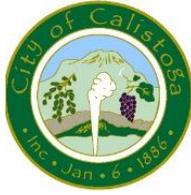


CITY OF



CALISTOGA, CALIFORNIA



COMPREHENSIVE ANNUAL
FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

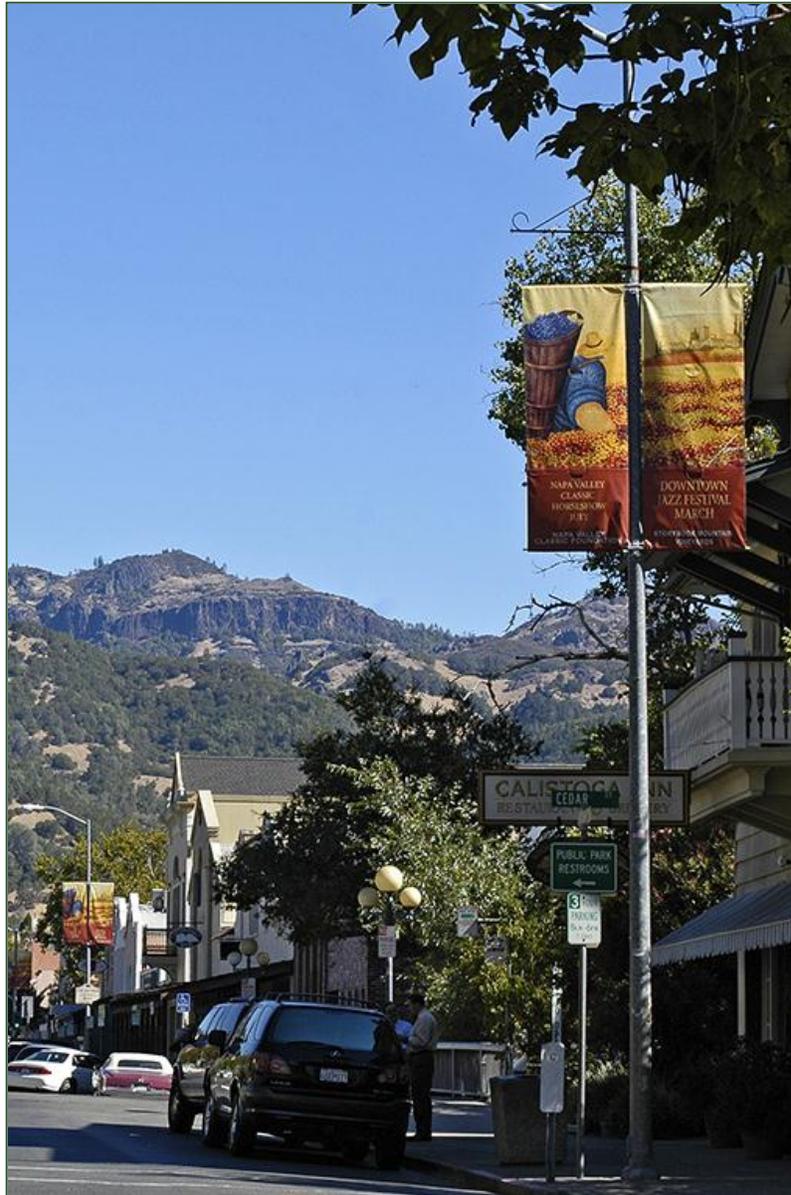
CITY OF CALISTOGA, CALIFORNIA

Comprehensive Annual Financial Report
For the
Fiscal Year Ended June 30, 2012



Prepared by the Administrative Services Department

INTRODUCTORY SECTION



CITY OF CALISTOGA, CALIFORNIA
Comprehensive Annual Financial Report
For the
Fiscal Year Ended June 30, 2012

Table of Contents

INTRODUCTORY SECTION

Table of Contents	i
Letter of Transmittal	v
List of Principal Officials	x
Organization Chart	xi

FINANCIAL SECTION

Report of Independent Accountants	1
Management’s Discussion and Analysis	2
Basic Financial Statements:	
Government-Wide Financial Statements	
Statement of Net Assets	13
Statement of Activities	14
Fund Financial Statements:	
Balance Sheet Governmental Funds.....	15
Statement of Revenues, Expenditures and Changes in Fund Balances.....	16
Governmental Funds	
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to Statement of Activities	17
Statement of Net Assets – Proprietary Funds	18
Statement of Revenues, Expenses and Changes in Fund Net Assets	19
Proprietary	
Statement of Cash Flows – Proprietary Funds.....	20
Statement of Fiduciary Net Assets.....	22
Notes to the Basic Financial Statements	23

REQUIRED SUPPLEMENTAL INFORMATION SECTION

Budgetary Comparison Schedule – General Fund	44
--	----

CITY OF CALISTOGA, CALIFORNIA
 Comprehensive Annual Financial Report
 For the
 Fiscal Year Ended June 30, 2012

Table of Contents

Note to RSI: Note A- Explanation of Differences Between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures	45
Budgetary Comparison Schedule – HOME Grant Fund.....	46
Budgetary Comparison Schedule – CDBG Open Grants Fund.....	47
Schedule of Funding Progress – Other Post-Employment Benefits (OPEB)	48

SUPPLEMENTAL SECTION

Combining Statements and Individual Fund Schedules – Non-major Funds

Combining Balance Sheet Non-major Governmental Funds	49
Combining Statement of Revenues, Expenditures and Changes in Fund Balances Non-major Governmental Funds	51

Schedule of Revenues, Expenditures and Changes in Fund Balances
 Budget and Actual (Budgetary Basis) Non-major Governmental Funds

Gas Tax Fund.....	53
Parking Ordinance Fund.....	54
Public Safety Fund.....	55
CDBG Loan Repayment Fund	56
Palisades L&M Fund.....	57
Asset Forfeiture Fund	58
Affordable Housing Fund	59
Quality of Life Fund.....	60
Silverado L&M Fund.....	61
City Hall Donation Fund	62
Abandoned Vehicle Fund.....	63
Traffic Signal Fund.....	64
MTC Street Fund	65
Vamos Program Fund.....	66
Northwest Drainage Fund.....	67
Recreation Donation Fund.....	68

CITY OF CALISTOGA, CALIFORNIA
 Comprehensive Annual Financial Report
 For the
 Fiscal Year Ended June 30, 2012

Table of Contents

Police Donation Fund.....	69
Police Grant Fund.....	70
Tree Mitigation Fund	71
Fire Donation Fund	72
Mobile Home Park Fund	73
City Debt Service Fund.....	74
 Capital Assets Used in Governmental Activities	
Comparative Schedule of General Capital Assets by Source	75
Schedule of Changes in General Capital Assets by Source.....	76
Schedule of General Capital Assets by Function and Activity	77
Schedule of Changes in General Capital Assets by Function and Activity.....	78
 STATISTICAL SECTION	SCHEDULE - PAGE
 FINANCIAL TRENDS INFORMATION	
Schedule of Net Assets by Component – Last Nine Fiscal Years	1-79
Schedule of Changes in Net Assets-Last Nine Fiscal Years	2-80
Schedule of Fund Balances All Governmental Funds – Last Nine Fiscal Years	3-83
Schedule of Revenues, Expenditures and Changes in Fund Balances and Debt	4-84
Service Ratio – Last Nine Years	
 REVENUE CAPACITY INFORMATION:	
Transient Occupancy Tax Revenue Base Data – Last Nine Fiscal Years.....	5-85
Principal Transient Occupancy Tax Payers-In Alphabetical Order-Last Nine Fiscal Years	6-86
 DEBT CAPACITY INFORMATION	
Ratio of Outstanding Debt by Type – Last Nine Years	7-87
Direct and Overlapping Governmental Activities Debt – Current Year	8-88
Legal Debt Margin – Last Nine Fiscal Years	9-89

CITY OF CALISTOGA, CALIFORNIA
Comprehensive Annual Financial Report
For the
Fiscal Year Ended June 30, 2012

Table of Contents

Pledged Revenue Coverage – Water Last Nine Fiscal Years	10-90
Pledged Revenue Coverage - Wastewater-Last Nine Fiscal Years	11-91
DEMOGRAPHIC AND ECONOMIC INFORMATION	
Demographic and Economic Statistics – Last Ten Fiscal Years	12-92
Principal Employers – Last Two Fiscal Years	13-93
OPERATING INFORMATION	
Number of Full Time Equivalent City Employees – Last Nine Fiscal Years	14-94
Operating Indicators – Last Nine Fiscal Years	15-95
Capital Asset Statistics - Last Nine Fiscal Years	16-96

CITY OF CALISTOGA

1232 Washington Street • Calistoga, CA 94515
Telephone 707-942-2800
Fax 707-942-0732
www.ci.calistoga.ca.us



December 15, 2012

The Honorable Mayor, Members of the City Council and Citizens of the City of Calistoga

We hereby submit the Comprehensive Annual Financial Report of the City of Calistoga for the fiscal year ended June 30, 2012. The fiscal year covers financial transactions from July 1, 2011 to June 30, 2012 on a modified or full accrual basis, depending on the fund type. The City follows a policy of preparing a complete set of financial statements in conformity with accounting principles generally accepted in the United States of America after the end of each fiscal year. An independent licensed certified public accounting firm audits these financial statements.

City management assumes full responsibility for the completeness and reliability of all of the information presented in this report. We have established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to provide sufficient reliable information for the City of Calistoga's financial statements in conformity with U.S. generally accepted accounting principles. The cost of internal controls should not outweigh their benefits and the internal controls have been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Auditor's Report Summary

Terry E. Krieg CPA, a licensed certified public accounting firm, has audited the City of Calistoga's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Calistoga for the fiscal year ended June 30, 2012, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting 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. Mr. Krieg has concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Calistoga's financial statements for the fiscal year ended June 30, 2012 are fairly presented in conformity with U.S. generally accepted accounting principles. The independent auditor's report is presented as the first component of the financial section of this report.

Comprehensive Annual Financial Report (CAFR)

This CAFR contains financial information and data using the new financial reporting format established for governments by the Governmental Accounting Standards Board (GASB). The GASB sets accounting and financial reporting standards for governments in the United States of America. The financial reporting standards require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Calistoga's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE CITY AND ITS OPERATIONS

The City of Calistoga was incorporated in 1886 as a general law city in the County of Napa, State of California. The City is established as a Council-Manager form of local government and governed by an elected Mayor and a four member City Council. The Council is responsible, among other matters, for passing ordinances, adopting the City budget, appointing committees, and hiring the City Manager and City Attorney. The Council is elected on a non-partisan basis. Council members serve four year staggered terms, with two members elected every two years. The Mayor is elected to serve a two-year term.

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

The City of Calistoga provides a full range of services including police and fire protection, planning and building inspections, parks and recreation facilities and services, construction and maintenance of streets, public buildings and other infrastructure facilities, cemetery, water production and distribution, and wastewater collection and treatment. The City Council also exercises oversight of Calistoga Public Facilities Corporation; a non-profit public benefit corporation for the financing of City facilities and equipment, and this component unit is included in the City's financial statements as part of the primary governmental reporting entity.

The City of Calistoga is located about 75 miles north of San Francisco in the northern part of Napa County. The City is approximately 2.6 square miles with an estimated population of 5,258 as of January 1, 2010. However, an additional surrounding population of 2,000 to 3,000 is considered part of the greater Calistoga community. The 2010 US Census reflects an ethnic diversity with 49% of the population white, 49% Hispanic and 2% other non-white. The median age is 38.2 years and almost 25% of the population is over 60 years. The median income is \$50,128 with an estimated 30% employed in management, professional or related occupations, 31% in services, 13.5% in sales or office and 25.5% in other occupations. An estimated 85% have a high school education and 29% have a bachelor's degree or higher. Of the 2,295 housing units an estimated 24% are mobile homes. The City has a diverse population with income, housing and employment reflecting a tourist, wine producing and retirement community.

The Napa Valley is considered to be one of the world's premier grape growing and wine producing regions and draws thousands of tourists each year to the area. Samuel Brannan, a California pioneer and entrepreneur, founded the Calistoga community in 1860's, as a tourist health resort with the natural geothermal water in the area. The City's primary economic base is still tourism. The vineyards and commercial wineries, fine shops, cafes and restaurants, world famous mineral hot springs and tourist accommodations featuring mud baths and spa treatments and scenic valley mountains, all combine to make the City of Calistoga a place to visit for tourists from around the world. The mild climate and beauty of the area has also drawn retirees to three large mobile home parks in the City.

DISCUSSION OF FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the CAFR is perhaps best understood when it is considered in relationship to the City's specific environment and the City's plans for the future.

Local Economy

As discussed previously, the City of Calistoga's local economy is primarily from the wine producing, agriculture, tourism and health services. The City has a stable assessed valuation base that provides growing property tax revenue. The taxable sales base is primarily centered on restaurants and other tourist related products. The 42 lodging facilities range from small bed and breakfasts inns to large resorts with geothermal spas and other health treatments. These lodging facilities generate the largest single source of annual revenue to the City from Transient Occupancy tax.

About 75% of the City's general fund revenues come from the local transient occupancy tax, sales tax, and property taxes.

Budget

The City's budget serves as the base for the City's financial planning and control systems. The fiscal year annual budget is reviewed and updated by City Council resolution each year. All departments of the City submit budget updates and requests to the City Manager each spring for the following fiscal year. The Manager uses this information to update the previously adopted budget and develop the proposed budget. The Manager presents updates and the proposed budget to the City Council in May or June of each year. The Council holds public hearings on the updates and proposed budget and then adopts an annual budget resolution. The budget is adopted by fund at the department and project levels. The Council periodically reviews during the fiscal year the City's actual financial activity in relationship to the original budget, and as necessary amends the original budget to reflect changing conditions.

Budget to actual comparisons are provided in this report for each governmental fund for which an appropriated annual budget has been adopted. The general fund's comparison, a major fund under the new reporting standards, is presented as required supplementary information in a separate section of this report immediately following the notes to the financial statements. For the City's other governmental-type funds a budget to actual comparison schedule is presented as optional information in the section of this report containing combining financial statements and individual fund schedules,

Long-Term Financial Planning

The City, in fiscal 2013, expects the local economy to continue to strengthen from the previous downturn in the State and National economies. It is expected that there will be nominal revenue growth from transient occupancy and sales taxes. Potential planned improvements and rehabilitation of existing lodging facilities and the addition of new facilities will likely begin to materialize in fiscal year 2014. Property taxes will continue to be flat in 2013. The City has a very stable property valuation base due to the growth management program and the nature of the community housing stock and ownership. However, even with the economic cautions, a conservative projection of slight growth in the primary General Fund revenue sources should be sufficient to fund the projected growth in general municipal operations.

The City's general fund has suffered recurring net decreases in its net assets over the last three fiscal years. The City has taken on major capital asset improvement related costs and long-term financings. Public contributions, government grants have financed most of these capital related costs. General fund spending has exceeded general fund revenues and other inflows over the past three years.

For fiscal year ending in June 2012 the City took measures to reduce expenditures through reorganization of departments and through concessions eliminated several positions and required employees to pay a portion of their benefit package. Through the reduction the City's general fund ended June 2012 with a fund balance of about \$1.0 million as compared to \$.017 million in June 2011. Of the \$1.0 million approximately \$.3 million is non-spendable. The remaining \$.6 million is available for spending in fiscal year 2013. The General Fund ended with zero cash at June 30, 2012 and management with the direction from City Council is looking for additional avenues to bring in more revenues and reduce expenditures.

Water and Wastewater rates studies were adopted in Fall 2010 and on January 1, 2011, the first of five years of rate increases were applied. These increases were based on conservative assumptions of costs, usage and development. The Water working capital projections ranged from 6% to 33% of operating revenues due to usage reductions and costs to complete a major water tank improvement project. The Wastewater working capital started in a deficit position primarily due to several prior years of operating costs increases and usage reductions. The Wastewater study projected a positive working capital of 20% of operating revenues in FY 12-13 due to conservative development projections.

Due to the need for significant improvements in both the Water and Wastewater systems to maintain the systems existing and expanded capacity for past and projected development, the debt burden for both systems ranges from 27% to 33% of operating costs. The connection fees for new development were significantly increased in 2004 to fund costs relating to the expanded capacity that benefits new development. There is a significant reliance on development to provide one time revenues to fund portions of debt service payments and retire outstanding debt early.

Even the conservative projections of development in the 2010 rate studied have not occurred primarily due to the economic conditions beyond the City's control. For fiscal year 2012 the City had an operating income loss of \$.7 million for the enterprise funds. However, several major projects have been approved or are in the approval process and are likely to develop over the next 24 to 36 months. The City is hopeful these projects will bear some of the enterprise operating expenses and relieve the general fund from subsidizing the enterprise funds.

The City will complete a comprehensive review of the adopted Water and Wastewater rate studies to determine why the various assumptions in the rate studies have not generated the working capital projected.

The City will need to develop a comprehensive capital improvement plan (CIP) that identifies needed public improvements to support the community needs and projected growth identified in the adopted General Plan. To fund current and future capital improvements, the City will need to develop additional funding sources from grants, long term debt financing and development impact fees.

Impact of the State Budget Crisis

A significant uncertainty for California local governments at this time is the ongoing state budget deficit and the impacts it may have on our local revenue sources. The City's 2012-13 budget was developed with the assumption there would be no new takeaways. As the State continues to make efforts to balance the budget staff will closely monitor any possible impacts to the City.

Staff Contributions

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance and other departments. We would like to express our appreciation to all members of the departments who assisted and contributed to the preparation of this report. Credit must also be given to the City Council and the Management staff for their continued support for maintaining the highest standards of professionalism in the management of the City of Calistoga's financial affairs.

Respectfully submitted,



Richard Spitler
City Manager



Gloria Leon
Administrative Services Director/City Treasurer

CITY OF CALISTOGA, CALIFORNIA
PRINCIPAL CITY OFFICIALS
AS OF JUNE 30, 2012

Elected Officials

City Council

Jack Gingles
Michael Dunsford
Gary Kraus
Chris Canning
Karen Slusser

Mayor
Vice Mayor
Councilmember
Councilmember
Councilmember

Appointed Officials

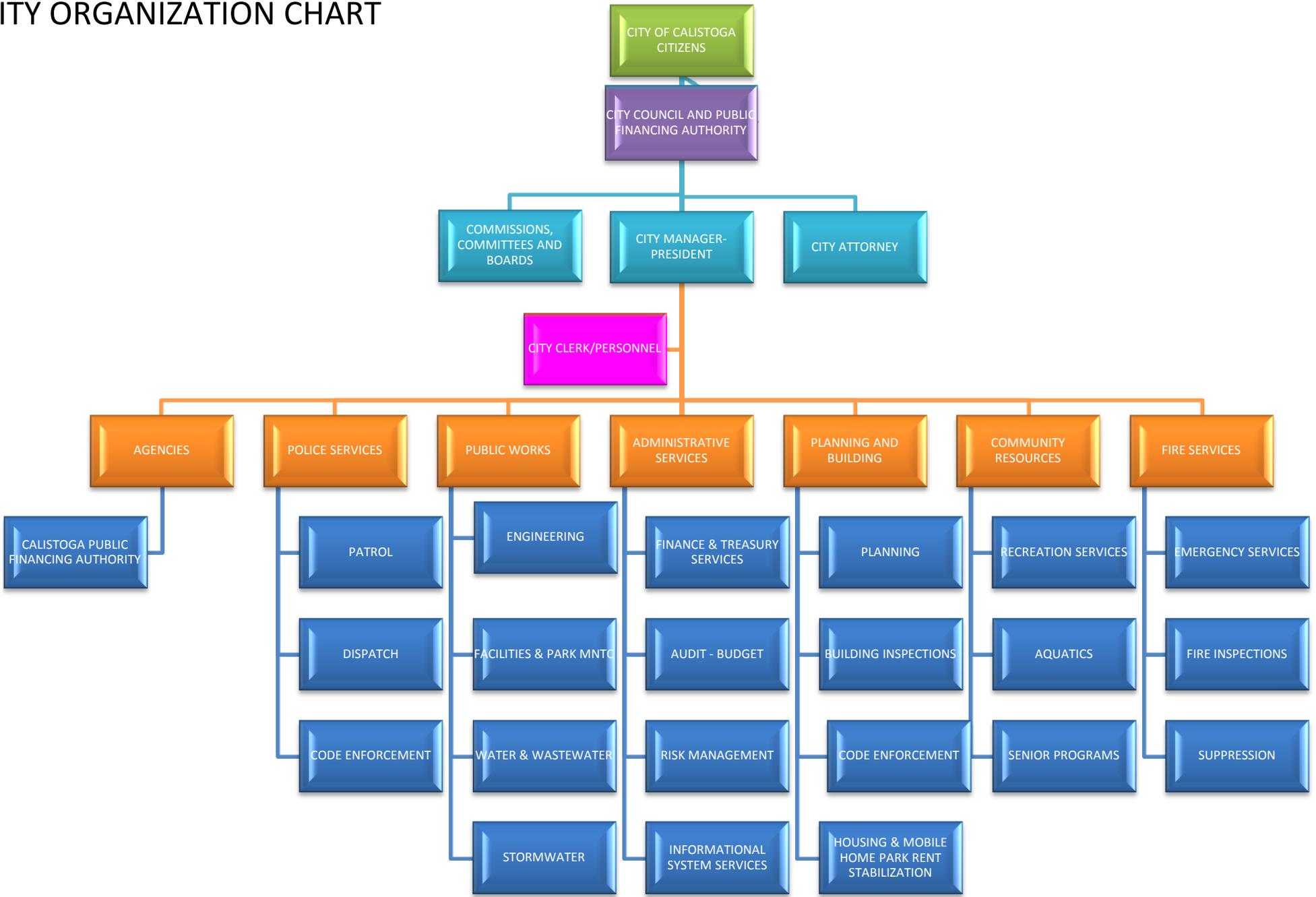
City Management Staff

Richard Spitler
Michelle Marchetta Kenyon
Jonathan Mills
Ken McNab
Steve Campbell
Amanda Davis
Gloria Leon
Daniel Takasugi, P.E.

City Manager/City Clerk
City Attorney
Police Chief
Planning & Building Manager
Fire Chief
Deputy City Clerk
Administrative Services Director/City Treasurer
City Engineer & Public Works Director

FISCAL YEAR 2011/12

CITY ORGANIZATION CHART



FINANCIAL SECTION

MANAGEMENT'S DISCUSSION AND ANALYSIS, BASIC FINANCIAL STATEMENTS, AND NOTES TO THE FINANCIAL STATEMENT





Terry E. Krieg, CPA

Certified Public Accountant

Independent Auditor's Report

Honorable Mayor and Members
of the City Council
City of Calistoga
Calistoga, California

I 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 Calistoga, California, as of and for the year ended June 30, 2012 which collectively comprise the City's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the City of Calistoga's management. My responsibility is to express opinions on these financial statements based on my audit.

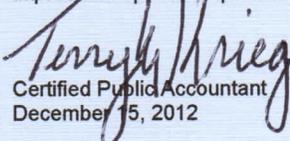
I conducted my audit in accordance with auditing standards generally accepted in United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

In my 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 Calistoga, California, as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued my report dated, December 15, 2012, on my consideration of the City of Calistoga's internal control over financial reporting and on my 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 my 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 and should be considered in assessing the results of my audit.

Accounting principles generally accepted in the United States of America require that the Management Discussion and Analysis, Budgetary Comparison Information, and Schedule of Funding Progress on pages 2 through 11 and pages 44 through 48 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express or provide any assurance.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Calistoga's basic financial statements. The accompanying combining nonmajor fund financial statements, individual fund schedules, and schedules of capital assets are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The combining nonmajor fund financial statements, individual fund schedules, and schedules of capital assets have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the combining nonmajor fund financial statements, individual fund schedules, and schedules of capital assets is fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, I do not express an opinion or provide any assurance on them.


Certified Public Accountant
December 15, 2012

This section of the *City of Calistoga's* annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year that ended on June 30, 2012. Please read it in conjunction with the City's accompanying transmittal letter, the basic financial statements and the accompanying notes to these financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The City's fiscal 2012 total net assets increased by about \$2.1 million over fiscal year 2011 after conducting all City operations. There is an overall surplus of \$.9 million (the unrestricted net assets) available to meet the City's ongoing obligations and operating expenses for the next fiscal year.
- As of June 30, 2012, the assets of the City's Governmental Activities exceeded its liabilities at the close of the fiscal year by \$15.6 million (net assets). Of that amount \$9.1 million was invested in capital assets net of related debt. Restricted funds account for \$5.6 million for capital projects, public safety, streets and housing. Unrestricted net assets are about \$.9 million.
- Overall City-wide revenues from all governmental and business-type activities increased by \$1.9 million compared to the 2011 fiscal year for a 2012 total of \$15.2 million. Charges for Services increased by \$.4 million; Transient occupancy taxes rose by \$.4 million from prior year and property, sales and other taxes remained flat from the prior year. Business-type activity revenues from grants and contributions increased by \$2.1 million from the prior year. The additional funding came from Measure A to fund mainly the Mount Washington Tank Capital Project.
- The City's total expense of all programs in fiscal 2012 decreased by \$.7 million compared to 2011 due to employee concessions, employees paying a portion of employee benefits, employee layoffs and restructuring of departments.
- The General Fund reported a year end fund balance of \$1.0 million at the end of the 2012 year. Of this amount \$.3 million is non-spendable. In addition the General Fund had a zero cash balance at the end of the fiscal year.
- The City business-type water and wastewater enterprise funds ended the 2012 fiscal year with net assets of \$ 15.1 million, most of which is invested in the water and wastewater facilities and systems (net of related debt).
- The City business-type water and wastewater enterprise funds ended the fiscal 2012 year with an Operating Income Loss of \$.7 million and cash flows were insufficient to meet debt service principal and interest payments and debt ratio coverage.
- The City's other non-major governmental funds ended 2012 with \$ 1.1 million available for special purposes; primarily capital, housing, and other special purposes.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of five parts – a *management's discussion and analysis* (this section), the *basic financial statements*, *required supplementary information*, an optional section that presents *combining statements* for nonmajor governmental funds and budget to actual comparison statements and a *statistical* section. The basic financial statements include two kinds of statements that present different views of the City:

- The first two statements are *government-wide financial statements* that provide both long-term and short-term information about the City's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements.
 - The *governmental funds* statements tell how *general government* services like public safety, general government, community services, public works and other services were financed in the *short term* as well as what remains for future spending.
 - *Proprietary fund* statements offer *short-* and *long-term* financial information about the activities the government operates *like businesses*, such as the City's water and wastewater systems.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. In addition to these required elements, we have included a section with combining statements that provide details about our non-major funds, each of which are added together and presented in single columns in the basic financial statements. Also included are optional budgetary comparison statements for the City's non-major governmental funds.

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

**Figure A-1
Major Features of City of Calistoga
Government-Wide and Fund Financial Statements**

	Fund Statements		
	Government-Wide Statements	Governmental Funds	Proprietary Funds
Scope	Entire City government	The activities of the City that are not proprietary or fiduciary, such as police, fire, streets, general government, and community services	Activities the City operates similar to private businesses: the water and wastewater systems
Required financial statements	> Statement of net assets > Statement of activities	> Balance sheet > Statement of revenues, expenditures, and changes in fund balances	> Statement of net assets > Statement of revenues, expenses, and changes in net assets > Statement of cash flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

Government-wide Statements

The government-wide statements present the total financial picture of the City and provide readers with a broad view of the City's finances using accounting methods similar to those used by private-sector companies. The statement of net assets includes *the entire* City's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

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

The government-wide financial statements of the City are reported in two categories:

- *Governmental activities* – All of the City's basic services are included here, such as general government, police, fire, streets, public works, and community services. Property taxes, sales taxes, transient occupancy taxes, special and other taxes, user charges and fees and state, local and federal grants finance these activities.
- *Business-Type activities* - The City charges fees to customers to help cover the costs of certain services. The City's water and wastewater enterprises are reported here.

Fund Financial Statements

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

- The City's major governmental funds, the General Fund, HOME Grant Fund, CDBG Open Grant and Capital Lease Projects Funds are reported in separate columns and all other non-major governmental funds are aggregated in a single column. The City's water and wastewater funds are reported separately each as a major fund.
- The City Council establishes other funds to control and manage money for particular purposes (such as restricted donations). Some funds are maintained to demonstrate that the City is properly using certain specific fees for their intended purpose (such as landscape maintenance fees).
- Other funds are maintained for similar purposes but in addition demonstrate the City's ability to repay its long-term debt obligations, such as capital lease obligations

The City has two kinds of funds:

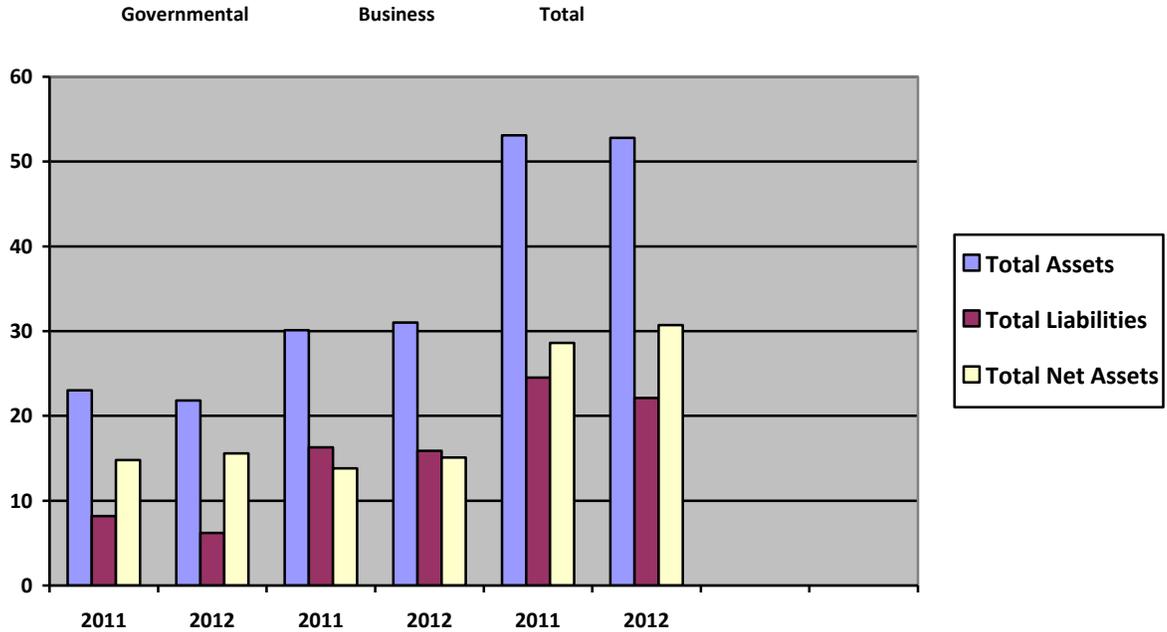
- *Governmental funds* – The City's basic services are included in governmental funds, which focus on (1) *how cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term view* that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them.
- *Proprietary funds* - The City maintains two different types of proprietary funds. Enterprise *funds* are used to report the same functions reported as business-type activities in the government-wide financial statements; the City's water and wastewater operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City of Calistoga's various functions. The City uses an internal service fund to account for its fleet of vehicles and equipment. Because these services predominately benefit governmental rather than business-type functions, they have been included within the governmental activities in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide statements, only in more detail. The proprietary fund statements provide separate information for the City's water and wastewater operations, both of which are considered to be major funds of the City. The internal service funds are presented in a separate column alongside the totals for the City's proprietary enterprise funds.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Assets. The City's combined net assets increased by \$2.1 million between fiscal years 2011 and 2012 to \$ 30.7 million.

**City of Calistoga's Net Assets
(In millions of dollars)**



**Table A-1
City of Calistoga Net Assets
(in millions of dollars)**

	Governmental Activities		Business-type Activities		Fiscal Year Totals		Total Percentage Change 2011 to 2012
	2012	2011	2012	2011	2012	2011	
		\$					
Current and other assets	\$ 8.0	8.7	\$ 1.3	1.3	9.3	10.0	-7.0%
Capital assets	13.8	14.3	29.7	28.8	43.5	43.1	.9%
Total assets	21.8	23.0	31.0	30.1	52.8	53.1	-6%
Long-term debt outstanding	4.7	5.1	14.2	14.9	18.9	20.0	-5.5%
Other liabilities	1.5	3.1	1.7	1.4	3.2	4.5	-28.9%
Total liabilities	6.2	8.2	15.9	16.3	22.1	24.5	-9.8%
Net assets							
Invested in capital assets	9.1	9.1	15.1	13.6	24.2	22.7	6.6%
Restricted	5.6	6.3	-	-	5.6	6.3	-10.5%
Unrestricted	.9	(.6)	-	.2	.9	(.4)	326.5%
Total net assets	\$ 15.6	14.8	15.1	13.8	30.7	28.6	7.5%

MANAGEMENT'S DISCUSSION AND ANALYSIS

Changes in net assets. The City's 2012 total revenues of \$15.2 million were \$1.9 million more than in 2011, a 14% increase. This increase was the result of additional charges for services of \$.4 million; \$1.1 million in additional grants and contributions and \$.4 million in Transient Occupancy Tax. During fiscal year 2012 approximately 42% of the City's total revenue came from various taxes including property, sales, transient occupancy, and 3% from other taxes as opposed to a total of 48% in 2011. Transient Occupancy Taxes saw an increase of \$.4 million or 10%; property taxes a decrease of 3.0% due to reassessment of properties and sales tax went up by 21% from the prior year. The remainder of revenues came from fees charged for services, state/local/federal grants and contributions. The total cost of all programs and services in 2012 was \$13.1 million and includes a wide range of services such as police and fire protection, streets, public works, general administration, community services, water, and wastewater operations. (See Table A-2).

	Governmental Activities		Business-type Activities		Fiscal Year Totals		Total Percentage Change
	2012	2011	2012	2011	2012	2011	2011 to 2012
Revenues							
Program revenues							
Charges for services	\$ 1.1	\$ 1.0	4.4	\$ 4.1	5.5	5.1	7.3%
Grants and contributions	0.3	1.4	2.6	0.5	3.0	1.9	55.8%
General revenues							
Transient occupancy taxes	3.8	3.4	-	-	3.8	3.4	10.9%
Property, Sales and other taxes	2.9	2.9	-	-	2.9	2.9	0.0%
Other	-	-	-	-	-	-	
Total revenues	8.2	8.7	7.0	4.6	15.2	13.3	14.0%
Expenses							
General government	1.7	1.9	-	-	1.7	1.9	-12.1%
Public safety	3.0	3.2	-	-	3.0	3.2	-5.9%
Community services	0.5	0.4	-	-	0.5	0.4	22.5%
Housing	0.1	0.1	-	-	0.1	0.1	0.0%
Recreation services	0.4	0.6	-	-	0.4	0.6	-35.0%
Public works	1.1	1.1	-	-	1.1	1.1	0.0%
Planning & Building	0.4	0.6	-	-	0.4	0.6	-31.7%
Water		-	3.0	3.1	3.0	3.1	-2.3%
Wastewater		-	2.6	2.7	2.6	2.7	-3.3%
Other	0.3	0.3	-	-	0.3	0.3	0.0%
Total expenses	7.5	8.2	5.6	5.8	13.1	14.0	-6.5%
Excess (deficiency) before transfers and Special Items	0.7	0.5	1.4	(1.2)	2.1	(0.7)	395.7%
Transfers	-	(0.8)	-	0.8	-	-	0.0%
Increase(decrease) in net assets	0.7	(0.3)	1.4	(0.4)	2.1	(0.7)	395.7%
**Net assets, beginning	14.9	15.2	13.8	14.2	28.7	29.3	-2.0%
**Net assets, ending	\$15.6	\$14.9	\$15.2	\$13.8	\$30.8	\$28.6	7.6%
**Due to Rounding Figures are not exact							

Governmental and Business-Type Activities

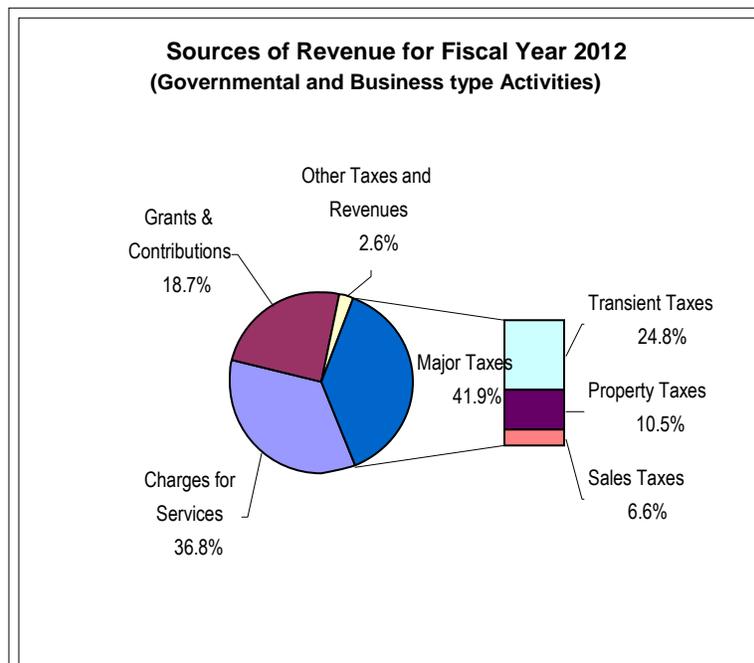
Revenues from all governmental type activities in fiscal year 2012 decreased by \$.5 million to \$8.2 million compared to \$ 8.7 million in 2011. In 2012 the City received \$1.1 million less in grants than in 2011. In 2011 the City received grants for drainage improvements and the fire station retrofit. The City's Transient Occupancy tax revenue partially made up for the decrease in grants by having an increase of \$.4 million reflecting consumer confidence in tourism activity during the fiscal year.

The City also received an increase of 21% or \$.02 million in sales tax allocations as compared to Fiscal Year 2011 reflecting increased activity in restaurants, wine tasting rooms, and retail shops.

As the graph below shows, the City's primary sources of revenue come from charges for services and tax revenues. About 79% of all City revenues are from taxes, water sales, wastewater fees, and local charges for services.

When all operations were concluded, the governmental activities function reported a change of \$.7 million in net assets for fiscal 2012 as compared to a negative \$.4 million in fiscal year 2011. When compared to fiscal year 2011 overall expenses for fiscal year 2012 were \$.7 million less. This was due to employee concessions, restructuring of departments and employees bearing some of the benefit package costs provided to employees.

Net assets of business type-activities increased \$1.4 million year due to \$.3 million increase in charges for services; \$2.1 million available in capital grants and contributions which includes Measure A funds for the Mount Washington Capital Project received in 2012; and a decrease of \$.2 million expenditures attributable to employee concessions.



MANAGEMENT'S DISCUSSION AND ANALYSIS

The majority of the City's operating expenses are incurred to provide public safety, water and wastewater services. These three programs account for 66 % of the City's total operating expenses in fiscal 2012.

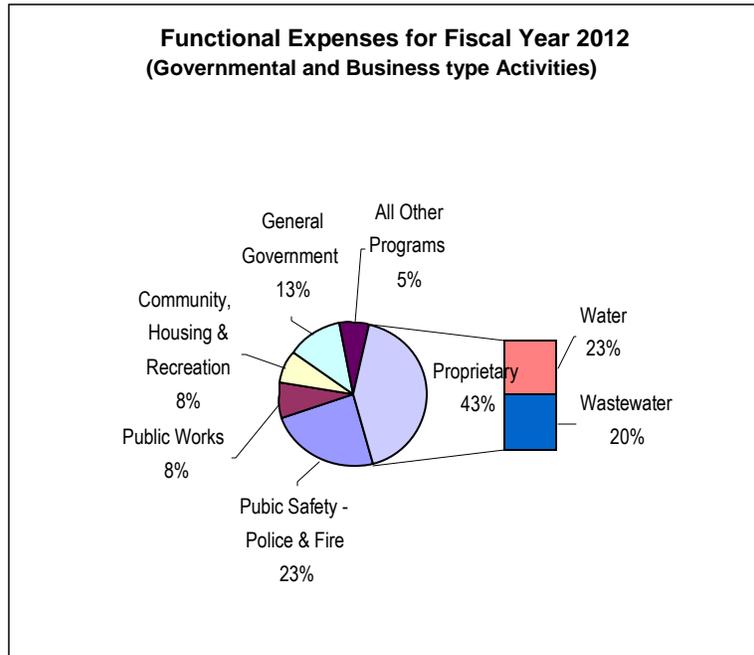


Table A-3 presents the cost of each of the City's five largest programs – public safety, public works, general administration, water and wastewater. The cost of all programs this year was \$ 13.1 million, compared to \$ 13.9 million in fiscal 2011; approximately 5.8% decrease for the year. Decrease was due primarily to employee concessions.

**Table A-3
Cost of City of Calistoga Programs
(in millions of dollars)**

	Total Cost of Services		Total Percentage Change
	2012	2011	2011 to 2012
Public Safety	\$ 3.0	\$ 3.2	-5.9%
General Government	1.7	1.8	-7.2%
Public Works	1.1	1.1	0.0%
Water	3.0	3.1	-2.3%
Wastewater	2.6	2.7	-3.3%
All other	1.7	2.0	-15.5%
Total	13.1	13.9	-5.8%

Governmental Activities

Users and contributors funded \$ 1.4 million of the \$ 7.5 million in costs of city's governmental activity programs leaving the City general revenues to fund the other \$ 6.1 million. General revenues were sufficient to pay for these services. The expense of governmental services was absorbed by:

- Those who directly benefited from or used the programs (about \$ 1.1 million), and
- Other governments and organizations that subsidized certain programs with grants and contributions (approximately \$.3 million).

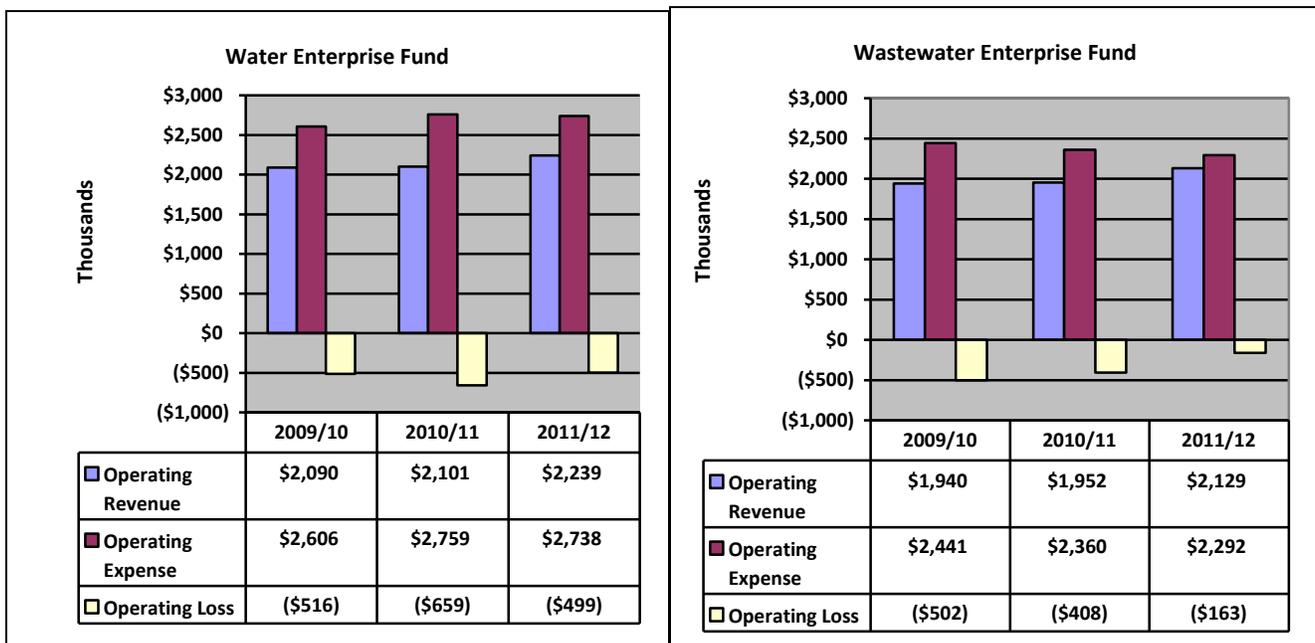
The City ended the fiscal year with a change in net assets of \$.7 million in the governmental activities.

Business-Type Activities

The City's business-type activities (water and wastewater) had a change in net assets of \$1.4 million during the fiscal year. Total revenue for the business-type activities was \$7.0 million comprised of \$2.6 million in capital grants and contributions and \$4.4 in charges for services. This reflects an increase of \$2.5 million, with an additional \$2.1 million in capital grants representing the reimbursement agreement between the City and the Napa County Flood Control Water Conservation District for the Mount Washington capital project and \$.3 million in charges for services due to an increase in rates charged to customers.

Total expenses for the year were \$5.6 million, a decrease of \$.1 million or 2%, from the prior year. Decreases were primarily due to employee concessions.

Three Year Operating Revenue & Expense History for Business-Type Activities



Business-type activities should generate enough revenue to cover the cost of operations and capital needs, however in past years the City has transferred general government revenue to the water and wastewater enterprise funds to subsidize the rates. The operating expenses and capital costs of the business enterprises are continuing to rise, primarily due to state regulations and the increases to the cost to purchase our water supply.

Recognizing the action needed to be taken to ensure the fiscal sustainability of the utility enterprises, the City Council, upon review of a comprehensive rate study and business plan, conducted a public hearing and approved a five year water and wastewater rate schedule on October 19, 2010. The rate schedule was established to phase in the rate increases necessary to eliminate the utility enterprises operating deficits. The first of five annual rate increases was effective November 1, 2010, with subsequent increases effective January 1 each year thereafter.

The Wastewater working capital started in a deficit position primarily due to several prior years of operating costs increases and usage reductions. The Wastewater study projected a positive working capital of 20% of operating revenues in FY 12-13 due to conservative development projections.

The City will complete a comprehensive review of the adopted Water and Wastewater rates to determine why the assumptions in the studies have not generated the working capital projected.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed the year, its governmental funds reported a combined fund balance of \$2.4 million which is \$.9 million more than was reported at the end of fiscal year 2011. Though the General Fund had a decrease of \$.5 million in revenues as compared to 2011 the costs of the City's General Fund operations were \$1.4 million less than General Fund revenues. After transfers in and out, the General Fund reported a net \$.9 million increase in fund balance. This was primarily due to a combination of employee concessions, employees paying a portion of their benefits, employee layoffs and restructuring of departments.

The City's general fund has suffered recurring net decreases in net assets over the last three fiscal years. The City has taken on major capital asset improvement related costs and long-term financings, public contributions and government grants have financed most of these capital related costs. Cost containment measures were put in place for fiscal year 2012 and the General fund revenues exceeded general fund expenditures enabling the City to be in a better position for fiscal year 2013.

At year end, the City's General Fund had a fund balance of \$.9 million. Of that amount \$.3 million is non-spendable which means the City starts the new fiscal year of 2013 with \$.6 million an increase of \$.7 million from fiscal year 2011. At the beginning of the fiscal year the City borrowed \$1.5 million under a Tax and Revenue Anticipation Note to address cash flow management during the course of the year. The Note was repaid at the end of June 2012. However, the City's General fund at June 30, 2012 had zero cash available.

The General fund had a transfer out of \$.7 million to cover debt service lease payments.

The City's other major and nonmajor governmental funds ended the 2012 fiscal year with a combined fund balance of \$1.5 million which is to be used only for certain specific future purposes.

General Fund Budgetary Highlights

Over the course of the year, the City Council made various revisions to the City budget. The budget amendments fall into two categories: changes made during the year for unanticipated appropriations and at the year end review for adjustments in revenues and costs and increases in appropriations to better reflect operations and improvements during the year.

Excluding budgeted transfers in Fiscal 2012 General Fund revenues came in at about \$.3 million more than the revised budget as a result of stronger transient occupancy tax and sales tax. Actual General Fund expenditures were \$.9 million less than the final budget mainly because amounts budgeted for 2012 capital outlay (construction contract costs) were actually reported in the fiscal 2011 year and the budget was not amended for this timing difference. If capital outlay spending variances are excluded, then overall General Fund total spending for fiscal 2012 came in about \$.1 million less than the final

MANAGEMENT'S DISCUSSION AND ANALYSIS

amended budget. The primary changes in the expenditure budget were for repayment of the tax and revenue anticipation note and non-departmental costs. The detailed budgetary comparison schedule for the general fund can be found on page 44 of this report.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2012, the City had invested \$ 43.4 million (net of accumulated depreciation) in a broad range of capital assets, including land, vehicles, equipment, the water system, wastewater system and other capital assets. (See Table A-4.) This amount represents a net increase (including additions and deductions) of about \$.3 million, or .7%, more than last year.

	Governmental Activities		Business-type Activities		Fiscal Year Totals		Total Percentage Change
	2012	2011	2012	2011	2012	2011	2011 to 2012
Land	\$2.0	\$2.0	\$2.8	\$2.8	\$ 4.8	\$ 4.8	0.0%
Construction in progress	0.3	0.4	2.5	0.6	2.8	1.0	180.0%
Buildings	2.1	2.2			2.1	2.2	-4.5%
Machinery and equipment	0.1	0.2			0.1	0.2	-50.0%
Internal service equipment	0.9	0.9			0.9	0.9	0.0%
Improvements	8.4	8.6			8.4	8.6	-2.3%
Water utility system			11.0	11.4	11.0	11.4	-3.5%
Wastewater system			13.3	14.0	13.3	14.0	-5.0%
Total	\$13.8	\$14.3	\$29.6	\$28.8	\$43.4	\$43.1	0.7%

This year's major capital assets additions included:

In fiscal 2012, the City had \$1.9 million in construction in progress costs that were capitalized for the water system. The expenditures were for the Mount Washington Water Tank Project and the Kimball Dam Project. These added costs were offset by about \$1.0 million in depreciation in the business-type activities which resulted in a net change of about \$.9 million in total capital costs for business type activities.

Long Term Debt

At the end of 2012, the City had \$ 20.4 million in long-term debt and capital lease obligations outstanding, which is a net decrease of \$2.2 million from the prior year. Of the \$ 20.4 million, approximately 73% relates to the City's business-type activities, mainly the water and wastewater systems, and the remaining 27% is applicable to governmental type financing activities.

In the business-type activities the City made all required payments of principal and interest on its obligations despite the City's strained financial conditions. Additional information about the City's long-term obligations can be found in Section F under the notes to the financial statements.

SHORT TERM NON CAPITAL BORROWING

The City in July 2011 borrowed \$1.4 million in the form of a Tax and Revenue Anticipation Note to assist with management of cash flow during the fiscal year. The City repaid the \$1.4 million at the end of June 2012.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

For the 2013 fiscal year, general fund revenue projections continue to be conservative and based on known changes in on going revenues from taxes and one time capital grants.

- Budget projections for the 2012/13 fiscal year are flat as compared to 2011/12 budget projections for a total of \$7.4 million. Transient Occupancy tax, property, tax and sales tax comprise 86 percent of the City's general fund revenue. Revenues have been projected conservatively due to uncertainty in the economy and concern regarding the state budget deficit and the impact it may have on local government. There are no other significant planned changes in tax rates or in other forms of revenue subject to adjustment by the City.
- The General Fund 2013 budgeted operating appropriations adopted are \$6.3 million and are approximately the same for the final 2012 appropriations of \$ 6.3 million.
- Water and Wastewater rates studies were adopted in Fall 2010 and on January 1, 2011, the first of five years of rate increases were applied. These increases were based on conservative assumptions of costs, usage and development. The Wastewater working capital started in a deficit position primarily due to several prior years of operating costs increases and usage reductions. The Wastewater study projected a positive working capital of 20% of operating revenues in FY 12-13 due to conservative development projections.
- There is a significant reliance on development to provide one time revenues to fund portions of debt service payments and retire outstanding debt early. Even the conservative projections of development in the 2010 rate studied have not occurred primarily due to the economic conditions beyond the City's control. However, several major projects have been approved or are in the approval process and are likely to develop over the next 24 to 36 months.
- The City will complete a comprehensive review of the adopted Water and Wastewater rate studies to determine why the various assumptions in the rate studies have not generated the working capital projected.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, please see the City WEB site at www.ci.calistoga.ca.us or contact the Administrative Services Director/City Treasurer (City of Calistoga, 1232 Washington Street, Calistoga, California 94515, 707-942-2800 or finance@ci.calistoga.ca.us).

CITY OF CALISTOGA
Statement of Net Assets
June 30, 2012

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,104,154	\$ 247,268	\$ 1,351,422
Net receivables	1,089,332	790,267	1,879,599
Prepayment	105,345	12,841	118,186
Inventory	7,298	-	7,298
Total current assets	<u>2,306,129</u>	<u>1,050,376</u>	<u>3,356,505</u>
Noncurrent assets:			
Restricted cash and cash equivalents	397,158	-	397,158
Internal balances	70,824	(70,824)	-
Receivables-long-term	5,247,655	51,967	5,299,622
Debt issuance costs	18,177	287,122	305,299
Net capital assets	13,793,265	29,686,811	43,480,076
Total noncurrent assets	<u>19,527,079</u>	<u>29,955,076</u>	<u>49,482,155</u>
Total assets	<u>\$ 21,833,208</u>	<u>\$ 31,005,452</u>	<u>\$ 52,838,660</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 186,861	\$ 363,997	\$ 550,858
Accrued liabilities	7,043	150,571	157,614
Compensated absences	182,812	78,831	261,643
Deposits	77,669	101,005	178,674
Accrued interest payable	100,869	196,709	297,578
Unearned revenues	-	114,322	114,322
Claims and settlements	31,798	-	31,798
Bonds, leases, agreements, notes and certificates due in one year	349,696	634,194	983,890
Total current liabilities	<u>936,748</u>	<u>1,639,629</u>	<u>2,576,377</u>
Noncurrent liabilities:			
Compensated absences	130,000	20,000	150,000
Net other post employment benefit obligation	458,922	-	458,922
Bonds, leases, agreements, notes and certificates due in more than one year	4,735,349	14,201,764	18,937,113
Total noncurrent liabilities	<u>5,324,271</u>	<u>14,221,764</u>	<u>19,546,035</u>
Total liabilities	<u>6,261,019</u>	<u>15,861,393</u>	<u>22,122,412</u>
NET ASSETS			
Invested in capital assets, net of related debt	9,123,554	15,137,975	24,261,529
Restricted for:			
Streets, recreation, capital projects	385,362	-	385,362
Public safety	132,025	-	132,025
Housing	5,022,191	-	5,022,191
Unrestricted	909,057	6,084	915,141
Total net assets	<u>15,572,189</u>	<u>15,144,059</u>	<u>30,716,248</u>
Total liabilities and net assets	<u>\$ 21,833,208</u>	<u>\$ 31,005,452</u>	<u>\$ 52,838,660</u>

See accompanying notes to the basic financial statements

CITY OF CALISTOGA
Balance Sheet
Governmental Funds
June 30, 2012

	General Fund	HOME Grant Fund	CDBG Open Grant Fund	Capital Lease Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments	\$ -	\$ 12,288	\$ -	\$ 397,158	\$ 980,910	\$ 1,390,356
Taxes receivable	940,339	-	-	-	-	940,339
Accounts receivable	42,359	-	-	-	12,765	55,124
Due from other governments	26,453	-	-	-	65,158	91,611
Accrued interest receivable	2,258	-	-	-	-	2,258
Advances to other funds	206,582	-	-	-	-	206,582
Prepayments	105,345	-	-	-	-	105,345
Notes receivable	-	3,219,674	1,250,586	-	777,395	5,247,655
Total assets	<u>\$ 1,323,336</u>	<u>\$ 3,231,962</u>	<u>\$ 1,250,586</u>	<u>\$ 397,158</u>	<u>\$ 1,836,228</u>	<u>\$ 8,039,270</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 151,669	\$ -	\$ -	\$ -	\$ 24,782	\$ 176,451
Accrued liabilities	7,043	-	-	-	-	7,043
Advances from other funds	135,758	-	-	-	-	135,758
Deposits	70,774	-	-	-	6,895	77,669
Deferred revenue	-	3,219,674	1,250,586	-	747,521	5,217,781
Total liabilities	<u>365,244</u>	<u>3,219,674</u>	<u>1,250,586</u>	<u>-</u>	<u>779,198</u>	<u>5,614,702</u>
Fund balances:						
Nonspendable	311,927	-	-	-	-	311,927
Restricted for capital improvements	-	-	-	397,158	-	397,158
Restricted for affordable housing	-	12,288	-	-	539,643	551,931
Restricted for streets	-	-	-	-	351,173	351,173
Restricted for facilities	-	-	-	-	32,037	32,037
Restricted for public safety	-	-	-	-	132,025	132,025
Restricted for parks	-	-	-	-	2,152	2,152
Unassigned	646,165	-	-	-	-	646,165
Total fund balances	<u>958,092</u>	<u>12,288</u>	<u>-</u>	<u>397,158</u>	<u>1,057,030</u>	<u>2,424,568</u>
Total liabilities and fund balances	<u>\$ 1,323,336</u>	<u>\$ 3,231,962</u>	<u>\$ 1,250,586</u>	<u>\$ 397,158</u>	<u>\$ 1,836,228</u>	<u>\$ 8,039,270</u>
Total Governmental Fund Balances						\$ 2,424,568
Amounts reported for governmental activities in the statement of net assets are different because:						
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds						12,926,861
Long-term receivables used in governmental activities are not current financial resources and are therefore deferred in the funds						5,217,781
The assets and liabilities of the internal service fund are included in the governmental activities in the statement of net assets						456,035
Liabilities for other post employment benefit (OPEB) obligations do not result in the use of current financial resources and are not reported in the funds						(458,922)
Some liabilities, including bonds, leases, compensated absences, and accrued interest are not due and payable in the current period and are therefore not reported in the funds						<u>(4,994,134)</u>
Net Assets of Governmental Activities						<u>\$ 15,572,189</u>

See accompanying notes to the basic financial statements

CITY OF CALISTOGA
Statements of Revenues, Expenditures, and
Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2012

	<u>General Fund</u>	<u>HOME Grant Fund</u>	<u>CDBG Open Grant Fund</u>	<u>Capital Lease Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES						
Property taxes	\$ 1,635,425	\$ -	\$ -	\$ -	\$ -	\$ 1,635,425
Sales taxes	965,528	-	-	-	-	965,528
Transient occupancy taxes	3,768,443	-	-	-	-	3,768,443
Other taxes	323,873	-	-	-	-	323,873
Licenses and permits	64,458	-	-	-	-	64,458
Fines and forfeits	55,989	-	-	-	-	55,989
Intergovernmental	27,007	-	-	-	311,858	338,865
Interest and rents	1,270	-	-	61	42,632	43,963
Charges for services	708,326	-	-	-	15,012	723,338
Miscellaneous	126,272	11,808	-	-	71,667	209,747
Total revenues	7,676,591	11,808	-	61	441,169	8,129,629
EXPENDITURES						
Current:						
General government	1,556,860	-	-	-	-	1,556,860
Public safety	2,861,556	-	-	-	33,465	2,895,021
Community services	305,753	-	-	-	-	305,753
Housing	-	-	-	-	124,195	124,195
Recreation services	215,479	-	-	-	4,975	220,454
Public works	850,386	-	-	-	94,859	945,245
Planning and building	395,207	-	-	-	-	395,207
Debt service:						
Principal	-	-	-	-	372,618	372,618
Interest	37,943	-	-	-	239,068	277,011
Capital outlay	99,771	-	-	1,000	-	100,771
Total expenditures	6,322,955	-	-	1,000	869,180	7,193,135
Excess (deficiency) of revenues over expenditures	1,353,636	11,808	-	(939)	(428,011)	936,494
OTHER FINANCING SOURCES (USES)						
Transfers in	288,736	-	-	-	637,124	925,860
Transfers out	(701,191)	-	(187)	-	(287,369)	(988,747)
Total other financing sources (uses)	(412,455)	-	(187)	-	349,755	(62,887)
Net change in fund balances	941,181	11,808	(187)	(939)	(78,256)	873,607
Fund balances, July 1	16,911	480	187	398,097	1,135,286	1,550,961
Fund balances, June 30	\$ 958,092	\$ 12,288	\$ -	\$ 397,158	\$ 1,057,030	\$ 2,424,568

See accompanying notes to the basic financial statements

CITY OF CALISTOGA
Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2012

Net Change in Fund Balances - Total Governmental Funds	<u>\$</u>	<u>873,607</u>
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures, however, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays \$88,719 exceed depreciation (\$515,302).		(426,583)
Repayments of long-term debt principal and claims are reported as expenditures in the governmental funds, but the repayments reduce liabilities in the statement of net assets		372,618
Debt issuance costs are reported as an outflow of resources in the funds but are amortized to expenses in the statement of activities		(1,136)
Accrued interest payable on long-term debt does not require the use of current financial resources and is not reported in the funds until due		5,340
Governmental funds report compensated absences when payments are made or are immediately due. However, in the statement of activities these costs are recorded when incurred.		31,737
Internal service funds are closed by charging additional amounts or reducing charges to participating governmental activities to completely cover the internal service fund's costs for the year		(2,472)
Increases in long-term claim liabilities do not require the use of current financial resources and are not reported in the funds		2,398
Increases in other post employment benefit obligations do not result in the use of current financial resources and are not reported in the funds		(171,227)
Long-term receivables are deferred in the funds until collected and available for use. In the statement of activities, revenues are recognized when the receivable is recorded and not when it is collected		<u>34,160</u>
Net differences		<u>(155,165)</u>
Change in Net Assets of Governmental Activities	<u>\$</u>	<u>718,442</u>

See accompanying notes to the basic financial statements

City of Calistoga
Statement of Net Assets
Proprietary Funds
June 30, 2012

	Enterprise Funds			Governmental Activities- Internal Service Fund
	Water	Wastewater	Totals	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 213,539	\$ 33,729	\$ 247,268	\$ 110,956
Receivables(net)	438,136	352,131	790,267	-
Inventory	-	-	-	7,298
Prepays	5,326	7,515	12,841	-
Internal balances	135,758	-	135,758	-
Total current assets	792,759	393,375	1,186,134	118,254
Noncurrent assets:				
Other assets:				
Notes receivable	12,532	39,435	51,967	-
Debt issuance costs	154,166	132,956	287,122	-
Total other noncurrent assets	166,698	172,391	339,089	-
Capital assets:				
Land	2,338,730	464,108	2,802,838	-
Equipment and vehicles	1,031,941	655,768	1,687,709	2,987,601
Distribution and collection systems	14,831,095	19,671,503	34,502,598	-
Water rights, net of amortization	1,163,704	-	1,163,704	-
Construction in progress	2,523,675	-	2,523,675	-
Less accumulated depreciation	(6,011,605)	(6,982,108)	(12,993,713)	(2,121,197)
Net capital assets	15,877,540	13,809,271	29,686,811	866,404
Total noncurrent assets	16,044,238	13,981,662	30,025,900	866,404
Total assets	\$ 16,836,997	\$ 14,375,037	\$ 31,212,034	\$ 984,658
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 231,791	\$ 132,206	\$ 363,997	\$ 10,409
Compensated absences	39,415	39,415	78,831	-
Deposits	33,275	67,730	101,005	-
Accrued interest	84,227	112,482	196,709	7,732
Accrued expenses	150,571	-	150,571	-
Deferred revenue	32,294	82,028	114,322	-
Agreements, loans, and certificates due in one year	255,000	379,194	634,194	93,942
Total current liabilities	826,573	813,055	1,639,629	112,083
Noncurrent liabilities:				
State revolving loan payable	-	3,440,362	3,440,362	-
Certificate of participation	1,892,556	1,841,500	3,734,056	-
Installment agreement	4,195,000	2,730,000	6,925,000	-
USDA Loan	102,346	-	102,346	-
Capital lease obligation	-	-	-	416,540
Advances from other funds	-	206,582	206,582	-
Compensated absences	10,000	10,000	20,000	-
Total noncurrent liabilities	6,199,902	8,228,444	14,428,346	416,540
Total liabilities	7,026,475	9,041,499	16,067,975	528,623
NET ASSETS				
Invested in capital assets, net of related debt	9,586,804	5,551,171	15,137,975	355,922
Unrestricted	223,717	(217,633)	6,084	100,113
Total net assets	\$ 9,810,521	\$ 5,333,538	\$ 15,144,059	\$ 456,035

See accompanying notes to the basic financial statements

CITY OF CALISTOGA
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2012

	Enterprise Funds			Governmental Activities Internal- Service Fund
	Water	Wastewater	Totals	
OPERATING REVENUES				
Sales of water	\$ 2,167,681	\$ -	\$ 2,167,681	\$ -
Service fees	-	2,071,088	2,071,088	213,522
Miscellaneous	71,256	58,282	129,538	10,471
Total operating revenues	<u>2,238,937</u>	<u>2,129,370</u>	<u>4,368,307</u>	<u>223,993</u>
OPERATING EXPENSES				
Maintenance and operations	1,469,395	733,955	2,203,350	205,983
Employee services	782,730	854,330	1,637,060	-
Interfund charges for services	82,500	82,500	165,000	-
Depreciation and amortization	403,603	621,503	1,025,106	98,409
Total operating expenses	<u>2,738,228</u>	<u>2,292,288</u>	<u>5,030,516</u>	<u>304,392</u>
Operating income (loss)	<u>(499,291)</u>	<u>(162,918)</u>	<u>(662,209)</u>	<u>(80,399)</u>
NON-OPERATING REVENUES (EXPENSES)				
Gain(Loss) on capital assets	-	-	-	24,188
Interest and investment revenue	5,030	4,019	9,049	104
Interest expense	(287,600)	(314,937)	(602,537)	(9,252)
Net nonoperating revenues (expenses)	<u>(282,570)</u>	<u>(310,918)</u>	<u>(593,488)</u>	<u>15,040</u>
Income (loss) before contributions and transfers	<u>(781,861)</u>	<u>(473,836)</u>	<u>(1,255,697)</u>	<u>(65,359)</u>
Contributions and transfers				
Transfers in	-	-	-	62,887
Capital contributions	2,550,317	69,984	2,620,301	-
Net contributions and transfers	<u>2,550,317</u>	<u>69,984</u>	<u>2,620,301</u>	<u>62,887</u>
Change in net assets	1,768,456	(403,852)	1,364,604	(2,472)
Total net assets, July 1	<u>8,042,065</u>	<u>5,737,390</u>	<u>13,779,455</u>	<u>458,507</u>
Total net assets, June 30	<u>\$ 9,810,521</u>	<u>\$ 5,333,538</u>	<u>\$ 15,144,059</u>	<u>\$ 456,035</u>

See accompanying notes to the basic financial statements

CITY OF CALISTOGA
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2012

	Enterprise Funds			Governmental Activities- Internal Service Fund
	Water	Wastewater	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 2,368,053	\$ 1,994,419	\$ 4,362,472	\$ -
Payments to suppliers	(1,370,701)	(690,481)	(2,061,182)	(200,231)
Cash received from other funds for services	-	-	-	213,522
Payments to other funds for services	(82,500)	(82,500)	(165,000)	-
Payments to employees for services	(783,102)	(854,702)	(1,637,804)	-
Other operating receipts	71,256	58,282	129,538	10,471
	<u>203,006</u>	<u>425,018</u>	<u>628,024</u>	<u>23,762</u>
Net cash provided by (used for) operating activities				
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Advances from other funds	(58,068)	206,582	148,514	-
Collections on long-term notes	(48,043)	48,975	932	-
Advances to other funds	(135,758)	-	(135,758)	3,000
Transfers in from other funds	-	-	-	62,887
	<u>(241,869)</u>	<u>255,557</u>	<u>13,688</u>	<u>65,887</u>
Net cash provided by noncapital financing activities				
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital contributions and grants	2,557,254	69,984	2,627,238	-
Draw down of USDA loan	95,411	-	95,411	-
Proceeds from sale of capital assets	-	-	-	24,188
Payments on long-term debt principal	(378,444)	(371,123)	(749,567)	(102,291)
Interest paid on long-term debt	(284,507)	(324,905)	(609,412)	(11,078)
Purchases of capital assets	(1,748,522)	(32,205)	(1,780,727)	(40,810)
	<u>241,192</u>	<u>(658,249)</u>	<u>(417,057)</u>	<u>(129,991)</u>
Net cash provided by (used for) capital and related financing activities				
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest receipts	5,030	4,019	9,049	104
	<u>5,030</u>	<u>4,019</u>	<u>9,049</u>	<u>104</u>
Net cash provided by investing activities				
Net increase (decrease) in cash and cash equivalents	207,359	26,345	233,704	(40,238)
Balances-beginning of the year	6,180	7,384	13,564	151,194
Balances-end of the year	<u>\$ 213,539</u>	<u>\$ 33,729</u>	<u>\$ 247,268</u>	<u>\$ 110,956</u>

See accompanying notes to the basic financial statements

CITY OF CALISTOGA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2012

Enterprise Funds

	Water	Wastewater	Totals	Governmental Activities- Internal Service Fund
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ (499,291)	\$ (162,918)	\$ (662,209)	\$ (80,399)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization expense	403,603	621,503	1,025,106	98,409
Change in assets and liabilities:				
Decrease(increase) in deposits	2,617	(6,313)	(3,696)	-
Decrease(increase) in accounts receivable	216,204	(10,970)	205,234	-
Increase(decrease) in other liabilities	(18,821)	(372)	(19,193)	-
Increase(decrease) in accounts payable	104,020	50,989	155,009	1,851
Increase(decrease) in deferred revenue	-	(59,386)	(59,386)	-
Decrease(increase) in prepayments	(5,326)	(7,515)	(12,841)	-
(Increase) decrease in inventory	-	-	-	3,901
	<u>\$ 203,006</u>	<u>\$ 425,018</u>	<u>\$ 628,024</u>	<u>\$ 23,762</u>
Net cash provided by (used for) operating activities	<u>\$ 203,006</u>	<u>\$ 425,018</u>	<u>\$ 628,024</u>	<u>\$ 23,762</u>

Noncash capital financing activities:

None:

See accompanying notes to the basic financial statements

City of Calistoga
Statement of Fiduciary Net Assets
June 30, 2012

	<u>Agency Fund</u>
ASSETS	
Cash and cash equivalents	\$ 21,164
Assessments receivable	<u>98,449</u>
Total assets	<u><u>\$ 119,613</u></u>
LIABILITIES	
Deposits payable to Tourism Business Improvement District	<u>\$ 119,613</u>
Total liabilities	<u><u>\$ 119,613</u></u>

See accompanying notes to the basic financial statements

CITY OF CALISTOGA
Notes to the Basic Financial Statements
June 30, 2012

1. Summary of Significant Accounting Policies

A. Reporting Entity

The City of Calistoga is a municipal corporation governed by an elected five-member City Council. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable.

The Calistoga Public Facilities Financing Corporation is a legally separate entity for which the City is financially accountable and it is governed by the elected City Council. The Corporation was formed to provide a method of financing public improvements. The financial activities of the Corporation are blended with those of the City and are reported in the City's governmental funds, and as capital assets of the City and debt obligations of the City.

B. Government-wide and Fund Financial Statements

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

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

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

CITY OF CALISTOGA
Notes to the Basic Financial Statements
June 30, 2012

Note 1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

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

The City reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The *HOME Grant and CDBG Open Grant Funds* accounts for resources used for various programs funded partially or entirely by federal grant monies. The *Capital Lease Projects Fund* is used to account for the proceeds from a commercial lease arrangement used to obtain financing for pool, public works, fire station, and other recreational facilities.

The City reports the following major proprietary funds:

The *water fund* accounts for the operations of the City's water treatment and distribution system. The *wastewater fund* accounts for the operation of the City's wastewater treatment plant and collection facilities.

Additionally, the City reports the following fund type:

The internal service fund is used to account for the City's general operating equipment and related services provided to other City departments, on a cost reimbursement basis.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise and internal service funds are charges to customers for sales and services. Operating expenses for the enterprise and internal service funds include the costs of sales and services, administration costs and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

CITY OF CALISTOGA
Notes to the Basic Financial Statements
June 30, 2012

Note 1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

The City is authorized by its most recent investment policy to invest in the State of California Local Agency Investment Fund, U.S. Treasury bonds, bills, and notes, obligations issued by US Government agencies, banker's acceptances, repurchase agreements, time deposits, savings and demand accounts. Additional types of investments including mutual and money market funds are also authorized by long-term debt financing agreements and indentures. The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short term investments with original maturities of three months or less from the date of acquisition.

Investments for the City are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

2. Receivables and Payables

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

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

Long-term notes receivable are reported as assets in the governmental funds despite their focus on current financial resources, but they are offset by deferred revenue amounts in the governmental funds until such a time that collections on the notes are realized by the funds.

All trade and property tax receivables are not shown net of an allowance for uncollectibles.

Property taxes are levied as of July 1 on property values assessed as of the prior January 1. State statutes provide that the property tax rate be limited generally to one percent of assessed value, be levied by only the County, and be shared by applicable jurisdictions. The County of Napa collects the taxes and distributes them to taxing jurisdictions on the basis of assessed valuations subject to voter-approved debt. Property taxes are due on November 1 and March 1, and become delinquent on December 10 and April 10. The City receives property taxes pursuant to an arrangement with the County known as the "Teeter Plan". Under the plan, the County assumes responsibility for the collection of delinquent taxes and pays the full allocation to the City. The City recognizes property tax revenues in the fiscal year in which they are due to the City.

3. Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when used or consumed.

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

CITY OF CALISTOGA
Notes to the Basic Financial Statements
June 30, 2012

Note 1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, and Net Assets or Equity (Continued)

4. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental-type or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$ 1,000 (\$50,000 for infrastructure type assets) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Under the GASB 34 Implementation Rules, the City is a Phase 3 entity and was not required to record infrastructure assets existing or acquired prior to July 1, 2003 at the date these new financial reporting standards were implemented; and the City has not recorded such assets. The costs of normal maintenance and repairs that do not add to the value of asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of the business-type activities is included as part of the capitalized value of the assets constructed.

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

<u>Assets</u>	<u>Years</u>
Buildings and improvements	50
Public domain infrastructure	50
System infrastructure-Utility	50
Vehicles and equipment	5 – 10

Intangible type assets such as water rights are amortized to expense over the estimated term of the contractual arrangement underlying such rights using a straight-line amortization periods of 20 and 50 years.

5. Compensated Absences and Other Post Employment Benefits

It is the government's policy to permit employees to accumulate earned but unused vacation. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The City accrues each year as a liability in the government-wide financial statements the amount of the difference, if any, between the actuarially determined annual required contribution (ARC) to its OPEB Plan and the amounts actually contributed by the City for each fiscal year.

CITY OF CALISTOGA
Notes to the Basic Financial Statements
June 30, 2012

Note 1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, and Net Assets or Equity (Continued)

6. Long-term Obligations

In the government-wide financial statements, and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net assets.

7. Fund Balances Governmental Funds

Fund balances for governmental funds are reported in classifications based primarily on the extent to which the city is bound to honor constraints about the specific purposes for which amounts in those funds can be spent. These classifications include (1) nonspendable, (2) restricted, (3) committed, (4) assigned and (5) unassigned amounts.

Nonspendable amounts generally are items not expected to be readily converted into cash such as inventories, prepaid items, and long-term receivables not offset by deferred revenue accounts. Restricted amounts include those where constraints placed on the uses of the resources are externally imposed by grantors, contributors, other governments or by laws and regulations. Committed amounts are those that can only be used for a specific purpose as determined by the City Council. Such committed amounts may be redeployed for other uses only by the direction of the City Council.

Assigned amounts are fund balance amounts constrained by the City's intent to be used for specific purposes as determined by the City Manager or City's Director of Administrative Services. Unassigned fund balance amounts are the residual amounts reported only in the general fund or funds having deficit balances.

The City Council by resolution established a policy that delegates to the City Manager or Director of Administrative Services the authority to establish, rescind or modify assigned amounts. Committed amounts may be established, modified, or rescinded by the adoption of a resolution of the City Council.

When expenditures are incurred for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, the City considers restricted amounts to have been spent first. When expenditures are incurred for which any class of unrestricted fund balance could be used, the City considers committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts.

8. Comparative Data

Comparative total data for the prior year have been presented in order to provide an understanding of the changes in net assets. Also, certain amounts presented in the prior year data have been reclassified to be consistent with the current years' presentation.

CITY OF CALISTOGA
Notes to the Basic Financial Statements
June 30, 2012

2. Reconciliation of Government-wide and Fund Financial Statements

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Assets

The governmental fund balance sheet includes reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statements of net assets. One element of that reconciliation explains that “capital assets are not financial resources and are not reported in the funds.” The details of this \$ 12,926,861 difference are as follows:

Capital assets	\$ 17,093,419
Less: Accumulated depreciation	<u>(4,166,558)</u>
Net adjustment to increase <i>fund balance – total governmental funds</i> to arrive at <i>net assets – governmental activities</i>	<u>\$ 12,926,861</u>

Another element of the reconciliation explains that "long-term liabilities" are not due and payable in the current period and are therefore not reported in the funds. The details of this \$ 4,994,134 difference are as follows:

Long-Term Debt Obligations and Related Interest:	
Accrued interest	\$ (93,137)
Capital lease obligations	(4,574,564)
Capitalized debt issuance costs	18,177
Claims	(31,798)
Compensated absences	<u>(312,812)</u>
Net adjustment to decrease fund balance total governmental Funds to arrive at net assets - governmental activities	<u>\$ (4,994,134)</u>

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$ 155,165 difference and other significant components of the difference are as follows:

Capital outlay; capitalized	\$ 88,719
Depreciation expense	(515,302)
Repayment of long-term debt principal	372,618
Internal service fund income	(2,472)
Other post employment benefit expense	(171,227)
Long-term loans made and deferred	34,160
Other items	<u>38,339</u>
Net adjustment to increase <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ (155,165)</u>

CITY OF CALISTOGA
Notes to the Basic Financial Statements
June 30, 2012

3. Stewardship, Compliance, and Accountability

A. Budgetary Information

Annual budgets are adopted on a basis of consistent with generally accepted accounting principles for all governmental funds and proprietary funds. Appropriations lapse at fiscal year end. The appropriated budget is prepared by fund, function and department. The City Manager may make transfers of appropriations within a department. Transfers between departments and other changes require City Council approval. The legal level of control is the department and fund level. The Council made supplemental appropriations during the fiscal year. Encumbrance accounting is not employed in governmental funds. The expenditures budgets exclusive of fund transfers were exceeded by the affordable housing fund by \$27,912, City hall donation fund by \$18,588, recreation donation by \$997 and tree mitigation fund by \$4,860. These over expenditures were funded by available resources.

4. Detailed Notes on All Funds

A. Deposits and Investments

Deposits and investments at June 30, 2012 consisted of the following:

Demand deposits: (Time deposits and book bank balances)	\$ 15,811
Pooled investments	1,416,631
Investments with trustees	<u>316,138</u>
Total deposits and investments	<u>\$ 1,748,580</u>

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's policy for deposits is that they will be made only in institutions in California, they shall be insured or collateralized with United States backed securities, and time certificates of deposit shall have a maturity of less than three years. At June 30, 2012, \$3,215 of the City's bank balances of \$ 253,215 was exposed to credit risk as follows:

Uninsured and collateral held by pledging banks agent But not in the City's name:	<u>\$ 3,215</u>
--	-----------------

Investments - At June 30, 2012, the City had the following investments.

Investment	Average Maturity	Fair Value
State Investment Pool (LAIF)	268 days	\$ 1,416,631
Goldman Sachs Fin SQ Government Fund	14 days	<u>316,138</u>
		<u>\$ 1,732,769</u>

Interest Rate Risk - As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits the City's investment portfolio to maturities of five years or less at the time of purchase as prescribed in the California Government Code.

Credit Risk - State law limits investments in various securities to certain level of risk ratings issued by nationally recognized statistical rating organizations. It is the City's policy to comply with State law as regards securities ratings. The City's investments in mutual funds was rated Aaa and the State Investment Pool is unrated.

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of a counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments in mutual funds and external investment pools are not subject to custodial credit risk because the City's investment is not evidenced by specific securities.

CITY OF CALISTOGA
Notes to the Basic Financial Statements
June 30, 2012

4. Detailed Notes on All Funds (Continued)

B. Receivables

Receivables as of year-end for the government's individual major and non-major funds in the aggregate, net of the applicable allowances for uncollectible accounts, are as follows

	General Fund	CDBG Open and HOME Grant	Nonmajor Funds & IS Fund	Total Governmental	Water	Wastewater
Accounts	\$ 42,359	\$ -	\$ 12,765	\$ 55,124	\$ 375,201	\$ 352,131
Taxes	940,339	-	-	940,339	-	-
Interest	2,258	-	-	2,258	-	-
Governments	26,453	-	65,158	91,611	62,935	-
Notes	-	4,470,260	777,395	5,247,655	12,532	39,435
Totals	\$ 1,011,409	\$4,470,260	\$ 855,318	\$ 6,336,987	\$ 450,668	\$ 391,566

The notes receivable of \$5,247,655 consists of housing rehabilitation loans of \$189,330 bearing interest at rates of 3 to 6 percent and repayable in monthly installments, other loans of \$588,065 including one loan for \$250,000 plus accrued and unpaid interest for the development of low to moderate income apartments, maturing in 2023 and repayable out of residual receipts, and \$1,250,586 in first-time homebuyer assistance loans secured by 4th deeds of trust and repayable in 55 years or under certain conditions including sale of the housing unit.

In addition, the total notes receivable also includes \$3,219,674 a loan made from the proceeds of a HOME grant funded by a federal grant passed through the State of California. The loan bears interest at 3 percent per annum, matures in 55 years, is secured by a deed of trust on an affordable housing multi-family complex. The loan is repayable starting the first fiscal year following the first year of the project's operations from and to the extent of available cash flows as defined in the agreement.

C. Interfund Transfers, receivables and payables

1. The composition of interfund transfers of June 30, 2012, is as follows:

Transfers In:	General Fund	Non-Major Funds	HOME Fund	Internal Service Fund	Total Transfers Out
<u>Transfers Out:</u>					
General fund	\$ 1,180	\$637,124	\$ -	\$ 62,887	\$ 701,191
HOME fund	187	-	-	-	187
Nonmajor funds	287,369	-	-	-	287,369
Totals	\$ 288,736	\$ 637,124	\$ -	\$ 62,887	\$ 988,747

Of the \$701,191 general fund transfer out, a \$608,133 transfer was made to fund debt service costs for governmental activities debt and most of the other transfers out of the nonmajor funds were made to reimburse the general fund for street and public safety costs.

CITY OF CALISTOGA
Notes to the Basic Financial Statements
June 30, 2012

4. Detailed Notes on All Funds (Continued)

2. The composition of interfund balances was:

Receivable Fund	Payable Fund	Asset	Liability
General fund	Wastewater enterprise	\$206,582	\$206,582
		<u>206,582</u>	<u>206,582</u>
Water	General	135,758	135,758
Totals		<u>\$ 342,340</u>	<u>\$ 342,340</u>

The interfund advances were made for cash flow purposes.

D. Capital Assets

Capital asset activity relating to governmental activities for the year ended June 30, 2012 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 1,964,744	\$ -	\$ -	\$ 1,964,744
Construction in progress	<u>454,057</u>	<u>-</u>	<u>(153,052)</u>	<u>301,005</u>
Total capital assets, not being depreciated	<u>2,418,801</u>		<u>(153,052)</u>	<u>2,265,749</u>
Capital assets, being depreciated:				
Buildings	3,448,384	45,795	-	3,494,179
Machinery and equipment	870,155	1,678	-	871,833
Equipment- internal service fund	3,040,205	40,810	(93,414)	2,987,601
Improvements	<u>10,267,356</u>	<u>194,302</u>	<u>-</u>	<u>10,461,658</u>
Total capital assets being depreciated	<u>17,626,100</u>	<u>282,585</u>	<u>(93,414)</u>	<u>17,815,271</u>
Less accumulated depreciation for:				
Buildings	(1,239,486)	(170,766)	-	(1,410,252)
Machinery and equipment	(695,560)	(38,154)	-	(733,714)
Equipment-internal service	(2,116,202)	(98,409)	93,414	(2,121,197)
Improvements	<u>(1,716,210)</u>	<u>(306,382)</u>	<u>-</u>	<u>(2,022,592)</u>
Total accumulated depreciation	<u>(5,767,458)</u>	<u>(613,711)</u>	<u>93,414</u>	<u>(6,287,755)</u>
Total capital assets, being depreciated, net	<u>11,858,642</u>	<u>(331,126)</u>	<u>-</u>	<u>11,527,516</u>
Governmental activities capital assets, net	<u>\$14,277,443</u>	<u>\$ (331,126)</u>	<u>\$ (153,052)</u>	<u>\$13,793,265</u>

CITY OF CALISTOGA
Notes to the Basic Financial Statements
June 30, 2012

4. Detailed Notes on All Funds (Continued)

D. Capital Assets

Capital asset activity relating to business-type activities for the year ended June 30, 2012 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, not being depreciated				
Land	\$ 2,802,838	\$ -	\$ -	\$ 2,802,838
Construction in progress	<u>628,877</u>	<u>1,894,798</u>	<u>-</u>	<u>2,523,675</u>
Total capital assets, not being depreciated	<u>3,431,715</u>	<u>1,894,798</u>	<u>-</u>	<u>5,326,513</u>
Capital assets, being depreciated:				
Wastewater collection and treatment	19,670,003	1,500	-	19,671,503
Water rights	1,589,875	-	-	1,589,875
Water treatment and distribution system	14,831,095	-	-	14,831,095
Equipment-wastewater	625,063	30,705	-	655,768
Equipment-water	<u>1,027,646</u>	<u>4,295</u>	<u>-</u>	<u>1,031,941</u>
Total capital assets being depreciated	<u>37,743,682</u>	<u>36,500</u>	<u>-</u>	<u>37,780,182</u>
Less accumulated depreciation and amortization for:				
Wastewater collection and treatment system	(6,367,252)	(614,856)	-	(6,982,108)
Water rights	(377,181)	(48,990)	-	(426,171)
Water treatment and distribution system	<u>(5,662,849)</u>	<u>(348,756)</u>	<u>-</u>	<u>(6,011,605)</u>
Total accumulated depreciation	<u>(12,407,282)</u>	<u>(1,012,602)</u>	<u>-</u>	<u>(13,419,884)</u>
Total capital assets, being depreciated, net	<u>25,336,400</u>	<u>(976,102)</u>	<u>-</u>	<u>24,360,298</u>
Business-type activities capital assets, net	<u>\$ 28,768,115</u>	<u>\$ 918,696</u>	<u>\$ -</u>	<u>\$ 29,686,811</u>

CITY OF CALISTOGA
Notes to the Basic Financial Statements
June 30, 2012

4. Detailed Notes on All Funds (Continued)

D. Capital Assets (Continued)

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

Governmental activities:	
General government	\$ 23,943
Public safety	55,327
Community services	171,384
Recreation services	164,834
Public works	99,814
Capital assets held by the City's internal service fund are charged to the various functions based on their usage of the assets	<u>98,409</u>
Total depreciation expense-governmental activities	<u><u>\$ 613,711</u></u>
 Business-type activities:	
Water	\$ 397,746
Wastewater	<u>614,856</u>
Total depreciation expense-governmental activities	<u><u>\$ 1,012,602</u></u>

E. Capital Leases – Governmental Type Activities including Internal Service

The City entered into a lease agreement in an original amount of \$2,253,011 as lessee for financing the advance refunding in fiscal 2003 of another lease arrangement and note payable relating to the Police Facility and Logvy Community Park land acquisition. The original lease agreement qualified as capital leases for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception dates. The assets have been capitalized as general capital assets and the related accumulated depreciation is recorded in the statement of net assets. The lease is payable to Zions First National Bank, bears interest at 4.65 percent per annum, and is payable in semi-annual installments of \$134,521 each October 1 and April 1 through 2012. The City has not pledged any specific revenue source for repayment of the lease, but has agreed to appropriate sufficient resources from any available source to make the repayments.

In fiscal 2008, the City entered into a capital lease arrangement in an original amount of \$4,674,000 with West America Bank for the purpose of obtaining financing to make improvements to pool, recreation, fire, and public works facilities. The lease is payable in semi-annual installments of between \$115,681 and \$213,154 commencing August 1, 2008 and continuing through February 1, 2028. The lease bears interest at 4.95 percent per annum. The leasing arrangement included a lease between the City of Calistoga and the Calistoga Public Facilities Corporation; a blended component unit of the City. The lease receivable and payable between the City and its component unit financing corporation has been eliminated from these financial statements. The city has not pledged any specific revenue source for repayment of the lease, but has agreed to appropriate sufficient resources from any source of legally available funds to make the payments.

The City entered into two lease agreements with an original amount of \$741,900 for financing the purchase of computer equipment, vehicles, a water tender truck and a fire engine. The assets and unspent lease proceeds have been capitalized as deposit in the internal service fund as the proceeds are in an escrow funding account. The leases are payable to Sun Trust Leasing, bear interest at 4.35 percent per annum, and is payable in semi-annual variable installments each February 28 and August 28 through 2018. The City has not pledged any specific revenue source as security for repayment, but has agreed to make sufficient resources available from any legal source for the repayments.

CITY OF CALISTOGA
Notes to the Basic Financial Statements
June 30, 2012

4. Detailed Notes on All Funds (Continued)

E. Capital Leases – Governmental Type Activities including Internal Service (Continued)

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2012 were as follows:

Fiscal Year Ending June 30	Zions First National Bank Leases	Sun Trust Leasing	West America Bank Lease
2013	\$ 189,128	\$ 58,950	\$ 342,644
2014	54,607	58,950	342,644
2015	54,607	58,950	342,644
2016	54,607	58,950	426,307
2017		58,950	426,307
2018-2022	-	58,950	2,131,535
2023-2027	-	-	2,131,535
2028	-	-	426,307
Total minimum lease payments	352,949	353,700	6,539,923
Less amounts representing interest	(19,330)	(45,315)	(2,096,883)
Net present value of minimum lease payments	<u>\$ 333,619</u>	<u>\$ 308,385</u>	<u>\$ 4,443,040</u>

F. Long-Term Debt

Water Enterprise

Installment Agreement Payable

The City entered into an installment purchase agreement, dated November 8, 2005 between the City and the California Statewide Communities Development Authority (CSCDA) wherein the Authority sold a pool of water and wastewater revenue bonds. A portion of the proceeds of the Authority's revenue bonds, in an original amount of \$5,290,000 were provided to the City to finance expansion of the City's water system and to refund the City's outstanding water revenue bonds. In exchange, the City agreed to purchase the water system improvements from the Authority pursuant to the installment agreement.

The City's obligations under the agreement are secured by a first pledge and lien on the water system revenues. The City is obligated to fix, prescribe and collect system revenues in amounts sufficient to enable the City to pay all current operations and maintenance costs of the system, make all required payments on any parity debt and the installment payments, fund any reserve account requirements, and pay all other charges applicable to the system. The City is also required to fix rates such that system net revenues in any one year (subject to certain adjustments) are equal to 120 percent of the annual debt service of the system. In lieu of a monetary reserve, a reserve insurance policy was issued in an initial amount of \$364,379. The agreement bears interest at rates from 2.75 to 4.625 percent per annum. Annual principal and interest on the agreement are expected to require 100 percent of system net revenues as defined. The total interest and principal remaining to be paid on the agreement is \$ 6,689,915. Principal and interest paid for the current fiscal year and total system net revenues as defined were \$359,005 and \$(90,658) (exclusive of capital contributions of \$2,550,317 respectively.

CITY OF CALISTOGA
Notes to the Basic Financial Statements
June 30, 2012

4. Detailed Notes on All Funds (Continued)

F. Long-Term Debt (Continued)

Water Enterprise (Continued)

Installment Agreement Payable (Continued)

Future debt service on the agreement is:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 170,000	\$ 188,393	\$ 358,393
2014	175,000	182,440	357,440
2015	185,000	176,002	361,002
2016	185,000	169,111	354,111
2017	195,000	161,794	356,794
2018-2022	1,090,000	682,896	1,772,896
2023-2027	985,000	420,248	1,405,248
2028-2032	610,000	251,596	861,596
2033-2037	<u>770,000</u>	<u>92,495</u>	<u>862,495</u>
Totals	<u>\$ 4,365,000</u>	<u>\$2,324,975</u>	<u>\$6,689,915</u>

2008 Certificates of Participation

In March 2008, the City entered into an installment purchase agreement with the Calistoga Public Facilities Financing Corporation for \$2,511,170 wherein the City agreed to make installment payments to the Corporation in exchange for the Corporation obtaining financing to fund water treatment plant improvements by issuing Certificates of Participation.

The United States Department of Agriculture (USDA) provided a \$2,511,170 loan to the Corporation to provide financing for the subject improvements and for the repayment to the City of construction costs and other improvements made by the City's water enterprise. The USDA provided the loan by purchasing the Certificates of Participation referred to above. The installment agreement receivable and payable between the Corporation and the City has been eliminated from these financial statements as the Corporation is a blended component unit of the City, and the \$2,511,170 is reported by the City as long-term debt (the certificates of participation) of the City's water enterprise fund.

Under the arrangements, the City has pledged net revenues of the water enterprise as security for the payment of the certificates of participation. The City is also obligated to fund a reserve fund in an amount equal to \$134,619 with funding of this reserve to be made over a ten year period. The certificates bear interest at 4.375 percent and principal/interest payments are due each March 1 and September 1 through March 1, 2044.

Annual principal and interest on the agreement are expected to require 100 percent of system net revenues as defined. The total interest and principal remaining to be paid on the agreement is \$3,602,948. Principal and interest paid for the current fiscal year and total system net revenues as defined were \$359,324 including a \$269,444 early prepayment and (\$90,658) exclusive of capital contributions of \$2,550,317 respectively. Future debt service requirements are:

CITY OF CALISTOGA
Notes to the Basic Financial Statements
June 30, 2012

4. Detailed Notes on All Funds (Continued)

F. Long-Term Debt (Continued)

Water Enterprise (Continued)

Certificates of Participation (Continued)

Fiscal Year	Principal	Interest	Total
2013	\$ 29,000	\$84,068	\$ 113,068
2014	30,000	82,799	112,799
2015	31,000	81,487	112,487
2016	33,000	80,131	113,131
2017	34,000	78,687	112,687
2018-2022	194,000	369,678	563,678
2023-2027	240,000	323,434	563,434
2028-2032	298,000	266,078	564,078
2033-2037	370,000	194,809	564,809
2038-2042	456,000	106,697	562,697
2043-2044	206,556	13,524	220,080
Totals	\$ 1,921,556	\$ 1,681,392	\$ 3,602,948

2011 Certificates of Participation

In July 2011, the City entered into an installment purchase agreement with the Calistoga Public Facilities Financing Corporation for \$3,750,000 wherein the City agreed to make installment payments to the Corporation in exchange for the Corporation obtaining financing to fund water treatment plant improvements by issuing Certificates of Participation.

The United States Department of Agriculture (USDA) provided a \$3,750,000 loan to the Corporation to provide financing for the subject improvements and for the repayment to the City of construction costs and other improvements made by the City's water enterprise. The USDA provided the loan by purchasing the Certificates of Participation referred to above. The installment agreement receivable and payable between the Corporation and the City has been eliminated from these financial statements as the Corporation is a blended component unit of the City, and the \$3,750,000 is reported by the City as long-term debt (the certificates of participation) of the City's water enterprise fund.

Under the arrangements, the City has pledged net revenues of the water enterprise as security for the payment of the certificates of participation. The City is also obligated to fund a reserve fund in an amount equal to \$148,237 with funding of this reserve to be made over a ten year period. The certificates bear interest at 2.5 percent and principal/interest payments are due each January 1 and July 1 through July 1, 2051.

Under the arrangement, the USDA shall fund the purchase price of the certificates from time to time by paying cash advances to the Trustee. Interest shall begin to accrue only upon disbursement of funds by USDA to the Trustee. As of June 30, 2012, the USDA had obligated funding of \$3,750,000, had cash advanced \$95,411 to the City and there was a \$3,654,589 undisbursed balance on the USDA Loan. In addition, the City had accrued a loan receivable \$62,935. The receivable of \$62,935 and the USDA cash advance of \$95,411 represent the City's liability at June 30, 2012 for the Certificates. Future debt service principal and interest, when the proceeds are drawn down, will be about \$5,974,821. Principal and interest combined on the certificates will require the City to make semiannual payments which in the aggregate are expected to be about \$148,000 each fiscal year.

CITY OF CALISTOGA
Notes to the Basic Financial Statements
June 30, 2012

4. Detailed Notes on All Funds (Continued)

D. Long-Term Debt (Continued)

Wastewater Enterprise - Installment Agreement Payable

The City entered into an installment purchase agreement, dated August 1, 2001 between the City and the California Statewide Communities Development Authority (CSCDA) wherein the Authority sold a pool of water and wastewater revenue bonds. A portion of the proceeds of the Authority's revenue bonds, in an original amount of \$3.5 million were provided to the City to finance expansion of the City's wastewater treatment plant and other wastewater improvements. In exchange, the City agreed to purchase the plant expansion improvements from the Authority pursuant to the installment agreement. The City's obligations under the agreement are secured by a first pledge and lien on the wastewater system revenues. The City is obligated to fix, prescribe and collect wastewater system revenues in amounts sufficient to enable the City to pay all current operations and maintenance costs of the system, make all required payments on any parity debt and the installment payments, fund any reserve account requirements, and pay all other charges applicable to the system. The City is also required to fix rates such that system net revenues in any one year (subject to certain adjustments) are equal to 120 percent of the annual debt service of the system. In lieu of a monetary reserve, a reserve insurance policy was issued in an initial amount of \$227,978. The agreement bears interest at rates from 3.25 to 5.125 percent per annum. Future debt service on the agreement is:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 85,000	\$ 137,664	\$ 222,664
2014	90,000	133,813	223,813
2015	95,000	129,602	224,602
2016	100,000	125,068	225,068
2017	105,000	120,198	225,198
2018-2022	600,000	515,190	1,115,190
2023-2027	765,000	343,213	1,108,213
2027-2032	975,000	127,850	1,102,850
Totals	<u>\$ 2,815,000</u>	<u>\$ 1,632,598</u>	<u>\$ 4,447,598</u>

Annual principal and interest on the agreement are expected to be 49 percent of system net revenues as defined. The total interest and principal remaining to be paid on the agreement is \$ 4,447,598. Principal and interest paid for the current fiscal year and total system net revenues as defined were \$226,234 and \$462,604 (exclusive of \$69,984 in capital contributions), respectively.

CITY OF CALISTOGA
Notes to the Basic Financial Statements
June 30, 2012

4. Detailed Notes on All Funds (Continued)

F. Long-Term Debt (Continued)

Wastewater Enterprise (Continued)

State of California Revolving Fund Loan

The City obtained a \$5,609,999 loan from the State of California Department of Water Resources under the State Revolving Loan Program for the purpose of obtaining financing to construction the City's wastewater treatment plant. The loan bears interest at 2.6 percent and is secured by a pledge of the City to maintain dedicated sources of revenue sufficient in amounts to provide for repayment of the loan. Principal and interest on the loan is payable in annual installments due each October 30 through 2023. Future debt service based upon the final principal loan balance of is:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 267,194	\$ 96,397	\$ 363,591
2014	274,141	89,450	363,591
2015	281,269	82,322	363,591
2016	288,582	75,009	363,591
2017	296,085	67,506	363,591
2018-2022	1,599,682	218,273	1,817,955
2023-2024	700,603	27,136	727,739
Totals	<u>\$ 3,707,556</u>	<u>\$ 656,093</u>	<u>\$ 4,363,649</u>

Annual principal and interest on the agreement are expected to require 79 percent of current system net revenues as defined. The total interest and principal remaining to be paid on the agreement is \$4,363,649. Principal and interest paid for the current fiscal year and total system net revenues as defined were \$363,591 and \$462,604, respectively

2005 Certificates of Participation

In May 2005, the City entered into an installment purchase agreement with the Calistoga Public Facilities Financing Corporation for \$2,028,500 wherein the City agreed to make installment payments to the Corporation in exchange for the Corporation obtaining financing to fund wastewater treatment plant improvements by issuing Certificates of Participation.

The United States Department of Agriculture (USDA) provided a \$2,028,500 loan to the Corporation to provide financing for the subject improvements and for the repayment by the City of a \$1,650,000 interim financing construction note and other improvements to the City's wastewater enterprise. The USDA provided the loan by purchasing the Certificates of Participation referred to above. The installment agreement receivable and payable between the Corporation and the City has been eliminated from these financial statements as the Corporation is a blended component unit of the City, and the \$2,028,500 is reported by the City as long-term debt (the certificates of participation) of the City's wastewater enterprise fund.

CITY OF CALISTOGA
Notes to the Basic Financial Statements
June 30, 2012

4. Detailed Notes on All Funds (Continued)

F. Long-Term Debt (Continued)

Wastewater Enterprise (Continued)

Certificates of Participation (Continued)

Under the arrangements, the City has pledged net revenues of the wastewater enterprise as security for the payment of the certificates of participation. The City is also obligated to fund a reserve fund in an amount equal to \$105,837 with funding of this reserve to be made over a ten year period. The certificates bear interest at 4.25 percent and principal/interest payments are due each November 1 and May 1 through May 1, 2045. Future debt service on the certificates is:

Fiscal Year	Principal	Interest	Total
2013	\$ 27,000	\$ 79,411	\$ 106,411
2014	28,100	78,263	106,363
2015	29,300	77,069	106,369
2016	30,400	76,032	106,432
2017	31,800	74,532	106,332
2018-2022	180,500	351,392	531,892
2023-2027	222,200	309,618	531,818
2028-2032	273,500	258,241	531,741
2033-2037	337,000	194,850	531,850
2038-2042	415,000	116,864	531,864
2043-2045	293,700	25,329	319,029
Totals	\$ 1,868,500	\$ 1,641,601	\$ 3,510,101

Annual principal and interest on the agreement are expected to require 23 percent of current system net revenues as defined. The total interest and principal remaining to be paid on the agreement is \$93,510,101. Principal and interest paid for the current fiscal year and total system net revenues as defined were \$106,204 and \$462,604 respectively

Changes in Long-term liabilities

Long-term debt activity for the 2012 fiscal year was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental					
Activities:					
Capital lease obligation	\$ 385,838	\$ -	\$ 254,315	\$ 131,523	\$ 131,523
Capital lease obligation	4,561,343	-	118,303	4,443,040	124,231
Compensated absences	344,549	130,000	161,737	312,812	182,812
Capital lease- internal service	248,460	-	46,364	202,096	47,912
Capital lease -internal service	364,313	-	55,928	308,385	46,030
Claims and settlements	1,099,197	-	1,067,399	31,798	31,798
Total	\$ 7,003,700	\$130,000	\$ 1,704,046	\$ 5,429,654	\$ 564,306
Business-type					
Activities:					
Installment agreement-water	\$ 4,530,000	\$ -	\$ 165,000	\$ 4,365,000	\$ 170,000
2008 Certificates of participation	2,191,000	-	269,444	1,921,556	29,000
2011 Certificates of participation	-	158,346	-	158,346	56,000
Installment agreement	2,900,000	-	85,000	2,815,000	85,000
2005 Certificates of participation	1,894,200	-	25,700	1,868,500	27,000
State Revolving Fund Loan	3,967,979	-	260,423	3,707,556	267,194
Compensated Absences	99,574	90,000	90,743	98,831	78,831
Total	\$ 15,582,753	\$ 248,346	\$ 896,310	\$ 14,934,789	\$ 713,025

CITY OF CALISTOGA
Notes to the Basic Financial Statements
June 30, 2012

5. Other Information

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the City carries insurance. The City participates as a member of the Public Agency Risk Sharing Authority of California (PARSAC). The Authority is a joint powers agency providing joint protection programs for public entities.

The Authority provides general liability, workers compensation and property insurance coverage to member entities. Under the liability program, the City has a \$10,000 retention limit similar to a deductible with the Authority being responsible for losses above that amount up to \$1 million. The Authority carries purchased excess insurance above that amount to cover losses up to \$35 million. The City has a \$25,000 deductible for workers compensation claims, and PARSAC covers workers compensation claims up to the first \$475,000 per claim and carries excess commercial insurance above that amount to cover losses up to \$5 million. Property coverage is commercial insurance jointly purchased with other public entities throughout the State. The commercial coverage is one billion for the collective members with various sub-limits by type of coverage and property. The City's obligation is to pay annual premiums billed by the Authority. The PARSAC periodically may make retrospective premium adjustments and the City would be required to pay its prorata share of such adjustments.

Liabilities of the City are reported in the statement of net assets for the governmental activities when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate. Settlements have not exceeded coverage for each of the past three fiscal years except for the contract settlements incurred in fiscal 2011.

Changes in the balances of claims liabilities during the past two years are as follows:

	Year Ended <u>6/30/2011</u>	Year Ended <u>6/30/2012</u>
Unpaid claims, beginning of fiscal year	\$ 54,592	\$ 1,099,197
Incurred claims (including IBNRs)	1,065,000	-
Claim payments	<u>(20,395)</u>	<u>(1,067,399)</u>
Unpaid claims, end of fiscal year	<u>\$1,099,197</u>	<u>\$ 31,798</u>

The City has settled through arbitration two claims relating to construction of public improvements wherein the \$1,065,000 reported as incurred represents the amounts agreed to by all parties as the final amounts payable as construction costs under the previously disputed contractual arrangements.

B. Contingencies and Commitments

Litigation. The City is involved in litigation incurred in the normal course of conducting City business. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's counsel the resolution of these matters will not have a material adverse effect on the financial condition of the City.

CITY OF CALISTOGA
Notes to the Basic Financial Statements
June 30, 2012

5. Other Information (Continued)

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

C. Public Employees Retirement System

Plan Description. The City of Calistoga contributes to the California Public Employees Retirement System (PERS), a cost sharing multiple-employer, public employee, defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by the State statute and City ordinance. The PERS issues publicly available financial reports which include the financial statements and required supplementary information for the PERS. Copies of PERS annual financial report may be obtained from their executive office, 400 "P" Street, Sacramento, California 95814.

Funding Policy and Annual Pension Cost. The contribution requirements of plan members and the City are established by and may be amended by PERS. Regular plan members are required to contribute 8.0 percent of their annual covered salary and safety members are required to contribute 9.0 percent of their annual covered salary. The City is required to contribute at an actuarially determined rate. The current rate for regular employees was 19.1 percent of covered payroll and 32.19 percent of covered payroll for safety employees. The City's annual pension cost for the most recent three year period and for each plan is as follows:

Three-year Trend of Information

Plan	Year Ending	Annual Pension Cost	Percentage of APC Contributed	Net Pension Obligation
<i>Regular employees</i>				
	6/30/10	\$ 440,061	100%	\$ -
	6/30/11	\$ 402,016	100%	\$ -
	6/30/12	\$ 411,011	100%	\$ -
<i>Safety employees</i>				
	6/30/10	\$ 393,327	100%	\$ -
	6/30/11	\$ 358,548	100%	\$ -
	6/30/12	\$ 393,404	100%	\$ -

E. Restricted Net Assets and Governmental Fund Balances

The \$ 5,539,578 restricted amount in the governmental activities statement of net assets represent amounts to be used only for specific purposes which restrictions are imposed by laws, formal agreements or other governments. Of the \$5,539,578 for governmental activities, \$5,022,191 is restricted for housing and community development, \$132,025 is restricted for public safety, and \$385,362 is for streets and other purposes.

The fund balances of the City's governmental funds are essentially all restricted as to their availability for future uses except for the \$958,092 in the general fund of which \$311,927 consist of nonspendable amounts in prepayments and advances to other funds.

CITY OF CALISTOGA
Notes to the Basic Financial Statements
June 30, 2012

5. Other Information (Continued)

F Post-Employment Benefits Other than Pensions

Plan Description. The City administers the city's retired employees health care plan, a single employer defined benefit health care plan. The plan provides medical benefits to eligible retired City employees and their beneficiaries. The city's plan is affiliated with the State of California PERS in so far as the City's health insurance premium payments are paid to the PERS. The PERS through an aggregation of single employer plans pools administrative functions in regard to purchases of commercial health care policies and coverages. City regulations and resolutions assign authority to establish and amend plan provisions to the City. Separate financial statements of the Plan are not issued by the City as a separate OPEB Trust or equivalent arrangement has not been established by the City.

Funding Policy. The contribution requirements of the Plan members and the City are established and may be amended by the City. The required contribution is based on a projected pay-as-you-go financing requirement, with additional amounts to prefund benefits as determined annually by the City Council. For the fiscal year ended June 30, 2012, the City contributed \$ 14,000 for current year premiums (100% of total premiums) and zero to prefund benefits. Plan members receiving benefits contributed no amounts of the total premiums.

Annual OPEB Costs and Net OPEB Obligation. The City's annual other post employment 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 Governmental Accounting Standards Board (GASB) Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded liabilities over a period not to exceed 30 years. The following table shows components of the City's annual OPEB cost for the year, the amounts actually contributed to the Plan, and changes in the City's net OPEB obligation to the Plan:

Annual required contribution (ARC)	\$ 173,000
Interest on net OPEB obligation	12,227
Adjustments to annual required contribution	-
Annual OPEB expense	185,227
Contributions made	(14,000)
Change in net OPEB Obligation	171,227
Net OPEB Obligation, beginning of year	287,695
Net OPEB Obligation, end of year	\$ 458,922

Funding Status and Funding Progress. As of June 30, 2010, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$963,000 and the actuarial value of plan assets was zero, resulting in the unfunded actuarial liability (UAAL) of \$963,000. The covered payroll of active employees covered by the Plan was \$3,714,000 and the ratio of the UAAL to the covered payroll was 25.9 percent.

The City's annual OPEB Cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for the last two fiscal years was:

Fiscal Year Ended	Annual OPEB Cost	Percentage Contributed	Net OPEB Obligation
June 30, 2012	\$185,227	7.6%	\$458,922
June 30, 2011	\$163,695	6.1%	\$287,695

CITY OF CALISTOGA
Notes to the Basic Financial Statements
June 30, 2012

5. Other Information (Continued)

F. Post Employment Benefits Other Than Pensions (Continued)

Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and health care cost trends. 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 supplemental information, following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions. Projection of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by the employer and the Plan members) and includes 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 include techniques that are designed to reduce the effects of short term volatility in actuarial liabilities and the actuarial value of plan assets, consistent with the long-term perspective of the calculations.

In the June 30, 2010 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 4.25 percent investment rate of return which is a blended rate of the expected long-term investment returns on plan assets and the employer's own investments calculated based upon the funded level of the plan at the valuation date, and on the annual health care cost trend of 9 percent decreasing to 5 percent in 2021. There were no plan assets to value at the latest valuation date. The UAAL is being amortized as a level percentage of payroll over 30 years, the remaining amortization period at June 30, 2010.

G. Short Term Non-Capital Financing

The City in fiscal year 2012 issued and retired during fiscal year 2012 a Tax and Revenue Anticipation Note having a principal balance of \$1,415,000. Principal and interest was paid by the City's general fund.

REQUIRED SUPPLEMENTARY INFORMATION



Required Supplemental Information
CITY OF CALISTOGA
Budgetary Comparison Schedule - General Fund
For the Fiscal Year Ended June 30, 2012

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
Fund Balance, July 1	\$ 597,911	\$ 16,911	\$ 16,911	\$ -
Resources (inflows):				
Property taxes	1,546,129	1,609,900	1,635,425	25,525
Sales taxes	781,311	840,000	965,528	125,528
Transient occupancy taxes	3,477,521	3,620,000	3,768,443	148,443
Other taxes	294,880	289,000	323,873	34,873
License and permits	67,235	72,000	64,458	(7,542)
Fines and forfeits	34,000	49,000	55,989	6,989
Interest	35,100	25,000	1,270	(23,730)
Intergovernmental	60,000	61,000	27,007	(33,993)
Charges for services	634,157	634,157	708,326	74,169
Miscellaneous	40,000	149,000	126,272	(22,728)
Tax and revenue anticipation notes	-	1,415,000	1,415,000	-
Transfers in	171,600	1,086,810	288,736	(798,074)
Amounts available for charges to appropriations	7,739,844	9,867,778	9,397,238	(470,540)
Charges to appropriations:				
General Government:				
City council	48,892	46,707	46,635	72
Finance	262,887	221,010	219,361	1,649
City clerk	97,978	95,491	94,664	827
City attorney	120,000	120,000	204,581	(84,581)
City manager	130,234	119,015	116,543	2,472
Nondepartmental	(197,841)	190,188	128,393	61,795
Economic vitality	322,919	321,246	320,890	356
Elections	9,109	5,609	6,238	(629)
Risk management	346,635	318,664	292,375	26,289
Personnel	75,374	88,009	127,180	(39,171)
Public Safety:				
Police services	1,839,481	1,740,734	1,661,564	79,170
Police dispatch	462,094	461,012	433,497	27,515
Emergency services	19,504	16,248	16,357	(109)
Fire protection	762,084	736,505	750,138	(13,633)
Community Services				
Aquatic services	153,340	145,331	155,101	(9,770)
Community promotions	20,000	20,000	19,750	250
Community activities	28,928	30,572	28,729	1,843
Library services	84,440	83,930	74,441	9,489
Sharpsteen Museum	22,648	24,404	17,994	6,410
Handy Van	15,000	15,000	9,738	5,262
Recreation Services				
Recreation services	123,261	130,341	129,383	958
Education and recreation courses	86,076	75,329	63,995	11,334
Community resource commission	-	-	1	(1)
Senior activities	2,750	14,050	22,099	(8,049)
Public Works				
Administration	145,487	124,490	113,298	11,192
Streets	315,255	246,544	213,668	32,876
Park maintenance	201,932	182,546	176,520	6,026
Shop maintenance	29,859	25,628	23,658	1,970
Pool maintenance	107,956	120,328	115,624	4,704
Building maintenance	208,796	189,525	207,616	(18,091)
Planning and building				
Planning commission	8,350	6,159	6,821	(662)
Bicycle advisory	1,400	1,400	-	1,400
Design advisory panel	-	(2,994)	-	(2,994)
Planning	270,124	247,242	242,523	4,719
Building inspection	148,993	153,746	145,864	7,882
Debt service	-	1,453,043	1,452,943	100
Special projects	66,500	23,000	3,963	19,037
Capital outlay	82,000	885,000	95,808	789,192
Transfers out	559,000	654,085	701,191	(47,106)
Total charges to appropriations	6,981,445	9,329,137	8,439,146	889,991
Fund Balance, June 30	\$ 758,399	\$ 538,641	\$ 958,092	\$ 419,451

CITY OF CALISTOGA

**Budgetary Comparison Schedule - General Fund
Note to RSI
For the Fiscal Year Ended June 30, 2012**

Note A: Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and expenditures:

Sources/inflows resources:

Actual amounts "available for appropriation" from budgetary comparison schedule:	\$ 9,397,238
Differences - budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(16,911)
Proceeds of short term borrowing from tax and revenue participation notes provide inflows of current financial resources, but are not considered revenues for financial reporting purposes	(1,415,000)
Transfers in from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes	<u>(288,736)</u>
Total revenues as reported in the statement of revenues, expenditures and changes in fund balances - governmental funds	<u><u>\$ 7,676,591</u></u>

Uses/outflows of resources:

Actual amounts "total charges to appropriations" from the budgetary comparison schedule	\$ 8,439,146
Differences - budget to GAAP:	
Repayments of short-term borrowings such as tax and revenue anticipation notes require the use of current financial resources, but are not reported as expenditures for financial reporting purposes	(1,415,000)
Transfers to other funds require the use of current financial resources, but are not considered as expenditures for financial reporting purposes.	<u>(701,191)</u>
Total expenditures as reported in the statement of revenues, expenditures and changes in fund balances - governmental funds	<u><u>\$ 6,322,955</u></u>

CITY OF CALISTOGA
Required Supplemental Information For Major Special Revenue Fund
HOME Special Revenue Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget- Positive(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental:				
State of California pass-through HOME grant:	\$ 25,002	\$ 25,002	\$ -	\$ (25,002)
Miscellaneous	-	-	11,808	11,808
Total revenues	<u>25,002</u>	<u>25,002</u>	<u>11,808</u>	<u>(13,194)</u>
Expenditures:				
Current:				
Housing:				
Palisades project loan	25,002	25,002	-	25,002
Total expenditures	<u>25,002</u>	<u>25,002</u>	<u>-</u>	<u>25,002</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>11,808</u>	<u>11,808</u>
Net change in fund balances	-	-	11,808	11,808
Fund balance, July 1	<u>(25,123)</u>	<u>480</u>	<u>480</u>	<u>-</u>
Fund balance, June 30	<u>\$ (25,123)</u>	<u>\$ 480</u>	<u>\$ 12,288</u>	<u>\$ 11,808</u>

CITY OF CALISTOGA
Required Supplemental Information For Major Special Revenue Fund
CDBG Open Grants Special Revenue Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget- Positive(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental:				
State of California pass-through grants:				
CDBG planning and technical assistance	\$ 35,000	\$ 35,000	\$ -	\$ (35,000)
CDBG economic development	35,000	35,000	-	(35,000)
Total revenues	<u>70,000</u>	<u>70,000</u>	<u>-</u>	<u>(70,000)</u>
Expenditures:				
Current:				
Economic development	35,000	35,000	-	35,000
Planning	35,000	35,000	-	35,000
Total expenditures	<u>70,000</u>	<u>70,000</u>	<u>-</u>	<u>70,000</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing uses:				
Transfer out to general fund	<u>(187)</u>	<u>(187)</u>	<u>(187)</u>	<u>-</u>
Total other financing uses	<u>(187)</u>	<u>(187)</u>	<u>(187)</u>	<u>-</u>
Net change in fund balances	(187)	(187)	(187)	-
Fund balance, July 1	<u>187</u>	<u>187</u>	<u>187</u>	<u>-</u>
Fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Required Supplementary Information
City of Calistoga
Other Post Employment Benefits (OPEB)
Schedule of Funding Progress
June 30, 2012**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
6/30/2010	\$ -	\$ 963,000	\$ 963,000	0.00%	\$ 3,714,000	25.93%

OPTIONAL
SUPPLEMENTARY INFORMATION

NONMAJOR FUNDS COMBINING FINANCIAL
STATEMENTS AND SCHEDULES,

AND

SCHEDULES OF CAPITAL ASSETS USED IN
GOVERNMENTAL ACTIVITIES



This page left intentionally blank

**City of Calistoga
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2012**

	Special Revenue Funds										
	Gas Tax	Parking Ordinance	Public Safety	CDBG Loan Repayment	Palisades Landscape Maintenance	Asset Forfeiture	Affordable Housing	Quality of Life	Silverado Landscape Maintenance	City Hall Donation	Abandoned Vehicle
Assets											
Cash and investments	\$ 61,987	\$ 90,326	\$ -	\$ 397,881	\$ 448	\$ 39,863	\$ 121,888	\$ -	\$ 401	\$ 43,771	\$ 22,292
Receivables:											
Receivables from other governments	20,265	-	-	-	-	-	-	-	-	-	-
Accounts	-	-	-	-	35	-	-	-	-	-	-
Notes receivable	-	-	-	765,395	-	-	12,000	-	-	-	-
Total assets	\$ 82,252	\$ 90,326	\$ -	\$ 1,163,276	\$ 483	\$ 39,863	\$ 133,888	\$ -	\$ 401	\$ 43,771	\$ 22,292
Liabilities and Fund Balances											
Liabilities:											
Accounts payable	\$ 3,048	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,000	\$ -	\$ -	\$ 11,734	\$ -
Deposits	-	-	-	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	735,521	-	-	12,000	-	-	-	-
Total liabilities	3,048	-	-	735,521	-	-	22,000	-	-	11,734	-
Fund balances:											
Restricted for streets	79,204	90,326	-	-	483	-	-	-	401	-	-
Restricted for parks	-	-	-	-	-	-	-	-	-	-	-
Restricted for public safety	-	-	-	-	-	39,863	-	-	-	-	22,292
Restricted for affordable housing	-	-	-	427,755	-	-	111,888	-	-	-	-
Restricted for facilities	-	-	-	-	-	-	-	-	-	32,037	-
Total fund balances	79,204	90,326	-	427,755	483	39,863	111,888	-	401	32,037	22,292
Total liabilities and fund balances	\$ 82,252	\$ 90,326	\$ -	\$ 1,163,276	\$ 483	\$ 39,863	\$ 133,888	\$ -	\$ 401	\$ 43,771	\$ 22,292

**City of Calistoga
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2012**

	Special Revenue Funds										Debt Service	Total Nonmajor Governmental Funds
	Traffic Signal	MTC Street	Vamos Program	North West Drainage	Recreation Donation	Police Donation	Police Grants	Tree Mitigation	Fire Donation	Mobile Home Park	City Debt Service	
Assets												
Cash and investments	\$ 162,771	\$ -	\$ 2,152	\$ 2,907	\$ -	\$ 11,828	\$ -	\$ 21,746	\$ 649	\$ -	\$ -	\$ 980,910
Receivables:												
Receivables from other governments	-	-	-	-	-	-	44,893	-	-	-	-	65,158
Accounts	-	-	-	-	-	-	12,500	230	-	-	-	12,765
Notes receivable	-	-	-	-	-	-	-	-	-	-	-	777,395
Total assets	\$ 162,771	\$ -	\$ 2,152	\$ 2,907	\$ -	\$ 11,828	\$ 57,393	\$ 21,976	\$ 649	\$ -	\$ -	\$ 1,836,228
Liabilities and Fund Balances												
Liabilities:												
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,782
Deposits	-	-	-	-	-	-	6,895	-	-	-	-	6,895
Deferred revenue	-	-	-	-	-	-	-	-	-	-	-	747,521
Total liabilities	-	-	-	-	-	-	6,895	-	-	-	-	779,198
Fund balances:												
Restricted for streets	162,771	-	-	2,907	-	-	-	15,081	-	-	-	351,173
Restricted for parks	-	-	2,152	-	-	-	-	-	-	-	-	2,152
Restricted for public safety	-	-	-	-	-	11,828	57,393	-	649	-	-	132,025
Restricted for affordable housing	-	-	-	-	-	-	-	-	-	-	-	539,643
Restricted for facilities	-	-	-	-	-	-	-	-	-	-	-	32,037
Total fund balances	162,771	-	2,152	2,907	-	11,828	57,393	15,081	649	-	-	1,057,030
Total liabilities and fund balances	\$ 162,771	\$ -	\$ 2,152	\$ 2,907	\$ -	\$ 11,828	\$ 57,393	\$ 21,976	\$ 649	\$ -	\$ -	\$ 1,836,228

City of Calsitoga
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2012

	Special Revenue Funds										
	Gas Tax	Parking Ordinance	Public Safety	CDBG Loan Repayment	Palisades Landscape Maintenance	Asset Forfeiture	Affordable Housing	Quality of Life	Silverado Landscape Maintenance	City Hall Donation	Abandoned Vehicle
Revenues:											
Intergovernmental	\$ 151,623	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	5,014	-	1,487	-	-	-	1,000	-	2,806
Interest	58	85	-	41,932	1	37	115	-	-	41	21
Miscellaneous	3,800	-	-	34,058	-	7,532	-	-	-	-	-
Total revenues	155,481	85	5,014	75,990	1,488	7,569	115	-	1,000	41	2,827
Expenditures:											
Current:											
Public safety	-	-	-	-	-	11,966	-	-	-	-	327
Public works	35,931	-	-	-	649	-	-	-	423	18,588	-
Housing	-	-	-	78,588	-	-	27,912	-	-	-	-
Parks and recreation	-	-	-	-	-	-	-	-	-	-	-
Debt service:											
Principal	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	35,931	-	-	78,588	649	11,966	27,912	-	423	18,588	327
Excess (deficiency) of revenues over (under) expenditures	119,550	85	5,014	(2,598)	839	(4,397)	(27,797)	-	577	(18,547)	2,500
Other financing sources (uses):											
Transfers in	-	-	-	14,494	-	-	-	-	-	-	-
Transfers out	(95,000)	-	(5,014)	(53,267)	(1,192)	-	(14,494)	-	(1,479)	-	(6,900)
Total other financing sources (uses)	(95,000)	-	(5,014)	(38,773)	(1,192)	-	(14,494)	-	(1,479)	-	(6,900)
Net change in fund balances	24,550	85	-	(41,371)	(353)	(4,397)	(42,291)	-	(902)	(18,547)	(4,400)
Fund balances, July 1	54,654	90,241	-	469,126	836	44,260	154,179	-	1,303	50,584	26,692
Fund balances, June 30	\$ 79,204	\$ 90,326	\$ -	\$ 427,755	\$ 483	\$ 39,863	\$ 111,888	\$ -	\$ 401	\$ 32,037	\$ 22,292

City of Calistoga
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2012

	Special Revenue Funds										Debt Service	Total Nonmajor Governmental Funds
	Traffic Signal	MTC Street	Vamos Program	North West Drainage	Recreation Donations	Police Donation	Police Grants	Tree Mitigation	Fire Donation	Mobile Home Park	City Debt Service	
Revenues:												
Intergovernmental	\$ -	\$ 33,131	\$ -	\$ -	\$ -	\$ -	\$ 127,104	\$ -	\$ -	\$ -	\$ -	\$ 311,858
Charges for services	-	-	-	-	-	-	-	-	-	4,705	-	15,012
Interest	153	-	2	3	-	11	152	20	1	-	-	42,632
Miscellaneous	-	-	-	-	7,491	125	-	5,160	-	13,501	-	71,667
Total revenues	153	33,131	2	3	7,491	136	127,256	5,180	1	18,206	-	441,169
Expenditures:												
Current:												
Public safety	-	-	-	-	-	-	21,172	-	-	-	-	33,465
Public works	-	34,408	-	-	-	-	-	4,860	-	-	-	94,859
Housing	-	-	-	-	-	-	-	-	-	17,695	-	124,195
Parks and recreation	-	-	-	-	4,975	-	-	-	-	-	-	4,975
Debt service:												
Principal	-	-	-	-	-	-	-	-	-	-	372,618	372,618
Interest	-	-	-	-	-	-	-	-	-	-	239,068	239,068
Total expenditures	-	34,408	-	-	4,975	-	21,172	4,860	-	17,695	611,686	869,180
Excess (deficiency) of revenues over (under) expenditures	153	(1,277)	2	3	2,516	136	106,084	320	1	511	(611,686)	(428,011)
Other financing sources (uses):												
Transfers in	-	1,277	-	-	-	-	9,667	-	-	-	611,686	637,124
Transfers out	-	-	-	-	(2,061)	-	(100,848)	-	-	(5,407)	(1,707)	(287,369)
Total other financing sources (uses)	-	1,277	-	-	(2,061)	-	(91,181)	-	-	(5,407)	609,979	349,755
Net change in fund balances	153	-	2	3	455	136	14,903	320	1	(4,896)	(1,707)	(78,256)
Fund balances, July 1	162,618	-	2,150	2,904	(455)	11,692	42,490	14,761	648	4,896	1,707	1,135,286
Reinstated fund balance	-	-	-	-	-	-	-	-	-	-	-	-
Fund balances, June 30	\$ 162,771	\$ -	\$ 2,152	\$ 2,907	\$ -	\$ 11,828	\$ 57,393	\$ 15,081	\$ 649	\$ -	\$ -	\$ 1,057,030

CITY OF CALISTOGA
Gas Tax Special Revenue Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2012

	<u>Budgeted Amounts</u>			Variance With Final Budget- Positive(Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental:				
Gas tax 2105	\$ 25,500	\$ 25,500	\$ 24,434	\$ (1,066)
Gas tax 2106	17,500	17,500	17,908	408
Gas tax 2107	34,500	34,500	35,070	570
Gas tax 2107.5	1,850	1,850	2,000	150
State Local transportation grant	44,000	38,000	72,211	34,211
Other state grant	3,500	3,500	-	(3,500)
Interest	-	-	58	58
Miscellaneous	-	-	3,800	3,800
Total revenues	<u>126,850</u>	<u>120,850</u>	<u>155,481</u>	<u>34,631</u>
Expenditures:				
Current:				
Highways and streets:				
Street lighting utilities	44,210	37,500	35,931	1,569
Total expenditures	<u>44,210</u>	<u>37,500</u>	<u>35,931</u>	<u>1,569</u>
Excess of revenues over (under) expenditures	<u>82,640</u>	<u>83,350</u>	<u>119,550</u>	<u>36,200</u>
Other financing sources (uses):				
Transfers out	(79,998)	(95,000)	(95,000)	-
Total other financing sources (uses)	<u>(79,998)</u>	<u>(95,000)</u>	<u>(95,000)</u>	<u>-</u>
Net change in fund balance	2,642	(11,650)	24,550	36,200
Fund balance, July 1	<u>23,917</u>	<u>54,654</u>	<u>54,654</u>	<u>-</u>
Fund balance, June 30	<u>\$ 26,559</u>	<u>\$ 43,004</u>	<u>\$ 79,204</u>	<u>\$ 36,200</u>

CITY OF CALISTOGA
Parking Ordinance Special Revenue Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2012

	<u>Budgeted Amounts</u>			Variance With Final Budget- Positive(negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Charges for services:				
Parking-in-lieu fees	\$ -	\$ -	\$ -	\$ -
Interest	-	-	85	85
Total revenues	<u>-</u>	<u>-</u>	<u>85</u>	<u>85</u>
Expenditures:				
Public safety	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>85</u>	<u>85</u>
Net change in fund balances	-	-	85	85
Fund balance, July 1	<u>75,063</u>	<u>90,241</u>	<u>90,241</u>	<u>-</u>
Fund balance, June 30	<u><u>\$ 75,063</u></u>	<u><u>\$ 90,241</u></u>	<u><u>\$ 90,326</u></u>	<u><u>\$ 85</u></u>

CITY OF CALISTOGA
Public Safety Special Revenue Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget- Positive(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services:				
Public safety impact fees	\$ 84,516	\$ 84,516	\$ 5,014	\$ (79,502)
Interest	1,500	-	-	-
Total revenues	<u>86,016</u>	<u>84,516</u>	<u>5,014</u>	<u>(79,502)</u>
Expenditures:				
Current:				
Reimbursements	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>86,016</u>	<u>84,516</u>	<u>5,014</u>	<u>(79,502)</u>
Other financing uses:				
Transfers out to equipment fund	-	-	-	-
Transfer out to debt service fund	<u>(86,016)</u>	<u>(84,516)</u>	<u>(5,014)</u>	<u>79,502</u>
Total other financing uses	<u>(86,016)</u>	<u>(84,516)</u>	<u>(5,014)</u>	<u>79,502</u>
Net change in fund balances	-	-	-	-
Fund balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF CALISTOGA
CDBG Loan Repayment Special Revenue Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget- Positive(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Interest	\$ 22,000	\$ 22,000	\$ 41,932	\$ 19,932
Miscellaneous - loan repayments	36,000	36,000	34,058	(1,942)
Total revenues	<u>58,000</u>	<u>58,000</u>	<u>75,990</u>	<u>17,990</u>
Expenditures:				
Current:				
Contracts and program services	63,400	136,400	78,588	57,812
Total expenditures	<u>63,400</u>	<u>136,400</u>	<u>78,588</u>	<u>57,812</u>
Excess of revenues over (under) expenditures	<u>(5,400)</u>	<u>(78,400)</u>	<u>(2,598)</u>	<u>75,802</u>
Other financing uses:				
Transfers in from in lieu housing fund		14,494	14,494	-
Transfer out to general fund	2	(50,000)	(53,267)	(3,267)
Total other financing uses	<u>2</u>	<u>(35,506)</u>	<u>(38,773)</u>	<u>(3,267)</u>
Net change in fund balances	(5,398)	(113,906)	(41,371)	72,535
Fund balance, July 1	<u>455,037</u>	<u>469,126</u>	<u>469,126</u>	<u>-</u>
Fund balance, June 30	<u>\$ 449,639</u>	<u>\$ 355,220</u>	<u>\$ 427,755</u>	<u>\$ 72,535</u>

CITY OF CALISTOGA
Palisades Landscape Maintenance Special Revenue Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2012

	<u>Budgeted Amounts</u>			Variance With Final Budget- Positive(Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Interest	\$ 10	\$ 10	\$ 1	\$ (9)
Special assessments:				
Landscape maintenance	<u>1,540</u>	<u>1,540</u>	<u>1,487</u>	<u>(53)</u>
Total revenues	<u>1,550</u>	<u>1,550</u>	<u>1,488</u>	<u>(62)</u>
Expenditures:				
Public works	<u>1,630</u>	<u>650</u>	<u>649</u>	<u>1</u>
Excess of revenues over(under)expenditures	<u>(80)</u>	<u>900</u>	<u>839</u>	<u>(61)</u>
Other Financing Uses				
Transfers out general fund	<u>(376)</u>	<u>(158)</u>	<u>(1,192)</u>	<u>(1,034)</u>
Total other financing sources (uses)	<u>(376)</u>	<u>(158)</u>	<u>(1,192)</u>	<u>(1,034)</u>
Net change in fund balances	(456)	742	(353)	(1,095)
Fund balance, July 1	<u>1,418</u>	<u>836</u>	<u>836</u>	<u>-</u>
Fund balance, June 30	<u><u>\$ 962</u></u>	<u><u>\$ 1,578</u></u>	<u><u>\$ 483</u></u>	<u><u>\$ (1,095)</u></u>

CITY OF CALISTOGA
Asset Forfeiture Special Revenue Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2012

	<u>Budgeted Amounts</u>			Variance With Final Budget- Positive(negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Interest	\$ -	\$ -	\$ 37	\$ 37
Intergovernmental:				
Grants	-	4,633	-	(4,633)
Case forfeitures	5,000	5,000	7,532	2,532
Total revenues	<u>5,000</u>	<u>9,633</u>	<u>7,569</u>	<u>(2,064)</u>
Expenditures:				
Current:				
Public safety	3,000	15,750	11,966	3,784
Net change in fund balances	2,000	(6,117)	(4,397)	1,720
Fund balance, July 1	<u>41,260</u>	<u>44,260</u>	<u>44,260</u>	<u>-</u>
Fund balance, June 30	<u>\$ 43,260</u>	<u>\$ 38,143</u>	<u>\$ 39,863</u>	<u>\$ 1,720</u>

CITY OF CALISTOGA
Affordable Housing Special Revenue Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2012

	<u>Budgeted Amounts</u>			Variance With Final Budget- Positive(Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Interest	\$ 20,500	\$ 20,500	\$ 115	\$ (20,385)
Development in lieu fees	1,000	1,000	-	(1,000)
Total revenues	<u>21,500</u>	<u>21,500</u>	<u>115</u>	<u>(21,385)</u>
Expenditures:				
Current:				
Housing services	-	-	27,912	(27,912)
Total expenditures	<u>-</u>	<u>-</u>	<u>27,912</u>	<u>(27,912)</u>
Excess of revenues over (under) expenditures	<u>21,500</u>	<u>21,500</u>	<u>(27,797)</u>	<u>(49,297)</u>
Other financing uses:				
Transfers out to community development fund	-	(14,494)	(14,494)	-
Transfer out to developer deposit fund	-	(17,912)	-	17,912
Total other financing uses	<u>-</u>	<u>(32,406)</u>	<u>(14,494)</u>	<u>17,912</u>
Net change in fund balances	21,500	(10,906)	(42,291)	(31,385)
Fund balance, July 1	<u>154,179</u>	<u>154,179</u>	<u>154,179</u>	<u>-</u>
Fund balance, June 30	<u>\$ 175,679</u>	<u>\$ 143,273</u>	<u>\$ 111,888</u>	<u>\$ (31,385)</u>

CITY OF CALISTOGA
Quality of Life Special Revenue Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget- Positive(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services:				
Quality of life fees	\$ 4,500	\$ 4,500	\$ -	\$ (4,500)
Interest	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>4,500</u>	<u>4,500</u>	<u>-</u>	<u>(4,500)</u>
Expenditures:				
Current:				
Public works	-	-	-	-
Excess of revenues over(under) expenditures	<u>4,500</u>	<u>4,500</u>	<u>-</u>	<u>(4,500)</u>
Other financing uses:				
Transfers out	<u>(4,500)</u>	<u>(4,500)</u>	<u>-</u>	<u>4,500</u>
Net change in fund balances	-	-	-	-
Fund balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

CITY OF CALISTOGA
Silverado Landscape Maintenance Special Revenue Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget- Positive(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Special assessments:				
Landscape maintenance	\$ 1,000	\$ 1,000	\$ 1,000	\$ -
Total revenues	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>-</u>
Expenditures:				
Current:				
Public works	<u>1,250</u>	<u>1,250</u>	<u>423</u>	<u>827</u>
Excess of revenues over(under) expenditures	<u>(250)</u>	<u>(250)</u>	<u>577</u>	<u>827</u>
Other Financing Sources(Uses)				
Transfers out to general fund	<u>(215)</u>	<u>(1,053)</u>	<u>(1,479)</u>	<u>(426)</u>
Total other financing sources(uses)	<u>(215)</u>	<u>(1,053)</u>	<u>(1,479)</u>	<u>(426)</u>
Net change in fund balances	(465)	(1,303)	(902)	401
Fund balance, July 1	<u>2,639</u>	<u>1,303</u>	<u>1,303</u>	<u>-</u>
Fund balance, June 30	<u>\$ 2,174</u>	<u>\$ -</u>	<u>\$ 401</u>	<u>\$ 401</u>

CITY OF CALISTOGA
City Hall Donation Special Revenue Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2012

	<u>Budgeted</u>		<u>Actual</u>	<u>Variance With Final Budget- Positive(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Interest	\$ -	\$ -	\$ 41	\$ 41
Miscellaneous:				
Contributions for City Hall modernization	-	-	-	-
Total revenues	-	-	41	41
Expenditures:				
Capital outlay:				
City Hall improvements	-	-	18,588	(18,588)
Total expenditures	-	-	18,588	(18,588)
Excess of revenues over(under) expenditures	-	-	(18,547)	18,629
Net change in fund balances	-	-	(18,547)	18,629
Fund balances, July 1	-	50,584	50,584	-
Fund balances, June 30	<u>\$ -</u>	<u>\$ 50,584</u>	<u>\$ 32,037</u>	<u>\$ 18,629</u>

CITY OF CALISTOGA
Abandoned Vehicle Special Revenue Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2012

	Budgeted Amounts			Variance With Final Budget- Positive(Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental:				
Napa County - reimbursement fees	\$ 3,425	\$ 3,425	\$ 2,806	\$ (619)
Interest	-	-	21	21
Total revenues	<u>3,425</u>	<u>3,425</u>	<u>2,827</u>	<u>(598)</u>
Expenditures:				
Current:				
Public safety	<u>2,002</u>	<u>2,002</u>	<u>327</u>	<u>1,675</u>
Total expenditures	<u>2,002</u>	<u>2,002</u>	<u>327</u>	<u>1,675</u>
Excess of revenues over (under) expenditures	<u>1,423</u>	<u>1,423</u>	<u>2,500</u>	<u>1,077</u>
Other financing uses:				
Transfers out to general fund	<u>(4,448)</u>	<u>(4,600)</u>	<u>(6,900)</u>	<u>(2,300)</u>
Net change in fund balances	(3,025)	(3,177)	(4,400)	(1,223)
Fund balance, July 1	<u>22,094</u>	<u>26,692</u>	<u>26,692</u>	<u>-</u>
Fund balance, June 30	<u>\$ 19,069</u>	<u>\$ 23,515</u>	<u>\$ 22,292</u>	<u>\$ (1,223)</u>

CITY OF CALISTOGA
Traffic Signal Special Revenue Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2012

	<u>Budgeted Amounts</u>			Variance With Final Budget- Positive(Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Charges for services:				
Impact fees	\$ 8,806	\$ 8,806	\$ -	\$ (8,806)
Interest	-	-	153	153
Total revenues	<u>\$ 8,806</u>	<u>\$ 8,806</u>	<u>153</u>	<u>(8,653)</u>
Expenditures:				
Current public works	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	8,806	8,806	153	(8,653)
Fund balance, July 1	<u>154,089</u>	<u>162,618</u>	<u>162,618</u>	<u>-</u>
Fund balance, June 30	<u><u>\$ 162,895</u></u>	<u><u>\$ 171,424</u></u>	<u><u>\$ 162,771</u></u>	<u><u>\$ (8,653)</u></u>

CITY OF CALISTOGA
MTC Street Special Revenue Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2012

	<u>Budgeted</u>		<u>Actual</u>	<u>Variance With Final Budget- Positive(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental:				
MTC Street allocations	\$ -	\$ 40,000	\$ 33,131	\$ (6,869)
Interest	-	-	-	-
Total revenues	-	40,000	33,131	(6,869)
Expenditures:				
Current:				
Public works- pedestrian projects	-	40,000	34,408	5,592
Total expenditures	-	40,000	34,408	5,592
Excess of revenues over(under) expenditures	-	-	(1,277)	(1,277)
Other financing uses:				
Transfer out to the general fund	-	-	-	-
Transfer in from the general fund	-	-	1,277	1,277
Total other financing uses	-	-	1,277	1,277
Net change in fund balances	-	-	-	-
Fund balances, July 1	-	-	-	-
Fund balances, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF CALISTOGA
Vamos Program Special Revenue Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2012

	<u>Budgeted</u>		<u>Actual</u>	<u>Variance With Final Budget- Positive(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Miscellaneous:				
Other revenues	\$ -	\$ -		\$ -
Interest	-	-	2	2
Total revenues	-	-	2	2
Expenditures:				
Current:				
Aquatic service contract	-	-	-	-
Total expenditures	-	-	-	-
Excess of revenues over(under) expenditures	-	-	2	2
Net change in fund balances	-	-	2	2
Fund balances, July 1	1,190	2,150	2,150	-
Fund balances, June 30	<u>\$ 1,190</u>	<u>\$ 2,150</u>	<u>\$ 2,152</u>	<u>\$ 2</u>

CITY OF CALISTOGA
North West Drainage Special Revenue Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2012

	<u>Budgeted Amounts</u>			Variance With Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Charges for services:				
Impact fees	\$ -	\$ -	\$ -	\$ -
Interest	-	-	3	3
Total revenues	-	-	3	3
Expenditures:				
Current:				
Public works projects	-	-	-	-
Excess of revenues over (under) expenditures	-	-	3	3
Net change in fund balances	-	-	3	3
Fund balance, July 1	2,904	2,904	2,904	-
Fund balance, June 30	<u>\$ 2,904</u>	<u>\$ 2,904</u>	<u>\$ 2,907</u>	<u>\$ 3</u>

CITY OF CALISTOGA
Recreation Donation Special Revenue Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2012

	<u>Budgeted Amounts</u>			Variance With Final Budget- Positive(Negativ
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Interest	\$ -	\$ -	\$ -	\$ -
Miscellaneous:				
Donations	<u>4,500</u>	<u>7,000</u>	<u>7,491</u>	<u>491</u>
Total revenues	<u>4,500</u>	<u>7,000</u>	<u>7,491</u>	<u>491</u>
Expenditures:				
Current:				
Recreation	<u>2,300</u>	<u>3,978</u>	<u>4,975</u>	<u>(997)</u>
Total expenditures	<u>2,300</u>	<u>3,978</u>	<u>4,975</u>	<u>(997)</u>
Excess(deficiency) of revenues over (under) expenditures	<u>2,200</u>	<u>3,022</u>	<u>2,516</u>	<u>(506)</u>
Other Financing Use				
Transfer out to general fund	<u>(3,000)</u>	<u>-</u>	<u>(2,061)</u>	<u>(2,061)</u>
Net change in fund balances	(800)	3,022	455	(2,567)
Fund balance, July 1	<u>1,539</u>	<u>(455)</u>	<u>(455)</u>	<u>-</u>
Fund balance, June 30	<u><u>\$ 739</u></u>	<u><u>\$ 2,567</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (2,567)</u></u>

CITY OF CALISTOGA
Police Donation Special Revenue Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget- Positive(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Interest	\$ -	\$ -	\$ 11	\$ 11
Miscellaneous:				
Donations	<u>252</u>	<u>252</u>	<u>125</u>	<u>(127)</u>
Total revenues	<u>252</u>	<u>252</u>	<u>136</u>	<u>(116)</u>
Expenditures:				
Current:				
Public safety	<u>200</u>	<u>200</u>	<u>-</u>	<u>200</u>
Net change in fund balances	52	52	136	84
Fund balance, July 1	<u>11,712</u>	<u>11,692</u>	<u>11,692</u>	<u>-</u>
Fund balance, June 30	<u><u>\$ 11,764</u></u>	<u><u>\$ 11,744</u></u>	<u><u>\$ 11,828</u></u>	<u><u>\$ 84</u></u>

CITY OF CALISTOGA
Police Grant Special Revenue Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget- Positive(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental:				
COPS grant	\$ 107,500	\$ 142,294	\$ 127,256	\$ 19,756
Total revenues	<u>107,500</u>	<u>142,294</u>	<u>127,256</u>	<u>19,756</u>
Expenditures:				
Current:				
Public safety	40,002	40,002	21,172	18,830
Total expenditures	<u>40,002</u>	<u>40,002</u>	<u>21,172</u>	<u>18,830</u>
Excess of revenues over (under) expenditures	<u>67,498</u>	<u>102,292</u>	<u>106,084</u>	<u>3,792</u>
Other financing sources (uses):				
Operating transfers in	-	-	9,667	9,667
Operating transfers out	<u>(59,998)</u>	<u>(70,000)</u>	<u>(100,848)</u>	<u>(30,848)</u>
Net change in fund balances	7,500	32,292	14,903	(27,056)
Fund balance, July 1	<u>65,780</u>	<u>42,490</u>	<u>42,490</u>	<u>-</u>
Fund balance, June 30	<u>\$ 73,280</u>	<u>\$ 74,782</u>	<u>\$ 57,393</u>	<u>\$ (17,389)</u>

CITY OF CALISTOGA
Tree Mitigation Special Revenue Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2012

	<u>Budgeted Amounts</u>			Variance With Final Budget- Positive(Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Charges for services:				
Tree mitigation and removal fees	\$ 250	\$ 250	\$ 5,160	\$ 4,910
Interest	-	-	20	20
Total revenues	<u>250</u>	<u>250</u>	<u>5,180</u>	<u>4,930</u>
Expenditures:				
Current:				
Public works	-	-	4,860	(4,860)
Excess of revenues over (under) expenditures	<u>250</u>	<u>250</u>	<u>320</u>	<u>9,790</u>
Net change in fund balances	250	250	320	70
Fund balance, July 1	<u>15,176</u>	<u>14,761</u>	<u>14,761</u>	<u>-</u>
Fund balance, June 30	<u><u>\$ 15,426</u></u>	<u><u>\$ 15,011</u></u>	<u><u>\$ 15,081</u></u>	<u><u>\$ 70</u></u>

CITY OF CALISTOGA
Fire Donation Special Revenue Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2012

	Budgeted Amounts			Variance With Final Budget- Positive(Negative)
	Original	Final	Actual	
Revenues				
Interest	\$ -	\$ -	\$ 1	\$ 1
Miscellaneous:				
Donations	-	-	-	-
Total revenues	-	-	1	-
Expenditures:				
Current:				
Public safety	-	-	-	-
Excess of revenues over (under) expenditures	-	-	1	-
Net change in fund balances	-	-	1	1
Fund balance, July 1	648	648	648	-
Fund balance, June 30	<u>\$ 648</u>	<u>\$ 648</u>	<u>\$ 649</u>	<u>\$ 1</u>

CITY OF CALISTOGA
Mobile Home Park Special Revenue Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2012

	<u>Budgeted Amounts</u>			Variance With Final Budget- Positive(Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Interest	\$ -	\$ -	\$ -	\$ -
Charges for services:				
Inspection fees	4,705	4,705	4,705	-
Rent stabilization fees	7,440	7,440	3,300	
Other Revenues	-	-	10,201	10,201
Total revenues	<u>12,145</u>	<u>12,145</u>	<u>18,206</u>	<u>10,201</u>
Expenditures:				
Current:				
Housing	<u>27,605</u>	<u>27,605</u>	<u>17,695</u>	<u>9,910</u>
Excess of revenues over (under) expenditures	<u>(15,460)</u>	<u>(15,460)</u>	<u>511</u>	<u>20,111</u>
Other financing sources (uses):				
Transfers out to general fund	<u>(11,000)</u>	<u>(11,000)</u>	<u>(5,407)</u>	<u>5,593</u>
Total other financing sources (uses)	(11,000)	(11,000)	(5,407)	5,593
Net change in fund balances	(26,460)	(26,460)	(4,896)	21,564
Fund balance, July 1	<u>5,439</u>	<u>4,896</u>	<u>4,896</u>	<u>-</u>
Fund balance, June 30	<u><u>\$ (21,021)</u></u>	<u><u>\$ (21,564)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 21,564</u></u>

CITY OF CALISTOGA
City Debt Service Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2012

	<u>Budgeted Amounts</u>			Variance With Final Budget- Positive(Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Interest	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
Debt service:				
Principal retirement	297,350	372,618	372,618	-
Interest on long-term debt	350,632	239,068	239,068	-
Fiscal agent fees	1,502	1,502	-	1,502
Total expenditures	<u>649,484</u>	<u>613,188</u>	<u>611,686</u>	<u>1,502</u>
Excess of revenues over (under) expenditures	<u>(649,484)</u>	<u>(613,188)</u>	<u>(611,686)</u>	<u>1,502</u>
Other financing sources:				
Transfer in from public safety fund	86,000	84,516	3,574	(80,942)
Transfer in from quality of life	4,500	4,500	-	(4,500)
Transfer in from general fund	559,000	522,480	608,113	85,633
Transfer out to general fund	<u>-</u>	<u>-</u>	<u>(1,708)</u>	<u>(1,708)</u>
Total other financing sources	<u>649,500</u>	<u>611,496</u>	<u>609,979</u>	<u>(1,517)</u>
Net change in fund balances	16	(1,692)	(1,707)	(15)
Fund balance, July 1	<u>(16)</u>	<u>1,707</u>	<u>1,707</u>	<u>-</u>
Fund balance, June 30	<u>\$ -</u>	<u>\$ 15</u>	<u>\$ -</u>	<u>\$ (15)</u>

CITY OF CALISTOGA
Comparative Schedule of General Capital Assets Used in Governmental Operations
By Source

	June 30	
	2012	2011
General fixed assets:		
Land	1,964,744	\$ 1,964,744
Buildings	3,494,179	3,448,384
Improvements	8,729,881	8,599,915
Equipment	871,833	870,155
Infrastructure - street system	1,731,777	1,667,444
Construction in progress	301,005	454,057
	<u>\$ 17,093,419</u>	<u>\$ 17,004,699</u>
Investment in general fixed assets from:		
General fund	13,092,497	\$ 12,203,774
Capital projects funds	1,948,090	2,748,093
Donations	1,807,666	1,807,666
Special revenue funds	245,166	245,166
	<u>\$ 17,093,419</u>	<u>\$ 17,004,699</u>

CITY OF CALISTOGA
Schedule of Changes in General Capital Assets Used in Governmental Activities
By Source
For the Fiscal Year Ended June 30, 2012

	<u>Land</u>	<u>Buildings</u>	<u>Improvements and Construction in Progress</u>	<u>Equipment</u>	<u>Infrastructure</u>	<u>Total Cost</u>
General fixed assets July 1, 2012	\$ 1,964,744	\$ 3,448,384	\$ 9,053,972	\$ 870,155	\$ 1,667,444	\$17,004,699
Add:						
Expenditures from:						
Capital projects	-	-	171,019	-	-	171,019
General fund	-	45,795	-	1,678	69,074	116,547
Deduct:						
Reclassifications	-	-	-	-	-	-
Retirements and transfers	-	-	(194,105)	-	(4,741)	(198,846)
General fixed assets June 30, 2011	<u>\$ 1,964,744</u>	<u>\$ 3,494,179</u>	<u>\$ 9,030,886</u>	<u>\$ 871,833</u>	<u>\$ 1,731,777</u>	<u>\$17,093,419</u>

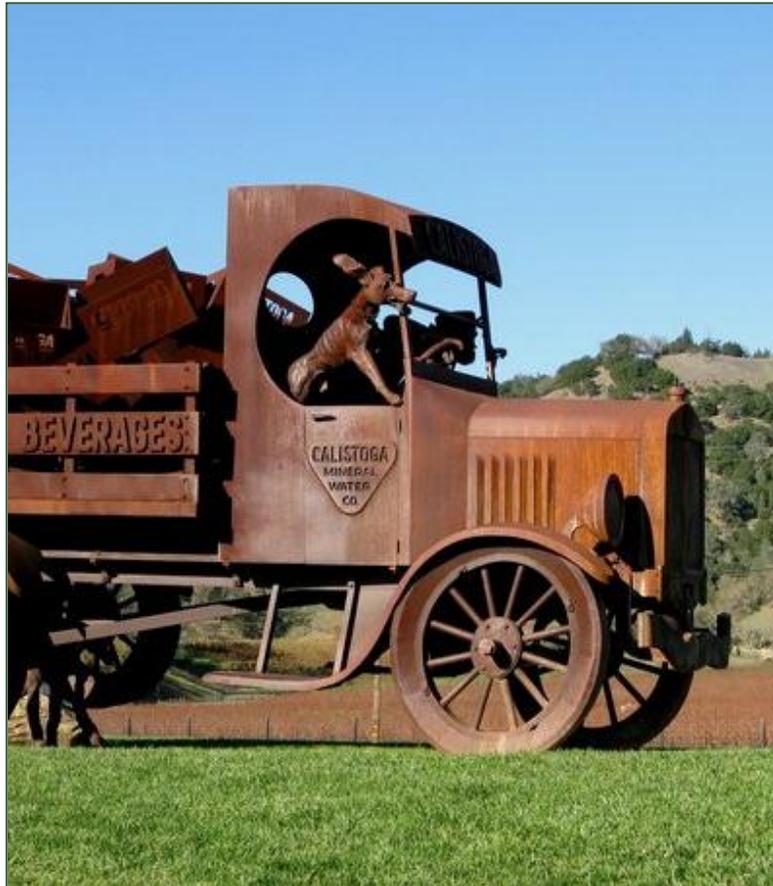
CITY OF CALISTOGA
Schedule of General Capital Assets Used in Governmental Activities
By Function and Activity
June 30, 2012

Function and Activity	Land	Buildings	Improvements	Equipment	Infrastructure	Total Cost
General government:						
General government buildings	\$ 1,315,180	\$ 131,175	\$ 544,605	\$ 17,000	\$ -	\$ 2,007,960
Public safety:						
Police protection	509,682	935,600	261,475	175,348	-	1,882,105
Fire protection	-	1,821,700	28,097	402,282	-	2,252,079
Total public safety	509,682	2,757,300	289,572	577,630	-	4,134,184
Community Center	5,000	54,576	43,762	67,235	-	170,573
Community pool	-	-	7,040,885	17,251	-	7,058,136
Parks and recreation	45,660	295,142	767,688	93,743	-	1,202,233
Public works	77,222	89,995	344,374	73,973	1,731,778	2,317,342
Museum	12,000	165,991	-	25,000	-	202,991
Total general fixed assets	<u>\$ 1,964,744</u>	<u>\$ 3,494,179</u>	<u>\$ 9,030,886</u>	<u>\$ 871,832</u>	<u>\$ 1,731,778</u>	<u>\$ 17,093,419</u>

CITY OF CALISTOGA
Schedule of Changes in General Capital Assets Used in Governmental Activities
By Function and Activity
For the Fiscal Year Ended June 30, 2012

Function and Activity	General Fixed Assets July 1, 2011	Additions	Deletions	General Fixed Assets June 30, 2012
General government:				
City Clerk	\$ 12,871	\$ -	\$ -	\$ 12,871
Planning	7,235	-	-	7,235
General buildings and land	1,913,808	18,588	-	1,932,396
Financial administration	52,077	-	-	52,077
City Manager	3,381	-	-	3,381
Total general government	<u>1,989,372</u>	<u>18,588</u>	<u>-</u>	<u>2,007,960</u>
Public safety:				
Police protection	1,882,105	-	-	1,882,105
Fire protection	2,252,079	-	-	2,252,079
Total public safety	<u>4,134,184</u>	<u>-</u>	<u>-</u>	<u>4,134,184</u>
Community Center	<u>170,573</u>	<u>-</u>	<u>-</u>	<u>170,573</u>
Community Pool	<u>6,974,062</u>	<u>84,074</u>	<u>-</u>	<u>7,058,136</u>
Parks and recreation	<u>1,202,233</u>	<u>-</u>	<u>-</u>	<u>1,202,233</u>
Public Works	<u>2,331,284</u>	<u>69,074</u>	<u>(83,016)</u>	<u>2,317,342</u>
Museum	<u>202,991</u>	<u>-</u>	<u>-</u>	<u>202,991</u>
Total general fixed assets	<u>\$ 17,004,699</u>	<u>\$ 171,736</u>	<u>\$ (83,016)</u>	<u>\$ 17,093,419</u>

STATISTICAL SECTION



STATISTICAL SECTION

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

Financial Trends	Schedules 1- 4
-------------------------	-----------------------

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

Revenue Capacity	Schedules 5-6
-------------------------	----------------------

These schedules contain information to help assess the City’s most significant local revenue sources, which for the City is the transient occupancy tax revenue.

Debt Capacity	Schedules 7-11
----------------------	-----------------------

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

Demographic and Economic Information	Schedules 12 -13
---	-------------------------

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

Operating Information	Schedules 14-16
------------------------------	------------------------

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

City of Calistoga
Schedule 1
Net Assets by Component
Last Nine Fiscal Years
(accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities:									
Invested in capital assets, net of related debt	2,342,283	2,574,940	3,608,855	3,902,216	5,412,945	8,300,018	8,772,653	9,134,898	9,123,554
Restricted	2,036,751	3,168,003	4,398,197	4,552,113	4,368,648	5,481,829	6,272,999	6,320,030	5,539,578
Unrestricted	2,699,024	2,171,582	1,579,848	1,478,418	1,300,830	1,322,140	171,473	(601,181)	909,057
Total governmental activities net assets	<u>7,078,058</u>	<u>7,914,525</u>	<u>9,586,900</u>	<u>9,932,747</u>	<u>11,082,423</u>	<u>15,103,987</u>	<u>15,217,125</u>	<u>14,853,747</u>	<u>15,572,189</u>
Business-type activities:									
Invested in capital assets, net of related debt	13,902,489	12,365,731	14,399,240	14,527,166	12,732,263	14,378,458	13,691,652	13,584,563	15,137,975
Restricted	498,313	2,156,325	1,970,690	904,096	769,992	-	-	-	-
Unrestricted	(1,749,241)	48,442	(2,028,612)	(1,377,516)	303,715	(605,740)	436,945	194,892	6,084
Total business-type activities net assets	<u>12,651,561</u>	<u>14,570,498</u>	<u>14,341,318</u>	<u>14,053,746</u>	<u>13,805,970</u>	<u>13,772,718</u>	<u>14,128,597</u>	<u>13,779,455</u>	<u>15,144,059</u>
Primary government:									
Invested in capital assets, net of related debt	16,244,772	14,940,671	18,008,095	18,429,382	18,145,208	22,678,476	22,464,305	22,719,461	24,261,529
Restricted	2,535,064	5,324,328	6,368,887	5,456,209	5,138,640	5,481,829	6,272,999	6,320,030	5,539,578
Unrestricted	949,783	2,220,024	(448,764)	100,902	1,604,545	716,400	608,418	(406,289)	915,141
Total primary government net assets	<u>19,729,619</u>	<u>22,485,023</u>	<u>23,928,218</u>	<u>23,986,493</u>	<u>24,888,393</u>	<u>28,876,705</u>	<u>29,345,722</u>	<u>28,633,202</u>	<u>30,716,248</u>

Note: The City implemented GASB Statement Number 34 in fiscal year ending June 30, 2004. The information in this schedule is therefore set forth prospectively from the initial year of implementation.

City of Calistoga
Schedule 2
Changes in Net Assets
Last Nine Fiscal Years
(accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses:									
Governmental activities:									
General government	1,205,406	1,135,059	1,263,331	1,308,975	1,786,147	1,749,599	1,672,657	1,842,683	1,669,272
Public safety	2,499,335	2,645,188	2,625,164	2,669,054	2,976,791	3,141,566	3,175,941	3,178,320	3,011,419
Community services	217,628	216,236	259,264	357,280	188,928	276,107	309,074	385,499	485,263
Housing	120,881	59,177	464,850	141,891	113,019	77,355	124,359	123,490	127,496
Recreation Services	294,658	333,393	322,323	339,137	378,520	475,566	542,515	615,712	391,147
Public works	1,331,708	915,104	982,397	1,088,982	1,160,329	1,238,441	1,067,014	1,123,110	1,082,233
Planning and Building	326,255	417,365	677,722	625,180	604,125	694,241	628,391	637,991	405,710
Interest on long-term debt	90,739	89,822	84,397	69,591	200,895	227,841	268,959	291,896	272,807
Total governmental activities expenses	6,086,610	5,811,344	6,679,448	6,600,090	7,408,754	7,880,716	7,788,910	8,198,701	7,445,347
Business-type activities:									
Water	1,992,785	1,780,260	2,044,759	2,149,976	2,302,615	2,731,066	2,916,682	3,055,351	3,025,828
Wastewater	3,024,230	2,605,971	2,998,065	2,831,758	2,696,495	2,894,713	2,784,072	2,695,348	2,607,225
Total business-type activities expenses	5,017,015	4,386,231	5,042,824	4,981,734	4,999,110	5,625,779	5,700,754	5,750,699	5,633,053
Total primary government expenses	11,103,625	10,197,575	11,722,272	11,581,824	12,407,864	13,506,495	13,489,664	13,949,400	13,078,400
Program revenues:									
Governmental activities:									
Charges for services:									
General government	267,230	100,011	151,254	191,106	339,719	241,627	258,984	265,929	290,492
Public safety	230,958	749,300	596,594	491,489	282,560	279,176	326,789	185,890	293,710
Community services	-	-	29,537	53,296	13,192	10,600	9,238	21,734	18,882
Housing	221,128	720,512	88,698	93,104	127,025	47,273	47,643	146,202	140,320
Recreation services	29,283	18,198	21,419	19,397	59,776	83,029	128,795	123,832	141,329
Public works	9,021	82,939	26,313	52,325	59,538	261,534	25,203	66,484	33,743
Planning and building	156,333	244,967	473,167	357,841	197,848	196,562	157,031	182,174	166,892
Operating grants and contributions	255,639	227,457	1,874,523	314,902	766,363	323,770	297,496	272,868	310,240
Capital grants and contributions	657,212	223,526	615,092	316,553	575,416	2,642,244	2,261,454	1,113,412	33,131
Total governmental activities program revenues	1,826,804	2,366,910	3,876,597	1,890,013	2,421,437	4,085,815	3,512,633	2,378,525	1,428,739

(continued)

City of Calistoga
Schedule 2
Changes in Net Assets
Last Nine Fiscal Years
(accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012
Business-type activities:									
Charges for services:									
Water	1,562,566	1,694,624	1,975,927	2,222,327	2,554,214	2,182,318	2,090,136	2,100,595	2,243,967
Wastewater	1,650,895	1,773,745	1,852,512	1,921,034	2,078,594	1,973,424	1,939,641	1,952,322	2,133,389
Operating grants and contributions	-	-	-	-	-	-	-	-	-
Capital grants and contributions	1,130,908	2,659,099	844,605	550,801	127,213	1,482,941	952,188	488,832	2,620,301
Total business-type activities program revenues	4,344,369	6,127,468	4,673,044	4,694,162	4,760,021	5,638,683	4,981,965	4,541,749	6,997,657
Total primary government program revenues	6,171,173	8,494,378	8,549,641	6,584,175	7,181,458	9,724,498	8,494,598	6,920,274	8,426,396
Net revenues (expenses):									
Governmental activities	(4,259,806)	(3,444,434)	(2,802,851)	(4,710,077)	(4,987,317)	(3,794,901)	(4,276,277)	(5,820,176)	(6,016,608)
Business-type activities	(672,646)	1,741,237	(369,780)	(287,572)	(239,089)	12,904	(718,789)	(1,208,950)	1,364,604
Total net revenues (expenses)	(4,932,452)	(1,703,197)	(3,172,631)	(4,997,649)	(5,226,406)	(3,781,997)	(4,995,066)	(7,029,126)	(4,652,004)
General revenues and other changes in net assets:									
Governmental activities:									
Taxes:									
Property taxes	744,203	701,580	1,173,543	1,335,430	1,467,322	1,709,998	1,654,593	1,685,427	1,635,425
Transient occupancy taxes	2,161,628	2,257,440	2,335,139	2,521,951	3,402,228	3,208,611	3,042,315	3,430,487	3,768,443
Sales tax	680,882	722,655	705,825	793,011	874,109	842,610	670,909	796,563	965,528
Other taxes	300,007	358,631	328,634	335,687	329,146	369,196	348,285	312,778	323,873
Motor vehicle in lieu, unrestricted	229,201	400,442	35,225	31,248	23,499	18,039	15,665	24,494	-
Investment income	2,317	17,853	37,561	38,597	32,002	24,231	11,517	9,693	1,331
Special items:									
Lien abatement recovery	339,216	-	-	-	-	-	-	-	-
Settlement environmental Claim	(508,379)	-	-	-	-	-	-	-	-
Other general revenue								57,164	40,450
Donations for community pool						1,597,624			
Net Transfers	(241,500)	(177,700)	(140,600)	-	-	-	(1,353,869)	(859,808)	
Total governmental activities	3,707,575	4,280,901	4,475,327	5,055,924	6,128,306	7,770,309	4,389,415	5,456,798	6,735,050

(continued)

City of Calistoga
Schedule 2
Changes in Net Assets
Last Nine Fiscal Years
(accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012
Business-type activities:									
Investment income									
Transfers	241,500	177,700	140,600	-	-	-	1,353,869	859,808	-
Total business-type activities	241,500	177,700	140,600	-	-	-	1,353,869	859,808	-
Total primary government	3,949,075	4,458,601	4,615,927	5,055,924	6,128,306	7,770,309	5,743,284	6,316,606	6,735,050
Changes in net assets									
Governmental activities	(552,231)	836,467	1,672,476	345,847	1,140,989	3,975,408	113,138	(363,378)	718,442
Business-type activities	(431,146)	1,918,937	(229,180)	(287,572)	(239,089)	12,904	635,080	(349,142)	1,364,604
Total primary government	(983,377)	2,755,404	1,443,296	58,275	901,900	3,988,312	748,218	(712,520)	2,083,046

CITY OF CALISTOGA
Schedule 3
Fund Balances of Governmental Funds
Last Nine Fiscal Years
(modified accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012
General fund:									
Reserved	1,601,177	48,155	1,540,237	1,558,663	588,784	447,767	154,504	-	-
Unreserved	1,120,161	2,301,868	252,563	326,911	1,121,851	941,456	778,500	-	-
Nonspendable (1)								16,911	311,927
Unassigned (1)								(455)	646,165
Total general fund	<u>2,721,338</u>	<u>2,350,023</u>	<u>1,792,800</u>	<u>1,885,574</u>	<u>1,710,635</u>	<u>1,389,223</u>	<u>933,004</u>	<u>16,456</u>	<u>958,092</u>
All other governmental funds:									
Reserved	31	39	27	34	-	-	-		
Unreserved, reported in:									
Special revenue funds	1,044,951	1,478,440	1,530,408	2,189,346	2,068,446	1,610,914	1,151,093	-	-
Capital projects funds	-	-	-	-	3,779,438	2,835,941	2,158,730	-	-
Restricted for capital improvements								398,097	397,158
Restricted for affordable housing								628,868	551,931
Restricted for streets								327,317	351,173
Restricted for facilities								50,584	32,037
Restricted for public safety								125,782	132,025
Restricted for parks								2,150	2,152
Restricted for debt service								1,708	-
Total all other governmental funds	<u>1,044,982</u>	<u>1,478,479</u>	<u>1,530,435</u>	<u>2,189,380</u>	<u>5,847,884</u>	<u>4,446,855</u>	<u>3,309,823</u>	<u>1,534,506</u>	<u>1,466,476</u>
Total Governmental funds	<u><u>3,766,320</u></u>	<u><u>3,828,502</u></u>	<u><u>3,323,235</u></u>	<u><u>4,074,954</u></u>	<u><u>7,558,519</u></u>	<u><u>5,836,078</u></u>	<u><u>4,242,827</u></u>	<u><u>1,550,962</u></u>	<u><u>2,424,568</u></u>

(1) The City of Calistoga implemented GASB 54 in fiscal year 2011; implementation is done prospectively as the City did not have the information to restate prior year fund balance classifications.

CITY OF CALISTOGA
Schedule 4
Revenues, Expenditures and Changes in Fund Balances and Debt Service Ratio of Governmental Funds
Last Nine Fiscal Years
(modified accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues:									
Property Taxes	744,203	701,580	1,173,543	1,328,829	1,460,792	1,709,998	1,654,593	1,685,427	1,635,425
Sales Taxes	680,882	722,655	653,118	738,597	819,647	842,610	670,909	796,563	965,528
Transient Occupancy Taxes	2,161,628	2,257,440	2,335,139	2,521,951	3,402,228	3,208,611	3,042,315	3,430,487	3,768,443
Other Taxes	299,836	301,445	321,774	335,687	329,146	311,292	292,758	312,778	323,873
Licenses and permits	80,133	106,223	271,812	170,366	81,325	89,315	65,849	65,022	64,458
Fines and forfeitures	52,206	64,052	61,429	56,830	49,296	49,810	42,577	53,486	55,989
Intergovernmental	1,111,737	883,870	1,343,240	662,032	1,345,393	2,984,116	1,869,131	1,324,812	338,865
Interest and rents	41,400	113,880	79,186	154,580	132,186	87,052	28,893	61,280	43,963
Charges for services	487,946	792,016	954,733	1,299,226	798,184	781,600	744,437	677,254	723,338
Other	164,296	180,529	89,646	158,434	194,074	396,083	146,261	229,222	209,747
Total revenues	5,824,267	6,123,690	7,283,620	7,426,532	8,612,271	10,460,487	8,557,723	8,636,331	8,129,629
Expenditures									
Current:									
General government	1,166,870	1,021,624	1,019,211	1,183,362	1,557,263	1,581,229	1,417,360	1,829,295	1,556,860
Public safety	2,360,410	2,478,584	2,551,645	2,501,429	2,882,855	3,107,158	3,063,619	3,054,689	2,895,021
Community services	216,844	215,452	234,089	344,778	181,426	272,543	373,314	363,846	305,753
Housing	120,881	59,177	464,850	141,891	113,019	1,883,387	1,364,524	123,490	124,195
Recreation Services	256,811	263,250	254,745	307,691	347,074	411,697	359,023	442,875	220,454
Public works	730,086	774,012	872,043	915,104	966,949	1,062,579	941,969	1,026,442	945,245
Planning and Building	326,255	417,365	571,572	599,406	604,125	694,241	616,410	602,200	395,207
Debt service:									
Debt Issuance Costs	-	-	-	-	22,720	-	-	-	-
Principal retirement	177,305	226,083	259,665	269,926	305,626	342,286	354,934	355,760	372,618
Interest and fiscal charges	91,738	92,959	84,397	74,117	63,416	329,392	270,472	295,855	277,011
Capital Outlay	582,292	385,302	1,386,070	368,609	2,658,646	3,997,786	1,104,295	2,373,936	100,771
Total expenditures	6,029,492	5,933,808	7,698,287	6,706,313	9,703,119	13,682,298	9,865,920	10,468,388	7,193,135
Excess (deficiency) of revenues over (under) expenditures	(205,225)	189,882	(414,667)	720,219	(1,090,848)	(3,221,811)	(1,308,197)	(1,832,057)	936,494
Other financing sources (uses):									
Contractual settlements							720,154	0	0
Transfers in	637,918	611,973	979,869	727,526	2,374,672	3,621,808	1,276,759	1,761,929	925,860
Transfers out	(829,418)	(739,673)	(1,070,469)	(696,026)	(2,474,259)	(3,720,062)	(2,281,967)	(2,621,737)	(988,747)
Issuance of bonds	-	-	-	-	4,674,000				
Payment to bond escrow agent	-	-	-	-					
Total other financing sources (uses)	(191,500)	(127,700)	(90,600)	31,500	4,574,413	(98,254)	(285,054)	(859,808)	(62,887)
Special Item: Contributions for Pool	339,216	-	-	-	-	1,597,624	-	-	-
Net change in fund balances	(57,509)	62,182	(505,267)	751,719	3,483,565	(1,722,441)	(1,593,251)	(2,691,865)	873,607
Debt service as a percentage of noncapital expenditures	4.9%	5.8%	5.5%	5.4%	5.2%	6.9%	7.1%	8.1%	9.2%

CITY OF CALISTOGA
Schedule 5
Transient Occupancy Tax
Last Nine Fiscal Years

Fiscal Year Ended June 30	Gross Receipts (1)	Exemptions & Credits (1)	Net Taxable Receipts	Transient Occupancy Tax (TOT) 12% (2)	Sales Tax Credit (2)	Net TOT Collected	% Net TOT Collected
2004	18,370,760	11,983	18,358,777	2,203,053	7,094	2,195,932	99.68%
2005	18,702,135	32,873	18,656,960	2,238,835	6,538	2,229,487	99.58%
2006	19,531,658	16,878	19,517,807	2,342,137	6,170	2,336,107	99.74%
2007	21,080,493	27,893	21,052,600	2,526,312	4,361	2,521,951	99.83%
2008	28,398,487	28,275	28,370,212	3,404,425	2,197	3,402,228	99.94%
2009	26,936,630	61,322	26,775,308	3,213,037	4,426	3,208,611	99.86%
2010	25,374,509	21,884	25,352,625	3,042,315	-	3,042,315	100.00%
2011	28,602,072	14,681	28,587,391	3,430,487	-	3,430,487	100.00%
2012	31,419,307	15,615	31,403,692	3,768,443	-	3,768,443	100.00%

(1) Source: City of Calistoga Transient Occupancy Tax Data

CITY OF CALISTOGA
Schedule 6
Principal Transient Occupancy Tax Payers - In Alphabetical Order
Last Nine Years

Operator	Type	Rooms									
		2004	2005	2006	2007	2008	2009	2010	2011	2012	
Calistoga Spa	Hotel Resort	57	57	57	57	57	57	57	57	57	57
**Calistoga Village Inn & Spa	Hotel Resort	41	41	41	41	41	41	41	41	0	0
Cottage Grove Inn	Inn/Motel	16	16	16	16	16	16	16	16	16	16
**Eurospa Inn	Inn/Motel									12	12
Golden Haven	Hotel Resort	31	31	31	31	31	31	31	31	31	31
Indian Springs & Lodge	Hotel Resort	16	16	40	40	40	40	40	40	40	40
Lodge at Calistoga	Inn/Motel	55	55	55	55	55	55	55	55	55	55
Mt. View Hotel	Hotel Resort	33	33	33	33	33	33	33	33	33	33
Roman Spa	Hotel Resort	61	61	61	61	61	60	60	60	60	60
Solage Calistoga	Hotel Resort					89	89	89	89	89	89
Stevenson Manor Inn	Inn/Motel	34	34	34	34	34	34	34	34	34	34
Wilkinson's Hot Springs	Hotel Resort	42	42	42	42	42	42	42	42	42	42
Total Top Ten Operators - Rooms		386	386	410	410	499	498	498	469	469	469
Total Rooms		614	614	605	602	690	690	690	688	688	688
As % of Total Rooms-All Operators		63%	63%	67%	68%	72%	72%	72%	68%	68%	68%
Total Net Transient Occupancy Tax Revenues		\$ 2,195,932	\$ 2,229,487	\$ 2,336,107	\$ 2,521,951	\$ 3,402,228	\$ 3,208,611	\$ 3,042,315	\$ 3,430,487	\$ 3,768,443	\$ 3,768,443
Total Top Ten Operator Tax Revenues		\$ 1,601,614	\$ 1,636,350	\$ 1,731,547	\$ 1,894,261	\$ 2,625,920	\$ 2,577,200	\$ 2,581,676	\$ 2,901,223	\$ 3,210,522	\$ 3,210,522
As % of Total Tax Revenue		73%	73%	74%	75%	77%	80%	85%	85%	85%	85%

**Eurospa Inn in 2011 became one of the Top Ten Operators and Calistoga Village Inn & Spa dropped out of the Top Ten Operators in 2011

Source: City of Calistoga Transient Occupancy Tax Data

City of Calistoga
Schedule 7
Ratios of Outstanding Debt by Type
Last Nine Fiscal Years

Governmental Activities						
Fiscal Year Ended June 30	Capital Lease Obligation	Claims & Settlements	Compensated Absences	Total Governmental Activities		
2004	1,879,085	508,379	178,928	2,566,392		
2005	1,692,835	468,546	215,591	2,376,972		
2006	1,498,799	402,917	255,444	2,157,160		
2007	1,937,714	405,006	273,847	2,616,567		
2008	6,396,183	311,725	338,740	7,046,648		
2009	6,066,111	134,924	339,534	6,540,569		
2010	5,720,826	54,592	352,683	6,128,101		
2011	5,559,954	1,099,197	344,549	7,003,700		
2012	5,085,044	31,798	312,812	5,429,654		
Business-type Activities						
Fiscal Year Ended June 30	Water Revenue Bonds	Installment Agreements	State Revolving Fund Loan	Certificates of Participation	Compensated Absences	Total Business-type Activities
2004	3,765,000	3,400,000	4,605,173	-	158,228	11,928,401
2005	3,646,000	3,335,000	5,405,688	2,028,500	93,558	14,508,746
2006	-	8,560,000	5,174,038	2,008,300	113,220	15,855,558
2007	-	8,335,000	4,935,660	1,987,300	100,926	15,358,886
2008	-	8,120,000	4,710,318	4,476,770	114,732	17,421,820
2009	-	7,895,000	4,469,195	4,430,800	113,446	16,908,441
2010	-	7,665,000	4,221,803	4,382,000	97,450	16,366,253
2011	-	7,430,000	3,967,979	4,085,200	99,574	15,582,753
2012	-	7,180,000	3,707,556	3,948,402	98,831	14,934,789
Fiscal Year Ended June 30	Total Primary Government	As Percentage of Assessed	Debt Per Capita [2]			
2004	14,494,793	3.32%	2,787			
2005	16,665,906	3.24%	3,196			
2006	18,012,718	3.51%	3,454			
2007	17,975,453	3.15%	3,423			
2008	24,468,468	3.96%	4,615			
2009	23,449,010	3.37%	4,399			
2010	22,494,354	3.44%	4,189			
2011	22,586,453	3.47%	4,381			
2012	20,364,443	3.01%	3,873			

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

Assessed Valuation (1)		Population (2)	
2004	437,107,799	2004	5,201
2005	468,922,260	2005	5,211
2006	513,781,017	2006	5,215
2007	569,996,414	2007	5,252
2008	618,539,567	2008	5,302
2009	696,275,569	2009	5,331
2010	654,464,952	2010	5,370
2011	651,533,812	2011	5,155
2012	676,866,460	2012	5,258

[1] Source: Napa County Auditor-Controller
[2] Source: U.S. State Department of Finance

City of Calistoga
Schedule 8
Direct and Overlapping Debt
June 30, 2012

2011-12 Assessed Valuation (Secured & Unsecured): \$ 676,866,460 (1)

	<u>Total Debt</u> <u>6/30/2012</u>	<u>% Applicable (1)</u>	<u>City's Share of</u> <u>Debt 6/30/12</u>
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
Napa Joint Community College District	113,270,265	2.500%	\$ 2,831,757
Calistoga Joint Unified School District	18,180,316	34.698%	\$ 6,308,206
Total overlapping tax and assessment debt			\$ 9,139,963
<u>DIRECT DEBT:</u>			
City of Calistoga Lease/Certificates of Participation	5,085,044	100.000%	\$ 5,085,044 (2)
Total direct debt			\$ 5,085,044
<u>OVERLAPPING GENERAL FUND DEBT:</u>			
Napa County Certificates of Participation	26,330,000	2.523%	\$ 664,306
Napa County Board of Education Certificates of Participation	3,390,000	2.523%	\$ 85,530
Calistoga Joint Unified School District Certificates of Participation	820,000	34.698%	\$ 284,524
Total overlapping general fund debt			\$ 1,034,360
Total direct debt			5,085,044
Total overlapping debt			<u>10,174,322</u>
Combined debt			<u>\$ 15,259,366</u> (3)

Ratios to 2011-12 Assessed Valuation (Secured & Unsecured) :

Total overlapping tax and assessment debt	1.35%
Total direct debt	0.75%
Combined Total Debt	2.25%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/12 \$ -

(1) Percentage of overlapping agency's assessed valuation located within boundaries of the City.

(2) Includes all Governmental Activities long-term debt less estimate of compensated absences and Claims & Settlements

(3) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

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

City of Calistoga
Schedule 9
Legal Debt Margin Information
Last Nine Fiscal Years

	2004	2005	2006	2007	2008	2009	2010	2011	2012
Assessed valuation (Secured)	437,107,799	468,922,260	513,781,017	569,996,414	618,539,567	696,275,569	654,464,952	651,533,812	676,866,460
Conversion percentage	25%	25%	25%	25%	25%	25%	25%	25%	25%
Adjusted assessed valuation	\$ 109,276,950	\$ 117,230,565	\$ 128,445,254	\$142,499,104	\$154,634,892	\$ 174,068,892	\$163,616,238	\$162,883,453	\$ 169,216,615
Debt limit percentage	15%	15%	15%	15%	15%	15%	15%	15%	15%
Debt limit	16,391,542	17,584,585	19,266,788	21,374,866	23,195,234	26,110,334	24,542,436	24,432,518	25,382,492
Total net debt applicable to limit: Capital Lease Obligations	1,879,085	1,692,835	1,498,799	1,944,914	6,396,183	6,066,111	5,720,826	5,559,954	5,085,044
Legal debt margin	\$ 14,512,457	\$ 15,891,750	\$ 17,767,989	\$ 19,429,952	\$ 16,799,051	\$ 20,044,223	\$ 18,821,610	\$ 18,872,564	\$ 20,297,448
Total debt applicable to the limit as a percentage of debt limit	11.5%	9.6%	7.8%	9.1%	27.6%	23.2%	23.3%	22.8%	20.0%

The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). The computations shown above reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25% level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the state.

Source: City of Calistoga
Napa County Tax Assessor's Office

City of Calistoga
Schedule 10
Pledged Revenue Coverage Water

Last Nine Fiscal Years

Fiscal Year	Water Revenues	Less Operating Expenses	Pledged Available Revenue	<u>1972 Water Rev Bonds</u>		<u>1983 Water Rev Bonds</u>		<u>2005 Install Purch Agmt</u>		<u>Coverage</u>
				<u>Debt Service</u>		<u>Debt Service</u>		<u>Debt Service</u>		
				<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2004	1,560,680	1,447,167	113,513	8,000	4,200	105,000	186,875	-	-	0.37
2005	1,681,445	1,368,910	312,535	9,000	2,000	110,000	181,500	-	-	1.03
2006	1,935,441	1,610,818	324,623	-	-	-	-	-	86,921	3.73
2007	2,208,585	1,705,789	502,796	-	-	-	-	155,000	216,030	1.36
2008	2,488,885	1,828,326	660,559	-	-	-	-	145,000	212,307	1.85
2009	2,168,369	1,923,391	244,978	-	-	-	-	150,000	208,159	0.68
2010	2,090,136	2,201,394	(111,258)	-	-	-	-	155,000	203,898	(0.31)
2011	2,100,472	2,358,922	(258,450)	-	-	-	-	155,000	199,149	(0.73)
2012	2,238,937	2,334,625	(95,688)	-	-	-	-	165,000	194,005	(0.27)

2008 Certificate of Participation (COPS) (1)

Fiscal Year	Measure A Sales Tax Allocations	<u>Debt Service</u>		<u>Coverage</u>
		<u>Principal</u>	<u>Interest</u>	
2004	-	-	-	-
2005	-	-	-	-
2006	-	-	-	-
2007	-	-	-	-
2008	-	-	-	-
2009	125,659	23,170	102,489	1.00
2010	133,850	25,000	108,850	1.00
2011	373,549	272,000	101,549	1.00
2012	359,324	269,444	89,880	1.00

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

Operating Expenses do not include depreciation and amortization expenses.

(1) The Measure A Sales Tax Allocations revenues available for the 2008 COPS are only available through 2018 per an agreement with the County of Napa.

City of Calistoga
Schedule 11
Pledged Revenue Coverage Wastewater

Last Nine Fiscal Years

Fiscal Year	Wastewater Revenues	Less Operating Expenses	Pledged Available Revenue	<u>2001 Install Purch Agmt</u>		<u>2005 Revolving Fund Loan</u>		<u>2005 Certificates of Participation (COPS)</u>		<u>Coverage</u>
				<u>Debt Service Principal</u>	<u>Debt Service Interest</u>	<u>Debt Service Principal</u>	<u>Debt Service Interest</u>	<u>Debt Service Principal</u>	<u>Debt Service Interest</u>	
2004	1,638,391	1,673,876	(35,485)	65,000	161,724	-	-	-	-	(0.16)
2005	1,754,074	1,642,859	111,215	65,000	159,693	204,311	121,631	-	-	0.20
2006	1,824,557	2,013,458	(188,901)	65,000	157,694	231,651	131,939	20,200	72,394	(0.28)
2007	1,903,253	1,837,345	65,908	70,000	155,001	229,066	134,283	21,000	85,353	0.09
2008	2,054,836	1,842,048	212,788	70,000	153,083	234,652	128,327	21,700	84,460	0.31
2009	1,968,055	1,901,447	66,608	75,000	150,434	241,123	122,468	22,800	83,538	0.10
2010	1,939,637	1,803,556	136,081	75,000	147,602	247,392	116,199	23,800	82,569	0.20
2011	1,951,912	1,719,373	232,539	80,000	142,577	253,824	109,767	24,800	81,558	0.34
2012	2,129,370	1,670,785	458,585	85,000	141,234	260,423	103,167	25,700	80,504	0.66

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
Operating Expenses do not include depreciation and amortization expenses.

City of Calistoga
Schedule 12
Demographic and Economic Statistics
Last Ten Calendar Years

Fiscal Year	Population (1)	Personal Income (in thousands) (2)	Per Capita Personal Income (2)	Unemployment Rate (2)
2003	5,248	5,054,437	37,677	4.4%
2004	5,201	5,384,000	38,352	4.7%
2005	5,211	Unavailable	Unavailable	4.4%
2006	5,215	Unavailable	Unavailable	3.9%
2007	5,252	Unavailable	Unavailable	4.1%
2008	5,302	Unavailable	Unavailable	4.9%
2009	5,331	Unavailable	Unavailable	8.2%
2010	5,370	Unavailable	Unavailable	9.8%
2011	5,155	Unavailable	Unavailable	10.3%
2012	5,258	Unavailable	Unavailable	9.0%

Sources:

- (1) US Census for 2010, State Department of Finance 2001-2012
- (2) State of California Employment Development Department for Napa County

CITY OF CALISTOGA
 Schedule 13
 Principal Employers - In alphabetical order
 Last Two Fiscal Years

Employer	# of Employees	
	2011	2012
1 Solage Spa & Resort	284	287
2 Calistoga Joint Unified School District	105	107
3 Indian Springs	87	96
4 Calistoga Spa Hot Springs	88	78
5 City of Calistoga	61	56
6 Cal Mart	65	61
7 Calistoga Inn Restaurant	50	50
8 Brannans	32	42
9 Golden Haven Spa	40	40
10 Mount View Hotel And Spa	35	33

Source: City of Calistoga Business License Applications

[1] Historic and detail information is unavailable for City Businesses prior to 2011.

City of Calistoga
Schedule 14
Full-time and Part-time City Employees
by Function
Last Nine Fiscal Years

Function	2004	2005	2006	2007	2008	2009	2010	2011	2012
Elected Officials [1]	7	7	5	5	5	5	5	5	5
Staff Positions - Full and Part Time									
Support Services	7.50	7.50	7.50	7.50	8.10	7.27	6.50	6.5	5.50
Community Services & Recreation	5.30	5.16	5.16	3.02	4.42	7.61	7.00	9.5	6.50
Fire Services	4.51	4.78	4.78	5.80	7.31	6.71	6.00	7.00	7.00
Planning & Building	3.00	3.00	3.00	5.00	5.40	5.10	4.00	3.00	3.00
Police Services	18.12	17.24	17.24	17.94	17.94	18.39	17.00	16	15.00
Public Works	19.17	19.88	19.88	19.88	20.88	21.88	19.00	19	18.50
Total All Full Time & Part Time Equivalent Staff Positions	57.60	57.56	57.56	59.14	64.05	66.96	59.50	61.00	55.50
Total All Full Time Staff Positions	50	51	51	53	57	58	51	50	43
Total Part Time Equivalent Positions [2]	7.6	6.57	5.7	6.14	7.05	8.96	8.5	11	12.5

Source: City of Calistoga Quarterly Payroll Reports

[1] Elected City Clerk and Treasurer positions are appointed as of end of term in November 2004.

[2] 2080 Part-time hours calculated as 1 Full Time Position. Fire Part-time is calculated at 2,912 hours

City of Calistoga
Schedule 15
Operating Indicators by Function
Last Nine Fiscal Years

	2004	2005	2006	2007	2008	2009	2010	2011	2012
Police:									
Calls for Service	7,273	6,779	7,146	10,072	7,439	7,305	6,346	6063	5613
Part one crimes	182	176	162	166	155	160	156	115	81
Physical arrests	388	365	401	615	531	549	418	404	304
Traffic violations	305	271	374	325	351	387	523	481	406
Fire:									
Calls for service	609	874	862	880	1022	1021	980	1000	980
Water System:									
Service connections	1,449	1,480	1,491	1,503	1,521	1,524	1,524	1,524	1,378
Fire hydrants	155	160	185	160	162	162	162	164	163
Est. Daily average gallons produced	716,200	674,000	714,000	714,244	720,930	679,930	670,449	670,449	632,903
Est. Maximum daily available gallons	1,760,000	1,760,000	1,760,000	1,760,000	1,760,000	1,872,000	1,872,000	1,872,000	1,864,393
Est. Gallons of storage capacity	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Wastewater:									
Service connections	1,263	1,293	1,305	1,314	1,330	1,333	1,333	1,334	1,334
Est. Treatment plant-average dry weather flow in gallons	510,000	500,000	490,000	490,000	490,000	490,000	490,000	490,000	500,000
Est. Maximum daily permit dry weather flow in gallons	840,000	840,000	840,000	840,000	840,000	840,000	840,000	840,000	840,000

Source: City of Calistoga

City of Calistoga
Schedule 16
Capital Asset Statistics
by Function

Last Nine Fiscal Years

	2004	2005	2006	2007	2008	2009	2010	2011	2012
Police:									
Stations	1	1	1	1	1	1	1	1	1
Patrol Vehicles	6	6	6	7	8	8	7	7	7
Fire:									
Fire stations	1	1	1	1	1	1	1	1	1
Number of in service apparatus	7	7	7	7	4	6	6	8	8
Public works:									
Streets (miles)	14.4	14.4	14.4	14.4	14.4	15	15	15	15
Streetlights and vintage street lights	325	325	325	325	325	325	325	325	325
Traffic signals	2	2	2	2	2	2	2	2	2
Parks and Recreation:									
Parks (Logvy, Pioneer, Heather, Fireman's & Cyrus Creek)	5	5	5	5	5	6	6	6	6
Community Pool	-	-	-	-	-	1	1	1	1
Community and Teen Centers	2	2	2	2	2	2	2	2	2
Park acreage developed	9.1	9.1	9.1	9.1	9.1	14.6	14.6	15	15
Park acreage undeveloped	5	5	5	5	5	1.6	1.6	2	2
Tennis Courts	3	3	3	3	3	3	3	3	3
Community Garden	1	1	1	1	1	1	1	1	1
Museum	1	1	1	1	1	1	1	1	1
Water System:									
Water mains (miles)	32	32	32	36	36	36	36	36	36
Service connections	1,449	1,480	1,491	1,503	1,521	1,524	1,524	1,524	1,378
Fire hydrants	155	160	185	160	162	162	162	164	163
Est. Daily average gallons produced	716,200	674,000	714,000	714,244	720,930	679,930	670,449	670,449	632,903
Est. Maximum daily available gallons	1,760,000	1,760,000	1,760,000	1,760,000	1,760,000	1,872,000	1,872,000	1,872,000	1,864,393
Est. Gallons of storage capacity	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Wastewater:									
Sanitary sewers (miles)	14	14	14	16	16	16	16	16	16
Service connections	1,263	1,293	1,305	1,314	1,330	1,333	1,333	1,334	1,334
Est. Treatment plant-average dry weather flow in gallons	510,000	500,000	490,000	490,000	490,000	490,000	490,000	490,000	500,000
Est. Maximum daily permit dry weather flow in gallons	840,000	840,000	840,000	840,000	840,000	840,000	840,000	840,000	840,000

Source: City of Calistoga

CITY OF CALISTOGA
COMPREHENSIVE ANNUAL FINANCIAL
REPORT
FOR FISCAL YEAR ENDED JUNE 30, 2012



PREPARED BY THE FINANCE DEPARTMENT