

CITY OF



CALISTOGA, CALIFORNIA



COMPREHENSIVE ANNUAL  
FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

# CITY OF CALISTOGA, CALIFORNIA

## Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2017

Prepared by the Administrative Services Department

CITY OF CALISTOGA, CALIFORNIA  
 Comprehensive Annual Financial Report  
 For the  
 Fiscal Year Ended June 30, 2017

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# INTRODUCTORY SECTION

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# CITY OF CALISTOGA

1232 Washington Street • Calistoga, CA 94515  
707.942.2800



December 31, 2017

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

We hereby submit the Comprehensive Annual Financial Report, or CAFR, of the City of Calistoga for the fiscal year ended June 30, 2017. The fiscal year covers financial transactions from July 1, 2016 to June 30, 2017 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 when followed, 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 out-weigh associated 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 and 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, 2017, 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, 2017 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 directors, appointing all 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 activities, code enforcement and building inspections; parks facilities, aquatics and recreation programs; construction and maintenance of streets, public buildings and other infrastructure facilities; cemetery, water production and distribution; and wastewater collection, treatment and recycling. 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 5,238 as of January 1, 2017. 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 related to agriculture, wine production, tourism and health services. The City has a stable assessed valuation base which continues increasing property tax revenue collections. 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, in addition to generation of sales and property tax.

Six years after the official end of the recession, the City's revenues continue to increase. About 74% of the City's general fund revenues come from the local transient occupancy tax, sales tax, and property taxes. As the City looks ahead to Fiscal Year 2017-18, City management is encouraged by indicators that the local economy will continue to grow.

### **Budget**

The City's budget serves as the base for the City's financial planning and control systems. The annual budget begins on July 1<sup>st</sup> and ends on June 30<sup>th</sup> and is approved by City Council every May or June. Throughout the fiscal year, City Council reviews and updated budget projections to ensure fiscal accountability. All City departments submit budget updates and requests to the City Manager each spring in preparation of the budget. The City Manager uses this information, as well as revenue and expenditure forecasts, to develop a proposed budget. The City Manager presents a proposed budget to the City Council in May or June. The City Council holds public hearings on the proposed budget, provides input and feedback and then finally 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**

In 2018, the City expects a modest revenue growth from transient occupancy and sales taxes. Improvements and rehabilitation of existing lodging facilities, accompanied with the addition of new facilities brought in additional transient occupancy tax from the prior year. There was an

increase of 5.9% from the Fiscal Year 2015-16. The City experienced a net taxable value increase of 6.7% for the Fiscal Year 2016-17 tax roll, which was slightly less than the increase experienced countywide at 7.0%. The assessed value increase between Fiscal Year 2015-16 and Fiscal Year 2016-17 was \$56.3 million. The change attributed to the 1.525% Proposition 13 inflation adjustment was \$9.4 million, which accounted for 17% of all growth experienced in the City.

Parcel subdivision and new construction activity also contributed to growth in assessed valuations this year. Twenty-one parcels were dropped from the property tax roll and twenty-two were added, resulting in a net assessed value increase of \$6.1 million.

The housing market continues to improve with sales of homes increasing year over year in most areas of the State. In some areas, the current median has surpassed the median at the height of the real estate bubble. Sale volume is down slightly throughout the state when compared to 2015. The majority of sales now seem to be primarily non-distressed properties where the buyer plans to live in the home. There is a departure from the large number of short sales and investor buying experienced over the past several years. The median sale price of a single family home in Calistoga from January through October 2016 was \$567,000. This represents a \$15,500 (-2.7%) decrease in median sale price from 2015.

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 2016-17, the City's general fund will have a fund balance of about \$8.5 million as compared to \$8.3 million in June 2016. Of the \$8.5 million approximately \$1.0 million is non-spendable. The remaining \$7.5 million is available for spending in Fiscal Year 2017-18.

The reason for the small increase in the general fund balance was due to a \$1.8 million payment in May 2017 to CalPERS which was applied to the accrued and unfunded liabilities of the City's pension programs. It is not unusual to have an unfunded liability; however it does cost the City in the long run. A portion of the unfunded liability is made up of a "Side Fund", a fund that was set up to account for the amount that the City is underfunded in excess of the risk pool in which we participate. The City is in a risk pool with all other organizations of under 100 employees that provide the same retirement benefit as we do (2.5% @ 55 for miscellaneous first tier and 3% @ 55 for Safety).

Since Fiscal Year 2012-13 the City has been setting aside funds in an employee future benefits fund to apply towards the unfunded CalPERS liability. As of June 30, 2017 the City was expecting to have \$1,862,277 available for the unfunded liability; thus the reason for the \$1.8 million payment in May 2017. By making the \$1.8 million payment towards the side fund the City will reduce the annual payment of both safety and miscellaneous by \$168,000 annually, making those funds available for other projects.

For Fiscal Year 2016-17 the City had an operating income loss of \$0.3 million for the enterprise funds as compared to \$1.0 million in Fiscal Year 2015-16. 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 avoid future losses.

The City's Fiscal Year 2017-18 Budget continues to present realistic projections of revenues and expenditures, and makes that information more readily available regarding City budgeting decisions and financial resources. The City is maintaining, and in some cases improving, its level of service in key areas following significant budget reductions in previous fiscal years. The City continues its strong practice of maintaining adequate reserves to guard against unforeseen circumstances and to provide flexibility to the Council for unanticipated budget needs and opportunities.

While the City Council approved water and wastewater rate increase in 2013, the existing rate structure does not meet current funding demands. This places a major burden on the General Fund to keep the Water and Wastewater funds viable. The City is performing a water and wastewater rate analysis which will be brought to the community's attention for future consideration and public input.

### **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 ending June 30, 2016. 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 last five fiscal years since June 30, 2012.

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,



Dylan Feik  
City Manager



Gloria Leon  
Administrative Services Director/City Treasurer

**CITY OF CALISTOGA, CALIFORNIA  
PRINCIPAL CITY OFFICIALS  
AS OF JUNE 30, 2017**

**Elected Officials**

**City Council**

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

Mayor  
Vice Mayor  
Councilmember  
Councilmember  
Councilmember

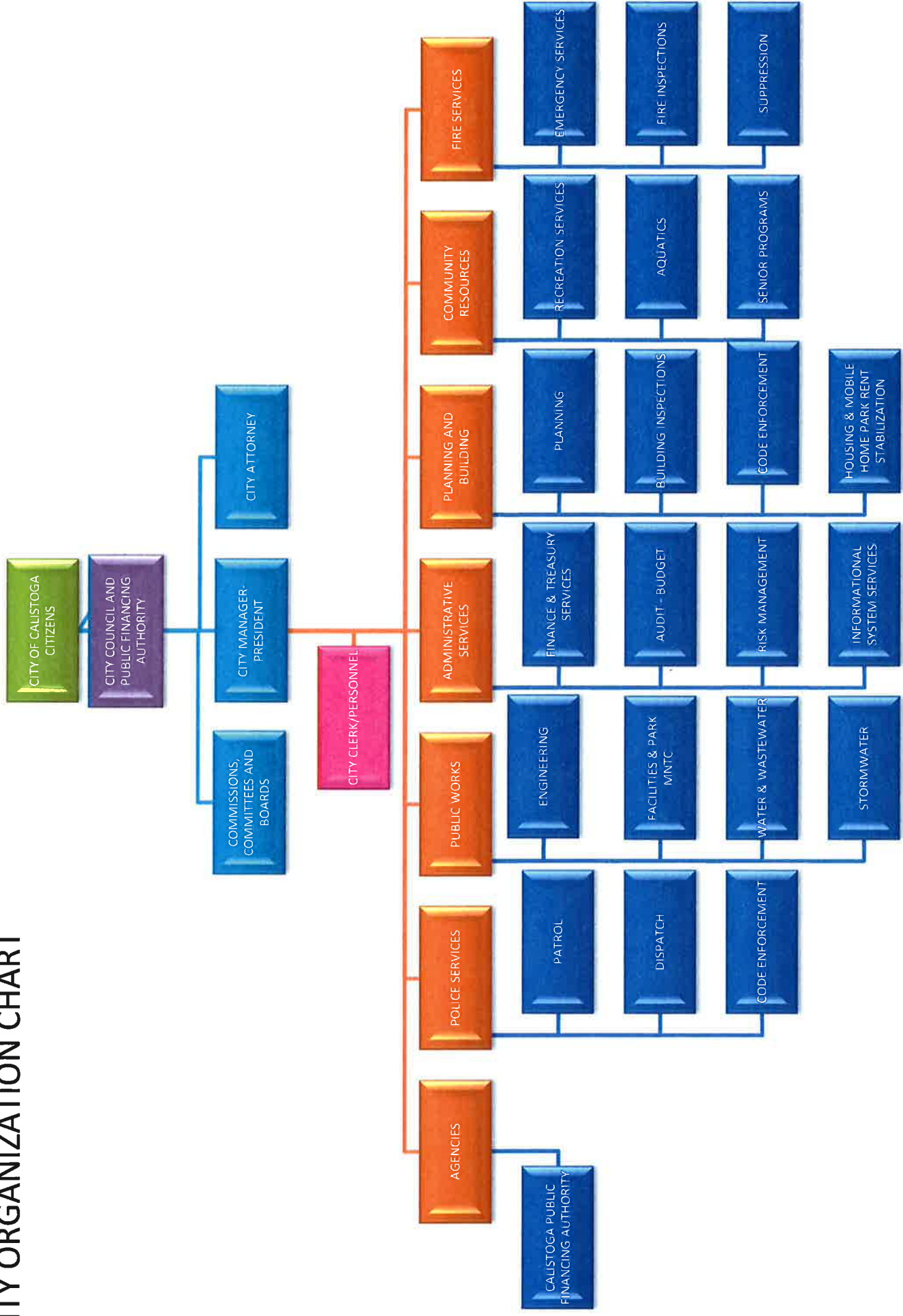
**Appointed Officials**

**City Management Staff**

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

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

# FISCAL YEAR 2016/17 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, 2016**

Executive Director/CEO

# FINANCIAL SECTION

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

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### BERRY STREET BRIDGE REPLACEMENT PROJECT



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, 2017, 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, 2017, 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 15, 2017, 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

San Rafael, California  
December 15, 2017

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, 2017. 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 total net position increased by about \$9.8 million over fiscal year 2016 after conducting all City operations. This was due to overall increased city-wide revenues from all governmental and business-type activities and assets exceeding liabilities. There is an overall surplus of \$5.0 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, 2017, the assets of the City's Governmental Activities exceeded its liabilities at the close of the fiscal year by \$25.6 million (net position). Of that amount \$14.1 million was invested in capital assets net of related debt. Restricted funds account for \$8.8 million for capital projects, public safety, streets and housing. Unrestricted net position is about \$2.7 million.
- Overall City-wide revenues from all governmental and business-type activities increased by \$5.3 million compared to the 2016 fiscal year for a 2017 total of \$25.1 million. Charges for Services increased by \$1.3 million; Transient occupancy taxes rose by \$.3 million and property, sales and other taxes decreased by (\$.3) million. Business-type activity revenues from grants and contributions increased by \$3.8 million from the prior year.
- The City's total expense from all programs in fiscal 2017 decreased by (\$1.6) million compared to 2016. This was due in large part to the implementation of GASB 68, which changed the methodology by which current period pension expenses are reported.
- The General Fund reported a fund balance of \$8.5 million at the end of the 2017 year. Of this amount \$1.0 million is non-spendable. In addition the General Fund had \$6.0 million in cash and investments compared to \$6.4 million at the end fiscal year 2016.
- The City business-type funds ended the 2017 fiscal year with net position of \$ 19.0 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 2017 year with an operating income loss of \$.3 million as compared to a loss of \$1.0 million in fiscal 2016 year. Increases in water treatment, purchase of water, increases in contracted services, retirement benefits and the reporting of pension expenses as required under GASB 68 contributed to the operating income loss.

## **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.

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

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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
<b>Scope</b>	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
<b>Required financial statements</b>	<ul style="list-style-type: none"> <li>&gt; Statement of net position</li> <li>&gt; Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Balance sheet</li> <li>&gt; Statement of revenues, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Statement of net position</li> <li>&gt; Statement of revenues expenses, and changes in net position</li> <li>&gt; Statement of cash flows</li> </ul>
<b>Accounting basis and measurement focus</b>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
<b>Type of asset/liability information</b>	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
<b>Type of inflow/outflow information</b>	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

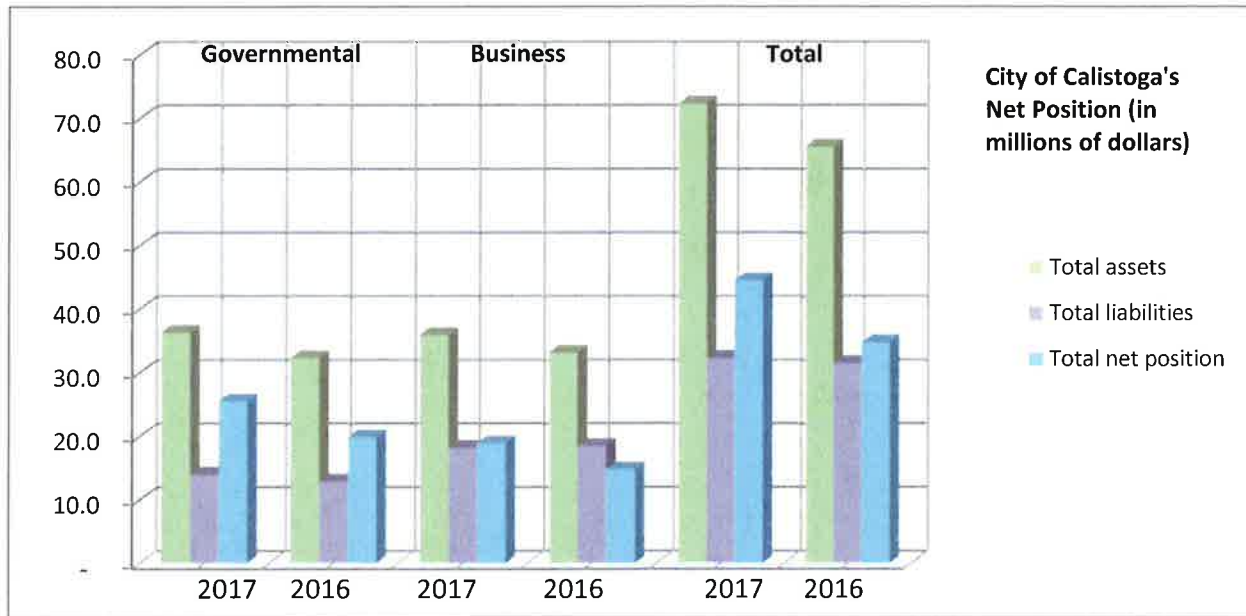
The City has two kinds of funds:

- *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).
- *Proprietary funds* - The City maintains two different types of proprietary funds. Enterprise *funds* are used to report the same functions reported as business-type activities in the government-wide financial statements; the City's water and wastewater operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City of Calistoga's various functions. The City uses an internal service fund to account for its fleet of vehicles and equipment. Because these services predominately benefit governmental rather than business-type functions, they have been included within the governmental activities in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide statements, only in more detail. The proprietary fund statements provide separate information for the City's water and wastewater operations, both of which are considered to be major funds of the City. The internal service funds are presented in a separate column alongside the totals for the City's proprietary enterprise funds.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FINANCIAL ANALYSIS OF THE CITY AS A WHOLE**

**Net Position.** The City's combined net position increased by \$9.8 million between fiscal years 2016 and 2017 to \$ 44.6 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
	2017	2016	2017	2016	2017	2016	2016 to 2017
Current and other assets	\$ 18.8	\$ 17.0	\$ 4.8	\$ 1.9	\$ 23.6	\$ 18.9	24.9%
Capital assets	17.6	15.4	31.2	31.3	48.8	46.7	4.5%
<b>Total assets</b>	<b>36.4</b>	<b>32.4</b>	<b>36.0</b>	<b>33.2</b>	<b>72.4</b>	<b>65.6</b>	<b>10.4%</b>
Deferred outflows - pension	3.8	1.3	1.4	0.5	5.2	1.8	
Long-term debt outstanding	3.1	3.6	13.7	14.5	16.8	18.1	-7.2%
Other liabilities	11.0	9.4	4.6	4.1	15.6	13.5	15.6%
<b>Total liabilities</b>	<b>14.1</b>	<b>13.0</b>	<b>18.3</b>	<b>18.6</b>	<b>32.4</b>	<b>31.6</b>	<b>2.5%</b>
Deferred inflows - pension	0.4	0.8	0.1	0.2	0.5	1.0	
<b>Net position</b>							
Net Invested in capital assets	14.1	11.4	16.7	16.1	30.8	27.5	12.0%
Restricted	8.8	6.0	-	-	8.8	6.0	46.5%
Unrestricted	2.7	2.5	2.3	(1.2)	5.0	1.3	286.9%
<b>Total net position</b>	<b>\$ 25.6</b>	<b>\$ 19.9</b>	<b>\$ 19.0</b>	<b>\$ 14.9</b>	<b>\$ 44.6</b>	<b>\$ 34.8</b>	<b>27.9%</b>

\*\*due to rounding figures are not exact

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Changes in Net Position**

The City's 2017 total revenues of \$25.1 million was \$5.3 million more than in 2016, a 26.8% increase. Of the \$5.3 million increase \$4.2 million was due to more grants and contributions available. The remaining \$1.1 million was due to increases in transient occupancy tax, sales tax, building permits and reimbursement for City services. During fiscal year 2017 approximately 35% of the City's total revenue came from various taxes including property, sales, transient occupancy, and other taxes as opposed to a total of 45% in 2016. Transient Occupancy Taxes saw an increase of \$.4 million or 5.9%; building permits an increase of \$.1 million due to increase activity and sales tax went up by \$.5 million 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 2017 was \$15.3 million and includes a wide range of services such as police and fire protection, streets, public works, general administration, community services, water, and wastewater operations. (See Table A-2).

	Governmental Activities		Business-type Activities		Fiscal Year Totals		Total Percentage Change
	2017	2016	2017	2016	2017	2016	2016 to 2017
<b>Revenues</b>							
<b>Program revenues</b>							
Charges for services	\$ 3.0	\$ 1.8	\$ 5.1	\$ 5.0	\$ 8.1	\$ 6.8	19.3%
Operating Grants and contributions	2.2	2.4	-	-	2.2	2.4	-4.7%
Capital Grants and contributions	0.6	0.2	4.9	1.1	5.5	1.3	326.4%
<b>General revenues</b>							
Transient occupancy taxes	6.0	5.6	-	-	6.0	5.6	5.9%
Property, Sales and other taxes	3.3	3.6	-	-	3.3	3.6	-9.5%
Other	0.1	0.1	-	-	0.1	0.1	10.0%
<b>**Total revenues</b>	<b>15.2</b>	<b>13.6</b>	<b>10.0</b>	<b>6.1</b>	<b>25.1</b>	<b>19.8</b>	<b>26.8%</b>
<b>Expenses</b>							
General government	2.0	2.3	-	-	2.0	2.3	-12.7%
Public safety	3.8	4.8	-	-	3.8	4.8	-21.6%
Community services	0.5	0.7	-	-	0.5	0.7	-16.9%
Housing	0.6	1.3	-	-	0.6	1.3	-54.2%
Recreation services	0.4	0.3	-	-	0.4	0.3	19.4%
Public works	1.3	0.8	-	-	1.3	0.8	62.0%
Planning & building	0.8	0.7	-	-	0.8	0.7	19.1%
Water	-	-	3.2	3.6	3.2	3.6	-11.5%
Wastewater	-	-	2.7	2.9	2.7	2.9	-6.6%
Other	0.1	0.2	-	-	0.1	0.2	-55.0%
<b>**Total expenses</b>	<b>9.5</b>	<b>11.0</b>	<b>5.9</b>	<b>6.5</b>	<b>15.3</b>	<b>17.5</b>	<b>-12.5%</b>
<b>Excess (deficiency) before transfers and Special Items</b>	<b>5.7</b>	<b>2.6</b>	<b>4.1</b>	<b>(0.4)</b>	<b>9.8</b>	<b>2.2</b>	<b>340.4%</b>
<b>Special items:</b>					-	-	
Transfers	0.0	(0.2)	0.0	0.2	-	-	
<b>Increase(decrease) in net position</b>	<b>5.7</b>	<b>2.4</b>	<b>4.1</b>	<b>(0.2)</b>	<b>9.8</b>	<b>2.2</b>	<b>340.4%</b>
<b>Net position, beginning</b>	<b>19.9</b>	<b>17.6</b>	<b>14.9</b>	<b>15.1</b>	<b>34.8</b>	<b>32.7</b>	<b>6.4%</b>
<b>Prior Period Adjustment</b>	<b>0.0</b>	<b>(0.1)</b>	<b>0.0</b>	<b>0.0</b>	<b>-</b>	<b>(0.1)</b>	
<b>**Net position, ending</b>	<b>\$ 25.6</b>	<b>\$ 19.9</b>	<b>\$ 19.0</b>	<b>\$ 14.9</b>	<b>\$ 44.6</b>	<b>\$ 34.8</b>	<b>28.1%</b>

\*\*due to rounding figures are not exact

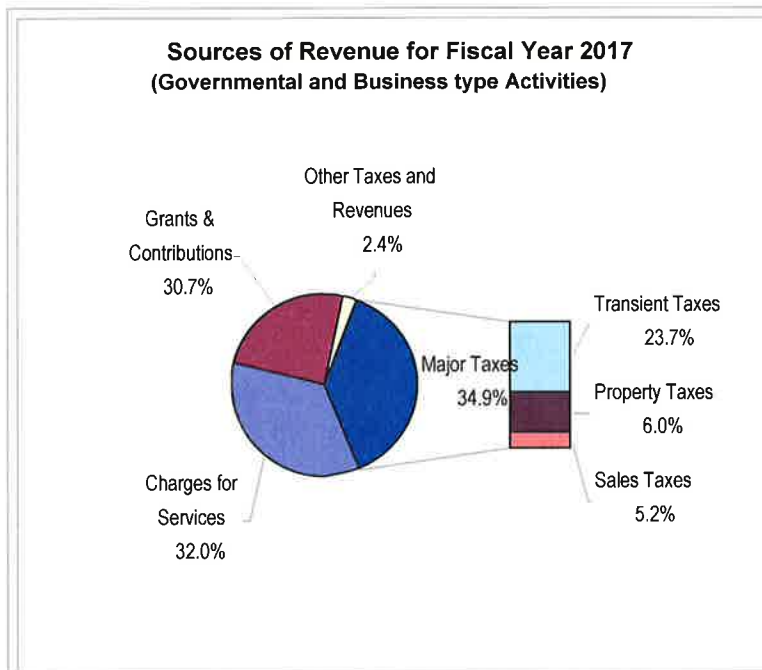
**Governmental and Business-Type Activities**

Revenues from all governmental type activities in fiscal year 2017 increased by approximately \$ 5.3 million to \$25.1 million compared to \$ 19.8 million in 2016. In 2017 the City received \$4.0 million more in grants than in 2016. Overall there were increases in revenues attributed to the City’s Transient Occupancy tax by \$.4 million and \$1.2 million for reimbursement of city services.

As the graph below shows, the City’s primary sources of revenue come from charges for services and tax revenues. About 70% 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 \$5.7 million in net position. When compared to fiscal year 2016 overall expenses for fiscal year 2017 were \$1.5 million less. The decrease in expenditures was due to decreases in public safety and the implementation of GASB 68, which changed the methodology by which current period pension expenses are reported.

Net position of business type-activities increased by \$3.1 million due to more grants and contributions available. City staff was successful in applying and being awarded capital grants and contributions which includes Measure A funds for the Kimball Dam Tower Capital Project and in one-time contributions for a total of \$4.9 million; and expenditures decreased by \$.6 million to \$5.9 million when compared to 2016 at \$6.5 million. Reason for the decrease is due to implementation of GASB 68 and how current period pension expenses are reported.





**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 62.9 % of the City's total operating expenses in fiscal 2017.

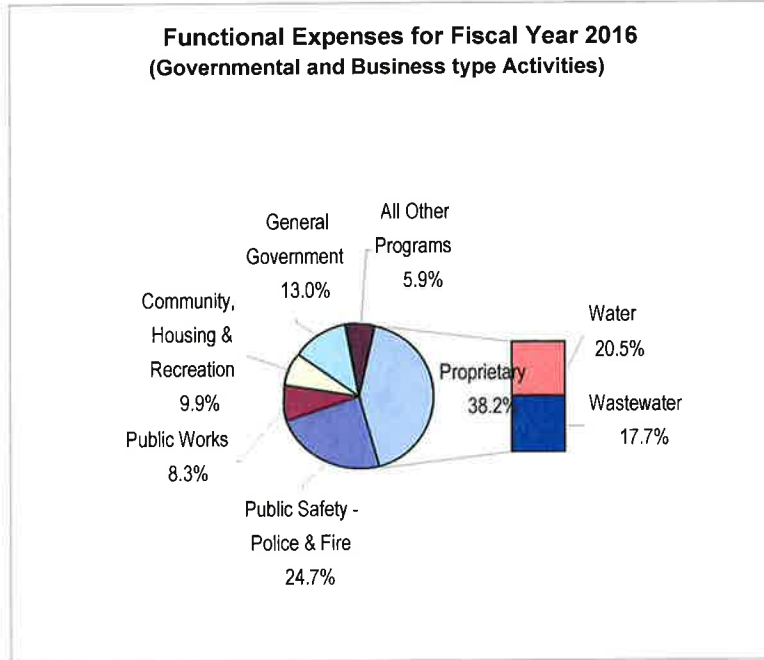


Table A-3 presents the cost of each of the City's three largest programs – public safety, water and wastewater. The cost of all programs this year was \$ 15.3 million, compared to \$ 17.5 million in fiscal 2016; approximately an overall 12.5% decrease for the year. There were decreases in Water and wastewater due primarily to vacancies and the overall reporting of pension expense as required under GASB 68.

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

	Total Cost of Service		Total Percentage Change
	2017	2016	2016 to 2017
Public Safety	\$3.8	\$4.8	-21.5%
General Government	2.0	2.3	-12.8%
Public Works	1.3	0.8	62.8%
Water	3.2	3.6	-11.5%
Wastewater	2.7	2.8	-3.2%
All other	2.4	3.3	-26.3%
<b>Total</b>	<b>\$15.3</b>	<b>\$17.5</b>	<b>-12.5%</b>

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Governmental Activities

Users and contributors funded \$ 5.9 million of the \$9.5 million in costs of city's governmental activity programs leaving the City general revenues to fund the other \$ 3.6 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 \$3.0 million), and
- Other governments and organizations that subsidized certain programs with grants and contributions (approximately \$ 2.9 million).

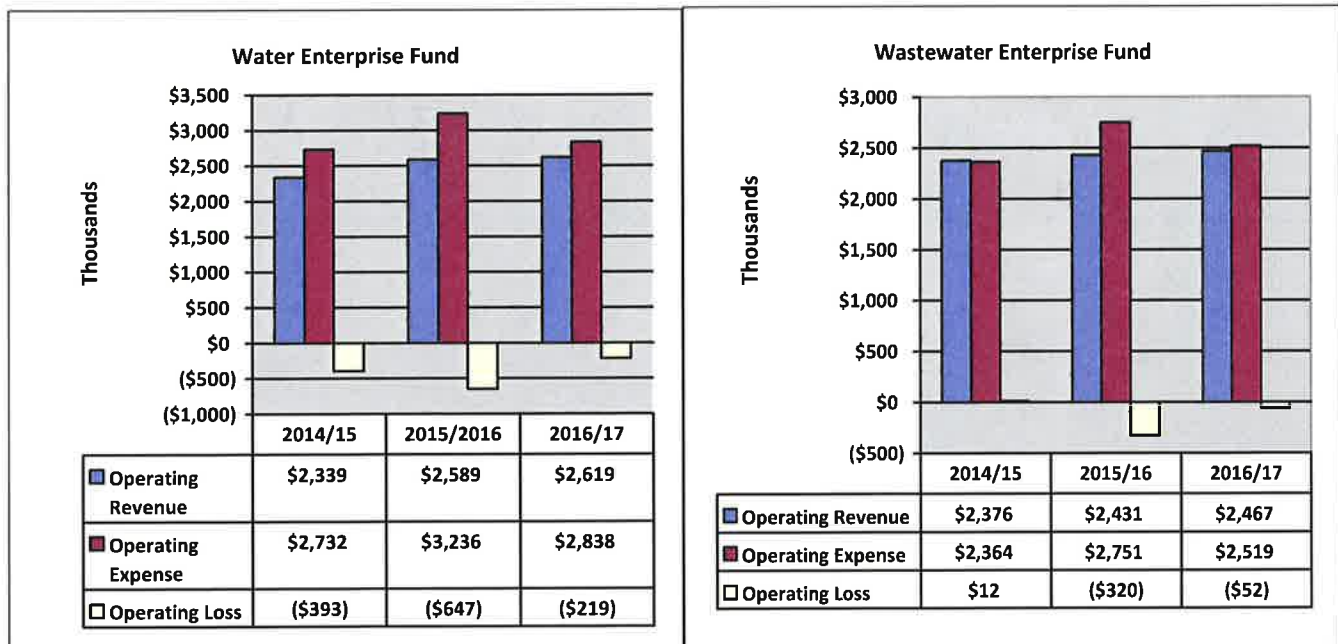
The City ended the fiscal year with a change in net position of \$5.7 million in the governmental activities.

### Business-Type Activities

The City's business-type activities (water and wastewater) had a change in net position of \$4.1 million during the fiscal year. Total revenue for the business-type activities was \$10.0 million comprised of \$4.9 million in capital grants and contributions and \$5.1 million in charges for services. Total program revenues increased by 63% in fiscal year 2017 when compared to fiscal year 2016. This was due to \$4.7 million in one-time impact fees which included, Silver Rose, Boys and Girls Club and Senior Housing Project.

Total expenses for the year were \$5.9 million, a decrease of \$.6 million from the prior year. This is due to vacancies and the implementation of GASB 68 which changed the methodology by which current period pension expenses are reported.

#### 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.

## **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 combined fund balance of \$17.3 million which is \$1.3 million more than was reported at the end of fiscal year 2016. Of this amount \$1.0 million is legally restricted for specific purposes by enabling legislation or external funding source providers and \$8.8 million are committed for specific purposes by the City Council. The unearned revenue balances of \$6.7 million for the Home grant fund, CDBG open grant fund and Other governmental funds are being classified as restricted fund balances for affordable housing programs. The remaining \$7.5 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 \$.3 million in revenues as compared to 2016 and the costs of the City's General Fund operations were \$.3 million less than General Fund revenues. After transfers in and out, the General Fund reported a net \$.1 million increase in fund balance for fiscal year 2017 as compared to \$1.1 million increase in fiscal year 2016. This was primarily due to additional revenues from sales taxes, transient occupancy taxes and charges for services.

At year end, the City's General Fund had a fund balance of \$8.5 million as compared to \$8.3 million in 2016. Of that amount \$1.0 million is non-spendable. The City made a contribution of \$1.8 million to the unfunded pension liability for both the miscellaneous and safety groups for future retirement benefits, thus the reason for the small increase in the general fund balance. The City's General fund at June 30, 2017 had \$6.0 million in cash and investments as compared to \$6.4 million cash and investments available in fiscal year 2016.

The General fund had a transfer out of \$1 million to cover debt service lease payments, 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 objectives and intent of the HOME program is to 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, 2016 had \$3.7 million 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 17 first time homebuyer notes with a fund balance of \$1.2 million at June 30, 2017. 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, 2017 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 2017 General Fund revenues came in at about \$.03 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 \$1.1 million more than the final amended budget. The primary change in the expenditure budget was the \$1.8 million payment to CalPERS for net pension liability. The City's proportionate share of the net pension liability increased by \$1.5 million from the prior year. At June 30, 2016 the amount was \$9.7 million, at June 30, 2017 the amount is \$11.2 million. One of the leading factors causing the increase was the CalPERS asset loss for fiscal year 2015/16. Assets earned about ½% for the year, or 7% less than expected. If CalPERS had not had the large asset loss, the City's net pension liability would have been close to the fiscal year 2015/16 amount. The City continues to set aside \$500K per year to address the net pension liability amount. The detailed budgetary comparison schedule for the general fund can be found on page 57 of this report.

### **CAPITAL ASSET AND DEBT ADMINISTRATION**

#### **Capital Assets**

At the end of 2017, the City had invested \$ 48.8 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) This amount represents a net increase (including additions and deductions) of about \$ 2.1 million, or 4.6%, more than last fiscal year.

#### **This year's major capital assets additions included:**

In fiscal 2017, the City added \$.4 million to land by purchasing property on Earl Street for future housing development projects. Some of the improvement projects that were undertaken during the year was the renovation of the Monhof building \$1.0 million and the reconstruction of Washington Street \$.5 million.

Projects in construction are the Kimball By Pass Project, Pine Street Lift Station, Storage and Effluent Disposal Improvements. These added costs were offset by about \$.4 million in depreciation in the business-type activities which resulted in a net change of about \$1.3 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 37 through Pages 39 under the notes to the financial statements.

The following table provides information on the City's capital assets.

**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
	2017	2016	2017	2016	2017	2016	2016 to 2017
Land	\$ 3.2	\$ 2.7	\$ 2.8	\$ 2.8	\$ 6.0	\$ 5.5	9.1%
Construction in progress	2.3	1.7	1.7	2.3	4.0	4.0	0.0%
Buildings	1.4	1.5	-	-	1.4	1.5	-6.7%
Internal service equipment	0.5	0.6	-	-	0.5	0.6	-16.7%
Improvements	10.2	8.9	-	-	10.2	8.9	15.3%
Water utility system			14.6	15.0	14.6	15.0	-2.7%
Wastewater system			12.1	11.2	12.1	11.2	8.0%
<b>Total</b>	<b>\$ 17.6</b>	<b>\$ 15.4</b>	<b>\$ 31.2</b>	<b>\$ 31.3</b>	<b>\$ 48.8</b>	<b>\$ 46.7</b>	<b>4.6%</b>

**Long Term Debt**

At the end of 2017, the City had \$18.1 million in long-term debt and capital lease obligations outstanding, which is a net decrease of \$1.1 million from the prior year. Of the \$ 18.1 million, approximately 80% relates to the City's business-type activities, mainly the water and wastewater systems, and the remaining 20% 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 39 and 40 and Long-Term Debt Section F on Pages 40 through Pages 46 under the notes to the financial statements.

**ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES**

For the 2017 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 2017/18 fiscal year revenues excluding transfers are projected at 5.2% less as compared to 2016/17 budget projections for a total of \$11.2 million. The reason for the 5.2% decrease is the decrease in charges for services and other revenue. The City projects an increase of 3.5% in transient occupancy revenues. Occupancy tax, property, tax and sales tax comprise 74 percent of the City's general fund revenue. Outside of the additional revenues transient occupancy revenues have been projected conservatively due to uncertainty in the economy and the impact it may have on local government. There are no other significant planned changes in tax rates or in other forms of revenue subject to adjustment by the City.
- The General Fund 2017/18 budgeted operating appropriations adopted are \$9.5 million as compared to the final 2016/17 appropriations of \$8.7 million. The \$.9 million increase is due to public safety, deferred maintenance, contract services and personnel costs.
- 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 and 2013 water and wastewater rate studies have not occurred

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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 24 to 36 months

- For many years the City's General Fund has provided transfers into the Water and Wastewater Fund. There are several reasons for this, including: the combined loss of revenues due to the State II drought; the need to address much needed infrastructure improvements to the water and wastewater systems; ongoing and costly litigation against the city in relation to water rights; and the Cease and Desist Order mandated by the regional water board. For 2017/18 fiscal year debt service will be paid by the Water and Wastewater Operations funds.
- The factors above present major challenges to the City and reduce available resources for other community purposes. While the Council approved water and wastewater rate increases in 2013, the existing rate structure does not meet current funding demands. This places a major burden on the General Fund to keep the Water and Wastewater funds viable. The City is performing a water and wastewater rate analysis which will be brought to the community's attention for future consideration and public input.

### 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](http://www.ci.calistoga.ca.us) or contact the Administrative Services Director/City Treasurer (City of Calistoga, 1232 Washington Street, Calistoga, California 94515, 707-942-2803 or [finance@ci.calistoga.ca.us](mailto:finance@ci.calistoga.ca.us)).

**CITY OF CALISTOGA**  
**Statement of Net Position**  
**June 30, 2017**

	Governmental Activities	Business Type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 8,783,975	\$ 4,645,403	\$ 13,429,378
Net receivables	2,714,205	775,715	3,489,920
Prepayment	233,026	-	233,026
Total current assets	<u>11,731,206</u>	<u>5,421,118</u>	<u>17,152,324</u>
Noncurrent assets:			
Restricted cash and cash equivalents	201,431	-	201,431
Internal balances	591,409	(591,409)	-
Receivables-long-term	6,213,427	5,329	6,218,756
Nondepreciable assets	5,488,118	4,527,271	10,015,389
Depreciable assets, net	12,149,553	26,677,969	38,827,522
Total capital assets, net	<u>17,637,671</u>	<u>31,205,240</u>	<u>48,842,911</u>
Total noncurrent assets	<u>24,643,938</u>	<u>30,619,160</u>	<u>55,263,098</u>
Total assets	<u>36,375,144</u>	<u>36,040,278</u>	<u>72,415,422</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows of resources - pension	3,770,150	1,432,894	5,203,044
Total deferred outflows of resources	<u>3,770,150</u>	<u>1,432,894</u>	<u>5,203,044</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	810,276	324,030	1,134,306
Accrued liabilities	1,269	-	1,269
Compensated absences	217,445	87,320	304,765
Deposits	109,972	199,802	309,774
Accrued interest payable	36,462	143,245	179,707
Unearned revenues	-	5,329	5,329
Claims and settlements	3,338	-	3,338
Bonds, leases, agreements, notes and certificates due in one year	428,641	745,983	1,174,624
Total current liabilities	<u>1,607,403</u>	<u>1,505,709</u>	<u>3,113,112</u>
Noncurrent liabilities:			
Compensated absences	130,000	20,000	150,000
Net other post employment benefit obligation	1,118,616	-	1,118,616
Bonds, leases, agreements, notes and certificates due in more than one year	3,134,453	13,747,609	16,882,062
Net pension liability	8,133,973	3,047,644	11,181,617
Total noncurrent liabilities	<u>12,517,042</u>	<u>16,815,253</u>	<u>29,332,295</u>
Total liabilities	<u>14,124,445</u>	<u>18,320,962</u>	<u>32,445,407</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources - pension	392,859	89,700	482,559
Total deferred inflows of resources	<u>392,859</u>	<u>89,700</u>	<u>482,559</u>
<b>NET POSITION</b>			
Net investment in capital assets	14,074,577	16,711,648	30,786,225
Restricted for:			
Streets, recreation, capital projects	1,523,043	-	1,523,043
Public safety	537,920	-	537,920
Housing	6,762,308	-	6,762,308
Unrestricted	2,730,097	2,282,891	5,012,988
Total net position	<u>\$ 25,627,945</u>	<u>\$ 18,994,539</u>	<u>\$ 44,622,484</u>

See accompanying notes to the basic financial statements

**CITY OF CALISTOGA**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2017**

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		Total
		Governmental Activities	Business-type Activities			Governmental Activities	Business-type Activities	
<b>City government</b>								
<b>Governmental activities:</b>								
General government	\$ 1,992,420	\$ 1,070,171	\$ -	\$ -	\$ (922,249)	\$ -	\$ (922,249)	
Public safety	3,776,483	1,101,773	470,031	-	(2,204,679)	-	(2,204,679)	
Community services	541,960	14,994	414,032	-	(112,934)	-	(112,934)	
Housing	597,274	33,752	646,160	-	82,638	-	82,638	
Recreation services	367,714	91,831	13,737	638,523	(262,146)	-	(262,146)	
Public works	1,279,585	83,031	700,422	-	142,391	-	142,391	
Planning and building	809,416	605,732	-	-	(203,684)	-	(203,684)	
Interest on long-term debt	94,542	-	-	-	(94,542)	-	(94,542)	
<b>Total governmental activities</b>	<b>9,459,394</b>	<b>3,001,284</b>	<b>2,244,382</b>	<b>638,523</b>	<b>(3,575,205)</b>	<b>-</b>	<b>(3,575,205)</b>	
<b>Business-Type Activities:</b>								
Water	3,149,415	2,619,404	-	1,892,633	-	1,362,622	1,362,622	
Wastewater	2,712,713	2,467,359	-	2,972,222	-	2,726,868	2,726,868	
<b>Total business-type activities</b>	<b>5,862,128</b>	<b>5,086,763</b>	<b>-</b>	<b>4,864,855</b>	<b>-</b>	<b>4,089,490</b>	<b>4,089,490</b>	
<b>Total City government</b>	<b>\$ 15,321,522</b>	<b>\$ 8,088,047</b>	<b>\$ 2,244,382</b>	<b>\$ 5,503,378</b>	<b>(3,575,205)</b>	<b>4,089,490</b>	<b>514,285</b>	
<b>General revenues and transfers</b>								
<b>General revenues:</b>								
<b>Taxes:</b>								
Property taxes					1,497,974	-	1,497,974	
Transient occupancy taxes					5,952,810	-	5,952,810	
Sales taxes					1,290,068	-	1,290,068	
Other taxes					464,158	-	464,158	
Unrestricted investment earnings					14,189	30,892	45,081	
Other general revenues					98,366	-	98,366	
<b>Total general revenues and transfers</b>					<b>9,317,565</b>	<b>30,892</b>	<b>9,348,457</b>	
<b>Change in net position</b>					<b>5,742,360</b>	<b>4,120,382</b>	<b>9,862,742</b>	
Net position, beginning					19,885,585	14,874,157	34,759,742	
<b>Net position, ending</b>					<b>\$ 25,627,945</b>	<b>\$ 18,994,539</b>	<b>\$ 44,622,484</b>	

See accompanying notes to the basic financial statements



**CITY OF CALISTOGA**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2017**

	<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>
<b>ASSETS</b>						
Cash and investments	\$ 6,034,426	\$ -	\$ -	\$ 201,431	\$ 2,153,178	\$ 8,389,035
Taxes receivables	1,026,311	-	-	-	-	1,026,311
Accounts receivables	824,863	13,055	-	32,394	517,899	1,388,211
Due from other governments	180,906	-	-	-	89,968	270,874
Accrued interest receivable	28,766	-	-	-	-	28,766
Advances to other funds	746,039	-	-	-	317,046	1,063,085
Prepayments	233,026	-	-	-	-	233,026
Notes receivables	-	3,662,859	1,218,250	-	1,332,318	6,213,427
<b>Total assets</b>	<b>\$ 9,074,337</b>	<b>\$ 3,675,914</b>	<b>\$ 1,218,250</b>	<b>\$ 233,825</b>	<b>\$ 4,410,409</b>	<b>\$ 18,612,735</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts payables	\$ 512,862	\$ -	\$ -	\$ -	\$ 238,112	\$ 750,974
Accrued liabilities	1,269	-	-	-	-	1,269
Advances from other funds	35,581	11,655	-	32,394	392,046	471,676
Deposits	69,052	-	-	-	40,920	109,972
<b>Total liabilities</b>	<b>618,764</b>	<b>11,655</b>	<b>-</b>	<b>32,394</b>	<b>671,078</b>	<b>1,333,891</b>
<b>Fund balances:</b>						
Nonspendable	979,065	-	-	-	-	979,065
Restricted for capital improvements	-	-	-	201,431	-	201,431
Restricted for affordable housing	-	3,664,259	1,218,250	-	1,879,799	6,762,308
Restricted for streets	-	-	-	-	928,596	928,596
Restricted for facilities	-	-	-	-	382,491	382,491
Restricted for public safety	-	-	-	-	537,920	537,920
Restricted for parks	-	-	-	-	10,525	10,525
Unassigned	7,476,508	-	-	-	-	7,476,508
<b>Total fund balances</b>	<b>8,455,573</b>	<b>3,664,259</b>	<b>1,218,250</b>	<b>201,431</b>	<b>3,739,331</b>	<b>17,278,844</b>
<b>Total liabilities and fund balances</b>	<b>\$ 9,074,337</b>	<b>\$ 3,675,914</b>	<b>\$ 1,218,250</b>	<b>\$ 233,825</b>	<b>\$ 4,410,409</b>	<b>\$ 18,612,735</b>
<b>Total Governmental Fund Balances</b>						<b>\$ 17,278,844</b>
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						17,182,420
The assets and liabilities of the internal service fund are included in the governmental activities in the statement of net position						936,830
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						(1,118,616)
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						(3,894,851)
Deferred outflow related to pension						3,770,150
Deferred inflow related to pension						(392,859)
Net pension liability						<u>(8,133,973)</u>
<b>Net Position of Governmental Activities</b>						<b>\$ 25,627,945</b>

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, 2017**

	General Fund	HOME Grant Fund	CDBG Open Grant Fund	Capital Lease Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Property taxes	\$ 1,497,974	\$ -	\$ -	\$ -	\$ -	\$ 1,497,974
Sales taxes	1,290,068	-	-	-	-	1,290,068
Transient occupancy taxes	5,952,810	-	-	-	-	5,952,810
Other taxes	464,158	-	-	-	-	464,158
Licenses and permits	256,445	-	-	-	-	256,445
Fines and forfeits	25,390	-	-	-	-	25,390
Intergovernmental	694,450	-	-	-	892,859	1,587,309
Interest and rents	14,189	-	-	325	29,816	44,330
Charges for services	1,232,955	-	-	-	1,828,127	3,061,082
Miscellaneous	913,891	103,527	-	32,394	23,532	1,073,344
<b>Total revenues</b>	<b>12,342,330</b>	<b>103,527</b>	<b>-</b>	<b>32,719</b>	<b>2,774,334</b>	<b>15,252,910</b>
<b>EXPENDITURES</b>						
Current:						
General government	2,088,814	-	-	-	-	2,088,814
Public safety	4,939,867	-	-	-	13,408	4,953,275
Community services	512,205	-	-	-	-	512,205
Housing	-	36,241	-	-	549,776	586,017
Recreation services	210,110	-	-	-	-	210,110
Public works	1,549,029	-	-	-	710,749	2,259,778
Planning and building	921,034	-	-	-	-	921,034
Debt service:						
Principal	-	-	-	-	362,059	362,059
Interest	-	-	-	-	98,043	98,043
Capital outlay	1,863,342	-	-	-	-	1,863,342
<b>Total expenditures</b>	<b>12,084,401</b>	<b>36,241</b>	<b>-</b>	<b>-</b>	<b>1,734,035</b>	<b>13,854,677</b>
Excess (deficiency) of revenues over expenditures	257,929	67,286	-	32,719	1,040,299	1,398,233
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	898,552	-	-	-	844,103	1,742,655
Transfers out	(1,043,532)	-	-	(42,024)	(748,128)	(1,833,684)
<b>Total other financing sources (uses)</b>	<b>(144,980)</b>	<b>-</b>	<b>-</b>	<b>(42,024)</b>	<b>95,975</b>	<b>(91,029)</b>
<b>Net change in fund balances</b>	<b>112,949</b>	<b>67,286</b>	<b>-</b>	<b>(9,305)</b>	<b>1,136,274</b>	<b>1,307,204</b>
Fund balances, July 1	8,342,624	3,596,973	1,218,250	210,736	2,603,057	15,971,640
Fund balances, June 30	<b>\$ 8,455,573</b>	<b>\$ 3,664,259</b>	<b>\$ 1,218,250</b>	<b>\$ 201,431</b>	<b>\$ 3,739,331</b>	<b>\$ 17,278,844</b>

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, 2017**

Net Change in Fund Balances - Total Governmental Funds	\$	1,307,204
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures, however, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays \$2,949,788 exceed depreciation (\$572,808).		2,376,980
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		362,014
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		3,501
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.		(40,254)
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		69,071
Increases in long-term claim liabilities do not require the use of current financial resources and are not reported in the funds		29,232
Increases in other post employment benefit obligations do not result in the use of current financial resources and are not reported in the funds		(221,514)
Governmental funds record pension expense as it is paid. However, in the Statement of Activities those costs are reversed as deferred outflows/(inflows) and an increase/(decrease) in net pension liability		<u>1,856,126</u>
Net differences		<u>4,435,156</u>
Change in Net Position of Governmental Activities	<u>\$</u>	<u>5,742,360</u>

See accompanying notes to the basic financial statements

**City of Calistoga**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2017**

	Enterprise Funds			Governmental Activities- Internal Service Fund
	Water	Wastewater	Totals	
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 1,930,013	\$ 2,715,390	\$ 4,645,403	\$ 596,371
Receivables(net)	421,080	354,635	775,715	43
Total current assets	<u>2,351,093</u>	<u>3,070,025</u>	<u>5,421,118</u>	<u>596,414</u>
Noncurrent assets:				
Other assets:				
Notes receivable	1,467	3,862	5,329	-
Total other noncurrent assets	<u>1,467</u>	<u>3,862</u>	<u>5,329</u>	<u>-</u>
Capital assets:				
Land	2,338,730	464,108	2,802,838	-
Equipment and vehicles	1,104,483	912,137	2,016,620	2,586,435
Distribution and collection systems	20,585,924	21,249,176	41,835,100	-
Water rights, net of amortization	918,754	-	918,754	-
Construction in progress	873,050	851,383	1,724,433	-
Less accumulated depreciation	<u>(7,979,725)</u>	<u>(10,112,779)</u>	<u>(18,092,504)</u>	<u>(2,131,184)</u>
Net capital assets	<u>17,841,216</u>	<u>13,364,025</u>	<u>31,205,241</u>	<u>455,251</u>
Total noncurrent assets	<u>17,842,683</u>	<u>13,367,887</u>	<u>31,210,570</u>	<u>455,251</u>
Total assets	<u>20,193,776</u>	<u>16,437,912</u>	<u>36,631,688</u>	<u>1,051,665</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>				
Deferred outflow of resources - pension	661,649	771,245	1,432,894	-
Total deferred outflow of resources	<u>661,649</u>	<u>771,245</u>	<u>1,432,894</u>	<u>-</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	201,042	122,988	324,030	59,302
Compensated absences	43,660	43,660	87,320	-
Deposits	199,676	126	199,802	-
Accrued interest	101,629	41,616	143,245	794
Unearned Revenue	1,467	3,862	5,329	-
Agreements, loans, and certificates due in one year	299,000	446,983	745,983	27,075
Total current liabilities	<u>846,474</u>	<u>659,235</u>	<u>1,505,709</u>	<u>87,171</u>
Noncurrent liabilities:				
State revolving loan payable	-	1,996,501	1,996,501	-
Certificate of participation	1,728,556	1,688,700	3,417,256	-
Installment agreement	3,255,000	2,230,000	5,485,000	-
USDA Loan	2,848,852	-	2,848,852	-
Capital lease obligation	-	-	-	27,664
Advances from other funds	-	659,384	659,384	-
Compensated absences	10,000	10,000	20,000	-
Net pension liability	1,434,792	1,612,852	3,047,644	-
Total noncurrent liabilities	<u>9,277,200</u>	<u>8,197,437</u>	<u>17,474,637</u>	<u>27,664</u>
Total liabilities	<u>10,123,674</u>	<u>8,856,672</u>	<u>18,980,346</u>	<u>114,835</u>
<b>DEFERRED INFLOW OF RESOURCES</b>				
Deferred inflow of resources - pension	41,185	48,515	89,700	-
Total deferred inflow of resources	<u>41,185</u>	<u>48,515</u>	<u>89,700</u>	<u>-</u>
<b>NET POSITION</b>				
Net Investment in capital assets	9,709,808	7,001,841	16,711,649	400,512
Unrestricted	980,759	1,302,131	2,282,890	536,318
Total net position	<u>\$ 10,690,567</u>	<u>\$ 8,303,972</u>	<u>\$ 18,994,539</u>	<u>\$ 936,830</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, 2017**

	Enterprise Funds			Governmental Activities Internal- Service Fund
	Water	Wastewater	Totals	
<b>OPERATING REVENUES</b>				
Sales of water	\$ 2,431,588	\$ -	\$ 2,431,588	\$ -
Service fees	-	2,409,004	2,409,004	484,469
Miscellaneous	187,816	58,355	246,171	33,403
Total operating revenues	2,619,404	2,467,359	5,086,763	517,872
<b>OPERATING EXPENSES</b>				
Maintenance and operations	1,396,608	726,271	2,122,879	360,498
Employee services	880,378	1,065,137	1,945,515	-
Interfund charges for services	82,500	82,500	165,000	-
Depreciation and amortization	479,049	645,561	1,124,610	183,919
Total operating expenses	2,838,535	2,519,469	5,358,004	544,417
Operating income (loss)	(219,131)	(52,110)	(271,241)	(26,545)
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Gain(Loss) on capital assets	-	-	-	8,098
Interest and investment revenue	10,547	20,345	30,892	587
Interest expense	(310,880)	(193,244)	(504,124)	(4,098)
Net nonoperating revenues (expenses)	(300,333)	(172,899)	(473,232)	4,587
Income (loss) before contributions and transfers	(519,464)	(225,009)	(744,473)	(21,958)
Contributions and transfers				
Transfers in	-	-	-	91,029
Capital contributions	1,892,633	2,972,222	4,864,855	-
Net contributions and transfers	1,892,633	2,972,222	4,864,855	91,029
Change in net position	1,373,169	2,747,213	4,120,382	69,071
Total net position, July 1	9,317,398	5,556,759	14,874,157	867,759
Total net position, June 30	\$ 10,690,567	\$ 8,303,972	\$ 18,994,539	\$ 936,830

See accompanying notes to the basic financial statements

**CITY OF CALISTOGA**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2017**

	Enterprise Funds			Governmental Activities- Internal Service Fund
	Water	Wastewater	Totals	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 2,420,081	\$ 3,137,155	\$ 5,557,236	\$ -
Payments to suppliers	(1,622,835)	(1,088,471)	(2,711,306)	(323,118)
Cash received from other funds for services	-	-	-	484,426
Payments to other funds for services	(82,500)	(82,500)	(165,000)	-
Payments to employees for services	(880,378)	(1,065,137)	(1,945,515)	-
Other operating receipts	187,816	58,355	246,171	33,403
Net cash provided by (used for) operating activities	22,184	959,402	981,586	194,711
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers in from other funds	-	-	-	91,029
Net cash provided by noncapital financing activities	-	105,946	105,946	91,029
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Capital contributions and grants	1,891,139	2,972,220	4,863,359	-
Draw down of USDA loan	(63,000)	-	(63,000)	-
Proceeds from sale of capital assets	-	-	-	8,098
Principal payments on capital debt	(227,000)	(432,885)	(659,885)	(52,435)
Interest paid on long-term debt	(314,040)	(194,728)	(508,768)	(4,858)
Purchases of capital assets	(140,469)	(853,385)	(993,854)	(86,208)
Net cash provided by (used for) capital and related financing activities	1,146,630	1,491,222	2,637,852	(135,403)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments on long-term notes	1,415	3,729	5,144	-
Interest receipts	10,547	20,345	30,892	587
Net cash provided by investing activities	11,962	24,074	36,036	587
Net increase (decrease) in cash and cash equivalents	1,180,776	2,580,644	3,761,420	150,924
Cash and cash equivalents balances - beginning of the year	749,237	134,745	883,982	445,447
Cash and cash equivalents balances-end of the year	\$ 1,930,013	\$ 2,715,389	\$ 4,645,402	\$ 596,371

See accompanying notes to the basic financial statements

**CITY OF CALISTOGA**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2017**

	Enterprise Funds			Governmental Activities- Internal Service Fund
	Water	Wastewater	Totals	
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>				
Operating income (loss)	\$ (219,131)	\$ (52,110)	\$ (271,241)	\$ (26,545)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization expense	479,049	645,561	1,124,610	183,919
Pension expense	(274,202)	(319,642)	(593,844)	-
Change in assets and liabilities:				
Decrease(increase) in deposits	650	(41,942)	(41,292)	-
Decrease(increase) in accounts receivable	(10,092)	731,880	721,788	(43)
Increase(decrease) in compensated absences	5,285	5,285	10,570	-
Increase(decrease) in accrued expenses	-	-	-	-
Increase(decrease) in accounts payable	42,040	(5,901)	36,139	37,380
Increase(decrease) in deferred revenue	(1,415)	(3,729)	(5,144)	-
<b>Net cash provided by (used for) operating activities</b>	<u>\$ 22,184</u>	<u>\$ 959,402</u>	<u>\$ 981,586</u>	<u>\$ 194,711</u>

**Noncash capital financing activities:**

None:

See accompanying notes to the basic financial statements

**City of Calistoga**  
**Statement of Fiduciary Net Position**  
**June 30, 2017**

	<b>Agency Fund</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 86,165
Assessments receivable	102,477
Total assets	188,642
<b>LIABILITIES</b>	
Deposits payable to Tourism Business Improvement District	188,642
Total liabilities	\$ 188,642

See accompanying notes to the basic financial statements



**CITY OF CALISTOGA**  
**Notes to the Financial Statements**  
**June 30, 2017**

## **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 position and the statement of changes in net position) 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.

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

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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.

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

The City 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.

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**D. Deferred Outflows and Inflows of Resources**

In addition to assets, the statement of financial position or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period (s) and so will not be recognized as an outflow of resources (expense/expenditures) until then. In addition to liabilities, the statement of financial position or balance sheet will sometimes, report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period (s) and so will not be recognized as an inflow of resources (revenue) until that time. Unavailable revenue, a type of deferred inflow of resources, is reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from three sources: taxes receivable, interest on interfund advances and loans receivable. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**E. Assets, Liabilities, and Net Position or Equity**

**F. 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.

***Fair Value Hierarchy***

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs – other than quoted prices included within Level 1 – that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

**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

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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.

**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, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at acquisition value rather than fair 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

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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.

**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 position.

**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.

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**9. Comparative Data**

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 Position 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.

*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. Implementation of Accounting Standards**

Management adopted the provisions of the following Governmental Accounting Standards Board (GASB) Statement No. 72 – fair Value Measurement and Application, which became effective during the year ended June 30, 2016, as discussed in Note 1E to the financial statements.

**13. Estimates and Assumptions**

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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**1. 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 \$ 17,182,420 difference are as follows:

Capital assets	\$23,665,303
Less: Accumulated depreciation	<u>(6,482,883)</u>
Net adjustment to increase <i>fund balance – total governmental funds</i> to arrive at <i>net assets – governmental activities</i>	<u><u>\$17,182,420</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 \$3,894,851 difference are shown below:

Long-Term Debt Obligations and Related Interest:	
Accrued interest	\$ (35,669)
Capital lease obligations	(3,508,399)
Claims	(3,338)
Compensated absences	<u>(347,445)</u>
Net adjustment to decrease fund balance total governmental <i>Funds to arrive at net assets - governmental activities</i>	<u><u>\$ (3,894,851)</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 position 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 \$4,435,156 difference and other significant components of the difference are on the following page:

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Capital outlay capitalized	\$ 2,949,788
Depreciation expense	(572,808)
Repayment of long-term debt principal	362,014
Internal service fund income	69,071
Other post-employment benefit expense	(221,514)
Pension expense	1,856,126
Other items	<u>(7,521)</u>
Net adjustment to increase net changes in fund balances –	
<i>Total governmental funds to arrive at changes in net assets</i>	
<i>of governmental activities</i>	<u><u>\$ 4,435,156</u></u>

**2. 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. The City is not required to have a capital lease budget. 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.

**3. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

Deposits and investments at June 30, 2017 consisted of the following:

Demand deposits: (Time deposits and book bank balances)	\$ 108,296
Pooled investments	13,208,293
Investments with trustees	400,385
Total deposits and investments	<u><u>\$ 13,716,974</u></u>

Investments - At June 30, 2017, the City had the following investments.

Investment	Average Maturity	Fair Value
State Investment Pool (LAIF)	167 days	\$ 13,208,293
Goldman Sachs Fin SQ Government Fund	14 days	400,385
		<u><u>\$ 13,608,678</u></u>



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Cash and Investments as of June 30, 2017 are classified in the accompanying financial statements as follows:

Statement of Net Position	
Cash and investments available for operations	\$ 13,429,378
Restricted cash and investments	201,431
Fiduciary funds- cash and investments	86,165
Total cash and investments	<u>\$ 13,716,974</u>

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).

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.

*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, 2017 was \$13,941 less 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.

***Interest Rate Risk***

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of the City's investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

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

<u>Investment Type</u>	<u>12 Months or less</u>	<u>13 to 24 Months</u>	<u>Total</u>
California local agency investment fund	\$ 13,208,293	\$ -	\$ 13,208,293
Goldman Sachs Fin SQ government fund	400,385	-	400,385
Total investments	<u>\$ 13,608,678</u>	<u>\$ -</u>	
Cash in bank and on hand			108,296
Total cash and investments			<u>\$ 13,716,974</u>

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***Fair Value Hierarchy***

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

The following is a summary of the fair value hierarchy of the fair value of investments of the City as of June 30, 2017:

<u>Investment Type</u>	<u>Level 2</u>	<u>Exempt</u>	<u>Total</u>
California local agency investment fund	\$ 13,208,293	\$ -	\$ 13,208,293
Goldman Sachs Fin SQ government fund	400,385	-	400,385
Total investments	<u>\$ 13,608,678</u>	<u>\$ -</u>	
Cash in bank and on hand			<u>108,296</u>
Total cash and investments			<u>\$ 13,716,974</u>

Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The California Local Agency Investment Fund (LAIF) classified in Level 2 of the fair value hierarchy, are valued using quoted prices for a non-active market portfolio at fiscal year-end. Fair value is defined as the quoted market value on the last trading day of the period. These prices are obtained from various pricing sources by the custodian bank.

***Credit Risk***

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The actual ratings as of June 30, 2017 are provided by Standard and Poor's except as noted.

<u>Investment Type</u>	<u>AAAm</u>	<u>Investment</u>
Money market mutual funds	\$ -	\$ -
<i>Not rated:</i>		
California local agency investment fund		13,208,293
Goldman Sachs in Fin SQ government fund		400,385
Cash in bank and on hand		108,296
<i>Exempt from rating requirement:</i>		
<i>None</i>		
Total cash and investments	<u>\$ -</u>	<u>\$ 13,716,974</u>

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**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	Capital Fund	Nonmajor Funds & IS Fund	Total Governmental	Water	Wastewater	Total Enterprise
Accounts	\$ 824,863	\$ 13,055	\$ 32,394	\$ 517,899	\$ 1,388,211	\$ 372,608	\$ 337,758	\$ 710,366
Taxes	1,026,311	-	-	-	1,026,311	498	16,877	17,375
Interest	28,766	-	-	-	28,766	-	-	-
Governments	180,906	-	-	89,968	270,874	47,974	-	47,974
Notes	-	4,881,108	-	1,332,319	6,213,427	1,467	3,862	5,329
<b>Totals</b>	<b>\$ 2,060,846</b>	<b>\$ 4,894,163</b>	<b>\$ 32,394</b>	<b>\$ 1,940,186</b>	<b>\$ 8,927,589</b>	<b>\$ 422,547</b>	<b>\$ 358,497</b>	<b>\$ 781,044</b>

The notes receivable of \$6,213,427 consists of housing rehabilitation loans of \$43,162 bearing interest at rates of 3 to 6 percent and repayable in monthly installments, other loans of \$137,657 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 \$2,119,750 in first-time homebuyer assistance loans secured by 4<sup>th</sup> deeds of trust and repayable between 30 and 55 years or under certain conditions including sale of the housing unit.

In addition, the total notes receivable also includes \$3,662,858 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, 2017, is as follows:

Transfers In:	General Fund	Non-Major Funds	CDBG Revolving Loan Fund	Internal Service Fund	Total Transfers Out
General fund	\$500,000	\$452,502	\$ -	\$ 91,029	\$ 1,043,531
Capital Lease Non-Major funds	42,024	-	-	-	42,024
	356,528	9,106	362,494	19,999	748,127
<b>Totals</b>	<b>\$898,552</b>	<b>\$461,608</b>	<b>\$362,494</b>	<b>\$ 111,028</b>	<b>\$ 1,833,682</b>

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The General Fund made transfers out for \$91,029 to the equipment replacement fund for the Sun Trust lease, RIMs and a chipper for the public works department. The General Fund also transferred out \$450,995 for the Westamerica debt service annual payment. The \$500,000 transfer is to continue to build reserves for future retiree benefits and increases in CalPERS retirement rates. Other transfers out of the non-major funds were made to reimburse the general fund for street and public safety costs. CDBG loan Repayment fund transferred to a CDBG Revolving Loan Fund \$362,494 to be used for rehab loans.

1. The composition of inter-fund was:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Asset</u>	<u>Liability</u>
General Fund	Affordable Housing Fund	\$ 75,000	\$ 75,000
Traffic Signal Fund	MTC Street Fund	315,590	315,590
General Fund	Wastewater Fund	659,384	659,384
Northwest Drainage Fund	MTC Street Fund	1,456	1,456
Totals		\$ 1,051,430	\$ 1,051,430

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, 2017 was as follows:

	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated				
Land	\$ 2,680,612	\$ 481,719	\$ -	\$ 3,162,331
Construction in progress	1,708,327	617,460	-	2,325,787
Total capital assets, not being depreciated	<u>4,388,939</u>	<u>1,099,179</u>	<u>-</u>	<u>5,488,118</u>
Capital assets being depreciated:				
Buildings	3,494,179	-	-	3,494,179
Machinery and equipment	871,833	30,998	(28,635)	874,196
Equipment - internal service fund	2,914,993	121,391	(449,949)	2,586,435
Infrastructure	1,840,283	138,111	-	1,978,394
Improvements	10,262,761	1,637,730	(70,075)	11,830,416
Total capital assets being depreciated	<u>19,384,049</u>	<u>1,928,230</u>	<u>(548,659)</u>	<u>20,763,620</u>
Less accumulated depreciation for:				
Buildings	(1,948,736)	(132,354)	-	(2,081,090)
Machinery and equipment	(846,498)	(5,312)	28,635	(823,175)
Equipment - internal service	(2,362,031)	(183,920)	414,767	(2,131,184)
Improvements	(3,257,321)	(251,222)	(70,075)	(3,578,618)
Total accumulated depreciation	<u>(8,414,586)</u>	<u>(572,808)</u>	<u>373,327</u>	<u>(8,614,067)</u>
Total capital assets, being depreciated, net	<u>10,969,463</u>	<u>1,355,422</u>	<u>(175,332)</u>	<u>12,149,553</u>
Governmental activities capital assets, net	<u>\$ 15,358,402</u>	<u>\$ 2,454,601</u>	<u>\$ (175,332)</u>	<u>\$ 17,637,671</u>

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**D. Capital Assets – Business-Type Activities**

Capital asset activity relating to business-type activities for the year ended June 30, 2017 was as follows:

	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
<b>Business-type activities:</b>				
Capital assets, not being depreciated				
Land	\$ 2,802,838	\$ -	\$ -	\$ 2,802,838
Construction in progress	<u>2,272,876</u>	<u>903,691</u>	<u>(1,452,134)</u>	<u>1,724,433</u>
Total capital assets, not being depreciated	<u>5,075,714</u>	<u>903,691</u>	<u>(1,452,134)</u>	<u>4,527,271</u>
Capital assets being depreciated:				
Wastewater collection and treatment	19,760,607	1,491,533	(2,962)	21,249,178
Water rights	1,589,875	-	-	1,589,875
Water treatment and distribution system	20,580,849	5,075	-	20,585,924
Equipment - wastewater	870,380	51,038	(9,281)	912,137
Equipment - water	<u>1,109,832</u>	<u>-</u>	<u>(5,349)</u>	<u>1,104,483</u>
Total capital assets being depreciated	<u>43,911,543</u>	<u>1,547,646</u>	<u>(17,592)</u>	<u>45,441,597</u>
Less accumulated depreciation and amortization for:				
Wastewater collection and treatment system	(8,809,437)	(604,703)	2,962	(9,411,178)
Water rights	(622,131)	(48,990)	-	(671,121)
Equipment- wastewater	(670,027)	(40,858)	9,281	(701,604)
Equipment - water	(865,588)	(32,391)	5,349	(892,630)
Water treatment and distribution system	<u>(6,689,427)</u>	<u>(397,668)</u>	<u>-</u>	<u>(7,087,095)</u>
Total accumulated depreciation	<u>(17,656,610)</u>	<u>(1,124,610)</u>	<u>17,592</u>	<u>(18,763,628)</u>
Total capital assets, being depreciated, net	<u>26,254,933</u>	<u>423,036</u>	<u>-</u>	<u>26,677,969</u>
Business-type activities capital assets, net	<u>\$ 31,330,647</u>	<u>\$ 1,326,727</u>	<u>\$ (1,452,134)</u>	<u>\$ 31,205,240</u>

**CITY OF CALISTOGA**  
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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	\$	32,782
Public safety		7,712
Community services		38,467
Recreation services		165,035
Public Works		144,892
Capital assets held by the City's internal service fund are charged to the various functions based on their usage of the assets		183,920
Total depreciation expense-governmental activities	\$	<u>572,808</u>

**Business-type activities:**

Water	\$	479,049
Water rights amortization		48,990
Wastewater		645,560
Total depreciation expense-governmental activities	\$	<u>1,173,599</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. In fiscal year 2016 the City reset the lease to minimize the overall costs of the 2008 lease. The new loan amount is \$3,870,414. Resetting the interest rate on the 2007 Lease generates total savings of approximately \$619,994. Net present value savings are approximately \$517,692 or 13.54%. The lease is payable in monthly installments of between \$24,000 and \$35,700 commencing July 1, 2016 and continuing through February 1, 2028. The lease bears interest at 2.44 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 lease payable to Zions First National Bank was completely paid off in December 2015. The remaining lease is payable to Sun Trust Leasing, bears 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**  
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Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2017 were as follows:

<u>Fiscal Year Ending June 30</u>	Sun Trust <u>Lease</u>	West America <u>Bank Lease</u>
2018	\$ 56,532	\$ 373,902
2019		373,902
2020	-	373,902
2021	-	373,902
2022	-	373,902
2023-2027	-	1,869,508
2028	-	<u>249,268</u>
Total minimum lease payments	56,532	3,988,286
Less amounts representing interest	<u>(1,793)</u>	<u>(479,887)</u>
Net present value of minimum lease payments	<u>\$ 54,739</u>	<u>\$ 3,508,399</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 \$4,902,251 scheduled final payment is to occur in 2038. For fiscal year 2017, Water Fund Revenues, amounted to \$2,619,404 and operating costs including operating expenses, but not interest or depreciation amounted to \$2,359,486 Net Revenues available for debt service amounted to \$259,918 which represents 73% of the \$354,111 in debt service. Principal and interest paid for the current fiscal year and total system net revenues as



**CITY OF CALISTOGA**  
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defined were \$356,794 and \$259,918 (exclusive of capital contributions of \$1,892,733) respectively. Future debt service for water on the installment agreement is:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 200,000	\$ 153,991	\$ 353,991
2019	210,000	145,791	355,791
2020	215,000	137,157	352,157
2021	230,000	127,893	357,893
2022	235,000	118,069	353,069
2023-2027	985,000	420,250	1,405,250
2028-2032	610,000	251,600	861,600
2033-2037	770,000	92,500	862,500
Totals	<u>\$ 3,455,000</u>	<u>\$ 1,447,251</u>	<u>\$ 4,902,251</u>

*2008 Certificates of Participation*

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

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

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

Annual principal and interest on the agreement are expected to require 100 percent of system net \$3,038,775. The total interest and principal remaining to be paid on the agreement is \$3,038,775 scheduled final payment is to occur in 2044. For fiscal year 2016, Measure A Sales Tax Fund Revenues, amounted to \$112,687 and operating costs including operating expenses, but not interest or depreciation amounted to \$0.00. Net Revenues available for debt service amounted to \$112,687 which represents 100% of the \$112,687 in debt service. Principal and interest paid for the current fiscal year and total system net revenues as defined were \$34,000 and \$78,687 (exclusive of capital contributions of \$1,892,633 respectively.

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Future debt service for water on the Certificates of Participation is:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 36,000	\$ 77,199	\$ 113,199
2019	37,000	75,624	112,624
2020	39,000	74,006	113,006
2021	40,000	72,299	112,299
2022	42,000	70,549	112,549
2023-2027	240,000	323,434	563,434
2028-2032	298,000	266,078	564,078
2033-2037	370,000	194,809	564,809
2038-2042	456,000	106,697	562,697
2043-2044	206,556	13,524	220,080
<b>Totals</b>	<b><u>\$ 1,764,556</u></b>	<b><u>\$ 1,274,219</u></b>	<b><u>\$ 3,038,775</u></b>

*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.

Final payment on the loan is scheduled for 2048. For fiscal year 2017, Capital Contribution Revenues, amounted to \$1,892,633 and operating costs including operating expenses, but not interest or depreciation amounted to \$2,359,486. Net Revenues available for debt service amounted to \$259,918 which represents 193% over the \$135,009 in debt service. The City made a principal payment of \$61,000 and an interest payment of \$73,559 during the fiscal year so the outstanding receivable of

**CITY OF CALISTOGA**  
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\$2,911,852 which represents the City's liability at June 30, 2017 for the Certificates. Future debt service principal and interest remaining to be paid on the agreement is approximately \$4,171,312. Principal and interest combined on the certificates will require the City to make annual payments which in the aggregate are expected to be from \$63,000 to \$150,096 each fiscal year.

Future debt service for water on the Certificates of Participation is:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 63,000	\$ 72,009	\$ 135,009
2019	64,000	70,421	134,421
2020	66,000	68,796	134,796
2021	68,000	67,121	135,121
2022	69,000	65,409	134,409
2023-2027	375,000	299,794	674,794
2028-2032	423,000	249,994	672,994
2033-2037	479,000	192,407	671,407
2038-2042	542,000	113,596	655,596
2043-2047	615,000	57,669	672,669
2048	147,852	2,244	150,096
Totals	<u>\$ 2,911,852</u>	<u>\$ 1,259,460</u>	<u>\$ 4,171,312</u>

***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.

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Future debt service on the agreement is:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 110,000	\$ 114,983	\$ 224,983
2019	115,000	109,341	224,341
2020	120,000	103,319	223,319
2021	125,000	97,041	222,041
2022	130,000	90,506	220,506
2023-2027	765,000	367,588	1,132,588
2028-2032	<u>975,000</u>	<u>102,500</u>	<u>1,077,500</u>
Totals	<u>\$ 2,340,000</u>	<u>\$ 985,278</u>	<u>\$ 3,325,278</u>

Annual principal and interest on the agreement are expected to be 49 percent of system net revenues as defined. The total interest and principal remaining to be paid on the agreement is \$3,325,278 scheduled final payment on 2032. For fiscal year 2017, Wastewater Fund Revenues, amounted to \$2,467,359 and operating costs including operating expenses, but not interest or depreciation amounted to \$1,873,908. Net Revenues available for debt service amounted to \$593,451 which represents 264% of the \$225,198 in debt service. Principal and interest paid for the current fiscal year and total system net revenues as defined were \$225,198 and \$593,451 (exclusive of \$2,972,222 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 0.00 percent effective March 3, 2015 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. The interest rate is suspended and wholly replaced with the AB 2356 Small Community Grant Fund Charge effective March 3, 2015. Principal and grant fund charge on the loan is payable in annual installments due each October 30 through 2023. The Small Community Grant Fund charge is at one and six tenths percent (1.6%) per annum.

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Grant Fund Charge</u>	<u>Total</u>
2018	\$ 303,783	\$ 59,807	\$ 363,590
2019	311,682	51,909	363,591
2020	319,786	43,805	363,591
2021	328,100	35,491	363,591
2022	336,630	26,960	363,590
2023-2024	<u>700,303</u>	<u>27,436</u>	<u>727,739</u>
Totals	<u>\$ 2,300,284</u>	<u>\$ 245,408</u>	<u>\$ 2,545,692</u>

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Annual principal and grant fund charge on the agreement are expected to require 79 percent of current system net revenues as defined. The total grant fund charge and principal remaining to be paid on the agreement is \$2,545,692. For fiscal year 2017, Wastewater Fund Revenues, amounted to \$2,467,359 and operating costs including operating expenses, but not interest or depreciation amounted to \$1,873,908. Net Revenues available for debt service amounted to \$593,451 which represents 163% of the \$363,591 in debt service. Principal and grant fund charge paid for the current fiscal year and total system net revenues as defined were \$363,591 and \$593,451 (exclusive of \$2,972,222) 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:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 33,200	\$ 73,181	\$ 106,381
2019	34,600	71,770	106,370
2020	35,900	70,299	106,199
2021	37,600	68,774	106,374
2022	39,200	67,176	106,376
2023-2027	222,200	309,447	531,647
2028-2032	273,500	258,060	531,560
2033-2037	337,000	194,752	531,752
2038-2042	415,000	116,799	531,799
2043-2045	293,700	25,309	319,009
<b>Totals</b>	<b><u>\$ 1,721,900</u></b>	<b><u>\$ 1,255,567</u></b>	<b><u>\$ 2,977,467</u></b>

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 \$2,977,467. For fiscal year 2017, Wastewater Fund Revenues, amounted to \$2,467,359 and operating costs including operating expenses, but not interest or depreciation amounted to \$1,873,908. Net

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Revenues available for debt service amounted to \$593,451 which represents 558% of the \$106,332 in debt service. Principal and interest paid for the current fiscal year and total system net revenues as defined were \$106,332 and \$593,451 (exclusive of \$2,972,222 in capital contributions), respectively.

*Changes in Long-term liabilities*

Long-term debt activity for the 2017 fiscal year was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental</b>					
<b>Activities:</b>					
2016 Capital lease obligation	3,870,414	-	362,059	3,508,355	373,902
Capital lease -internal service	107,173	-	52,434	54,739	54,739
<b>Total</b>	<b>\$3,977,587</b>	<b>\$ -</b>	<b>\$414,493</b>	<b>\$3,563,094</b>	<b>\$428,641</b>
<b>Business-type</b>					
<b>Activities:</b>					
Installment agreement-water	\$3,650,000	\$ -	\$195,000	\$ 3,455,000	\$200,000
2008 Certificates of participation	1,798,556	-	34,000	1,764,556	36,000
2011 Certificates of participation	2,972,852	-	61,000	2,911,852	63,000
Installment agreement	2,445,000	-	105,000	2,340,000	110,000
2005 Certificates of participation	1,753,700	-	31,800	1,721,900	33,200
State Revolving Fund Loan	2,596,369	-	296,085	2,300,284	303,783
<b>Total</b>	<b>\$15,216,477</b>	<b>\$ -</b>	<b>\$722,885</b>	<b>\$14,493,592</b>	<b>\$745,983</b>

**G. Compensated Absences**

The City records a liability to recognize the financial effect of unused vacation and other compensated leaves. As of June 30, 2017 the total liability for vacation and other compensated leaves is \$454,765. The City typically uses the General fund, Water and Wastewater funds to liquidate the majority of its compensated absences.

Compensated absence activity for the 2017 fiscal year was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One year
<b>Governmental Activities</b>	\$ 307,190	\$ 130,000	\$ 89,745	\$ 347,445	\$ 217,445
<b>Business-type Activities</b>	96,750	90,000	79,430	107,320	87,320
<b>Total</b>	<b>\$ 403,940</b>	<b>\$ 220,000</b>	<b>\$ 169,175</b>	<b>\$ 454,765</b>	<b>\$ 304,765</b>

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**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 position 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 2017.

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

	Year Ended <u>6/30/2016</u>	Year Ended <u>6/30/2017</u>
Unpaid claims, beginning of fiscal year	\$91,406	\$ 32,570
Incurred claims (including IBNRs)	-	-
Claim payments	<u>(58,837)</u>	<u>(29,232)</u>
Unpaid claims, end of fiscal year	<u>\$32,570</u>	<u>\$ 3,338</u>

**B. Contingencies and Commitments**

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

**CITY OF CALISTOGA**  
**Notes to the Financial Statements**  
**June 30, 2017**

*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. Pension Plans**

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

1. *General Information about the Pension Plans*

*Plan Descriptions* – All qualified employees are eligible to participate in the City's following cost-sharing multiple-employer defined benefit pension plans (Plans):

- City Miscellaneous (Tier 1)
- City Miscellaneous (Tier 2)
- City Miscellaneous (Tier 3)
- City Safety (Tier 1)
- City Safety (Tier 2)
- City Safety (Tier 3)

The Plans are administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

*Benefits Provided* - CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 55 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1959 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.



**CITY OF CALISTOGA**  
**Notes to the Financial Statements**  
**June 30, 2017**

	<u>City Miscellaneous Plan</u>		
	<u>Tier 1</u>	<u>Tier 2</u>	<u>Tier 3</u>
Hire date	<u>Prior to May 1, 2012</u>	<u>On or after May 1, 2012</u>	<u>On or after January 2, 2013</u>
Benefit formula	2.5% @ 55	2% @ 60	2% @ 62
Benefit vesting schedule	5 years' service	5 years' service	5 years' service
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Retirement age	50-63	50-63	52-67
Monthly benefit, as a % of eligible compensation	1.43% to 2.42%	1.43% to 2.42%	1.0% to 2.5%
Required employee contribution rates	8.0%	7.0%	6.25%
Required employer contribution rates	10.069%	7.159%	6.555%

	<u>City Safety Plan</u>		
	<u>Tier 1</u>	<u>Tier 2</u>	<u>Tier 3</u>
Hire date	<u>Prior to May 1, 2012</u>	<u>On or after May 1, 2012</u>	<u>On or after January 2, 2013</u>
Benefit formula	3% @ 55	2% @ 55	2.7% @ 57
Benefit vesting schedule	5 years' service	5 years' service	5 years' service
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Retirement age	50-55	50-55	50-57
Monthly benefit, as a % of eligible compensation	3%	2.4% to 3%	2.0% to 2.7%
Required employee contribution rates	9.0%	7.0%	9.5%
Required employer contribution rates	17.689%	12.055%	9.418%

The City's Miscellaneous and Safety Rate Plans are part of the public agency cost-sharing multiple-employer defined benefit pension plan (PERF C), which is administered by the California Public Employee's Retirement System (CalPERS). PERF C consists of a miscellaneous pool and safety pool (also referred to as "risk pools"), which are comprised of individual employer miscellaneous and safety rate plans, respectively. Individual employers may sponsor more than one miscellaneous and safety rate plan. The employer participates in one cost-sharing multiple-employer defined benefit pension plan regardless of the number of rate plans the employer sponsors. The City sponsors six rate plans (three miscellaneous and three safety).

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

**CITY OF CALISTOGA**  
**Notes to the Financial Statements**  
**June 30, 2017**

employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2017, the contributions recognized as part of pension expense for each Plan were as follows:

	City Miscellaneous Plan			
	Tier 1	Tier 2	Tier 3 (PEPRA)	
Contributions - employer	\$ 1,619,095	\$ 26,012	\$ 48,577	
Contributions - employee paid	127,060	25,033	46,275	
	City Safety Plan			
	Tier 1	Tier 2	Tier 3 (PEPRA)	Arrears
Contributions - employer	\$ 1,110,443	\$ 17,836	\$ 47,753	\$ 21,562
Contributions - employee paid	68,697	10,245	48,097	

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

As of June 30, 2017 the City reported net pension liabilities for its proportionate share of the net pension liability of each Plan as follows:

	<u>Proportionate Share of Net Pension Liability</u>
City safety plan - tier 1	\$ 4,347,768
City safety Plan - tier 2	(4,353)
City safety Plan - tier 3 (PEPRA)	(231)
City miscellaneous plan - tier 1	6,843,206
City miscellaneous plan - tier 2	(3,573)
City miscellaneous plan - tier 3 (PEPRA)	(1,200)
Total net pension liability	\$ 11,181,617

The City's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2015 and the total net pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

**CITY OF CALISTOGA**  
**Notes to the Financial Statements**  
**June 30, 2017**

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

	<u>City Safety Plan</u>	
	<u>Tier 1</u>	<u>Tier 2</u>
Proportion - June 30, 2016	0.090%	0.00%
Proportion - June 30, 2017	0.065%	0.00%
Change - Increase (Decrease)	-0.025%	0.00%

	<u>City Miscellaneous Plan</u>		
	<u>Tier 1</u>	<u>Tier 2</u>	<u>Tier 3</u>
Proportion - June 30, 2016	0.220%	0.00%	0.00%
Proportion - June 30, 2017	0.129%	0.00%	0.00%
Change - Increase (Decrease)	-0.09%	0.00%	0.00%

For the year ended June 30, 2017 the City recognized pension expense of (\$646,114). At June 30, 2017 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Safety plan &amp; miscellaneous plan</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 2,891,278	\$ -
Differences between actual and expected experience	-	16,359
Changes in assumptions	-	331,540
Change in employer's proportion of difference between Net difference between projected and actual earnings on pension plan investments	1,684,851	-
Change in proportions and differences between actual contributio and proportionate share of contributions	250,566	134,660
	376,349	-
Total	<u>\$ 5,203,044</u>	<u>\$ 482,559</u>

\$2,891,278 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017.

**CITY OF CALISTOGA**  
**Notes to the Financial Statements**  
**June 30, 2017**

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement period Ended June 30 :	Deferred Outflows/(Inflows) of Resources
2018	\$ 285,044
2019	312,918
2020	793,945
2021	437,299
2022	-
Total	\$ 1,829,206

*Actuarial Assumptions* – For the measurement period ended June 30, 2016, the total pension liabilities were determined by rolling forward the June 30, 2015 total pension liability. The June 30, 2016 and June 30, 2017 total pension liabilities were based on the following actuarial methods and assumptions:

Valuation date	June 30, 2015	
Measurement date	June 30, 2016	
Actuarial cost method	Entry -age normal cost method	
Actuarial assumptions:		
Discount Rate	7.65%	
Inflation	2.75%	
Projected salary increase	Varies by entry age service	
Investment rate of return	7.50%	(1)
Projected salary increase	Varies by entry age service and	
Mortality	Derived using CalPERS membership date for all funds	(2)

'(1) Net of pension plan investment expenses, including inflation

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

*Change of Assumptions* – GASB 68, paragraph 68 states that the long term expected rate of return should be determined net of pension plan investment expense, but without reduction for pension plan administrative expenses. The discount rate of 7.5 percent used for the June 30, 2015 measurement date was net of administrative expenses. The discount rate of 7.65 percent used for the June 30, 2016 measurement date is without reduction of pension plan administrative expenses. All other assumptions for the June 30, 2015 measurement date were the same as those used for the June 30, 2016 measurement date.

*Discount Rate* – The discount rate used to measure the total pension liability was 7.65 percent. To determine whether the municipal bond rate should be used in the calculation of the discount rate for public agency plans (including PERF C), CalPERS stress tested plans that would most

**CITY OF CALISTOGA**  
**Notes to the Financial Statements**  
**June 30, 2017**

likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing of the plans, the tests revealed the assets would not run out. Therefore, the current 7.65 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.65 percent is applied to all plans in the Public Employees Retirement Fund including PERF C. The stress test results are presented in a detailed report that can be obtained from the CalPERS' website.

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

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund (Public Employee's Retirement Fund) cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1- 10 (a)</u>	<u>Real Return Years 11+ (b)</u>
Global equity	51%	5.25%	5.71%
Global fixed income	20%	0.99%	2.43%
Inflation sensitive	6%	0.45%	3.36%
Private equity	10%	6.83%	6.95%
Real estate	12%	4.50%	5.13%
Liquidity	1%	-0.55%	-1.05%
Total	<u>100%</u>		

The long-term expected real rates of return by asset class can be found in CalPERS' Comprehensive Annual Financial Report for the fiscal year ended June 30, 2016.

*Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate.*

The following presents the City's proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1- percentage point lower or 1- percentage point higher than the current rate.

**CITY OF CALISTOGA**  
**Notes to the Financial Statements**  
**June 30, 2017**

Discount Rate		
6.65%	7.65%	8.65%
(1% decrease)	(current rate)	(1% increase)

Measurement date	6/30/2016		
Fiscal year ended	6/30/2017		
Net pension liability			
Safety	\$ 9,344,891	\$ 6,838,434	\$ 4,766,971
Miscellaneous	\$ 6,030,357	\$ 4,343,183	\$ 2,958,187

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

**D. Restricted Net Position and Governmental Fund Balances**

The \$8,823,271 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 \$8,823,271 for governmental activities, \$6,762,308 is restricted for housing and community development, \$537,920 is restricted for public safety, and \$1,523,043 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 \$7,476,508 in the general fund. The \$979,065 consist of non-spendable amounts in prepayments and advances to other funds.

**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 CalPERS healthcare program, pursuant to the Public Employees’ Medical and Hospital Care (PEMHCA), paying \$83.20 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 CalPERS in so far as the City’s health insurance premium payments are paid to CalPERS. CalPERS 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, 2017 was \$260,722, based on the July 1, 2016 actuarial valuation using the entry age normal actuarial cost method for the City. This is a projected benefit cost method, which takes into account those benefits that are expected to be earned in the future as well as those already accrued. For the fiscal year ended June 30, 2017, the City contributed \$30,071 for current year premiums (100% of total premiums). Plan members receiving benefits contributed no amounts of the total premiums.

**CITY OF CALISTOGA**  
**Notes to the Financial Statements**  
**June 30, 2017**

*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. Funded Status:

Annual required contribution (ARC)	\$ 260,722
Interest on net OPEB obligation	35,884
Adjustments to annual required contribution	<u>(45,021)</u>
Annual OPEB expense	251,585
Contributions made	<u>(30,071)</u>
Increase in net OPEB Obligation	221,514
Net OPEB Obligation, beginning of year	<u>897,102</u>
Net OPEB Obligation, end of year	<u>\$ 1,118,616</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 three fiscal years was:

Fiscal Year Ended	Annual OPEB Cost	Percentage Contributed	Net OPEB Obligation
June 30, 2017	\$251,585	12.0%	\$1,118,616
June 30, 2016	\$138,766	24.0%	\$897,102
June 30, 2015	\$131,760	25.0%	\$791,241

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 23-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.

**CITY OF CALISTOGA**  
**Notes to the Financial Statements**  
**June 30, 2017**

*Funding Status and Funding Progress.* As of June 30, 2017, the most recent actuarial valuation date, the Actuarial Accrued Liability for benefits was \$1,998,790, and the actuarial value of assets was \$0.00, resulting in an Unfunded Actuarial Accrued Liability of \$1,998,790. The covered payroll (annual payroll of active employees covered by the Plan) was \$3,647,274 and the ratio of UAAL to the covered payroll was 54.8%

**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 \$342,119 to the Chamber during the fiscal year ending June 30, 2017. 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 and December 2014 for two year terms through December 2018.



REQUIRED  
SUPPLEMENTARY INFORMATION

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GRANT STREET STORM DRAIN – PHASE II

**CITY OF CALISTOGA**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule - General Fund**  
**For the Fiscal Year Ended June 30, 2017**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
<b>Fund Balance, July 1</b>	\$ 2,890,600	\$ 7,957,703	\$ 8,342,624	\$ 384,921
<b>Resources (inflows):</b>				
Property taxes	1,347,850	1,436,266	1,497,974	61,708
Sales taxes	1,089,191	1,251,191	1,290,068	38,877
Transient occupancy taxes	5,940,002	5,940,002	5,952,810	12,808
Other taxes	415,342	438,342	464,158	25,816
License and permits	142,920	304,500	256,445	(48,055)
Fines and forfeits	26,300	26,300	25,390	(910)
Interest	8,500	20,000	14,189	(5,811)
Intergovernmental	1,153,114	1,044,483	694,450	(350,033)
Charges for services	901,665	1,164,360	1,232,955	68,595
Miscellaneous	426,100	682,426	913,891	231,465
Transfers in	730,883	919,578	898,552	(21,026)
<b>Amounts available for charges to appropriations</b>	<u>15,072,467</u>	<u>21,185,151</u>	<u>21,583,506</u>	<u>398,355</u>
<b>Charges to appropriations:</b>				
<b>General Government:</b>				
City council	58,340	57,240	57,841	(601)
Finance	279,846	266,846	372,978	(106,132)
City clerk	104,834	126,879	152,228	(25,349)
City attorney	200,000	200,000	209,737	(9,737)
City manager	205,212	215,852	253,039	(37,187)
Nondepartmental	211,149	206,148	138,064	68,084
Economic vitality	371,385	375,385	375,201	184
Elections	28,800	5,800	1,963	3,837
Risk management	415,019	383,667	319,328	64,339
Personnel	158,464	167,412	208,435	(41,023)
<b>Public Safety:</b>				
Police services	2,090,106	1,969,106	2,319,939	(350,833)
Police dispatch	594,467	600,967	881,030	(280,063)
Emergency services	33,099	30,699	33,820	(3,121)
Fire protection	1,403,010	1,371,910	1,705,078	(333,168)
<b>Community Services</b>				
Aquatic services	264,932	263,932	269,187	(5,255)
Community promotions	105,333	116,733	84,528	32,205
Community activities	25,806	31,506	35,282	(3,776)
Library services	87,000	92,310	92,310	-
Sharpsteen Museum	16,639	17,534	20,898	(3,364)
Handy Van	10,500	10,000	10,000	-
<b>Recreation Services</b>				
Recreation services	158,427	156,927	131,901	25,026
Education and recreation courses	65,548	69,448	59,544	9,904
Senior activities	25,799	20,799	18,665	2,134
<b>Public Works</b>				
Administration	195,854	168,540	225,639	(57,099)
Streets	370,026	284,850	391,380	(106,530)
Park maintenance	220,660	225,988	295,730	(69,742)
Shop maintenance	39,674	41,374	56,400	(15,026)
Pool maintenance	163,299	137,955	153,674	(15,719)
Building maintenance	330,346	326,223	426,206	(99,983)
<b>Planning and building</b>				
Planning commission	7,760	7,760	4,070	3,690
Active Transportation Committee	1,500	1,500	156	1,344
Planning	324,526	317,526	427,495	(109,969)
Building inspection	315,364	381,834	489,313	(107,479)
<b>Capital outlay</b>	2,419,701	2,324,354	1,863,342	461,012
Transfers out	1,060,264	1,066,528	1,043,532	22,996
<b>Total charges to appropriations</b>	<u>12,362,689</u>	<u>12,041,532</u>	<u>13,127,933</u>	<u>(1,086,401)</u>
<b>Fund Balance, June 30</b>	<u>\$ 2,709,778</u>	<u>\$ 9,143,619</u>	<u>\$ 8,455,573</u>	<u>\$ (688,046)</u>

CITY OF CALISTOGA

**Budgetary Comparison Schedule - General Fund  
Note to RSI  
For the Fiscal Year Ended June 30, 2017**

**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:	\$ 21,583,506
<b>Differences - budget to GAAP:</b>	
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(8,342,624)
Transfers in from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes	<u>(898,552)</u>
Total revenues as reported in the statement of revenues, expenditures and changes in fund balances - governmental funds	<u><u>\$ 12,342,330</u></u>

**Uses/outflows of resources:**

Actual amounts "total charges to appropriations" from the budgetary comparison schedule	\$ 13,127,933
<b>Differences - budget to GAAP:</b>	
Transfers to other funds require the use of current financial resources, but are not considered as expenditures for financial reporting purposes.	<u>(1,043,532)</u>
Total expenditures as reported in the statement of revenues, expenditures and changes in fund balances - governmental funds	<u><u>\$ 12,084,401</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, 2017**

	<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:	\$ 193,217	\$ 16,964	\$ 12,763	\$ (4,201)
Miscellaneous	-	-	90,764	90,764
Total revenues	<u>193,217</u>	<u>16,964</u>	<u>103,527</u>	<u>86,563</u>
Expenditures:				
Current:				
Housing:				
Palisades project loan	100,000	36,031	36,241	(210)
Total expenditures	<u>100,000</u>	<u>36,031</u>	<u>36,241</u>	<u>(210)</u>
Excess of revenues over (under) expenditures	<u>93,217</u>	<u>(19,067)</u>	<u>67,286</u>	<u>86,353</u>
Other financing uses:				
Transfer out to general fund	-	(2,825)	-	2,825
Total other financing uses	-	<u>(2,825)</u>	-	<u>2,825</u>
Net change in fund balances	93,217	(19,067)	67,286	86,353
Fund balance, July 1	<u>3,371,152</u>	<u>3,596,973</u>	<u>3,596,973</u>	<u>-</u>
Fund balance, June 30	<u>\$ 3,464,369</u>	<u>\$ 3,577,906</u>	<u>\$ 3,664,259</u>	<u>\$ 86,353</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, 2017**

	<u>Budgeted Amounts</u>			Variance With Final Budget- Positive(Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental:				
State of California pass-through grants:				
CDBG economic development	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures:				
Current:				
Economic development	-	-	-	-
Total expenditures	-	-	-	-
Excess of revenues over (under) expenditures	-	-	-	-
Net change in fund balances	-	-	-	-
Fund balance, July 1	1,218,250	1,218,250	1,218,250	-
Fund balance, June 30	<u>\$ 1,218,250</u>	<u>\$ 1,218,250</u>	<u>\$ 1,218,250</u>	<u>\$ -</u>

**CITY OF CALISTOGA**  
**Required Supplementary Information**  
**Cost Sharing Multiple-Employer Defined Pension Plan - Last ten (10) years\***  
**Schedule of Plan's Proportionate Share of Net Pension Liability and Related Ratios as of Measurement Date**

	<u>Miscellaneous Plan</u>								
	<u>6/30/2014</u>	<u>Tier 1</u> <u>6/30/2015</u>	<u>6/30/2016</u>	<u>6/30/2014</u>	<u>6/30/2015</u>	<u>6/30/2016</u>	<u>6/30/2014</u>	<u>Tier 3</u> <u>6/30/2015</u>	<u>6/30/2016</u>
Plan's proportion of the net pension liability (asset)	0.082210%	0.217692%	10.783000%	0.000000%	-0.000114%	0.000000%	0.000000%	-0.000038%	
Plan's proportion share of the net pension liability (asset)	5,115,588	5,972,307	6,843,206	221	(3,116)	(3,573)	-	(1,047)	
Plan's covered employee payroll	1,842,317	2,421,090	1,620,914	247,397	48,554	363,344	-	740,396	
Plan's proportionate share of the net pension liability/asset as a percentage of its covered-employee payroll	277.67%	246.68%	422.18%	0.09%	-6.00%	-0.98%	0.00%	N/A	-0.16%
Plan's proportion share of the fiduciary net position as a percentage of the plan's total pension liability	69.77%	66%	74.06%	83.09%	106%	74.06%	0.00%	102%	74.06%
	<u>Safety Plan</u>								
	<u>6/30/2014</u>	<u>Tier 1</u> <u>6/30/2015</u>	<u>6/30/2016</u>	<u>6/30/2014</u>	<u>6/30/2015</u>	<u>6/30/2016</u>	<u>6/30/2014</u>	<u>Tier 3</u> <u>6/30/2015</u>	<u>6/30/2016</u>
Plan's proportion of the net pension liability (asset)	0.060900%	0.092536%	0.058670%	0.000000%	-0.000091%	0.000000%	0.000000%	-0.000020%	
Plan's proportion share of the net pension liability (asset)	3,789,734	3,812,876	4,347,768	201	(3,751)	(4,353)	-	(83)	
Plan's covered employee payroll	1,071,723	1,303,114	779,253	150,937	-	147,956	-	506,279	
Plan's proportionate share of the net pension liability/asset as a percentage of its covered-employee payroll	353.61%	292.60%	557.94%	0.13%	N/A	-2.94%	0.00%	N/A	-0.05%
Plan's proportion share of the fiduciary net position as a percentage of the plan's total pension liability	67.58%	69%	74.06%	81.39%	110%	74.06%	0.00%	101%	74.06%

\*Fiscal year 2015 was the 1st year of implementation.

**City of Calistoga**  
**Required Supplementary Information**  
**Cost Sharing Multiple-Employer Defined Pension Plan - Last ten (10 years\*)**  
**Schedule of Contributions**

**Miscellaneous Plan**

	<u>Tier 1</u>			
	<u>Fiscal Year</u> <u>2013-14</u>	<u>Fiscal Year</u> <u>2014-15</u>	<u>Fiscal Year</u> <u>2015-16</u>	<u>Fiscal Year</u> <u>2016-17</u>
Actuarially determined contribution	\$ 382,810	\$ 403,452	\$ 518,688	\$ 1,619,095
Contributions in relation to the actuarially determined contributions	<u>(382,810)</u>	<u>(403,452)</u>	<u>(518,688)</u>	<u>(2,699,095)</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,080,000)</u>
Covered-employee payroll	\$ 1,842,317	\$ 2,421,090	\$ 1,664,481	\$ 1,620,914
Contributions as a percentage of covered-employer payroll	20.78%	16.66%	31.16%	99.89%

**Miscellaneous Plan**

	<u>Tier 2</u>			
	<u>Fiscal Year</u> <u>2013-14</u>	<u>Fiscal Year</u> <u>2014-15</u>	<u>Fiscal Year</u> <u>2015-16</u>	<u>Fiscal Year</u> <u>2016-17</u>
Actuarially determined contribution	\$ 17,824	\$ 21,397	\$ 19,360	\$ 26,012
Contributions in relation to the actuarially determined contributions	<u>(17,824)</u>	<u>(21,397)</u>	<u>(19,360)</u>	<u>(26,012)</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered-employee payroll	\$ 247,397	\$ 48,554	\$ 288,568	\$ 363,344
Contributions as a percentage of covered-employer payroll	7.20%	44.00%	6.71%	7.16%

**Miscellaneous Plan**

	<u>Tier 3</u>			
	<u>Fiscal Year</u> <u>2013-14</u>	<u>Fiscal Year</u> <u>2014-15</u>	<u>Fiscal Year</u> <u>2015-16</u>	<u>Fiscal Year</u> <u>2016-17</u>
Actuarially determined contribution	\$ -	\$ 20,184	\$ 30,790	\$ 48,577
determined contributions	<u>-</u>	<u>(20,184)</u>	<u>(30,790)</u>	<u>(48,577)</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered-employee payroll	\$ -	\$ -	\$ 493,660	\$ 740,396
Contributions as a percentage of covered-	N/A	N/A	6.24%	6.56%

\*Fiscal year 2015 was the 1st year of implementation.

**Notes to Required Supplementary Information**

**Benefit Changes.** In 2015, benefit terms were modified to base miscellaneous pensions on a final three-year average salary instead of a final one-year average salary.

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

**City of Calistoga**  
**Required Supplementary Information**  
**Cost Sharing Multiple-Employer Defined Pension Plan - Last ten (10 years\*)**  
**Schedule of Contributions**

**Safety Plan**

	<u>Tier 1</u>			
	<u>Fiscal Year</u> <u>2013-14</u>	<u>Fiscal Year</u> <u>2014-15</u>	<u>Fiscal Year</u> <u>2015-16</u>	<u>Fiscal Year</u> <u>2016-17</u>
Actuarially determined contribution	\$ 322,443	\$ 340,600	\$ 412,487	\$ 1,110,443
Arrears Contributions				
Contributions in relation to the actuarially determined contributions	<u>(322,443)</u>	<u>(340,600)</u>	<u>(412,487)</u>	<u>(1,830,443)</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(720,000)</u>
Covered-employee payroll	\$ 1,071,723	\$ 1,303,114	\$ 752,881	\$ 779,253
Contributions as a percentage of covered-employer payroll	30.09%	26%	54.79%	142.50%

**Safety Plan**

	<u>Tier 2</u>			
	<u>Fiscal Year</u> <u>2013-14</u>	<u>Fiscal Year</u> <u>2014-15</u>	<u>Fiscal Year</u> <u>2015-16</u>	<u>Fiscal Year</u> <u>2016-17</u>
Actuarially determined contribution	\$ 28,771	\$ 29,781	\$ 15,384	\$ 17,834
Arrears Contributions				
Contributions in relation to the actuarially determined contributions	<u>(28,771)</u>	<u>(29,781)</u>	<u>(15,384)</u>	<u>(17,834)</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered-employee payroll	\$ 150,937	\$ -	\$ 139,709	\$ 147,956
Contributions as a percentage of covered-	19.06%	N/A	11.01%	12.05%

**Safety Plan**

	<u>Tier 3</u>			
	<u>Fiscal Year</u> <u>2013-14</u>	<u>Fiscal Year</u> <u>2014-15</u>	<u>Fiscal Year</u> <u>2015-16</u>	<u>Fiscal Year</u> <u>2016-17</u>
Actuarially determined contribution	\$ -	\$ 6,538	\$ 26,502	\$ 69,315
Contributions in relation to the actuarially determined contributions	<u>-</u>	<u>(6,538)</u>	<u>(26,502)</u>	<u>(69,315)</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered-employee payroll	\$ -	\$ -	\$ 286,632	\$ 506,277
Contributions as a percentage of covered-	N/A	N/A	9.25%	13.69%

\*Fiscal year 2015 was the 1st year of implementation.

**Notes to Required Supplementary Information**

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

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



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

**Other Post Employment Benefits (OPEB)**

Actuarial Valuation Date	Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Entry Age (B)	Unfunded AAL (UAAL) (A-B)	Funded Ratio (A/B)	Covered Payroll '(C)	UAAL as a Percentage of Covered Payroll ((A-B)/C)
6/30/2017	6/30/2016	\$ -	\$ 1,998,790	\$ 1,998,790	0.00%	\$ 3,647,274	54.80%

OPTIONAL  
SUPPLEMENTARY INFORMATION

NONMAJOR FUNDS COMBINING FINANCIAL  
STATEMENTS AND SCHEDULES,

AND

SCHEDULES OF CAPITAL ASSETS USED IN  
GOVERNMENT ACTIVITIES

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CALISTOGA SENIOR APARTMENTS PROJECT

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City of Callistoga  
 Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2017

Special Revenue Funds

	Gas Tax	Parking Ordinance	Public Safety	Administration	Fire	Police	Transportation	CDBG Loan Repayment	CDBG Revolving Loan	Palisades Landscape Maintenance	Asset Forfeiture	Affordable Housing	Quality of Life	Silverado Landscape Maintenance
<b>Assets</b>														
Cash and investments	\$ 14,513	\$ 109,758	\$ -	\$ 132,566	\$ 263,179	\$ 81,405	\$ 439,945	\$ 60,309	\$ 318,507	\$ 4,298	\$ 42,280	\$ 221,931	\$ 243,013	\$ 1,044
Receivables:														
Receivables from other governments	3,800	-	-	3,802	3,019	811	16,647	-	-	17	-	10,806	3,310	-
Accounts	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Notes receivable	-	-	-	-	-	-	-	387,656	43,162	-	-	901,500	-	-
<b>Total assets</b>	<b>\$ 18,313</b>	<b>\$ 109,758</b>	<b>\$ -</b>	<b>\$ 136,168</b>	<b>\$ 266,198</b>	<b>\$ 82,216</b>	<b>\$ 456,592</b>	<b>\$ 447,965</b>	<b>\$ 362,669</b>	<b>\$ 4,315</b>	<b>\$ 42,280</b>	<b>\$ 1,134,237</b>	<b>\$ 246,323</b>	<b>\$ 1,044</b>
<b>Liabilities and Fund Balances</b>														
Liabilities:														
Accounts payable	\$ 6,090	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,000	\$ -	\$ 169
Advances from other funds	-	-	-	-	-	-	-	-	-	-	-	75,000	-	-
Deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>6,090</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>227</b>	<b>-</b>	<b>105,000</b>	<b>-</b>	<b>169</b>
Fund balances:														
Non-spendable fund balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restricted for streets	12,223	109,758	-	-	-	-	456,592	-	-	4,088	-	-	-	875
Restricted for parks	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restricted for public safety	-	-	-	-	266,198	82,216	-	-	-	-	42,280	-	-	-
Restricted for affordable housing	-	-	-	-	-	-	-	447,965	362,669	-	-	1,029,237	-	-
Restricted for facilities	-	-	-	136,168	-	-	-	-	-	-	-	-	246,323	-
<b>Total fund balances</b>	<b>12,223</b>	<b>109,758</b>	<b>-</b>	<b>136,168</b>	<b>266,198</b>	<b>82,216</b>	<b>456,592</b>	<b>447,965</b>	<b>362,669</b>	<b>4,088</b>	<b>42,280</b>	<b>1,029,237</b>	<b>246,323</b>	<b>875</b>
<b>Total liabilities and fund balances</b>	<b>\$ 18,313</b>	<b>\$ 109,758</b>	<b>\$ -</b>	<b>\$ 136,168</b>	<b>\$ 266,198</b>	<b>\$ 82,216</b>	<b>\$ 456,592</b>	<b>\$ 447,965</b>	<b>\$ 362,669</b>	<b>\$ 4,315</b>	<b>\$ 42,280</b>	<b>\$ 1,134,237</b>	<b>\$ 246,323</b>	<b>\$ 1,044</b>

**City of Calistoga  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2017**

	Special Revenue Funds										Debt Service	
	Abandoned Vehicle	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
<b>Assets</b>												
Cash and investments	\$ 29,526	\$ -	\$ -	\$ 1,706	\$ 10,525	\$ 12,260	\$ 56,580	\$ 67,942	\$ 962	\$ 39,929	\$ -	\$ 2,153,178
Receivables:												
- governments	-	-	56	-	-	-	47,900	-	-	-	-	89,968
- Accounts	-	-	517,899	-	-	-	-	-	-	-	-	517,899
- Advances to other funds	-	315,590	-	1,456	-	-	-	-	-	-	-	317,046
- Notes receivable	-	-	-	-	-	-	-	-	-	-	-	1,332,318
<b>Total assets</b>	<b>\$ 29,526</b>	<b>\$ 315,590</b>	<b>\$ 517,955</b>	<b>\$ 3,162</b>	<b>\$ 10,525</b>	<b>\$ 12,260</b>	<b>\$ 104,480</b>	<b>\$ 67,942</b>	<b>\$ 962</b>	<b>\$ 39,929</b>	<b>\$ -</b>	<b>\$ 4,410,409</b>
<b>Liabilities and Fund Balances</b>												
Liabilities:												
- Accounts payable	\$ -	\$ -	\$ 200,853	\$ -	\$ -	\$ -	\$ -	\$ 770	\$ -	\$ -	\$ -	\$ 238,109
- Advances from other funds	-	-	317,046	-	-	-	-	-	-	-	-	392,046
- Deposits	-	-	-	-	-	-	-	40,920	-	-	-	40,920
- Total liabilities	-	-	517,899	-	-	-	-	41,690	-	-	-	671,075
Fund balances:												
- Non-spendable fund balance	-	-	-	-	-	-	-	-	-	-	-	-
- Restricted for streets	-	315,590	56	3,162	-	-	-	26,252	-	-	-	928,596
- Restricted for parks	-	-	-	-	10,525	-	-	-	-	-	-	10,525
- Restricted for public safety	29,526	-	-	-	-	12,260	104,480	-	962	-	-	537,922
- Restricted for affordable housing	-	-	-	-	-	-	-	-	-	39,929	-	1,879,800
- Restricted for facilities	-	-	-	-	-	-	-	-	-	-	-	382,491
- Total fund balances	29,526	315,590	56	3,162	10,525	12,260	104,480	26,252	962	39,929	-	3,739,334
<b>Total liabilities and fund balances</b>	<b>\$ 29,526</b>	<b>\$ 315,590</b>	<b>\$ 517,955</b>	<b>\$ 3,162</b>	<b>\$ 10,525</b>	<b>\$ 12,260</b>	<b>\$ 104,480</b>	<b>\$ 67,942</b>	<b>\$ 962</b>	<b>\$ 39,929</b>	<b>\$ -</b>	<b>\$ 4,410,409</b>

**City of Callistoga**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Fiscal Year Ended June 30, 2017**

**Special Revenue Funds**

	Gas Tax	Parking Ordinance	Public Safety	Administration	Fire	Police	Transportation	CDBG Loan Repayment	CDBG Revolving Loan	Palisades Landscape Maintenance	Asset Forfeiture	Affordable Housing	Quality of Life	Silverado Landscape Maintenance
<b>Revenues:</b>														
Intergovernmental	\$ 104,080	\$ 2,050	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	110,003	243,323	76,087	357,254	-	-	1,610	-	617,460	301,996	1,006
Interest	78	594	-	717	1,424	441	2,381	15,471	445	-	229	3,765	1,315	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	172	-	-
<b>Total revenues</b>	<b>104,158</b>	<b>2,644</b>	<b>-</b>	<b>110,720</b>	<b>244,747</b>	<b>76,528</b>	<b>359,635</b>	<b>15,471</b>	<b>445</b>	<b>1,610</b>	<b>229</b>	<b>621,397</b>	<b>303,311</b>	<b>1,006</b>
<b>Expenditures:</b>														
Current:														
Public safety	-	-	-	-	-	-	-	-	-	-	770	-	-	-
Public works	49,079	-	-	-	-	-	-	-	-	1,027	-	-	-	670
Housing	-	-	-	-	-	-	-	41,512	270	-	-	506,718	-	-
Debt service:	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Principal	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>49,079</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>41,512</b>	<b>270</b>	<b>1,027</b>	<b>770</b>	<b>506,718</b>	<b>-</b>	<b>670</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>55,079</b>	<b>2,644</b>	<b>-</b>	<b>110,720</b>	<b>244,747</b>	<b>76,528</b>	<b>359,635</b>	<b>(26,041)</b>	<b>175</b>	<b>583</b>	<b>(541)</b>	<b>114,679</b>	<b>303,311</b>	<b>336</b>
<b>Other financing sources (uses):</b>														
Transfers in	-	-	-	-	-	-	-	-	362,494	-	-	-	-	-
Transfers out	(95,000)	-	(9,106)	-	-	-	-	(362,494)	-	-	-	(45,000)	(70,000)	-
<b>Total other financing sources (uses)</b>	<b>(95,000)</b>	<b>-</b>	<b>(9,106)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(362,494)</b>	<b>362,494</b>	<b>-</b>	<b>-</b>	<b>(45,000)</b>	<b>(70,000)</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(39,921)</b>	<b>2,644</b>	<b>(9,106)</b>	<b>110,720</b>	<b>244,747</b>	<b>76,528</b>	<b>359,635</b>	<b>(388,535)</b>	<b>362,669</b>	<b>583</b>	<b>(541)</b>	<b>69,679</b>	<b>233,311</b>	<b>336</b>
<b>Fund balances, July 1</b>	<b>52,144</b>	<b>107,114</b>	<b>9,106</b>	<b>25,448</b>	<b>21,450</b>	<b>5,688</b>	<b>96,957</b>	<b>836,500</b>	<b>-</b>	<b>3,506</b>	<b>42,821</b>	<b>959,558</b>	<b>13,012</b>	<b>539</b>
<b>Fund balances, June 30</b>	<b>\$ 12,223</b>	<b>\$ 109,758</b>	<b>\$ -</b>	<b>\$ 136,168</b>	<b>\$ 266,197</b>	<b>\$ 82,216</b>	<b>\$ 456,532</b>	<b>\$ 447,965</b>	<b>\$ 362,669</b>	<b>\$ 4,089</b>	<b>\$ 42,280</b>	<b>\$ 1,029,237</b>	<b>\$ 246,323</b>	<b>\$ 875</b>

**City of Callistoga**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Fiscal Year Ended June 30, 2017**

	Special Revenue Funds										Debt Service		Total Nonmajor Governmental Funds
	Abandoned Vehicle	Traffic Signal	MTC Street	North West Drainage	Recreation Donations	Police Donation	Police Grants	Tree Mitigation	Fire Donation	Mobile Home Park	City Debt Service		
<b>Revenues:</b>													
Intergovernmental	\$ -	\$ -	\$ 638,522	\$ -	\$ -	\$ -	\$ 148,207	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 882,859
Charges for services	-	102,326	-	-	-	-	-	9,124	7,940	-	-	-	1,828,129
Interest	160	1,816	-	17	57	317	-	368	216	-	-	-	29,816
Miscellaneous	-	-	-	-	13,680	-	-	-	9,680	-	-	-	23,532
<b>Total revenues</b>	<b>160</b>	<b>104,142</b>	<b>638,522</b>	<b>17</b>	<b>13,737</b>	<b>317</b>	<b>148,207</b>	<b>9,492</b>	<b>17,836</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>2,774,336</b>
<b>Expenditures:</b>													
Current:													
Public safety	-	-	-	-	-	-	12,638	-	-	-	-	-	13,408
Public works	-	-	659,973	-	-	-	-	-	-	-	-	-	710,749
Housing	-	-	-	-	-	-	-	-	1,275	-	-	-	549,775
Debt service:													
Principal	-	-	-	-	-	-	-	-	-	362,059	-	-	362,059
Interest	-	-	-	-	-	-	-	-	-	98,043	-	-	98,043
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>659,973</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,638</b>	<b>-</b>	<b>1,275</b>	<b>460,102</b>	<b>-</b>	<b>-</b>	<b>1,734,034</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>160</b>	<b>104,142</b>	<b>(21,451)</b>	<b>17</b>	<b>13,737</b>	<b>317</b>	<b>135,569</b>	<b>9,492</b>	<b>16,561</b>	<b>(460,102)</b>	<b>(460,102)</b>	<b>-</b>	<b>1,040,302</b>
<b>Other financing sources (uses):</b>													
Transfers in	-	-	21,507	-	-	-	-	-	-	-	460,102	-	844,103
Transfers out	(4,600)	(20,000)	-	-	(6,000)	-	(128,828)	-	(7,100)	-	-	-	(748,128)
<b>Total other financing sources (uses)</b>	<b>(4,600)</b>	<b>(20,000)</b>	<b>21,507</b>	<b>-</b>	<b>(6,000)</b>	<b>-</b>	<b>(128,828)</b>	<b>-</b>	<b>(7,100)</b>	<b>460,102</b>	<b>460,102</b>	<b>-</b>	<b>95,975</b>
<b>Net change in fund balances</b>	<b>(4,440)</b>	<b>84,142</b>	<b>56</b>	<b>17</b>	<b>7,737</b>	<b>317</b>	<b>6,741</b>	<b>9,492</b>	<b>9,461</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,136,277</b>
<b>Fund balances, July 1</b>	<b>33,966</b>	<b>231,448</b>	<b>-</b>	<b>3,145</b>	<b>2,788</b>	<b>11,943</b>	<b>97,739</b>	<b>16,760</b>	<b>30,468</b>	<b>957</b>	<b>-</b>	<b>-</b>	<b>2,603,057</b>
<b>Fund balances, June 30</b>	<b>\$ 29,526</b>	<b>\$ 315,590</b>	<b>\$ 56</b>	<b>\$ 3,162</b>	<b>\$ 10,525</b>	<b>\$ 12,260</b>	<b>\$ 104,480</b>	<b>\$ 26,252</b>	<b>\$ 39,929</b>	<b>\$ 962</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,739,334</b>

**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, 2017**

	<u>Budgeted Amounts</u>			Variance With Final Budget- Positive(Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
Intergovernmental:				
Gas tax 2105	\$ 32,858	\$ 32,858	\$ 29,106	\$ (3,752)
Gas tax 2106	20,838	20,838	18,446	(2,392)
Gas tax 2107	45,629	45,629	36,902	(8,727)
Gas tax 2107.5	2,000	2,000	2,000	-
Other state grant	12,409	12,409	17,626	5,217
Interest	150	150	78	(72)
<b>Total revenues</b>	<u>113,884</u>	<u>113,884</u>	<u>104,158</u>	<u>(9,726)</u>
<b>Expenditures:</b>				
Current:				
Highways and streets:				
Street lighting utilities	37,500	37,500	49,079	(11,579)
<b>Total expenditures</b>	<u>37,500</u>	<u>37,500</u>	<u>49,079</u>	<u>(11,579)</u>
<b>Excess of revenues over (under) expenditures</b>	<u>76,384</u>	<u>76,384</u>	<u>55,079</u>	<u>(21,305)</u>
<b>Other financing sources (uses):</b>				
Transfers out to the general fund	(95,000)	(95,000)	(95,000)	-
<b>Total other financing sources (uses)</b>	<u>(95,000)</u>	<u>(95,000)</u>	<u>(95,000)</u>	<u>-</u>
<b>Net change in fund balance</b>	(18,616)	(18,616)	(39,921)	(21,305)
<b>Fund balance, July 1</b>	54,763	52,144	52,144	-
<b>Fund balance, June 30</b>	<u>\$ 36,147</u>	<u>\$ 33,528</u>	<u>\$ 12,223</u>	<u>\$ (21,305)</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, 2017**

	<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:				
Parking impact fees	\$ -	\$ 2,100	\$ 2,050	\$ (50)
Interest	100	100	594	494
Total revenues	<u>100</u>	<u>2,200</u>	<u>2,644</u>	<u>444</u>
Expenditures:				
Public safety	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>100</u>	<u>2,200</u>	<u>2,644</u>	<u>444</u>
Net change in fund balance	100	2,200	2,644	444
Fund balance, July 1	<u>106,839</u>	<u>107,114</u>	<u>107,114</u>	<u>-</u>
Fund balance, June 30	<u>\$ 106,939</u>	<u>\$ 109,314</u>	<u>\$ 109,758</u>	<u>\$ 444</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, 2017**

	Budgeted Amounts			Variance With Final Budget- Positive(Negative)
	Original	Final	Actual	
Revenues:				
Interest	\$ 100	\$ -	\$ -	\$ -
Total revenues	100	-	-	-
Expenditures:				
Public Safety:	-	-	-	-
Total expenditures	-	-	-	-
Excess of revenues over (under) expenditures	100	-	-	-
Other financing uses:				
Transfer out to debt service fund	(9,533)	(9,106)	(9,106)	-
Total other financing uses	(9,533)	(9,106)	(9,106)	-
Net change in fund balance	(9,433)	(9,106)	(9,106)	-
Fund balance, July 1	9,433	9,106	9,106	-
Fund balance, June 30	\$ -	\$ -	\$ -	\$ -

**CITY OF CALISTOGA**  
**City Administration Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2017**

	<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:				
City administration impact fees	\$ 20,941	\$ 106,401	\$ 110,003	\$ 3,602
Interest	50	50	717	667
Total revenues	<u>20,991</u>	<u>106,451</u>	<u>110,720</u>	<u>4,269</u>
Expenditures:				
City Administration:	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>20,991</u>	<u>106,451</u>	<u>110,720</u>	<u>4,269</u>
Net change in fund balance	20,991	106,451	110,720	4,269
Fund balance, July 1	<u>25,359</u>	<u>25,448</u>	<u>25,448</u>	<u>-</u>
Fund balance, June 30	<u>\$ 46,350</u>	<u>\$ 131,899</u>	<u>\$ 136,168</u>	<u>\$ 4,269</u>

**CITY OF CALISTOGA**  
**Fire Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2017**

	<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	\$ 17,881	\$ 240,304	\$ 243,323	\$ 3,019
Interest	50	50	1,424	1,374
Total revenues	<u>17,931</u>	<u>240,354</u>	<u>244,747</u>	<u>4,393</u>
Expenditures:				
Public Safety:	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>17,931</u>	<u>240,354</u>	<u>244,747</u>	<u>4,393</u>
Net change in fund balance	17,931	240,354	244,747	4,393
Fund balance, July 1	<u>21,375</u>	<u>21,450</u>	<u>21,450</u>	<u>-</u>
Fund balance, June 30	<u>\$ 39,306</u>	<u>\$ 261,804</u>	<u>\$ 266,197</u>	<u>\$ 4,393</u>

**CITY OF CALISTOGA**  
**Police Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2017**

	<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	\$ 4,729	\$ 75,276	\$ 76,087	\$ 811
Interest	10	10	441	431
Total revenues	<u>4,739</u>	<u>75,286</u>	<u>76,528</u>	<u>1,242</u>
Expenditures:				
Public Safety:	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>4,739</u>	<u>75,286</u>	<u>76,528</u>	<u>1,242</u>
Net change in fund balance	4,739	75,286	76,528	1,242
Fund balance, July 1	<u>5,668</u>	<u>5,688</u>	<u>5,688</u>	<u>-</u>
Fund balance, June 30	<u>\$ 10,407</u>	<u>\$ 80,974</u>	<u>\$ 82,216</u>	<u>\$ 1,242</u>

**CITY OF CALISTOGA**  
**Transportation Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2017**

	<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:				
Transportation impact fees	\$ 78,093	\$ 340,607	\$ 357,254	\$ 16,647
Interest	150	150	2,381	2,231
Total revenues	<u>78,243</u>	<u>340,757</u>	<u>359,635</u>	<u>18,878</u>
Expenditures:				
Transportation:	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>78,243</u>	<u>340,757</u>	<u>359,635</u>	<u>18,878</u>
Net change in fund balance	78,243	340,757	359,635	18,878
Fund balance, July 1	<u>96,618</u>	<u>96,957</u>	<u>96,957</u>	<u>-</u>
Fund balance, June 30	<u>\$ 174,861</u>	<u>\$ 437,714</u>	<u>\$ 456,592</u>	<u>\$ 18,878</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, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget- Positive(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Interest	\$ 4,800	\$ 16,033	\$ 15,471	\$ (562)
Miscellaneous - loan repayments	27,600	23,408	-	(23,408)
Total revenues	<u>32,400</u>	<u>39,441</u>	<u>15,471</u>	<u>(23,970)</u>
Expenditures:				
Current:				
Contracts and program services	48,541	44,541	41,512	3,029
Total expenditures	<u>48,541</u>	<u>44,541</u>	<u>41,512</u>	<u>3,029</u>
Excess of revenues over (under) expenditures	<u>(16,141)</u>	<u>(5,100)</u>	<u>(26,041)</u>	<u>(20,941)</u>
Other financing uses:				
Transfer out to cdbg revolving loan program	<u>(2,825)</u>	<u>(312,824)</u>	<u>(362,494)</u>	<u>(49,670)</u>
Total other financing uses	<u>(2,825)</u>	<u>(312,824)</u>	<u>(362,494)</u>	<u>(49,670)</u>
Net change in fund balance	(18,966)	(317,924)	(388,535)	(70,611)
Fund balance, July 1	<u>850,460</u>	<u>836,500</u>	<u>836,500</u>	<u>-</u>
Fund balance, June 30	<u>\$ 831,494</u>	<u>\$ 518,576</u>	<u>\$ 447,965</u>	<u>\$ (70,611)</u>

**CITY OF CALISTOGA**  
**CDBG Revolving Loan Program Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2017**

	Budgeted Amounts		Actual	Variance With Final Budget- Positive(Negative)
	Original	Final		
Revenues:				
Interest	\$ -	\$ 450	\$ 445	\$ (5)
Miscellaneous - loan repayments	-	3,656	-	(3,656)
Total revenues	-	4,106	445	(3,661)
Expenditures:				
Current:				
Contracts and program services	-	117,025	270	116,755
Total expenditures	-	117,025	270	116,755
Excess of revenues over (under) expenditures	-	(112,919)	175	113,094
Other financing uses:				
Transfers in from cdbg loan repayment		315,649	362,494	
Transfer out to general fund	-	(24,595)	-	24,595
Total other financing uses	-	291,054	362,494	24,595
Net change in fund balance	-	178,135	362,669	184,534
Fund balance, July 1	-	-	-	-
Fund balance, June 30	\$ -	\$ 178,135	\$ 362,669	\$ 184,534



**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, 2017**

	<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	\$1,550	\$1,550	\$1,610	\$60
Total revenues	1,550	1,550	1,610	60
Expenditures:				
Public works	3,750	3,750	1,027	2,723
Excess of revenues over(under)expenditures	(2,200)	(2,200)	583	2,783
Net change in fund balance	(2,200)	(2,200)	583	2,783
Fund balance, July 1	2,101	3,506	3,506	-
Fund balance, June 30	<u>\$ (99)</u>	<u>\$ 1,306</u>	<u>\$ 4,089</u>	<u>\$ 2,783</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, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget- Positive(negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Interest	\$ -	\$ -	\$ 229	\$ 229
Intergovernmental:				
Grants	5,000	5,000	-	(5,000)
Total revenues	<u>5,000</u>	<u>5,000</u>	<u>229</u>	<u>(4,771)</u>
Expenditures:				
Current:				
Public safety	<u>6,500</u>	<u>6,500</u>	<u>770</u>	<u>5,730</u>
Excess of revenues over (under) expenditures	<u>(1,500)</u>	<u>(1,500)</u>	<u>(541)</u>	<u>959</u>
Net change in fund balance	(1,500)	(1,500)	(541)	959
Fund balance, July 1	<u>38,663</u>	<u>42,821</u>	<u>42,821</u>	<u>-</u>
Fund balance, June 30	<u>\$ 37,163</u>	<u>\$ 41,321</u>	<u>\$ 42,280</u>	<u>\$ 959</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, 2017**

	<u>Budgeted Amounts</u>			Variance With Final Budget- Positive(Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Interest	\$ 200	\$ 3,700	\$ 3,765	\$ 65
Other revenue	-	-	172	172
Development in lieu fees	28,488	606,654	617,460	10,806
	<u>28,688</u>	<u>610,354</u>	<u>621,397</u>	<u>11,043</u>
Total revenues				
Expenditures:				
Current:				
Housing services	30,750	497,000	506,718	(9,718)
Total expenditures	30,750	497,000	506,718	(9,718)
Excess of revenues over (under) expenditures	(2,062)	113,354	114,679	1,325
Other financing uses:				
Transfers out to the general fund	-	(45,000)	(45,000)	-
Total other financing uses	-	(45,000)	(45,000)	-
Net change in fund balance	(2,062)	68,354	69,679	1,325
Fund balance, July 1	1,038,750	959,558	959,558	-
Fund balance, June 30	<u>\$ 1,036,688</u>	<u>\$ 1,027,912</u>	<u>\$ 1,029,237</u>	<u>\$ 1,325</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, 2017**

	<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	\$ 26,669	\$ 298,686	\$ 301,996	\$ 3,310
Interest	-	-	1,315	1,315
Total revenues	<u>26,669</u>	<u>298,686</u>	<u>303,311</u>	<u>4,625</u>
Expenditures:				
Current:				
Public works	-	-	-	-
Excess of revenues over(under) expenditures	<u>26,669</u>	<u>298,686</u>	<u>303,311</u>	<u>4,625</u>
Other financing uses:				
Transfers out to general fund	-	(70,000)	(70,000)	-
Net change in fund balance	26,669	228,686	233,311	4,625
Fund balance, July 1	<u>12,966</u>	<u>13,012</u>	<u>13,012</u>	<u>-</u>
Fund balance, June 30	<u><u>\$ 39,635</u></u>	<u><u>\$ 241,698</u></u>	<u><u>\$ 246,323</u></u>	<u><u>\$ 4,625</u></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, 2017**

	<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	\$ 1,006	\$ 6
Total revenues	<u>1,000</u>	<u>1,000</u>	<u>1,006</u>	<u>6</u>
Expenditures:				
Current:				
Public works	<u>1,253</u>	<u>1,253</u>	<u>670</u>	<u>583</u>
Excess of revenues over(under) expenditures	<u>(253)</u>	<u>(253)</u>	<u>336</u>	<u>589</u>
Net change in fund balance	<u>(253)</u>	<u>(253)</u>	<u>336</u>	<u>589</u>
Fund balance, July 1	<u>253</u>	<u>539</u>	<u>539</u>	<u>-</u>
Fund balance, June 30	<u>\$ -</u>	<u>\$ 286</u>	<u>\$ 875</u>	<u>\$ 589</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, 2017**

	Budgeted Amounts			Variance With Final Budget- Positive(Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental:				
Napa County - reimbursement fees	\$ 8,000	\$ 8,000	\$ -	\$ (8,000)
Interest	50	50	160	110
Total revenues	<u>8,050</u>	<u>8,050</u>	<u>160</u>	<u>(7,890)</u>
Expenditures:				
Current:				
Public safety	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>8,050</u>	<u>8,050</u>	<u>160</u>	<u>(7,890)</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 balance	3,450	3,450	(4,440)	(7,890)
Fund balance, July 1	<u>28,928</u>	<u>33,966</u>	<u>33,966</u>	<u>-</u>
Fund balance, June 30	<u>\$ 32,378</u>	<u>\$ 37,416</u>	<u>\$ 29,526</u>	<u>\$ (7,890)</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, 2017**

	<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:				
Impact fees	\$ -	\$ 102,326	\$ 102,326	\$ -
Interest	300	300	1,816	1,516
Total revenues	<u>300</u>	<u>102,626</u>	<u>104,142</u>	<u>1,516</u>
Expenditures:				
Current public works	57,000	-	-	-
Total expenditures	<u>57,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over(under) expenditures	<u>300</u>	<u>102,626</u>	<u>104,142</u>	<u>1,516</u>
Other financing uses:				
Transfer out to the mtc	-	(20,000)	(20,000)	-
Total other financing uses	<u>-</u>	<u>(20,000)</u>	<u>(20,000)</u>	<u>-</u>
Net change in fund balance	300	82,626	84,142	1,516
Fund balance, July 1	<u>230,939</u>	<u>231,448</u>	<u>231,448</u>	<u>-</u>
Fund balance, June 30	<u>\$ 231,239</u>	<u>\$ 314,074</u>	<u>\$ 315,590</u>	<u>\$ -</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, 2017**

	<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	\$ 2,706,766	\$ 3,296,029	\$ 638,522	\$ (2,657,507)
Interest	-	-	-	-
Total revenues	<u>2,706,766</u>	<u>3,296,029</u>	<u>638,522</u>	<u>(2,657,507)</u>
Expenditures:				
Current:				
Public works- pedestrian projects	<u>2,706,766</u>	<u>3,316,029</u>	<u>659,973</u>	<u>2,656,056</u>
Total expenditures	<u>2,706,766</u>	<u>3,316,029</u>	<u>659,973</u>	<u>2,656,056</u>
Excess of revenues over(under) expenditures	<u>-</u>	<u>(20,000)</u>	<u>(21,451)</u>	<u>(1,451)</u>
Other financing uses:				
Transfer in from traffic signal fund	-	20,000	21,507	1,507
Total other financing uses	<u>-</u>	<u>20,000</u>	<u>21,507</u>	<u>1,507</u>
Net change in fund balance	-	-	56	56
Fund balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56</u>	<u>\$ 56</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, 2017**

	<u>Budgeted Amounts</u>			Variance With Final Budget- Positive(Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Interest	\$ -	\$ -	\$ 17	\$ 17
Total revenues	<u>-</u>	<u>-</u>	<u>17</u>	<u>17</u>
Expenditures:				
Current:				
Public works projects	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>17</u>	<u>17</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>17</u>	<u>17</u>
Fund balance, July 1	<u>3,134</u>	<u>3,145</u>	<u>3,145</u>	<u>-</u>
Fund balance, June 30	<u>\$ 3,134</u>	<u>\$ 3,145</u>	<u>\$ 3,162</u>	<u>\$ 17</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, 2017**

	<u>Budgeted Amounts</u>			Variance With Final Budget- Positive(Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Interest	\$ -	\$ -	\$ 57	\$ 57
Miscellaneous:				
Donations	6,000	9,680	13,680	4,000
Total revenues	<u>6,000</u>	<u>9,680</u>	<u>13,737</u>	<u>4,057</u>
Expenditures:				
Current:				
Recreation	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess(deficiency) of revenues over (under) expenditures	<u>6,000</u>	<u>9,680</u>	<u>13,737</u>	<u>4,057</u>
Other Financing Use				
Transfer out to general fund	<u>(6,000)</u>	<u>(6,000)</u>	<u>(6,000)</u>	<u>-</u>
Net change in fund balance	-	3,680	7,737	4,057
Fund balance, July 1	<u>3,304</u>	<u>2,788</u>	<u>2,788</u>	<u>-</u>
Fund balance, June 30	<u>\$ 3,304</u>	<u>\$ 6,468</u>	<u>\$ 10,525</u>	<u>\$ 4,057</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, 2017**

	Budgeted Amounts		Actual	Variance With Final Budget- Positive(Negative)
	Original	Final		
Revenues:				
Interest	\$ 25	\$ 275	\$ 317	\$ 42
Total revenues	25	275	317	42
Expenditures:				
Current:				
Public safety	-	-	-	-
Net change in fund balance	25	275	317	42
Fund balance, July 1	11,901	11,943	11,943	-
Fund balance, June 30	\$ 11,926	\$ 12,218	\$ 12,260	\$ 42

**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, 2017**

	<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	\$ 148,207	\$ 39,767
Total revenues	<u>108,440</u>	<u>108,440</u>	<u>148,207</u>	<u>39,767</u>
Expenditures:				
Current:				
Public safety	<u>29,940</u>	<u>29,940</u>	<u>12,638</u>	<u>17,302</u>
Total expenditures	<u>29,940</u>	<u>29,940</u>	<u>12,638</u>	<u>17,302</u>
Excess of revenues over (under) expenditures	<u>78,500</u>	<u>78,500</u>	<u>135,569</u>	<u>57,069</u>
Other financing uses:				
Transfers out to the general fund	<u>(78,828)</u>	<u>(128,828)</u>	<u>(128,828)</u>	<u>-</u>
Net change in fund balance	(328)	(50,328)	6,741	57,069
Fund balance, July 1	<u>52,820</u>	<u>97,739</u>	<u>97,739</u>	<u>-</u>
Fund balance, June 30	<u>\$ 52,492</u>	<u>\$ 47,411</u>	<u>\$ 104,480</u>	<u>\$ 57,069</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, 2017**

	<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:				
Tree mitigation and removal fees	\$ 400	\$ 9,074	\$ 9,124	\$ 50
Interest	-	-	368	368
Total revenues	<u>400</u>	<u>9,074</u>	<u>9,492</u>	<u>418</u>
Expenditures:				
Current:				
Public works	<u>4,000</u>	<u>4,000</u>	<u>-</u>	<u>4,000</u>
Excess of revenues over (under) expenditures	<u>(3,600)</u>	<u>5,074</u>	<u>9,492</u>	<u>(3,582)</u>
Net change in fund balance	(3,600)	5,074	9,492	4,418
Fund balance, July 1	<u>15,926</u>	<u>16,760</u>	<u>16,760</u>	<u>-</u>
Fund balance, June 30	<u>\$ 12,326</u>	<u>\$ 21,834</u>	<u>\$ 26,252</u>	<u>\$ 4,418</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, 2017**

	<u>Budgeted Amounts</u>			Variance With Final Budget- Positive(Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Interest	\$ -	\$ -	\$ 5	\$ 5
Total revenues	-	-	5	-
Expenditures:				
Current:				
Public safety	-	-	-	-
Excess of revenues over (under) expenditures	-	-	5	-
Net change in fund balance	-	-	5	5
Fund balance, July 1	954	957	957	-
Fund balance, June 30	<u>\$ 954</u>	<u>\$ 957</u>	<u>\$ 962</u>	<u>\$ 5</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, 2017**

	Budgeted Amounts			Variance With Final Budget- Positive(Negative)
	Original	Final	Actual	
Revenues:				
Interest	\$ -	\$ -	\$ 216	\$ 216
Charges for services:				
Inspection fees	7,940	7,940	7,940	-
Rent stablization fees	10,600	10,600	9,680	(920)
Other Revenues	49	49	-	(49)
<b>Total revenues</b>	<b>18,589</b>	<b>18,589</b>	<b>17,836</b>	<b>(753)</b>
Expenditures:				
Current:				
Housing	7,150	1,550	1,275	275
<b>Excess of revenues over (under) expenditures</b>	<b>11,439</b>	<b>17,039</b>	<b>16,561</b>	<b>(478)</b>
Other financing sources (uses):				
Transfers in from community dev fund	-	-	-	-
Transfers out to general fund	(8,630)	(7,100)	(7,100)	-
<b>Total other financing sources (uses)</b>	<b>(8,630)</b>	<b>(7,100)</b>	<b>(7,100)</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>2,809</b>	<b>9,939</b>	<b>9,461</b>	<b>(478)</b>
Fund balance, July 1	20,122	30,468	30,468	-
<b>Fund balance, June 30</b>	<b>\$ 22,931</b>	<b>\$ 40,407</b>	<b>\$ 39,929</b>	<b>\$ (478)</b>

**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, 2017**

	<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	362,017	362,017	362,059	(42)
Interest on long-term debt	98,085	98,085	98,043	42
Total expenditures	<u>460,102</u>	<u>460,102</u>	<u>460,102</u>	
Excess of revenues over (under) expenditures	<u>(460,102)</u>	<u>(460,102)</u>	<u>(460,102)</u>	<u>-</u>
Other financing sources:				
Transfer in from public safety fund	9,533	9,106	9,106	-
Transfer in from general fund	450,569	450,996	450,996	-
Total other financing sources	<u>460,102</u>	<u>460,102</u>	<u>460,102</u>	<u>-</u>
Net change in fund balance	-	-	-	-
Fund balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



**City of Callstoga**  
**Statement of Changes in Assets and Liabilities**  
**Agency Fund**  
**For Fiscal Year Ended June 30, 2017**

	Balance June 30, 2016	Additions	Reductions	Balance June 30, 2017
<b>ASSETS</b>				
Cash and cash equivalents	\$ 80,855	\$ 5,310	\$ -	\$ 86,165
Assessments receivable	90,007	12,470	-	102,477
Total assets	<u>\$ 170,862</u>	<u>\$ 17,780</u>	<u>\$ -</u>	<u>\$ 188,642</u>
<b>LIABILITIES</b>				
Deposits payable to Tourism Business Improvement District	\$ 170,862	\$ 17,780	\$ -	\$ 188,642
Total liabilities	<u>\$ 170,862</u>	<u>\$ 17,780</u>	<u>\$ -</u>	<u>\$ 188,642</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	
	2017	2016
General fixed assets:		
Land	3,162,331	2,680,612
Buildings	3,494,179	3,494,179
Improvements	11,830,416	10,262,761
Equipment	874,196	871,833
Infrastructure - street system	1,978,394	1,840,283
Construction in progress	2,325,787	1,708,327
Total general capital assets	\$ 23,665,303	\$ 20,857,995
Investment in general fixed assets from:		
General fund	19,664,381	16,857,073
Capital projects funds	1,948,090	1,948,090
Donations	1,807,666	1,807,666
Special revenue funds	245,166	245,166
Total investment in capital assets	\$ 23,665,303	\$ 20,857,995

**CITY OF CALISTOGA**  
**Schedule of Changes in General Capital Assets Used in Governmental Activities**  
**By Source**  
**For the Fiscal Year Ended June 30, 2017**

	<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, 2016	\$ 2,680,612	\$ 3,494,179	\$ 10,535,187	\$ 871,833	\$ 3,276,184	\$ 20,857,995
Add:						
Expenditures from:						
Capital projects	481,719	-	1,637,729	-	-	2,119,448
General fund	-	-	-	30,998	755,572	786,570
Deduct:						
Retirements and transfers	-	-	(70,075)	(28,635)	-	(98,710)
General capital assets June 30, 2017	<u>\$ 3,162,331</u>	<u>\$ 3,494,179</u>	<u>\$ 12,102,841</u>	<u>\$ 874,196</u>	<u>\$ 4,031,756</u>	<u>\$ 23,665,303</u>

**CITY OF CALISTOGA**  
**Schedule of General Capital Assets Used in Governmental Activities**  
**By Function and Activity**  
**June 30, 2017**

Function and Activity	Land	Buildings	Improvements	Equipment	Infrastructure	Total Cost
General government:						
General government buildings	\$ 2,512,767	\$ 131,175	\$ 698,243	\$ 14,000	\$ -	\$ 3,356,185
Public safety:						
Police protection	509,682	935,600	335,354	175,348	-	1,955,984
Fire protection	-	1,821,700	37,727	386,703	-	2,246,130
Total public safety	509,682	2,757,300	373,081	562,051	-	4,202,114
Community Center	5,000	54,576	298,974	67,235	-	425,785
Community pool	-	-	7,146,051	43,082	-	7,189,133
Parks and recreation	45,660	295,142	2,006,725	93,743	-	2,441,270
Public works	77,222	89,995	1,579,767	69,085	4,031,756	5,847,825
Museum	12,000	165,991	-	25,000	-	202,991
Total capital assets	<u>\$ 3,162,331</u>	<u>\$ 3,494,179</u>	<u>\$ 12,102,841</u>	<u>\$ 874,196</u>	<u>\$ 4,031,756</u>	<u>\$ 23,665,303</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, 2017**

<u>Function and Activity</u>	<u>General Fixed Assets July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>General Fixed Assets June 30, 2017</u>
General government:				
City Clerk	\$ 12,871	\$ -	\$ -	\$ 12,871
Planning	7,235	-	(3,000)	4,235
General buildings and land	2,775,318	497,590	-	3,272,908
Financial administration	62,791	-	-	62,791
City Manager	3,381	-	-	3,381
Total general government	<u>2,861,596</u>	<u>497,590</u>	<u>(3,000)</u>	<u>3,356,186</u>
Public safety:				
Police protection	1,953,599	2,385	(15,578)	1,940,406
Fire protection	2,252,079	9,630	-	2,261,709
Total public safety	<u>4,205,678</u>	<u>12,015</u>	<u>(15,578)</u>	<u>4,202,115</u>
Community Center	<u>425,785</u>	<u>-</u>	<u>-</u>	<u>425,785</u>
Community Pool	<u>7,163,302</u>	<u>25,831</u>	<u>-</u>	<u>7,189,133</u>
Parks and recreation	<u>1,509,080</u>	<u>1,002,265</u>	<u>-</u>	<u>2,511,345</u>
Public Works	<u>4,489,563</u>	<u>1,368,317</u>	<u>(80,132)</u>	<u>5,777,748</u>
Museum	<u>202,991</u>	<u>-</u>	<u>-</u>	<u>202,991</u>
Total capital assets	<u>\$ 20,857,995</u>	<u>\$ 2,906,018</u>	<u>\$ (98,710)</u>	<u>\$ 23,665,303</u>

# STATISTICAL SECTION

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## 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.

<b>Financial Trends</b>	<b>Schedules 1- 4</b>
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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.

<b>Revenue Capacity</b>	<b>Schedules 5-6</b>
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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.

<b>Debt Capacity</b>	<b>Schedules 7-11</b>
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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.

<b>Demographic and Economic Information</b>	<b>Schedules 12 -14</b>
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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.

<b>Operating Information</b>	<b>Schedules 15-17</b>
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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 Callistoga  
Schedule 1  
Net Position by Component  
Last Ten Fiscal Years  
(accrual basis of accounting)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Governmental activities:</b>										
Net investment in capital assets	\$5,412,945	\$8,300,018	\$8,772,653	\$9,134,898	\$9,123,554	\$9,134,957	\$8,689,861	\$8,776,854	\$11,380,815	\$14,074,577
Restricted	4,368,648	5,481,829	6,272,999	6,320,030	5,539,578	6,873,465	7,326,817	7,440,190	6,021,004	8,823,271
Unrestricted	1,300,830	1,322,140	171,473	(601,181)	909,057	2,284,571	5,031,807	1,381,017	2,483,766	2,730,097
<b>Total governmental activities net position</b>	<b>\$11,082,423</b>	<b>\$15,103,987</b>	<b>\$15,217,125</b>	<b>\$14,853,747</b>	<b>\$15,572,189</b>	<b>\$18,292,993</b>	<b>\$21,048,485</b>	<b>\$17,598,061</b>	<b>\$19,885,585</b>	<b>\$25,627,945</b>
<b>Business-type activities:</b>										
Net investment in capital assets	\$12,732,263	\$14,378,458	\$13,691,652	\$13,584,563	\$15,137,975	\$14,984,506	\$14,438,811	\$15,430,416	\$16,114,172	\$16,711,648
Restricted	769,992	-	-	-	-	-	-	-	-	-
Unrestricted	303,715	(605,740)	436,945	194,892	6,084	1,607,643	3,371,809	(392,582)	(1,240,016)	2,282,891
<b>Total business-type activities net position</b>	<b>\$13,805,970</b>	<b>\$13,772,718</b>	<b>\$14,128,597</b>	<b>\$13,779,455</b>	<b>\$15,144,059</b>	<b>\$16,592,149</b>	<b>\$17,810,620</b>	<b>\$15,037,834</b>	<b>\$14,874,156</b>	<b>\$18,994,539</b>
<b>Primary government:</b>										
Net investment in capital assets	\$18,145,208	\$22,678,476	\$22,464,305	\$22,719,461	\$24,261,529	\$24,119,463	\$23,128,672	\$24,207,270	\$27,494,987	\$30,786,225
Restricted	5,138,640	5,481,829	6,272,999	6,320,030	5,539,578	6,873,465	7,326,817	7,440,190	6,021,004	8,823,271
Unrestricted	1,604,545	716,400	608,418	(406,289)	915,141	3,892,214	8,403,616	988,435	1,243,750	5,012,988
<b>Total primary government net position</b>	<b>\$24,888,393</b>	<b>\$28,876,705</b>	<b>\$29,345,722</b>	<b>\$28,633,202</b>	<b>\$30,716,248</b>	<b>\$34,885,142</b>	<b>\$38,859,105</b>	<b>\$32,635,895</b>	<b>\$34,759,741</b>	<b>\$44,622,484</b>

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)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Expenses:</b>										
<b>Governmental activities:</b>										
General government	\$ 1,786,147	\$ 1,749,599	\$ 1,672,657	\$ 1,842,683	\$ 1,669,272	\$ 1,642,042	\$ 1,498,929	\$ 1,688,533	\$ 2,282,351	\$ 1,992,420
Public safety	2,976,791	3,141,566	3,175,941	3,178,320	3,011,419	3,166,518	3,077,799	2,508,394	4,815,398	3,776,483
Community services	188,928	276,107	309,074	385,499	485,263	452,308	521,194	521,463	653,406	541,960
Housing	113,019	77,355	124,359	123,490	127,496	69,474	55,530	240,816	1,313,989	597,274
Recreation Services	378,520	475,566	542,515	615,712	391,147	357,669	329,786	276,256	312,621	367,714
Public works	1,160,329	1,238,441	1,067,014	1,123,110	1,082,233	1,060,887	1,203,406	1,050,950	786,042	1,279,585
Planning and Building	604,125	694,241	628,391	637,991	405,710	423,257	668,238	593,152	684,053	809,416
Interest on long-term debt	200,895	227,841	268,959	291,896	272,807	56,689	286,823	202,958	204,061	94,542
Total governmental activities expenses	7,408,754	7,880,716	7,788,910	8,198,701	7,445,347	7,228,844	7,641,705	7,082,522	11,051,921	9,459,394
<b>Business-type activities:</b>										
Water	2,302,615	2,731,066	2,916,682	3,055,351	3,025,828	2,842,771	3,117,243	3,063,683	3,557,559	3,149,415
Wastewater	2,696,495	2,894,713	2,784,072	2,695,348	2,607,225	2,782,294	2,708,702	2,646,921	2,900,037	2,712,713
Total business-type activities expenses	4,999,110	5,625,779	5,700,754	5,750,699	5,633,053	5,625,065	5,825,945	5,710,604	6,457,596	5,862,128
<b>Total primary government expenses</b>	<b>\$12,407,864</b>	<b>\$13,506,495</b>	<b>\$13,489,664</b>	<b>\$13,949,400</b>	<b>\$13,078,400</b>	<b>\$12,853,909</b>	<b>\$13,467,650</b>	<b>\$12,793,126</b>	<b>\$17,509,517</b>	<b>\$15,321,522</b>
<b>Program revenues:</b>										
<b>Governmental activities:</b>										
Charges for services:										
General government	\$339,719	\$241,627	\$258,984	\$265,929	\$290,492	\$210,161	\$394,402	\$411,142	\$469,078	\$1,070,171
Public safety	282,560	279,176	326,789	185,890	293,710	541,245	391,088	474,448	687,788	1,101,773
Community services	13,192	10,600	9,238	21,734	18,882	9,952	10,891	17,058	12,249	14,994
Housing	127,025	47,273	47,643	146,202	140,320	127,679	79,092	103,150	126,261	33,752
Recreation services	59,776	83,029	128,795	123,832	141,329	157,059	149,305	102,290	101,496	91,831
Public works	59,538	261,534	25,203	66,484	33,743	55,840	71,730	50,864	66,039	83,031
Planning and building	197,848	196,562	157,031	182,174	166,892	207,008	279,974	275,553	294,329	605,732
Operating grants and contributions	766,363	323,770	297,496	272,868	310,240	419,165	1,209,804	760,212	2,350,878	2,244,382
Capital grants and contributions	575,416	2,642,244	2,261,454	1,113,412	33,131	86,386	201,332	174,074	205,204	638,523
Total governmental activities program revenues	\$2,421,437	\$4,085,815	\$3,512,633	\$2,378,525	\$1,428,739	\$1,814,495	\$2,787,618	\$2,368,791	\$4,313,322	\$5,884,189

(continued)

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Business-type activities:</b>										
Charges for services:										
Water	\$ 2,554,214	\$ 2,182,318	\$ 2,090,136	\$ 2,100,595	\$ 2,243,967	\$ 2,359,606	\$ 2,683,096	\$ 2,339,237	\$ 2,589,747	\$ 2,619,404
Wastewater	2,078,594	1,973,424	1,939,641	1,952,322	2,133,389	2,281,513	2,329,265	2,375,519	2,430,939	2,467,359
Operating grants and contributions	127,213	1,482,941	952,188	488,832	2,620,301	2,426,374	1,951,228	510,874	1,084,217	4,864,855
Capital grants and contributions	4,760,021	5,638,683	4,981,965	4,541,749	6,997,657	7,067,493	6,963,589	5,226,630	6,104,903	9,951,618
Total business-type activities program revenues	\$7,181,458	\$9,724,498	\$8,494,598	\$6,920,274	\$8,426,396	\$8,881,988	\$9,751,207	\$7,594,421	\$10,418,225	\$15,835,807
<b>Total primary government program revenues</b>										
<b>Net revenues (expenses):</b>										
<b>Governmental activities</b>	\$ (4,987,317)	\$ (3,794,901)	\$ (4,276,277)	\$ (5,820,176)	\$ (6,016,608)	\$ (5,414,349)	\$ (4,854,087)	\$ (4,713,731)	\$ (6,738,599)	\$ (3,575,205)
<b>Business-type activities</b>	(239,089)	12,904	(718,789)	(1,208,950)	1,364,604	1,442,428	1,137,644	(484,974)	(352,693)	4,089,490
<b>Total net revenues (expenses)</b>	(\$5,226,406)	(\$3,781,997)	(\$4,995,066)	(\$7,029,126)	(\$4,652,004)	(\$3,971,921)	(\$3,716,443)	(\$5,198,705)	(\$7,091,292)	\$514,285
<b>General revenues and other changes in net position:</b>										
<b>Governmental activities:</b>										
Taxes:										
Property taxes	\$1,467,322	\$1,709,998	\$1,654,593	\$1,685,427	\$1,635,425	\$1,685,766	\$1,718,853	\$1,758,715	\$1,959,099	\$1,497,974
Transient occupancy taxes	3,402,228	3,208,611	3,042,315	3,430,487	3,768,443	3,948,825	4,456,456	5,037,136	5,622,943	5,952,810
Sales tax	874,109	842,610	670,909	796,563	965,528	1,021,131	985,555	1,019,262	1,235,143	1,290,068
Other taxes	329,146	369,196	348,285	312,778	323,873	326,135	377,858	422,361	396,009	464,158
Motor vehicle in lieu, unrestricted	23,499	18,039	15,665	24,494	-	-	-	-	-	-
Investment income	32,002	24,231	11,517	9,693	1,331	-	7,669	15,502	24,848	14,189
Other general revenue	-	-	-	57,164	40,450	151,796	135,088	72,181	73,104	98,366
Donations for community pool	-	1,597,624	-	-	-	-	-	-	-	-
Net Transfers	-	-	(1,353,869)	(859,808)	-	-	(71,900)	(109,400)	(185,011)	-
Total governmental activities	6,128,306	7,770,309	4,389,415	5,456,798	6,735,050	7,133,653	7,609,579	8,215,757	9,126,135	9,317,565
					(continued)					
<b>Business-type activities:</b>										
Investment income	-	-	-	-	-	5,662	8,927	8,220	4,004	30,892
Transfers	-	-	1,353,869	859,808	-	-	71,900	109,400	185,011	-
Total business-type activities	-	-	1,353,869	859,808	-	5,662	80,827	117,620	189,015	30,892
Total primary government	\$6,128,306	\$7,770,309	\$5,743,284	\$6,316,606	\$6,735,050	\$7,139,315	\$7,690,406	\$8,333,377	\$9,315,150	\$9,348,457
<b>Changes in net position</b>										
<b>Governmental activities</b>	\$1,140,989	\$3,975,408	\$113,138	(\$363,378)	\$718,442	\$1,719,304	\$2,755,492	\$3,502,026	\$2,387,536	\$ 5,742,360
<b>Business-type activities</b>	(239,089)	12,904	635,080	(349,142)	1,364,604	1,448,090	1,218,471	(367,354)	(163,678)	4,120,382
<b>Total primary government</b>	\$901,900	\$3,988,312	\$748,218	(\$712,520)	\$2,083,046	\$3,167,394	\$3,973,963	\$3,134,672	\$2,223,858	\$9,862,742

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>General fund:</b>										
Reserved	\$ 588,784	\$ 447,767	\$ 154,504	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	1,121,851	941,456	778,500	-	-	-	-	-	-	-
Nonspendable (1)	-	-	-	16,911	311,927	606,843	613,509	614,207	1,031,743	979,065
Unassigned (1)	-	-	-	(455)	646,165	1,858,588	4,242,111	6,580,837	7,310,881	7,476,508
<b>Total general fund</b>	<b>1,710,635</b>	<b>1,389,223</b>	<b>933,004</b>	<b>16,456</b>	<b>958,092</b>	<b>2,465,431</b>	<b>4,855,620</b>	<b>7,195,044</b>	<b>8,342,624</b>	<b>8,455,573</b>
<b>All other governmental funds:</b>										
Reserved	-	-	-	-	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	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	6,231,098	6,187,621	-
Restricted for capital improvements	-	-	-	398,097	397,158	397,176	233,858	210,716	210,736	201,431
Restricted for affordable housing	-	-	-	628,868	551,931	485,175	741,581	823,486	454,128	6,762,308
Restricted for streets	-	-	-	327,317	351,173	344,747	410,084	486,462	511,613	928,596
Restricted for facilities	-	-	-	50,584	32,037	166,893	14,135	23,311	38,460	382,491
Restricted for public safety	-	-	-	125,782	132,025	319,186	543,524	396,777	223,670	537,920
Restricted for parks	-	-	-	2,150	2,152	150	1,578	3,303	2,788	10,525
Restricted for debt service	-	-	-	1,708	-	-	-	-	-	-
<b>Total all other governmental funds</b>	<b>5,847,884</b>	<b>4,446,855</b>	<b>3,309,823</b>	<b>1,534,506</b>	<b>1,466,476</b>	<b>1,713,327</b>	<b>8,193,899</b>	<b>8,175,153</b>	<b>7,629,016</b>	<b>8,823,271</b>
<b>Total Governmental funds</b>	<b>\$7,558,519</b>	<b>\$5,836,078</b>	<b>\$4,242,827</b>	<b>\$1,550,962</b>	<b>\$2,424,568</b>	<b>\$4,178,758</b>	<b>\$13,049,519</b>	<b>\$15,370,197</b>	<b>\$15,971,640</b>	<b>\$17,278,844</b>

(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)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Revenues:</b>										
Property Taxes	\$ 1,460,792	\$ 1,709,998	\$ 1,654,593	\$ 1,685,427	\$ 1,635,425	\$ 1,685,766	\$ 1,718,854	\$ 1,758,715	\$ 1,959,099	\$ 1,497,974
Sales Taxes	819,647	842,610	670,909	796,563	965,528	1,021,131	985,555	1,019,262	1,235,143	1,290,068
Transient Occupancy Taxes	3,402,228	3,208,611	3,042,315	3,430,487	3,768,443	3,948,825	4,456,456	5,037,136	5,622,943	5,952,810
Other Taxes	329,146	311,292	292,758	312,778	323,873	326,135	377,858	422,361	396,009	464,158
Licenses and permits	81,325	89,315	65,849	65,022	64,458	81,436	135,763	131,136	142,198	256,445
Fines and forfeitures	49,296	49,810	42,577	53,486	55,989	33,075	35,799	51,192	21,661	25,390
Intergovernmental	1,345,393	2,984,116	1,869,131	1,324,812	338,865	382,499	519,468	455,942	1,636,185	1,587,309
Interest and rents	132,186	87,052	28,893	61,280	43,963	50,969	77,845	110,817	93,606	44,330
Charges for services	798,184	781,600	744,437	677,254	723,338	1,185,644	2,001,041	1,511,202	1,362,977	3,061,082
Other	194,074	396,083	146,261	229,222	209,747	213,665	201,649	287,134	1,154,645	1,073,344
<b>Total revenues</b>	<b>8,612,271</b>	<b>10,460,487</b>	<b>8,557,723</b>	<b>8,636,331</b>	<b>8,129,629</b>	<b>8,929,145</b>	<b>10,510,288</b>	<b>10,784,897</b>	<b>13,624,466</b>	<b>15,252,910</b>
<b>Expenditures</b>										
Current:										
General government	1,557,263	1,581,229	1,417,360	1,829,295	1,556,860	1,579,047	1,473,573	1,786,396	2,396,840	2,088,814
Public safety	2,882,855	3,107,158	3,063,619	3,054,689	2,895,021	3,048,884	3,054,999	3,237,681	3,749,614	4,953,275
Community services	181,426	272,543	373,314	363,846	305,753	308,744	336,825	348,400	447,650	512,205
Housing	113,019	1,863,387	1,364,524	123,490	224,195	68,041	97,083	203,618	1,291,834	586,017
Recreation Services	347,074	411,697	359,023	442,875	120,454	188,858	208,062	167,359	187,625	210,110
Public works	966,949	1,062,579	941,969	1,026,442	945,245	971,710	1,133,752	1,201,724	1,405,092	2,259,778
Planning and Building	604,125	694,241	616,410	602,200	395,207	414,528	659,254	660,539	616,614	921,034
Debt service:										
Debt Issuance Costs	22,720	-	-	-	-	-	-	-	-	-
Principal retirement	305,626	342,286	354,934	355,760	372,618	255,754	130,457	136,994	228,559	362,059
Interest and fiscal charges	63,416	329,392	270,472	295,855	277,011	221,411	212,186	205,649	248,451	98,043
Capital Outlay	2,658,646	3,997,786	1,104,295	2,373,936	100,771	89,095	246,485	302,577	2,070,285	1,863,342
<b>Total expenditures</b>	<b>9,703,119</b>	<b>13,682,298</b>	<b>9,865,920</b>	<b>10,468,388</b>	<b>7,193,135</b>	<b>7,146,072</b>	<b>7,552,676</b>	<b>8,250,937</b>	<b>12,642,564</b>	<b>13,854,677</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(1,090,848)</b>	<b>(3,221,811)</b>	<b>(1,308,197)</b>	<b>(1,832,057)</b>	<b>936,494</b>	<b>1,783,073</b>	<b>2,957,612</b>	<b>2,533,960</b>	<b>981,902</b>	<b>1,398,233</b>
Other financing sources (uses):										
Contractual settlements	-	-	720,154	-	-	-	-	-	-	-
Transfers in	2,374,672	3,621,808	1,276,759	1,761,929	925,860	883,520	1,012,004	1,302,967	1,484,337	1,742,655
Transfers out	(2,474,259)	(3,720,062)	(2,281,967)	(2,621,737)	(988,747)	(912,403)	(1,347,994)	(1,516,249)	(1,764,796)	(1,833,684)
Issuance of bonds	4,674,000	-	-	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>4,574,413</b>	<b>(98,254)</b>	<b>(285,054)</b>	<b>(859,808)</b>	<b>(62,887)</b>	<b>(28,883)</b>	<b>(335,990)</b>	<b>(213,282)</b>	<b>(280,459)</b>	<b>(91,029)</b>
<b>Special Item: Contributions for Pool</b>	<b>-</b>	<b>1,597,624</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$3,483,565</b>	<b>(\$1,722,441)</b>	<b>(\$1,593,251)</b>	<b>(\$2,691,865)</b>	<b>\$873,607</b>	<b>\$1,754,190</b>	<b>\$2,621,622</b>	<b>\$2,320,678</b>	<b>\$701,443</b>	<b>\$1,307,204</b>
Debt service as a percentage of noncapital expenditures	14.7%	16.9%	54.0%	27.4%	732.2%	397.0%	117.3%	81.5%	16.3%	15.6%

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
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%
2015	41,987,715	11,601	41,976,114	5,037,134	-	5,037,134	100.00%
2016	46,908,542	50,717	46,857,825	5,622,943	-	5,622,943	100.00%
2017	49,623,479	16,764	49,606,715	5,952,806	-	5,952,806	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	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Calistoga Spa	Hotel Resort	57	57	57	57	57	57	57	57	57	57
The Bergson	Inn/Motel	41	41	41	41	41	41	41	41	41	41
**The Sunburst Calistoga	Hotel Resort	16	16	16	16	16	16	16	16	16	16
Cottage Grove Inn	Inn/Motel	31	31	31	31	31	31	31	31	31	31
Golden Haven	Hotel Resort	40	40	40	40	40	40	40	40	40	40
Indian Springs & Lodge	Hotel Resort	55	55	55	55	55	55	55	55	55	55
Lodge at Calistoga	Inn/Motel	33	33	33	33	33	33	33	33	33	33
Mt. View Hotel	Hotel Resort	61	60	60	60	60	60	60	60	60	60
Roman Spa	Hotel Resort	89	89	89	89	89	89	89	89	89	89
Soleage 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	499	498	498	457	457	457	456	532	532	537
Total Top Ten Operators - Rooms											
Total Rooms		690	690	690	688	688	690	690	690	764	764
As % of Total Rooms-All Operators		72%	72%	72%	66%	66%	66%	66%	70%	70%	70%
Total Net Transient Occupancy Tax Revenues		\$ 3,402,228	\$ 3,208,611	\$ 3,042,315	\$ 3,430,487	\$ 3,768,443	\$ 3,948,825	\$ 4,456,456	\$ 5,037,134	\$ 5,622,943	\$ 5,952,806
Total Top Ten Operator Tax Revenues		\$ 2,625,920	\$ 2,577,200	\$ 2,581,676	\$ 2,828,801	\$ 3,135,485	\$ 3,359,920	\$ 3,653,238	\$ 4,185,277	\$ 4,736,410	\$ 5,051,914
As % of Total Tax Revenue		77%	80%	85%	82%	83%	85%	82%	83%	84%	85%

\*\*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	Governmental Activities		Total Governmental Activities	Fiscal Year Ended	Total Primary Government	As Percentage of Assessed Valuation [1]	Debt Per Capita [2]
	Capital Lease Obligation	Activities					
June 30				June 30			
2008	\$ 7,046,648	\$ 7,046,648	\$ 7,046,648	2008	\$ 7,046,648	1.14%	1,329
2009	6,066,111	6,066,111	6,066,111	2009	6,066,111	0.87%	1,138
2010	5,720,826	5,720,826	5,720,826	2010	5,720,826	0.87%	1,065
2011	5,559,954	5,559,954	5,559,954	2011	5,559,954	0.85%	1,079
2012	5,085,044	5,085,044	5,085,044	2012	5,085,044	0.75%	967
2013	4,735,348	4,735,348	4,735,348	2013	4,735,348	0.69%	912
2014	4,498,434	4,498,434	4,498,434	2014	4,498,434	0.64%	861
2015	4,261,955	4,261,955	4,261,955	2015	4,261,955	0.57%	810
2016	3,977,587	3,977,587	3,977,587	2016	3,977,587	0.47%	768
2017	3,563,094	3,563,094	3,563,094	2017	3,563,094	0.40%	680

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

Fiscal Year Ended	Business-type Activities				Total Business-type Activities	Assessed Valuation (1)	Population (2)
	Installment Agreements	State Revolving Fund Loan	Certificates of Participation	Total			
June 30							
2008	\$ 8,120,000	\$ 4,710,318	\$ 4,476,770	\$ 17,307,088	\$ 618,539,567	2008	5,302
2009	7,895,000	4,469,195	4,430,800	16,794,995	696,275,569	2009	5,331
2010	7,665,000	4,221,803	4,382,000	16,268,803	654,464,952	2010	5,370
2011	7,430,000	3,967,979	4,085,200	15,483,179	651,533,812	2011	5,155
2012	7,180,000	3,707,556	3,948,402	14,835,958	676,866,460	2012	5,258
2013	6,925,000	3,440,362	6,206,042	16,571,404	686,878,025	2013	5,194
2014	6,660,000	3,166,220	6,766,808	16,593,028	707,262,503	2014	5,224
2015	6,380,000	2,884,951	6,648,508	15,913,459	741,509,414	2015	5,261
2016	6,095,000	2,596,369	6,525,108	15,216,477	843,564,016	2016	5,180
2017	5,795,000	2,300,284	6,398,308	14,493,592	899,830,721	2017	5,238

[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, 2017

2016-17 Assessed Valuation (Secured & Unsecured):      \$ 899,830,721      (1)

	<u>Total Debt 6/30/2017</u>	<u>% Applicable (1)</u>	<u>City's Share of Debt 6/30/17</u>
<b><u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u></b>			
Napa Joint Community College District	89,707,222	2.546%	\$ 2,283,959
Calistoga Joint Unified School District	16,510,277	34.476%	\$ 5,692,083
<b>Total overlapping tax and assessment debt</b>			<b>\$ 7,976,042</b>
<b><u>DIRECT DEBT:</u></b>			
City of Calistoga Lease/Certificates of Participation	3,563,094	100.000%	\$ 3,563,094
<b>Total direct debt</b>			<b>\$ 3,563,094</b>

<b><u>OVERLAPPING GENERAL FUND DEBT:</u></b>			
Napa County Certificates of Participation	24,250,000	2.570%	\$ 623,225
Napa County Board of Education Certificates of Participation	2,585,000	2.570%	\$ 66,435
Calistoga Joint Unified School District Certificates of Participation	5,785,000	34.476%	\$ 1,994,437
<b>Total overlapping general fund debt</b>			<b>\$ 2,684,097</b>
Total direct debt	3,563,094		
Total overlapping debt	10,660,139		
<b>Combined debt</b>			<b>\$ 14,223,233</b>

Ratios to 2016-17 Assessed Valuation (Secured & Unsecured):

Total overlapping tax and assessment debt	0.89%
Total direct debt	0.40%
<b>Combined Total Debt</b>	<b>1.58%</b>

(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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Assessed valuation (Secured)	\$618,539,567	\$696,275,569	\$654,464,952	\$651,533,812	\$ 676,866,460	\$686,878,025	\$707,262,503	\$ 741,509,414	\$ 843,564,016	\$ 899,830,721
Conversion percentage	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Adjusted assessed valuation	154,634,892	174,068,892	163,616,238	162,883,453	169,216,615	171,719,506	176,815,626	185,377,354	210,891,004	224,957,680
Debt limit percentage	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
<b>Debt limit</b>	<b>\$ 23,195,234</b>	<b>\$ 26,110,334</b>	<b>\$ 24,542,436</b>	<b>\$ 24,432,518</b>	<b>\$ 25,382,492</b>	<b>\$ 25,757,926</b>	<b>\$ 26,522,344</b>	<b>\$ 27,806,603</b>	<b>\$ 31,633,651</b>	<b>\$ 33,743,652</b>
Total net debt applicable to limit: Capital Lease Obligations	\$ 6,396,183	\$ 6,066,111	\$ 5,720,826	\$ 5,559,954	\$ 5,085,044	\$ 4,735,348	\$ 4,498,434	\$ 4,261,955	\$ 3,977,587	\$ 3,563,094
Legal debt margin	16,799,051	20,044,223	18,821,610	18,872,564	20,297,448	21,022,578	22,023,910	23,544,648	27,656,064	30,180,558
<b>Total debt applicable to the limit as a percentage of debt limit</b>	<b>27.6%</b>	<b>23.2%</b>	<b>23.3%</b>	<b>22.8%</b>	<b>20.0%</b>	<b>18.4%</b>	<b>17.0%</b>	<b>15.3%</b>	<b>12.6%</b>	<b>10.6%</b>

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	
2008	\$ 2,488,885	\$ 1,828,326	\$ 660,559	\$ -	\$ -	\$ -	\$ -	\$ 145,000	\$ 212,307	184.9%
2009	2,168,369	1,923,391	244,978	-	-	-	-	150,000	208,159	68.4%
2010	2,090,136	2,201,394	(111,258)	-	-	-	-	155,000	203,898	-31.0%
2011	2,100,472	2,358,922	(258,450)	-	-	-	-	155,000	199,149	-73.0%
2012	2,238,937	2,334,625	(95,688)	-	-	-	-	165,000	194,005	-26.7%
2013	2,359,606	2,023,640	335,966	-	-	-	-	170,000	191,284	93.0%
2014	2,683,096	2,390,168	292,928	-	-	-	-	175,000	182,441	82.0%
2015	2,339,237	2,237,203	102,034	-	-	-	-	185,000	176,003	28.3%
2016	2,589,747	2,757,455	(167,708)	-	-	-	-	185,000	169,111	-47.4%
2017	2,619,404	2,359,486	259,918	-	-	-	-	195,000	161,794	72.8%

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		Principal	Interest	Principal	Interest	
2008	\$ -	\$ -	\$ -	\$ -	2008	\$ -	\$ -	\$ -	\$ -	0%
2009	125,659	23,170	102,489	1.00	2009	-	-	-	-	0%
2010	133,850	25,000	108,850	1.00	2010	-	-	-	-	0%
2011	373,549	272,000	101,549	1.00	2011	-	-	-	-	0%
2012	359,324	269,444	89,880	1.00	2012	-	-	-	-	0%
2013	113,068	29,000	84,068	1.00	2013	656,613	4,054	56,000	4,054	1093%
2014	112,799	30,000	82,799	1.00	2014	1,729,681	50,679	57,000	50,679	1606%
2015	112,487	31,000	81,487	1.00	2015	355,312	76,300	58,000	76,300	265%
2016	113,131	33,000	80,131	1.00	2016	248,047	75,071	60,000	75,071	184%
2017	112,687	34,000	78,687	1.00	2017	1,892,633	73,559	61,000	73,559	1407%

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)		
				Debt Service Principal	Debt Service Interest	Debt Service Principal	Debt Service Interest	Debt Service Principal	Debt Service Interest	Coverage
2008	\$ 2,054,836	\$ 1,842,048	\$ 212,788	\$ 70,000	\$ 153,083	\$ 234,652	\$ 128,327	\$ 21,700	\$ 84,460	30.7%
2009	1,968,055	1,901,447	66,608	75,000	150,434	241,123	122,468	22,800	83,538	9.6%
2010	1,939,637	1,803,556	136,081	75,000	147,602	247,392	116,199	23,800	82,569	19.6%
2011	1,951,912	1,719,373	232,539	80,000	142,577	253,824	109,767	24,800	81,558	33.6%
2012	2,129,370	1,670,785	458,585	85,000	141,234	260,423	103,167	25,700	80,504	65.9%
2013	2,281,513	1,725,797	555,716	85,000	137,665	267,194	96,396	27,000	79,411	80.2%
2014	2,329,265	1,791,468	537,797	90,000	133,813	274,141	89,449	28,100	78,264	77.5%
2015	2,375,519	1,738,274	637,245	95,000	129,603	281,269	82,322	29,300	77,070	91.7%
2016	2,430,939	2,116,601	314,338	100,000	125,068	288,582	75,375	30,400	75,824	45.2%
2017	2,467,359	1,873,908	593,451	105,000	120,198	296,085	67,857	31,800	74,532	85.3%

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)
			Personal Income	Capita Personal Income	
2008	5,302	\$ 141,791	\$ 26,834	4.0%	
2009	5,331	139,253	26,102	7.0%	
2010	5,370	143,642	26,749	7.9%	
2011	5,155	141,253	27,164	7.2%	
2012	5,258	154,776	29,799	4.7%	
2013	5,194	159,781	30,586	4.0%	
2014	5,224	174,583	33,445	1.20%	
2015	5,261	174,519	33,690	1.00%	
2016	5,180	172,865	33,002	1.00%	
2017	5,238	Unavailable	Unavailable	Unavailable	

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  
Taxable Sales by Category

Last Ten Fiscal Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Apparel stores	\$ 2,472	\$ 2,341	\$ 1,803	\$ 1,822	\$ 1,916	\$ 1,954	\$ 1,800	\$ 1,364	\$ 1,381	\$ 1,744
Eating and drinking places	19,480	18,151	16,565	16,248	18,058	16,609	18,863	22,627	24,774	24,303
Other retail stores	38,434	38,191	31,423	34,699	39,516	40,365	38,554	36,850	36,924	34,220
All other outlets	22,364	26,018	20,307	23,496	27,101	31,045	33,172	36,156	58,681	49,367
total	\$ 82,750	\$ 84,701	\$ 70,098	\$ 76,265	\$ 86,591	\$ 89,973	\$ 92,389	\$ 96,997	\$ 121,760	\$ 109,634

Source: State of California Board of Equalization and the Hdl Companies

Note: Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the City's revenue.

CITY OF CALISTOGA

Schedule 14

Principal Employers - In alphabetical order  
Fiscal Years 2014 and 2017

	Employer	
	2014	2017
1 Solage Spa & Resort	320	308
2 Calistoga Joint Unified School District	110	105
3 Indian Springs	101	126
4 Calistoga Spa Hot Springs	75	75
5 City of Calistoga	54	52
6 Cal Mart	65	83
7 Calistoga Inn Restaurant	50	48
8 Brannans	56	46
9 Golden Haven Spa	41	46
10 Mount View Hotel And Spa	37	27

Source: City of Calistoga Business License Applications

City of Calistoga  
Schedule 15  
Full-time and Part-time City Employees  
by Function  
Last Ten Fiscal Years

Function	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Elected Officials	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
<b>Staff Positions - Full and Part Time</b>										
Support Services	8.10	7.27	6.50	6.50	5.50	5.50	6.50	6.50	6.50	6.50
Community Services & Recreation	4.42	7.61	7.00	9.50	6.50	6.50	6.50	6.50	6.50	6.50
Fire Services	7.31	6.71	6.00	7.00	7.00	7.00	7.00	8.00	9.00	9.00
Planning & Building	5.40	5.10	4.00	3.00	3.00	2.50	2.50	2.50	2.50	3.50
Police Services	17.94	18.39	17.00	16.00	15.00	14.50	14.50	15.50	17.50	17.50
Public Works	20.88	21.88	19.00	19.00	18.50	18.00	16.50	17.50	19.00	18.50
Total All Full Time & Part Time Equivalent Staff Positions	64.05	66.96	59.50	61.00	55.50	54.00	53.50	56.50	61.00	61.50
Total All Full Time Staff Positions	57.00	58.00	51.00	50.00	43.00	44.00	43.00	46.00	49.00	52.00
Total Part Time Equivalent Positions [1]	7.05	8.96	8.50	11.00	12.50	10.00	10.50	11.50	12.00	9.50

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 16  
Operating Indicators by Function  
Last Ten Fiscal Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Police:</b>										
Calls for Service	7,439	7,305	6,346	6,063	5,613	7,534	10,416	9,592	4,098	3,844
Part one crimes	155	160	156	115	81	103	116	105	109	113
Physical arrests	531	549	418	404	304	214	325	233	90	238
Traffic violations	351	387	523	481	406	321	587	314	86	374
<b>Fire:</b>										
Calls for service	1,022	1,021	980	1,000	980	1,010	1,000	1,000	1,000	990
<b>Water System:</b>										
Service connections	1,521	1,524	1,524	1,524	1,378	1,419	1,429	1,429	1,546	1,546
Fire hydrants	162	162	162	164	163	172	172	175	177	177
Est. Daily average gallons produced	720,930	679,930	670,449	670,449	632,903	642,000	600,000	633,360	534,360	641,349
Est. Maximum daily available gallons	1,760,000	1,872,000	1,872,000	1,872,000	1,864,393	1,864,393	1,864,393	1,864,400	1,864,400	1,864,400
Est. Gallons of storage capacity	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
<b>Wastewater:</b>										
Service connections	1,330	1,333	1,333	1,334	1,334	1,016	1,026	1,035	1,356	1,356
Est. Treatment plant-average dry weather flow in gallons	490,000	490,000	490,000	490,000	500,000	500,000	500,000	500,000	396,000	502,000
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 17  
Capital Asset Statistics  
by Function

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Police:</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Vehicles	8	8	7	7	7	6	6	5	5	5
<b>Fire:</b>										
Fire stations	1	1	1	1	1	1	1	1	1	1
Number of in service apparatus	4	6	6	8	8	7	7	7	7	7
<b>Public works:</b>										
Streets (miles)	14	15	15	15	15	15	15	15	15	15
Streetlights and vintage street lights	325	325	325	325	325	359	359	359	379	379
Traffic signals	2	2	2	2	2	2	2	-	-	-
<b>Parks and Recreation:</b>										
Parks (Logy, Pioneer, Heather, Fireman's & Cynus Creek)	5	6	6	6	6	6	6	8	8	8
Community Pool	-	1	1	1	1	1	1	2	2	2
Community and Teen Centers	2	2	2	2	2	2	2	2	2	2
Park acreage developed	9	15	15	15	15	15	15	15	14	14
Park acreage undeveloped	5	2	2	2	2	2	2	2	-	-
Tennis Courts	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
<b>Water System:</b>										
Water mains (miles)	36	36	36	36	36	36	36	36	36	36
Service connections	1,521	1,524	1,524	1,524	1,378	1,419	1,429	1,528	1,546	1,546
Fire hydrants	162	162	162	164	163	172	172	175	177	177
Est. Daily average gallons produced	720,930	679,930	670,449	670,449	632,903	642,000	600,000	633,360	534,360	641,349
Est. Maximum daily available gallons	1,760,000	1,872,000	1,872,000	1,872,000	1,864,393	1,864,393	1,864,393	1,864,400	1,864,400	1,864,400
Est. Gallons of storage capacity	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
<b>Wastewater:</b>										
Sanitary sewers (miles)	16	16	16	16	16	16	16	16	17	17
Service connections	1,330	1,333	1,333	1,334	1,334	1,019	1,029	1,035	1,356	1,356
Est. Treatment plant-average dry weather flow in gallons	490,000	490,000	490,000	490,000	500,000	500,000	500,000	500,000	396,000	502,000
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, 2017

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PREPARED BY THE FINANCE DEPARTMENT