

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Utility Billing

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The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Petaluma, for the fiscal year ended June 30, 2015, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation.

The independent auditor concluded that there was a reasonable basis for rendering an unqualified opinion that the City of Petaluma's financial statements for the fiscal year ended June 30, 2015, are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditor's report is presented as the first component of the financial section of this report.

CITY OF PETALUMA PROFILE

The City of Petaluma became a chartered city in 1858, and is located in southern Sonoma County, California, approximately 40 miles north of San Francisco. Petaluma consists of 13.8 square miles and includes residential communities, commercial retail areas and several industrial/office complexes. It is also home to 44 parks, 3 community centers, and 2 outdoor pools.

The City operates under the Council-Manager form of government. Policy making and legislative authority are vested in the City Council, which consists of an elected Mayor and a six member Council. The City Manager is responsible for implementing the policies, ordinances and directives of the City Council, for overseeing the day-to-day operations of the City and for appointing the directors of the City departments. The seven member Council is elected on a nonpartisan basis. The Mayor and Council members are elected to four-year staggered terms.

The City provides a full range of services including: public safety, building safety regulation and inspection, community planning, low and moderate income housing, street and park maintenance, recreational programs and infrastructure, public and community facilities, parks, and capital improvement construction. City services also include water and wastewater utilities. The City owns a marina and airport, and provides citizens with transit and ambulance services.

LONG-TERM FINANCIAL PLANNING

In January, 2015, The City Council met to establish goals and priorities for 2015- 2017. The first goal on Council's list was to Maintain Financial Sustainability. This goal has several priorities including:

- Develop a five-year financial plan for the General Fund
- Enhance revenues
- Update the City purchasing ordinance
- Prepare financial forecasts for Enterprise and Special Revenue funds

- Establish reserve policies for Enterprise and Special Revenue funds
- Establish fiscally sustainable funding for storm water management and pavement maintenance

An Economic Development Strategy that provides a system to keep current retailers and encourages new retail development has been established and in 2011 the City hired an Economic Development Manager who is implementing the strategy. Petaluma's economic development program launched a successful marketing program aimed at attracting jobs, talent and investment to the City. The Petaluma Star campaign highlights successful companies throughout the City and makes a strong business case for Petaluma as a business destination by highlighting Petaluma's quality of life, cost of doing business, and key demographics. Petaluma continued its strong business retention program reaching out to dozens of local companies and connecting them to local financial, real estate and business support services. Finally, Petaluma completed the steps required to unwind its former redevelopment agency and recalibrate its work program and expenses without tax increment funds.

Over the past several years significant reductions have occurred in the General Fund in order to match revenues with expenditures. During FY15, revenues exceeded expenditures by \$2.9 million. This was due mainly to several one-time revenues received, along with lower expenditures due to unfilled positions. For FY16, the City Council adopted a balanced General Fund budget.

ECONOMY

The information presented in the financial statements is best understood when considered from the broader perspective of the specific environment within which the City of Petaluma operates.

Sonoma County's economy began to stabilize over the past few years. The unemployment rate in Sonoma County has gone down significantly and is below both the State and national rates.

The County's tourism related industries have faced challenges during the recent economic turmoil, but have begun to rebound over the past two years. Recent data suggests that hotel occupancy rates are up, and tax revenues generated by the lodging industry have also increased. Trends across California mirror the results in Sonoma County, where tourism is also continuing to rebound. Petaluma is in alignment with the upward trend as Transient Occupancy Tax received by the city in fiscal year 2015 was \$2.1 million, an 8% increase from the prior year.

Petaluma's overall economic outlook has improved over the last year – particularly in the areas of home price stability, jobs, and real estate vacancies. Petaluma's median home price rose from \$440,000 to \$585,000 last year. Real estate vacancies have also decreased over the past year (Q3 2014 – Q3 2015) from 16% to 13% for office space, from 10% to 6% for industrial space and retail vacancies remained unchanged at just under 5%.

Some good news continues related to foreclosures, in that they are down dramatically from prior years. Assessed property valuations are also continuing to rebound from significant declines over the past several years. The County Assessor has projected that assessed valuations in Petaluma will grow by 6% in 2015. General fund property taxes in fiscal year 2015 were \$8.5 million, up \$.6 million or 7% from the prior year due to assessed valuation growth.

Retail sales in Petaluma also continued to stabilize during fiscal year 2015. Total general fund sales tax received in fiscal year 2015 was \$12.4 million, an increase of \$.9 million or 8% as compared to the prior year. The City expects retail sales to continue to rebound in 2016, however growth rates will not be as significant as they have been over the past few years. Total sales tax revenue in 2016 is estimated to be approximately \$13.3 million, an increase of 7% year over year.

To address the decline in revenues in past years, the City offered the PERS early retirement incentive several times to all eligible employees, and also initiated a layoff process. As a result, several position vacancies remained unfilled in FY 2015, generating significant budget savings. Many of those positions will continue to remain unfilled in FY 2016.

In summary, we remain cautiously optimistic about Sonoma County's short-term outlook. Retail sales and tourism have stabilized and are continuing to rebound. Property values are also continuing to rise. Recent economic indicators show that the recovery should continue at a gradual pace into 2016. The City has adopted a balanced budget for the upcoming fiscal year and is using a long term forecasting process as a tool to close the structural deficit and rebuild reserves.

FINANCIAL INFORMATION

Annual Budget. The City of Petaluma operates on a fiscal year basis, beginning July 1st and ending June 30th. The budget is prepared under the supervision of the City Manager and transmitted to the City Council for deliberation and final adoption in June, prior to the beginning of the fiscal year.

In accordance with the City's Charter, the budget is required to be submitted to the City Council by the first Monday in May. Budget hearings are held in May and June. The budget is approved by resolution, and the appropriations are set by ordinance. Upon adoption by the City Council, the City maintains budgetary controls to ensure compliance with legal provisions embodied in the annual budget. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. The City's budgetary procedures are further discussed in the Notes to the Basic Financial Statements, which are located in the financial section of this report.

The City ended the year with cash and investments of \$123.3 million. Total annual accrued investment earnings were \$.4 million.

Debt Administration. As of June 30, 2015, the City of Petaluma and its component units have a number of debt issues outstanding. The City's General Fund has no outstanding long-term debt. The last Tax Allocation Bond (TAB) was issued by the Redevelopment Agency during fiscal year 2011, and two issues were refunded in 2015. Wastewater revenue refunding bonds were also issued during fiscal year 2011. Water revenue refunding bonds were issued in October of 2012.

Risk Management. The City uses a combination of insured and partially self-insured programs to finance its property and casualty risk. The City is self-insured with a \$1,000,000 Self Insured Retention (SIR) for workers' compensation insurance and has a \$500,000 SIR for liability coverage. First party insurances and other insurances are obtained through a risk purchasing pool (CJPRMA) as well as in the private insurance market.

Other. Additional information concerning the finances of the City is contained in the Notes to the Basic Financial Statements. The City has refrained from duplicating information contained in the MD&A or in the notes in this transmittal letter.

AWARDS AND ACKNOWLEDGEMENTS

Awards. The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to the City of Petaluma for its comprehensive annual financial report for the fiscal year ended June 30, 2014.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report meets the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements. This report could not have been prepared without the efforts of Finance staff who spent untold hours preparing the financial statements, notes, statistical information and other details to comply with all the necessary requirements and pronouncements. I would like to express my appreciation to all members of the Department who assisted with and contributed to the preparation of this report, particularly the audit team of Corey Garberolio and Janine Tedrow. I would also like to thank the Mayor and City Council for their confidence and support for maintaining the highest standards of professionalism in the management of the City of Petaluma's finances.

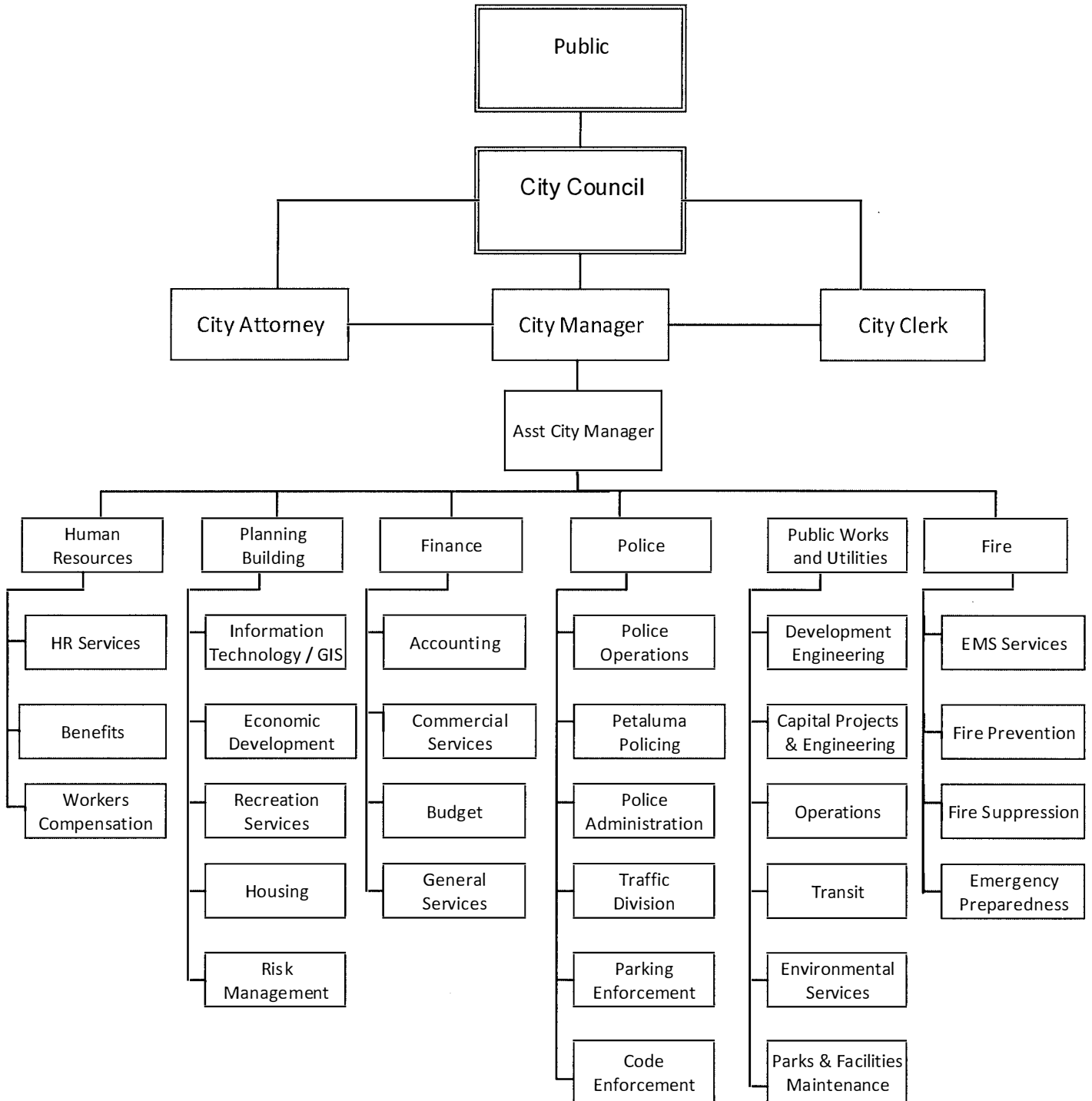
Respectfully submitted,



William Mushallo
Finance Director

Organization Chart
 Offices, Departments & Divisions
 City of Petaluma, California

Fiscal Year 14/15



CITY OF PETALUMA PRINCIPAL OFFICIALS
Elected Officials



DAVID GLASS
Mayor



CHRIS ALBERTSON
Councilmember



TERESA BARRETT
Councilmember



DAVE KING
Councilmember



MIKE HEALY
Councilmember



GABE KEARNEY
Councilmember



KATHY MILLER
Councilmember



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Petaluma
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

INDEPENDENT AUDITOR'S REPORT

To the Honorable Members of the City Council
Petaluma, California

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Petaluma (City), California, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City'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 City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Petaluma as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows listed as part of the basic financial statements for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 13C, certain conditions raise substantial doubt about the Marina Enterprise Fund's ability to continue as a going concern. The financial statements do not include an adjustment that might result from the outcome of the uncertainty.

Management adopted the provisions of the following Governmental Accounting Standards Board Statements, which became effective during the year ended June 30, 2015 that required a prior period adjustment to the financial statements, as discussed in Note 1N to the financial statements:

- Statement No. 68, Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27.
- Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68.

The emphasis of these matters does not constitute a modification to our opinions.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. The Introductory Section, Supplemental Information, and Statistical Section as listed in the Table of Contents are presented for purposes of additional analysis and are not required parts of the basic financial statements.

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

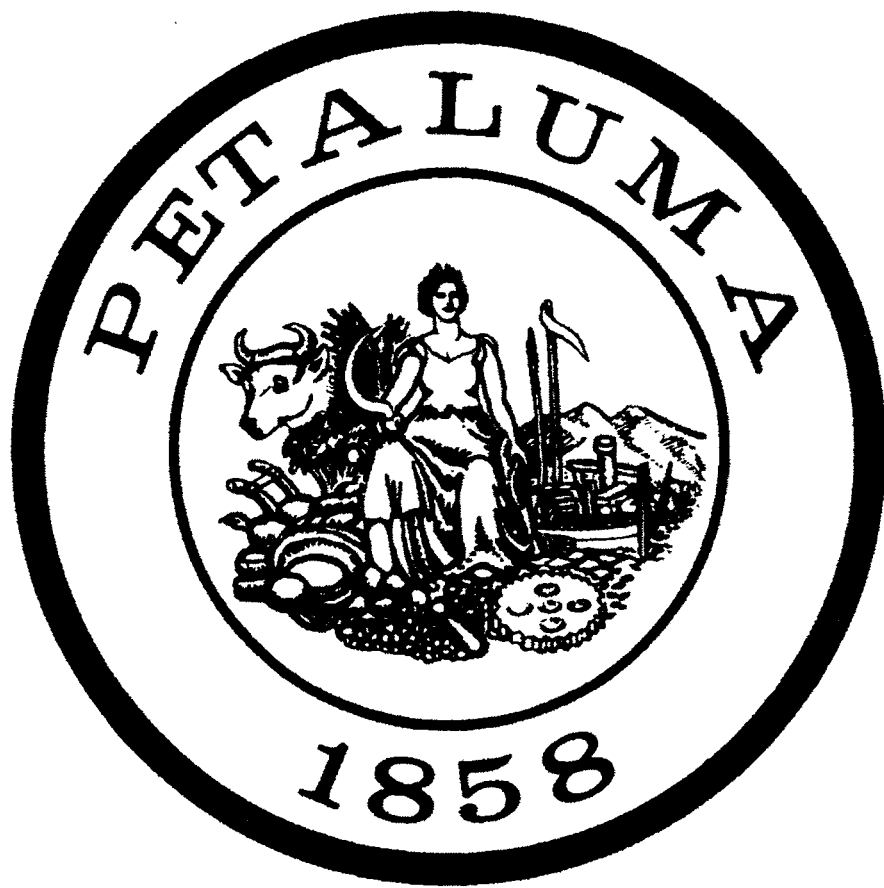
The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2015, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control over financial reporting and compliance.

Maze & Associates

Pleasant Hill, California
December 7, 2015



CITY OF PETALUMA

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Petaluma, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2015.

We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on page v of this report.

Financial Highlights

Government Wide Financial Statements

- The assets of the City of Petaluma exceeded its liabilities at the close of the fiscal year by \$365 million (Net Position). Of this amount, \$303 million was invested in capital assets, net of related debt; \$59.5 million was restricted for capital projects, debt service, non-expendable trusts and special projects; and \$2.5 million was unrestricted. This included all City funds.
- The City's total Net Position decreased from the prior year by \$52.1 million, a \$52 million decrease in Governmental Activity Net Position and a \$.1 million decrease in Business-Type Activity Net Position. A main factor in the overall change in total Net Position is due to the implementation of GASB 68 which requires total net pension liability of \$76 million to be reported on the Proprietary Fund and Government Wide Financial Statements. Of the \$76 million pension liability, \$67.6 million is related to Governmental Activities and \$8.4 million is related to Business type Activities. Governmental Activity Net Position change is also comprised of an increase in capital assets of \$14.7 million in the City Capital Project funds for capital projects in process and completed during FY 15. Business Activity change in net position is also comprised on an increase due to current year revenues exceeding expenditures in the Proprietary Funds and changes to Business Activity related Internal Service Fund balances of approximately \$8.4 million in total.

Fund Financial Statements

- At the close of the fiscal year, the City's governmental funds including the General Fund, special revenue funds, debt service funds, and capital project funds reported combined ending fund balances of \$64.6 million; a slight decrease of \$.2 million from the prior year. The 2015 fund balance was comprised of \$.1 million non-spendable reserves; \$57.64 million restricted reserves, \$2.03 million committed reserves, \$4.8 million assigned reserves and \$.03 million of unassigned reserves.
- At the end of the fiscal year, the total fund balance for the General Fund was \$8.7 million, approximately a \$2.9 million increase from the prior year. This was due to several one-time revenues received during the year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction of the City of Petaluma's Basic Financial Statements. The City of Petaluma's Basic Financial Statements are comprised of three components: 1) Government-Wide Financial Statements, 2) Fund Financial Statements, and 3) Notes to the Financial Statements. This report also contains other supplementary information in addition to the Basic Financial Statements themselves.

Government-Wide Financial Statements – The Government-Wide Financial Statements consist of a Statement of Net Position and a Statement of Activities and Changes in Net Position, which are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business.

Overview of the Financial Statements, continued

The Statement of Net Position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of changes in the City's financial position.

The Statement of Activities and Changes in Net Position presents the change in the government's net position during the current fiscal year. All changes in net position are reported when the underlying event, giving rise to the change, occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the Government-Wide Financial Statements distinguish the two functions of the City. The first is activities which are principally supported by taxes and intergovernmental revenues (governmental activities). The second is activities that are intended to recover all, or a significant portion, of their costs through user fees and charges (business-type activities). The governmental activities of the City include: general government, community development, police, fire, recreation, and public works. The business-type activities of the City include: airport, ambulance, development services, marina, transit, waste water and water utilities.

Fund Financial Statements – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds – Governmental funds account for basically the same functions as reported as government activities in the Government-Wide Financial Statements. However, unlike the Government-Wide Financial Statements, Governmental Fund Financial Statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the Government-Wide Financial Statements, it is useful to compare the information presented for governmental funds in the Governmental Fund Financial Statements with similar information presented for governmental activities in the Government-Wide Financial Statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Governmental funds information is presented in the Governmental Fund Financial Statements for the City's major funds:

- General Fund
- HOME/Begin Special Revenue Fund
- Impact Fee Special Revenue Funds
- Successor Housing Special Revenue Fund
- City Capital Project Funds

Overview of the Financial Statements, continued

Data from the non-major governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Proprietary Funds – The City maintains two types of proprietary funds. Enterprise funds are used to report the functions presented as business-type activities in the Governmental-Wide Financial Statements. Enterprise funds account for airport, ambulance, development services, marina and transit operations, storm water, waste water and water utilities.

Internal service funds, the second type of proprietary fund, are used to account for the accumulation of resources, and the allocation of costs, which are required to provide internal services to various City departments and functions. Employee benefits, general services, information technology, risk management, vehicle/equipment replacement and worker's compensation comprise the City's internal service funds. Because these services benefit governmental, more so than business-type functions, all but the business activity portion of the vehicle/equipment replacement fund has been included within the governmental activities in the Government-Wide Financial Statements. The business activity portion of the vehicle/equipment replacement fund has been combined with the business type activities in the Government-Wide Financial Statements.

The Proprietary Fund Financial Statements provide fund information for each enterprise fund separately. The Internal Service funds are combined into a single, aggregated presentation in the Proprietary Fund Financial Statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

Notes to the Basic Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and Fund Financial Statements.

Other Information – In addition to the Basic Financial Statements and accompanying notes, this report also presents certain required supplementary information. The first type of information presented is the budgetary information. The budgetary comparison statements have been provided for the governmental funds to demonstrate compliance with the legal provisions of the 2015 appropriation ordinance. The second type of information included relates to the City's progress in funding its obligation to provide pension benefits to its employees.

Government-Wide Financial Statement Analysis

Statement of Net Position— As noted earlier, net position is an indicator of a government’s financial position. The City of Petaluma’s net position (the amount by which total assets exceed total liabilities) equaled \$365 million at the close of the fiscal year.

The largest portion of the City’s net position (83%) reflects its investment in capital assets (e.g., infrastructure, land, buildings, machinery, and equipment), less any related, outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources i.e. future revenues, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City’s net position (16%) represents resources that are subject to external restrictions. The remaining balance (1%), the unrestricted net position, may be used to meet the government’s ongoing obligations to citizens and creditors, subject to restrictions of various funding sources, as applicable.

As stated earlier, total net position decreased by \$52.1 million during the fiscal year. The general government capital assets increased by \$14.7 million and the business activity capital assets decreased by \$2.1 million (see disclosures for details). Net position invested in capital assets, net of related debt, increased by \$21.2 million; restricted net position increased by \$.1 million and unrestricted net position decreased by \$73 million. The main contributing factor for the overall change in total Net Position is due to the implementation of GASB 68 which requires total net pension liability of \$76 million to be reported on the Proprietary Fund and Government Wide Financial Statements which is shown below as a portion of the decrease in unrestricted fund balance.

| Summary Statement of Net Position | | | |
|--|--------------------------------------|--------------------------------------|--|
| Total Primary Government | | | |
| As of June 30, 2015 and 2014 | | | |
| (in thousands) | | | |
| | Total Activities 2015 | Total Activities 2014 | Total Activities Change |
| Assets: | | | |
| Current and other assets | \$ 173,090 | \$ 160,067 | \$ 13,023 |
| Capital Assets, net of depreciation | <u>439,489</u> | <u>426,911</u> | <u>12,578</u> |
| Total assets | <u>612,579</u> | <u>586,978</u> | <u>25,601</u> |
| Liabilities: | | | |
| Current Liabilities | 19,184 | 19,288 | (104) |
| Non-Current Liabilities | <u>228,517</u> | <u>150,752</u> | <u>77,765</u> |
| Total liabilities | <u>247,701</u> | <u>170,040</u> | <u>77,661</u> |
| Net Position: | | | |
| Invested in capital assets, net of related debt | 302,836 | 281,586 | 21,250 |
| Restricted | 59,561 | 59,414 | 147 |
| Unrestricted | <u>2,481</u> | <u>75,938</u> | <u>(73,457)</u> |
| Total Net Position | <u>\$ 364,878</u> | <u>\$ 416,938</u> | <u>\$ (52,060)</u> |

Government-Wide Financial Statement Analysis, continued

Governmental Activities – Governmental activities contributed \$213 million to the City’s net position, a decrease of \$52 million from the prior year. As mentioned prior, the main contributing factor for the decrease in net position is due to the implementation of GASB 68 which requires total net pension liability to be reported on the Government-Wide Financial Statements.

| Summary of Net Position | | | |
|--|---|---|---|
| Governmental Activities | | | |
| As of June 30, 2015 and 2014 | | | |
| (in thousands) | | | |
| | Governmental Activities 2015 | Governmental Activities 2014 | Governmental Activities Change |
| Assets: | | | |
| Current and other assets | \$ 113,405 | \$ 104,961 | \$ 8,444 |
| Capital Assets, net of depreciation | <u>194,631</u> | <u>179,955</u> | <u>14,676</u> |
| Total assets | <u>308,036</u> | <u>284,916</u> | <u>23,120</u> |
| Liabilities: | | | |
| Current Liabilities | 7,537 | 7,745 | (208) |
| Non-Current Liabilities | <u>87,256</u> | <u>11,909</u> | <u>75,347</u> |
| Total liabilities | <u>94,793</u> | <u>19,654</u> | <u>75,139</u> |
| Net Position: | | | |
| Invested in capital assets, net of related debt | 194,631 | 179,955 | 14,676 |
| Restricted | 56,856 | 56,708 | 148 |
| Unrestricted | <u>(38,244)</u> | <u>28,599</u> | <u>(66,843)</u> |
| Total Net Position | <u>\$ 213,243</u> | <u>\$ 265,262</u> | <u>\$ (52,019)</u> |

Charges for services include: charges for administration, charges for community development planning, permits, inspection and other services, developer impact fees, specific police, fire and public works services for which a fee is charged, recreation charges and rents of park property, fines and penalties, various fees and license charges, parking permits, and sales.

Operating and capital grants and contributions include amounts received from federal, state and county governments, as well as private grantors, developers and other donors. Franchise taxes include amounts collected from the providers of the City’s cable, garbage and utilities services. Other taxes include transient occupancy tax, business license tax, and other miscellaneous taxes.

Government-Wide Financial Statement Analysis, continued

General government functions include legislative and administrative branches of the City: City Council, City Clerk, City Manager, City Attorney, Finance Department, Human Resources and Animal Services.

Community development functions provide for inspection, permit, code enforcement, as well as housing services. A portion of this fund, the cost recovery section of building services, is an enterprise fund, as it is required to charge fees to cover its costs of services. Both cost recovery and non-cost recovery services for planning and development are part of the General Fund.

Recreation includes operation of City parks, community centers, recreation classes and services, swimming pools, museum, and landscape assessment districts.

Public works functions cover the costs for street maintenance, street lights, traffic signals, street signs, building and equipment maintenance, and the Petaluma River turning basin operation.

Governmental Activities Changes:

- Per GASB 34, program revenues are derived directly from the program itself or from parties outside the reporting government's taxpayers or citizenry. Program revenues reduce the net cost of the function to be financed from the government's general revenues. As reflected in the chart on the next page, governmental program revenues came from charges for services (which includes license and permits, plan checking fees, developer fees and several other revenues), operating grants and contributions category (including restricted revenues such as Federal/State and HOME grants) and from Capital grants and contributions (including developer contributions and donations). Total program revenues from Governmental Activities were \$23.7 million in fiscal year 2015, an increase of \$7.6 million compared to prior year. Capital Grants and Contributions were up by \$7 million due the Old Redwood Highway capital project funded by 2007 bond contributions
- Property taxes increased by 7% or \$.6 million due to increased assessed valuations
- Sales tax revenues were up by 8% or \$.9 million mainly due to receipts collected from the newly constructed Regency retail center, along with an improving overall economy
- Intergovernmental revenues were up by 16% or \$1 million due to one-time payment of past SB90 claims of \$.6 million and increased Motor Vehicle License Fee revenue of \$.4 million
- Miscellaneous revenues were up due mainly to an increase in developer contributions. This increase is also reflected in higher Public Works expenses year over year
- Community Development expenses are significantly lower due to a drawdown of Logan Place funds during the prior year
- Recreation expenses were down due to decreased capital expenditures

Government-Wide Financial Statement Analysis, continued

The charts that follow show the program revenues, general revenues, and expenses by function for all Governmental Activities.

| Summary of Statement of Activities and Changes in Net Position | | | |
|---|---|---|------------------------------|
| Governmental Activities | | | |
| For the Years Ended June 30, 2015 and 2014 | | | |
| (In thousands) | | | |
| | Governmental Activities 2015 | Governmental Activities 2014 | Percentage Change |
| Revenues: | | | |
| Program Revenues | | | |
| Charges for service | \$ 11,574 | \$ 11,320 | 2.2% |
| Operating grants and contributions | 783 | 1,200 | -34.8% |
| Capital grants and contributions | <u>11,363</u> | <u>3,646</u> | 211.7% |
| Total program revenue | <u>23,720</u> | <u>16,166</u> | 46.7% |
| General Revenues: | | | |
| Taxes: | | | |
| Property Tax | 8,516 | 7,957 | 7.0% |
| Sales Tax | 12,394 | 11,459 | 8.2% |
| Franchise Tax | 4,201 | 4,088 | 2.8% |
| Intergovernmental/Unrestricted | 8,061 | 6,918 | 16.5% |
| Other Taxes | <u>4,413</u> | <u>4,046</u> | 9.1% |
| Total Taxes | 37,585 | 34,468 | 9.0% |
| Unrestricted Investment Earnings | 140 | 242 | -42.1% |
| Miscellaneous Revenue | <u>4,903</u> | <u>3,563</u> | 37.6% |
| Total Revenue | <u>66,348</u> | <u>54,439</u> | 21.9% |
| Expenses: | | | |
| General government | 4,395 | 4,532 | -3.0% |
| Community development | 3,941 | 4,483 | -12.1% |
| Police | 15,683 | 15,596 | 0.6% |
| Fire | 12,256 | 11,141 | 10.0% |
| Recreation | 2,511 | 3,208 | -21.7% |
| Public works | <u>10,364</u> | <u>9,233</u> | 12.2% |
| Total Expenses | <u>49,150</u> | <u>48,193</u> | 2.0% |
| Revenues Over (Under) Expenses | 17,198 | 6,246 | 175.4% |
| Transfers | <u>(611)</u> | <u>(746)</u> | -18.1% |
| Change in Net Position | 16,587 | 5,500 | 201.6% |
| Net position-beginning of year as restated | 265,262 | 259,762 | 2.1% |
| Adjustment Net position-beginning(See Note 1N) | <u>(68,606)</u> | <u>-</u> | |
| Net position-end of year | <u>\$ 213,243</u> | <u>\$ 265,262</u> | -19.6% |

Government-Wide Financial Statement Analysis, continued

Business-Type Activities – Business-type activities net position contributed \$151.6 million to the City’s net position, essentially no change over the prior year. All business-type activities are intended to be fully supported by the fees they charge (including subsidies received for operations, as is the case with the Transit operation).

| Summary of Statement of Net Position | | | |
|--|--|--|--|
| Business-type Activities | | | |
| As of June 30, 2015 and 2014 | | | |
| (in thousands) | | | |
| | Business-type Activities 2015 | Business-type Activities 2014 | Business-type Activities Change |
| Assets: | | | |
| Current and other assets | \$ 59,684 | \$ 55,106 | \$ 4,578 |
| Capital Assets, net of depreciation | <u>244,859</u> | <u>246,956</u> | <u>(2,097)</u> |
| Total assets | <u>304,543</u> | <u>302,062</u> | <u>2,481</u> |
| Liabilities: | | | |
| Current Liabilities | 11,646 | 11,544 | 102 |
| Non-Current Liabilities | <u>141,261</u> | <u>138,843</u> | <u>2,418</u> |
| Total liabilities | <u>152,907</u> | <u>150,387</u> | <u>2,520</u> |
| Net Position: | | | |
| Invested in capital assets, net of related debt | 108,205 | 101,630 | 6,575 |
| Restricted | 2,706 | 2,706 | - |
| Unrestricted | <u>40,725</u> | <u>47,339</u> | <u>(6,614)</u> |
| Total Net Position | <u>\$ 151,636</u> | <u>\$ 151,675</u> | <u>\$ (39)</u> |

Charges for services include: usage charges for wastewater and water utilities, water and wastewater connection fees, airport and marina charges for sales, airport and marina leases, rents, and transient parking charges, charges for transit services, and charges for development services.

Operating grants and contributions, and capital grants and contributions include amounts received from federal, state and county governments.

Business-type Activities Changes:

- Airport expenses decreased slightly while revenues increased by \$.8 million due to an increase in federal grants received during FY 15.
- Development Services revenues decreased slightly while expenses increased. This is due to decreased building activity compared to PY and increased staffing expense in FY 15.
- Marina overall net position decreased due to operating at a loss of approx. \$.2 million annually
- Wastewater utility revenue increased by \$2 million while expenses increased by \$.4m
- Water utility revenue decreased by \$.8 million due to conservation while expenses remained unchanged from PY
- Storm utility expenses decreased compared to 2014 due to decreased legal costs.

Government-Wide Financial Statement Analysis, continued

The charts that follow show the program revenues, general revenues, and expenses by function for all business-type activities.

| Summary of Statement and Changes in Net Position | | | |
|---|--|--|------------------------------|
| Business-type Activities | | | |
| As of June 30, 2015 and 2014 | | | |
| (in thousands) | | | |
| | Business-type Activities 2015 | Business-type Activities 2014 | Percentage Change |
| Revenues: | | | |
| Program Revenues | | | |
| Charges for Service | \$ 44,173 | \$ 43,406 | 1.8% |
| Operating Grants and Contributions | 3,434 | 3,677 | -6.6% |
| Capital Grants and Contributions | - | 449 | -100.0% |
| Total Program Revenue | 47,607 | 47,532 | 0.2% |
| General Revenues | | | |
| Unrestricted Investment Earnings | 113 | 191 | -40.8% |
| Miscellaneous Revenue | 7 | 3 | 133.3% |
| Total Revenue | 47,727 | 47,726 | 0.0% |
| Expenses: | | | |
| Business Type Activities | | | |
| Airport | 1,715 | 1,810 | -5.2% |
| Development Services | 1,407 | 1,301 | 8.1% |
| Marina | 463 | 499 | -7.2% |
| Transit | 2,734 | 3,066 | -10.8% |
| Wastewater | 19,498 | 18,204 | 7.1% |
| Water Utility | 13,673 | 13,307 | 2.8% |
| Storm Water | 408 | 564 | -27.7% |
| Total Expenses | 39,898 | 38,751 | 3.0% |
| Revenues Over (Under) Expenses | 7,829 | 8,975 | -12.8% |
| Transfers | 611 | 746 | -18.1% |
| Changes in Net Position | 8,440 | 9,721 | -13.2% |
| Net Position - Beginning of year as restated | 151,675 | 141,954 | 6.8% |
| Adjustment Net position-beginning(See Note 1N) | (8,479) | - | |
| Net Position - End of Year | \$ 151,636 | \$ 151,675 | 0.0% |

Fund Financial Statements Analysis

Governmental Major Funds

General Fund

This fund provides for the basic services which are expected of a local government, including general government, police, fire, recreation, community development and public works. Support for these services is provided by charges for services, fees, taxes, intergovernmental revenues, donations and grants.

HOME/Begin Special Revenue Fund

The federal HOME program was created in 1990 and has provided over \$14.1 million to the City of Petaluma to fund affordable housing on a project-specific basis. The HOME program is administered through the California State Department of Housing and Community Development.

Impact Fee Special Revenue Funds

These funds are used to account for the impact fees, in the following categories, which are imposed on development in the City:

- Community Facilities
- Library Facility
- Public Facilities
- Fire Suppression
- Storm Drainage
- Housing in-Lieu
- Commercial Linkage
- Parkland Acquisition/Development
- Aquatic Facility
- Police Facility
- Traffic Mitigation
- City Facilities Development

These fees are used for the specific purposes for which they are collected. The majority are used for capital improvement projects, which are required as a result of the impact of development on the City.

City Capital Project Funds

The City Capital Project Funds account for the capital improvement activities and projects (CIP) which are financed with governmental resources. They include:

- General Government CIP
- Community Development CIP
- Police CIP
- Fire CIP
- Parks and Recreation CIP
- Public Works CIP
- FEMA CIP
- TDA CIP

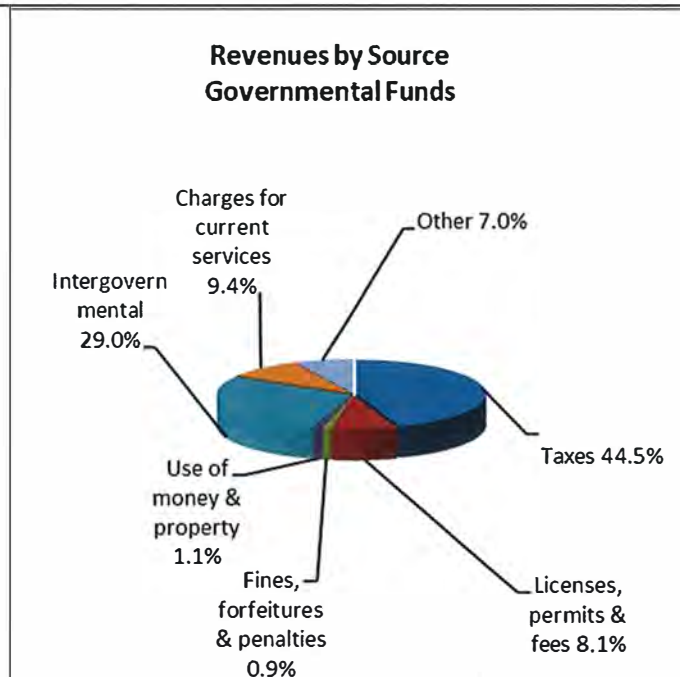
Fund Financial Statements Analysis, continued

Redevelopment Special Revenue Funds and Redevelopment Capital Project Fund

The City's Redevelopment Agency (RDA), Petaluma Community Development Commission (PCDC), was activated on December 1, 1975 and adopted the Redevelopment Plan for the Central Business District Project Area (CBD) on September 27, 1976. Pursuant to ABx 1 26 ("AB 26"), approved by Governor Brown on June 28, 2011 and upheld by the California State Supreme Court on December 29, 2011, the Redevelopment agency of the City of Petaluma (Petaluma Community Development Commission) was dissolved on January 31, 2012. The former PCDC is now administered under the name Petaluma Community Development Successor Agency. The Government-Wide Financial Statements for fiscal year 2011-12 includes activities of the former PCDC for the seven months ended January 31, 2012. On February 1, 2012 the former PCDC's remaining assets were distributed to and liabilities were assumed by the PCDSA. Please refer to note 16 for a more detailed discussion of the activities and assets and liabilities transferred as of February 1, 2012.

**Revenues Classified by Source
Governmental Funds
For the Years ending June 30, 2015 and 2014
(in millions of dollars)**

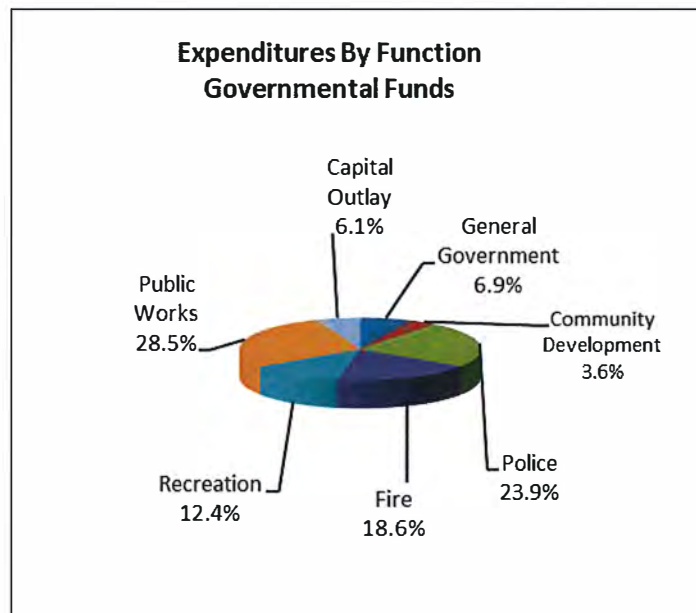
| Revenue by Source | FY 2015 | | FY 2014 | | Increase/(Decrease) | |
|--------------------------------|------------------------|----------------------|------------------------|----------------------|------------------------|---------------------|
| | Amount | % of Total | Amount | % of Total | Amount | Percentage |
| Taxes | \$ 29.52 | 44.5% | \$ 27.50 | 50.6% | \$ 2.02 | 7.3% |
| Licenses, permits & fees | 5.40 | 8.1% | 5.80 | 10.7% | (0.40) | -6.9% |
| Fines, forfeitures & penalties | 0.59 | 0.9% | 0.89 | 1.6% | (0.30) | -33.7% |
| Use of money & property | 0.71 | 1.1% | 0.66 | 1.2% | 0.05 | 7.6% |
| Intergovernmental | 19.23 | 29.0% | 11.70 | 21.5% | 7.53 | 64.4% |
| Charges for current services | 6.24 | 9.4% | 5.52 | 10.1% | 0.72 | 13.0% |
| Other | <u>4.65</u> | <u>7.0%</u> | <u>2.32</u> | <u>4.3%</u> | <u>2.33</u> | <u>100.4%</u> |
| Totals | <u>\$ 66.34</u> | <u>100.0%</u> | <u>\$ 54.39</u> | <u>100.0%</u> | <u>\$ 11.95</u> | <u>22.0%</u> |



Fund Financial Statements Analysis, continued

**Expenditures Classified by Function
Governmental Funds
For the Years ending June 30, 2015 and 2014
(in millions of dollars)**

| Expenditures by Function | FY 2015 | | FY 2014 | | Increase/(Decrease) | |
|--------------------------|------------------------|----------------------|------------------------|----------------------|------------------------|---------------------|
| | Amount | % of Total | Amount | % of Total | Amount | Percentage |
| Current: | | | | | | |
| General Government | \$ 4.56 | 6.9% | \$ 3.50 | 7.5% | \$ 1.06 | 30.3% |
| Community Development | 2.35 | 3.6% | 3.02 | 6.5% | (0.67) | -22.2% |
| Police | 15.67 | 23.9% | 15.72 | 33.8% | (0.05) | -0.3% |
| Fire | 12.26 | 18.6% | 11.52 | 24.7% | 0.74 | 6.4% |
| Recreation | 8.17 | 12.4% | 2.50 | 5.4% | 5.67 | 226.3% |
| Public Works | 18.74 | 28.5% | 7.55 | 16.2% | 11.19 | 148.2% |
| Capital Outlay | 3.99 | 6.1% | 2.73 | 5.9% | 1.26 | 46.0% |
| Totals | <u>\$ 65.74</u> | <u>100.0%</u> | <u>\$ 46.55</u> | <u>100.0%</u> | <u>\$ 19.19</u> | <u>41.2%</u> |



Fund Financial Statements Analysis, continued

Proprietary Major Funds

Airport Fund

This fund accounts for the daily operation and maintenance of the Petaluma Airport, including capital improvement projects.

Development Services Fund

This fund accounts for the cost recovery services offered by the City for building, development and planning.

Marina Fund

The Marina Fund accounts for the daily operation and maintenance of the Petaluma Marina, including capital improvement projects.

Transit Fund

The Transit Fund accounts for the daily operation and maintenance of the City's bus system and paratransit system, including capital improvement projects.

Waste Water Utility Fund

This fund is part of the Public Works and Utilities Department which provides comprehensive and integrated management of Petaluma's water resources, including the collection and treatment of wastewater. Capital projects are included in this fund.

Water Utility Fund

This fund is part of the Public Works and Utilities Department which provides comprehensive and integrated management of Petaluma's water resources, including the reliable delivery of high quality water. Capital projects are included in this fund.

Storm Water Fund

This fund is part of the Public Works and Utilities Department which tracks costs associated with the City's storm drainage system.

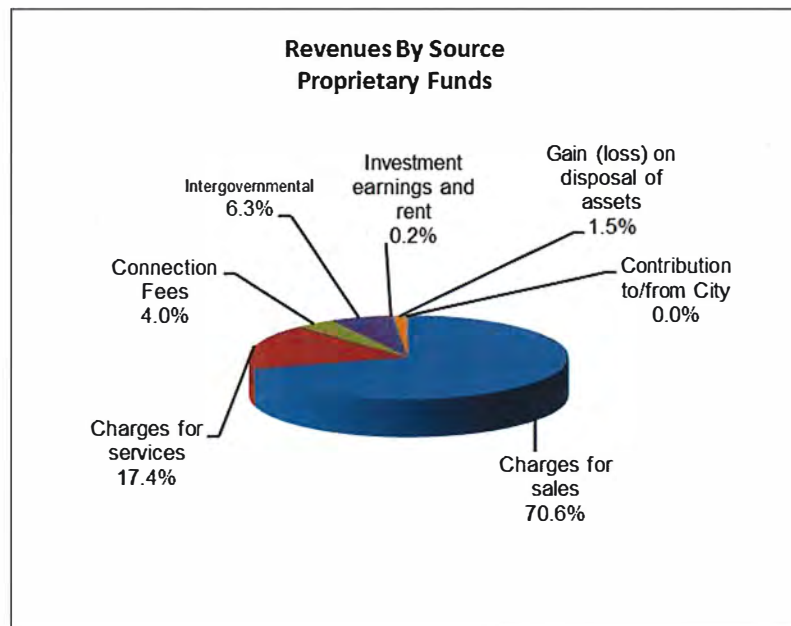
Proprietary Fund revenues decreased by approximately \$.2 million year over year due to decreased charges for services in the Internal Service Funds.

Proprietary Fund expenses increased approximately \$2.3 million. Higher claims in the Risk and Worker's Compensation Internal Service Funds of \$2.3 million, is the reason for the change.

Fund Financial Statements Analysis, continued

Revenues Classified by Source
Proprietary Funds
For the Years ending June 30, 2015 and 2014
(in millions of dollars)

| Revenue by Source | FY 2015 | | FY 2014 | | Increase/(Decrease) | |
|--------------------------------------|------------------------|----------------------|------------------------|----------------------|-------------------------|---------------------|
| | Amount | % of Total | Amount | % of Total | Amount | Percentage |
| Charges for sales | \$ 38.46 | 70.6% | \$ 39.03 | 71.4% | \$ (0.57) | -1.5% |
| Charges for services | 9.50 | 17.4% | 9.36 | 17.1% | 0.15 | 1.5% |
| Connection Fees | 2.17 | 4.0% | 1.10 | 2.0% | 1.07 | 97.5% |
| Intergovern. operating/non-operating | 3.43 | 6.3% | 3.68 | 6.7% | (0.25) | -6.7% |
| Investment earnings and rent | 0.12 | 0.2% | 0.23 | 0.4% | (0.11) | -48.3% |
| Transfers in | 0.81 | 1.5% | 0.86 | 1.6% | (0.05) | -5.4% |
| Contribution to/from City/Capital | 0.02 | 0.0% | 0.45 | 0.8% | (0.44) | -96.6% |
| Totals | <u>\$ 54.50</u> | <u>100.0%</u> | <u>\$ 54.70</u> | <u>100.0%</u> | <u>\$ (0.19)</u> | <u>-0.4%</u> |

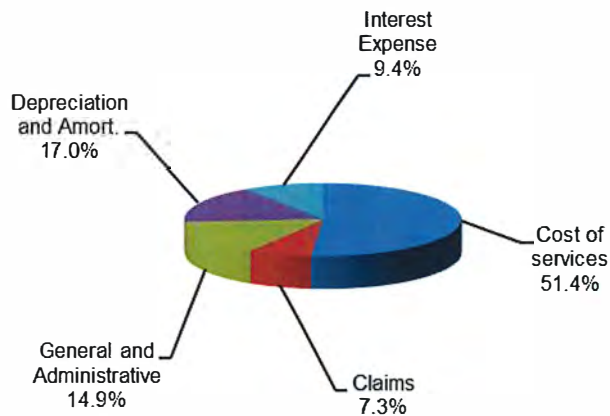


Fund Financial Statements Analysis, continued

**Expenditures Classified by Function
Proprietary Funds
For the Years ending June 30, 2015 and 2014
(in millions of dollars)**

| | FY 2015 | | FY 2014 | | Increase/(Decrease) | |
|-------------------------------|----------|------------|----------|------------|---------------------|------------|
| | Amount | % of Total | Amount | % of Total | Amount | Percentage |
| Cost of services | \$ 23.89 | 51.4% | \$ 24.53 | 55.5% | \$ (0.64) | -2.6% |
| Claims | 3.39 | 7.3% | 1.06 | 2.4% | 2.33 | 221.0% |
| General and administrative | 6.92 | 14.9% | 5.69 | 12.9% | 1.23 | 21.7% |
| Depreciation and amortization | 7.91 | 17.0% | 8.40 | 19.0% | (0.49) | -5.8% |
| Interest expense | 4.37 | 9.4% | 4.56 | 10.3% | (0.19) | -4.1% |
| Transfers Out | 0.02 | 0.0% | - | 0.0% | 0.02 | 100.0% |
| Totals | \$ 46.50 | 100.0% | \$ 44.22 | 100.0% | \$ 2.28 | 5.2% |

**Expenditures Classified by Function
Proprietary Funds**



Financial Analysis of the Governmental Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds – The focus of the City of Petaluma’s Governmental Funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City’s financing requirements.

At the end of the current fiscal year, the City of Petaluma Governmental Funds reported combined ending fund balances of \$64.6 million, a slight decrease of \$.2 million from the prior year. Total non-spendable reserves are \$.1 million, restricted and committed reserves are \$57.64 million and \$2.03 million respectively. Assigned and unassigned are \$4.8 million and \$.03 million respectively.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the total fund balance of the General Fund was \$8.76 million. This is made up of \$.1 million in non-spendable fund balance, \$2.03 million in committed, \$4.24 million in assigned, .52 million in assigned encumbrances and \$1.87 million in unassigned fund balance.

The General Fund’s fund balance increased by \$2.9 million during the current fiscal year. This increase is primarily due to one- time revenue received which includes the redistribution of property taxes related to the former Redevelopment Agency. Lower expenditures due to unfilled positions was also a contributing factor to the increase.

The fund balance in the City Capital Projects Fund was decreased by \$3.2 million due to a delay and timing of reimbursement from the State for the Open Space Grant as well as other funding for capital projects.

Financial Analysis of the Governmental Funds, continued

| Summary of Fund Balances | | | |
|--|--|--|--|
| Governmental Funds | | | |
| As of June 30, 2015 and 2014 | | | |
| (in thousands) | | | |
| | Governmental Funds 2015 | Governmental Funds 2014 | Governmental Funds Change |
| Assets: | | | |
| Total assets | 98,169 | 93,921 | 4,248 |
| Liabilities: | | | |
| Total liabilities | 7,248 | 3,920 | 3,328 |
| Deferred Outflows of Resources: | | | |
| Unavailable revenue | 26,341 | 25,239 | 1,102 |
| Total Deferred outflows | 26,341 | 25,239 | 1,102 |
| Fund Balance: | | | |
| Nonspendables | 115 | 99 | 16 |
| Restricted | 57,640 | 57,556 | 84 |
| Committed | 2,038 | 1,392 | 646 |
| Assigned | 4,758 | 4,082 | 676 |
| Unassigned | 29 | 1,633 | (1,604) |
| Total fund balance | 64,580 | 64,762 | (182) |
| Total liabilities and fund balances | <u>\$ 98,169</u> | <u>\$ 93,921</u> | <u>\$ 4,248</u> |

Financial Analysis of the Proprietary Funds

Proprietary Funds – Total net position for the Proprietary Funds decreased by \$2 million from the prior year. Enterprise Funds activity showed total net position for Airport and Wastewater funds up \$.9m and \$3.9m respectively. Development Services, Marina and Water funds show decreases of \$.8m, \$.2m and \$2.6m respectively. The Water Fund had total net position of \$36.8 million, representing a decrease of \$2.6 million from the prior year. The Storm Water net change in net assets amounted to a decrease of \$.008 million and is currently operating under a loan from Storm Drainage Impact Fees until a new revenue source is designated.

Internal Service Funds activity included a decrease in net position of \$3.4 million, mainly due to increased insurance claims compared to the prior year.

As mentioned prior, due to the implementation of GASB 68 which requires the total net pension liability be reported in the Proprietary Fund and the Government Wide Financial statements, this impacts the beginning fund balance as well as the current year's fund balances for Development Services, Water, Wastewater and Information Technology thereby decreasing the available fund balances. See Note 1N and Note 9 for more information.

| Summary of Statement of Net Position | | | |
|--|---------------------------------------|---------------------------------------|---|
| Proprietary Funds | | | |
| As of June 30, 2015 and 2014 | | | |
| (in thousands) | | | |
| | Proprietary Funds 2015 | Proprietary Funds 2014 | Proprietary Funds Change |
| Assets: | | | |
| Current assets | \$ 72,890 | \$ 67,393 | \$ 5,497 |
| Non-current assets | <u>246,616</u> | <u>248,137</u> | <u>(1,521)</u> |
| Total assets | <u><u>319,506</u></u> | <u><u>315,530</u></u> | <u><u>3,976</u></u> |
| Liabilities: | | | |
| Current liabilities | 15,204 | 14,027 | 1,177 |
| Non-current liabilities | <u>149,180</u> | <u>144,347</u> | <u>4,833</u> |
| Total liabilities | <u><u>164,384</u></u> | <u><u>158,374</u></u> | <u><u>6,010</u></u> |
| Net Position: | | | |
| Invested in capital assets, net of related debt | 109,130 | 102,774 | 6,356 |
| Restricted for debt service | 2,706 | 2,706 | - |
| Unrestricted | <u>43,286</u> | <u>51,677</u> | <u>(8,391)</u> |
| Total Net Position | <u><u>\$ 155,122</u></u> | <u><u>\$ 157,157</u></u> | <u><u>\$ (2,035)</u></u> |

General Fund Budgetary Highlights

The General Fund revenues originally adopted were adjusted at mid-year to reflect anticipated changes in taxes, intergovernmental charges, and charges for services. Expenditures originally adopted were also adjusted during the mid-year budget update to reflect higher projected costs of salaries and benefits and supplies. The increased costs were offset by higher projected revenues.

The General Fund total revenues were above the adopted budget estimates by \$5 million or 12%, due mainly to one-time tax revenues, higher intergovernmental revenues, increased charges for services, and developer contributions for capital improvements that were offset by corresponding expenditures. All other revenue categories were very close to budgeted amounts.

The General Fund total expenditures were over budget by \$1.8 million or 5% due mainly to developer contributions for infrastructure improvements. These amounts were directly offset by corresponding revenues.

Capital Asset and Debt Administration

Capital Assets – The City of Petaluma’s investment in capital assets for its Governmental and Business-Type Activities as of June 30, 2015, equals \$439.5 million (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements, vehicles and equipment, and infrastructure. Detailed information about the City’s capital assets is contained in Note 5.

The total increase in the City’s investment in capital assets, net of depreciation, for the current fiscal year was \$12.7 million or a 3.0% increase (this represents an increase of \$14.7 million in Governmental Activities and a \$2.0 million decrease for Business-type Activities).

Capital asset balances as of June 30, 2015 and 2014 were:

| Capital Assets | | | | | | |
|------------------------------------|-----------------|-----------------|------------------------------------|-----------------|-----------------|------------------------------------|
| (net of depreciation, in millions) | | | | | | |
| as of June 30, 2015 and 2014 | | | | | | |
| | Governmental | | Increase (Decrease) % Change | Business-type | | Increase (Decrease) % Change |
| | Activities | | | Activities | | |
| | 2015 | 2014 | | 2015 | 2014 | |
| Land | \$ 38.0 | \$ 37.6 | 1% | \$ 10.7 | \$ 10.7 | 0% |
| Const in Proc | 38.0 | 23.1 | 65% | 10.8 | 13.4 | -19% |
| Bldg and Improv | 10.0 | 9.7 | 3% | 17.8 | 16.6 | 7% |
| Vehicle and Equip | 2.1 | 2.8 | -24% | 3.2 | 3.5 | -8% |
| Infrastructure | 106.5 | 106.7 | 0% | 202.4 | 202.7 | 0% |
| Totals | <u>\$ 194.6</u> | <u>\$ 179.9</u> | <u>8%</u> | <u>\$ 244.9</u> | <u>\$ 246.9</u> | <u>-1%</u> |

Capital Asset and Debt Administration, continued

Long Term Debt – At the end of the current fiscal year, the City has no general long term debt obligation. The Waste Water Fund had \$98.5 million outstanding in a State Water Resource Control Board loan for the Ellis Creek Recycling Plant and \$22.5 million in outstanding revenue bonds. The Water Utility had \$6.7 million in outstanding revenue bonds. There were certificates of participation and a Department of Transportation loan totaling \$5.2 million outstanding for the Airport fund. Finally, the Marina Fund had a State loan outstanding in the amount of \$6.2 million.

State statutes limit the amount of general obligation debt a governmental entity may issue to 15% of its total assessed valuation. The current debt limitation for the City is \$1.0 billion. At June 30, 2015, the City had no general obligation debt outstanding. Additional information on the City of Petaluma's long term debt can be found in Note 6 of this report.

| Governmental Activities Long-Term Debt | | | |
|---|--------------------------|--------------------------|------------------------|
| As of June 30, 2015 and 2014 | | | |
| (in millions) | | | |
| | Balance June 30, 2015 | Balance June 30, 2014 | Increase (Decrease) |
| Compensated Absences | \$ 3,237 | 3,009 | 228 |
| Total | \$ 3,237 | \$ 3,009 | \$ 228 |

| Business-Type Activities Long-Term Debt | | | |
|--|--------------------------|--------------------------|------------------------|
| As of June 30, 2015 and 2014 | | | |
| (in millions) | | | |
| | Balance June 30, 2015 | Balance June 30, 2014 | Increase (Decrease) |
| Airport loan-CA Dept Transportation | \$ 706 | \$ 796 | \$ (90) |
| Airport 2003 Certificates of Participation | 4,435 | 4,650 | (215) |
| 2003 COP unamortized bond premium | 44 | 47 | (3) |
| 2011 Wastewater Revenue Bonds | 22,465 | 22,465 | - |
| 2011 Wastewater unamortized bond discount | (189) | (198) | 9 |
| WW-CA SWRCB loan | 98,471 | 104,332 | (5,861) |
| 2012 Water Revenue Refunding Bonds | 6,761 | 7,150 | (389) |
| Marina loan-CA Dept of Boating & Waterways | 6,183 | 6,084 | 99 |
| Compensated Absences | 388 | 401 | (13) |
| Total | \$ 139,264 | \$ 145,727 | \$ (6,463) |

Economic Factors and Next Year's Budget

After multiple years of financial impacts due to the State of California's fragile budget situation, housing market crash and economic recession, the City is continuing its slow rebound. Significant budget reductions over the past several years have allowed Petaluma to align revenues with expenditures. Challenges in the future remain, however, driven by the rising cost of health benefits and retirement costs.

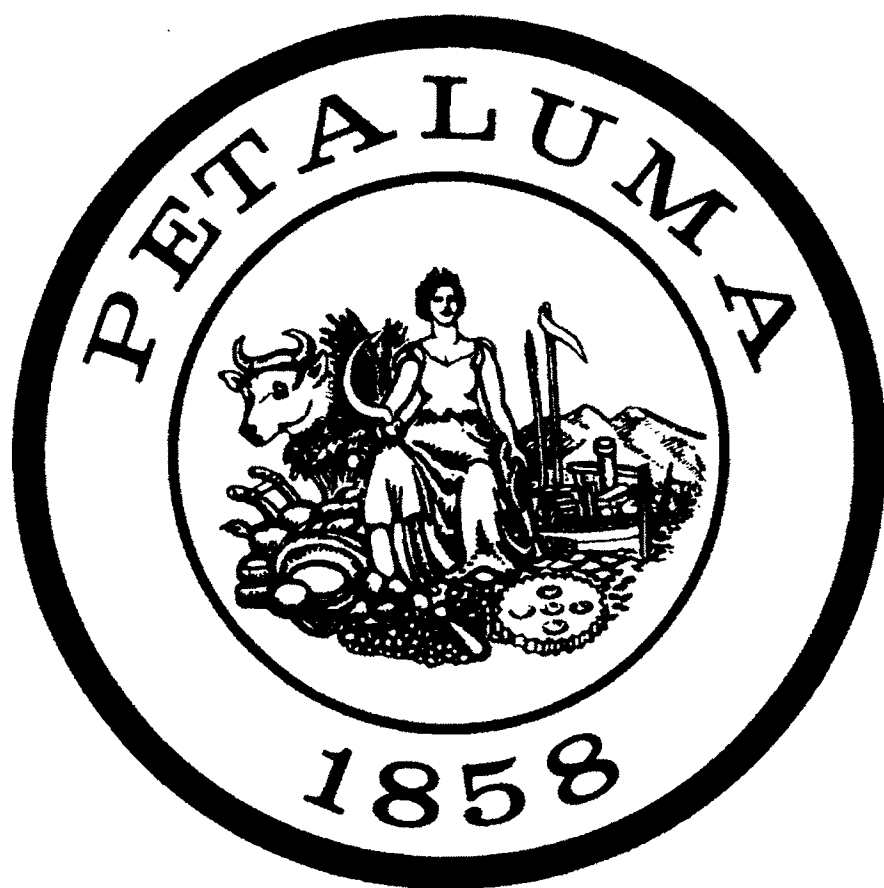
The City has a diverse economic base that includes residential, retail, and commercial assets. Revenues from these sectors from property taxes have stabilized after several years of declines and are projected to increase next fiscal year. Revenues from sales taxes are also anticipated to increase next fiscal year due to the continuation of a stable, growing economy.

There remains, however, a long term projected deficit in the General Fund. The City Council has adopted a goal related to achieving fiscal stability and maintaining financial sustainability. Significant work will be done on developing a five year financial plan and other initiatives in order to address the long term deficit.

The City Council held public meetings and adopted a balanced budget for FY 2015-16.

Requests for Information

This financial report is designed to provide a general overview of the City of Petaluma's finances for all those with an interest in the government's financial activities. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Bill Mushallo, Finance Director, located at 11 English Street, Petaluma, CA 94952. He may be also contacted by phone at 707-778-4323 or by email at bmushallo@ci.petaluma.ca.us. The City's website is www.cityofpetaluma.net.



CITY OF PETALUMA

**STATEMENT OF NET POSITION AND
STATEMENT OF ACTIVITIES**

The purpose of the Statement of Net Position and the Statement of Activities is to summarize the entire City's financial activities and financial position.

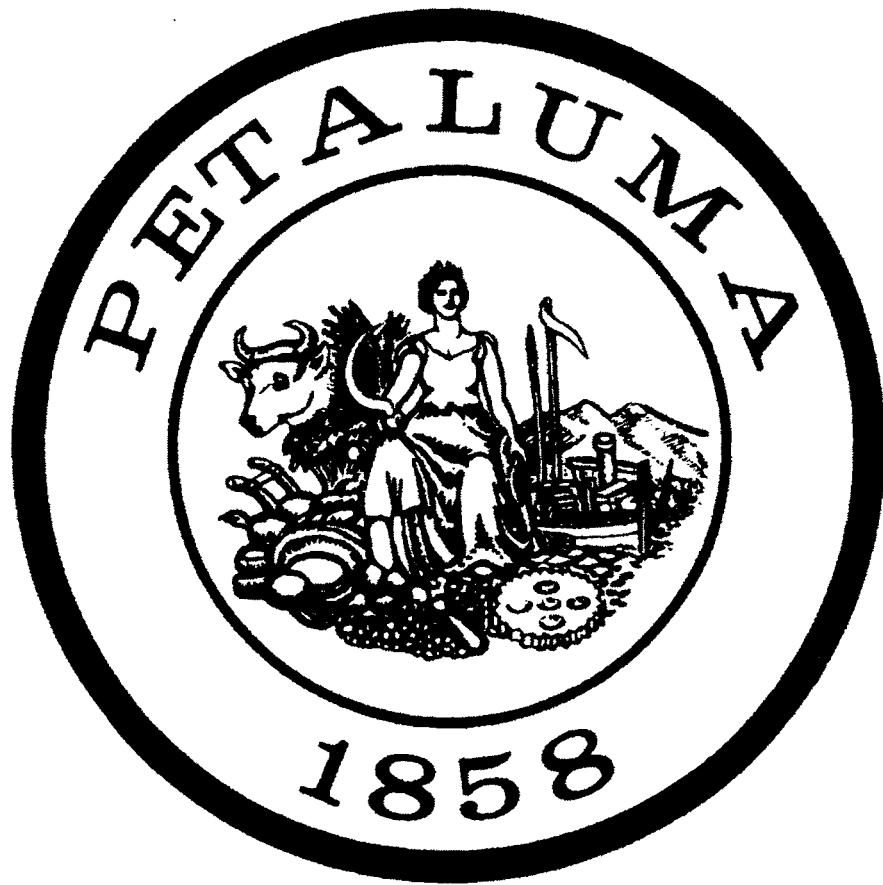
The Statement of Net Position reports the difference between the City's total assets, and deferred outflows of resources and the City's total liabilities and deferred inflow, including all the City's capital assets and all its long-term debt. The Statement of Net Position summarizes the financial position of all the City's Governmental Activities in a single column, and the financial position of all the City's Business-Type Activities in a single column; these columns are followed by a Total column that presents the financial position of the entire City.

The City's Governmental Activities include the activities of its General Fund, along with all its Special Revenue, Capital Projects, Debt Service Funds and Permanent Fund. Since the City's Internal Service Funds service these Funds, their activities are consolidated with Governmental Activities, after eliminating interfund transactions and balances. The City's Business-Type Activities include all its Enterprise Fund activities.

The Statement of Activities reports increases and decreases in the City's net position. It is also prepared on the full accrual basis, which means it includes all the City's revenues and all its expenses, regardless of when cash changes hands. This differs from the modified accrual basis used in the Fund financial statements, which reflect only current assets, current liabilities, available revenues and measurable expenditures.

The Statement of Activities presents the City's expenses first, listed by program, and follows these with the expenses of its business-type activities. Program revenues—that is, revenues which are generated directly by these programs—are then deducted from program expenses to arrive at the net expense of each governmental and business-type program. The City's general revenues are then listed in the Governmental Activities or Business-type Activities column, as appropriate, and the Change in Net Position is computed and reconciled with the Statement of Net Position.

Both these Statements include the financial activities of the City, the City of Petaluma Public Financing Corporation, and the Petaluma Public Financing Authority, which are legally separate but are component units of the City because they are controlled by the City, which is financially accountable for the activities of these entities.



CITY OF PETALUMA
STATEMENT OF NET POSITION
JUNE 30, 2015

| | Governmental Activities | Business-Type Activities | Total |
|---|----------------------------|-----------------------------|----------------------|
| ASSETS | | | |
| Cash and investments (Note 2) | \$49,349,769 | \$54,271,740 | \$103,621,509 |
| Restricted cash and investments (Note 2) | | 2,705,813 | 2,705,813 |
| Receivables: | | | |
| Accounts, net | 2,483,537 | 2,653,999 | 5,137,536 |
| Interest | 73,131 | | 73,131 |
| Intergovernmental | 3,253,174 | 732,903 | 3,986,077 |
| Internal balances (Note 3D) | 1,840,236 | (1,840,236) | |
| Inventories (Note 1F) | 20,634 | 462,493 | 483,127 |
| Deposits and prepaid items | 479,213 | 881 | 480,094 |
| Non-current deposits | 270,640 | | 270,640 |
| Loans receivable (Note 4) | 39,287,308 | | 39,287,308 |
| Interest receivable related to loans receivable (Note 4) | 10,705,060 | | 10,705,060 |
| Capital assets (Note 5): | | | |
| Non-depreciable | 76,071,393 | 21,583,525 | 97,654,918 |
| Depreciable, net | 118,559,679 | 223,274,691 | 341,834,370 |
| Total Assets | <u>302,393,774</u> | <u>303,845,809</u> | <u>606,239,583</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Related to pension (Note 9) | 5,642,629 | 697,405 | 6,340,034 |
| Total assets and deferred outflows of resources | <u>308,036,403</u> | <u>304,543,214</u> | <u>612,579,617</u> |
| LIABILITIES | | | |
| Accounts payable and accrued liabilities | 3,450,768 | 2,449,465 | 5,900,233 |
| Wages payable | 526,846 | | 526,846 |
| Interest payable | | 966,874 | 966,874 |
| Unearned revenue | 364,104 | 225,894 | 589,998 |
| Refundable deposits | 321,227 | 827,178 | 1,148,405 |
| Claims payable (Note 12): | | | |
| Due within one year | 2,469,423 | | 2,469,423 |
| Due in more than one year | 5,422,437 | | 5,422,437 |
| Compensated absences (Note 1G): | | | |
| Due within one year | 404,509 | 107,423 | 511,932 |
| Due in more than one year | 3,237,993 | 387,688 | 3,625,681 |
| Net pension liability, due in more than one year (Note 9) | 61,618,182 | 7,615,731 | 69,233,913 |
| Net OPEB obligation, due in more than one year (Note 10) | 5,243,315 | | 5,243,315 |
| Long-term debt (Note 6): | | | |
| Due within one year | | 7,068,594 | 7,068,594 |
| Due in more than one year | | 131,808,159 | 131,808,159 |
| Total Liabilities | <u>83,058,804</u> | <u>151,457,006</u> | <u>234,515,810</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Related to pension (Note 9) | 11,734,970 | 1,450,390 | 13,185,360 |
| Total Liabilities and Deferred Inflows of Resources | <u>94,793,774</u> | <u>152,907,396</u> | <u>247,701,170</u> |
| NET POSITION (Note 8) | | | |
| Net investment in capital assets | <u>194,631,072</u> | <u>108,204,912</u> | <u>302,835,984</u> |
| Restricted for: | | | |
| Special projects: | | | |
| CDBG | 94,496 | | 94,496 |
| HOME/ BEGIN | 322,704 | | 322,704 |
| Redevelopment low/ moderate income housing | 22,711,959 | | 22,711,959 |
| Impact fees | 27,669,572 | | 27,669,572 |
| Grants | 1,712,317 | | 1,712,317 |
| Gas tax | 1,410,815 | | 1,410,815 |
| Public safety | 632,488 | | 632,488 |
| Landscape Assessment Districts | 458,366 | | 458,366 |
| Street maintenance | 874,149 | | 874,149 |
| Transient Occupancy Tax | 944,952 | | 944,952 |
| Debt service | | 2,705,813 | 2,705,813 |
| Permanent Nonexpendable | 23,770 | | 23,770 |
| Total Restricted | <u>56,855,588</u> | <u>2,705,813</u> | <u>59,561,401</u> |
| Unrestricted | <u>(38,244,031)</u> | <u>40,725,093</u> | <u>2,481,062</u> |
| Total Net Position | <u>\$213,242,629</u> | <u>\$151,635,818</u> | <u>\$364,878,447</u> |

See accompanying notes to financial statements

CITY OF PETALUMA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

| Functions/Programs | Expenses | Indirect Expense Allocation | Program Revenues | | Total |
|---------------------------------------|---------------------|-----------------------------------|-------------------------|--|---------------------|
| | | | Charges for Services | Operating Grants and Contributions | |
| Governmental Activities: | | | | | |
| General government | \$6,217,478 | (\$1,822,591) | \$2,780,709 | | \$2,780,709 |
| Community development | 3,557,139 | 383,892 | 1,651,455 | \$317,340 | 1,968,795 |
| Police | 15,681,606 | 746 | 177,500 | 451,180 | 628,680 |
| Fire | 12,255,873 | | 2,359,121 | 14,238 | 2,373,359 |
| Parks and recreation | 2,497,607 | 14,294 | 1,875,867 | | \$1,449,664 |
| Public works | 10,273,849 | 90,926 | 2,729,827 | | 9,913,501 |
| Total Governmental Activities | 50,483,552 | (1,332,733) | 11,574,479 | 782,758 | 11,363,165 |
| Business-type Activities: | | | | | |
| Airport | 1,648,939 | 65,705 | 1,759,606 | 805,181 | 2,564,787 |
| Development services | 1,314,221 | 93,095 | 1,395,230 | | 1,395,230 |
| Marina | 422,502 | 40,672 | 242,993 | | 242,993 |
| Transit | 2,692,703 | 40,658 | 312,964 | 2,564,923 | 2,877,887 |
| Wastewater utility | 18,965,735 | 532,821 | 26,032,141 | 1,436 | 26,033,577 |
| Water utility | 13,159,889 | 513,285 | 14,430,666 | 62,920 | 14,493,586 |
| Storm water | 361,271 | 46,497 | | | |
| Total Business-type Activities | 38,565,260 | 1,332,733 | 44,173,600 | 3,434,460 | 47,608,060 |
| Total | \$89,048,812 | | \$55,748,079 | \$4,217,218 | \$11,363,165 |

General revenues:

- Taxes:
 - Property taxes
 - Sales taxes
 - Franchise tax
 - Other taxes
- Intergovernmental, unrestricted
- Unrestricted investment earnings
- Gain on disposal of assets
- Miscellaneous
- Transfers (Note 3C)

Total general revenues and transfers

Change in Net Position

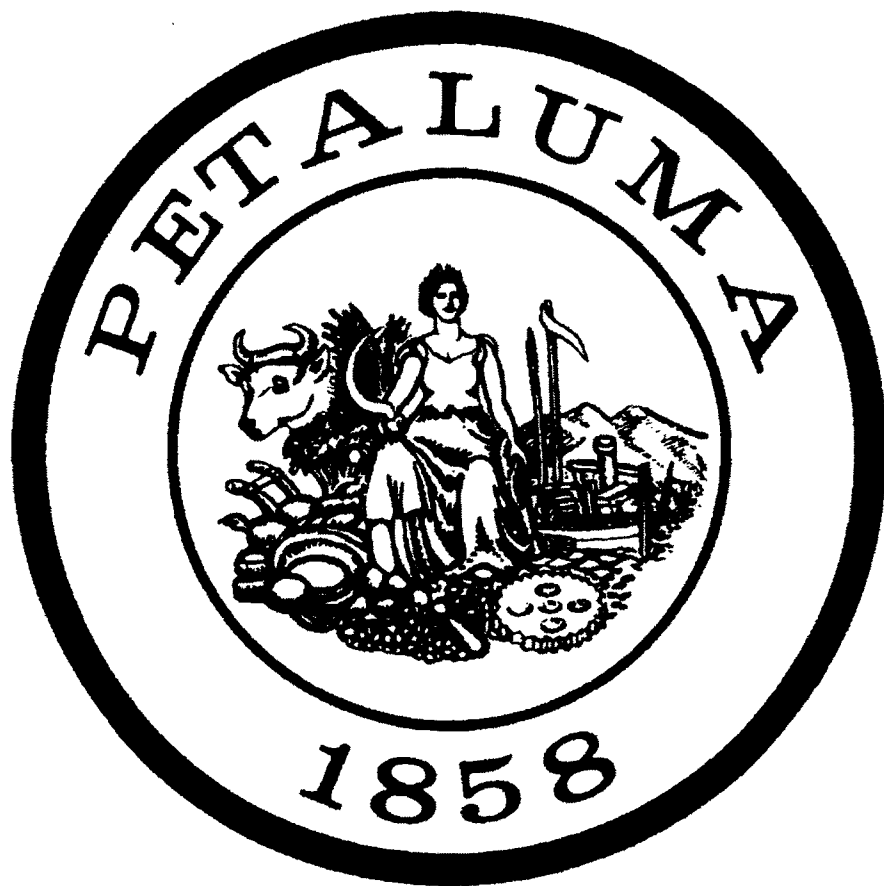
Net Position-Beginning (As adjusted Note 1N)

Net Position-Ending

See accompanying notes to financial statements

Net (Expense) Revenue and
Changes in Net Position

| Governmental Activities | Business-type Activities | Total |
|----------------------------|-----------------------------|----------------------|
| (\$1,614,178) | | (\$1,614,178) |
| (1,972,236) | | (1,972,236) |
| (15,053,672) | | (15,053,672) |
| (9,882,514) | | (9,882,514) |
| 813,630 | | 813,630 |
| 2,278,553 | | 2,278,553 |
| <u>(25,430,417)</u> | | <u>(25,430,417)</u> |
| | \$850,143 | 850,143 |
| | (12,086) | (12,086) |
| | (220,181) | (220,181) |
| | 144,526 | 144,526 |
| | 6,535,021 | 6,535,021 |
| | 820,412 | 820,412 |
| | <u>(407,768)</u> | <u>(407,768)</u> |
| | <u>7,710,067</u> | <u>7,710,067</u> |
| <u>(25,430,417)</u> | <u>7,710,067</u> | <u>(17,720,350)</u> |
| 8,516,289 | | 8,516,289 |
| 12,393,784 | | 12,393,784 |
| 4,200,929 | | 4,200,929 |
| 4,413,036 | | 4,413,036 |
| 8,060,611 | | 8,060,611 |
| 140,208 | 113,214 | 253,422 |
| 4,684 | 6,720 | 11,404 |
| 4,897,416 | | 4,897,416 |
| <u>(610,580)</u> | <u>610,580</u> | |
| <u>42,016,377</u> | <u>730,514</u> | <u>42,746,891</u> |
| 16,585,960 | 8,440,581 | 25,026,541 |
| <u>196,656,669</u> | <u>143,195,237</u> | <u>339,851,906</u> |
| <u>\$213,242,629</u> | <u>\$151,635,818</u> | <u>\$364,878,447</u> |



FUND FINANCIAL STATEMENTS

The funds described below were determined to be Major Funds by the City in fiscal 2015. Individual non-major funds may be found in the Supplemental Section.

GENERAL FUND

The General Fund is used to account for resources traditionally associated with government, which are not required legally, or by sound financial management, to be accounted for in another fund.

HOME/BEGIN SPECIAL REVENUE FUND

The HOME/Begin Special Revenue Fund is used to account for federal grants received under the Housing and Community Development Act of 1974. The money is used for specific programs, which provide housing to people with low and moderate income.

IMPACT FEES SPECIAL REVENUE FUND

This fund is used to account for fees received from local development projects, which are used for the construction of major public improvements, provided assistance to low income people in the community, and for the acquisition, development, and enhancement of neighborhood and community parks.

SUCCESSOR HOUSING SPECIAL REVENUE FUND

This fund was established to account for the collection of property tax increment related to the dissolution of the former Petaluma Community Development Commission (PCDC) and its related project areas. This fund is used for loan repayments and activities related to the assets assumed by the City as Successor Agency as well as housing activities of the former PCDC.

CITY CAPITAL PROJECTS FUND

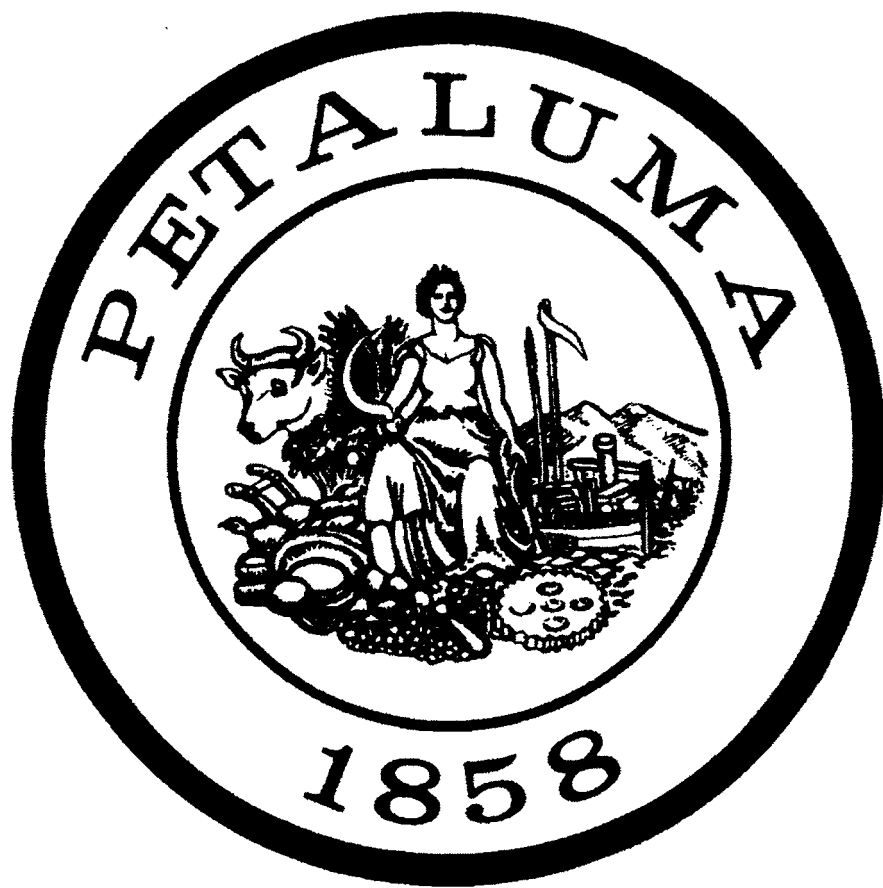
This fund accounts for the collection of resources and the related expenditure on acquisition and construction of major capital improvement projects in the City, other than those accounted for in proprietary funds.

CITY OF PETALUMA
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2015

| | <u>General</u> | <u>HOME/ Begin Special Revenue</u> | <u>Impact Fees Special Revenue</u> |
|---|----------------------------|--|--|
| ASSETS | | | |
| Cash and investments (Note 2) | \$5,413,840 | \$322,705 | \$24,531,120 |
| Receivables: | | | |
| Accounts, net | 1,276,056 | | |
| Interest | 71,277 | | |
| Intergovernmental | 2,537,795 | | 191 |
| Due from other funds (Note 3A) | 2,625,796 | | 990,774 |
| Inventories | 11,422 | | |
| Deposits and prepaid items | 9,308 | | |
| Noncurrent deposits | | | 270,640 |
| Loans receivable (Note 4) | 49,375 | 14,739,290 | 1,357,184 |
| Interest receivable related to loans receivable (Note 4) | 21,346 | 4,757,277 | 331,909 |
| Advances to other funds (Note 3B) | | | 692,378 |
| Total Assets | <u><u>\$12,016,215</u></u> | <u><u>\$19,819,272</u></u> | <u><u>\$28,174,196</u></u> |
| LIABILITIES | | | |
| Accounts payable and accrued liabilities | \$2,057,360 | | \$92,325 |
| Wages payable | 526,846 | | |
| Unearned revenue | 364,104 | | |
| Refundable deposits | 258,602 | | |
| Due to other funds (Note 3A) | | | |
| Advances from other funds (Note 3B) | | | |
| Total Liabilities | <u><u>3,206,912</u></u> | | <u><u>92,325</u></u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Unavailable revenue | 49,375 | \$19,496,568 | 412,299 |
| Total Deferred Inflows of Resources | <u><u>49,375</u></u> | <u><u>19,496,568</u></u> | <u><u>412,299</u></u> |
| FUND BALANCES (Note 8): | | | |
| Fund balance | | | |
| Nonspendable | 91,451 | | |
| Restricted | | 322,704 | 27,669,572 |
| Committed | 2,037,806 | | |
| Assigned | 4,757,796 | | |
| Unassigned | 1,872,875 | | |
| Total Fund Balances | <u><u>8,759,928</u></u> | <u><u>322,704</u></u> | <u><u>27,669,572</u></u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | <u><u>\$12,016,215</u></u> | <u><u>\$19,819,272</u></u> | <u><u>\$28,174,196</u></u> |

See accompanying notes to financial statements

| <u>Successor Housing Special Revenue</u> | <u>City Capital Projects</u> | <u>Non-Major Governmental Funds</u> | <u>Total Governmental Funds</u> |
|--|----------------------------------|---|---|
| \$415,687 | \$837,597 | \$6,254,665 | \$37,775,614 |
| 4,355 | 484,964 | 709,623 | 2,474,998 |
| | 359,879 | 355,309 | 71,277 |
| | | | 3,253,174 |
| | | | 3,616,570 |
| | 1,444 | | 11,422 |
| | | | 10,752 |
| | | | 270,640 |
| 22,357,459 | | 784,000 | 39,287,308 |
| 5,443,645 | | 150,883 | 10,705,060 |
| | | | 692,378 |
| <u>\$28,221,146</u> | <u>\$1,683,884</u> | <u>\$8,254,480</u> | <u>\$98,169,193</u> |
| \$1,187 | \$187,060 | \$360,476 | \$2,698,408 |
| | | | 526,846 |
| | | | 364,104 |
| 60,000 | 2,625 | | 321,227 |
| | 3,289,141 | | 3,289,141 |
| | 48,583 | | 48,583 |
| <u>61,187</u> | <u>3,527,409</u> | <u>360,476</u> | <u>7,248,309</u> |
| 5,448,000 | | 934,883 | 26,341,125 |
| <u>5,448,000</u> | | <u>934,883</u> | <u>26,341,125</u> |
| 22,711,959 | | 23,770 | 115,221 |
| | | 6,935,351 | 57,639,586 |
| | | | 2,037,806 |
| | | | 4,757,796 |
| | (1,843,525) | | 29,350 |
| <u>22,711,959</u> | <u>(1,843,525)</u> | <u>6,959,121</u> | <u>64,579,759</u> |
| <u>\$28,221,146</u> | <u>\$1,683,884</u> | <u>\$8,254,480</u> | <u>\$98,169,193</u> |



CITY OF PETALUMA
 Reconciliation of the
 GOVERNMENTAL FUNDS -- BALANCE SHEET
 with the
 STATEMENT OF NET POSITION
 JUNE 30, 2015

Total fund balances reported on the governmental funds balance sheet \$64,579,759

Amounts reported for Governmental Activities in the Statement of Net Position
 are different from those reported in the Governmental Funds above because of the following:

CAPITAL ASSETS

Capital assets used in Governmental Activities are not current assets or financial resources and
 therefore are not reported in the Governmental Funds. 193,705,474

ALLOCATION OF INTERNAL SERVICE FUND NET POSITION

Internal service funds are not governmental funds. However, they are used by management to
 charge the costs of certain activities, such as insurance and central services and maintenance
 to individual governmental funds. The net current assets of the Internal Service Funds are therefore
 included in Governmental Activities in the following line items in the Statement of Net Position. 3,486,544

ACCRUAL OF NON-CURRENT REVENUES AND EXPENSES

Revenues which are deferred on the Fund Balance Sheets because they are not available currently
 are taken into revenue in the Statement of Activities. 26,341,125

LONG-TERM ASSETS AND LIABILITIES

The assets and liabilities below are not due and payable in the current period and therefore are not
 reported in the Funds:

| | |
|---|---------------------|
| Non-current portion of compensated absences | (3,438,020) |
| Net OPEB obligation | (5,243,315) |
| Net Pension liability | (60,233,504) |
| Deferred outflows related to pension | 5,515,829 |
| Deferred inflows related to pension | <u>(11,471,263)</u> |

NET POSITION OF GOVERNMENTAL ACTIVITIES \$213,242,629

See accompanying notes to financial statements

CITY OF PETALUMA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2015

| | General | HOME/ Begin Special Revenue | Impact Fees Special Revenue |
|--|--------------------|--------------------------------|-----------------------------------|
| REVENUES | | | |
| Taxes | \$26,071,745 | | |
| Licenses, permits and fees | 1,060,501 | | \$4,344,897 |
| Fines, forfeitures, and penalties | 567,091 | | |
| Use of money and property | 562,596 | \$217 | 77,982 |
| Intergovernmental | 5,496,371 | | |
| Charges for current services | 5,693,857 | | 85,619 |
| Other | 3,673,761 | | 8,823 |
| Total Revenues | 43,125,922 | 217 | 4,517,321 |
| EXPENDITURES | | | |
| Current: | | | |
| General government | 4,556,536 | | |
| Community development | 614,247 | 25,000 | 908,013 |
| Police | 15,195,802 | | 24 |
| Fire | 12,219,352 | | 28 |
| Parks and recreation | 1,537,940 | | 17,793 |
| Public works | 3,273,797 | | 63,413 |
| Capital outlay | 3,592,870 | | |
| Total Expenditures | 40,990,544 | 25,000 | 989,271 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 2,135,378 | (24,783) | 3,528,050 |
| OTHER FINANCING SOURCES (USES) | | | |
| Proceeds from the sale of capital assets | 4,684 | | |
| Transfers in (Note 3C) | 1,649,012 | | 234,813 |
| Transfers (out) (Note 3C) | (827,400) | (67,825) | (3,877,493) |
| Total Other Financing Sources (Uses) | 826,296 | (67,825) | (3,642,680) |
| NET CHANGE IN FUND BALANCES | 2,961,674 | (92,608) | (114,630) |
| BEGINNING FUND BALANCES | 5,798,254 | 415,312 | 27,784,202 |
| ENDING FUND BALANCES | \$8,759,928 | \$322,704 | \$27,669,572 |

See accompanying notes to financial statements

| Successor Housing Special Revenue | City Capital Projects | Non-Major Governmental Funds | Total Governmental Funds |
|---|--------------------------|------------------------------------|--------------------------------|
| | | \$3,452,291 | \$29,524,036 |
| | | | 5,405,398 |
| | | 25,166 | 592,257 |
| \$36,617 | \$21,994 | 9,130 | 708,536 |
| | 9,416,654 | 4,312,368 | 19,225,393 |
| 29,490 | | 427,607 | 6,236,573 |
| | 913,220 | 54,678 | 4,650,482 |
| <u>66,107</u> | <u>10,351,868</u> | <u>8,281,240</u> | <u>66,342,675</u> |
| | 8,845 | | 4,565,381 |
| 149,526 | | 649,036 | 2,345,822 |
| | | 476,821 | 15,672,647 |
| | 33,123 | 9,823 | 12,262,326 |
| | 6,277,764 | 336,403 | 8,169,900 |
| | 12,292,567 | 3,107,425 | 18,737,202 |
| | 372,192 | 22,918 | 3,987,980 |
| <u>149,526</u> | <u>18,984,491</u> | <u>4,602,426</u> | <u>65,741,258</u> |
| <u>(83,419)</u> | <u>(8,632,623)</u> | <u>3,678,814</u> | <u>601,417</u> |
| | | | 4,684 |
| 185,500 | 5,526,959 | 1,156,680 | 8,752,964 |
| | (129,648) | (4,639,178) | (9,541,544) |
| <u>185,500</u> | <u>5,397,311</u> | <u>(3,482,498)</u> | <u>(783,896)</u> |
| 102,081 | (3,235,312) | 196,316 | (182,479) |
| <u>22,609,878</u> | <u>1,391,787</u> | <u>6,762,805</u> | <u>64,762,238</u> |
| <u>\$22,711,959</u> | <u>(\$1,843,525)</u> | <u>\$6,959,121</u> | <u>\$64,579,759</u> |

CITY OF PETALUMA
 Reconciliation of the
 NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS
 with the
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2015

The schedule below reconciles the Net Changes in Fund Balances reported on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance, which measures only changes in current assets and current liabilities on the modified accrual basis, with the Change in Net Position of Governmental Activities reported in the Statement of Activities, which is prepared on the full accrual basis.

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS (\$182,479)

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

CAPITAL ASSETS TRANSACTIONS

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.

| | |
|---|-------------|
| The capital outlay and other capitalized expenditures are therefore added back to fund balance | 22,368,704 |
| Gain on disposal of capital assets are added back to fund balance | 55,855 |
| Depreciation expense is deducted from the fund balance (Depreciation expense is net of internal service fund depreciation of \$273,956 which has already been allocated to serviced funds) | (7,531,109) |

ACCRUAL OF NON-CURRENT ITEMS

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

| | |
|---|-----------|
| Unavailable revenue | 1,102,547 |
| Compensated absences | (10,007) |
| Net OPEB obligation | (958,698) |
| Non-current payable | 1,319,222 |
| Net pension liability, and deferred outflows and inflows of resources | 875,586 |

ALLOCATION OF INTERNAL SERVICE FUND ACTIVITY

Internal Service Funds are used by management to charge the costs of certain activities, such as equipment acquisition, maintenance, and insurance to individual funds. The portion of the net revenue (expense) of these Internal Service Funds arising out of their transactions with governmental funds is reported with governmental activities, because they service those activities.

| | |
|---|------------------|
| Change in Net Position - All Internal Service Funds | <u>(453,661)</u> |
|---|------------------|

| | |
|---|----------------------------|
| CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES | <u><u>\$16,585,960</u></u> |
|---|----------------------------|

See accompanying notes to financial statements

MAJOR PROPRIETARY FUNDS

Proprietary funds account for City operations financed and operated in a manner similar to a private business enterprise. The intent of the City is that the cost of providing goods and services be financed primarily through user charges.

AIRPORT FUND

This fund accounts for the daily operation and maintenance of the Petaluma Airport, including capital improvements.

DEVELOPMENT SERVICES FUND

This fund accounts for cost recovery services, including building services, development services and planning services provided to developers, where fees charged are required to cover costs of providing services.

MARINA FUND

This fund accounts for the daily operation and maintenance of the Petaluma Marina, structural and equipment improvements, and planning and implementing promotional campaigns.

TRANSIT FUND

This fund is used to account for the operation of City's transit services.

WASTEWATER UTILITY FUND

This fund is part of the Water Resources and Conservation Department, which provides comprehensive and integrated management of Petaluma's water resources, including collection and treatment of wastewater.

WASTEWATER RATE STABILIZATION FUND

This fund is used for the purpose of debt service calculations. The Financial Plan uses money from the Rate Stabilization fund to help meet the debt service coverage requirements.

WATER UTILITY FUND

This fund is part of the Water Resources and Conservation Department, which provides comprehensive and integrated management of Petaluma's water resources, including reliable delivery of high quality water.

STORM WATER FUND

The Storm Water Utility was set up to track costs associated with the City's storm drainage system. Some examples of these costs include maintenance, monitoring, ground water and drinking water protection, infrastructure management, code development and enforcement, drainage system inspection and regulation, and floodplain management.

CITY OF PETALUMA
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2015

| | Business-type Activities-Enterprise Funds | | | |
|---|---|-------------------------|----------------------|--------------------|
| | Airport | Development Services | Marina | Transit |
| ASSETS | | | | |
| Current Assets: | | | | |
| Cash and investments (Note 2) | \$1,099,461 | \$964,063 | \$175,681 | \$253,490 |
| Cash and investments with fiscal agents (Note 2) | 459,313 | | | |
| Receivables: | | | | |
| Accounts, net | 76,057 | | 13,324 | 13,631 |
| Intergovernmental | 557 | | | 732,346 |
| Interest | | | | |
| Inventories (Note 1F) | 43,813 | | | 69,396 |
| Deposits and prepaid items | 87 | | | 412 |
| Total Current Assets | <u>1,679,288</u> | <u>964,063</u> | <u>189,005</u> | <u>1,069,275</u> |
| Non-Current Assets: | | | | |
| Advance to other funds (Note 3B) | | | | |
| Capital assets (Note 5): | | | | |
| Nondepreciable | 4,403,889 | | 158,549 | 1,118,054 |
| Depreciable | 18,904,363 | 356,272 | 4,823,560 | 6,453,062 |
| Less: accumulated depreciation | <u>(10,396,903)</u> | <u>(356,272)</u> | <u>(3,217,938)</u> | <u>(3,082,127)</u> |
| Total Non-current Assets | <u>12,911,349</u> | <u>1,764,171</u> | <u>1,764,171</u> | <u>4,488,989</u> |
| Total Assets | <u>14,590,637</u> | <u>964,063</u> | <u>1,953,176</u> | <u>5,558,264</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Related to pension (Note 9) | | 63,401 | | |
| Total Assets and Deferred Outflows of Resources | <u>14,590,637</u> | <u>1,027,464</u> | <u>1,953,176</u> | <u>5,558,264</u> |
| LIABILITIES | | | | |
| Current Liabilities: | | | | |
| Accounts payable and accrued liabilities | 87,419 | 78,752 | 132,196 | 551,253 |
| Interest payable | 91,180 | | 78,522 | |
| Unearned revenue | | | | 221,110 |
| Due to other funds (Note 3A) | | | 240,120 | |
| Refundable deposits | 154,690 | 500,474 | 18,113 | |
| Claims payable, due within one year (Note 12) | | | | |
| Compensated absences, due within one year (Note 1G) | 423 | 8,464 | 229 | 310 |
| Long-term debt, due within one year (Note 6) | 319,464 | | 343,790 | |
| Total Current Liabilities | <u>653,176</u> | <u>587,690</u> | <u>812,970</u> | <u>772,673</u> |
| Non-Current liabilities: | | | | |
| Claims payable, due in more than one year (Note 12) | | | | |
| Compensated absences, due in more than one year (Note 1G) | 23,481 | 18,373 | 1,895 | 5,657 |
| Advance from other funds (Note 3B) | | | | |
| Net pension liability (Note 9) | | 692,339 | | |
| Long-term debt, due in more than one year (Note 6) | 4,866,140 | | 5,839,659 | |
| Total Non-current Liabilities | <u>4,889,621</u> | <u>710,712</u> | <u>5,841,554</u> | <u>5,657</u> |
| Total Liabilities | <u>5,542,797</u> | <u>1,298,402</u> | <u>6,654,524</u> | <u>778,330</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Related to pension (Note 9) | | 131,854 | | |
| Total Liabilities and Deferred Inflows of Resources | <u>5,542,797</u> | <u>1,430,256</u> | <u>6,654,524</u> | <u>778,330</u> |
| NET POSITION (NOTE 8): | | | | |
| Net investment in capital assets | 7,725,745 | | (2,195,829) | 4,488,989 |
| Restricted for debt service | 459,313 | | | |
| Unrestricted | 862,782 | (402,792) | (2,505,519) | 290,945 |
| Total Net Position | <u>\$9,047,840</u> | <u>(\$402,792)</u> | <u>(\$4,701,348)</u> | <u>\$4,779,934</u> |

Some amounts reported for business-type activities in the statement of net position are different because certain internal service fund assets and liabilities are included with business type activities
 Equipment Replacement (BA) Fund is completely allocated to the business-type activities

See accompanying notes to financial statements

| Business-type Activities-Enterprise Funds | | | | | Governmental Activities- Internal Service Funds |
|---|----------------------------------|---------------------|--------------------|----------------------|--|
| Wastewater Utility | Wastewater Rate Stabilization | Water Utility | Storm Water | Total | |
| \$33,191,612 | \$3,586,165 | \$14,998,207 | | \$54,268,679 | \$11,577,216 |
| 2,246,500 | | | | 2,705,813 | |
| 1,896,622 | | 654,279 | | 2,653,913 | 8,625 |
| | | | | 732,903 | |
| 4,112 | | 333,323 | \$11,849 | 462,493 | 1,854 |
| 382 | | | | 881 | 9,212 |
| <u>37,339,228</u> | <u>3,586,165</u> | <u>15,985,809</u> | <u>11,849</u> | <u>60,824,682</u> | <u>468,461</u> |
| | | | | | 12,065,368 |
| | | | | | 9,015 |
| 12,168,502 | | 3,734,531 | | 21,583,525 | |
| 240,706,932 | | 64,390,042 | | 335,634,231 | 7,776,893 |
| (59,854,488) | | (35,458,720) | | (112,366,448) | (6,844,387) |
| <u>193,020,946</u> | | <u>32,665,853</u> | | <u>244,851,308</u> | <u>941,521</u> |
| 230,360,174 | 3,586,165 | 48,651,662 | 11,849 | 305,675,990 | 13,006,889 |
| | | | | | |
| 317,002 | | 317,002 | | 697,405 | 126,800 |
| <u>230,677,176</u> | <u>3,586,165</u> | <u>48,968,664</u> | <u>11,849</u> | <u>306,373,395</u> | <u>13,133,689</u> |
| | | | | | |
| 774,519 | | 814,989 | 10,337 | 2,449,465 | 752,360 |
| 755,817 | | 41,355 | | 966,874 | |
| | | 4,784 | | 225,894 | |
| | | | 28,031 | 268,151 | 59,278 |
| | | 153,901 | | 827,178 | |
| | | | | | 2,469,423 |
| 42,857 | | 49,383 | 5,757 | 107,423 | 8,994 |
| 6,001,340 | | 404,000 | | 7,068,594 | |
| <u>7,574,533</u> | | <u>1,468,412</u> | <u>44,125</u> | <u>11,913,579</u> | <u>3,290,055</u> |
| | | | | | |
| | | | | | 5,422,437 |
| 161,680 | | 159,177 | 17,425 | 387,688 | 195,488 |
| | | | 652,810 | 652,810 | |
| 3,461,696 | | 3,461,696 | | 7,615,731 | 1,384,678 |
| 114,745,360 | | 6,357,000 | | 131,808,159 | |
| <u>118,368,736</u> | | <u>9,977,873</u> | <u>670,235</u> | <u>140,464,388</u> | <u>7,002,603</u> |
| 125,943,269 | | 11,446,285 | 714,360 | 152,377,967 | 10,292,658 |
| | | | | | |
| 659,268 | | 659,268 | | 1,450,390 | 263,707 |
| <u>126,602,537</u> | | <u>12,105,553</u> | <u>714,360</u> | <u>153,828,357</u> | <u>10,556,365</u> |
| | | | | | |
| 72,274,246 | | 25,904,853 | | 108,198,004 | 932,506 |
| 2,246,500 | | | | 2,705,813 | |
| 29,553,893 | 3,586,165 | 10,958,258 | (702,511) | 41,641,221 | 1,644,818 |
| <u>\$104,074,639</u> | <u>\$3,586,165</u> | <u>\$36,863,111</u> | <u>(\$702,511)</u> | <u>152,545,038</u> | <u>\$2,577,324</u> |
| | | | | (919,275) | |
| | | | | 10,055 | |
| | | | | <u>\$151,635,818</u> | |

CITY OF PETALUMA
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN FUND NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2015

| | Business-type Activities-Enterprise Funds | | | |
|---|---|-------------------------|----------------------|--------------------|
| | Airport | Development Services | Marina | Transit |
| OPERATING REVENUES | | | | |
| Charges for sales | \$784,015 | \$639 | \$23 | |
| Charges for services | 975,591 | 1,394,591 | 242,970 | \$312,964 |
| Connection fee | | | | |
| Total Operating Revenues | <u>1,759,606</u> | <u>1,395,230</u> | <u>242,993</u> | <u>312,964</u> |
| OPERATING EXPENSES | | | | |
| Cost of services | 866,471 | 1,169,621 | 112,197 | 2,029,367 |
| Claims | | | | |
| General and administrative | 197,053 | 237,695 | 152,695 | 254,707 |
| Depreciation | 400,686 | | 112,578 | 449,287 |
| Total Operating Expenses | <u>1,464,210</u> | <u>1,407,316</u> | <u>377,470</u> | <u>2,733,361</u> |
| Operating Income (Loss) | <u>295,396</u> | <u>(12,086)</u> | <u>(134,477)</u> | <u>(2,420,397)</u> |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| Investment earnings and rent | 7,027 | 2,992 | (450) | (1,343) |
| Interest expense | (250,434) | | (85,704) | |
| Intergovernmental | 805,181 | | | 2,564,923 |
| Gain or (loss) on disposal of assets | | | | 6,720 |
| Total Nonoperating Revenues (Expenses) | <u>561,774</u> | <u>2,992</u> | <u>(86,154)</u> | <u>2,570,300</u> |
| Income (Loss) Before Contributions and Transfers | 857,170 | (9,094) | (220,631) | 149,903 |
| Transfers in (Note 3C) | | | | 117,000 |
| Transfers (out) (Note 3C) | | | | |
| Net Contributions and Transfers | | | | <u>117,000</u> |
| Change in net position | 857,170 | (9,094) | (220,631) | 266,903 |
| BEGINNING NET POSITION (DEFICITS) (As adjusted Note 1N) | <u>8,190,670</u> | <u>(393,698)</u> | <u>(4,480,717)</u> | <u>4,513,031</u> |
| ENDING NET POSITION (DEFICITS) | <u>\$9,047,840</u> | <u>(\$402,792)</u> | <u>(\$4,701,348)</u> | <u>\$4,779,934</u> |

Some amounts reported for business-type activities in the statement of net position are different because certain internal service fund assets and liabilities are included with business-type activities

See accompanying notes to financial statements

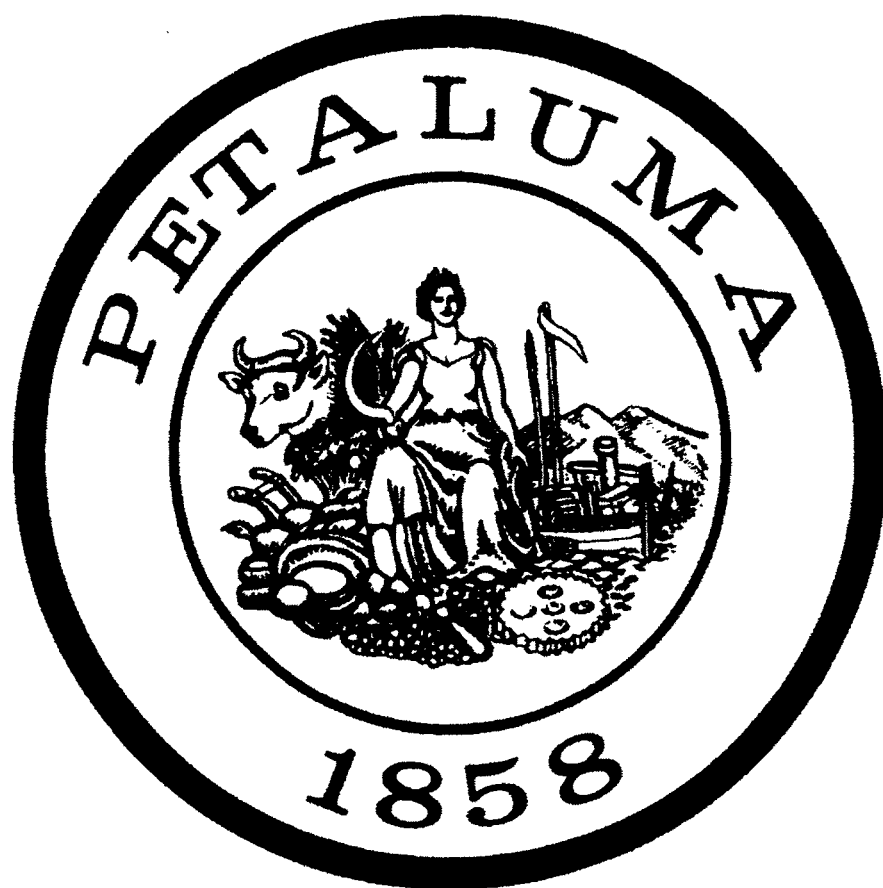
| Wastewater Utility | Wastewater Rate Stabilization | Water Utility | Storm Water | Totals | Governmental Activities- Internal Service Funds |
|-----------------------|----------------------------------|---------------|-------------|--------------|--|
| \$24,350,892 | | \$13,324,965 | | \$38,460,534 | \$7,386 |
| 5,125 | | 605,744 | | 3,536,985 | 5,954,773 |
| 1,676,124 | | 499,957 | | 2,176,081 | |
| 26,032,141 | | 14,430,666 | | 44,173,600 | 5,962,159 |
| 6,394,898 | | 10,040,224 | \$301,524 | 20,914,302 | 2,989,746 |
| 2,841,194 | | 1,730,671 | 106,244 | 5,520,259 | 3,390,688 |
| 5,427,971 | | 1,232,400 | | 7,622,922 | 1,404,625 |
| 14,664,063 | | 13,003,295 | 407,768 | 34,057,483 | 291,614 |
| 11,368,078 | | 1,427,371 | (407,768) | 10,116,117 | 8,076,673 |
| 74,585 | \$3,808 | 26,973 | (378) | 113,214 | 8,851 |
| (3,786,105) | | (252,888) | | (4,375,131) | |
| 1,436 | | 62,920 | | 3,434,460 | |
| | | | | 6,720 | 8,625 |
| (3,710,084) | 3,808 | (162,995) | (378) | (820,737) | 17,476 |
| 7,657,994 | 3,808 | 1,264,376 | (408,146) | 9,295,380 | (2,097,038) |
| 93,580 | | | 400,000 | 610,580 | 201,000 |
| | | | | | (23,000) |
| 93,580 | | | 400,000 | 610,580 | 178,000 |
| 7,751,574 | 3,808 | 1,264,376 | (8,146) | 9,905,960 | (1,919,038) |
| 96,323,065 | 3,582,357 | 35,598,735 | (694,365) | | 4,496,362 |
| \$104,074,639 | \$3,586,165 | \$36,863,111 | (\$702,511) | | \$2,577,324 |
| | | | | (1,465,379) | |
| | | | | \$8,440,581 | |

CITY OF PETALUMA
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2015

| | Business-type Activities-Enterprise Funds | | | |
|---|---|-------------------------|------------------|----------------------|
| | Airport | Development Services | Marina | Transit |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Cash received from customers | \$1,752,489 | \$1,443,030 | \$244,642 | \$133,390 |
| Cash payments to suppliers for goods and services | (845,237) | (1,214,812) | (1,883) | (1,886,727) |
| Cash payments to employees for services | (185,063) | (274,842) | (152,168) | (261,064) |
| Claims paid | | | | |
| Cash Flows from (used for) Operating Activities | <u>722,189</u> | <u>(46,624)</u> | <u>90,591</u> | <u>(2,014,401)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | |
| Transfers from other funds | | | | 117,000 |
| Interfund loan payments | | | | |
| Interfund loan receipts | | | 226,097 | |
| Intergovernmental receipts | 805,181 | | | 2,564,923 |
| Cash Flows from (used for) Noncapital Financing Activities | <u>805,181</u> | | <u>226,097</u> | <u>2,681,923</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Acquisition of capital assets | (619,038) | | (140,557) | (558,419) |
| Proceeds from capital assets | | | | 6,720 |
| Payments on long-term debt | (307,894) | | | |
| Interest paid | (254,283) | | | |
| Cash Flows from (used for) Capital and Related Financing Activities | <u>(1,181,215)</u> | | <u>(140,557)</u> | <u>(551,699)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Investment income (expense) | 7,027 | 2,992 | (450) | (1,343) |
| Cash Flows from (used for) Investing Activities | <u>7,027</u> | <u>2,992</u> | <u>(450)</u> | <u>(1,343)</u> |
| Net Cash Flows | 353,182 | (43,632) | 175,681 | 114,480 |
| Cash and investments at beginning of period | 1,205,592 | 1,007,695 | | 139,010 |
| Cash and investments at end of period | <u>\$1,558,774</u> | <u>\$964,063</u> | <u>\$175,681</u> | <u>\$253,490</u> |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO THE NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES: | | | | |
| Operating income (loss) | \$295,396 | (\$12,086) | (\$134,477) | (\$2,420,397) |
| Adjustments to reconcile operating income (loss) to cash flows from operating activities: | | | | |
| Depreciation and amortization | 400,686 | | 112,578 | 449,287 |
| Change in: | | | | |
| Accounts receivable | (5,673) | | 2,269 | (10,121) |
| Intergovernmental | 1,350 | | 1,201 | (280,028) |
| Inventories | 21,347 | | | (23,418) |
| Deposits and prepaids | (87) | | | (412) |
| Accounts payable and accrued liabilities | (113) | (45,191) | 110,314 | 166,058 |
| Wage payable | | | | |
| Refundable deposits | (2,707) | 47,800 | (1,821) | |
| Unearned revenue | | | | 110,987 |
| Claims payable | | | | |
| Compensated absences | 11,990 | (27,083) | 527 | (6,357) |
| Net pension liability, deferred inflows and deferred outflows | | (10,064) | | |
| Cash Flows from (used for) Operating Activities | <u>\$722,189</u> | <u>(\$46,624)</u> | <u>\$90,591</u> | <u>(\$2,014,401)</u> |

See accompanying notes to financial statements

| Wastewater Utility | Wastewater Rate Stabilization | Water Utility | Storm Water | Totals | Governmental Activities- Internal Service Funds |
|-----------------------|----------------------------------|---------------------|--------------------|---------------------|--|
| \$26,177,022 | | \$14,786,551 | | \$44,537,124 | \$6,176,282 |
| (6,354,722) | | (10,382,675) | (\$307,937) | (20,993,993) | (2,130,694) |
| (2,882,370) | | (1,779,155) | (106,018) | (5,640,680) | (1,434,456) |
| | | | | | (2,234,651) |
| <u>16,939,930</u> | | <u>2,624,721</u> | <u>(413,955)</u> | <u>17,902,451</u> | <u>376,481</u> |
| 93,580 | | | 400,000 | 610,580 | 178,000 |
| | | | (37,420) | (37,420) | 88,822 |
| | | | 28,031 | 254,128 | |
| <u>1,436</u> | | <u>62,920</u> | | <u>3,434,460</u> | |
| <u>95,016</u> | | <u>62,920</u> | <u>390,611</u> | <u>4,261,748</u> | <u>266,822</u> |
| (2,509,395) | | (1,715,154) | | (5,542,563) | (56,290) |
| (5,851,554) | | (389,000) | | 6,720 | 8,625 |
| (3,818,143) | | (255,267) | | (6,548,448) | |
| | | | | (4,327,693) | |
| <u>(12,179,092)</u> | | <u>(2,359,421)</u> | | <u>(16,411,984)</u> | <u>(47,665)</u> |
| 74,585 | \$3,808 | 26,973 | (378) | 113,214 | 13,410 |
| <u>74,585</u> | <u>3,808</u> | <u>26,973</u> | <u>(378)</u> | <u>113,214</u> | <u>13,410</u> |
| 4,930,439 | 3,808 | 355,193 | (23,722) | 5,865,429 | 609,048 |
| <u>30,507,673</u> | <u>3,582,357</u> | <u>14,643,014</u> | <u>23,722</u> | <u>51,109,063</u> | <u>10,968,168</u> |
| <u>\$35,438,112</u> | <u>\$3,586,165</u> | <u>\$14,998,207</u> | | <u>\$56,974,492</u> | <u>\$11,577,216</u> |
| \$11,368,078 | | \$1,427,371 | (\$407,768) | \$10,116,117 | (\$2,114,514) |
| 5,427,971 | | 1,232,400 | | 7,622,922 | 291,614 |
| 145,263 | | 355,980 | | 487,718 | 205,498 |
| | | | | (277,477) | |
| (1,478) | | 120,494 | (7,710) | 109,235 | (152) |
| (382) | | | | (881) | 449,297 |
| <u>41,654</u> | | <u>(462,945)</u> | <u>1,297</u> | <u>(188,926)</u> | <u>418,532</u> |
| | | (4,879) | | 38,393 | |
| | | 4,784 | | 115,771 | |
| | | | | | 1,156,037 |
| 9,145 | | 1,837 | 226 | (9,715) | (9,703) |
| <u>(50,321)</u> | | <u>(50,321)</u> | | <u>(110,706)</u> | <u>(20,128)</u> |
| <u>\$16,939,930</u> | | <u>\$2,624,721</u> | <u>(\$413,955)</u> | <u>\$17,902,451</u> | <u>\$376,481</u> |



FIDUCIARY FUNDS

PRIVATE PURPOSE TRUST FUNDS

These funds account for assets legally held in trust for specific purposes.

AGENCY FUNDS

These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. They are used to account for assets held in an agency capacity for others and therefore cannot be used to support the City's programs.

CITY OF PETALUMA
 FIDUCIARY FUNDS
 STATEMENT OF FIDUCIARY NET POSITION
 JUNE 30, 2015

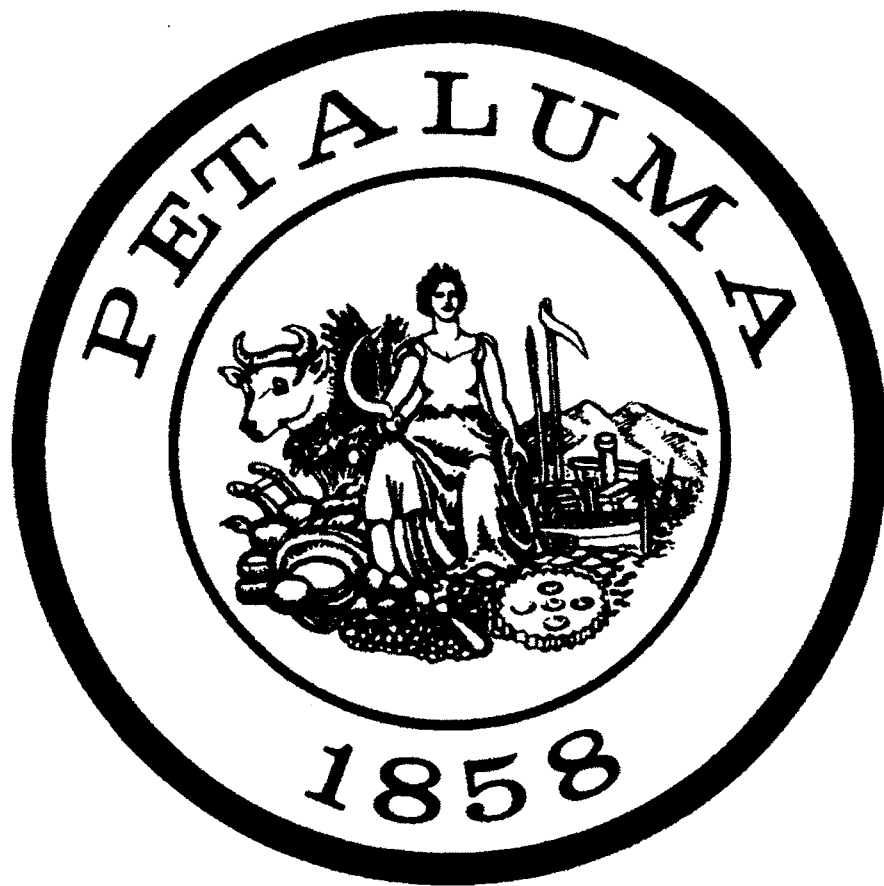
| | Private Purpose Trust Funds | Agency Funds |
|---|-----------------------------------|-----------------|
| ASSETS | | |
| Cash and investments (Note 2) | \$2,201,257 | \$3,414,098 |
| Restricted cash and investments (Note 2) | 11,391,943 | |
| Accounts receivable | | 185 |
| Intergovernmental receivable | | 71,797 |
| Notes receivable (Note 16B) | 234,744 | |
| Total Assets | 13,827,944 | \$3,486,080 |
| LIABILITIES | | |
| Accounts payable and accrued liabilities | 13,534 | \$3,485,804 |
| Deposits payable | | 276 |
| Claims payable | 128,750 | |
| Interest payable | 537,663 | |
| Refundable deposits | 1,000 | |
| Long-term debt (Note 16C): | | |
| Long-term debt, due within one year | 1,834,000 | |
| Long-term debt, due in more than one year | 72,118,404 | |
| Total Liabilities | 74,633,351 | \$3,486,080 |
| NET POSITION | | |
| Held in trust for private purposes | (\$60,805,407) | |

See accompanying notes to financial statements

CITY OF PETALUMA
 FIDUCIARY FUNDS
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2015

| | Private Purpose Trusts |
|---|------------------------------|
| ADDITIONS | |
| Property tax | \$5,816,544 |
| Use of money and property | 2,736 |
| Investment income | 971 |
| | 5,820,251 |
| DEDUCTIONS | |
| Community development | 9,704,163 |
| Interest expense | 3,443,814 |
| Cost of service | 250 |
| | 13,148,227 |
| Change in Net Position | (7,327,976) |
| NET POSITION HELD IN TRUST OR FOR PRIVATE PURPOSES | |
| Beginning of year | (53,477,431) |
| End of year | (\$60,805,407) |

See accompanying notes to financial statements



CITY OF PETALUMA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City was incorporated as a general law City by the state legislature on April 12, 1858. The City currently operates under a Council-Manager form of government established under a charter election in 1947. The City provides the following services as authorized by its charter: police and fire protection, transit service, parks and recreation, public works, community development, and general administrative services. In addition, the City owns and operates a water and waste water system, a municipal airport, and a marina.

A. *Reporting Entity*

The City is legally separate and fiscally independent which means it can issue debt, set and modify budgets and fees, and sue or be sued. These financial statements present the government and its component unit-entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government.

PRIMARY GOVERNMENT

The financial statements of the primary government of the City of Petaluma include the activities of the City, as well as the City of Petaluma Public Financing Corporation, and the Petaluma Public Financing Authority, which are controlled by and dependent on the City. While these are separate legal entities, their financial activities are integral to those of the City. Their financial activities have been aggregated and merged (termed "blending") with those of the primary government of the City in the accompanying financial statements.

BLENDED COMPONENT UNITS

City of Petaluma Public Financing Corporation

The City of Petaluma Public Financing Corporation (PPFC) was established in November of 1990 and is a not-for-profit benefit corporation, created under the laws of the State of California. Although PPFC is a separate legal entity from the City, it is reported as if it were part of the primary government, because its sole purpose is to be a financing entity for the City. PPFC does not issue separate basic financial statements.

Petaluma Public Financing Authority

The Petaluma Public Financing Authority (PPFA) was established in May 1996 as a joint powers authority between the City and former Redevelopment Agency. Its purpose was to issue revenue bonds, which provided funds for a consolidated special assessment bond refunding. Although PPFA is a separate legal entity from the City, it is reported as if it were part of the primary government, because its sole purpose is to be a financing entity for the City. PPFA does not issue separate basic financial statements.

B. *Basis of Presentation*

The City's Basic Financial Statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Government Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the U.S.A.

CITY OF PETALUMA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

These Standards require that the financial statements described below be presented.

Government-wide Statements: The Statement of Net Position and the Statement of Activities display information about the primary government (the City and its component units). These statements include the financial activities of the overall City government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. However, the interfund services provided and used are not eliminated in the process of consolidation. These statements distinguish between the *governmental* and *business-type activities* of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that are restricted to meeting the operational needs of a particular program and (c) fees, grants and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the City's funds, including fiduciary funds and blended component units. Separate statements for each fund category - governmental, proprietary, and fiduciary - are presented. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each of which is displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. *Nonoperating* revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

C. Major Funds

Major funds are defined as funds that have either assets, liabilities, revenues or expenditures/expenses equal to ten percent of their fund-type total and five percent of the grand total. Major governmental and business-type funds are identified and presented separately in the fund financial statements. All other funds, called non-major funds, are combined and reported in a single column, regardless of their fund-type. The General Fund is always a major fund. The City may also select other funds it believes should be presented as major funds.

The City reported the following major governmental and proprietary funds in the accompanying financial statements:

GENERAL FUND

The General Fund is used to account for resources traditionally associated with government, which are not required legally, or by sound financial management, to be accounted for in another fund.

CITY OF PETALUMA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

HOME/BEGIN SPECIAL REVENUE FUND

The Home/BEGIN Special Revenue Fund is used to account for federal grants received under the Housing and Community Development Act of 1974. The money is used for specific programs, which provide housing to people with low and moderate income.

IMPACT FEES SPECIAL REVENUE FUND

This fund is used to account for fees received from local development projects, which are used for the construction of major public improvements, provide assistance to low income people in the community and for the acquisition, development, and enhancement of neighborhood and community parks.

SUCCESSOR HOUSING SPECIAL REVENUE FUND

This fund was established to account for housing activities and the collection of housing loans of the former Petaluma Community Development Commission (PCDC) and its related project areas. This fund is used for loan collections and assets assumed by the City as Successor Agency as well as housing activities of the former PCDC.

CITY CAPITAL PROJECTS FUND

This fund accounts for the collection of resources and the related expenditure on acquisition and construction of major capital improvement projects in the City, other than those accounted for in proprietary funds.

AIRPORT FUND

This fund accounts for the daily operation and maintenance of the Petaluma Airport, including capital improvements.

DEVELOPMENT SERVICES FUND

This fund accounts for cost recovery services, including building services, development services and planning services provided to developers, where fees charged are required to cover cost of providing services.

MARINA FUND

This fund accounts for the daily operation and maintenance of the Petaluma Marina, structural and equipment improvements, and planning and implementing promotional campaigns.

TRANSIT FUND

This fund is used to account for the operation of City's transit services.

WASTEWATER UTILITY FUND

This fund is part of the Public Works & Utilities Department, which provides comprehensive and integrated management of Petaluma's water resources, including collection and treatment of wastewater.

CITY OF PETALUMA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

WASTEWATER RATE STABILIZATION FUND

This fund is used for the purpose of debt service calculations. The Financial Plan uses money from the Rate Stabilization fund to help meet the debt service coverage requirements.

WATER UTILITY FUND

This fund is part of the Public Works & Utilities Department, which provides comprehensive and integrated management of Petaluma's water resources, including reliable delivery of high quality water.

STORM WATER FUND

The Storm Water Utility was set up to track costs associated with the with the City's storm drainage system. Some examples of these costs include maintenance, monitoring, ground water and drinking water protection, infrastructure management, code development and enforcement, drainage system inspection and regulation, and floodplain management.

INTERNAL SERVICE FUNDS

These funds account for employee benefits, general services, information services, risk management, vehicle and equipment replacement, and workers' compensation; all of which are provided to other departments on a cost-reimbursement basis.

FIDUCIARY FUNDS

The Private-Purpose Trust Funds are used to account for resources legally held in trust for special purposes.

Agency Funds are used to account for assets held by the City as an agent for non-related parties, a not-for-profit organization, and certain assessment districts located in the City. The financial activities of these funds are excluded from the Entity-wide financial statement, but are presented in separate Fiduciary Fund financial statements.

D. Basis of Accounting

The government-wide, proprietary fund and fiduciary fund financial statements are reported using the *economic resources measurement focus* and the full *accrual basis* of accounting. Revenues are recorded when *earned* and expenses are recorded at the time liabilities are *incurred*, regardless of when the related cash flows take place.

Governmental funds are reported using the *current financial resources* measurement focus and the *modified accrual* basis of accounting. Under this method, revenues are recognized when *measurable* and *available*. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Governmental capital asset acquisitions are reported as *expenditures* in governmental funds. Proceeds of governmental long-term debt and acquisitions under capital leases are reported as *other financing sources*.

CITY OF PETALUMA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Non-exchange transactions, in which the City gives or receives value without directly receiving or giving equal value in exchange, include taxes, grants, entitlements, and donations. On the accrual basis, revenue from taxes is recognized in the fiscal year for which the taxes are levied or assessed. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The City may fund programs with a combination of cost-reimbursement grants, categorical block grants, and general revenues. Thus, both restricted and unrestricted net position may be available to finance program expenditures. The City's policy is to first apply restricted grant resources to such programs, followed by general revenues if necessary.

Certain indirect costs are included in program expenses reported for individual functions and activities.

Those revenues susceptible to accrual are use of money and property revenue, charges for services and fines and penalties. Sales taxes collected and held by the State at year-end on behalf of the City also are recognized as revenue.

E. *Budgetary Policy and Control*

The City Council adopts an annual budget, submitted by the City Manager prior to the beginning of the new fiscal year. Public hearings are conducted prior to its adoption by the City Council. All appropriations which are not obligated, encumbered, or expended at the end of the fiscal year lapse and become a part of the unreserved fund balance which may be appropriated for the next fiscal year. The City Council has the legal authority to amend the budget at any time during the fiscal year. The City Manager has the authority to make adjustments to the operating budget within funds and between departments. Transfers of operating budgets from appropriated reserve accounts, use of unappropriated fund balances, cancellation of appropriations and all changes in capital improvement project budgets require the approval of the City Council. Supplemental appropriations during the fiscal year were not material.

The annual budget is prepared on a basis consistent with generally accepted accounting principles. It is adopted for all governmental type funds.

The City maintains budgetary controls to ensure compliance with legal provisions embodied in the appropriated budget approved by the City Council. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) for the operating budget is within a department.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded when issued in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary control in the governmental and proprietary fund types. Open encumbrances at year-end are recorded as reservations of fund balance since the commitments will be paid by subsequent years' budget appropriations. Encumbrances do not constitute expenditures or liabilities.

In fiscal 2014-15, General Fund incurred \$1,838,151 of expenditures in excess of its budget. The majority of the overage is due to expenditures in capital outlay. Sufficient resources were available within the fund to finance these overages.

CITY OF PETALUMA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In addition, in fiscal 2014-15, the following funds incurred expenditures in excess of its budget:

- Gas Tax Special Revenue Fund
- Landscape Assessment Districts Special Revenue Fund
- Street Special Revenue Fund

Sufficient resources were available within the funds to finance these overages

F. Inventories

Inventories in General Fund, which consisted primarily of supplies and parts, are recorded at cost and inventories in Proprietary Funds, which consisted primarily supplies, meters, and vehicle parts held for future consumption, are record at the lower of cost or market on a first-in, first-out basis. Reported expenditures/expenses reflecting the purchase of supplies have been restated to reflect the consumption method of recognizing inventory-related expenditures/expenses. A nonspendable reservation of fund balance has been reported in the governmental funds to show that inventories do not constitute *available spendable resources*, even though they are a component of net current assets.

G. Leave Benefits

The City has compensated absences for regular vacation and sick leave which are accounted for in accordance with generally accepted accounting principles (GAAP). Employees may accumulate earned vacation time according to certain limits. Management employees are limited to the amount, which may be earned, in a three year period. All other employees are limited to the amount, which may be earned, in a two year period. All employees may accumulate unused sick leave without limits. The unused sick leave vests after five years of service for firefighters, and after ten years of service for all other employees. Vested sick leave is payable upon death or retirement for all employees at 50% of the vested amount, up to a limit of 1,000 hours for fire battalion chiefs, 720 hours for firefighters, 700 hours for police mid-management employees, and 480 hours for all other employees. All employees may elect, in lieu of a cash payment, to have all vested sick leave applied to their years of service under the retirement plan. Public safety employees are also eligible for vested sick leave to be paid upon a disability retirement at 50% of the vested amount, up to a limit of 1,000 hours for firefighters, and 700 hours for all police officers. A liability is calculated for all of the cost of compensated absences based on benefits earned by employees in the current period, for which there is a probability of payment at termination. The salary and related payroll costs are those in effect as of June, 30, 2015. Compensated absences are recorded as liabilities on the Government-Wide Financial Statements and the Proprietary Fund Financial Statements. For all compensated absences recorded, the programs that have incurred the expense are used to liquidate the liability.

Changes in compensated absences for the year ended June 30, 2015, were as follows:

| | Governmental Activities | Business-Type Activities | Total |
|-------------------|----------------------------|-----------------------------|--------------------|
| Beginning Balance | \$3,642,198 | \$504,826 | \$4,147,024 |
| Additions | 2,227,015 | 3,300,029 | 5,527,044 |
| Payments | (2,226,711) | (3,309,744) | (5,536,455) |
| Ending Balance | <u>\$3,642,502</u> | <u>\$495,111</u> | <u>\$4,137,613</u> |
| Current Portion | <u>\$404,509</u> | <u>\$107,423</u> | <u>\$511,932</u> |

CITY OF PETALUMA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Revenues

Property Taxes -- Article XIII of the California Constitution (more commonly known as Proposition 13) limits ad valorem taxes on real property to one percent of value plus taxes necessary to pay indebtedness approved by voters prior to July 1, 1978. The Article also established the 1975/76 assessed valuation as the basis and limits annual increases to the cost of living, not to exceed two percent, for each year thereafter. Property may also be reassessed to full market value after a sale, transfer of ownership, or completion of new construction. The State is prohibited under the Article from imposing new ad valorem, sales, or transactions taxes on real property. Local government may impose special taxes (except on real property) with the approval of two-thirds of the qualified voters. Property taxes attach as a lien on the property as of January 1. Secured property taxes are levied on July 1 and are due in two installments by December 10 and April 10. The County of Sonoma bills and collects property taxes on behalf of the City using an alternative method of distribution known as the "Teeter Plan." The State Revenue and Taxation Code allows counties to distribute secured real property and supplemental property taxes on an accrual basis resulting in full payment to the City each fiscal year. Any subsequent delinquent payments and related penalties and interest will revert to Sonoma County. The City reports property tax revenue net of collection fees.

Sales Tax Revenue -- The City accrues the State's July and August sales tax payments for the previous fiscal year. The July and August payments are comprised of the actual, May and June receipts, respectively and the respective receipts are recognized as revenue in the fiscal year.

Operating and Non-Operating Revenues of Proprietary Funds -- Operating revenues in the proprietary fund are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

I. Interest Payable

In the Government-Wide Financial Statements, interest payable for long-term debt is recognized as the liability is incurred in the appropriate activity.

In the Fund Financial Statements, propriety fund types recognize the interest payable when the liability is incurred.

J. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position or balance sheet reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position or fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position or balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

CITY OF PETALUMA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Use of Restricted and Unrestricted Net Position

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the City's policy is to apply restricted net position first.

L. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. In addition, estimates affect the reported amount of expenses. Actual results could differ from these estimates and assumptions.

M. Implementation of Governmental Accounting Standards Board (GASB) Pronouncements

Management adopted the provisions of the following Governmental Accounting Standards Board (GASB) Statements, which became effective during the year ended June 30, 2015.

GASB Statement No. 68 – In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. This Statement had a material impact on the City's financial statements. See Note 1N below.

GASB Statement No. 69 – In 2014, the GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operation*. This Statement requires disclosures to be made about government combinations and disposals of government operations to enable financial statement users to evaluate the nature and financial effects of those transactions. This Statement did not have a material impact on the financial statements for the fiscal year 2015.

GASB Statement No. 71 – In 2014, GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. This Statement had a material impact on the City's financial statements. See Note 1N below.

CITY OF PETALUMA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. *Prior Period Adjustment*

As a result of the implementation of GASB Statements 68 and 71, the City made adjustments to the beginning net positions balances as follows:

| <u>Entity-Wide</u> | <u>Increase/ (Decrease)</u> |
|------------------------------------|-----------------------------|
| Net position as of June 30, 2014 | \$416,937,563 |
| Government Activities | (\$68,606,235) |
| Business-Type Activities | (8,479,422) |
| Beginning net position as adjusted | \$339,851,906 |
| <u>Enterprise Funds</u> | |
| Net position as of June 30, 2014 | \$151,118,500 |
| Development Services | (770,856) |
| Wastewater Utility | (3,854,283) |
| Water Utility | (3,854,283) |
| Beginning net position as adjusted | \$142,639,078 |
| <u>Internal Service Funds</u> | |
| Net position as of June 30, 2014 | \$6,038,075 |
| Information Services | (1,541,713) |
| Beginning net position as adjusted | \$4,496,362 |

See Note 9 for additional information of net pension liability.

NOTE 2 - CASH AND INVESTMENTS

A. *Policies*

The City pools its available cash for investment purposes. The City considers pooled cash and highly liquid investments held with financial institutions, a fiscal agent, and in a pooled account with the State, to be cash equivalents.

California Law requires banks and savings and loan institutions to pledge government securities with a fair value of 110% of the City's cash on deposit or first trust deed mortgage notes with a value of 150% of the City's cash on deposit as collateral for these deposits. Under California Law this collateral is held in an investment pool by an independent financial institution in the City's name and places the City ahead of general creditors of the institution pledging the collateral.

The City's investments are carried at fair value, as required by generally accepted accounting principles. The City adjusts the carrying value of its investments to reflect their fair value at each fiscal year end, and it includes the effects of these adjustments in income for that fiscal year.

CITY OF PETALUMA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 2 - CASH AND INVESTMENTS (Continued)

Investment income is allocated among funds on the basis of interest income on certain investments and is allocated based on the source of the investment and legal requirements which apply.

Cash and investments with an original maturity of three months or less are used in preparing proprietary fund statements of cash flows because these assets are highly liquid and are expended to liquidate liabilities arising during the year.

B. Classification

Cash and investments are classified in the financial statements as shown below, based on whether or not their use is restricted under the terms of City debt instruments or Commission agreements. Cash and investments as of June 30, 2015, are as follows:

| | |
|--|-----------------------------|
| City cash and investments in primary government: | |
| Cash and investments | \$103,621,509 |
| Restricted cash and investments | <u>2,705,813</u> |
| Total cash and investments in primary government | <u>106,327,322</u> |
| Cash and investments in Fiduciary Funds (Separate Statement) | |
| Cash and investments | 5,615,355 |
| Restricted cash and investments | <u>11,391,943</u> |
| Total cash and investments in Fiduciary Funds | <u>17,007,298</u> |
| Total cash and investments | <u><u>\$123,334,620</u></u> |

Cash and investments as of June 30, 2015, consist of the following:

| | |
|--|-----------------------------|
| Cash on hand | \$2,781 |
| Cash and investments with financial institutions | 108,739,430 |
| Cash and investments with fiscal agents | <u>14,592,409</u> |
| Total Cash and Investments | <u><u>\$123,334,620</u></u> |

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

The City's Investment Policy and the California Government Code allow the City to invest in the following, provided the credit ratings of the issuers are acceptable to the City and approved percentages and maturities are not exceeded. The table below also identifies certain provisions of the California Government Code or the City's Investment Policy where it is more restrictive that addresses interest rate risk, credit risk and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

CITY OF PETALUMA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 2 - CASH AND INVESTMENTS (Continued)

The City's investment policy and the California Government Code allow the City to invest in the following:

| Authorized Investment Type | Maximum Maturity | Minimum Credit Quality | Maximum Percentage of Portfolio | Maximum Investment In One Issuer |
|---|------------------|------------------------|---------------------------------|----------------------------------|
| State of California Local Agency Investment Fund (LAIF) | No Limit | N/A | N/A | N/A |
| Securities of the State or Local Agencies of the State | No Limit * | N/A | N/A | N/A |
| California Asset Management Program | No Limit | N/A | N/A | N/A |
| Certificates of Deposit | 2 years | N/A | 30% | N/A |
| Banker's Acceptances | 180 days | N/A | 40% | 30% |
| Securities of the U.S. Treasury or Other Federal Agencies | 5 years * | N/A | N/A | N/A |
| Repurchase Agreements | 30 days | A-1/ P-1 | N/A | N/A |
| Money Market Funds | No Limit | Two highest ratings | 20% | N/A |
| Medium-Term Notes (as currently owned) | 5 years | N/A | N/A | N/A |

* May be changed if approved by Council

D. Investments Authorized by Debt Agreements

The City and the Successor Agency to the PCDC held cash and investments with fiscal agents in the amount of \$14,592,409 at June 30, 2015, including certain amounts which are held to be used only for specific capital outlay, payments of certain long-term debt and maintaining required reserves. The City invests funds only as permitted by specific State statutes governing their investment or applicable City ordinance, resolution, or bond indenture.

E. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter-term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

CITY OF PETALUMA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 2 - CASH AND INVESTMENTS (Continued)

Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity or earliest call date:

| Investment Type | 12 months or less | 13 - 24 months | 25 - 36 months | 37 - 48 months | Fair Value Total |
|---|----------------------|--------------------|--------------------|-------------------|----------------------|
| Securities of U.S. Government Agencies | | | | | |
| FHLB | | \$1,114,183 | \$1,215,635 | | \$2,329,818 |
| FHLB (callable) | | 1,106,749 | | | 1,106,749 |
| FNMA | | 555,305 | | | 555,305 |
| FNMA - Collateralized Mortgage Obligation | | | 110,821 | \$539,700 | 650,521 |
| U.S. Treasury Bonds/ Notes | \$2,597,594 | 6,257,910 | 8,531,015 | | 17,386,519 |
| Medium-Term Notes | 1,347,219 | 330,692 | | | 1,677,911 |
| Medium-Term Notes (callable) | | 499,971 | | | 499,971 |
| Certificate of Deposit | 250,000 | | | | 250,000 |
| Local Agency Investment Fund | 44,648,004 | | | | 44,648,004 |
| California Asset Management Program | 27,083,978 | | | | 27,083,978 |
| California Asset Management Program, Held by Fiscal Agents | 662,421 | | | | 662,421 |
| Money Market Funds | <u>11,188,836</u> | | | | <u>11,188,836</u> |
| Total Investments | <u>\$87,778,052</u> | <u>\$9,864,810</u> | <u>\$9,857,471</u> | <u>\$539,700</u> | 108,040,033 |
| Cash on hand and in banks | | | | | <u>15,294,587</u> |
| Total Cash and Investments | | | | | <u>\$123,334,620</u> |

The City is a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance is available for withdrawal on demand, and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, United States Treasury Notes and Bills and floating rate securities issued by federal agencies, government-sponsored enterprises, and corporations. At June 30, 2015, these investments have an average maturity of 239 days.

The City is a voluntary participant in the California Asset Management Program (CAMP). CAMP is an investment pool offered by the California Asset Management Trust (the Trust). The Trust is a joint powers authority and public agency created by the Declaration of Trust and established under the provisions of the California Joint Exercise of Powers Act (California Government Code Sections 6500 et seq., or the "Act") for the purpose of exercising the common power of its Participants to invest certain proceeds of debt issues and surplus funds. The Pool's investments are limited to investments permitted by subdivisions (a) to (n), inclusive, of Section 53601 of the California Government Code. The City reports its investments in CAMP at the fair value amounts provided by CAMP, which is the same as the value of the pool share. At June 30, 2015, the fair value approximated is the City's cost. At June 30, 2015, these investments have an average maturity of 32 days.

Money market mutual funds are available for withdrawal on demand and at June 30, 2015, have an average maturity of 32-46 days.

CITY OF PETALUMA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 2 - CASH AND INVESTMENTS (Continued)

F. Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The actual ratings as of June 30, 2015, are as follows:

| Investment Type | AAAm | AA+/AA/AA- | A+/A/A- | Total |
|--|---------------------|--------------------|------------------|----------------------|
| Securities of U.S. Government Agencies | | | | |
| FHLB | | \$2,329,818 | | \$2,329,818 |
| FHLB (callable) | | 1,106,749 | | 1,106,749 |
| FNMA | | 555,305 | | 555,305 |
| FNMA - Collateralized Mortgage Obligation | | 650,521 | | 650,521 |
| Medium-Term Notes | | 1,212,143 | \$465,768 | 1,677,911 |
| Medium-Term Notes (callable) | | 499,971 | | 499,971 |
| California Asset Management Program | \$27,083,978 | | | 27,083,978 |
| Money Market Funds | 11,188,836 | | | 11,188,836 |
| <i>Held by Trustees:</i> | | | | |
| California Asset Management Program | 662,421 | | | 662,421 |
| Totals | <u>\$38,935,235</u> | <u>\$6,354,507</u> | <u>\$465,768</u> | <u>45,755,510</u> |
| <i>Not rated:</i> | | | | |
| Certificate of Deposit | | | | 250,000 |
| Local Agency Investment Fund | | | | 44,648,004 |
| Cash on Hand and in Banks | | | | 15,294,587 |
| <i>Exempt from credit rate disclosure:</i> | | | | |
| U.S. Treasury Bonds/ Notes | | | | <u>17,386,519</u> |
| Total Cash and Investments | | | | <u>\$123,334,620</u> |

NOTE 3 - INTERFUND TRANSACTIONS

A. Current Balances

Current interfund balances arise in the normal course of business and are expected to be repaid shortly after the end of the fiscal year. During fiscal 2014-2015 the General Fund made a short-term loan to the Marina Enterprise Fund in the amount of \$240,120. In addition, the General Fund and Impact Fees Special Revenue Fund made a short-term loan to the City Capital Projects Fund in the amount of \$2,298,367 and \$990,774, respectively. Furthermore, the General Fund made a short-term loan to the Storm Water Enterprise Fund in the amount of \$28,031. Moreover, the General Fund made a short-term loan to the Informational Services Internal Service Fund in the amount of \$59,278.

B. Long-Term Advances

During fiscal 2011-2012, the Storm Drainage Impact Fee Fund which is rolled up within the Impact Fees Special Revenue Fund advanced the Storm Water Enterprise Fund to cover storm water maintenance costs for the period from January 1, 2012 to December 31, 2014. The advance bears an annual interest rate of 0.60 percent. As of June 30, 2015, the outstanding amount of the advance was \$652,810.

Additionally, the Risk Management Internal Service Fund advanced the City Capital Projects Fund to fund the Payran UST Site Remediation Project. The advance is non-interest bearing. As of June 30, 2015, the outstanding amount of the advance was \$9,015.

CITY OF PETALUMA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 3 - INTERFUND TRANSACTIONS (Continued)

During fiscal 2012-2013 the Impact Fees Special Revenue Fund advanced the City Capital Projects Fund to provide temporary funding for the Swim Center Renewable Energy project. As of June 30, 2015, the outstanding amount of the advance was \$39,568.

C. Transfers Between Funds

With Council approval, resources may be transferred from one City fund to another. Transfers between funds during the fiscal year ended June 30, 2015, were as follows:

| Fund Receiving Transfers | Fund Making Transfers | Amount Transferred |
|------------------------------------|----------------------------------|--------------------|
| General Fund | Non-Major Governmental Funds | \$1,626,012 (A) |
| | Internal Service Funds | 23,000 (A) |
| Impact Fees Special Revenue | General Fund | 37,420 (A) |
| | City Capital Projects Fund | 129,568 (B) |
| | HOME/Begin | 67,825 (B) |
| Successor Housing | Impact Fees Special Revenue Fund | 150,000 (A) |
| | Non-Major Governmental Funds | 35,500 (A) |
| City Capital Projects | General Fund | 95,400 (B) |
| | Impact Fees Special Revenue Fund | 3,610,493 (B) |
| | Non-Major Governmental Funds | 1,821,066 (B) |
| Non-Major Governmental Funds | City Capital Projects Fund | 80 (C) |
| | Non-Major Governmental Funds | 1,156,600 (A) |
| Transit Enterprise Fund | Impact Fees Special Revenue Fund | 117,000 (A) |
| Wastewater Utility Enterprise Fund | General Fund | 93,580 (D) |
| Storm Water Enterprise Fund | General Fund | 400,000 (E) |
| Internal Service Funds | General Fund | 201,000 (A) |
| | | <u>\$9,564,544</u> |

Purposes for transfers:

- (A) General support
- (B) Capital project transfers
- (C) Unspent funds transfers
- (D) Settlement
- (E) Maintenance

D. Internal Balances

Internal balances are presented in the Entity-wide financial statements only. They represent the net interfund receivables and payables remaining after the elimination of all such balances within governmental and business-type activities.

CITY OF PETALUMA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 4 - LOANS RECEIVABLE

Loans receivable and related unavailable revenue, comprised balances from the following programs, all of which are discussed below:

| | |
|--|--------------|
| Housing Loans to Not-For Profit Agencies | |
| Old Elm Partners | \$2,504,336 |
| Roundwalk Village Partners | 1,863,800 |
| Boulevard (Buckelew) Project | 480,200 |
| Downtown River Associate LP | 7,148,134 |
| Edith Street Apartments, Inc. | 1,217,884 |
| Lieb Senior Apartments, Inc. | 1,593,886 |
| Parklane Apartments Corp | 143,574 |
| 575 Vallejo Street Association | 851,184 |
| 579 Vallejo Street Association | 990,000 |
| Casa Grande | 4,128,287 |
| Wood Sorrel | 1,387,453 |
| Logan Place | 7,618,219 |
| Salishan Apartments Inc. | 388,380 |
| Vintage Chateau | 4,499,825 |
| Madrone | 289,947 |
| Washington Creek | 320,000 |
| Caufield Senior Housing | 182,999 |
| Total Housing Loans to Not-For Profit Agencies | 35,608,108 |
| First-Time Home Buyers Loans | 3,679,200 |
| Total | \$39,287,308 |

A. *Housing Loans to Not-For-Profit-Agencies*

The City has provided various loans to not-for-profit agencies for the construction of units for low-income rental housing projects. The loans are funded using HOME funds, Community Development Block Grant funds, the General fund, and other Housing funds. The interest rates range from zero to 5.78%. Payment is deferred until a variety of events occur, such as: sale or transfer of property, failure to adhere to low and moderate housing provisions of the promissory note, to the extent of residual receipts, or at the maturity date of the note. The maturity dates range from 32-55 years.

The City and the former PCDC have also loaned funds to not-for-profit agencies to finance constructions of low and moderate income housing. The terms range from 13 to 60 years, and the interest rates range from zero to 6.56%. Payments are deferred until a variety of events occur, such as: sale or transfer of property, failure to adhere to low and moderate housing provisions of the promissory note, to the extent of residual receipts, or at the maturity date of the note. Management evaluated these loans and they are expected to be collected, therefore, no allowance for doubtful accounts was set up.

With the dissolution of the PCDC as discussed in Note 16, the City agreed to become the successor to the PCDC's housing activities and as a result the Successor Housing Special Revenue Fund assumed the loans receivable of the former Redevelopment Special Revenue Fund.

As of June 30, 2015, the total principal and interest receivable related to these loans was \$35,608,108 and \$10,705,060, respectively.

CITY OF PETALUMA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 4 - LOANS RECEIVABLE (Continued)

B. First-Time Home Buyers Loans

The City offers qualified low and moderate income first time home buyers silent second mortgages on home purchases. Accrued interest and principal are due when the primary loan is refinanced or on sale of the property. The interest rate is the lower of the principal amount plus interest at a rate of 10% per annum, or 28.6% to 33% net of sales price. At June 30, 2015, the outstanding balance of the loans was \$3,679,200.

NOTE 5 - CAPITAL ASSETS

Capital assets, which include land, buildings, improvements, equipment and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business type activities in the Governmental-Wide Financial Statement. Capital assets are recorded at historical cost or estimated historical cost if actual cost is not available. Donated assets are valued at their estimated fair value on the date donated. The City's policy is to capitalize all vehicles, office equipment and items with an inherently higher value with a unit cost of \$5,000 or more, and a useful life of one year or more. Land, easements, land improvements, buildings, building improvements and infrastructure with a cost exceeding \$50,000 and a useful life exceeding one year are also capitalized.

Depreciation is recorded on a straight-line basis over estimated useful lives of the assets as follows:

Vehicles and equipment 3-15 years
Building and improvements 10-50 years
Infrastructure 20-50 years

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 34 which requires the inclusion of infrastructure capital assets in local governments' basic financial statements. In accordance with GASB Statement No. 34, the City has included all infrastructure within the basic financial statements. The City defines infrastructure as the basic physical assets that allow the City to function. The assets include:

- Sidewalks and bridges
- Street system
- Sewer system
- Pipes

The assets include streets, bridges, sidewalks, drainage systems, and lighting systems, etc. Each major infrastructure system can be divided into subsystems. For example the street system can be subdivided into pavement, curb and gutters, sidewalks, medians, streetlights, landscaping and land. These subsystems were not delineated in the basic financial statements. The appropriate operating department maintains information regarding the subsystems.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest on construction related debt incurred during the period of construction for business-type and proprietary funds assets is capitalized as a cost of the constructed assets.

CITY OF PETALUMA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 5 - CAPITAL ASSETS (Continued)

For all infrastructure systems, the City elected to use the Basic Approach as defined by GASB Statement No. 34 for infrastructure reporting. Estimated historical costs were developed in one of the following methods:

- 1) Use of historical records where available.
- 2) Standard unit costs appropriate for the construction/acquisition date of the asset.
- 3) Present replacement cost indexed by a reciprocal factor of the price increase from the construction/acquisition date to the current date.

The accumulated depreciation, defined as the total depreciation from the date of construction/ acquisition to the current date, was computed on a straight-line basis, using industry accepted life expectancies for each infrastructure subsystem. The book value was then computed by deducting the accumulated depreciation from the estimated historical cost.

The long-term principal portion of debt on non-proprietary capital assets acquired through lease purchase contracts is accounted for in the government-wide financial statements as “capital lease obligations.” A capital asset is recorded at the net present value of the total lease payments in the government-wide financial statements.

A. Capital Asset Additions and Retirements

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

| | Balance at June 30, 2014 | Additions | Retirements | Transfers | Balance at June 30, 2015 |
|--|-----------------------------|---------------------|-------------------|--------------------|-----------------------------|
| <i>Governmental Activities</i> | | | | | |
| Capital Assets not being Depreciated: | | | | | |
| Land | \$37,637,296 | \$372,192 | | | \$38,009,488 |
| Construction in Progress | 23,075,642 | 18,480,854 | | (\$3,494,591) | 38,061,905 |
| Total Capital Assets not being Depreciated | 60,712,938 | 18,853,046 | | (3,494,591) | 76,071,393 |
| Capital Assets being Depreciated: | | | | | |
| Buildings and Improvements | 21,004,851 | | | 695,458 | 21,700,309 |
| Vehicles and Equipment | 13,664,554 | 98,161 | (\$35,771) | | 13,726,944 |
| Infrastructure | 189,097,472 | 3,585,494 | (152,592) | 2,799,133 | 195,329,507 |
| Total Capital Assets being Depreciated | 223,766,877 | 3,683,655 | (188,363) | 3,494,591 | 230,756,760 |
| Less Accumulated Depreciation: | | | | | |
| Buildings and Improvements | (11,284,729) | (485,579) | | | (11,770,308) |
| Vehicles and Equipment | (10,950,144) | (683,663) | 35,771 | | (11,598,036) |
| Infrastructure | (82,289,651) | (6,635,823) | 96,737 | | (88,828,737) |
| Total Accumulated Depreciation | (104,524,524) | (7,805,065) | 132,508 | | (112,197,081) |
| Net Capital Assets being Depreciated | 119,242,353 | (4,121,410) | (55,855) | 3,494,591 | 118,559,679 |
| Governmental Activities Capital Assets, Net | \$179,955,291 | \$14,731,636 | (\$55,855) | | \$194,631,072 |

CITY OF PETALUMA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 5 - CAPITAL ASSETS (Continued)

| | Balance at June 30, 2014 | Additions | Retirements | Transfers | Balance at June 30, 2015 |
|--|-----------------------------|----------------------|--------------------|--------------------|-----------------------------|
| <i>Business-type Activities</i> | | | | | |
| Capital Assets not being Depreciated: | | | | | |
| Land | \$10,731,229 | | | | \$10,731,229 |
| Construction in Progress | 13,375,990 | \$5,482,726 | (\$281,698) | (\$7,724,722) | 10,852,296 |
| Total Capital Assets not being Depreciated | <u>24,107,219</u> | <u>5,482,726</u> | <u>(281,698)</u> | <u>(7,724,722)</u> | <u>21,583,525</u> |
| Capital Assets being Depreciated: | | | | | |
| Buildings and Improvements | 28,194,067 | | | 1,806,188 | 30,000,255 |
| Vehicles and Equipment | 11,081,224 | 341,538 | (419,744) | | 11,003,018 |
| Infrastructure | 289,916,225 | | | 5,918,534 | 295,834,759 |
| Total Capital Assets being Depreciated | <u>329,191,516</u> | <u>341,538</u> | <u>(419,744)</u> | <u>7,724,722</u> | <u>336,838,032</u> |
| Less Accumulated Depreciation for: | | | | | |
| Buildings and Improvements | (11,548,888) | (699,980) | | | (12,248,868) |
| Vehicles and Equipment | (7,586,502) | (728,511) | 419,744 | | (7,895,269) |
| Infrastructure | (87,207,115) | (6,212,089) | | | (93,419,204) |
| Total Accumulated Depreciation | <u>(106,342,505)</u> | <u>(7,640,580)</u> | <u>419,744</u> | | <u>(113,563,341)</u> |
| Net Capital Assets being Depreciated | <u>222,849,011</u> | <u>(7,299,042)</u> | | <u>7,724,722</u> | <u>223,274,691</u> |
| Business-type Activities Capital Assets, Net | <u>\$246,956,230</u> | <u>(\$1,816,316)</u> | <u>(\$281,698)</u> | | <u>\$244,858,216</u> |

B. Capital Asset Contributions

Some capital assets may be acquired using federal and State grant funds, or they may be contributed by developers or other governments. These contributions are required to be accounted for as revenues at the time the capital assets are contributed.

CITY OF PETALUMA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 5 - CAPITAL ASSETS (Continued)

C. Depreciation Allocation

Depreciation expense is charged to functions and programs based on their usage of the related assets. The amounts allocated to each function or program are as follows:

Governmental Functions

| | |
|-----------------------------------|---------------------------|
| General Government | \$108,786 |
| Community Development | 2,701,176 |
| Police | 269,649 |
| Fire | 97,924 |
| Parks and Recreation | 624,894 |
| Public Works | 3,728,680 |
| Internal Service Funds: | |
| Information Services | 31,342 |
| Vehicle Replacement - GG | 242,614 |
| Total Depreciation Expense | <u><u>\$7,805,065</u></u> |

Business Functions

| | |
|-----------------------------------|---------------------------|
| Airport | \$400,686 |
| Marina | 112,578 |
| Transit | 449,287 |
| Wastewater Utility | 5,427,971 |
| Water Utility | 1,232,400 |
| Internal Service Fund: | |
| Vehicle Replacement - BA | 17,658 |
| Total Depreciation Expense | <u><u>\$7,640,580</u></u> |

CITY OF PETALUMA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 6 - LONG-TERM DEBT

The City generally incurs long-term debt to finance projects or purchase assets, which will have useful lives equal to or greater than the related debt.

A. The City's Long-Term Debt

The City's long-term debt activities for the year ended June 30, 2015, were as follows:

| Business-Type Activity Debt: | Original Issue Amount | Balance June 30, 2014 | Additions | Retirements | Balance June 30, 2015 | Amount due within one year |
|---|--------------------------------------|----------------------------------|------------------|--------------------|----------------------------------|---|
| Revenue Bonds: | | | | | | |
| 2011 Wastewater Revenue Refunding Bonds | | | | | | |
| 5.50-6.00%, due 5/1/2036 | \$22,465,000 | \$22,465,000 | | | \$22,465,000 | |
| Less: Original issue discount | (228,228) | (198,555) | | (\$9,129) | (189,425) | |
| 2012 Water Revenue Refunding Bonds | | | | | | |
| 3.670%, due 5/1/2031 | 7,529,000 | 7,150,000 | | 389,000 | 6,761,000 | \$404,000 |
| Total Revenue Bonds | | 29,416,445 | | 379,871 | 29,036,575 | 404,000 |
| Certificates of Participation: | | | | | | |
| 2003 Certificates of Participation | | | | | | |
| 2.500-5.125%, due 8/1/2028 | 6,295,000 | 4,650,000 | | 215,000 | 4,435,000 | 225,000 |
| Add: Original issue premium | 81,875 | 47,485 | | 3,275 | 44,210 | |
| Total Certificates of Participation | | 4,697,485 | | 218,275 | 4,479,210 | 225,000 |
| State Loan Fund: | | | | | | |
| State Revolving Loan Fund | | | | | | |
| 1.400%, due 4/9/2029 | 125,964,254 | 104,331,808 | | 5,860,683 | 98,471,125 | 6,001,340 |
| Notes Payable: | | | | | | |
| California Department of Boating and Waterways | | | | | | |
| | 3,960,000 | 6,084,010 | \$99,439 | | 6,183,449 | 343,790 |
| California Department of Transportation | | | | | | |
| | 2,465,000 | 796,014 | | 89,619 | 706,394 | 94,464 |
| Total Notes Payable | | 6,880,024 | 99,439 | 89,619 | 6,889,843 | 438,254 |
| Total Business Type Activity Debt | | \$145,325,762 | \$99,439 | \$6,548,448 | \$138,876,753 | \$7,068,594 |

CITY OF PETALUMA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 6 - LONG-TERM DEBT (Continued)

B. Debt Service Requirements

Future principal and interest payment on all Business-type debt were as follows at June 30, 2015.

Business-Type Activity Debt:

| For The Year Ending June 30 | Revenue Bonds | | Certificates of Participation | | State Revolving Loan | | Notes Payable | |
|---|---------------------|---------------------|-------------------------------|--------------------|----------------------|---------------------|--------------------|------------------|
| | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest |
| 2016 | \$404,000 | \$1,545,765 | \$225,000 | \$210,707 | \$6,001,340 | \$2,363,307 | \$438,254 | \$99,607 |
| 2017 | 423,000 | 1,530,590 | 235,000 | 200,815 | 6,145,372 | 2,219,275 | 458,567 | 79,667 |
| 2018 | 337,000 | 1,516,644 | 250,000 | 190,140 | 6,292,861 | 2,071,786 | 479,579 | 58,802 |
| 2019 | 347,000 | 1,504,093 | 260,000 | 178,663 | 6,443,889 | 1,920,758 | 501,307 | 36,980 |
| 2020 | 361,000 | 1,491,101 | 275,000 | 166,286 | 6,598,543 | 1,766,104 | 4,398,079 | 14,169 |
| 2021 - 2025 | 2,019,000 | 7,242,753 | 1,585,000 | 616,014 | 35,445,586 | 6,377,647 | 614,057 | 11,950 |
| 2026 - 2030 | 5,136,000 | 6,835,163 | 1,605,000 | 170,022 | 31,543,534 | 1,915,050 | | |
| 2031 - 2035 | 16,414,000 | 4,081,781 | | | | | | |
| 2036 | 3,785,000 | 227,100 | | | | | | |
| Outstanding Accumulated Payments and Penalties | 29,226,000 | <u>\$25,974,990</u> | 4,435,000 | <u>\$1,732,647</u> | 98,471,125 | <u>\$18,633,927</u> | 6,889,843 | <u>\$301,175</u> |
| Less: Original Issuance Premium (Discount) | (189,425) | | 44,210 | | | | | |
| Total Payments due | <u>\$29,036,575</u> | | <u>\$4,479,210</u> | | <u>\$98,471,125</u> | | <u>\$6,889,843</u> | |

C. Description of the City's Long-Term Debt Issues

2011 Wastewater Revenue Refunding Bonds - On February 23, 2011 the City issued Wastewater Revenue Refunding Bonds in the amount of 22,465,000. The proceeds of the bonds were used to refund obligations of the City that are payable from the revenues of the City's wastewater and storm drainage system. The Bonds mature annually each May 1 from 2030 to 2036 in amounts ranging from \$2,705,000 to \$3,785,000 and bear interest at rates ranging from 5.00% to 6.00%. Interest is payable semiannually May 1 and November 1. The bonds are payable solely from a pledge of and lien upon the net revenues received by the City from the ownership and operation of its Wastewater System. Debt service amounts to \$1,305,050 in fiscal 2014-15. Total principal and interest remaining to be paid on the Bonds was \$46.3 million as of June 30, 2015.

2012 Water Revenue Refunding Bonds - On October 1, 2012, the City issued Water Revenue Bonds, Series 2001 in the amount of \$7,529,000. The proceeds of the bonds were used to refund the 2001 Water Revenue Bonds, and to finance improvements to the Water System. This current refunding was undertaken to reduce debt service payments over the next 20 years by \$72,683, and resulted in an economic gain (difference between the present value of the debt service requirements on the old and new bonds discounted at the effective interest rate on the new debt and adjusted for any additional cash) of \$51,077. The Bonds mature annually each November 1 from 2013 to 2031, in amounts ranging from \$337,000 to \$520,000 and bear interest 3.760%. Interest is payable semiannually on May 1 and November 1. The bonds are payable solely from a pledge of and lien upon the net revenues received by the City from the ownership and operation of its Water Utility Fund. Net revenue and debt service amounts to \$3,823,505 and \$644,267 in fiscal 2014-15. Total principal and interest remaining to be paid on the Bonds was \$8.9 million as of June 30, 2015.

CITY OF PETALUMA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 6 - LONG-TERM DEBT (Continued)

2003 Certificates of Participation - On December 9, 2003, the City issued the 2003 Certificates of Participation in the amount of \$6,295,000. The proceeds of the certificates were used to refund the 1993 Certificates which were issued to finance portions of the Petaluma Municipal Airport. The certificates mature annually each August 1 from 2005 to 2028, in amounts ranging from \$165,000 to \$435,000 and bear interest at rates ranging from 2.500% to 5.125%. Interest is payable semiannually on February 1 and August 1. The certificates maturing on or after August 1, 2014, are subject to optional redemption prior to maturity, in whole or in part, either in inverse order of maturity or in inverse order of maturity and by lot within any one maturity date, on any date on or after August 1, 2013, at a price equal to the principal amount, plus accrued interest on the redemption date. Principal and interest due with respect to the certificates will be made from the base rental payments payable by the City (the Airport Fund is the primary obligator). The outstanding balance of the certificates was \$4,435,000 as of June 30, 2015.

The certificate of participation was issued at a premium of \$81,875 which is being amortized over the 25 year life of the certificates resulting in an annual amortization of \$3,275.

State Revolving Loan Fund - In October 2005, the City was awarded \$125,964,254 for the Ellis Creek Water Recycling Facility from the California Clean Water State Revolving Fund. The first draw was in September 2006. Upon completion of the construction of the recycling facility, the State Division of Financial Assistance for the State Water Resources Control Board will prepare an appropriate SRF installment sale agreement payment schedule. The City may without penalty prepay all or any portion of the outstanding principal amount of the obligation provided that the City also pays all accrued interest on the principal amount prepaid through the date of the prepayment. This obligation is secured by the net revenues of the Wastewater Enterprise Fund. The interest rate is 1.4%. The outstanding balance at June 30, 2015 was \$98,471,125.

California Department of Boating and Waterways - On March 11, 1993, the California Department of Boating and Waterways issued a note in the amount of \$3,960,000 to finance construction of the Petaluma Marina. The terms of the loan allow unpaid interest to be added to the outstanding principal. The loan balance was increased by unpaid interest and penalties for the years ended June 30, 1998, and 2000 through 2013. The debt is the responsibility of the Marina Fund. The outstanding balance at June 30, 2015 was \$6,183,449. The City has been attempting to work with the California Department of Boating and Waterways in order to eliminate the liability in the Marina Fund.

California Department of Transportation - On October 4, 1996, the California Department of Transportation issued three airport loans, in the amounts of \$975,000, \$50,000 and \$40,000, which were used to finance construction of hangars, installation of an electronic payment fueling system, and upgrading of the fueling system, respectively, at the Airport. In June 2005 an additional \$1,400,000 was loaned to finance the construction of additional hangars. At June 30, 2015, the outstanding balance of the two loans combined was \$706,394.

NOTE 7 - DEBT WITHOUT CITY COMMITMENT

The following bond issues are not reported in the City's financial statements, because they are special obligations payable solely from, and secured by, specific revenue sources described in the resolutions and official statements of the respective issues. Neither the faith and credit, nor the taxing power of the City, the County, the State of California, or any political subdivision thereof, is pledged for payment of these bonds.

CITY OF PETALUMA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 7 - DEBT WITHOUT CITY COMMITMENT (Continued)

Multi-Family Housing Revenue Bonds - the Redevelopment Agency issued \$4,750,000 in Multifamily Housing Revenue Bonds, with a variable rate of interest, not to exceed 12%, with the variable rate to be determined by the marketing agent. The proceeds from the bonds were used to make a loan to Oakmont Retirement Investors, LLC for the purpose of financing the acquisition and construction of a 76-unit assisted living care/multi-family rental facility known as Oakmont at Petaluma. The bonds are special obligation of the former PCDC, payable solely from the rental revenue and other assets pledged or assigned to Payment of the bonds by Windchime of Walnut Creek, LP. These bonds are not recorded as liabilities on the City's financial statements.

On September 19, 2011, the City approved the issuance of the Multi-Family Housing Revenue Bonds in the amount of \$20,000,000 through the California Municipal Financing Agency. The proceeds from the bonds are to be used by the developer, Logan Place, L.P., for the purpose of financing the acquisition and construction of 66-unit, affordable housing development in the City of Petaluma, known as the "Logan Place." The bonds are special obligation of City, the payments of the bonds are solely the responsibility of the Logan Place, L.P. These bonds are not recorded as liabilities on the City's financial statements.

On February 6, 2012, the City approved the issuance of the Multi-Family Housing Revenue Bonds in the amount of \$12,500,000 through the California Municipal Financing Agency. The proceeds from the bonds are to be used by the developer, Petaluma Ecumenical Properties, for the purpose of financing the acquisition and construction of 50-unit, multi-family, low-income senior rental housing development in the City of Petaluma, known as the "Kellgren Senior Apartments." The bonds are special obligation of the City, the payments of the bonds are solely the responsibility of the Petaluma Ecumenical Properties, LLC. These bonds are not recorded as liabilities on the City's financial statements.

On August 6, 2012, the City approved the issuance of the Multi-Family Housing Revenue Bonds in the amount of \$15,000,000 through the California Municipal Financing Agency. The proceeds from the bonds are to be used by the developer, Round Walk Village Partners 2, L.P., for the purpose of financing the acquisition and construction of 129-unit, multi-family housing development in the City of Petaluma, known as the "Round Walk Village." The bonds are special obligation of the City, the payments of the bonds are solely the responsibility of the Round Walk Village Partners 2, L.P. These bonds are not recorded as liabilities on the City's financial statements.

On September 15, 2003, former PCDC issued Multi-Family Housing Revenue Bonds and Taxable Multi-Family Housing Revenue Bonds in the amount of \$6,197,000. The proceeds of the bonds were used to finance the construction and equipping of an 81 unit, multi-family, rental housing development in the City of Petaluma, known as the "Downtown River Apartments." The bonds are special obligation of the former PCDC payable solely from rental revenue and other assets pledged or assigned to payment of the bonds by the obligator. These bonds are not recorded as liabilities on the City's financial statements.

CITY OF PETALUMA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 8 - NET POSITION AND FUND BALANCES

A. Net Position

Net position is the excess of all the City's assets and deferred outflows of resources over all its liabilities and deferred inflows of resources, regardless of fund. Net position is divided into three captions on the Statement of Net Position. These captions apply only to net position, which is determined only at the Government-wide level and business type authorities, and are described below:

Net investment in capital assets describes the portion of Net Position which is represented by the current net book value of the City's capital assets, less the outstanding balance of any debt issued to finance these assets and related deferred inflows or outflows of resources.

Restricted describes the portion of Net Position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the City cannot unilaterally alter. These principally include developer fees received for use on capital projects, debt service requirements, and redevelopment funds restricted to low-and-moderate-income housing purposes.

Unrestricted describes the portion of Net Position which is not restricted to use.

B. Fund Balance

Governmental fund balances represent the net current position of each fund. Net current position generally represent a fund's cash and receivables, less its liabilities.

The City's fund balances are classified based on spending constraints imposed on the use of resources. For programs with multiple funding sources, the City prioritizes and expends funds in the following order: Restricted, Committed, Assigned, and Unassigned. Each category in the following hierarchy is ranked according to the degree of spending constraint:

Nonspendable represents balances set aside to indicate items do not represent available, spendable resources even though they are a component of assets. Fund balances required to be maintained intact, such as Permanent Funds, and assets not expected to be converted to cash, such as prepaids, notes receivable, and land held for redevelopment are included. However, if proceeds realized from the sale or collection of nonspendable assets are restricted, committed or assigned, then Nonspendable amounts are required to be presented as a component of the applicable category.

Restricted fund balances have external restrictions imposed by creditors, grantors, contributors, laws, regulations, or enabling legislation which requires the resources to be used only for a specific purpose. Encumbrances and nonspendable amounts subject to restrictions are included along with spendable resources.

Committed fund balances include amounts that can be used only for the specific purposes determined by a formal action of the City Council's highest level of decision-making authority. The City Council can, by adoption of resolution prior to the end of the fiscal year, 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.

CITY OF PETALUMA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 8 – NET POSITION AND FUND BALANCES (Continued)

Assigned fund balances are amounts constrained by the City’s intent to be used for a specific purpose, but are neither restricted nor committed. Intent is expressed by resolution of the City Council or its designee, City Manager, and may be changed at the discretion of the City Council or its designee. This category includes encumbrances, Nonspendables, when it is the City’s intent to use proceeds or collections for a specific purpose, and residual fund balances, if any, of Special Revenue, Capital Projects and Debt Service Funds which have not been restricted or committed.

Unassigned fund balance represents residual amounts that have not been restricted, committed, or assigned. This includes the residual general fund balance and residual fund deficits, if any, of other governmental funds.

Detailed classifications of the City’s Fund Balances as of June 30, 2015, are below:

| Fund Balance Classifications | General Fund | HOME /Begin Special Revenue | Impact Fees Special Revenue | Successor Housing Special Revenue | City Capital Projects | Non-Major Governmental | Total |
|--|--------------------|--------------------------------------|--------------------------------------|--|-----------------------------|---------------------------|---------------------|
| Nonspendables: | | | | | | | |
| Items not in spendable form: | | | | | | | |
| Inventories | \$11,422 | | | | | | \$11,422 |
| Deposits and prepaids | 9,308 | | | | | | 9,308 |
| Loans receivable and interest receivable related to loans receivable | 70,721 | | | | | | 70,721 |
| Subtotal | 91,451 | | | | | | 91,451 |
| Amounts required to maintained intact: | | | | | | | |
| Permanent funds | | | | | | \$23,770 | 23,770 |
| Total Nonspendable Fund Balances | 91,451 | | | | | 23,770 | 115,221 |
| Restricted for: | | | | | | | |
| Special projects | | | \$27,669,572 | | | | 27,669,572 |
| Community redevelopment projects and programs | | | | | | 6,935,351 | 6,935,351 |
| Community redevelopment low-income housing | | \$322,704 | | \$22,711,959 | | | 23,034,663 |
| Total Restricted Fund Balances | | 322,704 | 27,669,572 | 22,711,959 | | 6,935,351 | 57,639,586 |
| Committed to: | | | | | | | |
| Special projects | 2,037,806 | | | | | | 2,037,806 |
| Total Committed Fund Balances | 2,037,806 | | | | | | 2,037,806 |
| Assigned: | | | | | | | |
| Special projects | 4,757,796 | | | | | | 4,757,796 |
| Total Assigned Fund Balances | 4,757,796 | | | | | | 4,757,796 |
| Unassigned: | | | | | | | |
| General Fund | 1,872,875 | | | | | | 1,872,875 |
| Fund balance deficits | | | | | (\$1,843,525) | | (1,843,525) |
| Total Unassigned Fund Balances | 1,872,875 | | | | (1,843,525) | | 29,350 |
| Total Fund Balances | \$8,759,928 | \$322,704 | \$27,669,572 | \$22,711,959 | (\$1,843,525) | \$6,959,121 | \$64,579,759 |

CITY OF PETALUMA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 8 – NET POSITION AND FUND BALANCES (Continued)

C. *Fund Deficits*

As of June 30, 2015, the City Capital Projects Fund had a fund deficit of \$1,843,525. In addition, the Development Services Fund, the Marina Enterprise Fund, the Storm Water Enterprise Fund, and the Information Services Internal Service Fund had negative net positions of \$402,792, \$4,701,348, \$702,511, and \$1,681,173, respectively. See Note 13C for further discussion of the Marina Fund. The deficits of the Storm Water Enterprise Fund and the Information Services Internal Service Fund are expected to be repaid by future revenues.

NOTE 9 – PENSION PLANS

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

A. *General Information about the Pension Plans*

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

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

CITY OF PETALUMA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 9 – PENSION PLANS (Continued)

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

| | Miscellaneous | | |
|---|-----------------------|---|---------------------------------|
| | Prior to July 1, 2010 | Between July 1, 2010 and December 31, 2012 | On or after January 1, 2013 |
| Hire date | | | |
| Benefit formula | 2% @ 55 | 2% @ 60 | 2% @ 62 |
| Benefit vesting schedule | 5 years service | 5 years service | 5 years service |
| Benefit payments | monthly for life | monthly for life | monthly for life |
| Retirement age | 50 - 67 | 50 - 67 | 52 - 67 |
| Monthly benefits, as a % of eligible compensation | 1.426% to 2.418% | 1.092% to 2.418% | 1% to 2.5% |
| Required employee contribution rates | 7% | 7% | 6.25% |
| Required employer contribution rates | 15.99% | 15.99% | 50% of the Total Normal Cost |
| | | | |
| | Safety | | |
| | Prior to July 1, 2010 | Prior to January 1, 2013 | On or after January 1, 2013 |
| Hire date | | | |
| Benefit formula | 2% @ 55 | 3% @ 55 | 2.7% @ 57 |
| Benefit vesting schedule | 5 years service | 5 years service | 5 years service |
| Benefit payments | monthly for life | monthly for life | monthly for life |
| Retirement age | 50 - 55 | 50 - 55 | 50 - 57 |
| Monthly benefits, as a % of eligible compensation | 3% | 2.4% to 3% | 2% to 2.7% |
| Required employee contribution rates | 7% | 9% | 11.75% |
| Required employer contribution rates | 39.829% | 39.829% | 50% of the Total Normal Cost |

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

| | Miscellaneous | Safety |
|--|---------------|--------|
| Inactive employees or beneficiaries currently receiving benefits | 231 | 172 |
| Inactive employees entitled to but not yet receiving benefits | 222 | 75 |
| Active employees | 171 | 113 |
| Total | 624 | 360 |

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

CITY OF PETALUMA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 9 – PENSION PLANS (Continued)

B. Net Pension Liability

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

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

| | All Plans |
|----------------------------------|---|
| Valuation Date | June 30, 2013 |
| Measurement Date | June 30, 2014 |
| Actuarial Cost Method | Entry-Age Normal Cost Method |
| Actuarial Assumptions: | |
| Discount Rate | 7.5% |
| Inflation | 2.75% |
| Payroll Growth | 3.0% |
| Projected Salary Increase | 3.3% - 14.2% (1) |
| Investment Rate of Return | 7.5% (2) |
| Post Retirement Benefit Increase | Contract COLA up to 2.75% until Purchasing Power applies, 2.75% thereafter |
| Mortality (3) | Derived using CalPERS Membership Data for all Funds |

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

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

(3) The mortality table used was developed based on CalPERS specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the CalPERS 2014 experience study report available on CalPERS website.

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

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

CITY OF PETALUMA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 9 – PENSION PLANS (Continued)

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

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

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

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

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

| Asset Class | New Strategic Allocation | Real Return Years 1 - 10(a) | Real Return Years 11+(b) |
|-------------------------------|--------------------------------|--------------------------------|-----------------------------|
| Global Equity | 47.0% | 5.25% | 5.71% |
| Global Fixed Income | 19.0% | 0.99% | 2.43% |
| Inflation Sensitive | 6.0% | 0.45% | 3.36% |
| Private Equity | 12.0% | 6.83% | 6.95% |
| Real Estate | 11.0% | 4.50% | 5.13% |
| Infrastructure and Forestland | 3.0% | 4.50% | 5.09% |
| Liquidity | 2.0% | -0.55% | -1.05% |
| Total | <u>100%</u> | | |

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

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

CITY OF PETALUMA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 9 – PENSION PLANS (Continued)

C. Changes in the Net Pension Liability

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

Miscellaneous Plan:

| | Increase (Decrease) | | |
|---|----------------------------|--------------------------------|----------------------------------|
| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability/(Asset) |
| Balance at June 30, 2013 | \$94,618,497 | \$68,552,979 | \$26,065,518 |
| Changes in the year: | | | |
| Service cost | 1,931,227 | | 1,931,227 |
| Interest on the total pension liability | 6,997,431 | | 6,997,431 |
| Differences between actual and expected experience | | | |
| Changes in assumptions | | | |
| Changes in benefit terms | | | |
| Contribution - employer | | 2,390,127 | (2,390,127) |
| Contribution - employee (paid by employer) | | | |
| Contribution - employee | | 1,243,703 | (1,243,703) |
| Net investment income | | 11,808,495 | (11,808,495) |
| Administrative expenses | | | |
| Benefit payments, including refunds of employee contributions | (4,570,066) | (4,570,066) | |
| Net changes | 4,358,592 | 10,872,259 | (6,513,667) |
| Balance at June 30, 2014 | \$98,977,089 | \$79,425,238 | \$19,551,851 |

Safety Plan:

| | Increase (Decrease) | | |
|---|----------------------------|--------------------------------|----------------------------------|
| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability/(Asset) |
| Balance at June 30, 2013 | \$158,359,501 | \$99,106,801 | \$59,252,700 |
| Changes in the year: | | | |
| Service cost | 3,422,621 | | 3,422,621 |
| Interest on the total pension liability | 11,716,276 | | 11,716,276 |
| Differences between actual and expected experience | | | |
| Changes in assumptions | | | |
| Changes in benefit terms | | | |
| Contribution - employer | | 5,842,432 | (5,842,432) |
| Contribution - employee (paid by employer) | | | |
| Contribution - employee | | 1,731,948 | (1,731,948) |
| Net investment income | | 17,135,155 | (17,135,155) |
| Administrative expenses | | | |
| Benefit payments, including refunds of employee contributions | (7,707,622) | (7,707,622) | |
| Net changes | 7,431,275 | 17,001,913 | (9,570,638) |
| Balance at June 30, 2014 | \$165,790,776 | \$116,108,714 | \$49,682,062 |

CITY OF PETALUMA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 9 – PENSION PLANS (Continued)

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

| | <u>Miscellaneous</u> | <u>Safety</u> |
|-----------------------|----------------------|---------------|
| 1% Decrease | 6.50% | -1.00% |
| Net Pension Liability | \$31,782,640 | \$71,759,196 |
| Current Discount Rate | 7.50% | 0.00% |
| Net Pension Liability | \$19,551,851 | \$49,682,062 |
| 1% Increase | 8.50% | 1.00% |
| Net Pension Liability | \$9,325,230 | \$31,452,607 |

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

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

For the year ended June 30, 2015, the City recognized pension expense of \$1,006,420. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Miscellaneous Plan:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Pension contributions subsequent to measurement date | \$1,938,902 | |
| Differences between actual and expected experience | | |
| Changes in assumptions | | |
| Net differences between projected and actual earnings on plan investments | | (\$5,392,527) |
| Total | <u>\$1,938,902</u> | <u>(\$5,392,527)</u> |

Safety Plan:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Pension contributions subsequent to measurement date | \$4,401,132 | |
| Differences between actual and expected experience | | |
| Changes in assumptions | | |
| Net differences between projected and actual earnings on plan investments | | (\$7,792,833) |
| Total | <u>\$4,401,132</u> | <u>(\$7,792,833)</u> |

CITY OF PETALUMA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 9 – PENSION PLANS (Continued)

\$6,340,034 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

| <i>Miscellaneous Plan:</i> | | <i>Safety Plan:</i> | |
|----------------------------|---------------------------|---------------------|---------------------------|
| Year Ended | Increase (Decrease) In | Year Ended | Increase (Decrease) In |
| June 30 | Pension Expense | June 30 | Pension Expense |
| 2015 | (\$1,348,132) | 2015 | (\$1,948,208) |
| 2016 | (1,348,132) | 2016 | (1,948,208) |
| 2017 | (1,348,132) | 2017 | (1,948,208) |
| 2018 | (1,348,131) | 2018 | (1,948,209) |

NOTE 10 – OTHER POST EMPLOYMENT BENEFITS

A. Plan Description

The City of Petaluma Retiree Healthcare Plan (Plan) is a single-employer defined benefit healthcare plan administered by the City. The plan provides healthcare benefits to eligible retirees and their dependents. Benefit provisions are established and may be amended through agreements and memorandums of understanding between the City, its management employees, and the union representing City employees.

The City provides eligible employees who retire with a monthly retiree allowance, currently provided through the California Public Employees' Retirement System (CALPERS) Health Benefits Program under the Public Employees' Medical and Hospital Care Act (PEMHCA). The monthly benefit allowance varies by bargaining unit labor contract. The benefit allowances have been long-standing and previously ratified by labor and the City Council through the negotiation process. The dollar amount varies by bargaining units and by years of service. The range of the benefit is \$100 to \$156.83 per month for retirees who satisfy the Plan's service requirements for a City cash subsidy. The City's employer contribution for each employee shall be at least the minimum amount required by PEMHCA based on unequal method for retirees participating in PEMHCA healthcare plans. The City pays this contribution directly to CALPERS and any remaining cash subsidy directly to retirees. No dental or vision benefits are provided, except for some retired Council Members. The Plan does not issue a financial report.

In the 1990s, the City adopted various resolutions relating to a health benefit allowance for Council Members. There are six former Council Members receiving a benefit under the resolution ranging from \$100 to \$120 per month. In 1995, State law prohibited newly elected Council Members from receiving the benefit unless on a self-pay basis. The exception would be if a Council Member could retire into CALPERS and was covered under the PEMHCA.

B. Eligibility

Employees are eligible for retiree health benefits if they retire from the City on or after age 50 and 5 years of CALPERS service or disability. The benefits are available only to employees who retire from the City. There were 288 active participants and 234 retired participants as of June 30, 2013.

CITY OF PETALUMA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 10 – OTHER POST EMPLOYMENT BENEFITS (Continued)

C. Funding Policy

There is no statutory requirement for the City to pre-fund its OPEB obligation. The City has currently chosen to pay plan benefits on a pay-as-you-go basis. The City has been and is continuing to build up resources in the employee benefits fund to pay down the unfunded OPEB liability. There are no employee contributions.

The City contributed \$245,302 during the 2014-15 fiscal year on a pay-as-you-go basis for current benefit payments. Retired plan members and their beneficiaries pay the annual premium cost not paid by the employer.

D. Annual Other Postemployment Benefits (OPEB) Cost and Net OPEB Obligations

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) not to exceed thirty years.

The following table, based on the City's actuarial valuation as of June 30, 2013, shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's Net OPEB obligation:

| | |
|--------------------------------------|-------------|
| Net OPEB Obligation at June 30, 2014 | \$4,284,617 |
| Annual required contribution (ARC) | 1,235,000 |
| Interest on net OPEB obligation | 171,000 |
| Amortization of NOO | (202,000) |
| Annual OPEB cost | 1,204,000 |
| Contributions: | |
| Benefit payments | 245,302 |
| Increase in net OPEB obligation | 958,698 |
| Net OPEB Obligation at June 30, 2015 | \$5,243,315 |
| Percentage of ARC Contributed | 19.86% |

The City's annual OPEB cost, the percentage of annual OPEB cost plan, and the net OPEB obligation for fiscal 2014-15 and the two preceding years were as follows:

| Fiscal Year | Annual OPEB Cost | Actual Contribution | Percentage of Annual OPEB Cost Contributed | Net OPEB Liability |
|-------------|------------------|---------------------|--|--------------------|
| 6/30/2013 | \$1,120,000 | \$458,225 | 40.9% | \$3,330,124 |
| 6/30/2014 | 1,187,000 | 232,507 | 19.6% | 4,284,617 |
| 6/30/2015 | 1,204,000 | 245,302 | 20.4% | 5,243,315 |

CITY OF PETALUMA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 10 – OTHER POST EMPLOYMENT BENEFITS (Continued)

E. *Funded Status and Progress*

As of June 30, 2013, the most recent actuarial valuation date, the plan was 0% funded. The actuarial Accrued Liability (AAL) for benefits was \$10,780,000 and the Actuarial Value of the Plan Asset was \$0 resulting in an Unfunded Actuarial Accrued Liability (UAAL) of \$10,780,000. The covered payroll (annual payroll of active employees covered by the plan) was \$24,185,000 and the ratio of UAAL to the covered payroll was 44.6 percent.

Actuarial valuations of an ongoing plan involves estimates of the value of expected benefit payments and assumptions about the probability of occurrences of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

F. *Actuarial Methods and Assumptions*

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used are consistent with the long-term perspective of the calculations.

In the June 30, 2013 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 4.00% discount rate, a 3% general inflation assumption, an annual aggregate payroll increase rate of 3.25%, plus merit increases per CALPERS 1997-2007 experience study. PEMHCA minimum trend rate is 4.5% and, the benefit cap has a 0% increase, but not less than PEMHCA minimum amount. PEMHCA is a community-rated plan not required to value implied subsidies to retirees. The plan is not funded in a segregated restricted trust. The UAAL is amortized as a level percentage of projected payroll over 30 years on a closed basis, starting with 2008-09 (24 years remaining as of 2014-15).

NOTE 11 – DEFERRED COMPENSATION

The City offers its employees a deferred compensation plan (Plan) created in accordance with California Government Code Section 53212 and Internal Revenue Code of 1986, Section 457. The Plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or an unforeseeable emergency.

In March, 1997, the City amended the Plan's documents to comply with a new federal law. The Plan's assets have been placed into a trust for the exclusive benefit of the employees and their beneficiaries. The City is the administrator of the Plan but the assets are held by an independent investment manager and, therefore, are not recorded as assets of the City. Each employee directs the investment of the assets in his or her account.

CITY OF PETALUMA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 12 - RISK MANAGEMENT

The City provides coverage up to a maximum of \$500,000 for each general liability claim. The City is a member of a public entity risk pool, which provides liability coverage of up to \$40,000,000 per occurrence, including the City's risk-limit. The actuarially determined liability at June 30, 2015, for general liability was \$3,138,522, which includes an estimate for incurred, but not reported claims.

The amounts of coverage for the risk retention, pool participation, purchased insurance and cost reimbursed benefits have not changed from the prior year. The amount of settled claims has not exceeded the maximum coverage in any of the past three years, under risk retention, pool participation, purchased insurance and cost reimbursed plans.

The public entity risk pool (Pool), to which the City belongs, assesses each member an annual contribution to cover claims, operating costs and claim settlement expenses. The Pool has a multi-level risk sharing arrangement for its liability program. Members assume their own losses, up to their retention level. Losses in excess of the retention are paid out of a central pool maintained by the Pool for each of the four levels of coverage. This central pool is funded by all of the members participating in that program layer through contributions. Losses in excess of participation limits and coverages are the responsibility of the individual member from which the loss or claim originated.

The City provides coverage up to a maximum of \$1,000,000 for each workers' compensation claim. In addition, the City carries excess insurance which provides liability coverage up to the statutory limit. The actuarially determined liability as of June 30, 2015 for workers' compensation was \$4,753,338 which includes an estimate for incurred, but not reported claims.

Most funds of the City participate in the retention program, and make payments to the Risk Management Fund and the Workers' Compensation Fund, based on budgetary estimates of the amounts needed to pay prior and current year claims, and to establish a reserve for catastrophic losses.

The accrued claims liability reported in the risk funds as of June 30, 2015, is based upon the requirement of GASB Statement No.10. This statement requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Liabilities for future claims and payments for workers' compensation were based on an actuarial study, which was completed for the year ended June 30, 2015. Liabilities for future claims and payments for general liability were determined by management, based on the results of the actuarial study as of June 30, 2015.

The following is a reconciliation of changes in the aggregate liabilities for claims for the years ended June 30, 2015, 2014, and 2013:

| For the Years Ended June 30, | Claims Payable July 1 | Claims Incurred | Claims Payments | Claims Payable June 30 | Claims Payable Due within One Year |
|------------------------------------|-----------------------------|--------------------|--------------------|------------------------------|--|
| 2013 | \$8,595,474 | \$247,648 | (\$1,333,322) | \$7,509,800 | \$2,112,217 |
| 2014 | 7,509,800 | 297,162 | (1,071,139) | 6,735,823 | 2,120,498 |
| 2015 | 6,735,823 | 2,586,750 | (1,430,713) | 7,891,860 | 2,469,423 |

Employee medical, disability and life insurance benefits are also purchased. The City self-insures for additional employee benefit insurance such as dental, vision and unemployment, on a cost reimbursement basis, up to defined annual maximums. No liability has been accrued for these claims, as they are deemed immaterial.

CITY OF PETALUMA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 13 - COMMITMENTS AND CONTINGENCIES

A. *Litigation*

The City participates in several Federal and State grant programs. These programs are subject to the audits by the City's independent accountants in accordance with the provisions of the Federal Single Audit Act and applicable State requirements. In addition, these programs are subject to further examination by the grantors and the amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

The City is subject to litigation arising in the normal course of business. In the opinion of the City Attorney there is no other pending litigation, which is likely to have a material adverse effect on the financial position of the City.

B. *Construction and Other Commitments*

The City's governmental funds had year-end commitments at June 30, 2015 totaling \$92,401 for construction related contracts awarded, but not completed, and proprietary funds in the amount of \$2,386,798. In addition, the City's governmental funds had outstanding professional service contracts at year-end in the amount of \$2,671,524 and proprietary funds in the amount of \$3,248,598.

C. *Marina Enterprise Fund Finances*

At June 30, 2015, the Marina Enterprise Fund had \$175,681 in cash while accumulated unrestricted deficit was \$4.7 million. As discussed in Note 6C, the Marina Enterprise Fund had an outstanding loan of \$6.2 million payable to the California Department of Boating and Waterways, to which the City has not made payment since 2000. The City has been attempting to work with the Department in order to eliminate the loan. In addition, the City management is currently exploring options at the Marina to improve operations.

NOTE 14 - POLLUTION REMEDIATION OBLIGATIONS

In accordance with GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, the City is required to estimate the components of expected pollution remediation outlays and determine whether outlays for those components should be accrued as liabilities or, if appropriate, capitalized when goods and services are acquired if one of the following five specified obligating events occurs:

- The City is compelled to take pollution remediation action because of an imminent endangerment;
- The City violates a pollution prevention-related permit or license;
- The City is named, or evidence indicates that it will be named, by a regulator as a responsible party or potentially responsible party for remediation, or as a government responsible for sharing costs;
- The City is named, or evidence indicates that it will be named, in a lawsuit to compel participation in pollution remediation
- The City commences or legally obligates itself to commence pollution remediation.

CITY OF PETALUMA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 14 – POLLUTION REMEDIATION OBLIGATIONS (Continued)

At June 30, 2015, the City had identified the following sites which met one of the above obligating events:

Payran Street Site 301 Payran Street, site of a former fire station and underground storage tank, has had an extensive history of subsurface investigations and remediation work since approximately 1988. Groundwater sampling and analysis has confirmed that both onsite and offsite groundwater is impacted with petroleum hydrocarbons. The Sonoma County Department of Environmental Health acts as the Local Oversight Program (LOP) on behalf of the State Water Resources Control Board and has directed the City to continue with its cleanup of the site. As of the date of this report the City has spent the State Fund limit of \$1.5m for past work and the more recent Dual Phase Vapor Extraction Remediation. In the near future, the City expects to spend approximately \$25,000 per year for monitoring and reports and up to \$250,000 per year for another round of remediation. The exact cost of remediation hasn't been determined at this time.

NOTE 15 – SUBSEQUENT EVENT

Americans with Disabilities Litigation

A case was brought in U.S. District Court under Title II of the Americans with Disabilities Act. Plaintiffs allege that the City lacks wheelchair accessibility as required by the ADA Act, in its Victorian Downtown Historic District. The City denied Plaintiff's complaints and on April 28, 2011 Plaintiff filed a complaint alleging ADA violations and an amended complaint on September 16, 2011 to include as a second plaintiff. The parties reached a settlement, which was approved by the Court on July 30, 2015.

NOTE 16 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES

A. *Redevelopment Dissolution*

Effective January 31, 2012, all Redevelopment Agencies were dissolved. Certain assets of the former Redevelopment Agency Low and Moderate Income Housing Fund were distributed to a Housing Successor; and all remaining former Redevelopment Agency assets and liabilities were distributed to the Successor Agency.

ABx1 26 and AB1484 direct the State Controller to review the activities of all former redevelopment agencies and successor agencies to determine whether an asset transfer between a former redevelopment agency and any public agency occurred on or after January 1, 2011. If an asset transfer did occur and the public agency that received the asset is not contractually committed to a third party for the expenditure or encumbrance of the asset, the legislation purports to require the State Controller to order the asset returned to the redevelopment agency. In February 2015, the California State Controller's Office (SCO) concluded that \$1.7 million in loan repayments made by the former Petaluma Community Development Commission (PCDC) to the City prior to the dissolution of the PCDC must be turned over to the Successor Agency. Petaluma submitted a letter stating its disagreement with the SCO. In addition to the loan repayment, the City and the California Department of Finance have litigated over the use of \$7.7 million in 2011 bond proceeds to fund the Rainer Crosstown Connector Highway Project. The litigation portion is complete however the decision on the use of bond proceeds is pending due to the complexity of the case and State law. It is anticipated the funds will be released for use however at this point it is unknown.

Cash and investments of the Successor Agency as of June 30, 2015 are discussed in Note 2. Information presented in the following footnotes represents other assets and liabilities of the Successor Agency as of June 30, 2015.

CITY OF PETALUMA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 16 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES
(Continued)

B. Notes Receivable

The Successor Agency assumed the Storefront Loan Program of the PCDC as of February 1, 2012, which offers low interest loans to property owners with buildings located in the Central Business District (Downtown) as an incentive to make improvements to the exterior storefronts. At June 30, 2015, the outstanding balance of the loans was \$234,744.

C. Long-Term Debt

Current Year Transactions and Balances

All of the long-term debt of the Successor Agency is comprised of Tax Allocation Bonds issued by the Redevelopment Agency. The Bonds are special obligations of the Agency and are secured only by the Agency's tax increment revenues. Tax Allocation Bond transactions were as follows:

| Successor Agency Debt: | Original Issue Amount | Balance June 30, 2014 | Additions | Retirements | Balance June 30, 2015 | Amount due within one year |
|--|-----------------------------|--------------------------|---------------------|---------------------|--------------------------|----------------------------------|
| Tax Allocation Bonds: | | | | | | |
| 2003A Tax Allocation Bonds 2.25-5.00%, due 5/1/2033 | \$23,630,000 | \$19,870,000 | | \$19,870,000 | | |
| 2005A Tax Allocation Bonds 5.00-5.75%, due 5/1/2030 | 18,355,000 | 16,565,000 | | 16,565,000 | | |
| 2007 Tax Allocation Bonds 4.00-4.50%, due 5/1/2039 | 31,825,000 | 30,360,000 | | 255,000 | \$30,105,000 | \$265,000 |
| Unamortized Discount | (568,396) | (439,621) | | (17,762) | (421,859) | |
| 2011A Tax Allocations Bonds 4.79%, due 5/1/2024 | 11,369,000 | 9,323,000 | | 749,000 | 8,574,000 | 784,000 |
| 2015 Tax Allocation Bonds, Series A 3.73%, due 5/1/2033 | 19,545,000 | | \$19,545,000 | | 19,545,000 | 325,000 |
| Unamortized Discount | | | (9,003) | (474) | (8,529) | |
| 2015 Tax Allocation Bonds, Series B 3.25%, due 5/1/2030 | 16,060,000 | | 16,060,000 | | 16,060,000 | 460,000 |
| Unamortized Premium | | | 105,270 | 6,478 | 98,792 | |
| Total Tax Allocation Bonds | | <u>\$75,678,379</u> | <u>\$35,701,267</u> | <u>\$37,420,764</u> | <u>\$73,952,404</u> | <u>\$1,834,000</u> |

CITY OF PETALUMA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 16 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES
(Continued)

Redevelopment Agency Tax Allocation Bonds

2003A Tax Allocation Bonds – In 2003, the former PCDC issued Tax Allocation Bonds, Series 2003A in the amount of \$23,630,000. The proceeds of the bonds will be used to finance PCDC projects within the Petaluma Community Development Project area. The Bonds mature annually each May 1 from 2007 to 2033, and bear interest at rates ranging from 2.25% to 5.00%. Interest is payable semiannually on May 1 and November 1. The Bonds maturing on or after May 1, 2014, are subject to optional redemption prior to maturity, in whole or in part, either in inverse order of maturity or by lot within any one maturity date, on any date on or after May 1, 2013, at a price equal to the principal amount, plus accrued interest on the redemption date. The bonds are payable from and secured by tax revenues.

The bonds were issued at a discount of \$14,217 which is being amortized over the 30 year life of the bonds resulting in an annual amortization of \$474.

In the fiscal year ending June 30, 2015, the City advance refunded these bonds with the issuance of 2015 Series A & B Tax Allocation Bonds.

As of June 30, 2015, the outstanding defeased balance related to these Bonds were \$19,545,000.

2005A Tax Allocation Bonds – On September 21, 2005, the former PCDC issued Refunding Tax Allocation Bonds, Series 2005A Tax Allocation Bonds in the amount of \$18,355,000. The proceeds of the bonds will be used to refund the 2000A Tax Allocation Bonds and finance the issuance costs of the 2005A Refunding Tax Allocation Bonds. The Bonds mature annually each May 1 from 2006 to 2030, in amounts ranging from \$90,000 to \$1,420,000 and bear interest at rates ranging from 3.00% to 5.00%. Interest is payable semiannually on May 1 and November 1. The Bonds maturing on or before May 1, 2016, are subject to optional redemption prior to maturity, in whole or in part, either in inverse order of maturity or in inverse order of maturity and by lot within any one maturity date, on any date on or after May 1, 2015, at a price equal to the principal amount, plus accrued interest on the redemption date. The bonds are payable solely from secured tax revenues.

The bonds were issued at a premium of \$161,953 which is being amortized over the 25 year life of the bonds resulting in an annual amortization of \$6,478.

In the fiscal year ending June 30, 2015, the City advance refunded these bonds with the issuance of 2015 Series A & B Tax Allocation Bonds.

As of June 30, 2015, the outstanding defeased balance related to these Bonds were \$16,060,000.

2007 Tax Allocation Bonds – In 2007, the former PCDC issued Subordinate Tax Allocation Bonds, Series 2007 in the amount of \$31,825,000. The proceeds of the bonds were used to refund the 2000B Tax Allocation Bonds and provide \$30,000,000 in project funds. The Bonds mature annually each May 1 from 2008 to 2039, in amounts ranging from \$115,000 to \$4,355,000 and bear interest at rates ranging from 4.00% to 4.50%. Interest is payable semiannually on May 1 and November 1. The Bonds maturing on or before May 1, 2016, are subject to optional redemption prior to maturity, in whole or in part, either in inverse order of maturity or in inverse order of maturity and by lot within any one maturity date, on any date on or after May 1, 2015, at a price equal to the principal amount, plus accrued interest on the redemption date. The bonds are payable solely from secured tax revenues.

The bonds were issued at a discount of \$568,396 which is being amortized over the 32-year life of the bonds resulting in an annual amortization of \$17,762.

CITY OF PETALUMA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 16 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES
(Continued)

2011 Tax Allocation Bonds - On March 17, 2011, the former PCDC issued Subordinate Tax Allocation Bonds, Series 2011 in the amount of \$11,369,000. The proceeds of the bonds will be used to fund Transportation improvement around the City of Petaluma. The Bonds mature annually each May 1 from 2012 to 2024, in amounts ranging from \$650,000 to \$1,140,000 and bear interest at rate of 4.79%. Interest is payable semiannually on May 1 and November. The bonds are payable solely from secured tax revenues.

2015 Series A & B Tax Allocation Bonds - On March 1, 2015 the former PCDC issued Refunding Tax Allocation Bonds, Series 2015A & B Tax Allocation Bonds in the amount of \$19,545,000 and \$16,060,000. The proceeds of the bonds will be used to refund the 2003A and 2005A Tax Allocation Bonds. The Bonds mature annually each May from 2016 to 2033, and May 2016 to 2030, respectively in amounts ranging from \$325,000 to \$3,950,000 and from \$35,000 to \$685,000 and bear interest rates of 3.73% and 3.25%. Interest is payable semiannually on May 1 and November 1. The bonds are payable solely from secured tax revenues. The refunding resulted in an overall debt service savings of \$4,262,205. The net present value of the debt service savings is called an economic gain and amounted to \$3,272,782.

As discussed above, the former PCDC has pledged tax increment revenues for the repayment of the Tax Allocation Bonds. In future years, annual principal and interest payments on Tax Allocation Bonds are expected to require 29% of tax incremental revenues. The total principal and interest remaining to be paid on the Bonds was \$115,714,837 at June 30, 2015. With the dissolution of the Redevelopment Agency discussed above, Tax Increment is no longer distributed, and instead the Successor Agency receives payments from the County’s Redevelopment Property Tax Trust Fund (RPTTF) that are to be used to fund debt service on the Bonds, with no distinction between housing and non-housing revenues. The RPTTF received for fiscal year 2014-2015 was \$5,816,544 which represented coverage of 101% of the \$5,748,634 of debt service.

Debt Service Requirements

Annual debt service requirements are shown below:

| Successor Agency Debt: | Tax Allocation Bonds | |
|-------------------------|----------------------|--------------|
| For The Year | Principal | Interest |
| Ending June 30 | <hr/> | |
| 2016 | \$1,834,000 | \$3,106,891 |
| 2017 | 2,567,000 | 2,902,039 |
| 2018 | 2,681,000 | 2,800,428 |
| 2019 | 2,778,000 | 2,694,450 |
| 2020 | 2,891,000 | 2,584,462 |
| 2021 - 2025 | 15,038,000 | 11,109,939 |
| 2026 - 2030 | 13,160,000 | 8,507,439 |
| 2031 - 2035 | 17,010,000 | 5,848,237 |
| 2036 - 2039 | 16,325,000 | 1,876,952 |
| Total payments due | \$74,284,000 | \$41,430,837 |
| Less: Original Issuance | | |
| Premium (Discount) | (331,596) | |
| | <u>\$73,952,404</u> | |

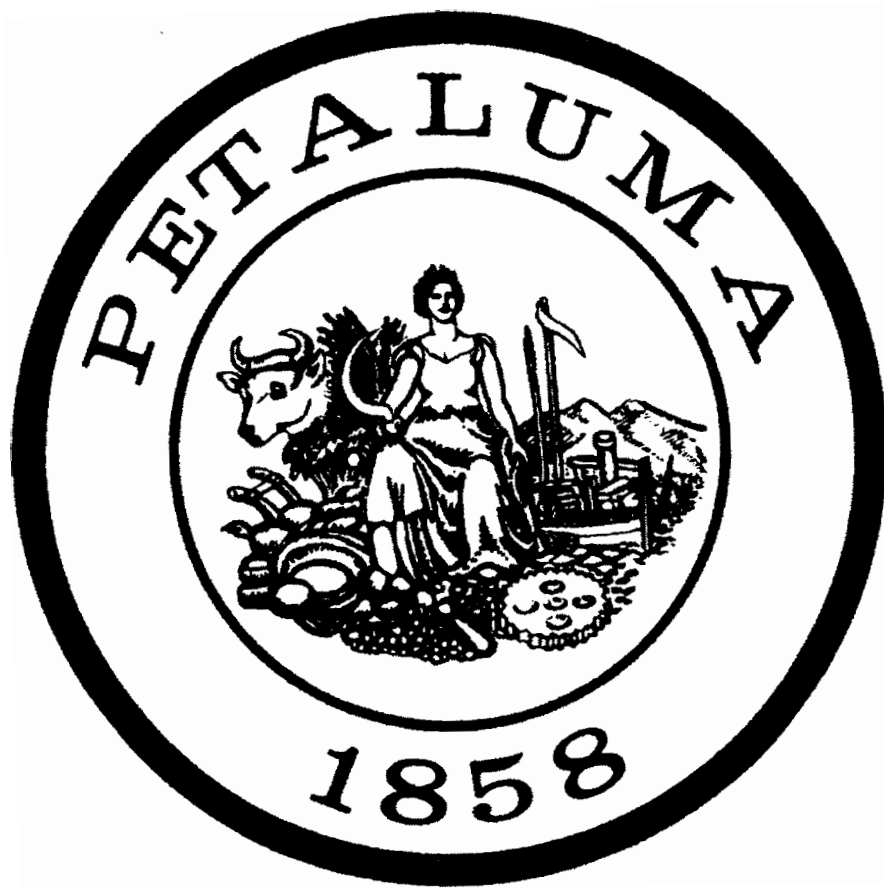
CITY OF PETALUMA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 16 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES
(Continued)

D. *Commitments and Contingencies*

State Approval of Enforceable Obligations

The Successor Agency prepares a Recognized Obligation Payment Schedule (ROPS) semi-annually that contains all proposed expenditures for the subsequent six-month period. The ROPS is subject to the review and approval of the Oversight Board as well as the State Department of Finance. Although the State Department of Finance may not question items included on the ROPS in one period, they may question the same items in a future period and disallow associated activities. The amount, if any, of current obligations that may be denied by the State Department of Finance cannot be determined at this time. The City expects such amounts, if any, to be immaterial.



REQUIRED SUPPLEMENTARY INFORMATION

CITY OF PETALUMA
Required Supplemental Information
For the year ended June 30, 2015

City of Petaluma, Agent Multiple-Employer Defined Benefit Plans
As of June 30, 2015
Last 10 Years*

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

| | Miscellaneous | Safety |
|--|---------------|---------------|
| Total Pension Liability | | |
| Service Cost | \$1,931,227 | \$3,422,621 |
| Interest | 6,997,431 | 11,716,276 |
| Differences between expected and actual experience | 0 | 0 |
| Changes in assumptions | 0 | 0 |
| Changes in benefits | 0 | 0 |
| Benefit payments, including refunds of employee contributions | (4,570,066) | (7,707,622) |
| Net change in total pension liability | 4,358,592 | 7,431,275 |
| Total pension liability - beginning | 94,618,497 | 158,359,501 |
| Total pension liability - ending (a) | \$98,977,089 | \$165,790,776 |
| Plan fiduciary net position | | |
| Contributions - employer | \$2,390,127 | \$5,842,432 |
| Contributions - employee | 1,243,703 | 1,731,948 |
| Net investment income | 11,808,495 | 17,135,155 |
| Benefit payments, including refunds of employee contributions | (4,570,066) | (7,707,622) |
| Net change in plan fiduciary net position | 10,872,259 | 17,001,913 |
| Plan fiduciary net position - beginning | 68,552,979 | 99,106,801 |
| Plan fiduciary net position - ending (b) | \$79,425,238 | \$116,108,714 |
| Net pension liability - ending (a)-(b) | \$19,551,851 | \$49,682,062 |
| Plan fiduciary net position as a percentage of the total pension liability | 80.25% | 70.03% |
| Covered - employee payroll | \$12,004,148 | \$11,800,515 |
| Net pension liability as percentage of covered-employee payroll | 162.88% | 421.02% |

Notes to Schedule:

Benefit changes. In 2015, benefit terms were modified to base public safety employee pensions on a final three-year average salary instead of a final five-year average salary.

Changes in assumptions. In 2015, amounts reported as changes in assumptions resulted primarily from adjustments to expected retirement ages of general employees.

* - Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

CITY OF PETALUMA
Required Supplemental Information
For the year ended June 30, 2015

City of Petaluma, Agent Multiple-Employer Defined Pension Plans
For the fiscal year ended June 30, 2015
Last 10 Years*
SCHEDULE OF CONTRIBUTIONS

| | Miscellaneous | Safety |
|---|----------------------|------------------|
| Actuarially determined contribution | \$1,938,902 | \$4,401,132 |
| Contributions in relation to the actuarially determined contributions | (1,938,902) | (4,401,132) |
| Contribution deficiency (excess) | \$0 | \$0 |
| Covered-employee payroll | \$12,437,220 | \$10,371,371 |
| Contributions as a percentage of covered-employee payroll | 15.59% | 42.44% |

Notes to Schedule

Valuation date: 6/30/2012

Methods and assumptions used to determine contribution rates:

| | |
|-------------------------------|--|
| Actuarial cost method | Entry age |
| Amortization method | Level percentage of payroll |
| Remaining amortization period | 21 years as of the Valuation Date |
| Asset valuation method | 15-year smoothed market |
| Inflation | 2.75% |
| Salary increases | 3.30% to 14.20% depending on Age, Service, and type of employment |
| Investment rate of return | 7.50% net of administrative expenses |
| Retirement age | The probabilities of Retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007 |
| Mortality | The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries |

* - Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

CITY OF PETALUMA
Required Supplemental Information
For the year ended June 30, 2015

Other Post Employment Benefits

Schedule of Funding Progress

| Actuarial Valuation Date | Actuarial Asset Value | Entry Age Actuarial Accrued Liability | (Underfunded) Overfunded Actuarial Accrued Liability | Funded Ratio | Covered Payroll | Overfunded Actuarial Liability as Percentage of Covered Payroll |
|--------------------------------|-----------------------------|--|--|-----------------|--------------------|--|
| 6/30/2013 | \$0 | \$10,780,000 | (\$10,780,000) | 0.00% | \$24,185,000 | (44.57%) |
| 6/30/2011 | 0 | 9,871,000 | (9,871,000) | 0.00% | 24,343,000 | (40.55%) |
| 6/30/2008 | 0 | 7,002,000 | (7,002,000) | 0.00% | 23,627,000 | (29.64%) |

| |
|---|
| REQUIRED SUPPLEMENTARY INFORMATION |
|---|

GENERAL FUND

The General Fund is used to account for resources traditionally associated with government, which are not required legally, or by sound financial management, to be accounted for in another fund.

HOME/BEGIN SPECIAL REVENUE FUND

The Home/Begin Special Revenue Fund is used to account for federal grants received under the Housing and Community Development Act of 1974. The money is used for specific programs, which provide housing to people with low and moderate income.

IMPACT FEES SPECIAL REVENUE FUND

This fund is used to account for fees received from local development projects, which are used for the construction of major public improvements, provide assistance to low income people in the community and for the acquisition, development, and enhancement of neighborhood and community parks.

SUCCESSOR HOUSING SPECIAL REVENUE FUND

This fund was established to account for loan repayments and activities related to the assets assumed by the City as Housing Successor to the Petaluma Community Development Commission (PCDC) for the housing activities of the former PCDC.

CITY OF PETALUMA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|--------------------|--------------------|--------------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Taxes | \$24,467,786 | \$25,114,971 | \$26,071,745 | \$956,774 |
| Licenses, permits, and fees | 1,065,050 | 1,037,050 | 1,060,501 | 23,451 |
| Fines, forfeitures and penalties | 660,366 | 523,366 | 567,091 | 43,725 |
| Use of money and property | 434,597 | 459,597 | 562,596 | 102,999 |
| Intergovernmental | 4,452,777 | 4,895,212 | 5,496,371 | 601,159 |
| Charges for current services | 5,919,416 | 5,846,454 | 5,693,857 | (152,597) |
| Other | 131,806 | (30,129) | 3,673,761 | 3,703,890 |
| Total Revenues | 37,131,798 | 37,846,521 | 43,125,922 | 5,279,401 |
| EXPENDITURES: | | | | |
| General government: | | | | |
| City council | 86,596 | 86,596 | 93,151 | (6,555) |
| City clerk | 285,492 | 285,492 | 236,961 | 48,531 |
| City attorney | 858,683 | 897,229 | 659,509 | 237,720 |
| City Manager | 765,240 | 1,070,319 | 1,029,341 | 40,978 |
| Administrative services | 3,018,047 | 2,794,202 | 2,537,574 | 256,628 |
| Community development | 547,793 | 557,793 | 614,247 | (56,454) |
| Police | 16,012,549 | 16,012,549 | 15,195,802 | 816,747 |
| Fire | 12,361,486 | 12,435,586 | 12,219,352 | 216,234 |
| Parks | 1,554,054 | 1,554,054 | 1,537,940 | 16,114 |
| Public works | 3,373,573 | 3,458,573 | 3,273,797 | 184,776 |
| Capital outlay | | | 3,592,870 | (3,592,870) |
| Total Expenditures | 38,863,513 | 39,152,393 | 40,990,544 | (1,838,151) |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (1,731,715) | (1,305,872) | 2,135,378 | 3,441,250 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Proceeds from the sale of capital assets | | 2,040 | 4,684 | 2,644 |
| Transfers in | 1,617,012 | 1,649,012 | 1,649,012 | |
| Transfers (out) | (675,000) | (827,400) | (827,400) | |
| Total other financing sources (uses) | 942,012 | 823,652 | 826,296 | 2,644 |
| NET CHANGE IN FUND BALANCE | (\$789,703) | (\$482,220) | 2,961,674 | \$3,443,894 |
| BEGINNING FUND BALANCE | | | 5,798,254 | |
| ENDING FUND BALANCE | | | \$8,759,928 | |

CITY OF PETALUMA
HOME/BEGIN SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

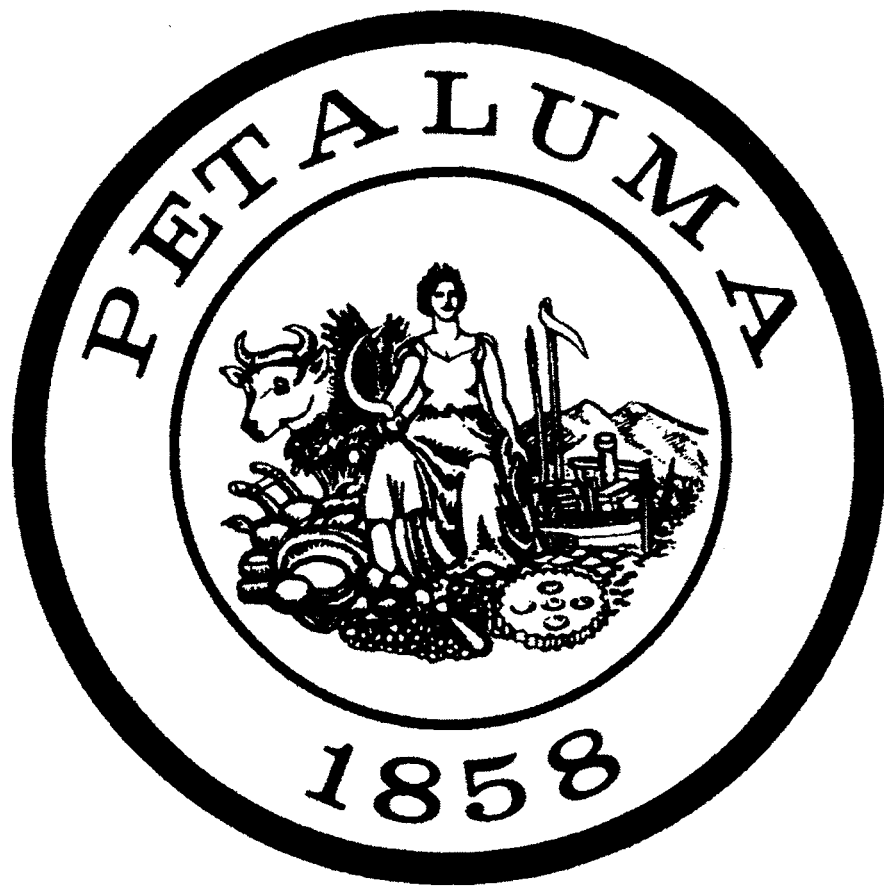
| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|-------------------------|-------------------|-----------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES: | | | | |
| Use of money and property | \$1,000 | \$1,000 | \$217 | (\$783) |
| Total Revenues | <u>1,000</u> | <u>1,000</u> | <u>217</u> | <u>(783)</u> |
| EXPENDITURES: | | | | |
| Community Development | | 25,000 | 25,000 | |
| Total Expenditures | | <u>25,000</u> | <u>25,000</u> | |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>1,000</u> | <u>(24,000)</u> | <u>(24,783)</u> | <u>(783)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers (out) | | (67,825) | (67,825) | |
| Total other financing sources (uses) | | <u>(67,825)</u> | <u>(67,825)</u> | |
| NET CHANGE IN FUND BALANCE | <u>\$1,000</u> | <u>(\$91,825)</u> | <u>(92,608)</u> | <u>(\$783)</u> |
| BEGINNING FUND BALANCE | | | <u>415,312</u> | |
| ENDING FUND BALANCE | | | <u>\$322,704</u> | |

CITY OF PETALUMA
IMPACT FEES SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|-------------------------|----------------------|-----------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES: | | | | |
| License, permits and fees | \$3,977,140 | \$3,977,140 | \$4,344,897 | \$367,757 |
| Use of money and property | 62,000 | 62,000 | 77,982 | 15,982 |
| Charges for services | 119,314 | 119,314 | 85,619 | (33,695) |
| Other | | | 8,823 | 8,823 |
| | | | <u>8,823</u> | <u>8,823</u> |
| Total Revenues | <u>4,158,454</u> | <u>4,158,454</u> | <u>4,517,321</u> | <u>358,867</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Community development | 989,167 | 1,065,167 | 908,013 | 157,154 |
| Police | | | 24 | (24) |
| Fire | | | 28 | (28) |
| Parks and Recreation | 31,369 | 31,369 | 17,793 | 13,576 |
| Public works | 82,988 | 82,988 | 63,413 | 19,575 |
| | | | <u>63,413</u> | <u>19,575</u> |
| Total Expenditures | <u>1,103,524</u> | <u>1,179,524</u> | <u>989,271</u> | <u>190,253</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>3,054,930</u> | <u>2,978,930</u> | <u>3,528,050</u> | <u>549,120</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | | 300,099 | 234,813 | (65,286) |
| Transfers (out) | (5,752,000) | (6,153,109) | (3,877,493) | 2,275,616 |
| | | | <u>(3,877,493)</u> | <u>2,275,616</u> |
| Total other financing sources (uses) | <u>(5,752,000)</u> | <u>(5,853,010)</u> | <u>(3,642,680)</u> | <u>2,210,330</u> |
| NET CHANGE IN FUND BALANCE | <u>(\$2,697,070)</u> | <u>(\$2,874,080)</u> | (114,630) | <u>\$2,759,450</u> |
| BEGINNING FUND BALANCE | | | <u>27,784,202</u> | |
| ENDING FUND BALANCE | | | <u>\$27,669,572</u> | |

CITY OF PETALUMA
 SUCCESSOR HOUSING FUND
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2015

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|-------------------------|-------------------|-----------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES: | | | | |
| Use of money and property | | | \$36,617 | \$36,617 |
| Charges for current services | | | 29,490 | 29,490 |
| Total Revenues | | | <u>66,107</u> | <u>66,107</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Community Development | \$320,001 | \$320,001 | 149,526 | 170,475 |
| Total Expenditures | <u>320,001</u> | <u>320,001</u> | <u>149,526</u> | <u>170,475</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>(320,001)</u> | <u>(320,001)</u> | <u>(83,419)</u> | <u>236,582</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 235,500 | 235,500 | 185,500 | (50,000) |
| NET CHANGE IN FUND BALANCE | <u>(\$84,501)</u> | <u>(\$84,501)</u> | 102,081 | <u>\$186,582</u> |
| BEGINNING FUND BALANCE | | | <u>22,609,878</u> | |
| ENDING FUND BALANCE | | | <u>\$22,711,959</u> | |



**BUDGETED MAJOR GOVERNMENTAL FUNDS OTHER THAN
GENERAL FUND AND SPECIAL REVENUE FUNDS**

CITY CAPITAL PROJECTS FUND

This fund accounts for the collection of resources and the related expenditure on acquisition and construction of major capital improvement projects in the City, other than those accounted for in proprietary funds.

CITY OF PETALUMA
CITY CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

| | Budget | Actual | Variance Positive (Negative) |
|--|---------------------|----------------------|------------------------------------|
| REVENUES | | | |
| Use of money and property | | \$21,994 | \$21,994 |
| Intergovernmental | \$2,231,000 | 9,416,654 | 7,185,654 |
| Other | | 913,220 | 913,220 |
| Total Revenues | 2,231,000 | 10,351,868 | 8,120,868 |
| EXPENDITURES | | | |
| Current: | | | |
| General government | 25,000 | 8,845 | 16,155 |
| Fire | 189,890 | 33,123 | 156,767 |
| Parks and recreation | 6,306,280 | 6,277,764 | 28,516 |
| Public works | 16,014,000 | 12,292,567 | 3,721,433 |
| Capital outlay | 4,020,000 | 372,192 | 3,647,808 |
| Total Expenditures | 26,555,170 | 18,984,491 | 7,570,679 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (24,324,170) | (8,632,623) | 15,691,547 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | 24,924,524 | 5,526,959 | 19,397,565 |
| Transfers (out) | (194,933) | (129,648) | (65,285) |
| Total Other Financing Sources (Uses) | 24,729,591 | 5,397,311 | 19,332,280 |
| NET CHANGE IN FUND BALANCE | \$405,421 | (3,235,312) | (\$3,640,733) |
| BEGINNING FUND BALANCE | | 1,391,787 | |
| ENDING FUND BALANCE | | (\$1,843,525) | |

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

COMMUNITY DEVELOPMENT BLOCK GRANT FUND

The fund accounts for federal grants received under the Housing and Community Development Act of 1974 from the US Department of Housing and Urban Development. Funds are used to develop a viable urban community, by providing adequate housing, a suitable living environment, and expanding economic opportunities, principally for persons with low and moderate income.

GRANTS AND DONATIONS FUND

The fund accounts for various donations received by City departments, and related expenditures.

GAS TAX FUND

The fund reports receipts and disbursements of funds under Streets and Highways Code Sections 2105, 2106, 2107 and 2107.5 of the State of California. Expenditures in this fund, for administrations, maintenance and construction, must be street related.

PUBLIC SAFETY FUND

The fund is used to account for asset seizure, supplemental law enforcement, abandoned vehicle abatement and fire hazmat activities.

LANDSCAPE ASSESSMENT DISTRICTS FUND

The fund details revenue and maintenance costs associated with forty-seven landscape assessment districts maintained by the City of Petaluma. These districts collect funds from the property owners, and use the funds to maintain common landscape areas within the boundaries of the district.

STREET FUND

The fund accounts for revenue received from the solid waste surcharge, imposed as part of the franchise fee on the waste hauler. This revenue, along with transfers from various other City funds, will be expended on street maintenance activities.

TRANSIENT OCCUPANCY TAX FUND

The fund reports the hotel and motel occupancy tax receipts, and the disbursements to local, not-for-profit groups, which sponsor community events, or promote tourism.

PRINCE PARK FUND

The fund details the activity of the ongoing maintenance of Prince Park. The activities included in this fund are receipts of investment earnings, and transfers out to the general fund to cover costs of the park's maintenance.

PERMANENT FUND

WICKERSHAM PARK TRUST FUND

The fund accounts for resources that are held by the City, which are legally restricted to the extent that only earnings may be used maintenance improvements to Wickersham Park.

CITY OF PETALUMA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2015

| | SPECIAL REVENUE FUNDS | | | | |
|---|---|-------------------------|--------------------|------------------|--------------------------------------|
| | Community Development Block Grant | Grants and Donations | Gas Tax | Public Safety | Landscape Assessment Districts |
| ASSETS | | | | | |
| Cash and investments | \$17,309 | \$1,668,553 | \$1,374,053 | \$663,910 | \$464,867 |
| Receivables: | | | | | |
| Accounts | | | | 22,500 | |
| Intergovernmental | 77,187 | 60,241 | 36,762 | 72,448 | 10,315 |
| Interest receivable related to notes receivable | 150,883 | | | | |
| Notes receivable | 784,000 | | | | |
| | <u>\$1,029,379</u> | <u>\$1,728,794</u> | <u>\$1,410,815</u> | <u>\$758,858</u> | <u>\$475,182</u> |
| LIABILITIES | | | | | |
| Accounts payable and accrued liabilities | | \$16,477 | | \$126,370 | \$16,816 |
| | | <u>16,477</u> | | <u>126,370</u> | <u>16,816</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Unavailable revenue | \$934,883 | | | | |
| | <u>934,883</u> | | | | |
| FUND BALANCES | | | | | |
| Fund balances: | | | | | |
| Nonspendable | | | | | |
| Restricted | 94,496 | \$1,712,317 | \$1,410,815 | 632,488 | 458,366 |
| | <u>94,496</u> | <u>1,712,317</u> | <u>1,410,815</u> | <u>632,488</u> | <u>458,366</u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | <u>\$1,029,379</u> | <u>\$1,728,794</u> | <u>\$1,410,815</u> | <u>\$758,858</u> | <u>\$475,182</u> |

| SPECIAL REVENUE FUNDS | | | PERMANENT | |
|-----------------------|----------------------------|------------------|--------------------------|--|
| Street | Transient Occupancy Tax | Prince Park | Wickersham Park Trust | Total Nonmajor Governmental Funds |
| \$522,537 | \$711,898 | \$807,768 | \$23,770 | \$6,254,665 |
| 369,746 | 317,377 | | | 709,623 |
| 98,356 | | | | 355,309 |
| | | | | 150,883 |
| | | | | 784,000 |
| <u>\$990,639</u> | <u>\$1,029,275</u> | <u>\$807,768</u> | <u>\$23,770</u> | <u>\$8,254,480</u> |
| \$116,490 | \$84,323 | | | \$360,476 |
| 116,490 | 84,323 | | | 360,476 |
| | | | | 934,883 |
| | | | | 934,883 |
| 874,149 | 944,952 | \$807,768 | \$23,770 | 23,770 |
| | | | | 6,935,351 |
| 874,149 | 944,952 | 807,768 | 23,770 | 6,959,121 |
| <u>\$990,639</u> | <u>\$1,029,275</u> | <u>\$807,768</u> | <u>\$23,770</u> | <u>\$8,254,480</u> |

CITY OF PETALUMA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2015

| | SPECIAL REVENUE FUNDS | | | | |
|--|---|-------------------------|--------------------|------------------|--------------------------------------|
| | Community Development Block Grant | Grants and Donations | Gas Tax | Public Safety | Landscape Assessment Districts |
| REVENUES | | | | | |
| Taxes | | | | | |
| Fines, forfeitures, and penalties | | | | \$25,166 | |
| Use of money and property | | | \$3,753 | | \$292 |
| Intergovernmental | \$317,283 | \$1,635,915 | 1,672,062 | 282,033 | |
| Charges for current services | | | | | 403,508 |
| Other | | 35,798 | | | |
| Total Revenues | <u>317,283</u> | <u>1,671,713</u> | <u>1,675,815</u> | <u>307,199</u> | <u>403,800</u> |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| Community development | 281,840 | 32,610 | | | |
| Police | | 300,001 | | 176,820 | |
| Fire | | 2,257 | | 7,566 | |
| Parks and recreation | | | | | 336,403 |
| Public works | | | 52,745 | | |
| Capital outlay | | | | 17,302 | |
| Total Expenditures | <u>281,840</u> | <u>334,868</u> | <u>52,745</u> | <u>201,688</u> | <u>336,403</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>35,443</u> | <u>1,336,845</u> | <u>1,623,070</u> | <u>105,511</u> | <u>67,397</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in | | | | | |
| Transfers (out) | (35,500) | (1,318,757) | (1,156,952) | (139,000) | |
| Total Other Financing Sources (Uses) | <u>(35,500)</u> | <u>(1,318,757)</u> | <u>(1,156,952)</u> | <u>(139,000)</u> | |
| NET CHANGE IN FUND BALANCES | (57) | 18,088 | 466,118 | (33,489) | 67,397 |
| BEGINNING FUND BALANCES | <u>94,553</u> | <u>1,694,229</u> | <u>944,697</u> | <u>665,977</u> | <u>390,969</u> |
| ENDING FUND BALANCES | <u>\$94,496</u> | <u>\$1,712,317</u> | <u>\$1,410,815</u> | <u>\$632,488</u> | <u>\$458,366</u> |

| SPECIAL REVENUE FUNDS | | | PERMANENT | Total Nonmajor Governmental Funds |
|-----------------------|----------------------------|------------------|--------------------------|--|
| Street | Transient Occupancy Tax | Prince Park | Wickersham Park Trust | |
| \$1,383,342 | \$2,068,949 | | | \$3,452,291 |
| | 4,971 | \$99 | \$15 | 25,166 |
| 405,075 | | | | 9,130 |
| 24,099 | | | | 4,312,368 |
| 18,880 | | | | 427,607 |
| | | | | 54,678 |
| <u>1,831,396</u> | <u>2,073,920</u> | <u>99</u> | <u>15</u> | <u>8,281,240</u> |
| | 334,586 | | | 649,036 |
| | | | | 476,821 |
| | | | | 9,823 |
| 3,054,680 | | | | 336,403 |
| 5,616 | | | | 3,107,425 |
| | | | | 22,918 |
| <u>3,060,296</u> | <u>334,586</u> | | | <u>4,602,426</u> |
| <u>(1,228,900)</u> | <u>1,739,334</u> | <u>99</u> | <u>15</u> | <u>3,678,814</u> |
| 1,156,680 | | | | 1,156,680 |
| (491,957) | (1,440,512) | (56,500) | | (4,639,178) |
| <u>664,723</u> | <u>(1,440,512)</u> | <u>(56,500)</u> | | <u>(3,482,498)</u> |
| (564,177) | 298,822 | (56,401) | 15 | 196,316 |
| <u>1,438,326</u> | <u>646,130</u> | <u>864,169</u> | <u>23,755</u> | <u>6,762,805</u> |
| <u>\$874,149</u> | <u>\$944,952</u> | <u>\$807,768</u> | <u>\$23,770</u> | <u>\$6,959,121</u> |

CITY OF PETALUMA
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

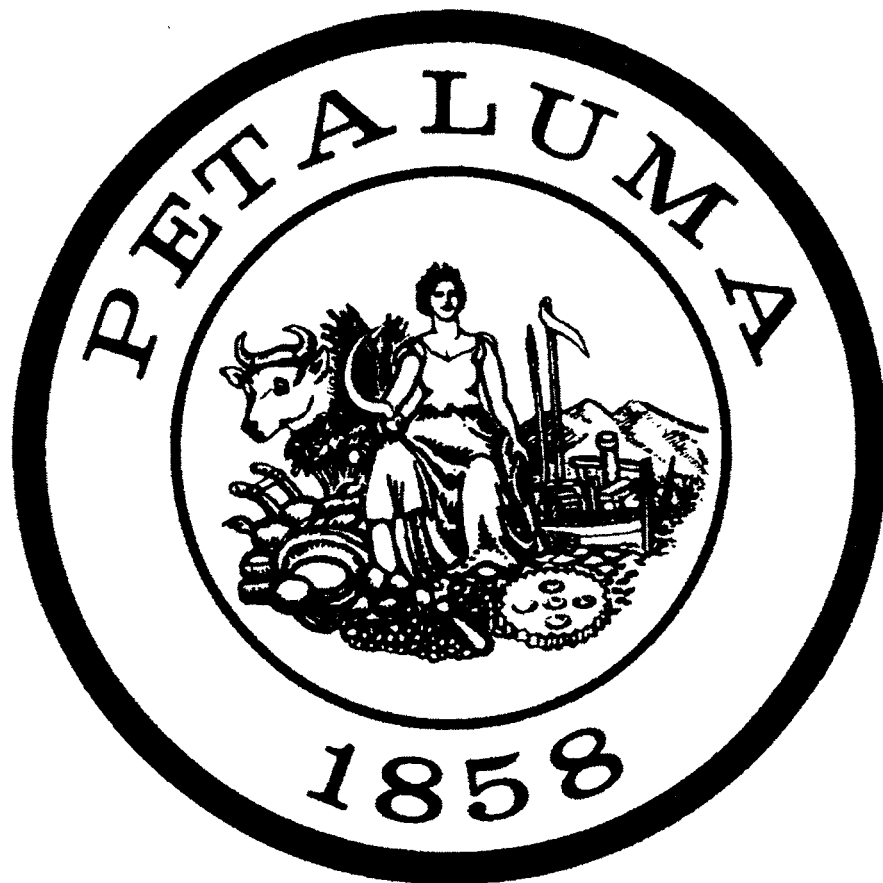
| | COMMUNITY DEVELOPMENT BLOCK GRANT | | | GRANTS AND DONATIONS | | |
|--|--------------------------------------|-----------------|------------------------------------|----------------------|--------------------|------------------------------------|
| | Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) |
| REVENUES | | | | | | |
| Taxes | | | | | | |
| Fines, forfeitures, and penalties | | | | | | |
| Use of money and property | | | | | | |
| Intergovernmental | \$328,342 | \$317,283 | (\$11,059) | \$7,492,000 | \$1,635,915 | (\$5,856,085) |
| Charges for current services | | | | | | |
| Other | | | | 2,191,000 | 35,798 | (2,155,202) |
| Total Revenues | <u>328,342</u> | <u>317,283</u> | <u>(11,059)</u> | <u>9,683,000</u> | <u>1,671,713</u> | <u>(8,011,287)</u> |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| Community development | 287,372 | 281,840 | 5,532 | 171,653 | 32,610 | 139,043 |
| Police | | | | 500,000 | 300,001 | 199,999 |
| Fire | | | | | 2,257 | (2,257) |
| Parks and recreation | | | | | | |
| Public works | | | | | | |
| Capital outlay | | | | | | |
| Total Expenditures | <u>287,372</u> | <u>281,840</u> | <u>5,532</u> | <u>671,653</u> | <u>334,868</u> | <u>336,785</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>40,970</u> | <u>35,443</u> | <u>(5,527)</u> | <u>9,011,347</u> | <u>1,336,845</u> | <u>(7,674,502)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in | | | | | | |
| Transfers (out) | (35,500) | (35,500) | | (9,068,000) | (1,318,757) | 7,749,243 |
| Total Other Financing Sources (Uses) | <u>(35,500)</u> | <u>(35,500)</u> | | <u>(9,068,000)</u> | <u>(1,318,757)</u> | <u>7,749,243</u> |
| NET CHANGE IN FUND BALANCE | <u>\$5,470</u> | <u>(57)</u> | <u>(\$5,527)</u> | <u>(\$56,653)</u> | <u>18,088</u> | <u>\$74,741</u> |
| BEGINNING FUND BALANCES | | <u>94,553</u> | | | <u>1,694,229</u> | |
| ENDING FUND BALANCES | | <u>\$94,496</u> | | | <u>\$1,712,317</u> | |

| GAS TAX | | | PUBLIC SAFETY | | | LANDSCAPE ASSESSMENT DISTRICTS | | |
|--------------------|--------------------|------------------------------|-------------------|------------------|------------------------------|--------------------------------|------------------|------------------------------|
| Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) |
| \$1,000 | \$3,753 | \$2,753 | \$80,000 | \$25,166 | (\$54,834) | \$1,600 | \$292 | (\$1,308) |
| 1,466,458 | 1,672,062 | 205,604 | 2,000 | 282,033 | (21,967) | 387,025 | 403,508 | 16,483 |
| | | | | | | | | |
| <u>1,467,458</u> | <u>1,675,815</u> | <u>208,357</u> | <u>386,000</u> | <u>307,199</u> | <u>(78,801)</u> | <u>388,625</u> | <u>403,800</u> | <u>15,175</u> |
| | | | | | | | | |
| | | | 209,905 | 176,820 | 33,085 | | | |
| | | | 12,000 | 7,566 | 4,434 | 268,660 | 336,403 | (67,743) |
| 32,000 | 52,745 | (20,745) | | | | | | |
| | | | <u>95,000</u> | <u>17,302</u> | <u>77,698</u> | | | |
| <u>32,000</u> | <u>52,745</u> | <u>(20,745)</u> | <u>316,905</u> | <u>201,688</u> | <u>115,217</u> | <u>268,660</u> | <u>336,403</u> | <u>(67,743)</u> |
| | | | | | | | | |
| <u>1,435,458</u> | <u>1,623,070</u> | <u>187,612</u> | <u>69,095</u> | <u>105,511</u> | <u>36,416</u> | <u>119,965</u> | <u>67,397</u> | <u>(52,568)</u> |
| | | | | | | | | |
| <u>(1,168,600)</u> | <u>(1,156,952)</u> | <u>11,648</u> | <u>(139,000)</u> | <u>(139,000)</u> | | | | |
| <u>(1,168,600)</u> | <u>(1,156,952)</u> | <u>11,648</u> | <u>(139,000)</u> | <u>(139,000)</u> | | | | |
| <u>\$266,858</u> | 466,118 | <u>\$199,260</u> | <u>(\$69,905)</u> | (33,489) | <u>\$36,416</u> | <u>\$119,965</u> | 67,397 | <u>(\$52,568)</u> |
| | 944,697 | | | 665,977 | | | 390,969 | |
| | <u>\$1,410,815</u> | | | <u>\$632,488</u> | | | <u>\$458,366</u> | (Continued) |

CITY OF PETALUMA
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

| | STREET | | | TRANSIENT OCCUPANCY TAX | | |
|--|----------------------|--------------------|------------------------------------|-------------------------|--------------------|------------------------------------|
| | Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) |
| REVENUES | | | | | | |
| Taxes | \$1,361,000 | \$1,383,342 | \$22,342 | \$1,925,000 | \$2,068,949 | \$143,949 |
| Fines, forfeitures, and penalties | | | | | | |
| Use of money and property | 1,000 | | (1,000) | 2,500 | 4,971 | 2,471 |
| Intergovernmental | 358,976 | 405,075 | 46,099 | | | |
| Charges for current services | | 24,099 | 24,099 | | | |
| Other | | 18,880 | 18,880 | | | |
| Total Revenues | <u>1,720,976</u> | <u>1,831,396</u> | <u>110,420</u> | <u>1,927,500</u> | <u>2,073,920</u> | <u>146,420</u> |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| Community development | | | | 342,745 | 334,586 | 8,159 |
| Police | | | | | | |
| Fire | | | | | | |
| Parks and recreation | | | | | | |
| Public works | 3,038,255 | 3,054,680 | (16,425) | | | |
| Capital outlay | 21,810 | 5,616 | 16,194 | | | |
| Total Expenditures | <u>3,060,065</u> | <u>3,060,296</u> | <u>(231)</u> | <u>342,745</u> | <u>334,586</u> | <u>8,159</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>(1,339,089)</u> | <u>(1,228,900)</u> | <u>110,189</u> | <u>1,584,755</u> | <u>1,739,334</u> | <u>154,579</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in | 1,156,679 | 1,156,680 | 1 | | | |
| Transfers (out) | (1,078,015) | (491,957) | 586,058 | (1,455,512) | (1,440,512) | 15,000 |
| Total Other Financing Sources (Uses) | <u>78,664</u> | <u>664,723</u> | <u>586,059</u> | <u>(1,455,512)</u> | <u>(1,440,512)</u> | <u>15,000</u> |
| | <u>(\$1,260,425)</u> | <u>(564,177)</u> | <u>\$696,248</u> | <u>\$129,243</u> | <u>298,822</u> | <u>\$169,579</u> |
| BEGINNING FUND BALANCES | | <u>1,438,326</u> | | | <u>646,130</u> | |
| ENDING FUND BALANCES | | <u>\$874,149</u> | | | <u>\$944,952</u> | |

| PRINCE PARK | | | WICKERSHAM PARK TRUST | | |
|-------------------|------------------|------------------------------------|-----------------------|-----------------|------------------------------------|
| Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) |
| \$4,500 | \$99 | (\$4,401) | | \$15 | \$15 |
| <u>4,500</u> | <u>99</u> | <u>(4,401)</u> | <u></u> | <u>15</u> | <u>15</u> |
| | | | | | |
| | | | | | |
| <u>4,500</u> | <u>99</u> | <u>(4,401)</u> | <u></u> | <u>15</u> | <u>15</u> |
| <u>(56,500)</u> | <u>(56,500)</u> | | | | |
| <u>(56,500)</u> | <u>(56,500)</u> | | | | |
| <u>(\$52,000)</u> | <u>(56,401)</u> | <u>(\$4,401)</u> | <u></u> | <u>15</u> | <u>\$15</u> |
| | <u>864,169</u> | | | <u>23,755</u> | |
| | <u>\$807,768</u> | | | <u>\$23,770</u> | |



INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for special activities and services performed by a designated City department for other departments on a cost reimbursement basis.

EMPLOYEE BENEFITS FUND

The fund accounts for City employees' dental, unemployment and vision benefits, and retiree benefits.

GENERAL SERVICES FUND

The fund accounts for purchasing, printing and mail services.

INFORMATION SERVICES FUND

The fund accounts for the cost of purchasing, operating and maintaining the City's voice, data and computer systems.

RISK MANAGEMENT FUND

The fund accounts for the accumulation of the resources and expenses related to the City's risk management activities and general insurance programs.

VEHICLE/EQUIPMENT REPLACEMENT FUND (GG) AND (BA)

The fund accounts for the accumulation of resources, and related expenses incurred for the replacement of major equipment and vehicles in the City. The fund is divided into two sub-funds, one for equipment acquired for general government (GG) activities, and one for equipment acquired for business-type activities (BA).

WORKERS' COMPENSATION FUND

The fund accounts for the accumulation of resources, and expenses related to funding workers' compensation benefits for City employees.

CITY OF PETALUMA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2015

| | Employee Benefits | General Services | Information Services | Risk Management |
|---|----------------------|---------------------|-------------------------|--------------------|
| ASSETS | | | | |
| Current Assets: | | | | |
| Cash and investments | \$343,578 | \$149,778 | | \$5,688,058 |
| Receivables | | | | |
| Accounts, net | | | | |
| Interest | 1,854 | | | |
| Inventories | | 9,212 | | |
| Deposits and prepaid items | 23,767 | 136 | \$2,730 | 441,828 |
| Total Current Assets | 369,199 | 159,126 | 2,730 | 6,129,886 |
| Non-current Assets: | | | | |
| Advances to other funds | | | | 9,015 |
| Capital assets: | | | | |
| Depreciable | | 36,440 | 1,831,099 | |
| Less accumulated depreciation | | (27,144) | (1,716,983) | |
| Total Non-current Assets | | 9,296 | 114,116 | 9,015 |
| Total Assets | 369,199 | 168,422 | 116,846 | 6,138,901 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Deferred outflows related to pension | | | 126,800 | |
| Total Assets and Deferred Outflows of Resources | 369,199 | 168,422 | 243,646 | 6,138,901 |
| LIABILITIES | | | | |
| Current Liabilities: | | | | |
| Accounts payable and accrued liabilities | 44,395 | 4,184 | 41,509 | 530,989 |
| Claims payable, due within one year | | | | 1,265,768 |
| Compensated absences, due within one year | | 12 | 8,982 | |
| Due to other funds | | | 59,278 | |
| Total Current Liabilities | 44,395 | 4,196 | 109,769 | 1,796,757 |
| Non-current liabilities: | | | | |
| Claims payable, due in more than one year | | | | 1,872,754 |
| Compensated absences, due in more than one year | | 28,823 | 166,665 | |
| Net pension liability | | | 1,384,678 | |
| Total Non-current Liabilities | | 28,823 | 1,551,343 | 1,872,754 |
| Total Liabilities | 44,395 | 33,019 | 1,661,112 | 3,669,511 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Deferred inflows related to pension | | | 263,707 | |
| Total Liabilities and Deferred Inflows of Resources | 44,395 | 33,019 | 1,924,819 | 3,669,511 |
| NET POSITION | | | | |
| Net investment in capital assets | | 9,296 | 114,116 | |
| Unrestricted | 324,804 | 126,107 | (1,795,289) | 2,469,390 |
| Total Net Position | \$324,804 | \$135,403 | (\$1,681,173) | \$2,469,390 |

| <u>Vehicle/ Equipment Replacement (GG)</u> | <u>Equipment Replacement (BA)</u> | <u>Workers' Compensation</u> | <u>Total</u> |
|--|---|----------------------------------|--------------------|
| \$302,994 | \$3,061 | \$5,089,747 | \$11,577,216 |
| 8,539 | 86 | | 8,625 |
| | | | 1,854 |
| | | | 9,212 |
| | | | 468,461 |
| <u>311,533</u> | <u>3,147</u> | <u>5,089,747</u> | <u>12,065,368</u> |
| | | | 9,015 |
| 4,705,553 | 1,203,801 | | 7,776,893 |
| (3,903,367) | (1,196,893) | | (6,844,387) |
| <u>802,186</u> | <u>6,908</u> | | <u>941,521</u> |
| <u>1,113,719</u> | <u>10,055</u> | <u>5,089,747</u> | <u>13,006,889</u> |
| | | | 126,800 |
| <u>1,113,719</u> | <u>10,055</u> | <u>5,089,747</u> | <u>13,133,689</u> |
| | | 131,283 | 752,360 |
| | | 1,203,655 | 2,469,423 |
| | | | 8,994 |
| | | | 59,278 |
| | | <u>1,334,938</u> | <u>3,290,055</u> |
| | | 3,549,683 | 5,422,437 |
| | | | 195,488 |
| | | | 1,384,678 |
| | | <u>3,549,683</u> | <u>7,002,603</u> |
| | | <u>4,884,621</u> | <u>10,292,658</u> |
| | | | 263,707 |
| | | <u>4,884,621</u> | <u>10,556,365</u> |
| 802,186 | 6,908 | | 932,506 |
| 311,533 | 3,147 | 205,126 | 1,644,818 |
| <u>\$1,113,719</u> | <u>\$10,055</u> | <u>\$205,126</u> | <u>\$2,577,324</u> |

CITY OF PETALUMA
INTERNAL SERVICE FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015

| | <u>Employee Benefits</u> | <u>General Services</u> | <u>Information Services</u> | <u>Risk Management</u> |
|--|------------------------------|-----------------------------|---------------------------------|----------------------------|
| OPERATING REVENUES | | | | |
| Charges for sales | | \$7,386 | | |
| Charges for services | \$1,402,690 | 231,949 | \$1,532,846 | \$1,536,090 |
| Total Operating Revenues | <u>1,402,690</u> | <u>239,335</u> | <u>1,532,846</u> | <u>1,536,090</u> |
| OPERATING EXPENSES | | | | |
| Cost of services | 611,073 | 183,809 | 1,293,112 | 754,907 |
| Claims | 429,149 | | | 1,530,826 |
| General and administrative | 263,038 | 18,907 | 298,605 | 550,093 |
| Depreciation | | | 31,342 | |
| Total Operating Expenses | <u>1,303,260</u> | <u>202,716</u> | <u>1,623,059</u> | <u>2,835,826</u> |
| Operating Income (Loss) | <u>99,430</u> | <u>36,619</u> | <u>(90,213)</u> | <u>(1,299,736)</u> |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| Investment earnings and rent | (436) | (1,331) | (46) | 6,474 |
| Gain on disposal of capital assets | | | | |
| Total Nonoperating Revenues (Expenses) | <u>(436)</u> | <u>(1,331)</u> | <u>(46)</u> | <u>6,474</u> |
| INCOME (LOSS) BEFORE TRANSFERS | <u>98,994</u> | <u>35,288</u> | <u>(90,259)</u> | <u>(1,293,262)</u> |
| Transfers in | | | | |
| Transfers (out) | | | | |
| Change in Net Position | <u>98,994</u> | <u>35,288</u> | <u>(90,259)</u> | <u>(1,293,262)</u> |
| BEGINNING NET POSITION, AS ADJUSTED | <u>225,810</u> | <u>100,115</u> | <u>(1,590,914)</u> | <u>3,762,652</u> |
| ENDING NET POSITION (DEFICIT) | <u>\$324,804</u> | <u>\$135,403</u> | <u>(\$1,681,173)</u> | <u>\$2,469,390</u> |

| Vehicle/ Equipment Replacement (GG) | Vehicle/ Equipment Replacement (BA) | Workers' Compensation Fund | Total |
|--|--|----------------------------------|--------------------|
| | | | \$7,386 |
| | | \$1,251,198 | 5,954,773 |
| | | 1,251,198 | 5,962,159 |
| \$1,000 | \$1,000 | 144,845 | 2,989,746 |
| | | 1,430,713 | 3,390,688 |
| | | 273,982 | 1,404,625 |
| 242,614 | \$17,658 | | 291,614 |
| 243,614 | 18,658 | 1,849,540 | 8,076,673 |
| (243,614) | (18,658) | (598,342) | (2,114,514) |
| (358) | 1 | 4,547 | 8,851 |
| 8,625 | | | 8,625 |
| 8,267 | 1 | 4,547 | 17,476 |
| (235,347) | (18,657) | (593,795) | (2,097,038) |
| 198,998 | 2,002 | | 201,000 |
| | | (23,000) | (23,000) |
| (36,349) | (16,655) | (616,795) | (1,919,038) |
| 1,150,068 | 26,710 | 821,921 | 4,496,362 |
| <u>\$1,113,719</u> | <u>\$10,055</u> | <u>\$205,126</u> | <u>\$2,577,324</u> |

CITY OF PETALUMA
INTERNAL SERVICE FUNDS
COMBINING STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015

| | Employee Benefits | General Services | Information Services | Risk Management |
|---|----------------------|---------------------|-------------------------|--------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Cash received from customers | \$1,402,690 | \$239,335 | \$1,532,846 | \$1,536,090 |
| Cash payments to suppliers for goods and services | (599,074) | (183,363) | (1,273,416) | 29,181 |
| Cash payments to employees for services | (263,199) | (28,853) | (318,062) | (550,093) |
| Claims paid | (429,149) | | | (669,471) |
| Cash Flows from (used for) Operating Activities | <u>111,268</u> | <u>27,119</u> | <u>(58,632)</u> | <u>345,707</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | |
| Transfers from (to) other funds | | | | |
| Interfund receipts | | | 59,278 | 29,544 |
| Cash Flows from (used for) Noncapital Financing Activities | | | <u>59,278</u> | <u>29,544</u> |
| CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES | | | | |
| Acquisition of capital assets | | | (56,290) | |
| Proceeds for the sale of capital assets | | | | |
| Cash Flows from (used for) Capital Financing Activities | | | <u>(56,290)</u> | |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Interest earnings (expense) | 4,123 | (1,331) | (46) | 6,474 |
| Cash Flows from (used for) Investing Activities | <u>4,123</u> | <u>(1,331)</u> | <u>(46)</u> | <u>6,474</u> |
| Net Cash Flows | 115,391 | 25,788 | (55,690) | 381,725 |
| Cash and investments at beginning of period | 228,187 | 123,990 | 55,690 | 5,306,333 |
| Cash and investments at end of period | <u>\$343,578</u> | <u>\$149,778</u> | <u>\$5,688,058</u> | |
| Reconciliation of operating income (loss) to net cash flows provided by operating activities: | | | | |
| Operating income (loss) | \$99,430 | \$36,619 | (\$90,213) | (\$1,299,736) |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | | | |
| Depreciation expense | | | 31,342 | |
| Changes in assets and Liabilities: | | | | |
| Accounts receivable | | | | |
| Inventories | | (152) | | |
| Deposits and prepaids | (138) | (136) | (2,730) | 309,486 |
| Accounts payable | 12,137 | 734 | 22,426 | 474,602 |
| Wages payable | | | | |
| Accrued claims | | | | 861,355 |
| Compensated absence | (161) | (9,946) | 671 | |
| Due to retirement system | | | (20,128) | |
| Cash Flows from (used for) Operating Activities | <u>\$111,268</u> | <u>\$27,119</u> | <u>(58,632)</u> | <u>\$345,707</u> |

| Vehicle/ Equipment Replacement (GG) | Vehicle/ Equipment Replacement (BA) | Workers' Compensation | Total |
|--|--|--------------------------|---------------------|
| | | \$1,465,321 | \$6,176,282 |
| (\$9,539) | (\$1,086) | (93,397) | (2,130,694) |
| | | (274,249) | (1,434,456) |
| | | (1,136,031) | (2,234,651) |
| <u>(9,539)</u> | <u>(1,086)</u> | <u>(38,356)</u> | <u>376,481</u> |
| 198,998 | 2,002 | (23,000) | 178,000 |
| | | | 88,822 |
| <u>198,998</u> | <u>2,002</u> | <u>(23,000)</u> | <u>266,822</u> |
| 3 | (3) | | (56,290) |
| 8,625 | | | 8,625 |
| <u>8,628</u> | <u>(3)</u> | | <u>(47,665)</u> |
| (358) | 1 | 4,547 | 13,410 |
| <u>(358)</u> | <u>1</u> | <u>4,547</u> | <u>13,410</u> |
| 197,729 | 914 | (56,809) | 609,048 |
| 105,265 | 2,147 | 5,146,556 | 10,968,168 |
| <u>\$302,994</u> | <u>\$3,061</u> | <u>\$5,089,747</u> | <u>\$11,577,216</u> |
| (\$243,614) | (\$18,658) | (\$598,342) | (\$2,114,514) |
| 242,614 | 17,658 | | 291,614 |
| (8,539) | (86) | 214,123 | 205,498 |
| | | | (152) |
| | | 142,815 | 449,297 |
| | | (91,367) | 418,532 |
| | | 294,682 | 1,156,037 |
| | | (267) | (9,703) |
| | | | (20,128) |
| <u>(9,539)</u> | <u>(1,086)</u> | <u>(38,356)</u> | <u>\$376,481</u> |



FIDUCIARY FUNDS

PRIVATE-PURPOSE TRUST FUNDS:

SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY

This fund was established to account for the activities of the Successor Agency to the former PCDC.

THOMAS LEE CHARITY TRUST FUND

This fund is a private purpose trust fund in which trust earnings are available for one-time aid to Petaluma citizens in need.

CHILD CARE TRUST FUND

This is a private purpose trust fund in which the fund's earnings are available for childcare vouchers for eligible Petaluma working families with childcare costs.

AGENCY FUNDS:

GENERAL AGENCY FUND

These funds account for resources received from, held for, and due to, nonrelated parties.

PUBLIC COMMUNITY ACCESS FUND

This fund is used to account for monies received from the local television cable company and used by the not-for-profit organization that provides public television to City residents.

ASSESSMENT DISTRICTS FUND

These funds account for monies held by the City, collected from parcel assessments, and used to pay special assessment debt, pursuant to the provisions of the Improvements Bonds Act of 1915.

CITY OF PETALUMA
PRIVATE PURPOSE TRUST FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2015

| | Successor Agency to the Redevelopment Agency | Thomas Lee Charity | Child Care | Total |
|---|---|-----------------------|----------------|-------------------|
| ASSETS | | | | |
| Cash and investments | \$2,014,179 | \$24,048 | \$163,030 | \$2,201,257 |
| Restricted cash and investments | 11,391,943 | | | 11,391,943 |
| Notes receivable | 234,744 | | | 234,744 |
| Total Assets | 13,640,866 | 24,048 | 163,030 | 13,827,944 |
| LIABILITIES | | | | |
| Accounts payable and accrued liabilities | 13,534 | | | 13,534 |
| Claims payable | 128,750 | | | 128,750 |
| Interest payable | 537,663 | | | 537,663 |
| Refundable deposits | 1,000 | | | 1,000 |
| Long-term debt: | | | | |
| Due within one year | 1,834,000 | | | 1,834,000 |
| Due in more than one year | 72,118,404 | | | 72,118,404 |
| Total Liabilities | 74,633,351 | | | 74,633,351 |
| NET POSITION | | | | |
| Held in trust for private purposes or for other governments | (\$60,992,485) | \$24,048 | \$163,030 | (\$60,805,407) |

CITY OF PETALUMA
PRIVATE PURPOSE TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015

| | Successor Agency to the Redevelopment Agency | Thomas Lee Charity | Child Care | Total |
|--|---|-----------------------|------------|--------------------|
| ADDITIONS | | | | |
| Property tax | \$5,816,544 | | | \$5,816,544 |
| Use of money and property | 1,992 | \$96 | \$648 | 2,736 |
| Investment income (loss) | 1,589 | (78) | (540) | 971 |
| Total Revenues | 5,820,125 | 18 | 108 | 5,820,251 |
| DEDUCTIONS | | | | |
| Community development | 9,704,163 | | | 9,704,163 |
| Interest expense | 3,443,814 | | | 3,443,814 |
| Cost of services | | 250 | | 250 |
| Total Expenditures | 13,147,977 | 250 | | 13,148,227 |
| Change in Net Position | (7,327,852) | (232) | 108 | (7,327,976) |
| NET POSITION HELD IN TRUST OR FOR SPECIFIC PURPOSES | | | | |
| Beginning of period | (53,664,633) | 24,280 | 162,922 | (53,477,431) |
| End of period | (\$60,992,485) | \$24,048 | \$163,030 | (\$60,805,407) |

CITY OF PETALUMA
 AGENCY FUNDS
 COMBINING STATEMENTS OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

| | Balance at June 30, 2014 | Additions | Deductions | Balance at June 30, 2015 |
|-------------------------------------|-----------------------------|--------------------|--------------------|-----------------------------|
| <u>General Agency Fund</u> | | | | |
| <u>Assets</u> | | | | |
| Cash and investments | \$1,817,644 | \$2,046,627 | \$1,817,644 | \$2,046,627 |
| Accounts receivable | | 185 | | 185 |
| Total Assets | <u>\$1,817,644</u> | <u>\$2,046,812</u> | <u>\$1,817,644</u> | <u>\$2,046,812</u> |
| <u>Liabilities</u> | | | | |
| Accrued liabilities | \$1,817,200 | \$2,046,536 | \$1,817,200 | \$2,046,536 |
| Deposits payable | 444 | 276 | 444 | 276 |
| Total Liabilities | <u>\$1,817,644</u> | <u>\$2,046,812</u> | <u>\$1,817,644</u> | <u>\$2,046,812</u> |
| <u>Public Community Access Fund</u> | | | | |
| <u>Assets</u> | | | | |
| Cash and investments | \$45,796 | \$41,789 | \$45,796 | \$41,789 |
| Total Assets | <u>\$45,796</u> | <u>\$41,789</u> | <u>\$45,796</u> | <u>\$41,789</u> |
| <u>Liabilities</u> | | | | |
| Accrued liabilities | \$45,796 | \$41,789 | \$45,796 | \$41,789 |
| <u>Assessment Districts Fund</u> | | | | |
| <u>Assets</u> | | | | |
| Cash and investments | \$1,343,808 | \$1,325,682 | \$1,343,808 | \$1,325,682 |
| Intergovernmental receivable | 125,057 | \$71,797 | \$125,057 | 71,797 |
| Total Assets | <u>\$1,468,865</u> | <u>\$1,397,479</u> | <u>\$1,468,865</u> | <u>\$1,397,479</u> |
| <u>Liabilities</u> | | | | |
| Accrued liabilities | \$1,468,865 | \$1,397,479 | \$1,468,865 | \$1,397,479 |
| <u>Totals - All Agency Funds</u> | | | | |
| <u>Assets</u> | | | | |
| Cash and investments | \$3,207,248 | \$3,414,098 | \$3,207,248 | \$3,414,098 |
| Accounts receivable | | 185 | | 185 |
| Intergovernmental receivable | 125,057 | 71,797 | 125,057 | 71,797 |
| Total Assets | <u>\$3,332,305</u> | <u>\$3,486,080</u> | <u>\$3,332,305</u> | <u>\$3,486,080</u> |
| <u>Liabilities</u> | | | | |
| Accrued liabilities | \$3,331,861 | \$3,485,804 | \$3,331,861 | \$3,485,804 |
| Deposits payable | 444 | 276 | 444 | 276 |
| Total Liabilities | <u>\$3,332,305</u> | <u>\$3,486,080</u> | <u>\$3,332,305</u> | <u>\$3,486,080</u> |

City of Petaluma, CA
Statistical Section

This part of the City of Petaluma's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

| Contents | Schedule |
|--|---------------------------|
| Financial Trends <i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i> | 1, 2, 3, 4, 5 |
| Revenue Capacity <i>These schedules contain trend information to help the reader assess the factors affecting the City's ability to generate its property taxes.</i> | 6, 7, 8, 9, 10, 11 |
| Debt Capacity <i>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.</i> | 12, 13, 14, 15 |
| Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.</i> | 16, 17 |
| Operating Information <i>These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.</i> | 18, 19, 20 |

Sources: *Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in 2004; schedules presenting government-wide information include information beginning in that year.*

Schedule 1
City of Petaluma, CA
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

| | Fiscal Year | | | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2006 | 2007 | 2008 | 2009 |
| Governmental Activities | | | | |
| Invested in capital assets, net of related debt | \$ 103,563,697 | \$ 128,149,019 | \$ 113,972,864 | \$ 113,574,606 |
| Restricted: | | | | |
| Special projects | 33,162,999 | 34,938,959 | 36,707,513 | 43,425,547 |
| Debt service | 686,807 | 681,264 | 7,187 | 7,187 |
| Capital projects | 12,635,285 | 7,471,666 | 40,354,175 | 37,584,928 |
| Permanent-non expendable | 16,000 | 16,000 | - | - |
| Unrestricted | 23,129,499 | 24,261,726 | 24,661,177 | 22,775,416 |
| Total governmental activities net position | <u>173,194,287</u> | <u>195,518,634</u> | <u>215,702,916</u> | <u>217,367,684</u> |
| Business-type activities | | | | |
| Invested in capital assets, net of related debt | 82,862,307 | 87,376,102 | 82,677,183 | 83,208,450 |
| Restricted: | | | | |
| Special projects | - | - | - | - |
| Debt service | 1,225,327 | 1,290,671 | 1,344,216 | 1,135,775 |
| Capital projects | - | - | - | - |
| Unrestricted | 3,057,840 | 6,189,560 | 17,336,938 | 30,290,323 |
| Total business-type activities net position | <u>87,145,474</u> | <u>94,856,333</u> | <u>101,358,337</u> | <u>114,634,548</u> |
| Primary government | | | | |
| Invested in capital assets, net of related debt | 186,426,004 | 215,525,121 | 196,650,047 | 196,783,056 |
| Restricted: | | | | |
| Special projects | 33,162,999 | 34,938,959 | 36,707,513 | 43,425,547 |
| Debt service | 1,912,134 | 1,971,935 | 1,351,403 | 1,142,962 |
| Permanent fund: non expendable trust | 16,000 | 16,000 | - | - |
| Capital projects | 12,635,285 | 7,471,666 | 40,354,175 | 37,584,928 |
| Unrestricted | 26,187,339 | 30,451,286 | 41,998,115 | 53,065,739 |
| Total primary government activities net position | <u>\$ 260,339,761</u> | <u>\$ 290,374,967</u> | <u>\$ 317,061,253</u> | <u>\$ 332,002,232</u> |

| Fiscal Year | | | | | |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| \$ 114,705,474 | \$ 133,614,588 | \$ 182,493,710 | \$ 182,884,119 | \$ 179,955,291 | \$ 194,631,072 |
| 45,022,351 | 42,252,463 | 45,082,152 | 52,781,562 | 56,684,273 | 56,831,818 |
| 322,279 | 415,569 | - | - | - | - |
| 29,385,584 | 39,709,880 | 733,240 | - | - | - |
| 23,177 | 23,418 | 23,575 | 23,665 | 23,755 | 23,770 |
| <u>21,886,630</u> | <u>(7,036,556)</u> | <u>19,573,193</u> | <u>24,073,206</u> | <u>28,599,585</u> | <u>(38,244,031)</u> |
| 211,345,495 | 208,979,362 | 247,905,870 | 259,762,552 | 265,262,904 | 213,242,629 |
| 87,764,411 | 106,985,367 | 97,392,844 | 99,071,053 | 101,630,468 | 108,204,912 |
| - | - | - | - | - | - |
| 1,121,485 | 3,383,336 | 3,368,110 | 2,706,388 | 2,705,842 | 2,705,813 |
| - | - | - | - | - | - |
| <u>33,986,673</u> | <u>14,791,955</u> | <u>31,125,709</u> | <u>40,176,194</u> | <u>47,338,349</u> | <u>40,725,093</u> |
| 122,872,569 | 125,160,658 | 131,886,663 | 141,953,635 | 151,674,659 | 151,635,818 |
| 202,469,885 | 240,599,955 | 279,886,554 | 281,955,172 | 281,585,759 | 302,835,984 |
| 45,022,351 | 42,252,463 | 45,082,152 | 52,781,562 | 56,684,273 | 56,831,818 |
| 1,443,764 | 3,798,905 | 3,368,110 | 2,706,388 | 2,705,842 | 2,705,813 |
| 23,177 | 23,418 | 23,575 | 23,665 | 23,755 | 23,770 |
| 29,385,584 | 39,709,880 | 733,240 | - | - | - |
| 55,873,303 | 7,755,399 | 50,698,902 | 64,249,400 | 75,937,934 | 2,481,062 |
| <u>\$ 334,218,064</u> | <u>\$ 334,140,020</u> | <u>\$ 379,792,533</u> | <u>\$ 401,716,187</u> | <u>\$ 416,937,563</u> | <u>\$ 364,878,447</u> |

Schedule 2
City of Petaluma, CA
Changes in Net Position, Last Ten Fiscal Years
(accrual basis of accounting)

| | Fiscal Year | | | | |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2006 | 2007 | 2008 | 2009 | 2010 |
| Expenses: | | | | | |
| Governmental activities: | | | | | |
| General government | \$ 767,089 | \$ 987,253 | \$ 4,193,590 | \$ 4,555,487 | \$ 7,610,166 |
| Community development | 14,526,449 | 13,395,617 | 18,167,372 | 16,380,437 | 18,797,323 |
| Police | 14,701,135 | 15,327,707 | 16,535,445 | 15,788,825 | 15,727,066 |
| Fire | 7,596,507 | 8,425,482 | 8,193,495 | 8,174,322 | 10,172,173 |
| Parks and recreation | 4,970,013 | 5,388,317 | 6,154,005 | 5,337,468 | 2,956,236 |
| Public works | 7,424,386 | 10,840,989 (6) | 9,724,943 | 6,698,175 | 10,145,360 |
| Debt service | 1,953,163 | 2,411,702 | 3,497,893 | 3,522,910 | 3,349,762 |
| Indirect expense allocation | | | | | (1,420,750) |
| Total governmental activities net position | <u>51,938,742</u> | <u>56,777,067</u> | <u>66,466,743</u> | <u>60,457,624</u> | <u>67,337,336</u> |
| Business-type activities | | | | | |
| Airport | 1,258,864 | 1,437,423 | 1,586,579 | 1,342,029 | 1,542,320 |
| Ambulance | 2,511,723 | 2,165,665 | 2,503,099 | 2,307,644 | - |
| Development Services | - | 1,285,879 (5) | 1,348,591 | 1,524,440 | 1,050,823 |
| Marina | 941,162 | 973,383 | 807,938 | 678,347 | 600,797 |
| Public Transportation | 1,637,727 | 2,180,198 | 2,540,221 | 2,281,271 | 2,037,363 |
| Wastewater | 10,674,274 | 10,168,807 | 11,544,863 | 10,722,037 | 11,615,051 |
| Water Utility | 10,048,200 | 11,672,040 | 10,570,251 | 10,528,513 | 10,584,053 |
| Storm Water | | | | | - |
| Indirect expense allocation | | | | | 1,420,750 |
| Total business-type activities net assets | <u>27,071,950</u> | <u>29,883,395</u> | <u>30,901,542</u> | <u>29,384,281</u> | <u>28,851,157</u> |
| Total primary government activities net position | <u>\$ 79,010,692</u> | <u>\$ 86,660,462</u> | <u>\$ 97,368,284</u> | <u>\$ 89,841,905</u> | <u>\$ 96,188,493</u> |
| Program Revenues : | | | | | |
| Governmental activities: | | | | | |
| Charges for services: | | | | | |
| General government | \$ 2,009,426 | \$ 4,375,803 | \$ 263,871 | \$ 3,443,554 | \$ 3,067,208 |
| Community development | 3,547,011 | 2,716,987 | 5,433,211 | 1,622,257 | 1,603,801 |
| Police | 823,226 | 804,138 | 708,284 | 282,203 | 285,067 |
| Fire | 548,681 | 539,327 | - | 354,651 | 1,980,928 |
| Parks and recreation | 1,481,006 | 1,623,461 | 1,379,888 | 1,097,340 | 920,627 |
| Public works | 259,982 | 999,774 | 138,806 | 145,004 | 257,400 |
| Operating grants and contributions | 3,392,838 | 7,103,205 (7) | 9,278,484 | 1,649,225 | 1,675,098 |
| Capital grants and contributions | 3,816,602 | 11,508,822 (8) | 11,271,768 | 3,401,082 | 3,601,567 |
| Total government activities program revenues | <u>15,878,772</u> | <u>29,671,517</u> | <u>28,474,312</u> | <u>11,995,316</u> | <u>13,391,696</u> |
| Business-type activities: | | | | | |
| Airport | 1,272,124 | 1,725,886 | 1,971,936 | 1,721,866 | 1,656,007 |
| Ambulance | 1,982,093 | 1,959,471 | 1,855,217 | 2,042,455 | - |
| Development Services | - | 1,056,394 (5) | 952,925 | 1,234,681 | 1,212,558 |
| Marina | 205,910 | 225,298 | 245,634 | 253,888 | 268,650 |
| Public Transportation | 170,296 | 185,323 | 201,802 | 202,524 | 191,704 |
| Wastewater Utility | 13,621,443 | 15,088,411 | 16,910,890 | 17,555,638 | 19,068,591 |
| Water Utility | 10,424,392 | 11,276,420 | 11,914,062 | 12,461,378 | 11,718,421 |
| Operating grants and contributions | 1,183,859 | 2,963,475 | - | - | - |
| Capital grants and contributions | 990,059 | 2,559,227 | 2,386,860 | 4,055,695 | 2,681,248 |
| Total business-type activities program revenues | <u>29,850,176</u> | <u>37,039,905</u> | <u>36,439,326</u> | <u>39,528,125</u> | <u>36,797,179</u> |
| Total primary government program revenues | <u>\$ 45,728,948</u> | <u>\$ 66,711,422</u> | <u>\$ 64,913,638</u> | <u>\$ 51,523,441</u> | <u>\$ 50,188,875</u> |

| 2011 | 2012 | 2013 | 2014 | 2015 |
|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ 6,666,303 | \$ 5,872,122 | \$ 6,435,412 | \$ 5,557,915 | \$ 6,217,478 |
| 14,999,852 | 5,277,051 | 9,701,909 | 4,427,499 | 3,557,139 |
| 15,583,297 | 18,015,788 | 16,328,693 | 15,594,733 | 15,681,606 |
| 10,282,621 | 11,056,239 | 11,412,188 | 11,143,797 | 12,255,873 |
| 2,439,642 | 2,394,835 | 2,777,778 | 3,181,968 | 2,497,607 |
| 7,562,505 | 10,805,587 | 9,273,743 | 9,146,857 | 10,273,849 |
| 3,361,901 | 1,876,877 | 1,007 | - | - |
| (984,500) | (851,273) | (850,357) | (859,304) | (1,332,733) |
| <u>59,911,621</u> | <u>54,447,226</u> | <u>55,080,373</u> | <u>48,193,465</u> | <u>49,150,819</u> |
| 1,544,378 | 2,060,164 | 1,956,849 | 1,731,830 | 1,648,939 |
| - | - | - | - | - |
| 1,047,568 | 1,197,701 | 1,145,142 | 1,248,470 | 1,314,221 |
| 499,941 | 538,029 | 494,854 | 467,323 | 422,502 |
| 4,057,615 | 2,317,905 | 2,464,412 | 2,973,974 | 2,692,703 |
| 17,979,930 | 17,847,608 | 17,582,495 | 17,866,754 | 18,965,735 |
| 11,790,875 | 12,388,010 | 12,150,268 | 13,046,584 | 13,159,889 |
| - | 162,962 | 367,201 | 556,848 | 361,271 |
| 984,500 | 851,273 | 850,357 | 859,304 | 1,332,733 |
| <u>37,904,807</u> | <u>37,363,652</u> | <u>37,011,578</u> | <u>38,751,087</u> | <u>39,897,993</u> |
| <u>\$ 97,816,428</u> | <u>\$ 91,810,878</u> | <u>\$ 92,091,951</u> | <u>\$ 86,944,552</u> | <u>\$ 89,048,812</u> |
| \$ 1,734,612 | \$ 1,697,561 | \$ 1,683,790 | \$ 1,957,958 | \$ 2,780,709 |
| 1,489,215 | 1,849,691 | 7,648,689 | 2,201,532 | 1,651,455 |
| 303,190 | 198,093 | 230,793 | 232,352 | 177,500 |
| 2,148,991 | 2,267,921 | 2,383,025 | 2,421,869 | 2,359,121 |
| 828,595 | 2,342,066 | 2,651,535 | 1,144,415 | 1,875,867 |
| 516,805 | 1,593,884 | 8,850,951 | 3,362,076 | 2,729,827 |
| 1,942,063 | 2,871,876 | 1,148,472 | 1,200,590 | 782,758 |
| 889,116 | 1,308,367 | 7,517,779 | 3,646,751 | 11,363,165 |
| <u>9,852,587</u> | <u>14,129,459</u> | <u>32,115,034</u> | <u>16,167,543</u> | <u>23,720,402</u> |
| 1,729,631 | 1,832,434 | 1,784,648 | 1,821,942 | 1,759,606 |
| - | - | - | - | - |
| 1,253,868 | 1,334,879 | 1,715,375 | 1,531,052 | 1,395,230 |
| 284,372 | 283,903 | 298,189 | 255,972 | 242,993 |
| 221,620 | 261,899 | 254,711 | 292,501 | 312,964 |
| 18,987,640 | 23,585,304 | 25,305,037 | 24,295,231 | 26,032,141 |
| 11,673,782 | 14,460,991 | 15,408,460 | 15,209,463 | 14,430,666 |
| 3,868,941 | 2,071,633 | 2,146,869 | 3,676,644 | 3,434,460 |
| 1,842,350 | 138,305 | - | 449,283 | - |
| <u>39,862,204</u> | <u>43,969,348</u> | <u>46,913,289</u> | <u>47,532,088</u> | <u>47,608,060</u> |
| <u>\$ 49,714,791</u> | <u>\$ 58,098,807</u> | <u>\$ 79,028,323</u> | <u>\$ 63,699,631</u> | <u>\$ 71,328,462</u> |

Schedule 2
City of Petaluma, CA
Changes in Net Position, Last Ten Fiscal Years
(accrual basis of accounting)

| | Fiscal Year | | | | |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|
| | 2006 | 2007 | 2008 | 2009 | 2010 |
| Net revenues (expenses): | | | | | |
| Governmental activities | \$ (36,059,970) | \$ (27,105,550) | \$ (37,992,431) | \$ (48,462,308) | \$ (53,945,640) |
| Business-type activities | 2,778,226 | 7,156,510 | 5,537,784 | 10,143,844 | 7,946,022 |
| Total net revenues (expenses) | <u>\$ (33,281,744)</u> | <u>\$ (19,949,040)</u> | <u>\$ (32,454,647)</u> | <u>\$ (38,318,464)</u> | <u>\$ (45,999,618)</u> |
| General revenues and other changes in net position: | | | | | |
| Governmental activities: | | | | | |
| Taxes: | | | | | |
| Property taxes | \$ 6,030,427 | \$ 7,135,526 | \$ 7,392,338 | \$ 7,172,637 | \$ 6,923,955 |
| Redevelopment tax increment | 14,180,658 | 15,697,091 | 16,777,120 | 17,241,026 | 17,224,163 |
| Sales taxes | 10,726,182 | 11,460,165 | 11,649,972 | 9,445,467 | 8,631,248 |
| Franchise tax | 2,418,832 | 2,607,627 | 2,549,185 | 3,089,600 | 3,132,790 |
| Intergovernmental, unrestricted | 5,999,846 (4) | 5,593,600 | 8,111,724 | 8,061,316 | 6,159,837 |
| Other taxes | 5,962,328 | 2,345,441 | 2,335,038 | 2,792,427 | 2,793,543 |
| Unrestricted investment earnings | 2,555,420 | 3,721,310 | 3,743,723 | 2,185,882 | 796,641 |
| Gain on disposal of assets | - | - | - | - | - |
| Miscellaneous revenue | 683,389 | - | 1,205,975 | 680,896 | 2,039,729 |
| Transfers | 1,680,549 | 869,137 | 167,558 | (1,042,655) | 221,545 |
| Total governmental activities | <u>50,237,631</u> | <u>49,429,897</u> | <u>58,176,721</u> | <u>49,626,596</u> | <u>47,923,451</u> |
| Business-type activities: | | | | | |
| Taxes: | | | | | |
| Unrestricted investment earnings | \$ 439,614 | \$ 881,406 | \$ 1,131,778 | \$ 772,842 | \$ 521,229 |
| Gain on disposal of assets | - | - | - | - | - |
| Miscellaneous revenue | - | 542,080 | - | - | (7,685) |
| Transfers | (1,680,549) | (869,137) | (167,558) | 1,042,655 | (221,545) |
| Total business-type activities | <u>(1,240,935)</u> | <u>554,349</u> | <u>964,220</u> | <u>1,815,497</u> | <u>291,999</u> |
| Total primary government | <u>\$ 48,996,696</u> | <u>\$ 49,984,246</u> | <u>\$ 59,140,941</u> | <u>\$ 51,442,093</u> | <u>\$ 48,215,450</u> |
| Changes in net position: | | | | | |
| Governmental activities | \$ 14,177,661 | \$ 22,324,347 | \$ 20,184,292 | \$ 1,164,288 | \$ (6,022,189) |
| Business-type activities | 1,537,291 | 7,710,859 | 6,502,004 | 11,959,341 | 8,238,021 |
| Total primary government | <u>\$ 15,714,952</u> | <u>\$ 30,035,206</u> | <u>\$ 26,686,297</u> | <u>\$ 13,123,629</u> | <u>\$ 2,215,832</u> |

| 2011 | 2012 | 2013 | 2014 | 2015 |
|------------------------|------------------------|------------------------|------------------------|------------------------|
| \$ (50,059,034) | \$ (40,317,767) | \$ (22,965,339) | \$ (32,025,922) | \$ (25,430,417) |
| 1,957,397 | 6,605,696 | 9,901,711 | 8,781,001 | 7,710,067 |
| <u>\$ (48,101,637)</u> | <u>\$ (33,712,071)</u> | <u>\$ (13,063,628)</u> | <u>\$ (23,244,921)</u> | <u>\$ (17,720,350)</u> |
| \$ 6,736,251 | \$ 6,814,419 | \$ 8,664,411 | \$ 7,957,020 | \$ 8,516,289 |
| 16,166,274 | 7,153,936 | - | - | - |
| 8,843,821 | 9,383,601 | 9,904,433 | 11,459,527 | 12,393,784 |
| 3,202,734 | 3,063,429 | 3,651,287 | 4,088,228 | 4,200,929 |
| 6,046,647 | 6,117,382 | 6,971,230 | 6,918,391 | 8,060,611 |
| 3,062,970 | 3,251,193 | 3,710,336 | 4,045,534 | 4,413,036 |
| 332,785 | 436,659 | 316,101 | 241,751 | 140,208 |
| - | - | - | - | 4,684 |
| 3,351,769 | 3,455,064 | 1,694,223 | 3,562,242 | 4,897,416 |
| (50,350) | 39,568,592 | (90,000) | (746,420) | (610,580) |
| <u>47,692,901</u> | <u>79,244,275</u> | <u>34,822,021</u> | <u>37,526,273</u> | <u>42,016,377</u> |
| \$ 280,342 | \$ 159,409 | \$ 75,261 | \$ 190,603 | \$ 113,214 |
| - | - | - | 3,000 | 6,720 |
| - | - | - | - | - |
| 50,350 | (39,100) | 90,000 | 746,420 | 610,580 |
| <u>330,692</u> | <u>120,309</u> | <u>165,261</u> | <u>940,023</u> | <u>730,514</u> |
| <u>\$ 48,023,593</u> | <u>\$ 79,364,584</u> | <u>\$ 34,987,282</u> | <u>\$ 38,466,296</u> | <u>\$ 42,746,891</u> |
| \$ (2,366,133) | \$ 38,926,508 | \$ 11,856,682 | \$ 5,500,351 | \$ 16,585,960 |
| 2,288,089 | 6,726,005 | 10,066,972 | 9,721,024 | 8,440,581 |
| <u>\$ (78,044)</u> | <u>\$ 45,652,513</u> | <u>\$ 21,923,654</u> | <u>\$ 15,221,375</u> | <u>\$ 25,026,541</u> |

Schedule 3
City of Petaluma, CA
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

| | Fiscal Year | | | |
|--------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | 2006 | 2007 | 2008 | 2009 |
| General Fund: | | | | |
| Reserved | \$ 8,146,807 | \$ 8,538,875 | \$ 2,849,553 | \$ 252,265 |
| Unreserved, designated | 202,665 | 294,705 | 761,418 | 54,582 |
| Unreserved | 220,848 | 129,604 | 3,875 | 1,732,418 |
| Total general fund | <u>8,570,320</u> | <u>8,963,184</u> | <u>3,614,846</u> | <u>2,039,265</u> |
| All Other Governmental Funds: | | | | |
| Reserved | 60,954,996 | 28,746,906 | 40,732,331 | 57,098,058 |
| Unreserved, designated for: | | | | |
| Special revenue funds | 4,510,513 | 926,105 | 625,383 | 165,151 |
| Capital project funds | - | - | 82,077 | - |
| Unreserved, reported in: | | | | |
| Special revenue funds | 2,495,448 | 7,129,104 | 4,206,199 | 15,182,712 |
| Debt service funds | - | - | - | (36,727) |
| Capital project funds | (21,133,551) | 38,595,870 | 31,998,281 | 8,548,759 |
| Permanent trust | - | - | - | - |
| Permanent funds | 25,595 | 21,365 | 22,398 | 22,982 |
| Total all other governmental funds | <u>46,853,001</u> | <u>75,419,350</u> | <u>77,666,669</u> | <u>80,980,935</u> |
| Total governmental fund balances | <u>\$ 55,423,321</u> | <u>\$ 84,382,534</u> | <u>\$ 81,281,515</u> | <u>\$ 83,020,200</u> |
| General Fund: | | | | |
| Nonspendable | | | | |
| Committed | | | | |
| Assigned | | | | |
| Unassigned | | | | |
| Total general fund | | | | |
| All Other Governmental Funds: | | | | |
| Nonspendable | | | | |
| Restricted | | | | |
| Committed | | | | |
| Assigned | | | | |
| Unassigned | | | | |
| Total governmental fund balances | | | | |

| Fiscal Year | | | | | |
|----------------------|------|------|------|------|------|
| 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| \$ 881,458 | | | | | |
| - | | | | | |
| 926,720 | | | | | |
| <u>1,808,178</u> | | | | | |
| 56,141,521 | | | | | |
| 21,753 | | | | | |
| - | | | | | |
| 21,369,514 | | | | | |
| - | | | | | |
| (2,802,574) | | | | | |
| 23,177 | | | | | |
| - | | | | | |
| <u>74,753,391</u> | | | | | |
| <u>\$ 76,561,569</u> | | | | | |

| | | | | |
|-------------------|---------------------|---------------------|---------------------|---------------------|
| \$ 64,144 | \$ 81,024 | \$ 95,544 | \$ 83,177 | \$ 91,451 |
| 397,275 | 1,179,964 | 2,041,359 | - | 2,037,806 |
| - | - | 254,236 | 4,081,779 | 4,757,796 |
| - | - | 1,703,571 | 1,633,298 | 1,872,875 |
| <u>\$ 461,419</u> | <u>\$ 1,260,988</u> | <u>\$ 4,094,710</u> | <u>\$ 5,798,254</u> | <u>\$ 8,759,928</u> |

| | | | | |
|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ 27,034 | \$ 1,378,920 | \$ 23,665 | \$ 16,000 | \$ 23,770 |
| 68,478,306 | 28,697,753 | 27,542,010 | 57,556,197 | 57,639,586 |
| 14,919,647 | 16,732,210 | 26,156,633 | 1,391,787 | - |
| - | - | - | - | - |
| - | - | (81,888) | - | (1,843,525) |
| <u>\$ 83,424,987</u> | <u>\$ 46,808,883</u> | <u>\$ 53,640,420</u> | <u>\$ 58,963,984</u> | <u>\$ 55,819,831</u> |

Schedule 4
City of Petaluma, CA
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

| | Fiscal Year | | | |
|---|-----------------------|----------------------|-----------------------|---------------------|
| | 2006 | 2007 | 2008 | 2009 |
| Revenues | | | | |
| Taxes (see schedule 5) | \$ 37,373,918 | \$ 40,489,024 | \$ 41,281,833 | \$ 39,739,098 |
| Licenses, permits and fees | 7,004,651 | 3,802,778 | 6,311,769 | 1,912,580 |
| Fines, forfeitures and penalties | 640,529 | 757,904 | 868,609 | 799,544 |
| Use of money and property | 2,709,507 | 3,061,200 | 3,394,711 | 2,215,231 |
| Intergovernmental | 8,437,421 | 11,776,669 | 14,610,795 | 12,447,440 |
| Charges for current services | 7,261,639 | 7,947,098 | 5,701,169 | 4,784,440 |
| Other | 3,549,792 | 12,386,785 | 8,843,045 | 876,041 |
| Total revenues | 66,977,457 | 80,221,458 | 81,011,931 | 62,774,374 |
| Expenditures | | | | |
| Current: | | | | |
| General government | 4,534,477 | 4,635,200 | 5,058,079 | 3,875,414 |
| Community development | 13,254,401 | 12,118,473 | 16,587,683 | 14,877,627 |
| Police | 15,148,920 | 15,488,637 | 16,866,135 | 15,104,761 |
| Fire | 7,825,626 | 7,972,434 | 8,165,412 | 7,790,262 |
| Parks and recreation | 4,809,275 | 4,925,759 | 5,647,957 | 4,574,962 |
| Public works | 6,207,522 | 9,016,455 | 7,321,255 | 5,521,183 |
| Capital outlay | 17,280,890 | 24,671,199 | 19,328,719 | 4,375,770 |
| Debt service | | | | |
| Principal | 672,000 | 1,140,000 | 1,184,000 | 1,312,000 |
| Interest | 1,870,837 | 2,088,863 | 3,484,023 | 3,359,588 |
| Cost of issuance | 559,891 | 844,300 | - | - |
| Total expenditures | 72,163,839 | 82,901,320 | 83,643,263 | 60,791,567 |
| Excess of revenues over (under) expenditures | (5,186,382) | (2,679,862) | (2,631,332) | 1,982,807 |
| Other Financing Sources (Uses): | | | | |
| Debt issuance | 568,533 | 31,825,000 | - | - |
| Premium paid | - | (568,396) | - | - |
| Payment to escrow agent | - | (482,364) | - | - |
| Proceeds from the sale of assets | 60,908 | 56,414 | 10,992 | 1,669 |
| Contributions from enterprise funds | - | 269,283 | - | - |
| Transfers in | 19,431,281 | 46,357,315 | 29,447,200 | 16,622,618 |
| Transfers out | (18,132,350) | (45,818,178) | (29,927,878) | (17,368,889) |
| Total other financing sources (uses) | 1,928,372 | 31,639,074 | (469,686) | (744,602) |
| | \$ (3,258,010) | \$ 28,959,212 | \$ (3,101,018) | \$ 1,238,205 |
| Debt service as a percentage of noncapital expenditures (1) | 4.55% | 5.55% | 7.26% | 8.28% |

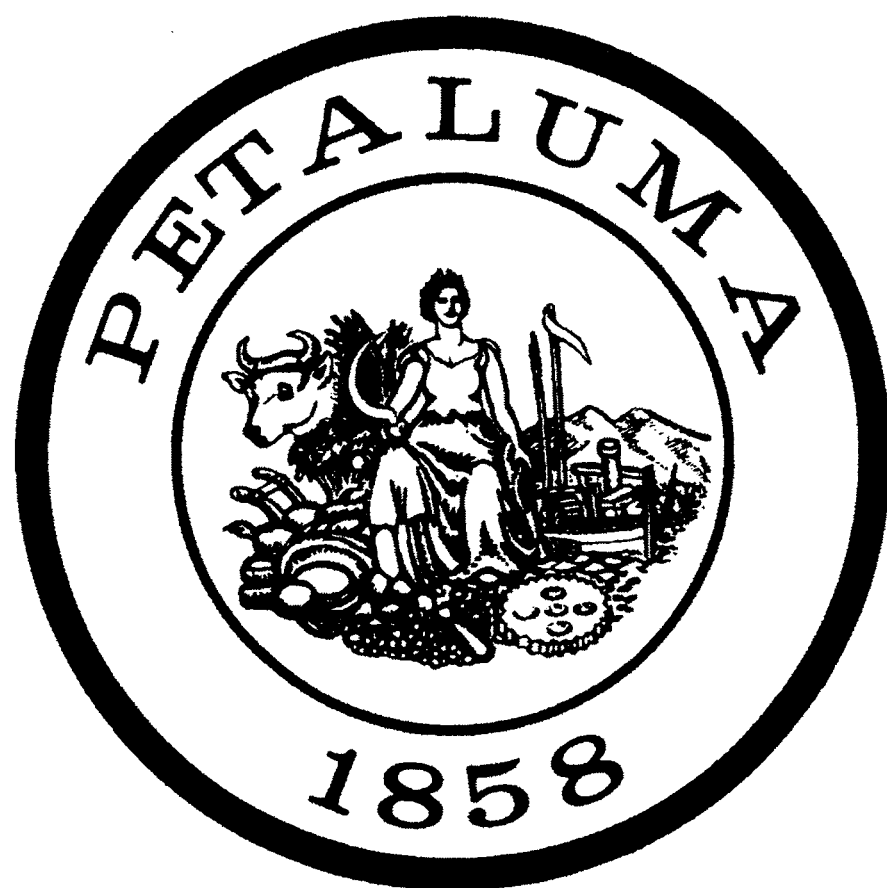
(1) Paragraph 12b requires that the interest and principal components of debt service expenditures be presented separately and that total debt service be shown as a percentage of total noncapital expenditures. Noncapital expenditures are total expenditures less capital outlay (to the extent capitalized for the government-wide statement of net assets) and expenditures for capitalized assets included within the functional expenditure categories.

| Fiscal Year | | | | | |
|-----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| \$ 38,705,700 | \$ 38,012,050 | \$ 29,666,577 | \$ 25,930,467 | \$ 27,550,308 | \$ 29,524,036 |
| 1,274,934 | 2,207,999 | 4,921,033 | 13,467,082 | 5,768,076 | 5,405,398 |
| 789,895 | 909,973 | 927,900 | 904,110 | 892,444 | 592,257 |
| 1,019,686 | 671,185 | 736,888 | 684,382 | 665,222 | 708,536 |
| 11,435,893 | 9,013,452 | 12,566,803 | 15,223,097 | 11,680,110 | 19,225,393 |
| 4,373,632 | 4,808,475 | 5,048,086 | 5,292,940 | 5,524,587 | 6,236,573 |
| 2,466,222 | 1,764,517 | 1,100,595 | 817,149 | 2,319,182 | 4,650,482 |
| <u>60,065,962</u> | <u>57,387,651</u> | <u>54,967,882</u> | <u>62,319,227</u> | <u>54,399,929</u> | <u>66,342,675</u> |
| 3,667,640 | 3,538,262 | 3,079,373 | 2,982,115 | 3,504,750 | 4,565,381 |
| 17,542,710 | 13,913,519 | 6,655,687 | 7,253,174 | 3,018,073 | 2,345,822 |
| 14,965,311 | 15,029,140 | 14,906,572 | 15,268,849 | 15,718,865 | 15,672,647 |
| 9,288,308 | 9,979,449 | 10,442,244 | 10,734,962 | 11,524,404 | 12,262,326 |
| 2,280,237 | 1,845,714 | 1,739,081 | 2,141,679 | 2,504,147 | 8,169,900 |
| 7,198,568 | 6,574,553 | 6,550,016 | 12,482,214 | 7,552,488 | 18,737,202 |
| 7,071,745 | 6,010,308 | 4,809,382 | 1,595,828 | 2,733,981 | 3,987,980 |
| 1,355,000 | 1,629,814 | 113,958 | 134,264 | - | - |
| 3,289,018 | 3,315,833 | 1,877,695 | 2,352 | - | - |
| - | - | - | - | - | - |
| <u>66,658,537</u> | <u>61,836,592</u> | <u>50,174,008</u> | <u>52,595,437</u> | <u>46,556,708</u> | <u>65,741,258</u> |
| <u>(6,592,575)</u> | <u>(4,448,941)</u> | <u>4,793,874</u> | <u>9,723,790</u> | <u>7,843,221</u> | <u>601,417</u> |
| - | 11,561,444 | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | 4,504 | - | 31,469 | 40,307 | 4,684 |
| - | 207,830 | - | - | - | - |
| 15,946,693 | 21,418,966 | 13,041,470 | 8,822,043 | 5,759,605 | 8,752,964 |
| <u>(15,812,749)</u> | <u>(21,418,966)</u> | <u>(12,951,470)</u> | <u>(8,912,043)</u> | <u>(6,616,025)</u> | <u>(9,541,544)</u> |
| 133,944 | 11,773,778 | 90,000 | (58,531) | (816,113) | (783,896) |
| <u>\$ (6,458,631)</u> | <u>\$ 7,324,837</u> | <u>\$ 4,883,874</u> | <u>\$ 9,665,259</u> | <u>\$ 7,027,108</u> | <u>\$ (182,479)</u> |
| 7.79% | 8.86% | 4.39% | 0.27% | 0.00% | 0.00% |

Schedule 5
City of Petaluma, CA
Tax Revenues by Source, Governmental Funds
Last Ten Fiscal Years

| Tax Revenue | Fiscal Year | | | |
|--------------------|----------------------|----------------------|----------------------|----------------------|
| | 2006 | 2007 | 2008 | 2009 |
| Property | \$ 20,211,085 | \$ 22,832,617 | \$ 24,169,458 | \$ 24,413,663 |
| Sales and Use | 10,726,182 | 11,483,300 | 11,649,972 | 9,445,467 |
| Occupancy | 1,395,574 | 1,446,005 | 1,487,648 | 1,300,892 |
| Franchise | 2,418,831 | 2,607,627 | 2,549,185 | 3,089,600 |
| Property Transfer | 1,936,582 | 1,220,039 | 861,987 | 737,354 |
| Other | 685,664 | 899,436 | 563,583 | 752,122 |
| Total taxes | \$ 37,373,918 | \$ 40,489,024 | \$ 41,281,833 | \$ 39,739,098 |

| Fiscal Year | | | | | | | % Change |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|------------------|-----------------|
| 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2006-2015 | |
| \$ 24,148,118 | \$ 22,929,525 | \$ 13,968,355 | \$ 8,664,411 | \$ 7,957,020 | \$ 8,516,289 | -57.86% | |
| 8,631,248 | 8,843,821 | 9,383,601 | 9,904,433 | 11,459,527 | 12,393,784 | 15.55% | |
| 1,165,607 | 1,341,692 | 1,484,818 | 1,680,783 | 1,919,729 | 2,068,949 | 48.25% | |
| 3,132,790 | 3,202,734 | 3,063,428 | 3,651,287 | 4,088,228 | 4,200,929 | 73.68% | |
| 845,268 | 834,527 | 826,506 | 984,045 | 965,868 | 1,173,223 | -39.42% | |
| 782,669 | 886,751 | 939,869 | 1,045,508 | 1,159,937 | 1,170,864 | 70.76% | |
| \$ 38,705,700 | \$ 38,039,050 | \$ 29,666,577 | \$ 25,930,467 | \$ 27,550,308 | \$ 29,524,038 | | |



Schedule 6

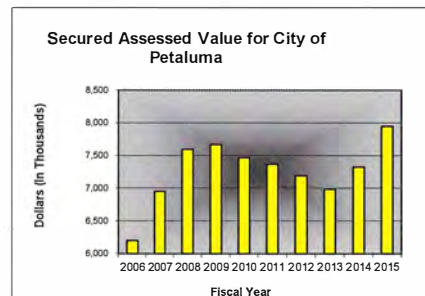
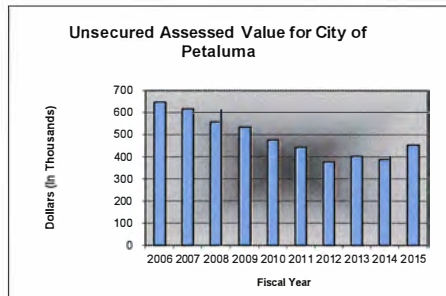
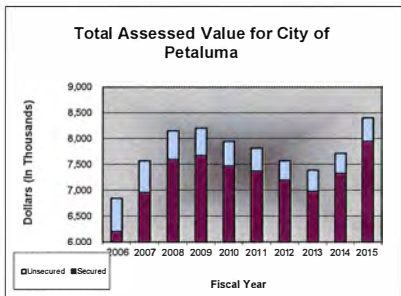
City of Petaluma, CA

Assessed Value and Estimated Actual Value of Taxable Property

Last Ten Fiscal Years

| City | | | | | | | | | Total |
|-------------|------------------|--------------------|---------------------------|------------------------------|----------------------------|--|-----|---------------------|-------|
| Fiscal Year | Secured Property | Unsecured Property | Less: Tax-Exempt Property | Total Taxable Assessed Value | Estimated Actual Value (2) | | | Direct Tax Rate (1) | |
| 2006 | \$ 5,005,613,855 | \$ 144,978,518 | \$ (152,934,335) | \$ 4,997,658,038 | n/a | | n/a | | |
| 2007 | 5,530,953,593 | 159,460,308 | (163,484,711) | 5,526,929,190 | \$ 7,671,377,716 | | | 1.388 | |
| 2008 | 5,968,553,636 | 145,463,556 | (164,209,253) | 5,949,807,939 | 7,237,667,667 | | | 1.216 | |
| 2009 | 5,946,303,133 | 170,659,394 | (170,960,134) | 5,946,002,393 | 7,135,268,278 | | | 1.200 | |
| 2010 | 5,736,779,190 | 167,095,060 | (136,640,449) | 5,767,233,801 | 5,883,904,941 | | | 1.020 | |
| 2011 | 5,687,213,653 | 153,720,805 | (135,873,341) | 5,705,061,117 | 5,734,915,702 | | | 1.005 | |
| 2012 | 5,645,944,977 | 155,920,753 | (142,654,763) | 5,659,210,967 | 5,861,951,068 | | | 1.036 | |
| 2013 | 5,477,796,006 | 168,897,988 | (141,964,018) | 5,504,729,976 | 6,351,448,770 | | | 1.154 | |
| 2014 | 5,768,548,728 | 157,239,152 | (144,239,238) | 5,781,548,642 | 6,660,700,675 | | | 1.152 | |
| 2015 | 6,260,163,954 | 185,028,198 | (145,962,654) | 6,299,229,498 | 9,321,725,796 | | | 1.480 | |

| Redevelopment Agency | | | | | | | | | Total |
|----------------------|------------------|--------------------|---------------------------|------------------------------|----------------------------|--|-----|---------------------|-------|
| Fiscal Year | Secured Property | Unsecured Property | Less: Tax-Exempt Property | Total Taxable Assessed Value | Estimated Actual Value (2) | | | Direct Tax Rate (1) | |
| 2006 | \$ 1,194,266,828 | \$ 502,529,757 | \$ (84,871,453) | \$ 1,678,060,675 | n/a | | n/a | | |
| 2007 | 1,423,411,000 | 458,035,521 | (79,174,627) | 1,802,272,092 | \$ 2,501,553,664 | | | 1.388 | |
| 2008 | 1,627,639,769 | 411,773,777 | (83,983,508) | 1,955,430,038 | 2,378,690,691 | | | 1.216 | |
| 2009 | 1,721,701,909 | 363,711,768 | (86,248,289) | 1,972,165,388 | 2,366,620,159 | | | 1.200 | |
| 2010 | 1,733,181,743 | 309,090,199 | (69,577,527) | 1,972,694,415 | 2,012,602,023 | | | 1.020 | |
| 2011 | 1,681,775,776 | 290,020,374 | (68,679,653) | 1,903,116,497 | 1,913,075,506 | | | 1.005 | |
| 2012 | 1,547,960,379 | 221,055,796 | (44,927,069) | 1,724,089,106 | 1,785,854,253 | | | 1.036 | |
| 2013 | 1,506,956,006 | 233,634,216 | (60,213,054) | 1,680,377,168 | 1,938,847,054 | | | 1.154 | |
| 2014 | 1,559,482,789 | 230,941,306 | (66,350,450) | 1,724,073,645 | 1,986,239,190 | | | 1.152 | |
| 2015 | 1,688,744,481 | 267,818,057 | (78,586,405) | 1,877,976,133 | 2,779,066,641 | | | 1.480 | |



(1) In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of the property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only reassessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations above.

(2) As of 2007-08, secured and unsecured values are gross taxable values. Exemptions include all types of exempt properties. Previous years reported homeowners' exemptions only.

(3) As of 2007-08, Estimated Actual Value is derived from a series of calculations comparing median assessed values from 1940 to current median sales prices. Based on these calculations, a multiplier value was extrapolated and applied to current assessed values.

Source: Sonoma County Assessor data, MuniServices, LLC

Schedule 7

City of Petaluma, CA

Assessed Value of Taxable Property by Use Code, Citywide

Last Ten Fiscal Years (in thousands)

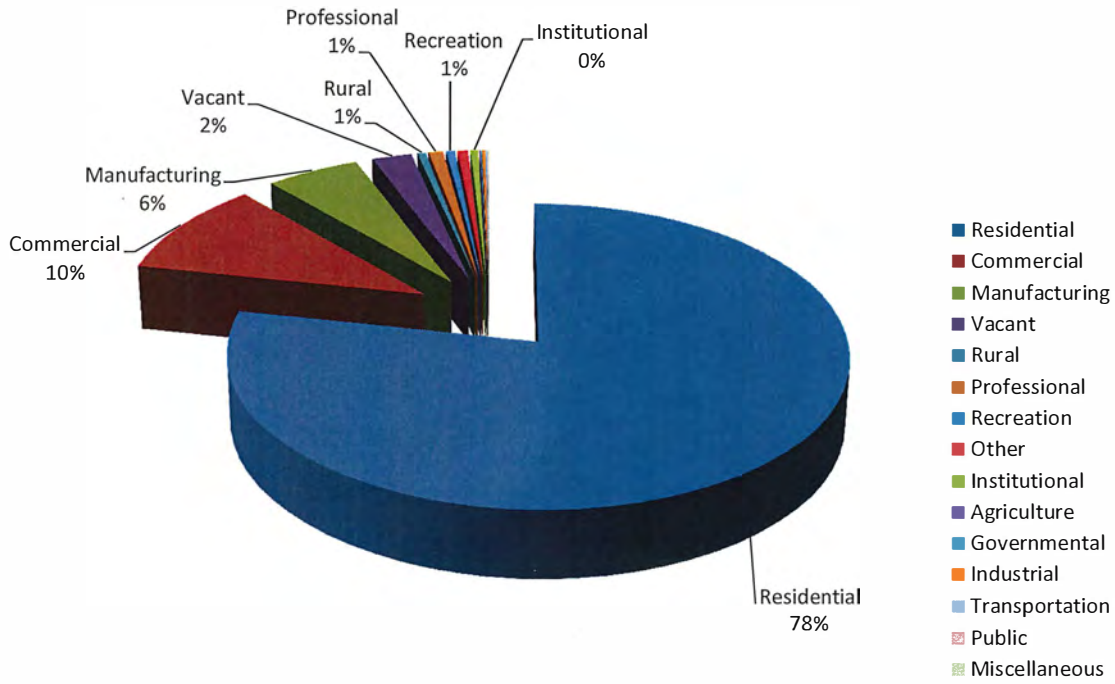
| Category | Fiscal Year | | | |
|-----------------|---------------------|---------------------|---------------------|---------------------|
| | 2006 | 2007 | 2008 | 2009 |
| Residential | \$ 4,812,912 | \$ 5,360,159 | \$ 5,816,643 | \$ 5,796,159 |
| Commercial | 595,995 | 670,985 | 737,020 | 816,894 |
| Manufacturing | 435,056 | 459,467 | 494,966 | 509,564 |
| Vacant | 211,623 | 225,686 | 276,480 | 259,769 |
| Rural | 29,082 | 36,079 | 56,741 | 34,949 |
| Professional | 59,785 | 62,532 | 67,838 | 69,365 |
| Recreation | 23,331 | 31,900 | 32,333 | 34,405 |
| Other | 22,167 | 22,559 | 27,686 | 29,622 |
| Institutional | 34,763 | 39,435 | 40,580 | 39,249 |
| Agriculture | 20,826 | 21,229 | 22,344 | 21,628 |
| Governmental | 243 | - | - | 3,725 |
| Industrial | 14,801 | 14,903 | 12,889 | 14,148 |
| Transportation | 3,044 | 6,995 | 9,495 | 8,993 |
| Public | 1,311 | 1,338 | - | 1,392 |
| Miscellaneous | 1,077 | 1,099 | 1,178 | 1,143 |
| TOTAL | \$ 6,266,016 | \$ 6,954,366 | \$ 7,596,193 | \$ 7,641,005 |

Source: Sonoma County Assessor data , MuniServices, LLC

| Fiscal Year | | | | | |
|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| \$ 5,555,350 | \$ 5,575,896 | \$ 5,551,197 | \$ 5,398,541 | \$ 5,693,569 | \$ 6,219,648 |
| 841,014 | 838,152 | 751,102 | 743,611 | 762,317 | 821,853 |
| 524,252 | 502,140 | 478,954 | 444,375 | 431,460 | 439,847 |
| 278,095 | 181,087 | 149,555 | 151,203 | 181,976 | 191,734 |
| 36,061 | 39,886 | 38,536 | 38,296 | 39,054 | 39,631 |
| 70,073 | 64,446 | 60,875 | 62,193 | 65,564 | 66,504 |
| 39,235 | 46,025 | 45,608 | 44,902 | 44,188 | 40,044 |
| 30,618 | 30,443 | 29,293 | 29,485 | 27,854 | 51,706 |
| 37,717 | 33,414 | 35,365 | 35,782 | 45,531 | 38,362 |
| 27,496 | 27,431 | 27,640 | 6,994 | 7,039 | 6,358 |
| 3,799 | 3,791 | 3,819 | 3,895 | 3,992 | 3,991 |
| 14,319 | 14,234 | 14,341 | 14,626 | 14,566 | 14,631 |
| 9,349 | 9,468 | 5,024 | 8,201 | 8,222 | 8,244 |
| 1,419 | 1,416 | 1,427 | 1,455 | 1,484 | 1,491 |
| 1,164 | 1,160 | 1,169 | 1,192 | 1,216 | 4,864 |
| <u>\$ 7,469,961</u> | <u>\$ 7,368,989</u> | <u>\$ 7,193,905</u> | <u>\$ 6,984,751</u> | <u>\$ 7,328,032</u> | <u>\$ 7,948,908</u> |

Schedule 8
City of Petaluma, CA
Assessed Value of Taxable Property by Use Code, Citywide
2014-2015 Land Use Chart

Assessed Value by Use Code for RDA and City



Source: MuniServices, LLC

Schedule 9
City of Petaluma, CA
Direct and Overlapping Property Tax Rates,
(rate per \$100 of assessed value)
Last Ten Fiscal Years

| | Fiscal Year | | | | | | | | | |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| Basic City and County Levy (1): | | | | | | | | | | |
| Bay Area Quality Mgmt | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0019 | 0.0019 | 0.0019 | 0.0019 | 0.0019 | 0.0019 |
| City Direct Rate | 0.1600 | 0.1600 | 0.1643 | 0.1643 | 0.1643 | 0.1643 | 0.1643 | 0.1643 | 0.1643 | 0.1643 |
| County Library | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0187 | 0.0187 | 0.0187 | 0.0187 | 0.0187 | 0.0187 |
| County of Sonoma | 0.8400 | 0.8400 | 0.8357 | 0.8357 | 0.2785 | 0.2785 | 0.2785 | 0.2785 | 0.2785 | 0.2785 |
| Gen #1 SOCO Water Agency | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0075 | 0.0075 | 0.0075 | 0.0075 | 0.0075 | 0.0075 |
| MRN/SNMA MOSO & Vector | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0024 | 0.0024 | 0.0024 | 0.0024 | 0.0024 | 0.0024 |
| Petaluma AWUF | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.1110 | 0.1110 | 0.1110 | 0.1110 | 0.1110 | 0.1110 |
| Petaluma Schools | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.3973 | 0.3973 | 0.3973 | 0.3973 | 0.3973 | 0.3973 |
| South SO RES CN Land | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0002 | 0.0002 | 0.0002 | 0.0002 | 0.0002 | 0.0002 |
| Spring Lake Park SCWA | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0024 | 0.0024 | 0.0024 | 0.0024 | 0.0024 | 0.0024 |
| ZN ZA Petaluma Basin | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0158 | 0.0158 | 0.0158 | 0.0158 | 0.0158 | 0.0158 |
| Total Basic City and County Levy: | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| Override Assessments: | | | | | | | | | | |
| WS Dam-Russian River Project | 0.0070 | 0.0070 | 0.0070 | 0.0070 | 0.0070 | 0.0070 | 0.0070 | 0.0070 | 0.0070 | 0.0070 |
| Petaluma High school bonds | 0.0200 | 0.0200 | 0.0200 | 0.0305 | 0.0305 | 0.0305 | 0.0342 | 0.0342 | 0.0360 | 0.0650 |
| Sonoma County Junior College bonds | 0.0250 | 0.0250 | 0.0250 | 0.0250 | 0.0250 | 0.0210 | 0.0210 | 0.0210 | 0.0188 | 0.0180 |
| Petaluma Elementary school bonds | 0.0480 | 0.0480 | 0.0480 | 0.0455 | 0.0435 | 0.0435 | 0.0465 | 0.0465 | 0.0505 | 0.0620 |
| Old Adobe Elementary school bonds | 0.0220 | - | - | - | - | - | - | - | - | - |
| Total Override Assessments: | 0.1220 | 0.1000 | 0.1000 | 0.1080 | 0.1060 | 0.1020 | 0.1087 | 0.1087 | 0.1123 | 0.1520 |
| Total Direct and Overlapping Rates: | 1.1220 | 1.1000 | 1.1000 | 1.1080 | 1.1060 | 1.1020 | 1.1087 | 1.1087 | 1.1123 | 1.1520 |

Source: Sonoma County ACTTC Office data, MuniServices LLC

(1) In 1978, California voters passed Proposition 13 which sets the property tax rate at a 1.00% fixed amount. This 1% is shared by all taxing agencies within which jurisdiction(s) the subject property resides. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of the School District bonds.

Schedule 10
City of Petaluma, CA
Principal Property Tax Payers,
Current Year and Nine Years Ago

| Taxpayer | Fiscal Year | | | | | |
|--------------------------------|------------------------|------|---|------------------------|------|---|
| | 2015 | | | 2006 | | |
| | Taxable Assessed Value | Rank | Percentage of Total City Taxable Assessed Value | Taxable Assessed Value | Rank | Percentage of Total City Taxable Assessed Value |
| Kw G I Vi Petaluma Lp | 71,819,241 | 1 | 0.88% | - | | 0.00% |
| Sequoia Equities Cypress Poin | 40,959,350 | 2 | 0.50% | - | | 0.00% |
| Regency Petaluma Llc | 40,301,652 | 3 | 0.49% | - | | 0.00% |
| Lagunitas Brewing Company | 39,804,220 | 4 | 0.49% | - | | 0.00% |
| 1465 N Mcdowell Holdings 1 Llc | 35,952,180 | 5 | 0.44% | - | | 0.00% |
| Azure At Lakeville Square Llc | 32,204,806 | 6 | 0.39% | - | | 0.00% |
| Target Corp | 31,144,024 | 7 | 0.38% | - | | 0.00% |
| Redwood Gateway Llc | 27,665,936 | 8 | 0.34% | - | | 0.00% |
| Novak Property Llc | 27,619,210 | 9 | 0.34% | - | | 0.00% |
| Petaluma Marina Investors Llc | 25,269,018 | 10 | 0.31% | - | | 0.00% |
| Chelsea Gca Realty Ptp | 24,653,491 | 11 | 0.30% | 25,443,445 | | 0.38% |
| Petaluma Riverfront Llc | 23,365,507 | 12 | 0.29% | - | | 0.00% |
| Clover Stornetta Farms | 23,164,508 | 13 | 0.28% | - | | 0.00% |
| Mgp Viii Properties Llc | 21,873,704 | 14 | 0.27% | - | | 0.00% |
| Addison Ranch Apts Llc | 21,691,610 | 15 | 0.27% | - | | 0.00% |
| Washington Square Assoc | 21,673,198 | 16 | 0.27% | 18,554,482 | | 0.28% |
| Syers Properties I Lp | 21,306,094 | 17 | 0.26% | 19,239,793 | | 0.29% |
| Labcon North America | 20,106,924 | 18 | 0.25% | - | | 0.00% |
| Baywood Equities Lp | 17,253,028 | 19 | 0.21% | - | | 0.00% |
| Parkway Petaluma Llc | 16,495,864 | 20 | 0.20% | - | | 0.00% |
| Jerico Products Inc. | 15,736,289 | 21 | 0.19% | - | | 0.00% |
| 2200 2240 South Mcdowell Llc | 15,369,462 | 22 | 0.19% | - | | 0.00% |
| Petaluma Marina Office Investo | 14,723,000 | 23 | 0.18% | - | | 0.00% |
| Quarry Heights Llc | 14,411,858 | 24 | 0.18% | - | | 0.00% |
| Molecular Bio Products Inc. | 14,284,180 | 25 | 0.17% | - | | 0.00% |
| Top 25 Taxpayers | \$ 658,848,354 | | 8.06% | 63,237,720 | | 1% |
| All Other Taxpayers | 7,518,357,277 | | 91.94% | 6,606,359,016 | | 99% |
| Total Taxable Assessed Values | \$ 8,177,205,631 | | 100.00% | \$ 6,669,596,736 | | 100% |

Source: Sonoma County Assessor data , MuniServices, LLC

Schedule 11
City of Petaluma, CA
Property Tax Levies and Collections,
Last Ten Fiscal Years

| Fiscal Year Ended June 30, | Taxes Levied for the Fiscal Year | Collected within the Fiscal Year of the Levy (1) | | Collections in Subsequent Years | Total Collections to Date | |
|-------------------------------------|--|---|-----------------------|---------------------------------------|---------------------------|-----------------------|
| | | Amount | Percentage of Levy | | Amount (1) | Percentage of Levy |
| 2006 | \$ 6,078,868 | \$ 6,072,830 | 99.90% | \$ - | \$ 6,072,830 | 99.90% |
| 2007 | 6,617,725 | 6,617,725 | 100.00% | - | 6,617,725 | 100.00% |
| 2008 | 7,127,556 | 7,127,556 | 100.00% | - | 7,127,556 | 100.00% |
| 2009 | 7,085,792 | 7,085,792 | 100.00% | - | 7,085,792 | 100.00% |
| 2010 | 6,893,778 | 6,893,778 | 100.00% | - | 6,893,778 | 100.00% |
| 2011 | 6,763,330 | 6,763,330 | 100.00% | - | 6,763,330 | 100.00% |
| 2012 | 7,073,366 | 7,073,366 | 100.00% | - | 7,073,366 | 100.00% |
| 2013 | 8,084,455 | 8,084,455 | 100.00% | - | 8,084,455 | 100.00% |
| 2014 | 7,803,746 | 7,803,746 | 100.00% | - | 7,803,746 | 100.00% |
| 2015 | 8,420,878 | 8,420,878 | 100.00% | - | 8,420,878 | 100.00% |

Source: Sonoma County ACTTC Office, Property Tax Division

(1) The County of Sonoma bills and collects property taxes on behalf of the City using an alternative method of distribution known as the "Teeter Plan". The State Revenue and Taxation Code allows counties to distribute secured real property and supplemental property taxes on an accrual basis resulting in full payment to the City each fiscal year. Any subsequent delinquent payments and related penalties and interest will revert to Sonoma County.

Schedule 12
City of Petaluma, CA
Ratios of Outstanding Debt by Type,
Last Ten Fiscal Years

| Governmental Activities | | | | |
|-------------------------|--------------------------|------------------------------------|---------------------|-------------------------------|
| Fiscal Year | General Obligation Bonds | Redevelopment Tax Allocation Bonds | Redevelopment Other | Total Governmental Activities |
| 2006 | \$ - | \$ 45,610,000 | \$ 570,000 | \$ 46,180,000 |
| 2007 | - | 75,895,000 | 490,000 | 76,385,000 |
| 2008 | - | 74,795,000 | 406,000 | 75,201,000 |
| 2009 | - | 73,575,000 | 314,000 | 73,889,000 |
| 2010 | - | 72,320,000 | 214,000 | 72,534,000 |
| 2011 | - | 82,384,000 | | 82,384,000 |
| 2012 | - | 80,379,000 | | 80,379,000 |
| 2013 | - | 78,292,000 | | 78,292,000 |
| 2014 | - | - | | - |
| 2015 | - | - | | - |

| Business-type Activities | | | | | |
|--------------------------|---------------|--------------|-------------------------------|------------------------|--------------------------------|
| Year | Revenue Bonds | Term Loans | Certificates of Participation | Revolving Credit Lines | Total Business-Type Activities |
| 2006 | \$ 16,045,000 | \$ 6,718,771 | \$ 6,130,000 | \$ 20,497,041 | \$ 49,390,812 |
| 2007 | 15,455,000 | 6,779,855 | 5,960,000 | 69,211,800 | 97,406,655 |
| 2008 | 14,835,000 | 7,100,142 | 5,790,000 | 121,725,582 | 149,450,724 |
| 2009 | 14,134,580 | 7,071,235 | 5,678,860 | 140,471,206 | 167,355,881 |
| 2010 | 13,469,902 | 6,953,568 | 5,495,585 | 138,064,027 | 163,983,082 |
| 2011 | 29,974,549 | 6,874,095 | 5,307,311 | 108,608,118 | 150,764,073 |
| 2012 | 29,678,565 | 6,803,961 | 5,114,035 | 115,644,315 | 157,240,876 |
| 2013 | 29,786,315 | 6,851,192 | 4,910,761 | 110,055,132 | 151,603,400 |
| 2014 | 29,416,445 | 6,880,023 | 4,697,486 | 104,331,809 | 145,325,762 |
| 2015 | 29,036,575 | 6,889,843 | 4,479,211 | 98,471,125 | 138,876,754 |

| Fiscal Year | Total Primary Government | Percentage of Personal Income | Per Capita |
|-------------|--------------------------|-------------------------------|------------|
| 2015 | \$ 138,876,754 | 7% | 2,332 |

Note: capital lease is immaterial

Schedule 13

City of Petaluma, CA

Direct and Overlapping Governmental Activities Debt

As of June 30, 2015

| | | | |
|--------------------------------------|----|------------------------|--------------------------------|
| 2014-15 Assessed Valuation: | \$ | 8,236,204,450 | (includes aircraft valuations) |
| Redevelopment Incremental Valuation: | | <u>(1,495,168,444)</u> | |
| Adjusted Assessed Valuation: | \$ | 6,741,036,006 | |

| | Total Debt 6/30/2015 | % Applicable | City's Share of Debt 6/30/2015 |
|--|-------------------------|--------------|--------------------------------------|
| OVERLAPPING TAX AND ASSESSMENT DEBT: | | | |
| Sonoma County Joint Community College | \$ 169,770,000 | 11.29% | \$ 19,172,126 |
| Petaluma Joint Union High School District | 48,202,133 | 76.59% | 36,918,978 |
| Old Adobe Union School District | 17,272,852 | 88.83% | 15,343,647 |
| Petaluma City School District | 18,675,000 | 84.69% | 15,815,671 |
| Wilmar Union School District | 3,982,436 | 13.58% | 540,855 |
| Waugh School District Community Facilities District #1 | 7,075,000 | 100.00% | 7,075,000 |
| City of Petaluma 1915 Act Bonds | 2,817,800 | 100.00% | 2,817,800 |
| Total Overlapping Tax and Assessment Debt | | | \$ 97,684,077 |
| DIRECT AND OVERLAPPING GENERAL FUND DEBT: | | | |
| Sonoma County General Fund Obligations | \$ 25,272,861 | 11.40% | \$ 2,881,359 |
| Sonoma County Pension Obligations | 443,565,000 | 11.40% | 50,570,846 |
| Sonoma County Office of Education COP | 1,500,000 | 11.40% | 171,015 |
| Sonoma County Joint Community College GF Obligation | 1,575,000 | 11.29% | 177,865 |
| Petaluma Joint Union High School District COP | 6,310,000 | 76.59% | 4,832,955 |
| Cinnabar School District COP | 1,379,000 | 41.62% | 573,995 |
| Total Direct and Overlapping General Fund Debt: | | | \$ 59,208,035 |
| OVERLAPPING TAX INCREMENT DEBT | \$ 73,849,000 | 95.38% | \$ 70,437,566 |
| Subtotal Direct Debt | | | - |
| Subtotal Overlapping Debt | | | 227,329,678 |
| Combined Total Debt | | | <u>\$ 227,329,678</u> |

Source:

MuniServices, LLC

non-bonded capital lease obligations.

Ratios to adjust Assessment Valuation:

Total Overlapping Tax and Assessment Debt 1.19%

Ratios to Adjusted Assessed Valuation:

Combined Direct Debt (\$4,435,000) 0.05%

Combined Total Debt 2.81%

State School Building Aid Repayment as of 6/30/2015: \$0

AB:(\$475)

Schedule 14

City of Petaluma, CA

Legal Debt Margin Information

Last Ten Fiscal Years

| Fiscal Year | Tax Increment Revenue* | Annual Debt Service** | Required Coverage (125%) | Legal Debt Margin | Debt as Percentage of Legal Debt Margin |
|-------------|------------------------|-----------------------|--------------------------|-------------------|---|
| 2006 | \$ 14,180,658 | \$ 3,250,890 | \$ 4,063,613 | \$ 7,375,915 | 44% |
| 2007 | 15,697,091 | 4,549,617 | 5,687,021 | 10,010,070 | 45% |
| 2008 | 16,777,120 | 4,551,807 | 5,689,759 | 11,087,361 | 41% |
| 2009 | 17,241,026 | 4,551,807 | 5,689,759 | 11,551,267 | 39% |
| 2010 | 17,224,163 | 4,543,120 | 5,678,900 | 11,545,263 | 39% |
| 2011 | 16,166,274 | 4,616,105 | 5,770,131 | 10,396,143 | 44% |
| 2012 | 7,153,936 | 3,740,726 a | 4,675,908 | 2,478,028 | 151% |
| 2013 | - | - | - | - | - |
| 2014 | - | - | - | - | - |
| 2015 | - | - | - | - | - |

*gross tax increment

** all bonded debt

Note (a) - The Annual Debt Service in 2012 does not include payments made by Success Agency.

Schedule 15
City of Petaluma, CA
Pledged-Revenue Coverage
Last Ten Fiscal Years

| 2012 Refunding Water Revenue Bonds | | | | | | |
|------------------------------------|-------------------|--------------------|-----------------------|--------------|------------|-----------|
| Fiscal Year | Operating Revenue | Operating Expenses | Net Available Revenue | Debt Service | | Coverage* |
| | | | | Principal | Interest | |
| 2013 | \$ 14,847,146 | \$ 11,578,438 | \$ 3,268,708 | \$ - | \$ 153,508 | 21.29 |
| 2014 | \$ 15,265,295 | \$ 11,240,386 | \$ 4,024,908 | \$ 379,000 | \$ 267,042 | 6.23 |
| 2015 | \$ 14,074,089 | \$ 11,142,788 | \$ 2,931,301 | \$ 389,000 | \$ 252,888 | 4.57 |

| 2011 Waste Water Revenue Bonds | | | | | | |
|--------------------------------|---------------------------------|--------------------|-----------------------|--------------|--------------|-------------|
| Fiscal Year | Operating Rev less Connect Fees | Operating Expenses | Net Available Revenue | Debt Service | | Coverage*** |
| | | | | Principal | Interest | |
| 2011 | \$ 18,774,783 | \$ 8,601,644 | \$ 10,173,139 | \$ 4,780,327 | \$ 2,913,455 | 1.32 |
| 2012 | \$ 22,498,421 | \$ 8,702,880 | \$ 13,795,541 | \$ 5,690,178 | \$ 3,979,519 | 1.43 |
| 2013 | \$ 22,728,199 | \$ 8,709,391 | \$ 14,018,807 | \$ 5,589,183 | \$ 4,049,960 | 1.45 |
| 2014 | \$ 23,810,113 | \$ 8,458,271 | \$ 15,351,842 | \$ 5,723,324 | \$ 3,915,085 | 1.59 |
| 2015 | \$ 26,040,214 | \$ 8,944,494 | \$ 17,095,720 | \$ 5,860,683 | \$ 3,776,975 | 1.77 |

* 125% required

*** 120% required

Statement 16
City of Petaluma, CA
Demographic and Economic Statistics,
Last Ten Calendar Years

| Calendar Year | Population (1) | Personal Household Income in thousands of dollars (2) | Per Capita Personal Income (3) | Median Age | School Enrollment* | Estimated Unemployment Rate % |
|---------------|----------------|--|--------------------------------|------------|--------------------|-------------------------------|
| 2006 | 56,727 | \$ 1,065,049 | \$ 18,775 | 37.1 | 16,845 | 3.80% |
| 2007 | 56,996 | 1,868,215 | 32,778 | n/a | 12,290 | 3.60% |
| 2008 | 57,418 | 1,935,618 | 33,711 | 37.1 | 8,004 | 4.00% |
| 2009 | 57,187 | 1,892,832 | 33,099 | 38.0 | 7,957 | 5.20% |
| 2010 | 57,817 | 1,995,438 | 34,513 | 39.0 | 7,612 | 8.90% |
| 2011 | 58,319 | 2,027,518 | 34,766 | 39.6 | 7,791 | 8.50% |
| 2012 | 58,165 | 2,136,443 | 36,731 | 41.0 | 7,769 | 7.60% |
| 2013 | 58,804 | 2,197,579 | 37,371 | 40.3 | 7,793 | 7.80% |
| 2014 | 59,000 | 2,251,234 | 38,157 | 41.0 | 7,871 | 6.10% |
| 2015 | 59,540 | 2,132,616 | 35,818 | 40.9 | 7,776 | 3.20% |

Source: MuniServices, LLC

(1) Population projections are provided by the California Department of Finance Projections

(2) Income Data is provided by the United States Census Data and is adjusted for inflation

(3) Unemployment and Total Employment Data are provided by the EDD's Bureau of Labor Statistics Department.

(4) Unemployment data is provided by EDD, Labor Market Information Division

*As of 2007-08, Public School Enrollment reflects the total number of students enrolled in the Petaluma City Elementary & Petaluma Joint Union High Unified School Districts.

Schedule 17
City of Petaluma, CA
Principal Employers
Current Year and Nine Years Ago

| Employer | Fiscal Year | | | | | |
|-----------------------------|-------------|------|-------------------------------------|-----------|------|-------------------------------------|
| | 2015 | | | 2006 | | |
| | Employees | Rank | Percentage of Total City Employment | Employees | Rank | Percentage of Total City Employment |
| Petaluma School District | 880 | 1 | 2.71% | 300 | | |
| Lagunita's Brewing Company | 684 | 2 | 2.10% | N/A | | |
| Petaluma Poultry Processors | 600 | 3 | 1.85% | 200 | | |
| Hansel Auto Group | 570 | 4 | 1.75% | 701 | | |
| Petaluma Valley Hospital | 481 | 5 | 1.48% | 500 | | |
| Santa Rosa Junior College | 392 | 6 | 1.21% | N/A | | |
| Enphase Energy Inc | 371 | 7 | 1.14% | N/A | | |
| City Of Petaluma | 292 | 8 | 0.90% | 330 | | |
| Calix Networks Inc. | 246 | 9 | 0.76% | N/A | | |
| Clover Stornetta Farms | 230 | 10 | 0.71% | N/A | | |
| Total Principal Employers | 4,746 | | 14.60% | 4,523 | | |
| Total City Employment (1) | 32,500 | | | n/a | | |

Source: MuniServices, LLC

Notes:

(1) Total city employment provided by EDD Labor Force Data

Schedule 18

City of Petaluma, CA

Full-time-Equivalent City Government Employees by Function/Program

Last Ten Fiscal Years

| Function/Program | Fiscal Year | | | | |
|--------------------------------------|-------------|------------|------------|------------|------------|
| | 2006 | 2007 | 2008 | 2009 | 2010 |
| Governmental | | | | | |
| General government (total of next 8) | 43.7 | 44.2 | 42.8 | 44.7 | 44.7 |
| Administrative Services (Finance) | 12.7 | 13.7 | 12.1 | 11.5 | 11.6 |
| Internal Services | 11.9 | 13.4 | 13.6 | 15.2 | 15.2 |
| Animal Services | 9.4 | 9.4 | 9.7 | 9.2 | 9.0 |
| City Attorney | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 |
| City Clerk | 2.8 | 2.8 | 2.5 | 2.0 | 2.0 |
| City Manager | 1.9 | 1.9 | 1.8 | 3.8 | 3.8 |
| Human Resources | 2.6 | 2.6 | 2.6 | 2.6 | 2.6 |
| General Plan | 2.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Community development | 31.0 | 28.0 | 26.0 | 2.0 | 3.6 |
| Fire | 48.0 | 48.0 | 48.0 | 47.0 | 58.3 |
| Police | 103.0 | 105.0 | 110.0 | 111.0 | 111.8 |
| Parks and recreation | 47.0 | 48.0 | 48.0 | 45.3 | 19.8 |
| Public works | 35.0 | 40.0 | 36.0 | 31.0 | 49.0 |
| Business Activities | | | | | |
| Airport | 2.0 | 3.0 | 3.0 | 2.7 | 3.1 |
| Ambulance | 10.0 | 11.0 | 11.0 | 11.0 | 0.0 |
| Development Services | 0.0 | 3.0 | 5.0 | 2.0 | 2.0 |
| Marina | 0.6 | 0.6 | 0.6 | 0.6 | 0.6 |
| Transit | 1.0 | 1.0 | 2.0 | 2.0 | 1.8 |
| Water | 24.0 | 24.0 | 25.0 | 24.0 | 25.7 |
| Waste water | 18.0 | 19.0 | 18.0 | 31.3 | 30.5 |
| Internal Service | | | | | |
| Employee benefits | 0 | 0 | 1 | 1 | 1 |
| General services | 3 | 3 | 3 | 3 | 3 |
| Information technology | 4 | 6 | 6 | 7 | 7 |
| Risk management | 3 | 3 | 3 | 4 | 4 |
| Workers' compensation | 1 | 1 | 1 | 1 | 1 |
| Total | 363 | 375 | 375 | 355 | 351 |

Source: City budget, finance department

| Fiscal Year | | | | |
|--------------------|-------------|-------------|-------------|-------------|
| 2011 | 2012 | 2013 | 2014 | 2015 |
| 38.8 | 30.1 | 28.7 | 26.7 | 35.00 |
| 8.9 | 6.05 | 6.05 | 6.1 | 13.00 |
| 13.2 | 10.7 | 10.7 | 10.7 | 9.00 |
| 8.0 | 6.0 | 5.0 | 0.0 | 0.00 |
| 0.5 | 0.5 | 0.0 | 3.0 | 4.00 |
| 2.0 | 2.0 | 2.0 | 2.0 | 2.00 |
| 3.6 | 3.3 | 3.3 | 3.3 | 4.00 |
| 2.6 | 1.6 | 1.6 | 1.6 | 3.00 |
| 0.0 | 0.0 | 0.0 | 0.0 | 0.00 |
| 3.0 | 5.5 | 1.7 | 3.7 | 2.00 |
| 58.0 | 57.0 | 57.0 | 57.0 | 58.00 |
| 99.5 | 83.1 | 81.5 | 82.5 | 84.50 |
| 7.3 | 5.0 | 5.0 | 6.0 | 6.00 |
| 51.4 | 35.7 | 38.5 | 36.5 | 35.15 |
| 1.6 | 1.6 | 1.0 | 1.0 | 1.00 |
| 0.0 | 0.0 | 0.0 | 0.0 | 0.00 |
| 3.0 | 4.0 | 4.0 | 5.0 | 6.00 |
| 0.0 | 0.0 | 0.0 | 0.0 | 0.00 |
| 2.0 | 1.0 | 1.0 | 1.0 | 1.00 |
| 28.4 | 29.6 | 29.6 | 30.1 | 29.92 |
| 31.5 | 29.6 | 29.6 | 30.1 | 29.9 |
| 1 | 0.4 | 0.7 | 0.7 | 0 |
| 2 | 2 | 2 | 2 | 2 |
| 7 | 7 | 7 | 7 | 7 |
| 3 | 0 | 0 | 0 | 0 |
| 1 | 1 | 1 | 1 | 0 |
| 324 | 282 | 278 | 280 | 289 |

Schedule 19
City of Petaluma, CA
Operating Indicators by Function/Program,
Last Ten Fiscal Years

| Function/Program | Fiscal Year | | | | |
|---|-------------|---------|----------|---------|---------|
| | 2006 | 2007 | 2008 | 2009 | 2010 |
| Community development | | | | | |
| Commercial building permits issued | 333 | 334 | 331 | 201 | 192 |
| Residential building permits issued | 948 | 833 | 670 | 666 | 725 |
| Inspections performed | 8,307 | 6,740 | 4,314 | 2,846 | 3,288 |
| Police | | | | | |
| Number of police calls | 58,748 | 68,748 | 54,671 | 57,396 | 53,209 |
| Parking violations | 7,000 | 7,834 | 7,734 | 6,769 | 5,825 |
| Traffic violations | 7,670 | 9,079 | 6,941 | 6,769 | 7,181 |
| Fire | | | | | |
| Ambulance runs | 3,484 | 3,723 | 3,566 | 3,624 | 3,569 |
| Fire calls | 1,401 | 1,445 | 1,487 | 1,551 | 1,478 |
| Inspections | 2,048 | 1,974 | 1,716 | 2,164 | 1,737 |
| Public works | | | | | |
| Street resurfacing miles | 2.94 | 2.50 | 0 | 0.85 | 2.44 |
| Parks and recreation | | | | | |
| Historical library & museum visitors | 8,340 | 7,890 | 8,234 | 7,184 | 12,521 |
| Recreation class attendance | N/A (1) | 7,132 | 8,701 | 4,602 | 3,248 |
| Special event attendance | 25,636 | 24,716 | 30,000 | 13,000 | 12,000 |
| Airport | | | | | |
| Airport movements | 56,000 | 26,000 | 26,000 | 26,000 | 26,000 |
| Annual fuel consumption (gallons) | 163,866 | 188,000 | 174,174 | 170,500 | 172,110 |
| Water | | | | | |
| Annual water purchased in billions of gallons | 3 | 3 | 3.2 | 2.8 | 2.2 |
| Utility accounts | 18,955 | 19,549 | 19,549 | 19,434 | 20,214 |
| Wastewater | | | | | |
| Average dry weather flows of sewage | 4.4 mgd | 4.6 mgd | 3.99 mgd | 4 mgd | 4.3 mgd |
| Transit | | | | | |
| Number of bus routes | 3 | 3 | 3 | 3 | 3 |
| Annual ridership | 163,775 | 189,500 | 189,500 | 167,927 | 181,556 |

Sources:

Various city department reports, annual budget narrative

| Fiscal Year | | | | |
|--------------------|-------------|-------------|-------------|-------------|
| 2011 | 2012 | 2013 | 2014 | 2015 |
| 100 | 241 | 249 | 318 | 507 |
| 1,000 | 821 | 1,142 | 1,172 | 1,023 |
| 4,315 | 4,614 | 6,344 | 4,379 | 3,470 |
| 54,429 | 50,667 | 49,496 | 52,738 | 55,121 |
| 5,564 | 7,118 | 9,081 | 8,073 | 3,522 |
| 5,544 | 7,667 | 4,742 | 4,947 | 2,119 |
| 3,508 | 3,612 | 3,614 | 3,817 | 3,963 |
| 1,456 | 1,557 | 1,606 | 1,816 | 1,863 |
| 1,898 | 2,014 | 2,408 | 2,458 | 2,723 |
| 4.33 | 0.75 | 1.5 | 1.44 | 1.7 |
| 11,473 | 8,801 | 7,760 | 6,269 | 7,251 |
| 3,547 | 3,214 | 3,271 | 3,522 | 2,499 |
| 12,700 | 12,900 | 10,000 | 2,000 | 3,400 |
| 26,000 | 26,000 | 26,000 | 26,000 | 26,000 |
| 172,749 | 177,286 | 167,700 | 138,000 | 170,885 |
| 2.4 | 2.7 | 3.1 | 3.0 | 2.5 |
| 19,839 | 19,995 | 20,152 | 20,230 | 20,280 |
| 4.6 mgd | 4.7 mgd | 4.7 mgd | 4.3 mgd | 4.3 mgd |
| 6 | 6 | 6 | 6 | 6 |
| 229,447 | 306,017 | 339,460 | 384,967 | 400,407 |

Schedule 20
City of Petaluma, CA
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

| Function/Program | Fiscal Year | | | |
|---|-------------|-------|-------|-------|
| | 2006 | 2007 | 2008 | 2009 |
| Police | | | | |
| Stations | 1 | 1 | 1 | 1 |
| Zone offices | 1 | 1 | 1 | 1 |
| Patrol units | 59 | 53 | 53 | 53 |
| Fire | | | | |
| Fire stations | 3 | 3 | 3 | 3 |
| Ambulances | 4 | 4 | 4 | 4 |
| Public works | | | | |
| Streets (miles) | 170 | 185 | 185 | 185 |
| Highways (miles) | 0.80 | 0.80 | 0.80 | 0.80 |
| Streetlights | 4,740 | 4,600 | 4,700 | 6,000 |
| Traffic Signals | 48 | 48 | 50 | 55 |
| Park and recreation | | | | |
| Acreage | 196 | 265 | 299 | 299 |
| Parks | 43 | 44 | 44 | 44 |
| Community centers | 2 | 2 | 4 | 4 |
| Recreation facilities | 3 | 4 | 4 | 4 |
| Ball/soccer fields | 43 | 48 | 48 | 48 |
| Tennis court | 7 | 9 | 11 | 11 |
| Turning basin public dock footage | 995 | 995 | 995 | 995 |
| Community swimming pools | 2 | 2 | 2 | 2 |
| Library | 1 | 1 | 1 | 1 |
| Water | | | | |
| Water mains (miles) | 250 | 273 | 278 | 278 |
| Fire hydrants | 2,405 | 2,474 | 2,482 | 2,493 |
| Aqueduct stations | 8 | 8 | 8 | 8 |
| Wells | 18 | 18 | 18 | 18 |
| Valves | 6,965 | 7,118 | 7,190 | 7,227 |
| Reservoirs, finished water (total capacity - 13.1 mg) | 11 | 11 | 11 | 11 |
| Wastewater | | | | |
| Booster stations (35 pumps) | 11 | 11 | 11 | 11 |
| Sanitary sewers (miles) | 192 | 195 | 195 | 195 |
| Storm sewers (miles) | 142 | 144 | 166 | 166 |
| Treatment capacity (millions of gallons) | 1,898 | 1,898 | 1,806 | 1,777 |
| Transit - buses | 9 | 10 | 10 | 10 |

Sources:

Various city department reports, annual budget narrative

| Fiscal Year | | | | | |
|-------------|-------|-------|-------|-------|-------|
| 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 2 | 2 | 2 | 2 | 2 | 2 |
| 56 | 53 | 55 | 55 | 55 | 55 |
| 3 | 3 | 3 | 3 | 3 | 3 |
| 4 | 4 | 4 | 4 | 4 | 4 |
| 185 | 185 | 185 | 185 | 185 | 185 |
| 0.80 | 0.80 | 0.80 | 0.80 | 0.80 | 0.80 |
| 6,000 | 4,700 | 5,129 | 5,129 | 4,942 | 5,392 |
| 55 | 50 | 55 | 55 | 51 | 51 |
| 299 | 299 | 299 | 299 | 324 | 324 |
| 44 | 44 | 44 | 44 | 45 | 45 |
| 4 | 4 | 4 | 4 | 4 | 4 |
| 4 | 4 | 4 | 4 | 4 | 4 |
| 48 | 48 | 48 | 48 | 51 | 51 |
| 11 | 11 | 11 | 11 | 11 | 11 |
| 995 | 995 | 995 | 995 | 995 | 995 |
| 2 | 2 | 2 | 2 | 2 | 2 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 278 | 278 | 255 | 255 | 258 | 268 |
| 2,490 | 2492 | 2494 | 2494 | 2565 | 2597 |
| 8 | 8 | 8 | 8 | 8 | 8 |
| 16 | 15 | 15 | 13 | 13 | 13 |
| 7,251 | 7310 | 7324 | 7324 | 7542 | 7636 |
| 13.1 | 13.1 | 13.1 | 11.1 | 11.1 | 11.1 |
| 11 | 12 | 12 | 12 | 12 | 12 |
| 195 | 195 | 195 | 195 | 195.5 | 196.1 |
| 166 | 166 | 122 | 122 | 125 | 127 |
| 1,960 | 2,445 | 2,445 | 2,445 | 2,445 | 2,445 |
| 10 | 10 | 10 | 10 | 10 | 11 |

