

CITY OF



CALISTOGA, CALIFORNIA



COMPREHENSIVE ANNUAL
FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

CITY OF CALISTOGA, CALIFORNIA

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



Prepared by the Administrative Services Department

CITY OF CALISTOGA, CALIFORNIA
Comprehensive Annual Financial Report
For the
Fiscal Year Ended June 30, 2014

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INTRODUCTORY SECTION



CITY OF CALISTOGA

1232 Washington Street • Calistoga, CA 94515
707.942.2800



December 31, 2014

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, 2014. The fiscal year covers financial transactions from July 1, 2013 to June 30, 2014 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

R.J. Ricciardi, Inc., 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, 2014, 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. R.J. Ricciardi, Inc., has concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified audit opinion that the City of Calistoga's financial statements for the fiscal year ended June 30, 2014 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 5,224 as of January 1, 2014. 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 80% 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 2015, 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 a modest 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. The City experienced a net taxable value increase of 3.0% for the 2013/14 tax roll, which is less than the increase experienced countywide at 5.3%. The Consumer Price Index for 2013-14 was .454% rather than the normal 2% inflation applied to all parcels that have not been reduced under Proposition 8 according to the City's consultants Hdl Companies. Preliminary estimates indicate the CPI adjustment for property taxes for 2015-16 is likely to reach 2%. As of the end of October it was slightly less than 2%. 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.

For fiscal year ending in June 2014 the City's general fund will have a fund balance of about \$4.9 million as compared to \$2.5 million in June 2013. Of the \$4.9 million approximately \$.6 million is non-spendable. The remaining \$4.3 million is available for spending in fiscal year 2015.

For fiscal year 2014 the City had an operating income loss of \$.2 million for the enterprise funds as compared to \$.4 million in fiscal year 2013. However, several major projects have been approved 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.

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.

The City held several workshops during the fiscal years 2012-13 and 2013-14 to review the current water and wastewater rates. Ordinances # 696 and 697 were adopted in December 2013 which revised water and wastewater service charges, fees and rates. Implementation of the new rates will take effect on January 1, 2014. By approving the ordinance the new rate changes meant the General Fund subsidy would be approximately \$317,600 over a four year time period beginning January 2014. The water rate increases are approximately 4.5% plus a 2% inflationary adjustment. There is no increase in wastewater fees, except for the 2% inflationary adjustment.

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.

The 2014-15 budget as adopted by Council begins to address certain critical unmet needs, including prefunding of other post-employment benefits (OPEB) liabilities and increases in retirement benefits. It also includes enhanced funding for street maintenance and unanticipated needs in the enterprise funds.

The City of The City of Calistoga, along with most of the State is experiencing the effects of a prolonged drought. The City Council has declared a Stage II emergency and has called for mandatory practices for all water users to reduce overall water consumption by 20 percent. While adequate supplies of water exist, the financial impact of reduced water sales has not been fully realized. Accordingly contingency funds have been set aside to address the unanticipated impact of the drought.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Calistoga for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June

30, 2013. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable program requirements. The City has received the award for the year ended June 30, 2012 and June 30, 2013.

A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. However, we believe our current CAFR continues to meet the Certificate of Achievement for Excellence in Financial Reporting Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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 Spittle
City Manager



Gloria Leon
Administrative Services Director/City Treasurer

**CITY OF CALISTOGA, CALIFORNIA
PRINCIPAL CITY OFFICIALS
AS OF JUNE 30, 2014**

Elected Officials

City Council

Chris Canning
Michael Dunsford
Gary Kraus
James Barnes
Irais Lopez-Ortega

Mayor
Vice Mayor
Councilmember
Councilmember
Councilmember

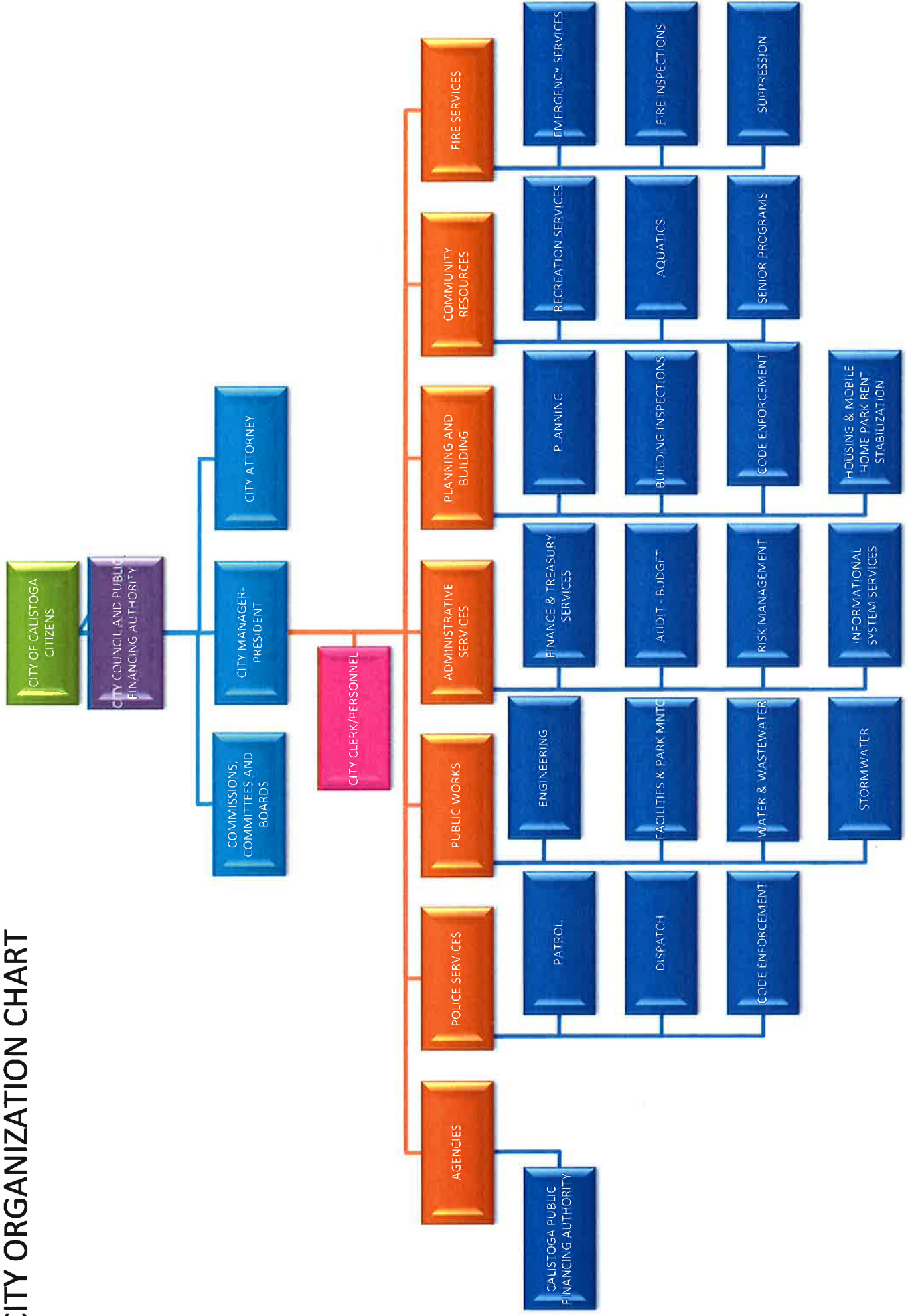
Appointed Officials

City Management Staff

Richard Spittler
Michelle Marchetta Kenyon
Mitch Celaya
Lynn Goldberg
Steve Campbell
Kathy Flamson
Gloria Leon
Michael Kirn, P.E.

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

FISCAL YEAR 2013/14 CITY ORGANIZATION CHART





Government Finance Officers Association

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

Presented to

**City of Calistoga
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

FINANCIAL SECTION

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



INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Calistoga, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City of Calistoga's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to City of Calistoga's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Calistoga's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise of the City of Calistoga's basic financial statements. The introductory section, supplementary information and statistical section as identified in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects in relation to the 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, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2014, on our consideration of City of Calistoga's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

R. J. Ricciardi, Inc.

R. J. Ricciardi, Inc.
Certified Public Accountants

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, 2014. 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 2014 total net position increased by about \$3.9 million over fiscal year 2013 after conducting all City operations. There is an overall surplus of \$8.4 million (the unrestricted net position) available to meet the City's ongoing obligations and operating expenses for the next fiscal year.
- As of June 30, 2014, the assets of the City's Governmental Activities exceeded its liabilities at the close of the fiscal year by \$21.0 million (net position). Of that amount \$8.7 million was invested in capital assets net of related debt. Restricted funds account for \$7.3 million for capital projects, public safety, streets and housing. Unrestricted net position is about \$5.0 million.
- Overall City-wide revenues from all governmental and business-type activities increased by \$1.4 million compared to the 2013 fiscal year for a 2014 total of \$17.4 million. Charges for Services increased by \$.5 million; Transient occupancy taxes rose by \$.5 million from prior year and property, sales and other taxes increased by \$.1 million from the prior year. Business-type activity revenues from grants and contributions decreased by \$.5 million from the prior year.
- The City's total expense of all programs in fiscal 2014 increased by \$.7 million compared to 2013 due to contracted services for inspections of projects and interest for long term debt.
- The General Fund reported a year end fund balance of \$4.9 million at the end of the 2014 year. Of this amount \$.6 million is non-spendable. In addition the General Fund had \$3.2 million in cash and investments compared to \$1.0 million at the end fiscal year 2013.
- The City business-type funds ended the 2014 fiscal year with net position of \$ 17.8 million, most of which is invested in the water and wastewater facilities and systems (net of related debt).
- The City business-type funds ended the fiscal 2014 year with an operating income Loss of \$.2 million as compared to a loss of \$.4 million in fiscal 2013 year. Yet in 2014 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 2014 with \$ 1.7 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 position > Statement of activities	> Balance sheet > Statement of revenues, expenditures, and changes in fund balances	> Statement of net position > Statement of revenues expenses, and changes in net position > Statement of cash flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

Government-wide Statements

The government-wide statements 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 position 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 position* and how they have changed. Net position – the difference between the City's assets and liabilities – is one way to measure the City's financial health, or *position*. Over time, increases or decreases in the City's net position 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.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Position. The City's combined net position increased by \$3.9 million between fiscal years 2013 and 2014 to \$ 38.8 million.

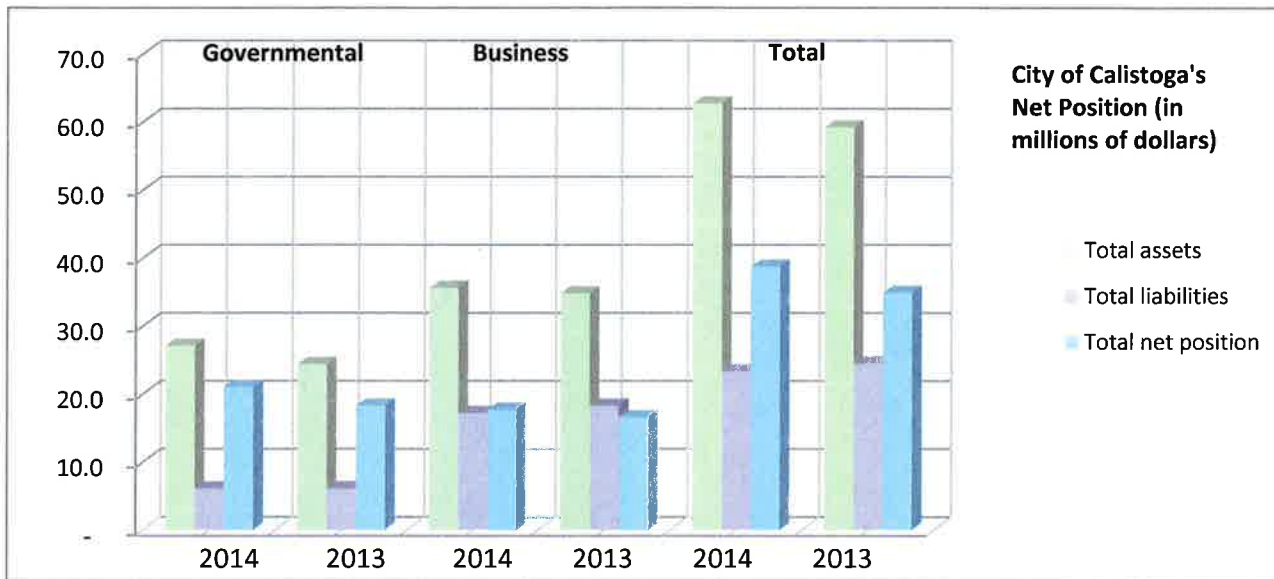


Table A-1
City of Calistoga's Net Position
 (in millions of dollars)

	Governmental Activities		Business-type Activities		Fiscal Year Totals		Total Percentage Change 2013 to 2014
	2014	2013	2014	2013	2014	2013	
Current and other assets	\$ 13.9	\$ 10.9	\$ 3.4	\$ 2.8	\$ 17.3	\$ 13.7	26.3%
Capital assets	13.2	13.5	31.6	32.0	44.8	\$ 45.5	-1.5%
Total assets	27.1	24.4	35.0	34.8	62.1	59.2	4.9%
Long-term debt outstanding	4.3	4.5	15.9	15.9	20.2	20.4	-1.0%
Other liabilities	1.7	1.6	1.3	2.4	3.0	4.0	-25.0%
Total liabilities	6.0	6.1	17.2	18.3	23.2	24.4	-4.9%
Net position							
Invested in capital assets	8.7	9.1	14.4	15.0	23.1	24.1	-4.1%
Restricted	7.3	6.9	-	-	7.3	6.9	6.2%
Unrestricted	5.0	2.3	3.4	1.6	8.4	3.9	115.4%
Total net position	\$ 21.0	\$ 18.3	\$ 17.8	\$ 16.6	\$ 38.8	\$ 34.9	11.3%

**due to rounding figures are not exact

Changes in Net Position

The City's 2014 total revenues of \$17.4 million were \$1.4 million more than in 2013, an 8.8% increase. This increase was the result of additional charges for services of \$.5 million; \$.5 million in Transient Occupancy Tax and \$.1 million in property, sales and other taxes. During fiscal year 2014 approximately 41.1% of the City's total revenue came from various taxes including property, sales, transient occupancy, and 2.9% from other taxes as opposed to a total of 41.4% in 2013 and 3.1% from other taxes. Transient Occupancy Taxes saw an increase of \$.5 million or 12.9%; property taxes an increase of 2% due to reassessment of properties and sales tax went down by 3.5% 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 2014 was \$13.5 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).

Table A-2							
Changes in the City of Calistoga's Net Assets							
(in millions of dollars)							
Governmental Activities		Business-type Activities		Fiscal Year Totals		Total Percentage Change	
2014	2013	2014	2013	2014	2013	2013 to 2014	
Revenues							
Program revenues							
Charges for services	\$ 1.4	\$ 1.3	\$ 5.0	\$ 4.6	\$ 6.4	\$ 5.9	8.9%
Grants and contributions	1.4	0.5	2.0	2.5	3.4	3.0	12.4%
General revenues							
Transient occupancy taxes	4.5	4.0	-	-	4.5	4.0	12.9%
Property, Sales and other taxes	3.1	3.0	-	-	3.1	3.0	1.7%
Other	0.0	0.1	-	-	0.0	0.1	-20.0%
**Total revenues	10.4	8.9	7.0	7.1	17.4	16.0	8.8%
Expenses							
General government	1.5	1.6	-	-	1.5	1.6	-8.5%
Public safety	3.1	3.2	-	-	3.1	3.2	-2.8%
Community services	0.5	0.4	-	-	0.5	0.4	30.0%
Housing	0.1	0.1	-	-	0.1	0.1	-14.3%
Recreation services	0.3	0.4	-	-	0.3	0.4	-8.3%
Public works	1.2	1.1	-	-	1.2	1.1	13.2%
Planning & Building	0.7	0.4	-	-	0.7	0.4	59.5%
Water	-	-	3.1	2.8	3.1	2.8	9.9%
Wastewater	-	-	2.7	2.8	2.7	2.8	-2.5%
Other	0.3	0.1	-	-	0.3	0.1	383.3%
**Total expenses	7.7	7.2	5.8	5.6	13.5	12.8	5.3%
Excess (deficiency) before transfers and Special Items	2.8	1.7	1.1	1.5	3.9	3.2	23.2%
Special items:							
Transfers	(0.1)	-	0.1	-	-	-	-
Increase(decrease) in net position	2.7	1.7	1.2	1.5	3.9	3.2	23.2%
Net position, beginning	18.3	15.6	16.6	15.1	34.9	30.7	13.7%
Prior Period Adjustment	-	1.0	-	-	-	1.0	-
**Net position, ending	\$ 21.0	\$ 18.3	\$ 17.8	\$ 16.6	\$ 38.8	\$ 34.9	11.3%

**due to rounding figures are not exact

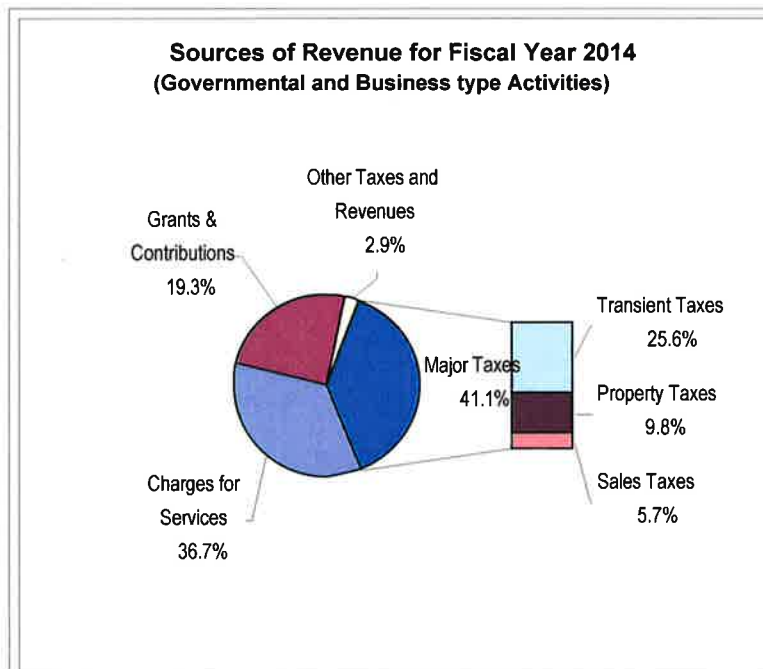
Governmental and Business-Type Activities

Revenues from all governmental type activities in fiscal year 2014 increased by approximately \$ 1.5 million to \$10.4 million compared to \$ 8.9 million in 2013. In 2014 the City received \$.9 million more in grants than in 2013. Overall the increase in revenues was attributed to the City's Transient Occupancy tax by \$.5 million; \$.1 million in charges for services; \$.1 million in property, sales and other taxes; and \$.9 million in grants.

As the graph below shows, the City's primary sources of revenue come from charges for services and tax revenues. About 78% 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 \$2.7 million in net position for fiscal 2014 as compared to \$1.7 million in fiscal year 2013. A prior period adjustment of \$1.0 million in fiscal year 2013 was attributable to including first time homebuyer loans for the Palisades project from 2001 that were never included in the accounting records. When compared to fiscal year 2013 overall expenses for fiscal year 2014 were \$.5 million more. This was due to department spending on deferred maintenance and contracting out pool maintenance.

Net position of business type-activities increased \$1.2 million year due to \$.4 million increase in charges for services; \$2.0 million available in capital grants and contributions which includes Measure A funds for the Kimball Dam Tower Capital Project received in 2014 and one time development impact fees from the Enchanted Resorts, Indian Springs and Calistoga Family Projects; and expenditures increased by \$.2 million when compared to 2013 at \$5.6 million.



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 2014.

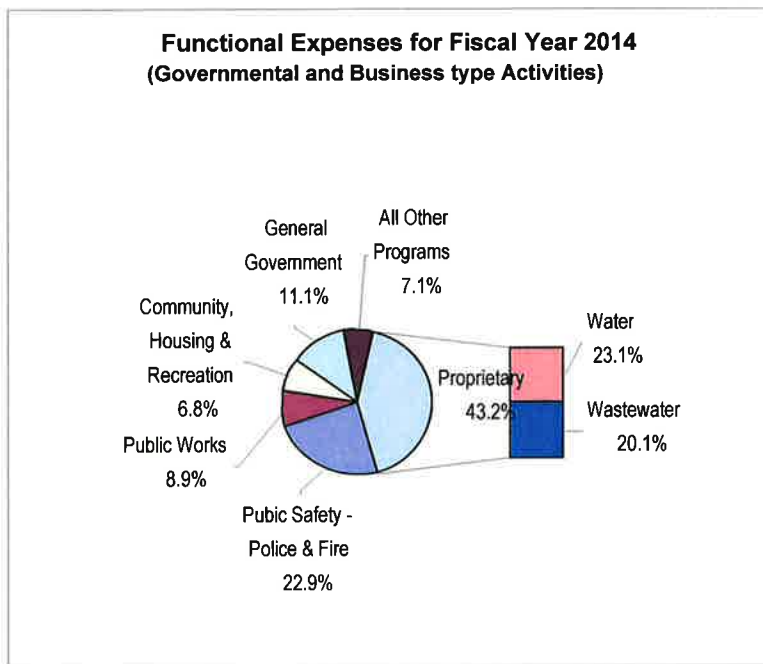


Table A-3 presents the cost of each of the City's five largest programs – public safety, public works, general administration, water and wastewater. The cost of all programs this year was \$ 13.5 million, compared to \$ 12.8 million in fiscal 2013; approximately an overall 5.3% increase for the year. A 9.9% increase in Water was due primarily to increase in litigation costs and the purchase of water. Public Works saw an increase in contracted services. The 42.7% increase in all other was due to interest on long-term debt and planning and building contracted services for resort projects.

	Total Cost of Services		Total Percentage Change
	2014	2013	2013 to 2014
Public Safety	\$ 3.1	\$ 3.2	-2.9%
General Government	1.5	1.6	-8.6%
Public Works	1.2	1.1	13.5%
Water	3.1	2.8	9.8%
Wastewater	2.7	2.8	-2.6%
All other	1.9	1.3	42.7%
Total	\$ 13.5	\$ 12.8	5.3%

Governmental Activities

Users and contributors funded \$ 2.8 million of the \$ 7.6 million in costs of city's governmental activity programs leaving the City general revenues to fund the other \$ 4.8 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 \$ 1.4 million), and
- Other governments and organizations that subsidized certain programs with grants and contributions (approximately \$ 1.4 million).

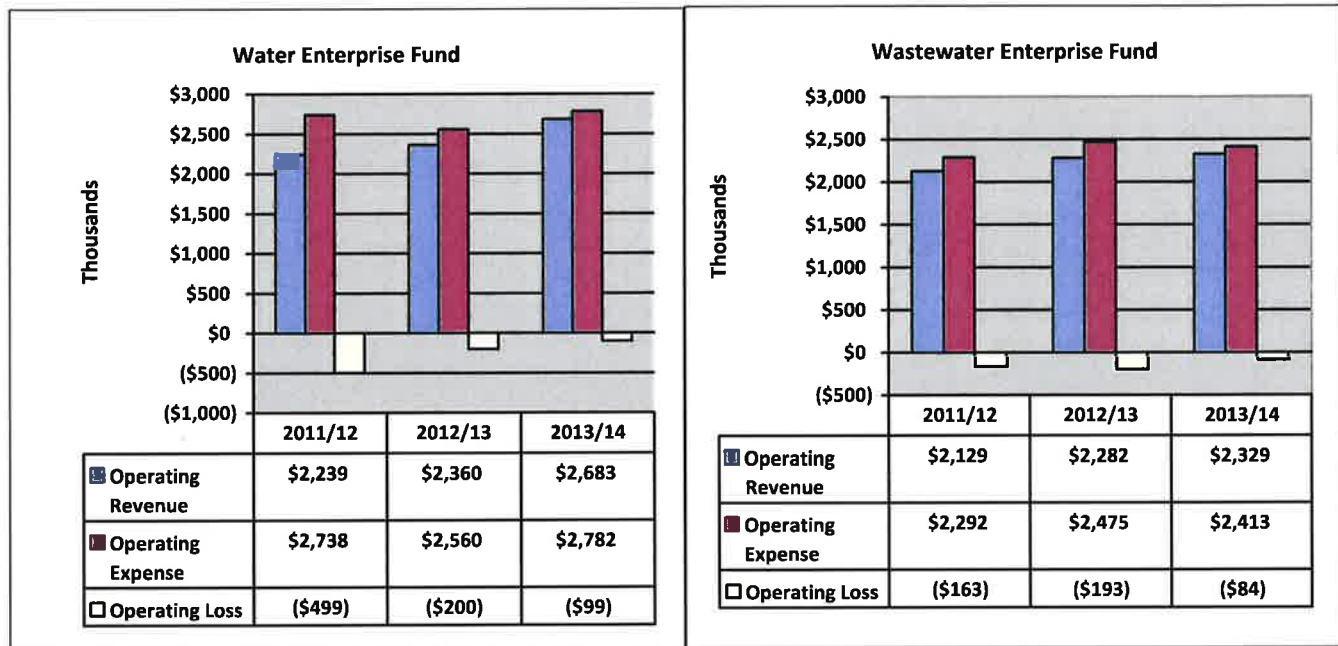
The City ended the fiscal year with a change in net position of \$2.8 million in the governmental activities.

Business-Type Activities

The City's business-type activities (water and wastewater) had a change in net position of \$1.2 million during the fiscal year. Total revenue for the business-type activities was \$7.0 million comprised of \$2.0 million in capital grants and contributions and \$5.0 in charges for services. Total program revenues decreased by 1.5% in fiscal year 2014 when compared to fiscal year 2013.

Total expenses for the year were \$5.8 million, an increase of \$.2 million or 3.6%, from the prior year. Increases were primarily due to litigation costs and purchase of water.

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 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 utility enterprise rate schedule on October 19, 2010. The rate

schedule established to phase in the rate increases 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 City held several workshops during fiscal years 2012/13 and 2013/14 to review the adopted Water and Wastewater rate studies to determine why the various assumptions in the rate studies of 2010 did not generate the working capital projected. Ordinances # 696 and 697 were adopted in December 2013 which revised water and wastewater service charges, fees and rates. Implementation of the new rates took effect on January 1, 2014. By approving the ordinances the new rate changes would mean the General Fund subsidy would be approximately \$317,600 over a four year time period. The water rate increases are approximately 4.5% plus a 2% inflationary adjustment. There is no increase in wastewater fees, except for the 2% inflationary adjustment.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As the City completed the year, its governmental funds reported a combined fund balance of \$13.0 million which is \$8.9 million more than was reported at the end of fiscal year 2013. During fiscal year 2013-14, the City made a prior period adjustment of \$6.2 million to the fund balance as of June 30, 2013. Unearned revenues related to long-term receivables were presented incorrectly in the financial statements ending June 30, 2013. These balances should not have been recorded as unearned revenues since the proceeds will not become available until future periods. The unearned revenue balances for the Home grant fund, CDBG open grant fund and Other governmental funds are being reclassified as non-spendable fund balances. Of this amount \$6.9 million is legally restricted for specific purposes by enabling legislation or external funding source providers and \$1.9 million are committed for specific purposes by the City Council. The remaining \$4.2 million is unassigned fund balance available for spending at the City's discretion, but is also subject to Council-established policies for future contingencies.

The following are the major funds that either qualified under the reporting criteria or were considered to be important to financial statement users:

General Fund - The General Fund had an increase of \$.9 million in revenues as compared to 2013 and the costs of the City's General Fund operations were \$2.1 million less than General Fund revenues. After transfers in and out, the General Fund reported a net \$ 2.4 million increase in fund balance for fiscal year 2014 as compared to \$1.5 million increase in fiscal year 2013. This was primarily due to additional revenues from property taxes, sales taxes, transient occupancy taxes and charges for services.

At year end, the City's General Fund had a fund balance of \$4.9 million. Of that amount \$.6 million is non-spendable which means the City starts the new fiscal year of 2014 with \$4.3 million an increase of \$2.4 million from fiscal year 2013. The City's General fund at June 30, 2014 had \$3.2 million in cash and investments as compared to \$1.0 million cash and investments available in fiscal year 2013.

The General fund had a transfer out of \$.4 million to cover debt service lease payments, subsidy to the water enterprise fund, reserves for unfunded public employee retirement system benefits and to the equipment replacement fund.

Home Grant Fund- This fund was established to account for a HOME loan between the City and Palisades Investors, L.P. in the amount of \$3,197,184 bearing interest at 3% per annum. Payments of

principal and interest are due annually from excess/distributable cash with the entire principal and interest due in 2064. The City received \$0 in excess cash for FY 13-14. The objectives and intent of the HOME program is provide decent affordable housing to lower-income household, strengthen the ability of state and local governments to provide housing; expand the capacity of non-profit housing providers; and leverage private sector participation. The City at June 30, 2014 had \$3.4 in notes receivables in the HOME grant fund.

CDBG Open Grant Fund – This fund was established to provide “silent” second mortgages to eligible families for assistance in purchasing their first house. The City currently holds 37 first time homebuyer notes with a fund balance of \$2.2 million at June 30, 2014. Maximum loan amounts for second mortgages were set at \$250,000 by the California Department of Housing and Community Development. The City mortgages are financed as a deferred payment loan. Loans are due upon sale or transfer of title or when the borrower no longer occupies the home as his/her principal residence.

Capital Lease Project Fund – This fund was established in 2007 in the amount of \$4.7 million to account for capital improvements for the City, including public safety improvements, infrastructure, public recreational facilities and other public works projects. Amounts in this fund are held by Deutsche Bank National Trust and are held, disbursed and returned when reimbursements for projects are completed. The fund has a balance of \$.2 million at June 30, 2014 for completion of projects.

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 2014 General Fund revenues came in at about \$.2 million more than the revised budget as a result of stronger transient occupancy tax, sales tax, charges for services and reimbursement from risk management insurance premiums. Actual General Fund expenditures were \$.7 million less than the final amended budget. The primary changes in the expenditure budget were safety services, capital outlay and non-departmental costs. The detailed budgetary comparison schedule for the general fund can be found on page 49 of this report.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2014, the City had invested \$ 44.8 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 on Page 13.) This amount represents a net decrease (including additions and deductions) of about \$.6 million, or 1.3%, less than last fiscal year.

This year's major capital assets additions included:

In fiscal 2014, the City transferred \$5.5 million in construction in progress costs to fixed assets for the water system. The Mt. Washington Water Tank Project was completed; hence the transfer from construction in progress to fixed assets. 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 \$4.8 million in total capital costs for business type activities. Additional information about the City's capital assets can be found under Capital Assets, Section D Pages 35 through Pages 36 under the notes to the financial statements.

Table A-4

City of Calistoga's Capital Assets
(net of depreciation, in millions of dollars)

	Governmental Activities		Business-type Activities		Fiscal Year Totals		Total Percentage Change
	2014	2013	2014	2013	2014	2013	2013 to 2014
Land	\$ 2.0	\$ 2.0	\$ 2.8	\$ 2.8	\$ 4.8	\$ 4.8	0.0%
Construction in progress	0.4	0.3	0.5	5.8	0.9	6.1	-85.2%
Buildings	1.8	1.9			1.8	1.9	-5.3%
Machinery and equipment	0.1	0.1			0.1	0.1	0.0%
Internal service equipment	0.8	0.8			0.8	0.8	0.0%
Improvements	8.1	8.3			8.1	8.3	-2.4%
Water utility system			16.0	10.6	16.0	10.6	50.9%
Wastewater system			12.3	12.8	12.3	12.8	-3.9%
Total	\$ 13.2	\$ 13.4	\$ 31.6	\$ 32.0	\$ 44.8	\$ 45.4	-1.3%

Long Term Debt

At the end of 2013, the City had \$ 21.1 million in long-term debt and capital lease obligations outstanding, which is a net decrease of \$.2 million from the prior year. Of the \$ 21.1 million, approximately 79% relates to the City's business-type activities, mainly the water and wastewater systems, and the remaining 21% 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 capital leases and long-term obligations can be found under Capital Leases, Section E Pages 37 and 38 and Long-Term Debt Section F on Pages 38 through Pages 43 under the notes to the financial statements.

United States Department of Agriculture Note

The City during fiscal year 2014 drew down \$.7 million of loan proceeds for the Mount Washington Capital Project for a total of \$3.2 million.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

For the 2014 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 2014/15 fiscal year excluding transfers are projected at 16.6% more as compared to 2013/14 budget projections for a total of \$10.0 million. The reason for the 16.6% increase is the anticipation of several resorts and an apartment complex which will bring additional revenue in the category of charges for services. Occupancy tax, property, tax and sales tax comprise 72 percent of the City's general fund revenue. Outside of the additional revenues from charges for services 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

- The General Fund 2014 budgeted operating appropriations adopted are \$8.1 million as compared to the final 2013 appropriations of \$7.3. The \$.8 million increase is due to bringing additional outside contract services for the resorts, deferred maintenance and community pool.
- 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 water and wastewater rate studies have not occurred primarily due to the economic conditions beyond the City's control. However, several major projects have been approved and are likely to develop over the next 12 to 36 months.
- The City held several workshops during fiscal years 2012/13 and 2013/14 to review the adopted Water and Wastewater rate studies to determine why the various assumptions in the rate studies of 2010 did not generate the working capital projected. Ordinances # 696 and 697 were adopted in December 2013 which revised water and wastewater service charges, fees and rates. Implementation of the new rates took effect on January 1, 2014 which brought in \$.38 million additional revenue. By approving the ordinances the new rate changes meant also the General Fund would subsidize the enterprise funds approximately \$317,600 over a four year time period commencing January 1, 2014. The water rate increases are approximately 4.5% plus a 2% inflationary adjustment. There is no increase in wastewater fees, except for the 2% inflationary adjustment.
- The City of Calistoga, along with most of the State is experiencing the effects of a prolonged drought. The City Council has declared a Stage II emergency and has called for mandatory practices for all water users to reduce overall water consumption by 20 percent. While adequate supplies of water exist, the financial impact of reduced water sales has not been fully realized. Accordingly contingency funds have been set aside to address the unanticipated impact of the drought.

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 Website 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 Position
June 30, 2014

	Governmental Activities	Business Type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 5,255,104	\$ 3,271,600	\$ 8,526,704
Net receivables	1,519,045	720,675	2,239,720
Prepayment	60,071	-	60,071
Total current assets	<u>6,834,220</u>	<u>3,992,275</u>	<u>10,826,495</u>
Noncurrent assets:			
Restricted cash and cash equivalents	233,858	-	233,858
Internal balances	553,438	(553,438)	-
Receivables-long-term	6,273,864	21,300	6,295,164
Nondepreciable assets	2,450,074	3,329,606	5,779,680
Depreciable assets, net	10,738,219	28,234,372	38,972,591
Total capital assets, net	<u>13,188,293</u>	<u>31,563,978</u>	<u>44,752,271</u>
Total noncurrent assets	<u>20,249,453</u>	<u>31,031,840</u>	<u>51,281,293</u>
Total assets	<u>27,083,673</u>	<u>35,024,115</u>	<u>62,107,788</u>
LIABILITIES			
Current liabilities:			
Accounts payable	396,296	240,547	636,843
Accrued liabilities	501	-	501
Compensated absences	174,512	62,098	236,610
Deposits	27,993	45,218	73,211
Accrued interest payable	91,455	211,069	302,524
Unearned revenues	-	41,534	41,534
Claims and settlements	24,212	-	24,212
Bonds, leases, agreements, notes and certificates due in one year	236,476	679,569	916,045
Total current liabilities	<u>951,445</u>	<u>1,280,035</u>	<u>2,231,480</u>
Noncurrent liabilities:			
Compensated absences	130,000	20,000	150,000
Net other post employment benefit obligation	691,787	-	691,787
Bonds, leases, agreements, notes and certificates due in more than one year	4,261,956	15,913,460	20,175,416
Total noncurrent liabilities	<u>5,083,743</u>	<u>15,933,460</u>	<u>21,017,203</u>
Total liabilities	<u>6,035,188</u>	<u>17,213,495</u>	<u>23,248,683</u>
NET POSITION			
Net investment in capital assets	8,689,861	14,438,811	23,128,672
Restricted for:			
Streets, recreation, capital projects	425,797	-	425,797
Public safety	543,524	-	543,524
Housing	6,357,496	-	6,357,496
Unrestricted	5,031,807	3,371,809	8,403,616
Total net position	<u>\$ 21,048,485</u>	<u>\$ 17,810,620</u>	<u>\$ 38,859,105</u>

See accompanying notes to the basic financial statements

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

Functions/Programs	Program Revenues				Net (Expenses) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	City Government	
					Governmental Activities	Business-type Activities
City government						
Governmental activities:						
General government	\$ 1,498,929	\$ 394,402	\$ -	\$ -	\$ (1,104,527)	\$ (1,104,527)
Public safety	3,077,799	391,088	634,356	-	(2,052,355)	(2,052,355)
Community services	521,194	10,891	9,010	-	(501,293)	(501,293)
Housing	55,530	79,092	347,493	-	371,055	371,055
Recreation services	329,786	149,305	9,428	-	(171,053)	(171,053)
Public works	1,203,406	71,730	209,517	201,332	(720,827)	(720,827)
Planning and building	668,238	279,974	-	-	(388,264)	(388,264)
Interest on long-term debt	286,823	-	-	-	(286,823)	(286,823)
Total governmental activities	7,641,705	1,376,482	1,209,804	201,332	(4,854,087)	(4,854,087)
Business-Type Activities:						
Water	3,117,243	2,683,096	-	1,729,681	-	1,295,534
Wastewater	2,708,702	2,329,265	-	221,547	-	(157,890)
Total business-type activities	5,825,945	5,012,361	-	1,951,228	-	1,137,644
Total City government	\$ 13,467,650	\$ 6,388,843	\$ 1,209,804	\$ 2,152,560	(4,854,087)	(3,716,443)
General revenues and transfers						
General revenues:						
Taxes:						
Property taxes					1,718,853	1,718,853
Transient occupancy taxes					4,456,456	4,456,456
Sales taxes					985,555	985,555
Other taxes					377,858	377,858
Unrestricted investment earnings					7,669	7,669
Other general revenues					135,088	135,088
Transfers					(71,900)	(71,900)
Total general revenues and transfers					7,609,579	7,609,579
Change in net position					2,755,492	2,755,492
Net position, beginning					18,292,993	18,292,993
Net position, ending					\$ 21,048,485	\$ 21,048,485

See accompanying notes to the basic financial statements

CITY OF CALISTOGA
Balance Sheet
Governmental Funds
June 30, 2014

	<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>
ASSETS						
Cash and investments	\$ 3,154,686	\$ 17,906	\$ -	\$ 233,858	\$ 1,596,411	\$ 5,002,861
Taxes receivable	1,030,286	-	-	-	-	1,030,286
Accounts receivable	166,413	-	1,200	-	162,223	329,836
Due from other governments	87,831	2,083	-	-	55,628	145,542
Accrued interest receivable	4,548	-	-	-	-	4,548
Advances to other funds	553,438	-	-	-	41,151	594,589
Prepayments	60,071	-	-	-	-	60,071
Notes receivable	-	3,396,165	2,219,750	-	657,949	6,273,864
Total assets	<u>\$ 5,057,273</u>	<u>\$ 3,416,154</u>	<u>\$ 2,220,950</u>	<u>\$ 233,858</u>	<u>\$ 2,513,362</u>	<u>\$ 13,441,597</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 176,239	\$ -	\$ 1,200	\$ -	\$ 144,994	\$ 322,433
Accrued liabilities	501	-	-	-	-	501
Advances from other funds	-	-	-	-	41,151	41,151
Deposits	24,913	-	-	-	3,080	27,993
Total liabilities	<u>201,653</u>	<u>-</u>	<u>1,200</u>	<u>-</u>	<u>189,225</u>	<u>392,078</u>
Fund balances:						
Nonspendable	613,509	3,396,165	2,219,750	-	633,224	6,862,648
Restricted for capital improvements	-	-	-	233,858	-	233,858
Restricted for affordable housing	-	19,989	-	-	721,592	741,581
Restricted for streets	-	-	-	-	410,084	410,084
Restricted for facilities	-	-	-	-	14,135	14,135
Restricted for public safety	-	-	-	-	543,524	543,524
Restricted for parks	-	-	-	-	1,578	1,578
Unassigned	4,242,111	-	-	-	-	4,242,111
Total fund balances	<u>4,855,620</u>	<u>3,416,154</u>	<u>2,219,750</u>	<u>233,858</u>	<u>2,324,137</u>	<u>13,049,519</u>
Total liabilities and fund balances	<u>\$ 5,057,273</u>	<u>\$ 3,416,154</u>	<u>\$ 2,220,950</u>	<u>\$ 233,858</u>	<u>\$ 2,513,362</u>	<u>\$ 13,441,597</u>
Total Governmental Fund Balances						\$ 13,049,519
Amounts reported for governmental activities in the statement of net position are different because:						
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds						12,426,360
The assets and liabilities of the internal service fund are included in the governmental activities in the statement of net position						867,854
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						(691,787)
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>(4,603,461)</u>
Net Position of Governmental Activities						<u>\$ 21,048,485</u>

See accompanying notes to the basic financial statements

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

	General Fund	HOME Grant Fund	CDBG Open Grant Fund	Capital Lease Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Property taxes	\$ 1,718,854	\$ -	\$ -	\$ -	\$ -	\$ 1,718,854
Sales taxes	985,555	-	-	-	-	985,555
Transient occupancy taxes	4,456,456	-	-	-	-	4,456,456
Other taxes	377,858	-	-	-	-	377,858
Licenses and permits	135,763	-	-	-	-	135,763
Fines and forfeits	35,799	-	-	-	-	35,799
Intergovernmental	7,669	-	41,175	-	470,624	519,468
Interest and rents	40,816	35	-	15	36,979	77,845
Charges for services	1,093,728	-	-	-	907,313	2,001,041
Miscellaneous	146,243	2,084	-	-	53,322	201,649
Total revenues	8,998,741	2,119	41,175	15	1,468,238	10,510,288
EXPENDITURES						
Current:						
General government	1,473,573	-	-	-	-	1,473,573
Public safety	3,026,110	-	-	-	28,889	3,054,999
Community services	336,825	-	-	-	-	336,825
Housing	-	-	42,300	-	54,783	97,083
Recreation services	208,062	-	-	-	-	208,062
Public works	907,870	-	-	-	225,882	1,133,752
Planning and building	659,254	-	-	-	-	659,254
Debt service:						
Principal	-	-	-	-	130,457	130,457
Interest	-	-	-	-	212,186	212,186
Capital outlay	246,485	-	-	-	-	246,485
Total expenditures	6,858,179	-	42,300	-	652,197	7,552,676
Excess (deficiency) of revenues over expenditures	2,140,562	2,119	(1,125)	15	816,041	2,957,612
OTHER FINANCING SOURCES (USES)						
Transfers in	662,665	-	2,248	-	347,091	1,012,004
Transfers out	(413,038)	-	(1,123)	(163,333)	(770,500)	(1,347,994)
Total other financing sources (uses)	249,627	-	1,125	(163,333)	(423,409)	(335,990)
Net change in fund balances	2,390,189	2,119	-	(163,318)	392,632	2,621,622
Fund balances, July 1	2,465,431	17,871	-	397,176	1,298,280	4,178,758
Prior period adjustment	-	3,396,165	2,219,750	-	633,224	6,249,139
Fund balances, July 1 restated	2,465,431	3,414,036	2,219,750	397,176	1,931,504	10,427,897
Fund balances, June 30	\$ 4,855,620	\$ 3,416,155	\$ 2,219,750	\$ 233,858	\$ 2,324,136	\$ 13,049,519

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, 2014

Net Change in Fund Balances - Total Governmental Funds	\$	2,621,622
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
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 \$292,095 exceed depreciation (\$477,754).		(185,659)
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		130,457
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		2,691
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.		4,516
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		272,567
Increases in long-term claim liabilities do not require the use of current financial resources and are not reported in the funds		(2,038)
Increases in other post employment benefit obligations do not result in the use of current financial resources and are not reported in the funds		(94,316)
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>5,652</u>
Net differences		<u>133,870</u>
Change in Net Position of Governmental Activities	\$	<u><u>2,755,492</u></u>

See accompanying notes to the basic financial statements

**City of Calistoga
Statement of Net Position
Proprietary Funds
June 30, 2014**

	Enterprise Funds			Governmental Activities- Internal Service Fund
	Water	Wastewater	Totals	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 1,536,469	\$ 1,735,131	\$ 3,271,600	\$ 486,101
Receivables(net)	381,056	339,619	720,675	8,837
Total current assets	<u>1,917,525</u>	<u>2,074,750</u>	<u>3,992,275</u>	<u>494,938</u>
Noncurrent assets:				
Other assets:				
Notes receivable	4,980	16,320	21,300	-
Total other noncurrent assets	<u>4,980</u>	<u>16,320</u>	<u>21,300</u>	<u>-</u>
Capital assets:				
Land	2,338,730	464,108	2,802,838	-
Equipment and vehicles	1,058,537	754,787	1,813,324	3,182,989
Distribution and collection systems	20,538,797	19,715,125	40,253,922	-
Water rights, net of amortization	1,065,724	-	1,065,724	-
Construction in progress	443,671	83,097	526,768	-
Less accumulated depreciation	<u>(6,678,905)</u>	<u>(8,219,693)</u>	<u>(14,898,598)</u>	<u>(2,421,056)</u>
Net capital assets	<u>18,766,554</u>	<u>12,797,424</u>	<u>31,563,978</u>	<u>761,933</u>
Total noncurrent assets	<u>18,771,534</u>	<u>12,813,744</u>	<u>31,585,278</u>	<u>761,933</u>
Total assets	<u>20,689,059</u>	<u>14,888,494</u>	<u>35,577,553</u>	<u>1,256,871</u>
LIABILITIES				
Current liabilities:				
Accounts payable	159,995	80,552	240,547	73,864
Compensated absences	31,049	31,049	62,098	-
Deposits	37,800	7,418	45,218	-
Accrued interest	110,396	100,673	211,069	5,071
Unearned revenue	10,548	30,986	41,534	-
Agreements, loans, and certificates due in one year	<u>274,000</u>	<u>405,569</u>	<u>679,569</u>	<u>99,484</u>
Total current liabilities	<u>623,788</u>	<u>656,247</u>	<u>1,280,035</u>	<u>178,419</u>
Noncurrent liabilities:				
State revolving loan payable	-	2,884,951	2,884,951	-
Certificate of participation	1,831,556	1,784,100	3,615,656	-
Installment agreement	3,835,000	2,545,000	6,380,000	-
USDA Loan	3,032,853	-	3,032,853	-
Capital lease obligation	-	-	-	210,598
Advances from other funds	-	553,438	553,438	-
Compensated absences	<u>10,000</u>	<u>10,000</u>	<u>20,000</u>	<u>-</u>
Total noncurrent liabilities	<u>8,709,409</u>	<u>7,777,489</u>	<u>16,486,898</u>	<u>210,598</u>
Total liabilities	<u>9,333,197</u>	<u>8,433,736</u>	<u>17,766,933</u>	<u>389,017</u>
NET POSITION				
Net investment in capital assets	9,798,125	4,640,686	14,438,811	451,851
Unrestricted	<u>1,557,737</u>	<u>1,814,072</u>	<u>3,371,809</u>	<u>416,003</u>
Total net position	<u>\$ 11,355,862</u>	<u>\$ 6,454,758</u>	<u>\$ 17,810,620</u>	<u>\$ 867,854</u>

See accompanying notes to the basic financial statements

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

	Enterprise Funds			Governmental Activities Internal- Service Fund
	Water	Wastewater	Totals	
OPERATING REVENUES				
Sales of water	\$ 2,324,918	\$ -	\$ 2,324,918	\$ -
Service fees	-	2,278,235	2,278,235	435,398
Miscellaneous	358,178	51,030	409,208	27,226
Total operating revenues	2,683,096	2,329,265	5,012,361	462,624
OPERATING EXPENSES				
Maintenance and operations	1,549,984	900,318	2,450,302	283,736
Employee services	757,684	808,650	1,566,334	-
Interfund charges for services	82,500	82,500	165,000	-
Depreciation and amortization	391,774	621,672	1,013,446	193,729
Total operating expenses	2,781,942	2,413,140	5,195,082	477,465
Operating income (loss)	(98,846)	(83,875)	(182,721)	(14,841)
NON-OPERATING REVENUES (EXPENSES)				
Gain(Loss) on capital assets	-	-	-	3,698
Interest and investment revenue	3,664	5,263	8,927	210
Interest expense	(335,301)	(295,562)	(630,863)	(7,514)
Net nonoperating revenues (expenses)	(331,637)	(290,299)	(621,936)	(3,606)
Income (loss) before contributions and transfers	(430,483)	(374,174)	(804,657)	(18,447)
Contributions and transfers				
Transfers in	71,900	-	71,900	264,089
Capital contributions	1,729,681	221,547	1,951,228	26,925
Net contributions and transfers	1,801,581	221,547	2,023,128	291,014
Change in net position	1,371,098	(152,627)	1,218,471	272,567
Total net position, July 1	9,984,764	6,607,385	16,592,149	595,287
Total net position, June 30	\$ 11,355,862	\$ 6,454,758	\$ 17,810,620	\$ 867,854

See accompanying notes to the basic financial statements

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

	Enterprise Funds			Governmental Activities- Internal Service Fund
	Water	Wastewater	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 2,919,643	\$ 2,277,449	\$ 5,197,092	\$ -
Payments to suppliers	(2,467,687)	(967,602)	(3,435,289)	(253,775)
Cash received from other funds for services	-		-	426,561
Payments to other funds for services	(82,500)	(82,500)	(165,000)	-
Payments to employees for services	(751,377)	(808,650)	(1,560,027)	-
Other operating receipts	358,178	51,030	409,208	27,226
Net cash provided by (used for) operating activities	(23,743)	469,727	445,984	200,012
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Payments on long-term notes	18,612	34,326	52,938	-
Transfers in from other funds	71,900	-	71,900	264,089
Net cash provided by noncapital financing activities	90,512	34,326	124,838	264,089
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital contributions and grants	1,729,681	221,547	1,951,228	26,925
Draw down of USDA loan	675,867	-	675,867	-
Payments on long-term debt principal	(262,000)	(392,242)	(654,242)	(106,458)
Interest paid on long-term debt	(315,920)	(301,525)	(617,445)	(8,735)
Gain on sale of capital assets	-			3,698
Purchases of capital assets	(362,240)	(180,075)	(542,315)	(113,914)
Net cash provided by (used for) capital and related financing activities	1,465,388	(652,296)	813,093	(198,484)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest receipts	3,664	5,263	8,927	210
Net cash provided by investing activities	3,664	5,263	8,927	210
Net increase (decrease) in cash and cash equivalents	1,535,821	(142,979)	1,392,842	265,827
Cash and cash equivalents balances- beginning of the year	648	1,878,110	1,878,758	220,274
Cash and cash equivalents balances-end of the year	<u>\$ 1,536,469</u>	<u>\$ 1,735,131</u>	<u>\$ 3,271,600</u>	<u>\$ 486,101</u>

See accompanying notes to the basic financial statements

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

	Enterprise Funds			Governmental Activities- Internal Service Fund
	Water	Wastewater	Totals	
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ (98,846)	\$ (83,875)	\$ (182,721)	\$ (14,841)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization expense	391,774	621,672	1,013,446	193,729
Change in assets and liabilities:				
Decrease(increase) in deposits	2,510	(1,907)	603	-
Decrease(increase) in interfund accounts	97,416		97,416	-
Decrease(increase) in accounts receivable	594,725	(786)	593,939	(8,837)
Increase(decrease) in compensated absences	6,307	6,307	12,614	-
Increase(decrease) in accrued expenses	(451,391)	-	(451,391)	-
Increase(decrease) in accounts payable	(546,350)	(34,002)	(580,352)	27,531
Increase(decrease) in deferred revenue	(19,888)	(37,682)	(57,570)	-
Decrease(increase) in prepayments	-	-	-	2,430
Net cash provided by (used for) operating activities	\$ (23,743)	\$ 469,727	\$ 445,984	\$ 200,012

Noncash capital financing activities:

None:

See accompanying notes to the basic financial statements

**City of Calistoga
Statement of Fiduciary Net Position
June 30, 2014**

	<u>Agency Fund</u>
ASSETS	
Cash and cash equivalents	\$ 33,686
Assessments receivable	108,225
	<hr/>
Total assets	<u>141,911</u>
 LIABILITIES	
Deposits payable to Tourism Business Improvement District	141,911
	<hr/>
Total liabilities	<u>\$ 141,911</u>

See accompanying notes to the basic financial statements

CITY OF CALISTOGA
Notes to the Financial Statements
June 30, 2014

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 is 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 Financial Statements
June 30, 2014

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* account 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.

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 non-operating revenues and expenses.

Fiduciary Funds are used by the City as Agency Funds to account for assets held by the City as an agent for special districts. Agency funds have no measurement focus and are excluded from the Government-wide financial statement, but are presented in separate Fiduciary Fund financial statements.

D. Deferred Outflows and Inflows of Resources

Pursuant to GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position," and GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities," the City recognizes deferred outflows and inflows of resources.

CITY OF CALISTOGA
Notes to the Financial Statements
June 30, 2014

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. A deferred outflow of resources is defined as a consumption of net position by the government that is applicable to a future reporting period. The City has no items which qualify for reporting in this category.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. A deferred inflow of resources is defined as an acquisition of net position by the City that is applicable to a future reporting period. The City has no items which qualify for reporting in this section.

E. 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, (LAIF) 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 those 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.

CITY OF CALISTOGA
Notes to the Financial Statements
June 30, 2014

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 consumed or placed in service.

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 under the consumption method.

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 \$ 5,000 (\$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. Cash Equivalents

For purposes of the statement of cash flows, the City considers all highly liquid investments with maturity of three months or less when purchased to be cash equivalents. Proprietary fund types, cash and investments balances classified as Available for Operations are considered cash equivalents for purposes of the statement of cash flows.

6. 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.

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7. 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.

8. 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. Non-spendable 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.

9. 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.

10. Net Position

GASB Statement No. 63 requires that the difference between assets added to the deferred outflows of resources and liabilities added to the deferred inflows of resources be reported as Net Position. Net position is measured on the full accrual basis as compared to Fund Balance, which is measured on the modified accrual basis. Net Assets is the excess of all the City's assets over all its liabilities, regardless of source. Net Position is divided into three captions and is described as follows:

Net Investment in Capital Assets describes the portion of Net Position which is represented by the current net book value of the City's capital assets, less the outstanding balance of any debt issued to finance these assets.

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Restricted describes the portion of Net Position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the City cannot unilaterally alter. These are principally debt service requirements.

Unrestricted describes the portion of Net Position which does not meet the definition of net investment in capital assets or restricted net position.

11. Prepayments

Prepaid items represent payments made to vendors for which the benefits are applicable to future accounting periods. Prepaids are recorded using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

12. Prior Period Adjustments

During fiscal year 2013-2014, the City made the following prior period adjustments to some of its fund balances as of June 30, 2013:

Unearned revenue related to long-term receivables was presented incorrectly in the financial statements ending June 30, 2013. These balances should not have been recorded as unearned revenues since the proceeds will not become available until future periods. These balances are being reclassified as non-spendable fund balances.

	Home Grant Fund	CDBG Open Grant Fund	CDBG Loan Prepayment	Affordable Housing
Fund balance as previously reported	\$ 17,871	\$ -	\$ 368,713	\$ 93,474
Prior period adjustment	3,396,165	2,219,750	621,224	12,000
Beginning fund balance as adjusted	<u>\$ 3,414,036</u>	<u>\$ 2,219,750</u>	<u>\$ 989,937</u>	<u>\$ 105,474</u>

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 Position

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 \$ 12,426,360 difference described on the following page are as follows:

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Capital assets	\$ 17,505,707
Less: Accumulated depreciation	<u>(5,079,347)</u>
 Net adjustment to increase <i>fund balance – total governmental funds</i> to arrive at <i>net assets – governmental activities</i>	 <u><u>\$ 12,426,360</u></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 \$4,603,461 difference are as follows:

Long-Term Debt Obligations and Related Interest:	
Accrued interest	\$ (86,385)
Capital lease obligations	(4,188,352)
Claims	(24,212)
Compensated absences	<u>(304,512)</u>
Net adjustment to decrease fund balance total governmental <i>Funds to arrive at net assets - governmental activities</i>	 <u><u>\$ (4,603,461)</u></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 \$133,871 difference and other significant components of the difference are:

Capital outlay; capitalized	\$ 292,095
Depreciation expense	(477,752)
Repayment of long-term debt principal	130,457
Internal service fund income	272,567
Other post-employment benefit expense	(94,316)
Long-term loans made and deferred	5,652
Other items	<u>5,168</u>
Net adjustment to increase net changes in fund balances – <i>Total governmental funds to arrive at changes in net assets of governmental activities</i>	 <u><u>\$ 133,871</u></u>

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Notes to the Financial Statements
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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 in none of the funds.

4. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Deposits and investments at June 30, 2014 consisted of the following:

Demand deposits: (Time deposits and book bank balances)	\$ 286,128
Pooled investments	8,187,136
Investments with trustees	320,984
Total deposits and investments	\$ 8,794,248

Investments - At June 30, 2014, the City had the following investments.

Investment	Average Maturity	Fair Value
State Investment Pool (LAIF)	268 days	\$ 8,187,136
Goldman Sachs Fin SQ Government Fund	14 days	320,984
		\$ 8,508,120

Cash and Investments as of June 30, 2014 are classified in the accompanying financial statements as follows:

Statement of Net Position	
Cash and investments available for operations	\$ 8,526,704
Restricted cash and investments	233,858
Fiduciary funds- cash and investments	33,686
Total cash and investments	\$ 8,794,248

The total cash and investments above include those amounts held by the City in its Fiduciary funds. However, the entity-wide presentation excludes Fiduciary funds totals, as the City is merely acting as an agent for other parties (assessment districts).

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.

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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 depository financial institution, 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.

California law requires banks and savings and loan institutions to pledge government securities with a market value of 110% of the City's cash on deposit or first trust deed mortgage notes with a value of 150% of the deposit as collateral for these deposits. Under California Law, this collateral is held in the City's name and places the City ahead of general creditors of the institution. The City has waived collateral requirements for the portion of deposits covered by federal deposit insurance. The carrying amount of the City's cash deposits was \$279,526 at June 30, 2014.

Local Agency Investment Fund (LAIF)- The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The City reports its investment in LAIF at the fair value amount provided by LAIF, which at June 30, 2014 was \$2,445 more than the City's cost. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises and corporations.

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 is as follows:

	General Fund	CDBG Open and HOME Grants	Nonmajor Funds & IS Fund	Total Governmental	Water	Wastewater
Accounts	\$ 166,413	\$ 1,200	\$ 162,223	\$ 329,836	\$ 332,657	\$ 317,673
Taxes	1,030,286	-	-	1,030,286	4,541	21,945
Interest	4,548	-	-	4,548	-	-
Governments	87,831	2,083	64,461	154,375	43,859	-
Notes	-	5,615,915	657,949	6,273,864	4,978	16,320
Totals	\$ 1,289,078	\$ 5,619,198	\$ 884,633	\$ 7,792,909	\$ 386,035	\$ 355,938

The notes receivable of \$6,273,864 consists of housing rehabilitation loans of \$140,467 bearing interest at rates of 3 to 6 percent and repayable in monthly installments, other loans of \$517,482 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 \$2,219,750 in first-time homebuyer assistance loans secured by 4th deeds of trust and repayable between 30 and 55 years or under certain conditions including sale of the housing unit.

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In addition, the total notes receivable also includes \$3,396,165 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. Inter-fund Transfers, receivables and payables

The composition of inter-fund transfers of June 30, 2014, is as follows:

Transfers In:	General Fund	CDBG Open Grant Fund	Non-Major Funds	Water	Internal Service Fund	Total Transfers Out
General fund	\$	\$ -	\$ 133,638	\$ 79,400	\$ 200,000	\$ 413,038
CDBG open grant fund	1,123	-	-	-	-	1,123
Water	7,500	-	-	-	-	7,500
Capital Lease	163,333	-	-	-	-	163,333
Non-Major funds	490,709	2,248	213,453	-	64,089	770,499
Totals	\$ 662,665	\$ 2,248	\$ 347,091	\$ 79,400	\$ 264,089	\$ 1,355,493

Of the \$662,665 general fund transfer out, a \$200,000 transfer was made to fund debt service costs for governmental activities debts and to begin to build reserves in the equipment replacement fund. Other transfers out of the non-major funds were made to reimburse the general fund for street, legal fees for Rancho de Calistoga, a development impact fee study and public safety costs.

1. The composition of inter-fund balances was:

Receivable Fund	Payable Fund	Asset	Liability
General fund	Wastewater enterprise	\$553,438	\$553,438
Totals		\$553,438	\$553,438

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

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D. Capital Assets – Governmental Activities

Capital asset activity relating to governmental activities for the year ended June 30, 2014 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 1,964,744	\$ -	\$ -	\$ 1,964,744
Construction in progress	<u>301,005</u>	<u>184,325</u>	<u>-</u>	<u>485,330</u>
Total capital assets, not being depreciated	<u>2,265,749</u>	<u>184,325</u>	<u>-</u>	<u>2,450,074</u>
Capital assets, being depreciated:				
Buildings	3,494,179	-	-	3,494,179
Machinery and equipment	871,833	-	-	871,833
Equipment- internal service fund	3,133,419	113,913	(64,343)	3,182,989
Improvements	<u>10,581,851</u>	<u>107,770</u>	<u>-</u>	<u>10,689,621</u>
Total capital assets being depreciated	<u>18,081,282</u>	<u>221,683</u>	<u>(64,343)</u>	<u>18,238,622</u>
Less accumulated depreciation for:				
Buildings	(1,546,187)	(135,935)	-	(1,682,122)
Machinery and equipment	(767,933)	(28,883)	-	(796,816)
Equipment-internal service	(2,291,670)	(193,729)	64,343	(2,421,056)
Improvements	<u>(2,287,475)</u>	<u>(312,934)</u>	<u>-</u>	<u>(2,600,409)</u>
Total accumulated depreciation	<u>(6,893,265)</u>	<u>(671,481)</u>	<u>64,343</u>	<u>(7,500,403)</u>
Total capital assets, being depreciated, net	<u>11,188,017</u>	<u>(449,798)</u>	<u>-</u>	<u>10,738,219</u>
Governmental activities capital assets, net	<u>\$13,453,766</u>	<u>\$ (265,473)</u>	<u>\$ -</u>	<u>\$13,188,293</u>

CITY OF CALISTOGA
Notes to the Financial Statements
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D. Capital Assets – Business-Type Activities

Capital asset activity relating to business-type activities for the year ended June 30, 2014 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>5,813,272</u>	<u>187,127</u>	<u>(5,473,631)</u>	<u>526,768</u>
Total capital assets, not being depreciated	<u>8,616,110</u>	<u>187,127</u>	<u>(5,473,631)</u>	<u>3,329,606</u>
Capital assets, being depreciated:				
Wastewater collection and treatment	19,688,484	26,642	-	19,715,126
Water rights	1,589,875	-	-	1,589,875
Water treatment and distribution system	14,831,095	5,707,702	-	20,538,797
Equipment-wastewater	684,451	70,336	-	754,787
Equipment-water	<u>1,042,479</u>	<u>24,138</u>	<u>(8,080)</u>	<u>1,058,537</u>
Total capital assets being depreciated	<u>37,836,384</u>	<u>5,828,818</u>	<u>(8,080)</u>	<u>43,657,122</u>
Less accumulated depreciation and amortization for:				
Wastewater collection and treatment system	(7,598,021)	(621,672)	-	(8,219,693)
Water rights	(475,161)	(48,990)	-	(524,151)
Water treatment and distribution system	<u>(6,344,204)</u>	<u>(334,702)</u>	<u>-</u>	<u>(6,678,906)</u>
Total accumulated depreciation	<u>(14,417,386)</u>	<u>(1,005,364)</u>	<u>-</u>	<u>(15,422,750)</u>
Total capital assets, being depreciated, net	<u>23,418,998</u>	<u>4,823,454</u>	<u>(8,080)</u>	<u>28,234,372</u>
Business-type activities capital assets, net	<u>\$ 32,035,108</u>	<u>\$5,010,581</u>	<u>\$(5,481,711)</u>	<u>\$31,563,978</u>

CITY OF CALISTOGA
Notes to the Financial Statements
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D. Capital Assets – Depreciation Expense

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

Governmental activities:	
General government	\$ 23,943
Public safety	55,327
Community services	179,779
Recreation services	118,889
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>193,729</u>
Total depreciation expense-governmental activities	<u>\$ 671,481</u>
 Business-type activities:	
Water	\$ 334,702
Water Rights Amortization	48,990
Wastewater	<u>621,672</u>
Total depreciation expense-governmental activities	<u>\$ 1,005,364</u>

E. Capital Leases – Governmental Type Activities including Internal Service

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 Financial Statements
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Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2014 were as follows:

Fiscal Year Ending June 30	Zions First National Bank Leases	Sun Trust Leasing	West America Bank Lease
2015	\$ 54,607	\$ 56,532	\$ 342,644
2016	54,607	56,532	426,307
2017	-	56,532	426,307
2018	-	56,532	426,307
2019	-	-	426,307
2020-2024	-	-	2,131,535
2025-2028	-	-	1,675,228
Total minimum lease payments	109,214	226,128	5,854,635
Less amounts representing interest	(4,641)	(20,619)	(1,666,283)
Net present value of minimum lease payments	<u>\$ 104,573</u>	<u>\$ 205,509</u>	<u>\$ 4,188,352</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 \$ 5,974,158. Principal and interest paid for the current fiscal year and total system net revenues as defined were \$357,441 and \$296,592 (exclusive of capital contributions of \$1,729,681) respectively.

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Future debt service for water on the installment agreement is:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 185,000	\$ 176,003	\$ 361,003
2016	185,000	169,111	354,111
2017	195,000	161,794	356,794
2018	200,000	153,991	353,991
2019	210,000	145,791	355,791
2020-2024	1,185,000	584,393	1,769,393
2025-2029	705,000	336,334	1,041,334
2030-2034	670,000	192,400	862,400
2035-2038	485,000	34,341	519,341
Totals	\$ 4,020,000	\$1,954,158	\$5,974,158

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 \$3,377,079. Principal and interest paid for the current fiscal year and total system net revenues as defined were \$112,799 and \$296,592 (exclusive of capital contributions of \$1,729,681) respectively.

CITY OF CALISTOGA
Notes to the Financial Statements
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Future debt service for water on the Certificates of Participation is:

Fiscal Year	Principal	Interest	Total
2015	\$ 31,000	\$81,487	\$ 112,487
2016	33,000	80,131	113,131
2017	34,000	78,687	112,687
2018	36,000	77,199	113,199
2019	37,000	75,624	112,624
2020-2024	211,000	352,353	563,353
2025-2029	262,000	301,953	563,953
2030-2034	325,000	239,434	564,434
2035-2039	402,000	161,734	563,734
2040-2044	491,556	65,922	557,478
Totals	\$ 1,862,556	\$ 1,514,524	\$ 3,377,080

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, 2014, the USDA had obligated funding of \$3,750,000, had drawdowns of \$3,203,852 to the City and there was a \$546,148 undisbursed balance on the USDA Loan. The Mount Washington Tank which was funded through the Certificates of Participation has been completed; therefore the undisbursed balance will not be used by the City. The City made a principal payment of \$57,000 during the fiscal year so the outstanding receivable of \$3,090,852 represents the City's liability at June 30, 2014 for the Certificates. Future debt service principal and interest remaining to be paid on the agreement is approximately \$4,592,816. 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 Financial Statements
June 30, 2014

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>
2015	\$ 95,000	\$ 129,603	\$ 224,603
2016	100,000	125,068	225,068
2017	105,000	120,198	225,198
2018	110,000	114,983	224,983
2019	115,000	109,341	224,341
2020-2024	660,000	487,203	1,147,203
2025-2029	840,000	242,000	1,082,000
2030-2032	615,000	31,750	646,750
Totals	\$ 2,640,000	\$ 1,360,146	\$ 4,000,146

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 \$4,000,146. Principal and interest paid for the current fiscal year and total system net revenues as defined were \$223,813 and \$543,060 (exclusive of 221,547 in capital contributions), respectively.

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.

CITY OF CALISTOGA
Notes to the Financial Statements
June 30, 2014

Future debt service for the State of California Revolving fund loan is:

Fiscal Year	Principal	Interest	Total
2015	\$ 281,269	\$ 82,322	\$ 363,591
2016	288,582	75,009	363,591
2017	296,085	67,506	363,591
2018	303,783	59,807	363,591
2019	311,682	51,909	363,591
2020-2024	1,684,819	133,692	1,818,511
Totals	\$ 3,166,220	\$ 470,245	\$ 3,636,466

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 \$3,166,220. Principal and interest paid for the current fiscal year and total system net revenues as defined were \$363,591 and \$543,060 (exclusive of \$221,547 in capital contributions), 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.

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 2005 Certificates of Participation is:

Fiscal Year	Principal	Interest	Total
2015	\$ 29,300	\$ 77,070	\$ 106,370
2016	30,400	75,824	106,224
2017	31,800	74,532	106,332
2018	33,200	73,181	106,381
2019	34,600	71,770	106,370
2020-2024	196,000	335,529	531,529
2025-2029	241,400	290,169	531,569
2030-2034	297,500	234,311	531,811
2035-2039	366,200	165,499	531,699
2040-2044	451,000	80,771	531,771
2045	102,000	4,335	106,335
Totals	\$ 1,813,400	\$ 1,482,991	\$ 3,296,391

CITY OF CALISTOGA
Notes to the Financial Statements
June 30, 2014

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 \$3,296,391. Principal and interest paid for the current fiscal year and total system net revenues as defined were \$106,364 and \$543,060 (exclusive of \$221,547 in capital contributions), respectively.

Changes in Long-term liabilities

Long-term debt activity for the 2014 fiscal year was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental					
Activities:					
Capital lease obligation	\$ 4,318,809	-	\$ 130,457	\$ 4,188,352	\$ 136,994
Capital lease- internal service	154,185	-	49,612	104,573	51,374
Capital lease -internal service	262,354	-	56,845	205,509	48,110
Total	\$4,735,348	\$ -	\$236,914	\$4,498,434	\$236,478
Business-type					
Activities:					
Installment agreement-water	\$4,195,000	\$ -	\$175,000	\$4,020,000	\$185,000
2008 Certificates of participation	1,892,556	-	30,000	1,862,556	31,000
2011 Certificates of participation	2,471,986	675,866	57,000	3,090,852	58,000
Installment agreement	2,730,000	-	90,000	2,640,000	95,000
2005 Certificates of participation	1,841,500	-	28,100	1,813,400	29,300
State Revolving Fund Loan	3,440,362	-	274,142	3,166,220	281,269
Total	\$16,571,404	\$675,866	\$654,242	\$16,593,028	\$679,569

G. Compensated Absences

The City records a liability to recognize the financial effect of unused vacation and other compensated leaves. As of June 30, 2014 the total liability for vacation and other compensated leaves is \$386,610. The City typically uses the General fund, Water and Wastewater funds to liquidate the majority of its compensated absences.

Compensated absence activity for the 2014 fiscal year was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental Activities	\$ 309,028	\$ 130,000	\$ 134,516	\$ 304,512
Business-type Activities	69,483	90,000	77,385	82,098
Total	\$ 378,511	\$ 220,000	\$ 211,901	\$ 386,610

CITY OF CALISTOGA
Notes to the Financial Statements
June 30, 2014

A. 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 2014.

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

	Year Ended 6/30/2013	Year Ended 6/30/2014
Unpaid claims, beginning of fiscal year	\$31,798	\$ 22,175
Incurred claims (including IBNRs)	-	-
Claim payments	(9,623)	2,037
Unpaid claims, end of fiscal year	<u>\$ 22,175</u>	<u>\$ 24,212</u>

CITY OF CALISTOGA
Notes to the Financial Statements
June 30, 2014

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.

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. California Public Employees Retirement System (PERS)

Plan Description. The City of Calistoga contributes to the California Public Employees Retirement System (PERS), a cost sharing multiple-employer, public employee, and 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.

City employees who retire at or after age 55 (50 for safety employees) are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 2.5% for miscellaneous employees and 3% for safety employees of their highest annual salary for each year of service. Effective May 1, 2012 the City implemented a second tier retirement plan. Employees who were hired on or after May 1, 2012 and retire at or after age 60 (55 for safety employees) are entitled to an annual retirement benefit in an amount equal to 2% for miscellaneous employees and 2% for safety employees. In addition the benefits would be calculated on three years of final compensation.

On January 1, 2013 PERS implemented the Public Employees' Pension Reform Act of 2013 (PEPRA). Under PEPRA for new safety members, the law provides for three possible retirement formulas. The three new defined benefit formulas for new safety members includes a normal retirement age of 50 and a maximum benefit at age 57. For new miscellaneous members, the new defined benefit formula is 2% at age 62 with an early retirement age of 52 and a maximum benefit factor of 2.5% at age 67.

Funding Policy. 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. In the second tier retirement plan, miscellaneous employees are required to contribute 7% and safety employees are required to contribute 7% of their annual covered salary to PERS. Under the PEPRA plan miscellaneous employees are required to contribute 6.25% and safety employees are required to contribute 9.5% of their annual covered salary.

The City is required to contribute the actuarially determined amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the PERS Board of Administration. The current rate for regular employees was 21.588 percent of covered payroll and 32.832 percent of covered payroll for safety employees. For the second tier the current rate for regular employees was 8.049 percent of covered payroll and 15.312 percent of covered payroll for safety employees. For those employees who fall under PEPRA the current rate

CITY OF CALISTOGA
Notes to the Financial Statements
June 30, 2014

for miscellaneous is 6.25 percent of covered payroll and 9.5 percent of covered payroll for safety employees.

Annual Pension Cost. In the June 30, 2013 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 7.5 percent rate of return (net of administrative expenses) 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. The actuarial assumptions also include a 2.75 percent general rate of inflation and 3.30 to 14.20 percent depending on age, service and type of employment in aggregate payroll increases. 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, 2013. There is no assumed post-employment benefit increase.

Initial unfunded liabilities are amortized over a closed period that depends on the plan's date of entry into PERS. Subsequent plan amendments are amortized as a level percentage of pay over a closed 20-year period. Beginning with the June 30, 2013 valuations that set the 2015-16 rates, CalPERS will employ an amortization and smoothing policy that will pay for all gains and losses over a fixed 30-year period with the increases or decreases in the rate spread directly over a 5-year period. If the plan's accrued liability exceeds the actuarial value of plan assets, then the amortization payment on the total unfunded liability may not be lower than the payment calculated over a 30-year amortization period.

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>				
	6/30/12	\$ 411,011	100%	\$ -
	6/30/13	\$ 402,888	100%	\$ -
	6/30/14	\$ 412,951	100%	\$ -
<i>Safety employees</i>				
	6/30/12	\$ 393,404	100%	\$ -
	6/30/13	\$ 371,252	100%	\$ -
	6/30/14	\$ 359,052	100%	\$ -

D. Restricted Net Assets and Governmental Fund Balances

The \$7,326,817 restricted amount in the governmental activities statement of net position represent amounts to be used only for specific purposes which restrictions are imposed by laws, formal agreements or other governments. Of the \$7,326,817 for governmental activities, \$6,357,496 is restricted for housing and community development, \$543,524 is restricted for public safety, and \$425,797 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 \$4,242,111 in the general fund of which \$613,509 consist of non-spendable amounts in prepayments and advances to other funds.

CITY OF CALISTOGA
Notes to the Financial Statements
June 30, 2014

E. 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 provides medical benefits through the PERS healthcare program, pursuant to the Public Employees' Medical and Hospital Care (PEMHCA), paying \$59.50 for employees retiring directly from the City. For unrepresented retirees with at least 10 years of City service, the City pays an additional portion of the medical premium. 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. The total annual required contribution for June 30, 2014 was \$126,907, based on the July 1, 2013 actuarial valuation. For the fiscal year ended June 30, 2014, the City contributed \$30,367 for current year premiums (100% of total premiums). 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)	\$ 126,907
Interest on net OPEB obligation	23,899
Adjustments to annual required contribution	<u>(26,123)</u>
Annual OPEB expense	124,683
Contributions made	<u>(30,367)</u>
Increase in net OPEB Obligation	94,316
Net OPEB Obligation, beginning of year	<u>597,471</u>
Net OPEB Obligation, end of year	<u>\$ 691,787</u>

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:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2014	\$124,683	25.0%	\$691,787
June 30, 2013	\$207,049	33.0%	\$597,471

CITY OF CALISTOGA
Notes to the Financial Statements
June 30, 2014

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.

Funding Policy. The City accounts for its OPEB obligations on a pay-as-you-go basis which includes amortization of the unfunded actuarial accrued liability over a closed 30-year period.

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.

On April 17, 2013, the CalPERS Board of Administration approved a recommendation to change the CalPERS amortization and rate smoothing policies. Beginning with the June 30, 2013 valuations that set the 2015-16 rates, CalPERS will employ an amortization and smoothing policy that will pay for all gains and losses over a fixed 30-year period with the increases or decreases in the rate spread directly over a 5-year period. On January 1, 2013, the Public Employees' Pension Reform Act of 2013 (PEPRA) took effect. In addition to creating new retirement formulas for newly hired members PEPRA also effectively closed all existing active risk pools to new employees. As such it is no longer appropriate to assume that the payroll of the risk pools for the classic formulas will continue to grow at 3 percent annually.

CalPERS Board of Administration approved structural changes to the risk pools. All pooled plans are combined into two active pools, one for all miscellaneous groups and one for all safety groups, effective with the 2013 valuations. By combining the pools the payroll of the risk pools and the employers within the pools can once again be expected to increase at the assumed 3 percent annual growth. However, two changes are being made with will affect employers.

1. Beginning with FY 2015-16 CalPERS will collect employer contributions toward the unfunded liability and side fund as dollar amounts instead of the prior method of a contribution rate. This change will address the funding issues that would arrive from the declining population of classic formula members.
2. The pool's unfunded liability will be allocated to each individual plan based on the plan's total liability rather than by plan individual payroll.

E. Related Party Transactions

The City has a professional services agreement with the Calistoga Chamber of Commerce (the Chamber), a tax-exempt organization founded to support local businesses in the City of Calistoga. Beginning in 2003 the City has provided funding to the Chamber for marketing and promotional services. The City has provided \$300,000 to the Chamber during the fiscal year ending June 30, 2014. In December 2010 the Executive Director of the Chamber was elected to the City Council for a four year term through December 2014 and was elected to serve as the Mayor of the City in December 2012 for a two year term to December 2014.

REQUIRED SUPPLEMENTARY INFORMATION



Required Supplementary Information
CITY OF CALISTOGA
Budgetary Comparison Schedule - General Fund
For the Fiscal Year Ended June 30, 2014

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
Fund Balance, July 1	\$ 1,691,002	\$ 2,465,431	\$ 2,465,431	\$ -
Resources (inflows):				
Property taxes	1,626,178	1,670,750	1,718,854	48,104
Sales taxes	972,257	972,257	985,555	13,298
Transient occupancy taxes	3,944,385	4,319,385	4,456,456	137,071
Other taxes	311,882	324,882	377,858	52,976
License and permits	342,750	168,500	135,763	(32,737)
Fines and forfeits	24,500	24,500	35,799	11,299
Interest	1,545	1,545	7,669	6,124
Intergovernmental	205,000	253,840	40,816	(213,024)
Charges for services	1,015,279	992,502	1,093,728	101,226
Miscellaneous	25,500	27,100	146,243	119,143
Transfers in	277,570	395,362	662,665	267,303
Amounts available for charges to appropriations	<u>10,437,848</u>	<u>11,616,054</u>	<u>12,126,837</u>	<u>510,783</u>
Charges to appropriations:				
General Government:				
City council	44,803	44,803	47,670	(2,867)
Finance	227,345	227,345	218,030	9,315
City clerk	117,699	117,699	73,228	44,471
City attorney	220,000	220,000	172,554	47,446
City manager	155,959	155,959	135,433	20,526
Nondepartmental	187,324	187,324	113,830	73,494
Economic vitality	320,162	320,162	320,123	39
Elections	-	-	150	(150)
Risk management	356,163	356,163	273,330	82,833
Personnel	159,325	119,325	119,225	100
Public Safety:				
Police services	1,797,683	1,793,683	1,686,718	106,965
Police dispatch	510,659	510,659	454,789	55,870
Emergency services	30,084	30,084	22,241	7,843
Fire protection	789,119	917,932	862,362	55,570
Community Services				
Aquatic services	193,407	194,907	173,987	20,920
Community promotions	44,333	52,333	43,333	9,000
Community activities	24,009	24,009	20,230	3,779
Library services	75,000	75,000	71,687	3,313
Sharpsteen Museum	25,081	25,081	17,588	7,493
Handy Van	10,500	10,500	10,000	500
Recreation Services				
Recreation services	120,236	124,236	122,300	1,936
Education and recreation courses	59,404	59,904	58,032	1,872
Senior activities	30,921	30,921	27,730	3,191
Public Works				
Administration	122,634	122,634	106,588	16,046
Streets	273,854	275,754	233,272	42,482
Park maintenance	203,021	203,021	174,706	28,315
Shop maintenance	25,937	25,937	20,546	5,391
Pool maintenance	134,283	161,333	160,429	904
Building maintenance	219,625	219,625	212,329	7,296
Planning and building				
Planning commission	6,825	6,825	4,831	1,994
Bicycle advisory	300	1,098	798	300
Design advisory panel	290	290	160	130
Planning	270,960	280,424	268,275	12,149
Building inspection	617,973	366,095	385,190	(19,095)
Special projects	49,100	78,157	68,734	9,423
Capital outlay	380,540	233,740	177,751	55,989
Transfers out	<u>333,188</u>	<u>412,588</u>	<u>413,038</u>	<u>(450)</u>
Total charges to appropriations	<u>8,137,746</u>	<u>7,985,550</u>	<u>7,271,217</u>	<u>714,333</u>
Fund Balance, June 30	<u>\$ 2,300,102</u>	<u>\$ 3,630,504</u>	<u>\$ 4,855,620</u>	<u>\$ 1,225,116</u>

CITY OF CALISTOGA

**Budgetary Comparison Schedule - General Fund
Note to RSI
For the Fiscal Year Ended June 30, 2014**

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:	\$ 12,126,837
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	(2,465,431)
Transfers in from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes	<u>(662,665)</u>
Total revenues as reported in the statement of revenues, expenditures and changes in fund balances - governmental funds	<u><u>\$ 8,998,741</u></u>

Uses/outflows of resources:

Actual amounts "total charges to appropriations" from the budgetary comparison schedule	\$ 7,271,217
Differences - budget to GAAP:	
Transfers to other funds require the use of current financial resources, but are not considered as expenditures for financial reporting purposes.	<u>(413,038)</u>
Total expenditures as reported in the statement of revenues, expenditures and changes in fund balances - governmental funds	<u><u>\$ 6,858,179</u></u>

CITY OF CALISTOGA
Required Supplemental Information For Major Special Revenue Fund
HOME Special Revenue Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2014

	<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:	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	-	2,119	2,119
Total revenues	-	-	2,119	2,119
Expenditures:				
Current:				
Housing:				
Palisades project loan	-	-	-	-
Total expenditures	-	-	-	-
Excess of revenues over (under) expenditures	-	-	2,119	2,119
Net change in fund balances	-	-	2,119	2,119
Fund balance, July 1	12,288	17,871	17,871	-
Prior period adjustment	-	-	3,396,165	3,396,165
Fund balances, July 1 restated	-	-	3,414,036	3,414,036
Fund balance, June 30	<u>\$ 12,288</u>	<u>\$ 17,871</u>	<u>\$ 3,416,155</u>	<u>\$ 3,398,284</u>

CITY OF CALISTOGA
Required Supplemental Information For Major Special Revenue Fund
CDBG Open Grants Special Revenue Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2014

	<u>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 economic development	\$ 46,073	\$ 46,073	\$ 41,175	\$ (4,898)
Total revenues	<u>46,073</u>	<u>46,073</u>	<u>41,175</u>	<u>(4,898)</u>
Expenditures:				
Current:				
Economic development	44,950	44,950	42,300	2,650
Total expenditures	<u>44,950</u>	<u>44,950</u>	<u>42,300</u>	<u>2,650</u>
Excess of revenues over (under) expenditures	<u>1,123</u>	<u>1,123</u>	<u>(1,125)</u>	<u>(2,248)</u>
Other financing uses:				
Transfers In	-	-	2,248	2,248
Transfer out to general fund	<u>(1,123)</u>	<u>(1,123)</u>	<u>(1,123)</u>	<u>-</u>
Total other financing uses	<u>(1,123)</u>	<u>(1,123)</u>	<u>1,125</u>	<u>2,248</u>
Net change in fund balances	-	-	-	-
Fund balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Prior period adjustment	<u>-</u>	<u>-</u>	<u>2,219,750</u>	<u>2,219,750</u>
Fund balances, July 1 restated	<u>-</u>	<u>-</u>	<u>2,219,750</u>	<u>2,219,750</u>
Fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,219,750</u>	<u>\$ 2,219,750</u>

**Required Supplementary Information
City of Calistoga
Schedules of Funding Progress**

California Public Employee's Retirement System (CalPERS)

Miscellaneous Employees

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
6/30/2011	\$ 10,066,682	\$ 14,323,579	\$ 5,314,244	62.90%	\$ 2,544,349	208.86%
6/30/2012	8,603,405	14,509,120	5,905,715	59.30%	2,151,108	274.54%
6/30/2013	9,729,061	15,316,975	5,587,914	63.50%	1,788,657	312.41%

Miscellaneous Employees (Second Tier)
--

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
6/30/2011	\$ -	\$ -	\$ -		\$ -	0.00%
6/30/2012	14	18	4	77.80%	43,140	0.01%
6/30/2013	1,039	1232	193	84.30%	240,191	0.08%

Miscellaneous Employees (PEPRA Tier)

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
6/30/2011	\$ -	\$ -	\$ -		\$ -	
6/30/2012	-	-	-		-	
6/30/2013	609	454	155	134.10%	146,412	0.11%

**Required Supplementary Information
City of Calistoga
Schedules of Funding Progress**

California Public Employee's Retirement System (CalPERS)

Safety Employees

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
6/30/2011	\$ 6,335,777	\$ 9,811,301	\$ 3,475,524	64.60%	\$ 1,305,166	266.29%
6/30/2012	6,251,500	10,159,709	3,908,209	61.50%	1,157,799	337.56%
6/30/2013	6,913,735	10,458,925	3,545,190	66.10%	1,040,507	340.72%

Safety Employees (Second Tier)

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
6/30/2011	\$ -	\$ -	\$ -		\$ -	
6/30/2012	-	-	-		-	
6/30/2013	863	1,032	169	83.60%	146,541	0.12%

***Safety Employees (PEPRA Tier) information was not available at date of this report.

Other Post Employment Benefits (OPEB)

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%
6/30/2013		1,185,301	1,185,301	0.00%	3,219,608	36.82%

OPTIONAL
SUPPLEMENTARY INFORMATION

NONMAJOR FUNDS COMBINING FINANCIAL
STATEMENTS AND SCHEDULES,

COMPARATIVE PROPRIETARY FUNDS
FINANCIAL STATEMENTS,
AND

SCHEDULES OF CAPITAL ASSETS USED IN
GOVERNMENT ACTIVITIES



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**City of Calistoga
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2014**

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	\$ 105,647	\$ 96,268	\$ 442,482	\$ 281,886	\$ 2,031	\$ 38,232	\$ 412,578	\$ 5,207	\$ 1,440	\$ 10,059	\$ 24,994
Receivables:											
Receivables from other governments	21,096	-	-	-	70	-	-	-	67	-	-
Accounts	-	-	-	-	-	-	-	-	-	-	-
Advances to other funds	-	-	-	645,949	-	-	12,000	-	-	-	-
Notes receivable	-	-	-	-	-	-	-	-	-	-	-
Total assets	\$ 126,743	\$ 96,268	\$ 442,482	\$ 927,835	\$ 2,101	\$ 38,232	\$ 424,578	\$ 5,207	\$ 1,507	\$ 10,059	\$ 24,994
Liabilities and Fund Balances											
Liabilities:											
Accounts payable	\$ 3,167	\$ -	\$ -	\$ 10,000	\$ -	\$ 964	\$ -	\$ -	\$ -	\$ 1,131	\$ -
Advances from other funds	-	-	-	-	-	-	-	-	-	-	-
Deposits	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	3,167	-	-	10,000	-	964	-	-	-	1,131	-
Fund balances:											
Non-spendable fund balance	-	-	-	621,224	-	-	12,000	-	-	-	-
Restricted for streets	123,576	96,267	-	-	2,101	-	-	-	1,507	-	-
Restricted for parks	-	-	-	-	-	-	-	-	-	-	-
Restricted for public safety	-	-	442,482	-	-	37,268	-	-	-	-	24,994
Restricted for affordable housing	-	-	-	296,611	-	-	412,578	-	-	-	-
Restricted for facilities	-	-	-	-	-	-	-	5,207	-	8,928	-
Total fund balances	123,576	96,267	442,482	917,835	2,101	37,268	424,578	5,207	1,507	8,928	24,994
Total liabilities and fund balances	\$ 126,743	\$ 96,267	\$ 442,482	\$ 927,835	\$ 2,101	\$ 38,232	\$ 424,578	\$ 5,207	\$ 1,507	\$ 10,059	\$ 24,994

**City of Callistoga
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2014**

	Special Revenue Funds										Debt
	Traffic Signal	MTC Street	North West Drainage	Recreation Donation	Police Donation	Police Grants	Tree Mitigation	Fire Donation	Mobile Home Park	City Debt Service	Total Nonmajor Governmental Funds
Assets											
Cash and investments	\$ 127,197	\$ -	\$ 2,967	\$ 1,578	\$ 11,874	\$ -	\$ 18,617	\$ 951	\$ 12,403	\$ -	\$ 1,596,411
Receivables:											
Receivables from other governments	-	-	-	-	-	34,395	-	-	-	-	55,628
Accounts	-	162,223	-	-	-	-	-	-	-	-	162,223
Advances to other funds	41,151	-	-	-	-	-	-	-	-	-	41,151
Notes receivable	-	-	-	-	-	-	-	-	-	-	657,949
Total assets	\$ 168,348	\$ 162,223	\$ 2,967	\$ 1,578	\$ 11,874	\$ 34,395	\$ 18,617	\$ 951	\$ 12,403	\$ -	\$ 2,513,362
Liabilities and Fund Balances											
Liabilities:											
Accounts payable	\$ -	\$ 121,072	\$ -	\$ -	\$ -	\$ 6,440	\$ 220	\$ -	\$ -	\$ -	\$ 144,994
Advances from other funds	-	41,151	-	-	-	-	-	-	-	-	41,151
Deposits	-	-	-	-	-	-	3,080	-	-	-	3,080
Total liabilities	-	162,223	-	-	-	8,440	3,300	-	-	-	189,225
Fund balances:											
Non-spendable fund balance	-	-	-	-	-	-	-	-	-	-	633,224
Restricted for streets	168,348	-	2,967	-	-	-	15,317	-	-	-	410,083
Restricted for parks	-	-	-	1,578	-	-	-	-	-	-	1,578
Restricted for public safety	-	-	-	-	11,874	25,955	-	951	-	-	543,524
Restricted for affordable housing	-	-	-	-	-	-	-	-	12,403	-	721,592
Restricted for facilities	-	-	-	-	-	-	-	-	-	-	14,135
Total fund balances	168,348	-	2,967	1,578	11,874	25,955	15,317	951	12,403	-	2,324,136
Total liabilities and fund balances	\$ 168,348	\$ 162,223	\$ 2,967	\$ 1,578	\$ 11,874	\$ 34,395	\$ 18,617	\$ 951	\$ 12,403	\$ -	\$ 2,513,361

City of Calistoga
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2014

Special Revenue Funds

	Gas Tax	Parking Ordinance	Public Safety	CDBG Loan Repayment	Palissades Landscape Maintenance	Asset Forfeiture	Affordable Housing	Quality of Life	Silverado Landscape Maintenance	City Hall Donation	Abandoned Vehicle
Revenues:											
Intergovernmental	\$ 176,970	\$ 5,579	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	531,251	-	1,560	-	344,551	9,000	1,000	-	7,067
Interest	206	187	862	34,346	-	74	803	10	-	20	49
Miscellaneous	-	-	-	26,762	-	-	-	-	-	-	-
Total revenues	177,176	5,766	532,113	61,108	1,560	74	345,354	9,010	1,000	20	7,116
Expenditures:											
Current:											
Public safety	-	-	-	-	-	7,670	-	-	-	-	-
Public works	33,881	-	-	-	730	-	-	-	425	5,059	-
Housing	-	-	-	26,820	-	-	26,250	-	-	-	-
Parks and recreation	-	-	-	-	-	-	-	-	-	-	-
Debt service:											
Principal	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	33,881	-	-	26,820	730	7,670	26,250	-	425	5,059	-
Excess (deficiency) of revenues over (under) expenditures	143,295	5,766	532,113	34,288	830	(7,596)	319,104	9,010	575	(5,039)	7,116
Other financing sources (uses):											
Transfers in	-	-	-	-	-	-	-	-	-	-	-
Transfers out	(95,000)	-	(251,103)	(106,390)	-	-	-	(156,726)	-	-	(4,600)
Total other financing sources (uses)	(95,000)	-	(251,103)	(106,390)	-	-	-	(156,726)	-	-	(4,600)
Net change in fund balances	48,295	5,766	281,010	(72,102)	830	(7,596)	319,104	(147,716)	575	(5,039)	2,516
Fund balances, July 1	75,281	90,501	161,472	368,713	1,271	44,864	93,474	152,925	932	13,968	22,478
Prior period adjustment	-	-	-	621,224	-	-	12,000	-	-	-	-
Fund balances, July 1 restated	75,281	90,501	161,472	989,937	1,271	44,864	105,474	152,925	932	13,968	22,478
Fund balances, June 30	\$ 123,576	\$ 96,267	\$ 442,482	\$ 917,635	\$ 2,101	\$ 37,268	\$ 424,578	\$ 5,207	\$ 1,507	\$ 8,929	\$ 24,994

City of Callistoga
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2014

	Special Revenue Funds										Debt Service	Total Nonmajor Governmental Funds
	Traffic Signal	MTC Street	North West Drainage	Recreation Donations	Police Donation	Police Grants	Tree Mitigation	Fire Donation	Mobile Home Park	City Debt Service		
Revenues:												
Intergovernmental	\$ -	\$ 187,664	\$ -	\$ -	\$ -	\$ 100,411	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 470,624
Charges for services	4,932	-	12	-	-	-	-	-	7,940	-	-	907,313
Interest	328	-	6	3	23	-	36	2	24	-	-	36,979
Miscellaneous	-	-	-	9,425	-	-	7,115	-	10,020	-	-	53,322
Total revenues	5,260	187,664	18	9,428	23	100,411	7,151	2	17,984	-	-	1,468,238
Expenditures:												
Current:												
Public safety	-	-	-	-	-	21,219	-	-	-	-	-	28,869
Public works	-	183,227	-	-	-	-	2,560	-	-	-	-	225,882
Housing	-	-	-	-	-	-	-	-	1,713	-	-	54,783
Parks and recreation	-	-	-	-	-	-	-	-	-	-	-	-
Debt service:												
Principal	-	-	-	-	-	-	-	-	-	130,457	-	130,457
Interest	-	-	-	-	-	-	-	-	-	212,186	-	212,186
Total expenditures	-	183,227	-	-	-	21,219	2,560	-	1,713	342,643	-	652,197
Excess (deficiency) of revenues over (under) expenditures	5,260	4,437	18	9,428	23	79,192	4,591	2	16,271	(342,643)	-	816,041
Other financing sources (uses):												
Transfers in	-	4,446	-	-	-	-	-	-	-	342,643	-	347,091
Transfers out	-	(8,885)	-	(8,000)	-	(130,809)	-	-	(8,985)	-	-	(770,500)
Total other financing sources (uses)	-	(4,437)	-	(8,000)	-	(130,809)	-	-	(8,985)	342,643	-	(423,409)
Net change in fund balances	5,260	-	18	1,428	23	(51,617)	4,591	2	7,286	-	-	392,632
Fund balances, July 1	163,088	-	2,949	150	11,851	77,572	10,725	949	5,117	-	-	1,296,280
Prior period adjustment	-	-	-	-	-	-	-	-	-	-	-	633,224
Fund balances, July 1 restated	163,088	-	2,949	150	11,851	77,572	10,725	949	5,117	-	-	1,931,504
Fund balances, June 30	\$ 168,348	\$ -	\$ 2,967	\$ 1,578	\$ 11,874	\$ 25,955	\$ 15,316	\$ 951	\$ 12,403	\$ -	\$ -	\$ 2,324,136

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

	<u>Budgeted Amounts</u>			Variance With Final Budget- Positive(Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental:				
Gas tax 2105	\$ 25,086	\$ 25,086	\$ 36,192	\$ 11,106
Gas tax 2106	21,430	21,430	18,325	(3,105)
Gas tax 2107	37,349	37,349	38,716	1,367
Gas tax 2107.5	2,000	2,000	2,000	-
State Local transportation grant	76,007	76,007	74,137	(1,870)
Other state grant	-	-	7,600	7,600
Interest	-	-	206	206
Total revenues	<u>161,872</u>	<u>161,872</u>	<u>177,176</u>	<u>15,304</u>
Expenditures:				
Current:				
Highways and streets:				
Street lighting utilities	<u>37,500</u>	<u>37,500</u>	<u>33,881</u>	<u>3,619</u>
Total expenditures	<u>37,500</u>	<u>37,500</u>	<u>33,881</u>	<u>3,619</u>
Excess of revenues over (under) expenditures	<u>124,372</u>	<u>124,372</u>	<u>143,295</u>	<u>18,923</u>
Other financing sources (uses):				
Transfers out	<u>(95,000)</u>	<u>(95,000)</u>	<u>(95,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(95,000)</u>	<u>(95,000)</u>	<u>(95,000)</u>	<u>-</u>
Net change in fund balance	29,372	29,372	48,295	18,923
Fund balance, July 1	<u>68,554</u>	<u>75,281</u>	<u>75,281</u>	<u>-</u>
Fund balance, June 30	<u>\$ 97,926</u>	<u>\$ 104,653</u>	<u>\$ 123,576</u>	<u>\$ 18,923</u>

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

	<u>Budgeted Amounts</u>			Variance With Final Budget- Positive(negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Charges for services:	\$ -	\$ -	\$ 5,579	\$ 5,579
Interest			187	187
Total revenues	<u>-</u>	<u>-</u>	<u>5,766</u>	<u>187</u>
Expenditures:				
Public safety	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>5,766</u>	<u>5,766</u>
Net change in fund balances	-	-	5,766	5,766
Fund balance, July 1	<u>90,326</u>	<u>90,501</u>	<u>90,501</u>	<u>-</u>
Fund balance, June 30	<u>\$ 90,326</u>	<u>\$ 90,501</u>	<u>\$ 96,267</u>	<u>\$ 5,766</u>

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

	<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	\$ 473,336	\$ 473,336	\$ 531,251	\$ 57,915
Interest	-	-	862	862
Total revenues	<u>473,336</u>	<u>473,336</u>	<u>532,113</u>	<u>58,777</u>
Expenditures:				
Public Safety:	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>473,336</u>	<u>473,336</u>	<u>532,113</u>	<u>58,777</u>
Other financing uses:				
Transfer out to equipment fund	(70,230)	(70,230)	(64,090)	6,140
Transfer out to general fund	(38,540)	(38,540)	(30,285)	8,255
Transfer out to debt service fund	(156,627)	(156,627)	(156,728)	(101)
Total other financing uses	<u>(265,397)</u>	<u>(265,397)</u>	<u>(251,103)</u>	<u>14,294</u>
Net change in fund balances	207,939	207,939	281,010	73,071
Fund balance, July 1	<u>152,631</u>	<u>161,472</u>	<u>161,472</u>	<u>-</u>
Fund balance, June 30	<u>\$ 360,570</u>	<u>\$ 369,411</u>	<u>\$ 442,482</u>	<u>\$ 73,071</u>

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget- Positive(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Interest	\$ 10,320	\$ 10,320	\$ 34,346	\$ 24,026
Miscellaneous - loan repayments	22,800	24,800	26,762	1,962
Total revenues	<u>33,120</u>	<u>35,120</u>	<u>61,108</u>	<u>25,988</u>
Expenditures:				
Current:				
Contracts and program services	118,200	118,200	26,820	91,380
Total expenditures	<u>118,200</u>	<u>118,200</u>	<u>26,820</u>	<u>91,380</u>
Excess of revenues over (under) expenditures	<u>(85,080)</u>	<u>(83,080)</u>	<u>34,288</u>	<u>117,368</u>
Other financing uses:				
Transfer out to general fund	(49,000)	(136,121)	(106,390)	29,731
Total other financing uses	<u>(49,000)</u>	<u>(136,121)</u>	<u>(106,390)</u>	<u>29,731</u>
Net change in fund balances	<u>(134,080)</u>	<u>(219,201)</u>	<u>(72,102)</u>	<u>147,099</u>
Fund balance, July 1	<u>276,490</u>	<u>368,713</u>	<u>368,713</u>	<u>-</u>
Prior period adjustment	<u>-</u>	<u>-</u>	<u>621,224</u>	<u>621,224</u>
Fund balances, July 1 restated	<u>276,490</u>	<u>368,713</u>	<u>989,937</u>	<u>621,224</u>
Fund balance, June 30	<u>\$ 142,410</u>	<u>\$ 149,512</u>	<u>\$ 917,835</u>	<u>\$ 768,323</u>

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

	<u>Budgeted Amounts</u>			Variance With Final Budget- Positive(Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Special assessments:				
Landscape maintenance	\$1,550	\$1,550	\$1,560	\$10
Total revenues	1,550	1,550	1,560	10
Expenditures:				
Public works	1,550	1,550	730	820
Excess of revenues over(under)expenditures	-	-	830	830
Net change in fund balances	-	-	830	830
Fund balance, July 1	325	1,271	1,271	-
Fund balance, June 30	<u>\$ 325</u>	<u>\$ 1,271</u>	<u>\$ 2,101</u>	<u>\$ 830</u>

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget- Positive(negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Interest	\$ -	\$ -	\$ 74	\$ 74
Intergovernmental:				
Grants	9,000	31,000	-	(31,000)
Case forfeitures	-	-	-	-
Total revenues	<u>9,000</u>	<u>31,000</u>	<u>74</u>	<u>(30,926)</u>
Expenditures:				
Current:				
Public safety	<u>15,750</u>	<u>15,750</u>	<u>7,670</u>	<u>8,080</u>
Excess of revenues over (under) expenditures	<u>(6,750)</u>	<u>15,250</u>	<u>(7,596)</u>	<u>(22,846)</u>
Net change in fund balances	(6,750)	15,250	(7,596)	(22,846)
Fund balance, July 1	<u>2,000</u>	<u>44,864</u>	<u>44,864</u>	<u>-</u>
Fund balance, June 30	<u>\$ (4,750)</u>	<u>\$ 60,114</u>	<u>\$ 37,268</u>	<u>\$ (22,846)</u>

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget- Positive(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Interest	\$ -	\$ -	\$ 803	\$ 803
Development in lieu fees	334,002	334,002	344,551	10,549
Total revenues	<u>334,002</u>	<u>334,002</u>	<u>345,354</u>	<u>11,352</u>
Expenditures:				
Current:				
Housing services	20,000	20,000	26,250	(6,250)
Total expenditures	<u>20,000</u>	<u>20,000</u>	<u>26,250</u>	<u>(6,250)</u>
Excess of revenues over (under) expenditures	<u>314,002</u>	<u>314,002</u>	<u>319,104</u>	<u>5,102</u>
Net change in fund balances	314,002	314,002	319,104	5,102
Fund balance, July 1	<u>89,263</u>	<u>93,474</u>	<u>93,474</u>	<u>-</u>
Prior period adjustment	<u>-</u>	<u>-</u>	<u>12,000</u>	<u>12,000</u>
Fund balances, July 1 restated	<u>89,263</u>	<u>93,474</u>	<u>105,474</u>	<u>12,000</u>
Fund balance, June 30	<u>\$ 403,265</u>	<u>\$ 407,476</u>	<u>\$ 424,578</u>	<u>\$ 17,102</u>

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

	<u>Budgeted Amounts</u>			Variance With Final Budget- Positive(Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Charges for services:				
Quality of life fees	\$ 3,000	\$ 9,000	\$ 9,000	\$ -
Interest	-	-	10	10
Miscellaneous	-	-	-	-
Total revenues	<u>3,000</u>	<u>9,000</u>	<u>9,010</u>	<u>10</u>
Expenditures:				
Current:				
Public works	-	-	-	-
Excess of revenues over(under) expenditures	<u>3,000</u>	<u>9,000</u>	<u>9,010</u>	<u>10</u>
Other financing uses:				
Transfers out	<u>(156,728)</u>	<u>(156,728)</u>	<u>(156,728)</u>	<u>-</u>
Net change in fund balances	(153,728)	(147,728)	(147,718)	10
Fund balance, July 1	<u>156,728</u>	<u>152,925</u>	<u>152,925</u>	<u>-</u>
Fund balance, June 30	<u>\$ 3,000</u>	<u>\$ 5,197</u>	<u>\$ 5,207</u>	<u>\$ 10</u>

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

	<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>1,000</u>	<u>1,000</u>	<u>425</u>	<u>575</u>
Excess of revenues over(under) expenditures	<u>-</u>	<u>-</u>	<u>575</u>	<u>575</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>575</u>	<u>575</u>
Fund balance, July 1	<u>401</u>	<u>932</u>	<u>932</u>	<u>-</u>
Fund balance, June 30	<u>\$ 401</u>	<u>\$ 932</u>	<u>\$ 1,507</u>	<u>\$ 575</u>

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

	<u>Budgeted</u>		<u>Actual</u>	<u>Variance With Final Budget- Positive(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Interest	\$ -	\$ -	\$ 20	\$ 20
Miscellaneous:				
Contributions for City Hall modernization	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>20</u>	<u>20</u>
Expenditures:				
Capital outlay:				
City Hall improvements	5,000	5,000	5,059	(59)
Total expenditures	<u>5,000</u>	<u>5,000</u>	<u>5,059</u>	<u>(59)</u>
Excess of revenues over(under) expenditures	<u>(5,000)</u>	<u>(5,000)</u>	<u>(5,039)</u>	<u>79</u>
Net change in fund balances	(5,000)	(5,000)	(5,039)	79
Fund balances, July 1	<u>-</u>	<u>13,968</u>	<u>13,968</u>	<u>-</u>
Fund balances, June 30	<u>\$ (5,000)</u>	<u>\$ 8,968</u>	<u>\$ 8,929</u>	<u>\$ 79</u>

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

	Budgeted Amounts			Variance With Final Budget- Positive(Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental:				
Napa County - reimbursement fees	\$ 2,500	\$ 2,500	\$ 7,067	\$ 4,567
Interest	-	-	49	49
Total revenues	<u>2,500</u>	<u>2,500</u>	<u>7,116</u>	<u>4,616</u>
Expenditures:				
Current:				
Public safety	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>2,500</u>	<u>2,500</u>	<u>7,116</u>	<u>4,616</u>
Other financing uses:				
Transfers out to general fund	<u>(4,600)</u>	<u>(4,600)</u>	<u>(4,600)</u>	<u>-</u>
Net change in fund balances	(2,100)	(2,100)	2,516	4,616
Fund balance, July 1	<u>18,190</u>	<u>22,478</u>	<u>22,478</u>	<u>-</u>
Fund balance, June 30	<u>\$ 16,090</u>	<u>\$ 20,378</u>	<u>\$ 24,994</u>	<u>\$ 4,616</u>

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

	<u>Budgeted Amounts</u>			<u>Variance With Final Budget- Positive(Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Charges for services:				
Impact fees	\$ 4,051	\$ 4,051	\$ 4,932	\$ 881
Interest	-	300	328	28
Total revenues	<u>4,051</u>	<u>4,351</u>	<u>5,260</u>	<u>909</u>
Expenditures:				
Current public works	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	4,051	4,351	5,260	909
Fund balance, July 1	<u>126,771</u>	<u>163,088</u>	<u>163,088</u>	<u>-</u>
Fund balance, June 30	<u>\$ 130,822</u>	<u>\$ 167,439</u>	<u>\$ 168,348</u>	<u>\$ 909</u>

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

	<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	\$ 349,000	\$ 169,482	\$ 187,664	\$ 18,182
Interest	-	-	-	-
Total revenues	<u>349,000</u>	<u>169,482</u>	<u>187,664</u>	<u>18,182</u>
Expenditures:				
Current:				
Public works- pedestrian projects	<u>347,000</u>	<u>173,368</u>	<u>183,227</u>	<u>(9,859)</u>
Total expenditures	<u>347,000</u>	<u>173,368</u>	<u>183,227</u>	<u>(9,859)</u>
Excess of revenues over(under) expenditures	<u>2,000</u>	<u>(3,886)</u>	<u>4,437</u>	<u>8,323</u>
Other financing uses:				
Transfer in from the general fund	4,000	4,000	4,448	448
Transfer out to the general fund	-	-	(8,885)	(8,885)
Total other financing uses	<u>4,000</u>	<u>4,000</u>	<u>(4,437)</u>	<u>(8,437)</u>
Net change in fund balances	6,000	114	-	(114)
Fund balances, July 1	-	-	-	-
Fund balances, June 30	<u>\$ 6,000</u>	<u>\$ 114</u>	<u>\$ -</u>	<u>\$ (114)</u>

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

	<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	\$ 245	\$ 245	\$ 12	\$ (233)
Interest	-	-	6	6
Total revenues	-	245	18	(227)
Expenditures:				
Current:				
Public works projects	-	-	-	-
Excess of revenues over (under) expenditures	-	245	18	(227)
Net change in fund balances	-	245	18	(227)
Fund balance, July 1	2,944	2,949	2,949	-
Fund balance, June 30	<u>\$ 2,944</u>	<u>\$ 3,194</u>	<u>\$ 2,967</u>	<u>\$ (227)</u>

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

	<u>Budgeted Amounts</u>			Variance With Final Budget- Positive(Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Interest	\$ -	\$ -	\$ 3	\$ 3
Miscellaneous:				
Donations	5,000	8,800	9,425	625
Total revenues	<u>5,000</u>	<u>8,800</u>	<u>9,428</u>	<u>628</u>
Expenditures:				
Current:				
Recreation	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess(deficiency) of revenues over (under) expenditures	<u>5,000</u>	<u>8,800</u>	<u>9,428</u>	<u>628</u>
Other Financing Use				
Transfer out to general fund	<u>(5,000)</u>	<u>(8,000)</u>	<u>(8,000)</u>	<u>-</u>
Net change in fund balances	-	800	1,428	628
Fund balance, July 1	<u>-</u>	<u>150</u>	<u>150</u>	<u>-</u>
Fund balance, June 30	<u>\$ -</u>	<u>\$ 950</u>	<u>\$ 1,578</u>	<u>\$ 628</u>

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

	<u>Budgeted Amounts</u>			Variance With Final Budget- Positive(Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Interest	\$ -	\$ -	\$ 23	\$ 23
Miscellaneous:				
Donations	-	-	-	-
Total revenues	-	-	23	23
Expenditures:				
Current:				
Public safety	-	-	-	-
Net change in fund balances	-	-	23	23
Fund balance, July 1	11,878	11,851	11,851	-
Fund balance, June 30	<u>\$ 11,878</u>	<u>\$ 11,851</u>	<u>\$ 11,874</u>	<u>\$ 23</u>

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget- Positive(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental:				
COPS grant	\$ 108,440	\$ 108,440	\$ 100,411	\$ (8,029)
Total revenues	<u>108,440</u>	<u>108,440</u>	<u>100,411</u>	<u>(8,029)</u>
Expenditures:				
Current:				
Public safety	29,612	29,612	21,219	8,393
Total expenditures	<u>29,612</u>	<u>29,612</u>	<u>21,219</u>	<u>8,393</u>
Excess of revenues over (under) expenditures	<u>78,828</u>	<u>78,828</u>	<u>79,192</u>	<u>364</u>
Other financing sources (uses):				
Operating transfers in	-	-	-	-
Operating transfers out	<u>(75,322)</u>	<u>(145,322)</u>	<u>(130,809)</u>	<u>14,513</u>
Net change in fund balances	3,506	(66,494)	(51,617)	14,877
Fund balance, July 1	<u>-</u>	<u>77,572</u>	<u>77,572</u>	<u>-</u>
Fund balance, June 30	<u>\$ 3,506</u>	<u>\$ 11,078</u>	<u>\$ 25,955</u>	<u>\$ 14,877</u>

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

	<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	\$ 500	\$ 500	\$ 7,115	\$ 6,615
Interest	-	-	36	36
Total revenues	<u>500</u>	<u>500</u>	<u>7,151</u>	<u>6,651</u>
Expenditures:				
Current:				
Public works	<u>5,000</u>	<u>5,000</u>	<u>2,560</u>	<u>2,440</u>
Excess of revenues over (under) expenditures	<u>(4,500)</u>	<u>(4,500)</u>	<u>4,591</u>	<u>4,211</u>
Net change in fund balances	(4,500)	(4,500)	4,591	9,091
Fund balance, July 1	<u>7,831</u>	<u>10,725</u>	<u>10,725</u>	<u>-</u>
Fund balance, June 30	<u>\$ 3,331</u>	<u>\$ 6,225</u>	<u>\$ 15,316</u>	<u>\$ 9,091</u>

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

	Budgeted Amounts			Variance With Final Budget- Positive(Negative)
	Original	Final	Actual	
Revenues				
Interest	\$ -	\$ -	\$ 2	\$ 2
Miscellaneous:				
Donations	-	-	-	-
Total revenues	-	-	2	-
Expenditures:				
Current:				
Public safety	-	-	-	-
Excess of revenues over (under) expenditures	-	-	2	-
Net change in fund balances	-	-	2	2
Fund balance, July 1	748	949	949	-
Fund balance, June 30	<u>\$ 748</u>	<u>\$ 949</u>	<u>\$ 951</u>	<u>\$ 2</u>

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

	<u>Budgeted Amounts</u>			Variance With Final Budget- Positive(Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Interest	\$ -	\$ -	\$ 24	\$ 24
Charges for services:				
Inspection fees	7,940	7,940	7,940	-
Rent stabilization fees	10,600	10,600	10,020	(580)
Other Revenues	-	-	-	-
Total revenues	<u>18,540</u>	<u>18,540</u>	<u>17,984</u>	<u>(556)</u>
Expenditures:				
Current:				
Housing	1,475	1,475	1,713	(238)
Excess of revenues over (under) expenditures	<u>17,065</u>	<u>17,065</u>	<u>16,271</u>	<u>(794)</u>
Other financing sources (uses):				
Transfers in from community dev fund	-	-	-	-
Transfers out to general fund	(8,985)	(8,985)	(8,985)	-
Total other financing sources (uses)	<u>(8,985)</u>	<u>(8,985)</u>	<u>(8,985)</u>	<u>-</u>
Net change in fund balances	8,080	8,080	7,286	(794)
Fund balance, July 1	<u>-</u>	<u>5,117</u>	<u>5,117</u>	<u>-</u>
Fund balance, June 30	<u>\$ 8,080</u>	<u>\$ 13,197</u>	<u>\$ 12,403</u>	<u>\$ (794)</u>

CITY OF CALISTOGA
City Debt Service Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2014

	<u>Budgeted Amounts</u>			Variance With Final Budget- Positive(Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
Debt service:				
Principal retirement	130,457	130,457	130,457	-
Interest on long-term debt	212,186	212,186	212,186	-
Fiscal agent fees	-	-	-	-
Total expenditures	<u>342,643</u>	<u>342,643</u>	<u>342,643</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>(342,643)</u>	<u>(342,643)</u>	<u>(342,643)</u>	<u>-</u>
Other financing sources:				
Transfer in from public safety fund	156,727	156,727	156,727	-
Transfer in from quality of life	156,728	156,728	156,728	-
Transfer in from general fund	29,188	29,188	29,188	-
Total other financing sources	<u>342,643</u>	<u>342,643</u>	<u>342,643</u>	<u>-</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
Statement of Changes in Assets and Liabilities
Agency Fund
For Fiscal Year Ended June 30, 2014

	Balance June 30, 2013	Additions	Reductions	Balance June 30, 2014
ASSETS				
Cash and cash equivalents	\$ 29,261	\$ 4,425	\$ -	\$ 33,686
Assessments receivable	99,926	8,299		108,225
Total assets	<u>\$ 129,187</u>	<u>\$ 12,724</u>	<u>\$ -</u>	<u>\$ 141,911</u>
LIABILITIES				
Deposits payable to Tourism Business Improvement District	\$ 129,187	\$ 12,724	\$ -	\$ 141,911
Total liabilities	<u>\$ 129,187</u>	<u>\$ 12,724</u>	<u>\$ -</u>	<u>\$ 141,911</u>

See accompanying notes to the basic financial statements

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

	June 30	
	2014	2013
General fixed assets:		
Land	1,964,744	1,964,744
Buildings	3,494,179	3,494,179
Improvements	8,917,325	8,809,555
Equipment	871,833	871,833
Infrastructure - street system	1,772,296	1,772,296
Construction in progress	485,330	301,005
	\$ 17,505,707	\$ 17,213,612
Investment in general fixed assets from:		
General fund	13,504,785	13,212,690
Capital projects funds	1,948,090	1,948,090
Donations	1,807,666	1,807,666
Special revenue funds	245,166	245,166
	\$ 17,505,707	\$ 17,213,612

CITY OF CALISTOGA
Schedule of Changes in General Capital Assets Used in Governmental Activities
By Source
For the Fiscal Year Ended June 30, 2014

	<u>Land</u>	<u>Buildings</u>	<u>Improvements and Construction in Progress</u>	<u>Equipment</u>	<u>Infrastructure</u>	<u>Total Cost</u>
General capital assets July 1, 2013	\$ 1,964,744	\$ 3,494,179	\$ 9,110,561	\$ 871,833	\$ 1,772,295	\$17,213,612
Add:						
Expenditures from:						
Capital projects	-	-	107,769	-	-	107,769
General fund	-	-	-	-	184,326	184,326
Deduct:						
Reclassifications	-	-	-	-	-	-
Retirements and transfers	-	-	-	-	-	-
General capital assets June 30, 2014	<u>\$ 1,964,744</u>	<u>\$ 3,494,179</u>	<u>\$ 9,218,330</u>	<u>\$ 871,833</u>	<u>\$ 1,956,621</u>	<u>\$17,505,707</u>

CITY OF CALISTOGA
Schedule of General Capital Assets Used in Governmental Activities
By Function and Activity
June 30, 2014

Function and Activity	Land	Buildings	Improvements	Equipment	Infrastructure	Total Cost
General government:						
General government buildings	\$ 1,315,180	\$ 131,175	\$ 567,761	\$ 17,000	\$ -	\$ 2,031,116
Public safety:						
Police protection	509,682	935,600	291,760	175,348	-	1,912,390
Fire protection	-	1,821,700	28,097	402,282	-	2,252,079
Total public safety	509,682	2,757,300	319,857	577,630	-	4,164,469
Community Center	5,000	54,576	43,762	67,235	-	170,573
Community pool	-	-	7,122,897	17,251	-	7,140,148
Parks and recreation	45,660	295,142	819,680	93,743	-	1,254,225
Public works	77,222	89,995	344,373	73,974	1,956,621	2,542,185
Museum	12,000	165,991	-	25,000	-	202,991
Total capital assets	<u>\$ 1,964,744</u>	<u>\$ 3,494,179</u>	<u>\$ 9,218,330</u>	<u>\$ 871,833</u>	<u>\$ 1,956,621</u>	<u>\$ 17,505,707</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, 2014

Function and Activity	General Fixed Assets July 1, 2013	Additions	Deletions	General Fixed Assets June 30, 2014
General government:				
City Clerk	\$ 12,871	\$ -	\$ -	\$ 12,871
Planning	7,235	-	-	7,235
General buildings and land	1,950,493	5,059	-	1,955,552
Financial administration	52,077	-	-	52,077
City Manager	3,381	-	-	3,381
Total general government	<u>2,026,057</u>	<u>5,059</u>	<u>-</u>	<u>2,031,116</u>
Public safety:				
Police protection	1,882,105	30,285	-	1,912,390
Fire protection	2,252,079	-	-	2,252,079
Total public safety	<u>4,134,184</u>	<u>30,285</u>	<u>-</u>	<u>4,164,469</u>
Community Center	<u>170,573</u>	<u>-</u>	<u>-</u>	<u>170,573</u>
Community Pool	<u>7,119,713</u>	<u>20,433</u>	<u>-</u>	<u>7,140,146</u>
Parks and recreation	<u>1,202,234</u>	<u>51,992</u>	<u>-</u>	<u>1,254,226</u>
Public Works	<u>2,357,860</u>	<u>184,326</u>	<u>-</u>	<u>2,542,186</u>
Museum	<u>202,991</u>	<u>-</u>	<u>-</u>	<u>202,991</u>
Total capital assets	<u>\$ 17,213,612</u>	<u>\$ 292,095</u>	<u>\$ -</u>	<u>\$ 17,505,707</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
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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
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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
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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
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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
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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 Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities:										
Net investment in capital assets	2,574,940	3,608,855	3,902,216	5,412,945	8,300,018	8,772,653	9,134,898	9,123,554	9,134,957	8,689,861
Restricted	3,168,003	4,398,197	4,552,113	4,368,648	5,481,829	6,272,999	6,320,030	5,539,578	6,873,465	7,326,817
Unrestricted	2,171,582	1,579,848	1,478,418	1,300,830	1,322,140	171,473	(601,181)	909,057	2,284,571	5,031,807
Total governmental activities net position	7,914,525	9,586,900	9,932,747	11,082,423	15,103,987	15,217,125	14,853,747	15,572,189	18,292,993	21,048,485
Business-type activities:										
Net investment in capital assets	12,365,731	14,399,240	14,527,166	12,732,263	14,378,458	13,691,652	13,584,563	15,137,975	14,984,506	14,438,811
Restricted	2,156,325	1,970,690	904,096	769,992	-	-	-	-	-	-
Unrestricted	48,442	(2,028,612)	(1,377,516)	303,715	(605,740)	436,945	194,892	6,084	1,607,643	3,371,809
Total business-type activities net position	14,570,498	14,341,318	14,053,746	13,805,970	13,772,718	14,128,597	13,779,455	15,144,059	16,592,149	17,810,620
Primary government:										
Net investment in capital assets	14,940,671	18,008,095	18,429,382	18,145,208	22,678,476	22,464,305	22,719,461	24,261,529	24,119,463	23,128,672
Restricted	5,324,328	6,368,887	5,456,209	5,138,640	5,481,829	6,272,999	6,320,030	5,539,578	6,873,465	7,326,817
Unrestricted	2,220,024	(448,764)	100,902	1,604,545	716,400	608,418	(406,289)	915,141	3,892,214	8,403,616
Total primary government net position	22,485,023	23,928,218	23,986,493	24,888,393	28,876,705	29,345,722	28,633,202	30,716,248	34,885,142	38,859,105

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 Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses:										
Governmental activities:										
General government	1,135,059	1,263,331	1,308,975	1,786,147	1,749,599	1,672,657	1,842,683	1,669,272	1,642,042	1,498,929
Public safety	2,645,188	2,625,164	2,669,054	2,976,791	3,141,566	3,175,941	3,178,320	3,011,419	3,166,518	3,077,799
Community services	216,236	259,264	357,280	188,928	276,107	309,074	385,499	485,263	452,308	521,194
Housing	59,177	464,850	141,891	113,019	77,355	124,359	123,490	127,496	69,474	55,530
Recreation Services	333,393	322,323	339,137	378,520	475,566	542,515	615,712	391,147	357,669	329,786
Public works	915,104	982,397	1,088,982	1,160,329	1,238,441	1,067,014	1,123,110	1,082,233	1,060,887	1,203,406
Planning and Building	417,365	677,722	625,180	604,125	694,241	628,391	637,991	405,710	423,257	668,238
Interest on long-term debt	89,822	84,397	69,591	200,895	227,841	268,959	291,896	272,807	56,689	286,823
Total governmental activities expenses	5,811,344	6,679,448	6,600,090	7,408,754	7,880,716	7,788,910	8,198,701	7,445,347	7,228,844	7,641,705
Business-type activities:										
Water	1,780,260	2,044,759	2,149,976	2,302,615	2,731,066	2,916,682	3,055,351	3,025,828	2,842,771	3,117,243
Wastewater	2,605,971	2,998,065	2,831,758	2,696,495	2,894,713	2,784,072	2,695,348	2,607,225	2,782,294	2,708,702
Total business-type activities expenses	4,386,231	5,042,824	4,981,734	4,999,110	5,625,779	5,700,754	5,750,699	5,633,053	5,625,065	5,825,945
Total primary government expenses	10,197,575	11,722,272	11,581,824	12,407,864	13,506,495	13,489,664	13,949,400	13,078,400	12,853,909	13,467,650
Program revenues:										
Governmental activities:										
Charges for services:										
General government	100,011	151,254	191,106	339,719	241,627	258,984	265,929	290,492	210,161	394,402
Public safety	749,300	596,594	491,489	282,560	279,176	326,789	185,890	293,710	541,245	391,088
Community services	-	29,537	53,296	13,192	10,600	9,238	21,734	18,882	9,952	10,891
Housing	720,512	88,698	93,104	127,025	47,273	47,643	146,202	140,320	127,679	79,092
Recreation services	18,198	21,419	19,397	59,776	83,029	128,795	123,832	141,329	157,059	149,305
Public works	82,939	26,313	52,325	59,538	261,534	25,203	66,484	33,743	55,840	71,730
Planning and building	244,967	473,167	357,841	197,848	196,562	157,031	182,174	166,892	207,008	279,974
Operating grants and contributions	227,457	1,874,523	314,902	766,363	323,770	297,496	272,868	310,240	419,165	1,209,804
Capital grants and contributions	223,526	615,092	316,553	575,416	2,642,244	2,261,454	1,113,412	33,131	86,386	201,332
Total governmental activities program revenues	2,366,910	3,876,597	1,890,013	2,421,437	4,085,815	3,512,633	2,378,525	1,428,739	1,814,495	2,787,618

(continued)

City of Calistoga
Schedule 2

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Business-type activities:										
Charges for services:										
Water	1,694,624	1,975,927	2,222,327	2,554,214	2,182,318	2,090,136	2,100,595	2,243,967	2,359,606	2,683,096
Wastewater	1,773,745	1,852,512	1,921,034	2,078,594	1,973,424	1,939,641	1,952,322	2,133,389	2,281,513	2,329,265
Operating grants and contributions	2,659,099	844,605	550,801	127,213	1,482,941	952,188	488,832	2,620,301	2,426,374	1,951,228
Capital grants and contributions	6,127,468	4,673,044	4,694,162	4,760,021	5,638,683	4,981,965	4,541,749	6,997,657	7,067,493	6,963,589
Total business-type activities	8,494,378	8,549,641	6,584,175	7,181,458	9,724,498	8,494,598	6,920,274	8,426,396	8,881,988	9,751,207
Total primary government program revenues										
Net revenues (expenses):										
Governmental activities	(3,444,434)	(2,802,851)	(4,710,077)	(4,987,317)	(3,794,901)	(4,276,277)	(5,820,176)	(6,016,608)	(5,414,349)	(4,854,087)
Business-type activities	1,741,237	(369,780)	(287,572)	(239,089)	12,904	(718,789)	(1,208,950)	1,364,604	1,442,428	1,137,644
Total net revenues (expenses)	(1,703,197)	(3,172,631)	(4,997,649)	(5,226,406)	(3,781,997)	(4,995,066)	(7,029,126)	(4,652,004)	(3,971,921)	(3,716,443)
General revenues and other changes in net position:										
Governmental activities:										
Taxes:										
Property taxes	701,580	1,173,543	1,335,430	1,467,322	1,709,998	1,654,593	1,685,427	1,635,425	1,685,766	1,718,853
Transient occupancy taxes	2,257,440	2,335,139	2,521,951	3,402,228	3,208,611	3,042,315	3,430,487	3,768,443	3,948,825	4,456,456
Sales tax	722,655	705,825	793,011	874,109	842,610	670,909	796,563	965,528	1,021,131	985,555
Other taxes	358,631	328,634	335,687	329,146	369,196	348,285	312,778	323,873	326,135	377,858
Motor vehicle in lieu, unrestricted	400,442	35,225	31,248	23,499	18,039	15,665	24,494	-	-	-
Investment income	17,853	37,561	38,597	32,002	24,231	11,517	9,693	1,331	151,796	7,669
Other general revenue	-	-	-	-	-	-	57,164	40,450	-	-
Donations for community pool	-	-	-	-	1,597,624	-	-	-	-	-
Net Transfers	(177,700)	(140,600)	-	-	-	(1,353,869)	(859,808)	-	-	(71,900)
Total governmental activities	4,280,901	4,475,327	5,055,924	6,128,306	7,770,309	4,389,415	5,456,798	6,735,050	7,133,653	7,609,579

(continued)

City of Calistoga
Schedule 2

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Business-type activities:										
Investment income	-	-	-	-	-	-	-	-	5,662	8,927
Transfers	177,700	140,600	-	-	-	1,353,869	859,808	-	-	71,900
Total business-type activities	177,700	140,600	-	-	-	1,353,869	859,808	-	5,662	80,827
Total primary government	4,458,601	4,615,927	5,055,924	6,128,306	7,770,309	5,743,284	6,316,606	6,735,050	7,139,315	7,690,406
Changes in net position										
Governmental activities	836,467	1,672,476	345,847	1,140,989	3,975,408	113,138	(363,378)	718,442	1,719,304	2,755,492
Business-type activities	1,918,937	(229,180)	(287,572)	(239,089)	12,904	635,080	(349,142)	1,364,604	1,448,090	1,218,471
Total primary government	2,755,404	1,443,296	58,275	901,900	3,988,312	748,218	(712,520)	2,083,046	3,167,394	3,973,963

CITY OF CALISTOGA
Schedule 3

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General fund:										
Reserved	48,155	1,540,237	1,558,663	588,784	447,767	154,504	-	-	-	-
Unreserved	2,301,868	252,563	326,911	1,121,851	941,456	778,500	-	-	-	-
Nonspendable (1)							16,911	311,927	606,843	613,509
Unassigned (1)							(455)	646,165	1,858,588	4,242,111
Total general fund	2,350,023	1,792,800	1,885,574	1,710,635	1,389,223	933,004	16,456	958,092	2,465,431	4,855,620
All other governmental funds:										
Reserved	39	27	34	-	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	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	-	-	-	-
Nonspendable (1)	-	-	-	-	-	-	-	-	-	6,249,139
Restricted for capital improvemer	-	-	-	-	-	-	398,097	397,158	397,176	233,858
Restricted for affordable housing	-	-	-	-	-	-	628,868	551,931	485,175	741,581
Restricted for streets	-	-	-	-	-	-	327,317	351,173	344,747	410,084
Restricted for facilities	-	-	-	-	-	-	50,584	32,037	166,893	14,135
Restricted for public safety	-	-	-	-	-	-	125,782	132,025	319,186	543,524
Restricted for parks	-	-	-	-	-	-	2,150	2,152	150	1,578
Restricted for debt service	-	-	-	-	-	-	1,708	-	-	-
Total all other governmental funds	1,478,479	1,530,435	2,189,380	5,847,884	4,446,855	3,309,823	1,534,506	1,466,476	1,713,327	8,193,899
Total Governmental funds	3,828,502	3,323,235	4,074,954	7,558,519	5,836,078	4,242,827	1,550,962	2,424,568	4,178,758	13,049,519

(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 Ten Fiscal Years
(modified accrual basis of accounting)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues:										
Property Taxes	701,580	1,173,543	1,328,829	1,460,792	1,709,998	1,654,593	1,685,427	1,635,425	1,685,786	1,718,854
Sales Taxes	722,655	653,118	738,597	819,647	842,610	670,909	796,563	965,528	1,021,131	985,555
Transient Occupancy Taxes	2,257,440	2,335,139	2,521,951	3,402,228	3,208,611	3,042,315	3,430,487	3,768,443	3,948,825	4,456,456
Other Taxes	301,445	321,774	335,687	329,146	311,292	292,758	312,778	323,873	326,135	377,858
Licenses and permits	106,223	271,812	170,366	81,325	89,315	65,849	65,022	64,458	81,436	135,763
Fines and forfeitures	64,052	61,429	56,830	49,296	49,810	42,577	53,486	55,989	33,075	35,799
Intergovernmental	883,870	1,343,240	662,032	1,345,393	2,984,116	1,869,131	1,324,812	338,865	382,499	519,468
Interest and rents	113,880	79,186	154,580	132,186	87,052	28,893	61,280	43,963	50,969	77,845
Charges for services	792,016	954,733	1,299,226	798,184	781,600	744,437	677,254	723,338	1,185,644	2,001,041
Other	180,529	89,646	158,434	194,074	396,083	146,261	229,222	209,747	213,665	201,649
Total revenues	6,123,690	7,283,620	7,426,532	8,612,271	10,460,487	8,557,723	8,636,331	8,129,629	8,929,145	10,510,288
Expenditures										
Current:										
General government	1,021,624	1,019,211	1,183,362	1,557,263	1,581,229	1,417,360	1,829,295	1,556,860	1,579,047	1,473,573
Public safety	2,478,584	2,551,645	2,501,429	2,882,855	3,107,158	3,063,619	3,054,689	2,895,021	3,048,884	3,054,999
Community services	215,452	234,089	344,778	181,426	272,543	373,314	363,846	305,753	308,744	336,825
Housing	59,177	464,850	141,891	113,019	1,883,387	1,364,524	123,490	124,195	68,041	97,083
Recreation Services	263,250	254,745	307,691	347,074	411,697	359,023	442,875	220,454	188,858	208,062
Public works	774,012	872,043	915,104	966,949	1,062,579	941,969	1,026,442	945,245	971,710	1,133,752
Planning and Building	417,365	571,572	599,406	604,125	694,241	616,410	602,200	395,207	414,528	659,254
Debt service:										
Debt Issuance Costs	-	-	-	22,720	-	-	-	-	-	-
Principal retirement	226,083	259,665	269,926	305,626	342,286	354,934	355,760	372,618	255,754	130,457
Interest and fiscal charges	92,959	84,397	74,117	63,416	329,392	270,472	295,855	277,011	221,411	212,186
Capital Outlay	385,302	1,386,070	368,609	2,658,646	3,997,786	1,104,295	2,373,936	100,771	89,095	246,485
Total expenditures	5,933,808	7,698,287	6,706,313	9,703,119	13,682,298	9,865,920	10,468,388	7,193,135	7,146,072	7,552,676
Excess (deficiency) of revenues over (under) expenditures	189,882	(414,667)	720,219	(1,090,848)	(3,221,811)	(1,308,197)	(1,832,057)	936,494	1,783,073	2,957,612
Other financing sources (uses):										
Contractual settlements	-	-	-	-	-	720,154	-	-	-	-
Transfers in	611,973	979,869	727,526	2,374,672	3,621,808	1,276,759	1,761,929	925,860	883,520	1,012,004
Transfers out	(739,673)	(1,070,469)	(696,026)	(2,474,259)	(3,720,062)	(2,281,967)	(2,621,737)	(988,747)	(912,403)	(1,347,994)
Issuance of bonds	-	-	-	4,674,000	-	-	-	-	-	-
Total other financing sources (uses)	(127,700)	(90,600)	31,500	4,574,413	(98,254)	(285,054)	(859,808)	(62,887)	(28,883)	(335,990)
Special Item: Contributions for Pool	-	-	-	-	1,597,624	-	-	-	-	-
Net change in fund balances	62,182	(505,267)	751,719	3,483,565	(1,722,441)	(1,593,251)	(2,691,865)	873,607	1,754,190	2,621,622
Debt service as a percentage of noncapital expenditures	5.8%	5.5%	5.4%	5.2%	6.9%	7.1%	8.1%	9.2%	6.8%	4.7%

CITY OF CALISTOGA
Schedule 5
Transient Occupancy Tax
Last Ten 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
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%
2013	32,920,499	8,075	32,912,424	3,948,825	-	3,948,825	100.00%
2014	37,144,119	6,989	37,137,130	4,456,456	-	4,456,456	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 Ten Years

Operator	Type	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Calistoga Spa	Hotel Resort	57	57	57	57	57	57	57	57	57	57
**The Sunburst Calistoga	Hotel Resort	41	41	41	41	41	41	41	41	41	41
Cottage Grove Inn	Inn/Motel	16	16	16	16	16	16	16	16	16	16
Golden Haven	Hotel Resort	31	31	31	31	31	31	31	31	31	31
Indian Springs & Lodge	Hotel Resort	16	40	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	34	34	34	34	34	34	34	34	34	34
Stevenson Manor Inn	Inn/Motel	42	42	42	42	42	42	42	42	42	42
Wilkinson's Hot Springs	Hotel Resort	42	42	42	42	42	42	42	42	42	42
Total Top Ten Operators - Rooms		386	410	410	499	498	498	498	457	457	457
Total Rooms		614	605	602	690	690	690	690	688	688	690
As % of Total Rooms-All Operators		63%	67%	68%	72%	72%	72%	72%	66%	66%	66%
Total Net Transient Occupancy Tax Revenues		\$ 2,229,487	\$ 2,336,107	\$ 2,521,951	\$ 3,402,228	\$ 3,208,611	\$ 3,042,315	\$ 3,430,487	\$ 3,768,443	\$ 3,948,825	\$ 4,456,456
Total Top Ten Operator Tax Revenues		\$ 1,636,350	\$ 1,731,547	\$ 1,894,261	\$ 2,625,920	\$ 2,577,200	\$ 2,581,676	\$ 2,828,801	\$ 3,135,485	\$ 3,359,920	\$ 3,653,238
As % of Total Tax Revenue		73%	74%	75%	77%	80%	85%	82%	83%	85%	82%

**The Sunburst Calistoga was previously known as Calistoga Village Inn & Spa

Source: City of Calistoga Transient Occupancy Tax Data

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

Fiscal Year Ended June 30	Governmental Activities		Total Governmental Activities
	Capital Lease Obligation		
2005	1,692,835		1,692,835
2006	1,498,799		1,498,799
2007	2,616,567		2,616,567
2008	7,046,648		7,046,648
2009	6,066,111		6,066,111
2010	5,720,826		5,720,826
2011	5,559,954		5,559,954
2012	5,085,044		5,085,044
2013	4,735,348		4,735,348
2014	4,498,434		4,498,434

Fiscal Year Ended June 30	Business-type Activities					Total Business-type Activities
	Water Revenue Bonds	Installation Agreements	State Revolving Fund Loan	Certificates of Participation		
2005	3,646,000	3,335,000	5,405,688			14,415,188
2006	-	8,560,000	5,174,038			15,742,338
2007	-	8,335,000	4,935,660			15,257,960
2008	-	8,120,000	4,710,318			17,307,088
2009	-	7,895,000	4,469,195			16,794,995
2010	-	7,665,000	4,221,803			16,266,803
2011	-	7,430,000	3,967,979			15,483,179
2012	-	7,180,000	3,707,556			14,835,958
2013	-	6,925,000	3,440,362			16,571,404
2014	-	6,660,000	3,166,220			16,593,028

Fiscal Year Ended June 30	Total Primary Government Valuation [1]	As Percentage of Assessed Valuation [1]	Debt Per Capita [2]	Assessed Valuation (1)	Population (2)
2005	16,108,023	3.14%	3,089	468,922,260	5,211
2006	17,241,137	3.36%	3,306	513,781,017	5,215
2007	17,874,527	3.14%	3,403	568,896,414	5,252
2008	24,353,736	3.94%	4,593	618,538,567	5,302
2009	22,861,106	3.28%	4,288	696,275,599	5,331
2010	21,989,629	3.36%	4,095	654,464,952	5,370
2011	21,043,133	3.23%	4,082	651,533,812	5,155
2012	19,921,002	2.94%	3,789	676,866,480	5,258
2013	21,306,752	3.10%	4,102	686,878,025	5,194
2014	21,091,462	2.98%	4,037	707,262,503	5,224

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

[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, 2014

2013-14 Assessed Valuation (Secured & Unsecured): \$ 707,262,503 (1)

	<u>Total Debt 6/30/2014</u>	<u>% Applicable (1)</u>	<u>City's Share of Debt 6/30/13</u>
Napa Joint Community College District	130,878,005	2.379%	\$ 3,113,588
Calistoga Joint Unified School District	17,420,316	33.681%	\$ 5,867,337
Total overlapping tax and assessment debt			\$ 8,980,925
DIRECT DEBT:			
City of Calistoga Lease/Certificates of Participation	4,498,434	100.000%	\$ 4,498,434
Total direct debt			\$ 4,498,434

OVERLAPPING GENERAL FUND DEBT:

Napa County Certificates of Participation	36,765,000	2.400%	\$ 882,360
Napa County Board of Education Certificates of Participation	2,945,000	2.400%	\$ 70,680
Calistoga Joint Unified School District Certificates of Participation	700,000	33.681%	\$ 235,767
Total overlapping general fund debt			\$ 1,188,807
Total direct debt			4,498,434
Total overlapping debt			10,169,732
Combined debt			<u>\$ 14,668,166</u> (3)

Ratios to 2013-14 Assessed Valuation (Secured & Unsecured):

Total overlapping tax and assessment debt	1.27%
Total direct debt	0.64%
Combined Total Debt	2.07%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/13

\$ -

- (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 Ten Fiscal Years

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Assessed valuation (Secured)	468,922,260	513,781,017	569,996,414	618,539,567	696,275,569	654,464,952	651,533,812	676,866,460	686,878,025	707,262,503
Conversion percentage	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Adjusted assessed valuation	\$117,230,565	\$128,445,254	\$142,499,104	\$154,634,892	\$174,068,892	\$163,616,238	\$162,883,453	\$169,216,615	\$171,719,506	\$176,815,626
Debt limit percentage	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Debt limit	17,584,585	19,266,788	21,374,866	23,195,234	26,110,334	24,542,436	24,432,518	25,382,492	25,757,926	26,522,344
Total net debt applicable to limit:										
Capital Lease Obligations	1,692,835	1,498,799	1,944,914	6,396,183	6,066,111	5,720,826	5,559,954	5,085,044	4,735,348	4,498,434
Legal debt margin	\$ 15,891,750	\$ 17,767,989	\$ 19,429,952	\$ 16,799,051	\$ 20,044,223	\$ 18,821,610	\$ 18,872,564	\$ 20,297,448	\$ 21,022,578	\$ 22,023,910
Total debt applicable to the limit as a percentage of debt limit	9.6%	7.8%	9.1%	27.6%	23.2%	23.3%	22.8%	20.0%	18.4%	17.0%

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 Ten Fiscal Years

Fiscal Year	Water Revenues	Less Operating Expenses	Pledged Available Revenue	1972 Water Rev Bonds		1983 Water Rev Bonds		2005 Install Purch Agmt		Coverage
				Principal	Interest	Principal	Interest	Principal	Interest	
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)
2013	2,359,606	2,023,640	335,966	-	-	-	-	170,000	191,284	0.93
2014	2,683,096	2,390,168	292,928	-	-	-	-	175,000	182,441	0.82

2008 Certificate of Participation (COPS) (1)

2011 Certificate of Participation (COPS)

Fiscal Year	Measure A Sales Tax Allocations		Debt Service		Fiscal Year	Water CIP Revenues		Debt Service		Coverage
	Principal	Interest	Principal	Interest		Year	Principal	Interest	Principal	
2005	-	-	-	-	2005	-	-	-	-	-
2006	-	-	-	-	2006	-	-	-	-	-
2007	-	-	-	-	2007	-	-	-	-	-
2008	-	-	-	-	2008	-	-	-	-	-
2009	125,659	23,170	102,489	1.00	2009	-	-	-	-	-
2010	133,850	25,000	108,850	1.00	2010	-	-	-	-	-
2011	373,549	272,000	101,549	1.00	2011	-	-	-	-	-
2012	359,324	269,444	89,880	1.00	2012	-	-	-	-	-
2013	113,068	29,000	84,068	1.00	2013	656,613	4,054	56,000	50,679	10.93
2014	112,799	30,000	82,799	1.00	2014	1,729,681	50,679	57,000	16,06	16.06

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 Ten Fiscal Years

Fiscal Year	Wastewater Revenues	Less Operating Expenses	Pledged Available Revenue	2001 Install Purch Agmt		2005 Revolving Fund Loan		2005 Certificates of Participation (COPS)	
				Principal	Interest	Principal	Interest	Principal	Interest
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	(0.28)
2007	1,903,253	1,837,345	65,908	70,000	155,001	229,066	134,283	21,000	0.09
2008	2,054,836	1,842,048	212,788	70,000	153,083	234,652	128,327	21,700	0.31
2009	1,968,055	1,901,447	66,608	75,000	150,434	241,123	122,468	22,800	0.10
2010	1,939,637	1,803,556	136,081	75,000	147,602	247,392	116,199	23,800	0.20
2011	1,951,912	1,719,373	232,539	80,000	142,577	253,824	109,767	24,800	0.34
2012	2,129,370	1,670,785	458,585	85,000	141,234	260,423	103,167	25,700	0.66
2013	2,281,513	1,725,797	555,716	85,000	137,665	267,194	96,396	27,000	0.80
2014	2,329,265	1,791,468	537,797	90,000	133,813	274,141	89,449	28,100	0.78

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)
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%
2013	5,194	Unavailable	Unavailable	6.0%
2014	5,224	Unavailable	Unavailable	4.70%

Sources:

- (1) US Census for 2010, State Department of Finance 2001-2014
- (2) State of California Employment Development Department for Napa County

CITY OF CALISTOGA
 Schedule 13
 Principal Employers - In alphabetical order
 Fiscal Years 2011 and 2014

	Employer	# of Employees	
		2011	2014
1	Solage Spa & Resort	284	320
2	Calistoga Joint Unified School District	105	110
3	Indian Springs	87	101
4	Calistoga Spa Hot Springs	88	75
5	City of Calistoga	61	54
6	Cal Mart	65	65
7	Calistoga Inn Restaurant	50	50
8	Brannans	32	56
9	Golden Haven Spa	40	41
10	Mount View Hotel And Spa	35	37

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 Ten Fiscal Years

Function	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Elected Officials	7.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Staff Positions - Full and Part Time										
Support Services	7.50	7.50	7.50	8.10	7.27	6.50	6.50	5.50	5.50	6.50
Community Services & Recreation	5.16	5.16	3.02	4.42	7.61	7.00	9.50	6.50	6.50	6.50
Fire Services	4.78	4.78	5.80	7.31	6.71	6.00	7.00	7.00	7.00	7.00
Planning & Building	3.00	3.00	5.00	5.40	5.10	4.00	3.00	3.00	2.50	2.50
Police Services	17.24	17.24	17.94	17.94	18.39	17.00	16.00	15.00	14.50	14.50
Public Works	19.88	19.88	19.88	20.88	21.88	19.00	19.00	18.50	18.00	16.50
Total All Full Time & Part Time Equivalent Staff Positions	57.56	57.56	59.14	64.05	66.96	59.50	61.00	55.50	54.00	53.50
Total All Full Time Staff Positions	51.00	51.00	53.00	57.00	58.00	51.00	50.00	43.00	44.00	43.00
Total Part Time Equivalent Positions [1]	6.57	5.70	6.14	7.05	8.96	8.50	11.00	12.50	10.00	10.50

Source: City of Calistoga Quarterly Payroll Reports

[1] 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 Ten Fiscal Years

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Police:										
Calls for Service	6,779	7,146	10,072	7,439	7,305	6,346	6,063	5,613	7,534	10,416
Part one crimes	176	162	166	155	160	156	115	81	103	116
Physical arrests	365	401	615	531	549	418	404	304	214	325
Traffic violations	271	374	325	351	387	523	481	406	321	587
Fire:										
Calls for service	874	862	880	1,022	1,021	980	1,000	980	1,010	1,000
Water System:										
Service connections	1,480	1,491	1,503	1,521	1,524	1,524	1,524	1,378	1,419	1,429
Fire hydrants	160	185	160	162	162	162	164	163	172	172
Est. Daily average gallons produced	674,000	714,000	714,244	720,930	679,930	670,449	670,449	632,903	642,000	600,000
Est. Maximum daily available gallons	1,760,000	1,760,000	1,760,000	1,760,000	1,872,000	1,872,000	1,872,000	1,864,393	1,864,393	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	2,500,000	2,500,000
Wastewater:										
Service connections	1,293	1,305	1,314	1,330	1,333	1,333	1,334	1,334	1,016	1,026
Est. Treatment plant-average dry weather flow in gallons	500,000	490,000	490,000	490,000	490,000	490,000	490,000	500,000	500,000	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	840,000

Source: City of Calistoga

City of Calistoga
Schedule 16
Capital Asset Statistics
by Function

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Last Ten Fiscal Years										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Vehicles	6	6	7	8	8	7	7	7	6	6
Fire:										
Fire stations	1	1	1	1	1	1	1	1	1	1
Number of in service apparatus	7	7	7	4	6	6	8	8	7	7
Public works:										
Streets (miles)	14	14	14	14	15	15	15	15	15	15
Streetlights and vintage street lights	325	325	325	325	325	325	325	325	359	359
Traffic signals	2	2	2	2	2	2	2	2	2	2
Parks and Recreation:										
Parks (Logy, Pioneer, Heather, Fireman's & Cyrus Creek)	5	5	5	5	6	6	6	6	6	6
Community Pool	-	-	-	-	1	1	1	1	1	1
Community and Teen Centers	2	2	2	2	2	2	2	2	2	2
Park acreage developed	9	9	9	9	15	15	15	15	15	15
Park acreage undeveloped	5	5	5	5	2	2	2	2	2	2
Tennis Courts	3	3	3	3	3	3	3	3	3	3
Community Garden	1	1	1	1	1	1	1	1	1	1
Museum	1	1	1	1	1	1	1	1	1	1
Water System:										
Water mains (miles)	32	32	36	36	36	36	36	36	36	36
Service connections	1,480	1,491	1,503	1,521	1,524	1,524	1,524	1,378	1,419	1,429
Fire hydrants	160	185	160	162	162	162	164	163	172	172
Est. Daily average gallons produced	674,000	714,000	714,244	720,930	679,930	670,449	670,449	632,903	642,000	600,000
Est. Maximum daily available gallons	1,760,000	1,760,000	1,760,000	1,760,000	1,872,000	1,872,000	1,872,000	1,864,393	1,864,393	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	2,500,000	2,500,000
Wastewater:										
Sanitary sewers (miles)	14	14	16	16	16	16	16	16	16	16
Service connections	1,293	1,305	1,314	1,330	1,333	1,333	1,334	1,334	1,019	1,029
Est. Treatment plant-average dry weather flow in gallons	500,000	490,000	490,000	490,000	490,000	490,000	490,000	500,000	500,000	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	840,000

Source: City of Calistoga

CITY OF CALISTOGA
COMPREHENSIVE ANNUAL FINANCIAL
REPORT
FOR FISCAL YEAR ENDED JUNE 30, 2014



PREPARED BY THE FINANCE DEPARTMENT