

CITY OF



CALISTOGA, CALIFORNIA



COMPREHENSIVE ANNUAL
FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

CITY OF CALISTOGA, CALIFORNIA

Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2016



Prepared by the Administrative Services Department

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INTRODUCTORY SECTION



CITY OF CALISTOGA

1232 Washington Street • Calistoga, CA 94515
707.942.2800



December 31, 2016

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

We hereby submit the Comprehensive Annual Financial Report of the City of Calistoga for the fiscal year ended June 30, 2016. The fiscal year covers financial transactions from July 1, 2015 to June 30, 2016 on a modified or full accrual basis, depending on the fund type. The City follows a policy of preparing a complete set of financial statements in conformity with accounting principles generally accepted in the United States of America after the end of each fiscal year. An independent licensed certified public accounting firm audits these financial statements.

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

Auditor's Report Summary

R.J. Ricciardi, Inc., a licensed certified public accounting firm, has audited the City of Calistoga's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Calistoga for the fiscal year ended June 30, 2016, 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, 2016 are fairly presented in conformity with U.S. generally accepted accounting principles. The independent auditor's report is presented as the first component of the financial section of this report.

Comprehensive Annual Financial Report (CAFR)

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

PROFILE OF THE CITY AND ITS OPERATIONS

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

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

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

The City of Calistoga is located about 75 miles north of San Francisco in the northern part of Napa County. The City is approximately 2.6 square miles with an estimated population of 5,180 as of January 1, 2016. However, an additional surrounding population of 2,000 to 3,000 is considered part of the greater Calistoga community. The 2010 US Census reflects an ethnic diversity with 49% of the population white, 49% Hispanic and 2% other non-white. The median age is 38.2 years and almost 25% of the population is over 60 years. The median income is \$50,128 with an estimated 30% employed in management, professional or related occupations, 31% in services, 13.5% in sales or office and 25.5% in other occupations. An estimated 85% have a high school education and 29% have a bachelor's degree or higher. Of the 2,295 housing units an estimated 24% are mobile homes. The City has a diverse population with income, housing and employment reflecting a tourist, wine producing and retirement community.

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

DISCUSSION OF FACTORS AFFECTING FINANCIAL CONDITION

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

Local Economy

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

Six years after the official end of the recession, the City's revenues have started to increase. About 73% 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 2016-17, management is encouraged by indicators that the local economy will continue to grow; however, uncertainty at the state, national and international levels remains.

Reductions in staffing and service levels, along with deferred maintenance of City facilities, during past economic downturns means that although currently the City is able to maintain and in some cases, improve on its level of services there will be critical, unfunded capital and maintenance needs.

Budget

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

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

Long-Term Financial Planning

In 2017, the City expects the local economy to continue to strengthen from the previous downturn in the state and national economies. There is expected to be a modest revenue

growth from transient occupancy and sales taxes. Potential planned improvements and rehabilitation of existing lodging facilities, accompanied with the addition of new facilities will begin to materialize in Fiscal year 2016/17. The City experienced a net taxable value increase of 13.8% for the Fiscal Year 2015/16 tax roll, which was significantly more than the increase experienced countywide at 6.4%. The assessed value increase between Fiscal Year 2014/15 and Fiscal Year 2015/16 was \$102 million. The change attributed to the 1.998% Proposition 13 inflation adjustment was \$9.9 million, which accounted for 9.7% of all growth experienced in the City.

Parcel subdivision and new construction activity contributed to growth in assessed values this year. Eight parcels were dropped from the roll and eleven were added, resulting in a net assessed value increase of \$3.6 million.

In most areas the housing market has inched back towards normalcy in 2015 with more owner occupied sales and fewer distressed and investor purchases. Median sales prices for real estate have continued to increase steadily year over year while the number of sale transactions remains healthy with some expected seasonal dips. The median sales prices of a single family home in Calistoga from January through June 2015 was \$590,000. This represents a \$93,000 (18.7%) increase in median sales price from 2014.

The City has a very stable property valuation base due to the growth management program and the nature of the community housing stock and ownership. However, even with the economic cautions, a conservative projection of slight growth in the primary general fund revenue sources should be sufficient to fund the projected growth in general municipal operations.

For fiscal year ending in June 2016 the City's general fund will have a fund balance of about \$8.3 million as compared to \$7.2 million in June 2015. Of the \$8.3 million approximately \$1.0 million is non-spendable. The remaining \$7.3 million is available for spending in fiscal year 2017.

For fiscal year 2015/16 the City had an operating income loss of \$1.0 million for the enterprise funds as compared to \$0.4 million in fiscal year 2014/15. However, several major projects have been approved and are likely to develop over the next 24 to 36 months. The City is hopeful these projects will bear some of the enterprise operating expenses and relieve the general fund from subsidizing the enterprise funds.

The City's Fiscal Year 2016/17 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.

There are, however, significant risks associated with the FY 2016/17 Budget. First, the revenues of the water and wastewater enterprise funds do not adequately address the needs and demands of those utility systems. If the Council and staff continue transferring general fund monies to the enterprise funds, then other activities and priorities will certainly be impacted. Also, the City has been forced to defend its water rights in a lawsuit that has already encumbered millions of dollars in public monies. Precious City resources are being used to defend water rights rather than spend those resources on improving public services and

infrastructure. Lastly, the community continues its efforts to address a housing crisis. These risks will be monitored during the fiscal year and updates will be brought back to the City Council for consideration.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Calistoga for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2015. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable program requirements. The City has received the award for the year ended June 30, 2012, June 30, 2013, June 30, 2014 and June 30, 2015.

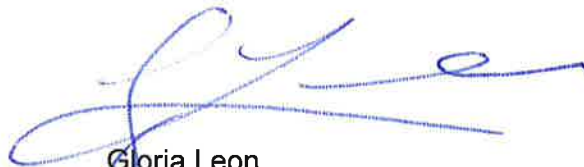
A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. However, we believe our current CAFR continues to meet the Certificate of Achievement for Excellence in Financial Reporting Program's requirements and we are submitting it to the GFOA to determine 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, 2016**

Elected Officials

City Council

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

Mayor
Vice Mayor
Councilmember
Councilmember
Councilmember

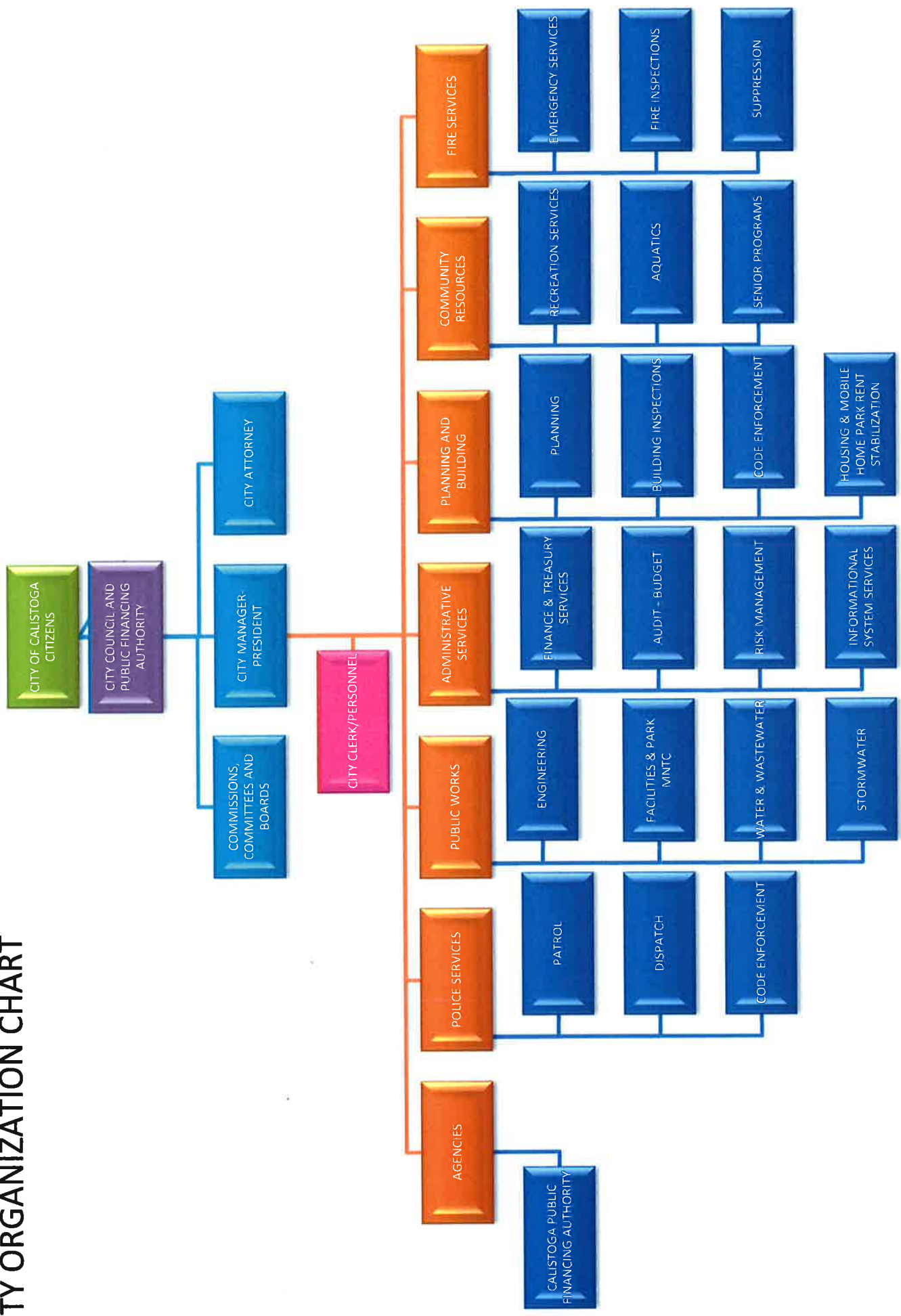
Appointed Officials

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 2015/16 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, 2015

Executive Director/CEO

FINANCIAL SECTION

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



BIKE PATH

R. J. RICCIARDI, INC.
CERTIFIED PUBLIC ACCOUNTANTS

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, 2016, 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, 2016, 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.

Change in Accounting Principles

Management adopted the provisions of the following Governmental Accounting Standards Board Statement No. 72 – *Fair Value Measurement and Application*, which became effective during the year ended June 30, 2016 as discussed in the notes to the financial statements:

The emphasis of this matter does not constitute modifications to our opinion.

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 6, 2016, 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 6, 2016

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, 2016. 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 \$2.1 million over fiscal year 2015 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 \$1.2 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, 2016, the assets of the City's Governmental Activities exceeded its liabilities at the close of the fiscal year by \$19.9 million (net position). Of that amount \$11.4 million was invested in capital assets net of related debt. Restricted funds account for \$6.0 million for capital projects, public safety, streets and housing. Unrestricted net position is about \$2.5 million.
- Overall City-wide revenues from all governmental and business-type activities increased by \$3.7 million compared to the 2015 fiscal year for a 2016 total of \$19.7 million. Charges for Services increased by \$.7 million; Transient occupancy taxes rose by \$.6 million and property, sales and other taxes increased by \$.4 million. Business-type activity revenues from grants and contributions increased by \$.6 million from the prior year.
- The City's total expense from all programs in fiscal 2016 increased by \$4.0 million compared to 2015. 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 \$8.3 million at the end of the 2016 year. Of this amount \$1.0 million is non-spendable. In addition the General Fund had \$6.4 million in cash and investments compared to \$5.7 million at the end fiscal year 2015.
- The City business-type funds ended the 2016 fiscal year with net position of \$ 14.9 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 2016 year with an operating income loss of \$1.0 million as compared to a loss of \$.4 million in fiscal 2015 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 supplementary information that further explains and supports the information in the financial

MANAGEMENT'S DISCUSSION AND ANALYSIS

statements. In addition to these required elements, we have included a section with combining statements that provide details about our non-major funds, each of which are added together and presented in single columns in the basic financial statements. Also included are optional budgetary comparison statements for the City's non-major governmental funds.

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

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

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

Government-wide Statements

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

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

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

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

Fund Financial Statements

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

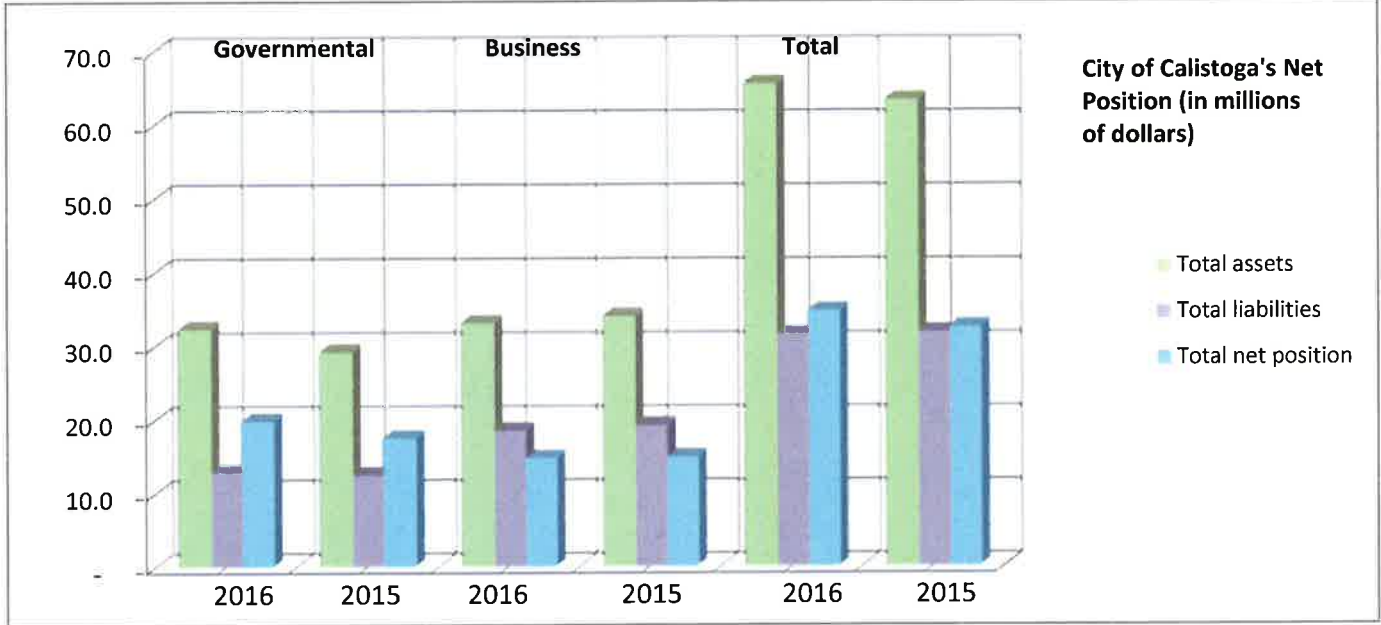
- The City's major governmental funds, the General Fund, HOME Grant Fund, CDBG Open Grant and Capital Lease Projects Funds are reported in separate columns and all other non-major governmental funds are aggregated in a single column. The City's water and wastewater funds are reported separately each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

The City has two kinds of funds:

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

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Position. The City's combined net position increased by \$2.1 million between fiscal years 2015 and 2016 to \$ 34.8 million.



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

	Governmental Activities		Business-type Activities		Fiscal Year Totals		Total Percentage Change
	2016	2015	2016	2015	2016	2015	2015 to 2016
Current and other assets	\$ 17.0	\$ 16.3	\$ 1.9	\$ 2.8	\$ 18.9	\$ 19.1	-1.0%
Capital assets	15.4	13.0	31.3	31.3	46.7	44.3	5.4%
Total assets	32.4	29.3	33.2	34.1	65.6	63.4	3.5%
Deferred outflows - pension	0.5	0.6	0.3	0.2	0.8	0.8	
Long-term debt outstanding	3.6	3.9	14.5	15.2	18.1	19.1	-5.2%
Other liabilities	9.4	8.7	4.1	4.1	13.5	12.8	5.5%
Total liabilities	13.0	12.6	18.6	19.3	31.6	31.9	-0.9%
Deferred inflows - pension	8.3	(2.8)	0.2	(0.1)	8.5	(2.9)	
Net position							
Net Invested in capital assets	11.4	8.8	16.1	15.4	27.5	24.2	13.6%
Restricted	6.0	7.4	-	-	6.0	7.4	-19.1%
Unrestricted	2.5	1.4	(1.2)	(0.4)	1.3	1.0	30.0%
Total net position	\$ 19.9	\$ 17.6	\$ 14.9	\$ 15.0	\$ 34.8	\$ 32.6	6.7%

**due to rounding figures are not exact

Changes in Net Position

The City's 2016 total revenues of \$19.7 million was \$3.7 million more than in 2015, a 23.2% increase. Of the \$3.7 million increase \$2.2 million was due to more grants and contributions available. The remaining \$1.5 million was due to increases in transient occupancy tax, property tax and reimbursement for City services. During fiscal year 2016 approximately 45% of the City's total revenue came from various taxes including property, sales, transient occupancy, and other taxes as opposed to a total of 49% in 2015. Transient Occupancy Taxes saw an increase of \$.6 million or 11.5%; property taxes an increase of \$.2 million due to reassessment of properties and sales tax went up by \$.2 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 2016 was \$17.5 million and includes a wide range of services such as police and fire protection, streets, public works, general administration, community services, water, and wastewater operations. (See Table A-2).

Table A-2
Changes in the City of Calistoga's Net Assets
(in millions of dollars)

	Governmental Activities		Business-type Activities		Fiscal Year Totals		Total Percentage Change
	2016	2015	2016	2015	2016	2015	2015 TO 2016
Revenues							
Program revenues							
Charges for services	\$ 1.8	\$ 1.4	\$ 5.0	\$ 4.7	\$ 6.8	\$ 6.1	10.4%
Grants and contributions	2.6	0.9	1.1	0.5	3.6	1.4	152.8%
General revenues							
Transient occupancy taxes	5.6	5.0	-	-	5.6	5.0	11.5%
Property, Sales and other taxes	3.6	3.2	-	-	3.6	3.2	12.2%
Other	0.1	0.1	-	-	0.1	0.1	11.1%
**Total revenues	13.6	10.7	6.1	5.2	19.7	16.0	23.2%
Expenses							
General government	2.3	1.7	-	-	2.3	1.7	34.9%
Public safety	4.8	2.5	-	-	4.8	2.5	92.0%
Community services	0.7	0.5	-	-	0.7	0.5	25.0%
Housing	1.3	0.2	-	-	1.3	0.2	445.8%
Recreation services	0.3	0.3	-	-	0.3	0.3	10.7%
Public works	0.8	1.1	-	-	0.8	1.1	-24.8%
Planning & building	0.7	0.6	-	-	0.7	0.6	15.3%
Water	-	-	3.6	3.1	3.6	3.1	16.3%
Wastewater	-	-	2.8	2.6	2.8	2.6	9.8%
Other	0.2	0.2	-	-	0.2	0.2	0.0%
**Total expenses	11.0	7.1	6.5	5.7	17.5	12.7	37.9%
Excess (deficiency) before transfers and Special Items	2.6	3.7	(0.4)	(0.5)	2.2	3.2	-29.7%
Special items:							
Transfers	(0.2)	(0.1)	0.2	0.1	-	-	
Increase(decrease) in net position	2.4	3.6	(0.2)	(0.4)	2.2	3.2	-29.7%
Net position, beginning	17.6	21.0	15.0	17.8	32.6	38.8	-16.0%
Prior Period Adjustment	(0.1)	(7.0)	0.0	(2.4)	(0.1)	(9.4)	
**Net position, ending	\$ 19.9	\$ 17.6	\$ 14.8	\$ 15.0	\$ 34.7	\$ 32.6	6.5%

**due to rounding figures are not exact

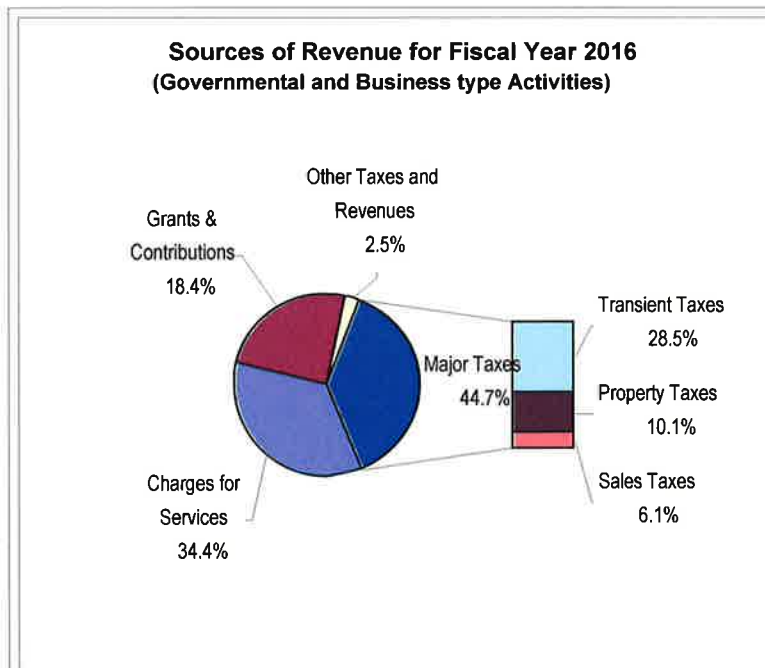
Governmental and Business-Type Activities

Revenues from all governmental type activities in fiscal year 2016 increased by approximately \$ 3.7 million to \$19.7 million compared to \$ 16.0 million in 2015. In 2016 the City received \$2.2 million more in grants than in 2015. Overall there were increases in revenues attributed to the City's Transient Occupancy tax by \$.6 million and \$.4 million in property, sales and other taxes.

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

When all operations were concluded, the governmental activities function reported a change of \$2.6 million in net position before a prior period adjustment for 2015 of \$.1 million for transferring CDBG grants to the affordable housing fund. When compared to fiscal year 2015 overall expenses for fiscal year 2016 were \$3.9 million more. The increase in expenditures was due to increase in contracted services and the implementation of GASB 68, which changed the methodology by which current period pension expenses are reported.

Net position of business type-activities decreased by \$.2 million due to net pension expenses and the day-to-day operations of the water and wastewater plants. City staff was successful in applying and being awarded more grants than in 2015 for projects. Capital grants and contributions include Measure A funds for the Kimball Dam Tower Capital Project a \$.8 million recycled water pond grant from Association of Bay Area Governments and a \$.2 million water purchase refund from the State of California; and expenditures increased by \$.8 million to \$6.5 million when compared to 2015 at \$5.7 million.



MANAGEMENT'S DISCUSSION AND ANALYSIS

The majority of the City's operating expenses are incurred to provide public safety, water and wastewater services. These three programs account for 64.5 % of the City's total operating expenses in fiscal 2016.

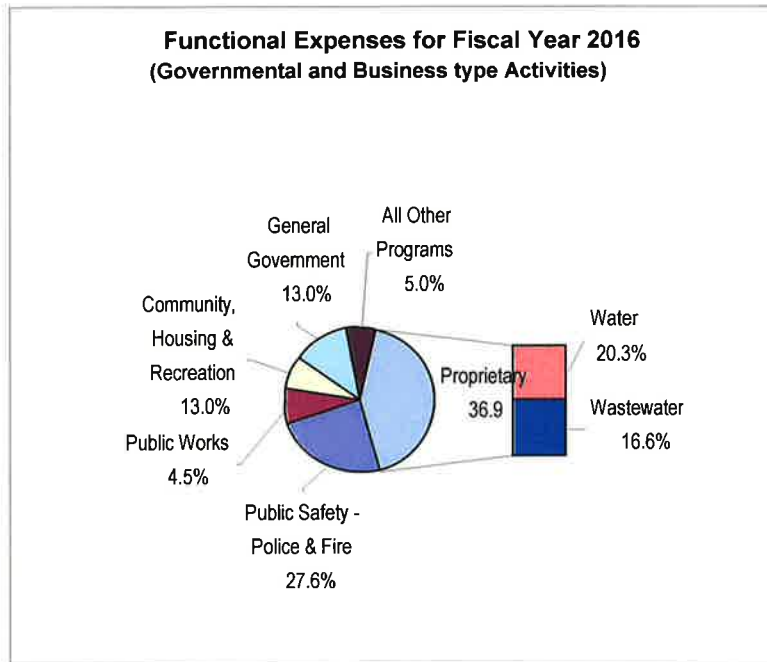


Table A-3 presents the cost of each of the City's five largest programs – public safety, public works, general administration, water and wastewater. The cost of all programs this year was \$ 17.5 million, compared to \$ 12.8 million in fiscal 2015; approximately an overall 36.9% increase for the year. There were increases in Water due primarily to day-to-day operations and the purchase of water; increases in contracted services, retirement benefits, HOME grant costs and the 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
	2016	2015	2015 to 2016
Public Safety	\$4.8	\$2.5	92.0%
General Government	2.3	1.7	35.2%
Public Works	0.8	1.1	-25.2%
Water	3.6	3.1	16.1%
Wastewater	2.8	2.6	5.8%
All other	3.3	1.8	78.2%
Total	\$17.5	\$12.8	36.9%

Governmental Activities

Users and contributors funded \$ 4.3 million of the \$11.1 million in costs of city's governmental activity programs leaving the City general revenues to fund the other \$ 6.8 million. General revenues were sufficient to pay for these services. The expense of governmental services was absorbed by:

- Those who directly benefited from or used the programs (about \$1.8 million), and
- Other governments and organizations that subsidized certain programs with grants and contributions (approximately \$ 2.6 million).

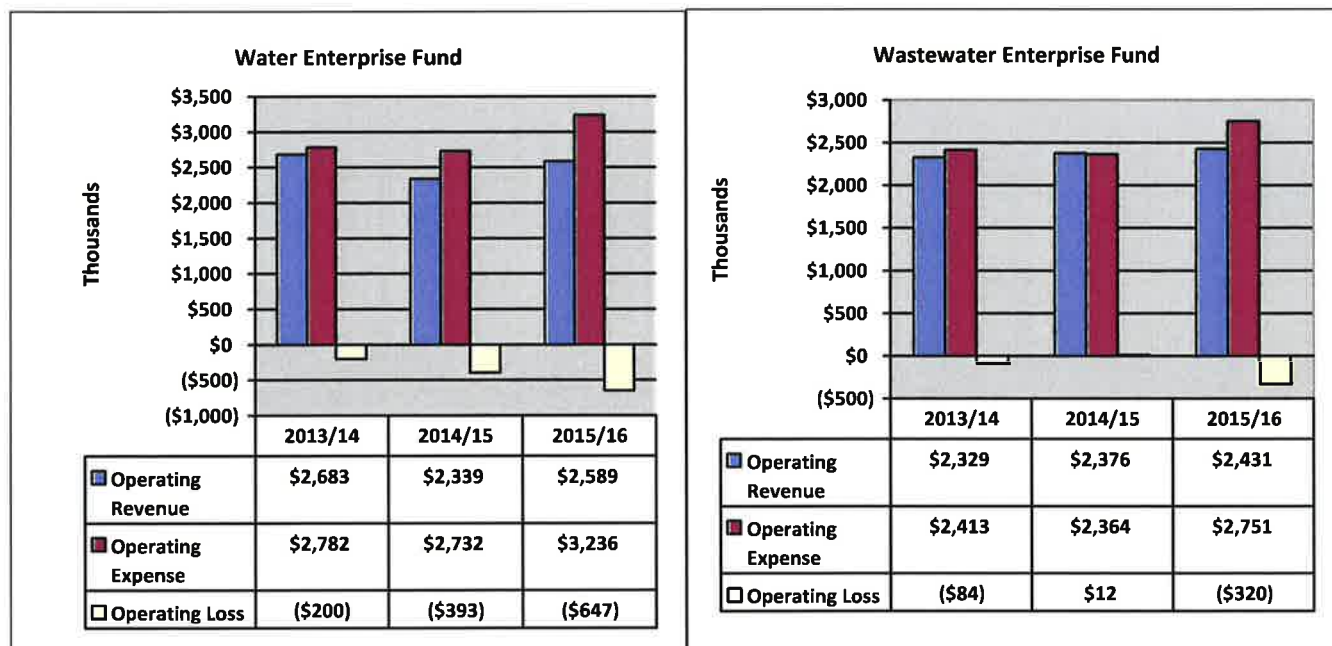
The City ended the fiscal year with a change in net position of \$2.4 million in the governmental activities.

Business-Type Activities

The City's business-type activities (water and wastewater) had a change in net position of (\$.2) million during the fiscal year. Total revenue for the business-type activities was \$6.1 million comprised of \$1.1 million in capital grants and contributions and \$5.0 million in charges for services. Total program revenues increased by 16.9% in fiscal year 2016 when compared to fiscal year 2015. This was due to \$.2 million water purchase refund from the State of California and a \$750K recycled water pond grant from Association of Bay Area Governments.

Total expenses for the year were \$6.5 million, an increase of \$.7 million. This is due to the Recycled Water Pond project 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 \$16.0 million which is \$.6 million more than was reported at the end of fiscal year 2015. The unearned revenue balances for the Home grant fund, CDBG open grant fund and Other governmental funds are being classified as non-spendable fund balances. Of this amount \$7.2 million is legally restricted for specific purposes by enabling legislation or external funding source providers and \$1.4 million are committed for specific purposes by the City Council. The remaining \$7.3 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 \$2.4 million in revenues as compared to 2015 and the costs of the City's General Fund operations were \$1.6 million less than General Fund revenues. After transfers in and out, the General Fund reported a net \$ 1.1 million increase in fund balance for fiscal year 2016 as compared to \$2.3 million increase in fiscal year 2015. This was primarily due to additional revenues from property taxes, sales taxes, transient occupancy taxes and other taxes.

At year end, the City's General Fund had a fund balance of \$8.3 million. Of that amount \$1.0 million is non-spendable. The City's General fund at June 30, 2016 had \$6.4 million in cash and investments as compared to \$5.7 million cash and investments available in fiscal year 2015.

The General fund had a transfer out of \$1.2 million to cover debt service lease payments, subsidy to the water and wastewater enterprise funds, reserves for unfunded public employee retirement system benefits and to the equipment replacement fund.

Home Grant Fund- This fund was established to account for a HOME loan between the City and Palisades Investors, L.P. in the amount of \$3,197,184 bearing interest at 3% per annum. Payments of principal and interest are due annually from excess/distributable cash with the entire principal and interest due in 2064. The City received \$5,769 in excess cash for FY 15-16. 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 \$3.6in 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, 2016. 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

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2016 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 2016 General Fund revenues came in at about \$.08 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 \$.3 million less than the final amended budget. The primary changes in the expenditure budget were legal services, capital outlay and non-departmental costs. 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 2016, the City had invested \$ 46.7 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 \$ 2.4 million, or 5.3%, more than last fiscal year.

This year's major capital assets additions included:

In fiscal 2016, the City added \$.1.0 million in construction in progress costs to fixed assets for the water system. Current projects in progress are the Kimball By Pass Project, Pine Street Lift Station, and Effluent Disposal Improvements. These added costs were offset by about \$1.0 million in depreciation in the business-type activities which resulted in a net change of about (\$.01 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.

	Governmental Activities		Business-type Activities		Fiscal Year Totals		Total Percentage Change
	2016	2015	2016	2015	2016	2015	2015 to 2016
Land	\$ 2.7	\$ 2.0	\$ 2.8	\$ 2.8	\$ 5.5	\$ 4.8	14.6%
Construction in progress	1.7	0.6	2.3	1.3	4.0	1.9	110.5%
Buildings	1.5	1.7			1.5	1.7	-11.8%
Internal service equipment	0.6	0.7			0.6	0.7	-14.3%
Improvements	8.9	8.0			8.9	8.0	10.6%
Water utility system			15.0	15.5	15.0	15.5	-3.2%
Wastewater system			11.2	11.7	11.2	11.7	-4.3%
Total	\$ 15.4	\$ 13.0	\$ 31.3	\$ 31.3	\$ 46.7	\$ 44.3	5.3%

Long Term Debt

At the end of 2016, the City had \$19.2 million in long-term debt and capital lease obligations outstanding, which is a net decrease of \$1.0 million from the prior year. Of the \$ 19.2 million, approximately 79% relates to the City's business-type activities, mainly the water and wastewater systems, and the remaining 21% is applicable to governmental type financing activities.

In the business-type activities the City made all required payments of principal and interest on its obligations despite the City's strained financial conditions. Additional information about the City's capital leases and long-term obligations can be found under Capital Leases, Section E Pages 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 2016 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 2016/17 fiscal year excluding transfers are projected at .2% less as compared to 2015/16 budget projections for a total of \$10.8 million. The reason for the .2% decrease is the decrease in charges for services. The City projects an increase of 4% in transient occupancy revenues. Occupancy tax, property, tax and sales tax comprise 75.5 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 2016 budgeted operating appropriations adopted are \$8.9 million as compared to the final 2015 appropriations of \$8.4 million. The \$.5 million increase is due to public safety, deferred maintenance and recreation services.
- 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 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.
- Because of the delay in the Silver Rose project there are insufficient funds to pay the entire debt service and staff recommendations for capital projects for both the Water and Wastewater Capital Funds. 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 2016/17 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 or contact the Administrative Services Director/City Treasurer (City of Calistoga, 1232 Washington Street, Calistoga, California 94515, 707-942-2800 or finance@ci.calistoga.ca.us).

CITY OF CALISTOGA
Statement of Net Position
June 30, 2016

	Governmental Activities	Business Type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 8,164,916	\$ 883,982	\$ 9,048,898
Net receivables	1,878,018	1,497,503	3,375,521
Prepayment	69,416	-	69,416
Total current assets	<u>10,112,350</u>	<u>2,381,485</u>	<u>12,493,835</u>
Noncurrent assets:			
Restricted cash and cash equivalents	210,736	-	210,736
Internal balances	553,438	(553,438)	-
Receivables-long-term	6,209,728	10,473	6,220,201
Nondepreciable assets	4,388,939	5,075,714	9,464,653
Depreciable assets, net	10,969,463	26,254,934	37,224,397
Total capital assets, net	<u>15,358,402</u>	<u>31,330,648</u>	<u>46,689,050</u>
Total noncurrent assets	<u>22,332,304</u>	<u>30,787,683</u>	<u>53,119,987</u>
Total assets	<u>32,444,654</u>	<u>33,169,168</u>	<u>65,613,822</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources - pension	1,276,355	545,507	1,821,862
Total deferred outflows of resources	<u>1,276,355</u>	<u>545,507</u>	<u>1,821,862</u>
LIABILITIES			
Current liabilities:			
Accounts payable	554,205	287,891	842,096
Accrued liabilities	3,283	-	3,283
Compensated absences	177,191	76,750	253,941
Deposits	133,599	241,094	374,693
Accrued interest payable	40,723	147,890	188,613
Unearned revenues	-	10,473	10,473
Claims and settlements	32,570	-	32,570
Bonds, leases, agreements, notes and certificates due in one year	412,242	722,885	1,135,127
Total current liabilities	<u>1,353,813</u>	<u>1,486,983</u>	<u>2,840,796</u>
Noncurrent liabilities:			
Compensated absences	130,000	20,000	150,000
Net other post employment benefit obligation	897,102	-	897,102
Bonds, leases, agreements, notes and certificates due in more than one year	3,565,345	14,493,591	18,058,936
Net pension liability	7,061,154	2,649,352	9,710,506
Total noncurrent liabilities	<u>11,653,601</u>	<u>17,162,943</u>	<u>28,816,544</u>
Total liabilities	<u>13,007,414</u>	<u>18,649,926</u>	<u>31,657,340</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources - pension	828,011	190,591	1,018,602
Total deferred inflows of resources	<u>828,011</u>	<u>190,591</u>	<u>1,018,602</u>
NET POSITION			
Net investment in capital assets	11,380,815	16,114,172	27,494,987
Restricted for:			
Streets, recreation, capital projects	552,861	-	552,861
Public safety	223,670	-	223,670
Housing	5,244,473	-	5,244,473
Unrestricted	2,483,766	(1,240,016)	1,243,750
Total net position	<u>\$ 19,885,585</u>	<u>\$ 14,874,156</u>	<u>\$ 34,759,741</u>

See accompanying notes to the basic financial statements

CITY OF CALISTOGA
Statement of Activities
For the Fiscal Year Ended June 30, 2016

	Program Revenues			Net (Expenses) Revenue and Changes in Net Assets		
	Expenses	Charges for Services		City Government		Total
		Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Functions/Programs						
City government						
Governmental activities:						
General government	\$ 2,282,351	\$ 469,078	\$ -	\$ (1,813,273)	-	\$ (1,813,273)
Public safety	4,815,398	687,788	165,632	(3,961,978)	-	(3,961,978)
Community services	653,406	12,249	66,575	(574,582)	-	(574,582)
Housing	1,313,989	126,261	750,276	(437,452)	-	(437,452)
Recreation services	312,621	101,496	5,485	(205,640)	-	(205,640)
Public works	786,042	66,039	1,362,910	848,111	-	848,111
Planning and building	684,053	294,329	-	(389,724)	-	(389,724)
Interest on long-term debt	204,061	-	-	(204,061)	-	(204,061)
Total governmental activities	11,051,921	1,757,240	2,350,878	(6,738,599)	-	(6,738,599)
Business-Type Activities:						
Water	3,557,559	2,589,747	-	-	(719,765)	(719,765)
Wastewater	2,900,037	2,430,939	-	-	367,072	367,072
Total business-type activities	6,457,596	5,020,686	-	-	(352,693)	(352,693)
Total City government	\$ 17,509,517	\$ 6,777,926	\$ 2,350,878	(6,738,599)	(352,693)	(7,091,292)
General revenues and transfers						
General revenues:						
Taxes:						
Property taxes				1,959,099	-	1,959,099
Transient occupancy taxes				5,622,943	-	5,622,943
Sales taxes				1,235,143	-	1,235,143
Other taxes				396,009	-	396,009
Unrestricted investment earnings				24,848	4,004	28,852
Other general revenues				73,104	-	73,104
Transfers				(185,011)	185,011	-
Total general revenues and transfers				9,126,135	189,015	9,315,150
Change in net position				2,387,536	(163,678)	2,223,858
Net position, beginning				17,598,049	15,037,834	32,635,883
Prior period adjustments				(100,000)	-	(100,000)
Net Position beginning restated				17,498,049	15,037,834	32,535,883
Net position, ending				\$ 19,885,585	\$ 14,874,156	\$ 34,759,741

See accompanying notes to the basic financial statements

CITY OF CALISTOGA
Balance Sheet
Governmental Funds
June 30, 2016

	General Fund	HOME Grant Fund	CDBG Open Grant Fund	Capital Lease Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments	\$ 6,424,707	\$ -	\$ -	\$ 210,736	\$ 1,294,762	\$ 7,930,205
Taxes receivables	1,009,416	-	-	-	-	1,009,416
Accounts receivables	148,166	322,375	-	-	75,677	546,218
Due from other governments	269,836	-	-	-	41,608	311,444
Accrued interest receivable	10,940	-	-	-	-	10,940
Advances to other funds	962,327	-	-	-	8,145	970,472
Prepayments	69,416	-	-	-	-	69,416
Notes receivables	-	3,572,095	1,218,250	-	1,419,383	6,209,728
Total assets	\$ 8,894,808	\$ 3,894,470	\$ 1,218,250	\$ 210,736	\$ 2,839,575	\$ 17,057,839
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts payables	\$ 431,692	\$ 8,608	\$ -	\$ -	\$ 91,983	\$ 532,283
Accrued liabilities	3,283	-	-	-	-	3,283
Advances from other funds	-	288,889	-	-	128,145	417,034
Deposits	117,209	-	-	-	16,390	133,599
Total liabilities	552,184	297,497	-	-	236,518	1,086,199
Fund balances:						
Nonspendable	1,031,743	3,572,095	1,218,250	-	1,372,398	7,194,486
Restricted for capital improvements	-	-	-	210,736	-	210,736
Restricted for affordable housing	-	-	-	-	454,128	454,128
Restricted for streets	-	-	-	-	511,613	511,613
Restricted for facilities	-	-	-	-	38,460	38,460
Restricted for public safety	-	-	-	-	223,670	223,670
Restricted for parks	-	-	-	-	2,788	2,788
Unassigned	7,310,881	24,878	-	-	-	7,335,759
Total fund balances	8,342,624	3,596,973	1,218,250	210,736	2,603,057	15,971,640
Total liabilities and fund balances	\$ 8,894,808	\$ 3,894,470	\$ 1,218,250	\$ 210,736	\$ 2,839,575	\$ 17,057,839
Total Governmental Fund Balances						\$ 15,971,640
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						14,805,440
Long-term receivables used in governmental activities are not current financial resources and are therefore deferred in the funds						-
The assets and liabilities of the internal service fund are included in the governmental activities in the statement of net position						867,759
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						(897,102)
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						(4,249,344)
Deferred outflow related to pension						1,276,355
Deferred inflow related to pension						(828,011)
Net pension liability						(7,061,152)
Net Position of Governmental Activities						\$ 19,885,585

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, 2016

	<u>General Fund</u>	<u>HOME Grant Fund</u>	<u>CDBG Open Grant Fund</u>	<u>Capital Lease Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES						
Property taxes	\$ 1,959,099	\$ -	\$ -	\$ -	\$ -	\$ 1,959,099
Sales taxes	1,235,143	-	-	-	-	1,235,143
Transient occupancy taxes	5,622,943	-	-	-	-	5,622,943
Other taxes	396,009	-	-	-	-	396,009
Licenses and permits	142,198	-	-	-	-	142,198
Fines and forfeits	21,661	-	-	-	-	21,661
Intergovernmental	1,155,703	-	-	-	480,482	1,636,185
Interest and rents	24,848	-	-	20	68,738	93,606
Charges for services	1,169,129	-	-	-	193,848	1,362,977
Miscellaneous	363,318	572,111	-	-	219,216	1,154,645
Total revenues	12,090,051	572,111	-	20	962,284	13,624,466
EXPENDITURES						
Current:						
General government	2,396,840	-	-	-	-	2,396,840
Public safety	3,730,756	-	-	-	18,858	3,749,614
Community services	447,650	-	-	-	-	447,650
Housing	-	439,507	-	-	852,327	1,291,834
Recreation services	187,625	-	-	-	-	187,625
Public works	1,078,574	-	-	-	326,518	1,405,092
Planning and building	616,614	-	-	-	-	616,614
Debt service:						
Principal	-	-	-	-	228,559	228,559
Interest	-	-	-	-	248,451	248,451
Capital outlay	2,070,285	-	-	-	-	2,070,285
Total expenditures	10,528,344	439,507	-	-	1,674,713	12,642,564
Excess (deficiency) of revenues over expenditures	1,561,707	132,604	-	20	(712,429)	981,902
OTHER FINANCING SOURCES (USES)						
Transfers in	757,981	-	-	-	726,356	1,484,337
Transfers out	(1,172,108)	(2,667)	-	-	(590,021)	(1,764,796)
Total other financing sources (uses)	(414,127)	(2,667)	-	-	136,335	(280,459)
Net change in fund balances	1,147,580	129,937	-	20	(576,094)	701,443
Fund balances, July 1	7,195,044	3,467,036	2,219,750	210,716	2,277,651	15,370,197
Prior period adjustment	-	-	(1,001,500)	-	901,500	(100,000)
Fund balances, July 1 restated	7,195,044	3,467,036	1,218,250	210,716	3,179,151	15,270,197
Fund balances, June 30	\$ 8,342,624	\$ 3,596,973	\$ 1,218,250	\$ 210,736	\$ 2,603,057	\$ 15,971,640

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, 2016

Net Change in Fund Balances - Total Governmental Funds	\$	701,443
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 \$2,931,974 exceed depreciation (\$494,647).		2,437,327
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		180,942
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		44,390
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.		(19,406)
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		(18,808)
Increases in long-term claim liabilities do not require the use of current financial resources and are not reported in the funds		58,837
Increases in other post employment benefit obligations do not result in the use of current financial resources and are not reported in the funds		(105,861)
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>(891,328)</u>
Net differences		<u>1,686,093</u>
Change in Net Position of Governmental Activities	\$	<u><u>2,387,536</u></u>

See accompanying notes to the basic financial statements

**City of Calistoga
Statement of Net Position
Proprietary Funds
June 30, 2016**

	Enterprise Funds			Governmental Activities- Internal Service Fund
	Water	Wastewater	Totals	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 749,237	\$ 134,745	\$ 883,982	\$ 445,447
Receivables(net)	410,988	1,086,515	1,497,503	-
Total current assets	<u>1,160,225</u>	<u>1,221,260</u>	<u>2,381,485</u>	<u>445,447</u>
Noncurrent assets:				
Other assets:				
Notes receivable	2,882	7,591	10,473	-
Total other noncurrent assets	<u>2,882</u>	<u>7,591</u>	<u>10,473</u>	<u>-</u>
Capital assets:				
Land	2,338,730	464,108	2,802,838	-
Equipment and vehicles	1,109,832	870,380	1,980,212	2,914,993
Distribution and collection systems	20,580,849	19,760,606	40,341,455	-
Water rights, net of amortization	967,744	-	967,744	-
Construction in progress	732,307	1,540,569	2,272,876	-
Less accumulated depreciation	<u>(7,555,015)</u>	<u>(9,479,462)</u>	<u>(17,034,477)</u>	<u>(2,362,031)</u>
Net capital assets	<u>18,174,447</u>	<u>13,156,201</u>	<u>31,330,648</u>	<u>552,962</u>
Total noncurrent assets	<u>18,177,329</u>	<u>13,163,792</u>	<u>31,341,121</u>	<u>552,962</u>
Total assets	<u>19,337,554</u>	<u>14,385,052</u>	<u>33,722,606</u>	<u>998,409</u>
DEFERRED OUTFLOW OF RESOURCES				
Deferred outflow of resources - pension	255,028	290,479	545,507	-
Total deferred outflow of resources	<u>255,028</u>	<u>290,479</u>	<u>545,507</u>	<u>-</u>
LIABILITIES				
Current liabilities:				
Accounts payable	159,002	128,889	287,891	21,922
Compensated absences	38,375	38,375	76,750	-
Deposits	199,026	42,068	241,094	-
Accrued interest	104,789	43,101	147,890	1,554
Unearned Revenue	2,882	7,591	10,473	-
Agreements, loans, and certificates due in one year	290,000	432,885	722,885	25,935
Total current liabilities	<u>794,074</u>	<u>692,909</u>	<u>1,486,983</u>	<u>49,411</u>
Noncurrent liabilities:				
State revolving loan payable	-	2,300,284	2,300,284	-
Certificate of participation	1,764,556	1,721,900	3,486,456	-
Installment agreement	3,455,000	2,340,000	5,795,000	-
USDA Loan	2,911,852	-	2,911,852	-
Capital lease obligation	-	-	-	81,239
Advances from other funds	-	553,438	553,438	-
Compensated absences	10,000	10,000	20,000	-
Net pension liability	<u>1,252,285</u>	<u>1,397,067</u>	<u>2,649,352</u>	<u>-</u>
Total noncurrent liabilities	<u>9,393,693</u>	<u>8,322,689</u>	<u>17,716,382</u>	<u>81,239</u>
Total liabilities	<u>10,187,767</u>	<u>9,015,598</u>	<u>19,203,365</u>	<u>130,650</u>
DEFERRED INFLOW OF RESOURCES				
Deferred inflow of resources - pension	87,415	103,176	190,591	-
Total deferred inflow of resources	<u>87,415</u>	<u>103,176</u>	<u>190,591</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	9,753,039	6,361,132	16,114,171	445,788
Unrestricted	<u>(435,642)</u>	<u>(804,373)</u>	<u>(1,240,015)</u>	<u>421,971</u>
Total net position	<u>\$ 9,317,398</u>	<u>\$ 5,556,759</u>	<u>\$ 14,874,157</u>	<u>\$ 867,759</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, 2016

	Enterprise Funds			Governmental Activities Internal- Service Fund
	Water	Wastewater	Totals	
OPERATING REVENUES				
Sales of water	\$ 2,272,748	\$ -	\$ 2,272,748	\$ -
Service fees	-	2,378,627	2,378,627	477,266
Miscellaneous	316,999	52,312	369,311	2,052
Total operating revenues	<u>2,589,747</u>	<u>2,430,939</u>	<u>5,020,686</u>	<u>479,318</u>
OPERATING EXPENSES				
Maintenance and operations	1,865,084	1,089,664	2,954,748	472,206
Employee services	809,871	944,437	1,754,308	-
Interfund charges for services	82,500	82,500	165,000	-
Depreciation and amortization	478,780	633,940	1,112,720	199,494
Total operating expenses	<u>3,236,235</u>	<u>2,750,541</u>	<u>5,986,776</u>	<u>671,700</u>
Operating income (loss)	<u>(646,488)</u>	<u>(319,602)</u>	<u>(966,090)</u>	<u>(192,382)</u>
NON-OPERATING REVENUES (EXPENSES)				
Gain(Loss) on capital assets	-	-	-	4,783
Interest and investment revenue	890	3,114	4,004	377
Interest expense	(321,324)	(149,495)	(470,819)	(7,098)
Net nonoperating revenues (expenses)	<u>(320,434)</u>	<u>(146,381)</u>	<u>(466,815)</u>	<u>(1,938)</u>
Income (loss) before contributions and transfers	<u>(966,922)</u>	<u>(465,983)</u>	<u>(1,432,905)</u>	<u>(194,320)</u>
Contributions and transfers				
Transfers in	79,400	105,946	185,346	95,443
Transfers out	(336)	-	(336)	-
Capital contributions	248,047	836,170	1,084,217	80,057
Net contributions and transfers	<u>327,111</u>	<u>942,116</u>	<u>1,269,227</u>	<u>175,500</u>
Change in net position	<u>(639,811)</u>	<u>476,133</u>	<u>(163,678)</u>	<u>(18,820)</u>
Total net position, July 1	<u>9,957,208</u>	<u>5,080,626</u>	<u>15,037,834</u>	<u>886,579</u>
Total net position, June 30	<u>\$ 9,317,398</u>	<u>\$ 5,556,759</u>	<u>\$ 14,874,157</u>	<u>\$ 867,759</u>

See accompanying notes to the basic financial statements

CITY OF CALISTOGA
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2016

	Enterprise Funds			Governmental Activities- Internal Service Fund
	Water	Wastewater	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 2,280,633	\$ 1,617,357	\$ 3,897,990	\$ -
Payments to suppliers	(1,734,140)	(1,181,466)	(2,915,606)	(490,495)
Cash received from other funds for services	-	-	-	477,611
Payments to other funds for services	(82,500)	(82,500)	(165,000)	-
Payments to employees for services	(809,871)	(944,437)	(1,754,308)	-
Other operating receipts	316,999	52,312	369,311	2,052
Net cash provided by (used for) operating activities	<u>(28,879)</u>	<u>(538,734)</u>	<u>(567,613)</u>	<u>(10,832)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in from other funds	<u>79,064</u>	<u>105,946</u>	<u>185,010</u>	<u>95,443</u>
Net cash provided by noncapital financing activities	<u>79,064</u>	<u>105,946</u>	<u>185,010</u>	<u>95,443</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital contributions and grants	248,047	836,170	1,084,217	80,057
Draw down of USDA loan	(61,000)	-	(61,000)	-
Proceeds from sale of capital assets	-	-	-	4,783
Principal payments on capital debt	(217,000)	(418,982)	(635,982)	(103,424)
Interest paid on long-term debt	(324,312)	(200,892)	(525,204)	(9,513)
Purchases of capital assets	(126,301)	(973,190)	(1,099,491)	(81,761)
Net cash provided by (used for) capital and related financing activities	<u>(480,566)</u>	<u>(756,894)</u>	<u>(1,237,460)</u>	<u>(109,858)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments on long-term notes	(568)	186	(382)	-
Interest receipts	890	3,114	4,004	377
Net cash provided by investing activities	<u>322</u>	<u>3,300</u>	<u>3,622</u>	<u>377</u>
Net increase (decrease) in cash and cash equivalents	<u>(430,059)</u>	<u>(1,186,382)</u>	<u>(1,616,441)</u>	<u>(24,870)</u>
Cash and cash equivalents balances - beginning of the year	<u>1,179,295</u>	<u>1,321,128</u>	<u>2,500,423</u>	<u>470,317</u>
Cash and cash equivalents balances-end of the year	<u>\$ 749,237</u>	<u>\$ 134,746</u>	<u>\$ 883,983</u>	<u>\$ 445,447</u>

See accompanying notes to the basic financial statements

CITY OF CALISTOGA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2016

	Enterprise Funds			Governmental Activities- Internal Service Fund
	Water	Wastewater	Totals	
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ (646,488)	\$ (319,602)	\$ (966,090)	\$(192,382)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization expense	478,778	633,940	1,112,718	199,494
Pension expense	148,146	171,315	319,461	-
Change in assets and liabilities:				
Decrease(increase) in deposits	(1,410)	42,068	40,658	-
Decrease(increase) in accounts receivable	11,567	(749,894)	(738,327)	345
Increase(decrease) in compensated absences	6,948	6,948	13,896	-
Increase(decrease) in accrued expenses	-	(18,226)	(18,226)	-
Increase(decrease) in accounts payable	(22,738)	(293,907)	(316,645)	(18,289)
Increase(decrease) in deferred revenue	(3,682)	(11,376)	(15,058)	-
Net cash provided by (used for) operating activities	\$ (28,879)	\$ (538,734)	\$ (567,613)	\$ (10,832)

Noncash capital financing activities:

None:

See accompanying notes to the basic financial statements

City of Calistoga
Statement of Fiduciary Net Position
June 30, 2016

	Agency Fund
ASSETS	
Cash and cash equivalents	\$ 80,855
Assessments receivable	90,007
Total assets	170,862
LIABILITIES	
Deposits payable to Tourism Business Improvement District	170,862
Total liabilities	\$ 170,862

See accompanying notes to the basic financial statements

CITY OF CALISTOGA
Notes to the Financial Statements
June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

B. Government-wide and Fund Financial Statements

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

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

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

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

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

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

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

CITY OF CALISTOGA
Notes to the Financial Statements
June 30, 2016

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.

CITY OF CALISTOGA
Notes to the Financial Statements
June 30, 2016

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 Assets 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 are recorded at estimated fair market value at the date of donation. Under the GASB 34 Implementation Rules, the City is a Phase 3 entity and was not required to record infrastructure assets existing or acquired prior to July 1, 2003 at the date these new financial reporting standards were implemented; and the City has not recorded such assets. The costs of normal maintenance and repairs that do not add to the value of asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of the business-type activities is included as part of the capitalized value of the assets constructed.

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

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

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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 assets.

8. Fund Balances Governmental Funds

Fund balances for governmental funds are reported in classifications based primarily on the extent to which the city is bound to honor constraints about the specific purposes for which amounts in those funds can be spent. These classifications include (1) nonspendable, (2) restricted, (3) committed, (4) assigned and (5) unassigned amounts. Non-spendable amounts generally are items not expected to be readily converted into cash such as inventories, prepaid items, and long-term receivables not offset by deferred revenue accounts.

Restricted amounts include those where constraints placed on the uses of the resources are externally imposed by grantors, contributors, other governments or by laws and regulations. Committed amounts are those that can only be used for a specific purpose as determined by the City Council. Such committed amounts may be redeployed for other uses only by the direction of the City Council.

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

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

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

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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 Assets is the excess of all the City's assets over all its liabilities, regardless of source.

Net Position is divided into three captions and is described as follows:

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

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. Prior Period Adjustments

During fiscal year 2015-16, the City made the following prior period adjustment to some of its fund balances as of June 30, 2016:

	CDBG Open Grant	Affordable Housing
Fund balance as previously reported	\$ 2,219,750	\$ 502,156
Prior period adjustment	(1,001,500)	901,500
Beginning fund balance as adjusted	\$ 1,218,250	\$ 1,403,656

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The reason for the adjustment is that several of first-time homebuyer assistance loans were classified under CDBG grants and are being reclassified as affordable housing loans. During fiscal year 2016 one homebuyer sold their home and paid off the loan in the amount of \$100,000 leaving a balance of \$901,500 in affordable housing loans.

14. 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.

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 \$ 14,805,440 difference are as follows:

Capital assets	\$20,857,995
Less: Accumulated depreciation	<u>(6,052,555)</u>
Net adjustment to increase <i>fund balance – total governmental funds</i> to arrive at <i>net assets – governmental activities</i>	<u><u>\$14,805,440</u></u>

Another element of the reconciliation explains that "long-term liabilities" are not due and payable in the current period and are therefore not reported in the funds. The details of this \$4,249,344 difference are shown below:

Long-Term Debt Obligations and Related Interest:	
Accrued interest	\$ (39,169)
Capital lease obligations	(3,870,414)
Claims	(32,570)
Compensated absences	<u>(307,191)</u>
Net adjustment to decrease fund balance total governmental <i>Funds to arrive at net assets - governmental activities</i>	<u><u>\$ (4,249,344)</u></u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$1,686,093 difference and other significant components of the difference are on the following page:

Capital outlay capitalized	\$ 2,931,974
Depreciation expense	(494,647)
Repayment of long-term debt principal	180,942
Internal service fund income	(18,808)
Other post-employment benefit expense	(105,861)
Pension expense	(891,328)
Other items	<u>83,821</u>
Net adjustment to increase net changes in fund balances – <i>Total governmental funds to arrive at changes in net assets of governmental activities</i>	<u><u>\$ 1,686,093</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, 2016 consisted of the following:

Demand deposits: (Time deposits and book bank balances)	\$ 715,451
Pooled investments	8,244,858
Investments with trustees	<u>380,180</u>
Total deposits and investments	<u><u>\$ 9,340,489</u></u>

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Notes to the Financial Statements
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Investments - At June 30, 2016, the City had the following investments.

Investment	Average Maturity	Fair Value
State Investment Pool (LAIF)	167 days	\$ 8,244,858
Goldman Sachs Fin SQ Government Fund	14 days	380,180
		<u>\$ 8,625,038</u>

Cash and Investments as of June 30, 2016 are classified in the accompanying financial statements as follows:

Statement of Net Position

Cash and investments available for operations	\$ 9,048,898
Restricted cash and investments	210,736
Fiduciary funds- cash and investments	80,855
Total cash and investments	<u>\$ 9,340,489</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, 2016 was \$5,080 more than the City's cost. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises and corporations.

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.

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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	\$ 8,244,858	\$ -	\$ 8,244,858
Goldman Sachs Fin SQ government fund	380,180	-	380,180
Total investments	<u>\$ 8,625,038</u>	<u>\$ -</u>	
Cash in bank and on hand			<u>715,451</u>
Total cash and investments			<u>\$ 9,340,489</u>

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, 2016:

<u>Investment Type</u>	<u>Level 2</u>	<u>Exempt</u>	<u>Total</u>
California local agency investment fund	\$ 8,244,858	\$ -	\$ 8,244,858
Goldman Sachs Fin SQ government fund	380,180	-	380,180
Total investments	<u>\$ 8,625,038</u>	<u>\$ -</u>	
Cash in bank and on hand			<u>715,451</u>
Total cash and investments			<u>\$ 9,340,489</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.

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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, 2016 are provided by Standard and Poor's except as noted.

<u>Investment Type</u>	<u>AAAm</u>	<u>Total Investment</u>
Money market mutual funds	\$ -	\$ -
<i>Not rated:</i>		
California local agency investment fund		8,244,858
Goldman Sachs in Fin SQ government fund		380,180
Cash in bank and on hand		715,451
<i>Exempt from rating requirement:</i>		
<i>None</i>		
Total cash and investments	<u>\$ -</u>	<u>\$9,340,489</u>

B. Receivables

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

	General Fund	CDBG Open and HOME Grants	Nonmajor Funds & IS Fund	Total Governmental	Water	Wastewater	Total Enterprise
Accounts	\$ 148,166	\$ -	\$ 398,052	\$ 546,218	\$ 349,113	\$ 323,775	\$ 672,888
Taxes	1,009,416	-	-	1,009,416	15,024	12,740	27,764
Interest	10,940	-	-	10,940	-	-	-
Governments	269,836	-	41,608	311,444	46,851	750,000	796,851
Notes	-	4,790,345	1,419,384	6,209,729	2,882	7,591	10,473
Totals	<u>\$ 1,438,358</u>	<u>\$ 4,790,345</u>	<u>\$ 1,859,044</u>	<u>\$ 8,087,747</u>	<u>\$ 413,870</u>	<u>\$ 1,094,106</u>	<u>\$ 1,507,976</u>

The notes receivable of \$6,209,729 consists of housing rehabilitation loans of \$70,254 bearing interest at rates of 3 to 6 percent and repayable in monthly installments, other loans of \$185,630 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 \$2,131,750 in first-time homebuyer assistance loans secured by 4th deeds of trust and repayable between 30 and 55 years or under certain conditions including sale of the housing unit.

In addition, the total notes receivable also includes \$3,572,095 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-

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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, 2016, is as follows:

Transfers In:	General Fund	Non-Major Funds	Water	Waste Water	Internal Service Fund	Total Transfers Out
General fund	\$ 500,336	\$ 430,229	\$ 79,400	\$ 105,946	\$ 56,532	\$ 1,172,443
CDBG Grant	2,667	-	-	-	-	2,667
Non-Major funds	254,984	296,127	-	-	38,911	590,022
Totals	\$ 757,987	\$ 726,356	\$ 79,400	\$ 105,946	\$ 95,443	\$ 1,765,132

The General Fund made transfers out for \$79,400 and \$105,946 to subsidize the water fund and wastewater fund respectively. The \$500,336 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, public safety costs and the HOME grant.

1. The composition of inter-fund balances was:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Asset</u>	<u>Liability</u>
General Fund	Affordable Housing Fund	\$ 120,000	\$ 120,000
Traffic Signal Fund	MTC Street Fund	8,145	8,145
General Fund	Fund	553,438	553,438
General Fund	HOME Grant Fund	288,889	288,889
Totals		\$ 970,472	\$ 970,472

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, 2016 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 1,964,744	\$ 715,868	\$ -	\$ 2,680,612
Construction in progress	710,267	1,299,067	(301,007)	1,708,327
Total capital assets, not being depreciated	<u>2,675,011</u>	<u>2,014,935</u>	<u>(301,007)</u>	<u>4,388,939</u>
Capital assets being depreciated:				
Buildings	3,494,179	-	-	3,494,179
Machinery and equipment	871,833	-	-	871,833
Equipment - internal service fund	2,833,232	81,761	-	2,914,993
Infrastructure	1,807,034	33,249	-	1,840,283
Improvements	10,262,761	-	-	10,262,761
Total capital assets being depreciated	<u>19,269,039</u>	<u>115,010</u>	<u>-</u>	<u>19,384,049</u>
Less accumulated depreciation for:				
Buildings	(1,816,382)	(132,354)	-	(1,948,736)
Machinery and equipment	(823,578)	(22,920)	-	(846,498)
Equipment - internal service	(2,162,537)	(199,494)	-	(2,362,031)
Improvements	(2,917,948)	(339,373)	-	(3,257,321)
Total accumulated depreciation	<u>(7,720,445)</u>	<u>(694,141)</u>	<u>-</u>	<u>(8,414,586)</u>
Total capital assets, being depreciated, net	<u>11,548,594</u>	<u>(579,131)</u>	<u>-</u>	<u>10,969,463</u>
Governmental activities capital assets, net	<u>\$ 14,223,605</u>	<u>\$ 1,435,804</u>	<u>\$ (301,007)</u>	<u>\$ 15,358,402</u>

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

Capital asset activity relating to business-type activities for the year ended June 30, 2016 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, not being depreciated				
Land	\$ 2,802,838	\$ -	\$ -	\$ 2,802,838
Construction in progress	<u>1,289,658</u>	<u>983,218</u>	<u>-</u>	<u>2,272,876</u>
Total capital assets, not being depreciated	<u>4,092,496</u>	<u>983,218</u>	<u>-</u>	<u>5,075,714</u>
Capital assets being depreciated:				
Wastewater collection and treatment	19,726,735	33,872	-	19,760,607
Water rights	1,589,875	-	-	1,589,875
Water treatment and distribution system	20,569,587	11,262	-	20,580,849
Equipment - wastewater	803,245	67,135	-	870,380
Equipment - water	<u>1,105,827</u>	<u>4,005</u>	<u>-</u>	<u>1,109,832</u>
Total capital assets being depreciated	<u>43,795,269</u>	<u>116,274</u>	<u>-</u>	<u>43,911,543</u>
Less accumulated depreciation and amortization for:				
Wastewater collection and treatment system	(8,207,065)	(602,372)	-	(8,809,437)
Water rights	(573,141)	(48,990)	-	(622,131)
Equipment- wastewater	(638,458)	(31,569)	-	(670,027)
Equipment - water	(833,244)	(32,344)	-	(865,588)
Water treatment and distribution system	<u>(6,291,982)</u>	<u>(397,445)</u>	<u>-</u>	<u>(6,689,427)</u>
Total accumulated depreciation	<u>(16,543,890)</u>	<u>(1,112,720)</u>	<u>-</u>	<u>(17,656,610)</u>
Total capital assets, being depreciated, net	<u>27,251,379</u>	<u>(996,446)</u>	<u>-</u>	<u>26,254,933</u>
Business-type activities capital assets, net	<u>\$ 31,343,875</u>	<u>\$ (13,228)</u>	<u>\$ -</u>	<u>\$ 31,330,647</u>

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

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

Governmental activities:	
General government	\$ 23,943
Public safety	55,327
Community services	193,347
Recreation services	118,889
Public works	103,141
Capital assets held by the City's internal service fund are charged to the various functions based on their usage of the assets	<u>199,494</u>
Total depreciation expense-governmental activities	<u>\$ 694,141</u>
 Business-type activities:	
Water	\$ 429,790
Water Rights Amortization	48,990
Wastewater	<u>633,940</u>
Total depreciation expense-governmental activities	<u>\$ 1,112,720</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
Notes to the Financial Statements
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Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2016 were as follows:

<u>Fiscal Year Ending June 30</u>	Sun Trust <u>Lease</u>	West America <u>Bank Lease</u>
2017	\$ 56,532	\$ 460,102
2018	56,532	373,902
2019	-	373,902
2020	-	373,902
2021	-	373,902
2022-2026	-	1,869,508
2027-2028	-	623,169
	<hr/>	<hr/>
Total minimum lease payments	113,064	4,448,387
Less amounts representing interest	<u>(5,891)</u>	<u>(577,973)</u>
Net present value of minimum lease payments	<u>\$ 107,173</u>	<u>\$ 3,870,414</u>

F. Long-Term Debt

Water Enterprise

Installment Agreement Payable

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

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

The total interest and principal remaining to be paid on the agreement is \$ 5,259,045, scheduled final payment is to occur in 2038. For fiscal year 2016, Water Fund Revenues, amounted to \$2,589,747 and operating costs including operating expenses, but not interest or depreciation amounted to \$2,757,455 Net Revenues available for debt service amounted to (\$167,708) which represents (47%) of the \$354,111 in debt service. Principal and interest paid for the current fiscal year and total system net

CITY OF CALISTOGA
Notes to the Financial Statements
June 30, 2016

revenues as defined were \$354,111 and (\$167,708) (exclusive of capital contributions of \$248,047) respectively.

Future debt service for water on the installment agreement is:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 195,000	\$ 161,794	\$ 356,794
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
2022-2026	1,115,000	471,869	1,586,869
2027-2031	580,000	279,316	859,316
2032-2036	735,000	127,303	862,303
2037-2038	<u>170,000</u>	<u>3,931</u>	<u>173,931</u>
Totals	<u>\$ 3,650,000</u>	<u>\$ 1,609,045</u>	<u>\$ 5,259,045</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 \$3,151,462. The total interest and principal remaining to be paid on the agreement is \$3,151,462 scheduled final payment is to occur in 2044. For fiscal year 2016, Measure A Sales Tax Fund Revenues, amounted to \$113,131 and operating costs including operating expenses, but not interest or depreciation amounted to \$0.00. Net Revenues available for debt service amounted to \$113,131 which represents 100% of the \$113,131 in debt service. Principal and interest paid for the current fiscal year and total system net revenues as defined were \$33,000 and \$80,131 (exclusive of capital contributions of \$248,047) respectively.

CITY OF CALISTOGA
Notes to the Financial Statements
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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>
2017	\$ 34,000	\$ 78,687	\$ 112,687
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
2022-2026	230,000	333,497	563,497
2027-2031	285,000	278,547	563,547
2032-2036	355,000	210,340	565,340
2037-2041	437,000	125,815	562,815
2042-2044	305,556	26,892	332,448
Totals	<u>\$ 1,798,556</u>	<u>\$ 1,352,906</u>	<u>\$ 3,151,462</u>

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 2016, Capital Contribution Revenues, amounted to \$248,047 and operating costs including operating expenses, but not interest or depreciation amounted to \$0.00. Net Revenues available for debt service amounted to \$248,047 which represents 265% over the \$134,300 in debt service. The City made a principal payment of \$60,000 and an interest payment of \$75,071 during the fiscal year so the outstanding receivable of \$2,972,852

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represents the City's liability at June 30, 2016 for the Certificates. Future debt service principal and interest remaining to be paid on the agreement is approximately \$4,305,872. Principal and interest combined on the certificates will require the City to make annual payments which in the aggregate are expected to be from \$61,000 to \$132,000 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>
2017	\$ 61,000	\$ 73,559	\$ 134,559
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
2022-2026	365,000	309,044	674,044
2027-2031	413,000	260,444	673,444
2032-2036	467,000	205,494	672,494
2037-2041	529,000	125,721	654,721
2042-2046	600,000	72,857	672,857
2047-2048	276,852	7,553	284,405
Totals	<u>\$ 2,972,852</u>	<u>\$ 1,333,019</u>	<u>\$ 4,305,871</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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Notes to the Financial Statements
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Future debt service on the agreement is:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 105,000	\$ 120,198	\$ 225,198
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
2022-2026	725,000	409,344	1,134,344
2027-2031	930,000	145,875	1,075,875
2032	<u>215,000</u>	<u>5,375</u>	<u>220,375</u>
Totals	<u>\$ 2,445,000</u>	<u>\$ 1,105,476</u>	<u>\$ 3,550,476</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 \$3,550,476 scheduled final payment on 2032. For fiscal year 2016, Wastewater Fund Revenues, amounted to \$2,430,939 and operating costs including operating expenses, but not interest or depreciation amounted to \$2,116,601. Net Revenues available for debt service amounted to \$314,338 which represents 140% of the \$224,603 in debt service. Principal and interest paid for the current fiscal year and total system net revenues as defined were \$225,068 and \$314,338 (exclusive of \$836,170 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>
2017	\$ 296,085	\$ 67,506	\$ 363,591
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
2022-2024	<u>1,036,933</u>	<u>54,396</u>	<u>1,091,329</u>
Totals	<u>\$ 2,596,369</u>	<u>\$ 312,914</u>	<u>\$ 2,909,283</u>

CITY OF CALISTOGA
Notes to the Financial Statements
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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 \$2,909,283. For fiscal year 2016, Wastewater Fund Revenues, amounted to \$2,430,939 and operating costs including operating expenses, but not interest or depreciation amounted to \$2,116,601. Net Revenues available for debt service amounted to \$314,338 which represents 86% 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 \$314,338 (exclusive of \$836,170 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>
2017	\$ 31,800	\$ 74,532	\$ 106,332
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
2022-2026	213,200	318,508	531,708
2027-2031	262,400	269,212	531,612
2032-2036	323,200	208,488	531,688
2037-2041	398,000	133,714	531,714
2042-2045	383,800	41,620	425,420
Totals	<u>\$ 1,753,700</u>	<u>\$ 1,330,098</u>	<u>\$ 3,083,798</u>

Annual principal and interest on the agreement are expected to require 23 percent of current system net revenues as defined. The total interest and principal remaining to be paid on the agreement is \$3,083,798. For fiscal year 2016, Wastewater Fund Revenues, amounted to \$2,430,939 and operating costs including operating expenses, but not interest or depreciation amounted to \$2,116,601. Net

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Revenues available for debt service amounted to \$314,338 which represents 296% of the \$106,274 in debt service. Principal and interest paid for the current fiscal year and total system net revenues as defined were \$106,224 and \$314,338 (exclusive of \$836,170 in capital contributions), respectively.

Changes in Long-term liabilities

Long-term debt activity for the 2016 fiscal year was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental					
Activities:					
2007 Capital lease obligation	\$ 4,051,358	\$ -	\$ 4,051,358	\$ -	\$ -
2016 Capital lease obligation	-	3,870,414	-	3,870,414	362,016
Capital lease- internal service	53,198	-	53,198	-	-
Capital lease -internal service	157,399	-	50,226	107,173	50,226
Total	\$4,261,955	\$ 3,870,414	\$4,154,782	\$3,977,587	\$412,242
Business-type					
Activities:					
Installment agreement-water	\$3,835,000	\$ -	\$185,000	\$ 3,650,000	\$195,000
2008 Certificates of participation	1,831,556	-	33,000	1,798,556	34,000
2011 Certificates of participation	3,032,852	-	60,000	2,972,852	61,000
Installment agreement	2,545,000	-	100,000	2,445,000	105,000
2005 Certificates of participation	1,784,100	-	30,400	1,753,700	31,800
State Revolving Fund Loan	2,884,951	-	288,582	2,596,369	296,085
Total	\$15,913,459	\$ -	\$696,982	\$15,216,477	\$722,885

G. Compensated Absences

The City records a liability to recognize the financial effect of unused vacation and other compensated leaves. As of June 30, 2016 the total liability for vacation and other compensated leaves is \$403,940. The City typically uses the General fund, Water and Wastewater funds to liquidate the majority of its compensated absences.

Compensated absence activity for the 2016 fiscal year was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One year
Governmental Activities	\$ 287,785	\$ 130,000	\$ 110,595	\$ 307,190	\$ 80,595
Business-type Activities	82,853	90,000	76,103	96,750	56,103
Total	\$ 370,638	\$ 220,000	\$ 186,698	\$ 403,940	\$ 136,698

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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 assets for the governmental activities when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate. Settlements have not exceeded coverage for each of the past three fiscal years except for the contract settlements incurred in fiscal 2016.

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

	Year Ended <u>6/30/2015</u>	Year Ended <u>6/30/2016</u>
Unpaid claims, beginning of fiscal year	\$24,212	\$ 91,406
Incurred claims (including IBNRs)	-	-
Claim payments	<u>67,194</u>	<u>(58,837)</u>
Unpaid claims, end of fiscal year	<u>\$91,406</u>	<u>\$ 32,570</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.

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In July 2014, the state Appellate Court determined the attorney representing Grant Reynolds, William McKinnon, be awarded attorney fees for his efforts in addressing a public trust doctrine issue related to water bypass and the operation of Kimball Dam in Calistoga and remanded the award of fees to the Napa Superior Court. On April 2015, the Napa Superior Court granted attorney fees in an effective amount of \$575,204 plus interest to William McKinnon. Grant Reynolds then illegally levied a writ of execution on the City's bank accounts. The writ was quashed. On August 6, 2015 the City paid the attorneys' fee award (with interest) less the sanction amount in the amount of \$564,182. With the fee award paid and judgment entered, this case is completely closed.

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.

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	<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	9.671%	6.709%	6.237%

	<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	16.523%	11.53%	9.069%

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 Employees' 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

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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, 2016, 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	\$ 518,688	\$ 19,360	\$ 30,790
Contributions - employee paid	130,407	19,864	30,854
	City Safety Plan		
	Tier 1	Tier 2	Tier 3 (PEPRA)
Contributions - employer	\$ 412,487	\$ 15,384	\$ 26,502
Contributions - employee paid	71,817	9,228	33,305

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

As of June 30, 2016 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	\$ 3,746,314
City safety Plan - tier 2	(3,751)
City safety Plan - tier 3 (PEPRA)	(199)
City miscellaneous plan - tier 1	5,972,307
City miscellaneous plan - tier 2	(3,118)
City miscellaneous plan - tier 3 (PEPRA)	(1,047)
Total net pension liability	\$ 9,710,506

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, 2014 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, 2013 rolled forward to June 30, 2014 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, 2016

The City's proportionate share of the net pension liability for each Plan as of June 30, 2014 and 2015 was as follows:

	<u>City Safety Plan</u>	
	<u>Tier 1</u>	<u>Tier 2</u>
Proportion - June 30, 2014	0.10%	0.00%
Proportion - June 30, 2015	0.09%	0.00%
Change - Increase (Decrease)	0.01%	0.00%

	<u>City Miscellaneous Plan</u>		
	<u>Tier 1</u>	<u>Tier 2</u>	<u>Tier 3</u>
Proportion - June 30, 2014	0.21%	0.00%	0.00%
Proportion - June 30, 2015	0.22%	0.00%	0.00%
Change - Increase (Decrease)	0.01%	0.00%	0.00%

For the year ended June 30, 2016 the City recognized pension expense of \$351,954. At June 30, 2016 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Safety plan & miscellaneous plan</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 1,023,211	\$ -
Differences between actual and expected experience	28,523	49,649
Changes in assumptions	-	498,212
Change in employer's proportion of difference between Net difference between projected and actual earnings on pension plan investments	-	251,014
Change in proportions and differences between actual contributions and proportionate share of contributions	770,129	219,727
Total	<u>\$ 1,821,863</u>	<u>\$ 1,018,602</u>

\$1,023,211 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016.

CITY OF CALISTOGA
Notes to the Financial Statements
June 30, 2016

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

Measurement period Ended June 30 :	Deferred Outflows/(Inflows) of Resources
2017	\$ (67,211)
2018	(58,499)
2019	(31,487)
2020	(62,754)
2021	-
Total	\$ (219,951)

Actuarial Assumptions – For the measurement period ended June 30, 2015, the total pension liabilities were determined by rolling forward the June 30, 2014 total pension liability. The June 30, 2015 and June 30, 2014 total pension liabilities were based on the following actuarial methods and assumptions:

Valuation date	June 30, 2014	
Measurement date	June 30, 2015	
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 5 years of mortality improvements, using Society of Actuaries Scale AA. 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, 2014 measurement date was net of administrative expenses. The discount rate of 7.65 percent used for the June 30, 2015 measurement date is without reduction of pension plan administrative expenses. All other assumptions for the June 30, 2014 measurement date were the same as those used for the June 30, 2015 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, 2016

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	19%	0.99%	2.43%
Inflation sensitive	6%	0.45%	3.36%
Private equity	10%	6.83%	6.95%
Real estate	10%	4.50%	5.13%
Infrastructure and forestland	2%	4.50%	5.09%
Liquidity	2%	-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, 2015.

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, 2016

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

Measurement date	6/30/2015		
Fiscal year ended	6/30/2016		
Net pension liability			
Safety	\$ 5,427,902	\$ 3,742,364	\$ 2,360,258
Miscellaneous	\$ 8,371,065	5,968,142	\$ 3,984,250

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 Assets and Governmental Fund Balances

The \$6,021,004 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 \$6,021,004 for governmental activities, \$5,244,473 is restricted for housing and community development, \$223,670 is restricted for public safety, and \$552,861 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 \$7,310,881 in the general fund. The \$1,031,743 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 \$75.00 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, 2016 was \$144,222, based on the July 1, 2013 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, 2016, the City contributed \$32,905 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, 2016

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)	\$	144,222
Interest on net OPEB obligation		31,650
Adjustments to annual required contribution		<u>(37,106)</u>
Annual OPEB expense		138,766
Contributions made		<u>(32,905)</u>
Increase in net OPEB Obligation		105,861
Net OPEB Obligation, beginning of year		<u>791,241</u>
Net OPEB Obligation, end of year		<u>\$ 897,102</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, 2016	\$138,766	24.0%	\$897,101
June 30, 2015	\$131,760	25.0%	\$791,241
June 30, 2014	\$124,683	25.0%	\$691,787

Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and health care cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

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

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

Actuarial Methods and Assumptions. Projection of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by the employer and the Plan members) and includes the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short term volatility in actuarial liabilities and the actuarial value of plan assets, consistent with the long-term perspective of the calculations.

CITY OF CALISTOGA
Notes to the Financial Statements
June 30, 2016

G. 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 \$325,000 to the Chamber during the fiscal year ending June 30, 2015. 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 2016.

REQUIRED
SUPPLEMENTARY INFORMATION



GRANT STREET

CITY OF CALISTOGA
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
For the Fiscal Year Ended June 30, 2016

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
Fund Balance, July 1	\$ 3,315,274	\$ 7,195,044	\$ 7,195,044	\$ -
Resources (inflows):				
Property taxes	1,879,597	1,939,004	1,959,099	20,095
Sales taxes	997,593	1,065,171	1,235,143	169,972
Transient occupancy taxes	5,311,540	5,711,540	5,622,943	(88,597)
Other taxes	348,200	402,575	396,009	(6,566)
License and permits	131,700	131,700	142,198	10,498
Fines and forfeits	27,300	27,300	21,661	(5,639)
Interest	1,850	1,850	24,848	22,998
Intergovernmental	944,000	1,191,864	1,155,703	(36,161)
Charges for services	774,300	1,092,789	1,169,129	76,340
Miscellaneous	53,000	442,958	363,318	(79,640)
Transfers in	826,093	760,591	757,981	(2,610)
	<u>14,610,447</u>	<u>19,962,386</u>	<u>20,043,076</u>	<u>80,690</u>
Amounts available for charges to appropriations				
	<u>14,610,447</u>	<u>19,962,386</u>	<u>20,043,076</u>	<u>80,690</u>
Charges to appropriations:				
General Government:				
City council	57,981	57,981	58,846	(865)
Finance	252,600	255,915	249,282	6,633
City clerk	81,048	85,158	91,344	(6,186)
City attorney	200,000	764,182	802,670	(38,488)
City manager	161,607	192,673	195,533	(2,860)
Nondepartmental	211,594	183,028	145,289	37,739
Economic vitality	356,915	360,365	360,525	(160)
Elections	700	700	182	518
Risk management	372,540	288,300	289,458	(1,158)
Personnel	134,673	187,274	203,711	(16,437)
Public Safety:				
Police services	2,012,099	1,883,099	1,838,719	44,380
Police dispatch	535,828	571,517	568,617	2,900
Emergency services	29,183	25,771	25,366	405
Fire protection	1,068,812	1,282,440	1,298,054	(15,614)
Community Services				
Aquatic services	194,626	237,529	259,437	(21,908)
Community promotions	95,833	95,833	57,049	38,784
Community activities	24,176	23,935	19,985	3,950
Library services	75,000	86,540	86,539	1
Sharpsteen Museum	18,403	14,012	14,640	(628)
Handy Van	10,500	10,500	10,000	500
Recreation Services				
Recreation services	153,689	137,395	126,057	11,338
Education and recreation courses	60,227	60,743	50,057	10,686
Senior activities	36,493	20,993	11,511	9,482
Public Works				
Administration	152,936	153,190	148,233	4,957
Streets	301,926	260,640	252,684	7,956
Park maintenance	206,951	195,157	214,630	(19,473)
Shop maintenance	24,128	37,343	36,270	1,073
Pool maintenance	171,448	140,542	133,187	7,355
Building maintenance	270,851	289,244	293,570	(4,326)
Planning and building				
Planning commission	7,500	4,505	4,485	20
Planning	279,525	289,736	296,040	(6,304)
Building inspection	200,924	249,739	316,089	(66,350)
Capital outlay	2,155,500	2,238,482	2,070,285	168,197
Transfers out	1,803,631	1,320,222	1,172,108	148,114
	<u>11,719,847</u>	<u>12,004,683</u>	<u>11,700,452</u>	<u>304,231</u>
Total charges to appropriations				
	<u>11,719,847</u>	<u>12,004,683</u>	<u>11,700,452</u>	<u>304,231</u>
Fund Balance, June 30	<u>\$ 2,890,600</u>	<u>\$ 7,957,703</u>	<u>\$ 8,342,624</u>	<u>\$ 384,921</u>

CITY OF CALISTOGA

Budgetary Comparison Schedule - General Fund
Note to RSI
For the Fiscal Year Ended June 30, 2016

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:	\$ 20,043,076
Differences - budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(7,195,044)
Transfers in from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes	<u>(757,981)</u>
Total revenues as reported in the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ 12,090,051</u>

Uses/outflows of resources:

Actual amounts "total charges to appropriations" from the budgetary comparison schedule	\$ 11,700,452
Differences - budget to GAAP:	
Transfers to other funds require the use of current financial resources, but are not considered as expenditures for financial reporting purposes.	<u>(1,172,108)</u>
Total expenditures as reported in the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ 10,528,344</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, 2016

	<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:	\$ 478,500	\$ 306,783	\$ 480,747	\$ 173,964
Miscellaneous	-	-	91,364	91,364
Total revenues	<u>478,500</u>	<u>306,783</u>	<u>572,111</u>	<u>265,328</u>
Expenditures:				
Current:				
Housing:				
Palisades project loan	475,833	400,000	439,507	(39,507)
Total expenditures	<u>475,833</u>	<u>400,000</u>	<u>439,507</u>	<u>(39,507)</u>
Excess of revenues over (under) expenditures	<u>2,667</u>	<u>(93,217)</u>	<u>132,604</u>	<u>225,821</u>
Other financing uses:				
Transfer out to general fund	<u>(2,667)</u>	<u>(2,667)</u>	<u>(2,667)</u>	-
Total other financing uses	<u>(2,667)</u>	<u>(2,667)</u>	<u>(2,667)</u>	-
Net change in fund balances	2,667	(93,217)	129,937	223,154
Fund balance, July 1	<u>3,416,155</u>	<u>3,467,036</u>	<u>3,467,036</u>	-
Fund balance, June 30	<u><u>\$ 3,418,822</u></u>	<u><u>\$ 3,373,819</u></u>	<u><u>\$ 3,596,973</u></u>	<u><u>\$ 223,154</u></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, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget- Positive(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental:				
State of California pass-through grants:				
CDBG economic development	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures:				
Current:				
Economic development	-	-	-	-
Total expenditures	-	-	-	-
Excess of revenues over (under) expenditures	-	-	-	-
Net change in fund balances	-	-	-	-
Fund balance, July 1	-	2,219,750	2,219,750	-
Prior period adjustment	-	(1,001,500)	(1,001,500)	-
Fund balance, July 1 restated	-	1,218,250	1,218,250	-
Fund balance, June 30	<u>\$ -</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>Tier 1</u>		<u>Tier 2</u>		<u>Tier 3</u>	
	<u>6/30/2014</u>	<u>6/30/2015</u>	<u>6/30/2014</u>	<u>6/30/2015</u>	<u>6/30/2014</u>	<u>6/30/2015</u>
Plan's proportion of the net pension liability (asset)	0.082210%	0.217692%	0.000000%	-0.000114%	0.000000%	-0.000038%
Plan's proportion share of the net pension liability (asset)	5,115,588	5,972,307	221	(3,118)	-	(1,047)
Plan's covered employee payroll	1,842,317	2,421,090	247,397	48,554	-	N/A
Plan's proportionate share of the net pension liability/asset as a percentage of its covered-employee payroll	277.67%	247%	0.09%	-6%	0.00%	N/A
Plan's proportion share of the fiduciary net position as a percentage of the plan's total pension liability	69.77%	66%	83.09%	106%	0.00%	102%
	<u>Safety Plan</u>					
	<u>Tier 1</u>		<u>Tier 2</u>		<u>Tier 3</u>	
	<u>6/30/2014</u>	<u>6/30/2015</u>	<u>6/30/2014</u>	<u>6/30/2015</u>	<u>6/30/2014</u>	<u>6/30/2015</u>
Plan's proportion of the net pension liability (asset)	0.060900%	0.092536%	0.000000%	-0.000091%	0.000000%	-0.000020%
Plan's proportion share of the net pension liability (asset)	3,789,734	3,812,876	201	(3,751)	-	(83)
Plan's covered employee payroll	1,071,723	1,303,114	150,937	-	-	-
Plan's proportionate share of the net pension liability/asset as a percentage of its covered-employee payroll	353.61%	293%	0.13%	N/A	0.00%	N/A
Plan's proportion share of the fiduciary net position as a percentage of the plan's total pension liability	67.58%	69%	81.39%	110%	0.00%	101%

*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

	<u>Miscellaneous Plan</u>					
	Tier 1		Tier 2		Tier 3	
	<u>Fiscal Year</u> 2013-14	<u>Fiscal Year</u> 2014-15	<u>Fiscal Year</u> 2013-14	<u>Fiscal Year</u> 2014-15	<u>Fiscal Year</u> 2013-14	<u>Fiscal Year</u> 2014-15
Actuarially determined contribution	\$ 382,810	\$ 403,452	\$ 17,824	\$ 21,397	\$ -	\$ 20,184
Contributions in relation to the actuarially determined contributions	(382,810)	(403,452)	(17,824)	(21,397)		(20,184)
Contribution deficiency (excess)	-	-	-	-	-	-
Covered-employee payroll	\$ 1,842,317	\$ 2,421,090	\$ 247,397	\$ 48,554	\$ -	\$ -
Contributions as a percentage of covered-employer payroll	20.78%	16.66%	7.20%	44%	N/A	N/A

	<u>Safety Plan</u>					
	Tier 1		Tier 2		Tier 3	
	<u>Fiscal Year</u> 2013-14	<u>Fiscal Year</u> 2014-15	<u>Fiscal Year</u> 2013-14	<u>Fiscal Year</u> 2014-15	<u>Fiscal Year</u> 2013-14	<u>Fiscal Year</u> 2014-15
Actuarially determined contribution	\$ 322,443	\$ 340,600	\$ 28,771	\$ 29,781	\$ -	\$ 6,538
Contributions in relation to the actuarially determined contributions	(322,443)	(340,600)	(28,771)	(29,781)		(6,538)
Contribution deficiency (excess)	-	-	-	-	-	-
Covered-employee payroll	\$ 1,071,723	\$ 1,303,114	\$ 150,937	\$ -	\$ -	\$ -
Contributions as a percentage of covered-employer payroll	30.09%	26%	19.06%	N/A	N/A	N/A

*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 five-year average salary.

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

**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)
6/30/2010	6/30/2010	\$ -	\$ 963,000	\$ 963,000	0.00%	\$ 3,714,000	25.93%

OPTIONAL
SUPPLEMENTARY INFORMATION

NONMAJOR FUNDS COMBINING FINANCIAL
STATEMENTS AND SCHEDULES,

AND

SCHEDULES OF CAPITAL ASSETS USED IN
GOVERNMENT ACTIVITIES



RECYCLE WATER POND

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**City of Calistoga
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016**

Special Revenue Funds

	Gas Tax	Parking Ordinance	Public Safety	Administration	Fire	Police	Transportation	CDBG Loan Repayment	Palisades Landscape Maintenance	Asset Forfeiture	Affordable Housing	Quality of Life	Silverado Landscape Maintenance
Assets													
Cash and investments	\$ 55,262	\$ 107,114	\$ 9,106	\$ 25,448	\$ 21,450	\$ 5,688	\$ 96,957	\$ 330,617	\$ 3,506	\$ 42,821	\$ 186,058	\$ 13,012	\$ 539
Receivables:													
Receivables from other governments	3,800	-	-	-	-	-	-	-	-	-	-	-	-
Accounts	-	-	-	-	-	-	-	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-	-	505,883	-	-	913,500	-	-
Notes receivable	-	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	\$ 59,062	\$ 107,114	\$ 9,106	\$ 25,448	\$ 21,450	\$ 5,688	\$ 96,957	\$ 836,500	\$ 3,506	\$ 42,821	\$ 1,099,558	\$ 13,012	\$ 539
Liabilities and Fund Balances													
Liabilities:													
Accounts payable	\$ 6,918	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,000	\$ -	\$ -
Advances from other funds	-	-	-	-	-	-	-	-	-	-	120,000	-	-
Deposits	-	-	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	6,918	-	-	-	-	-	-	-	-	-	140,000	-	-
Fund balances:													
Non-spendable fund balance	-	-	-	-	-	-	-	458,898	-	-	913,500	-	-
Restricted for streets	52,144	107,114	-	-	-	-	96,957	-	3,506	-	-	-	539
Restricted for parks	-	-	-	-	-	-	-	-	-	-	-	-	-
Restricted for public safety	-	-	9,106	-	21,450	5,688	-	-	-	42,821	-	-	-
Restricted for affordable housing	-	-	-	-	-	-	-	377,602	-	-	46,058	-	-
Restricted for facilities	-	-	-	25,448	-	-	-	-	-	-	-	13,012	-
Total fund balances	52,144	107,114	9,106	25,448	21,450	5,688	96,957	836,500	3,506	42,821	959,558	13,012	539
Total liabilities and fund balances	\$ 59,062	\$ 107,114	\$ 9,106	\$ 25,448	\$ 21,450	\$ 5,688	\$ 96,957	\$ 836,500	\$ 3,506	\$ 42,821	\$ 1,099,558	\$ 13,012	\$ 539

**City of Calistoga
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016**

	Special Revenue Funds										Debt Service	Total Nonmajor Governmental Funds	
	City Hall Donation	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
Assets													
Cash and investments		\$ 33,966	\$ 223,303	\$ -	\$ 3,145	\$ 1,788	\$ 11,943	\$ 59,931	\$ 31,683	\$ 957	\$ 30,468	\$ -	\$ 1,294,762
Receivables:													
From other governments								37,808					41,608
Accounts				73,210		1,000			1,467				75,677
Advances to other funds			8,145										8,145
Notes receivable													1,419,383
Total assets	\$ -	\$ 33,966	\$ 231,448	\$ 73,210	\$ 3,145	\$ 2,788	\$ 11,943	\$ 97,739	\$ 33,150	\$ 957	\$ 30,468	\$ -	\$ 2,839,575
Liabilities and Fund Balances													
Liabilities:													
Accounts payable				\$ 65,065									\$ 91,983
Advances from other funds				8,145									128,145
Deposits									16,390				16,390
Total liabilities				73,210					16,390				236,518
Fund balances:													
Non-spendable fund balance													1,372,398
Restricted for streets			231,448		3,145				16,760				511,613
Restricted for parks						2,788							2,788
Restricted for public safety							11,943	97,739		957			223,670
Restricted for affordable housing		33,966									30,468		454,128
Restricted for facilities													38,460
Total fund balances		33,966	231,448	-	3,145	2,788	11,943	97,739	16,760	957	30,468	-	2,603,057
Total liabilities and fund balances	\$ -	\$ 33,966	\$ 231,448	\$ 73,210	\$ 3,145	\$ 2,788	\$ 11,943	\$ 97,739	\$ 33,150	\$ 957	\$ 30,468	\$ -	\$ 2,839,575

City of Calistoga
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2016

Special Revenue Funds													
	Gas Tax	Parking Ordinance	Public Safety	Administration	Fire	Police	Transportation	CDBG Loan Repayment	Palisades Landscape Maintenance	Asset Forfeiture	Affordable Housing	Quality of Life	Silverado Landscape Maintenance
Revenues:													
Intergovernmental	\$ 119,669	\$ 10,251	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,362	\$ -	\$ -	\$ -
Charges for services	-	-	17,610	14,847	3,933	68,170	1,500	-	-	-	16,566	48,631	1,002
Interest	193	374	173	89	75	20	339	54,826	149	-	11,250	45	-
Miscellaneous	-	-	-	-	-	-	53,629	-	-	-	145,348	-	-
Total revenues	119,862	10,625	173	17,699	14,922	3,953	68,509	108,455	1,500	7,511	173,164	48,876	1,002
Expenditures:													
Current:													
Public safety	-	-	-	-	-	-	-	-	-	2,692	-	-	-
Public works	85,184	-	-	-	-	-	-	-	871	-	-	-	2,465
Housing	-	-	-	-	-	-	-	113,790	-	-	737,262	-	-
Debt service:													
Principal	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	85,184	-	-	-	-	-	-	113,790	871	2,692	737,262	-	2,465
Excess (deficiency) of revenues over (under) expenditures	34,678	10,625	173	17,699	14,922	3,953	68,509	(5,335)	629	4,819	(564,096)	48,876	(1,463)
Other financing sources (uses):													
Transfers in	5,021	-	-	-	-	-	-	-	-	-	220,000	-	-
Transfers out	(95,000)	-	(253,650)	-	-	-	(2,350)	-	-	-	(100,000)	(42,477)	-
Total other financing sources (uses)	(89,979)	-	(253,650)	-	-	-	(2,350)	-	-	-	120,000	(42,477)	-
Net change in fund balances	(55,301)	10,625	(253,477)	17,699	14,922	3,953	68,509	(7,685)	629	4,819	(444,096)	6,399	(1,463)
Fund balances, July 1	107,445	96,489	262,583	7,749	6,528	1,735	28,448	644,185	2,877	38,002	502,156	6,613	2,002
Prior period adjustment	-	-	-	-	-	-	-	-	-	-	901,500	-	-
Fund balances, July 1	107,445	96,489	262,583	7,749	6,528	1,735	28,448	844,185	2,877	38,002	1,403,656	6,613	2,002
Fund balances, June 30	\$ 52,144	\$ 107,114	\$ 9,106	\$ 25,448	\$ 21,450	\$ 5,688	\$ 96,957	\$ 836,500	\$ 3,506	\$ 42,821	\$ 959,558	\$ 13,012	\$ 539

City of Calistoga
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2016

	Special Revenue Funds											Debt Service	Total Nonmajor Governmental Funds	
	City Hall Donation	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
Revenues:														
Intergovernmental		\$ -	\$ -	\$ 205,204	\$ -	\$ -	\$ -	\$ 137,996	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 480,482
Charges for services		12,227	-	-	-	-	-	-	1,222	7,940	-	-	-	193,648
Interest		119	808	-	11	6	41	-	111	106	3	-	-	68,738
Miscellaneous		-	-	-	-	5,479	-	-	-	9,760	-	5,000	-	219,216
Total revenues		12,346	808	205,204	11	5,485	41	137,996	1,333	17,806	3	5,000	-	962,294
Expenditures:														
Current:														
Public safety		-	-	-	-	-	-	16,166	-	-	-	-	-	16,858
Public works	30,462	-	-	207,536	-	-	-	-	-	-	-	-	-	326,518
Housing		-	-	-	-	-	-	-	-	1,275	-	-	-	852,327
Debt service:														
Principal		-	-	-	-	-	-	-	-	-	-	228,559	-	228,559
Interest		-	-	-	-	-	-	-	-	-	-	248,451	-	248,451
Total expenditures	30,462	-	-	207,536	-	-	-	16,166	-	1,275	-	477,010	-	1,674,713
Excess (deficiency) of revenues over (under) expenditures	(30,462)	12,346	808	(2,332)	11	5,485	41	121,830	1,333	16,531	3	(472,010)	-	(712,429)
Other financing sources (uses):														
Transfers in	21,513	-	-	7,812	-	-	-	-	-	-	-	472,010	-	726,356
Transfers out	-	(4,600)	-	(5,480)	-	(6,000)	-	(72,944)	-	(7,520)	-	-	-	(890,021)
Total other financing sources (uses)	21,513	(4,600)	-	2,332	-	(6,000)	-	(72,944)	-	(7,520)	-	472,010	-	136,335
Net change in fund balances	(8,949)	7,746	808	-	11	(515)	41	48,886	1,333	9,011	3	-	-	(576,094)
Fund balances, July 1	8,949	26,220	230,640	-	3,134	3,303	11,902	48,853	15,427	21,457	954	-	-	2,277,651
Prior period adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	901,500
Fund balances, July 1	8,949	26,220	230,640	-	3,134	3,303	11,902	48,853	15,427	21,457	954	-	-	3,179,151
Fund balances, June 30	\$ -	\$ 33,966	\$ 231,448	\$ -	\$ 3,145	\$ 2,788	\$ 11,943	\$ 97,739	\$ 16,760	\$ 30,468	\$ 957	\$ -	\$ -	\$ 2,603,057

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, 2016

	<u>Budgeted Amounts</u>			Variance With Final Budget- Positive(Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental:				
Gas tax 2105	\$ 30,680	\$ 30,680	\$ 29,538	\$ (1,142)
Gas tax 2106	20,617	20,617	18,842	(1,775)
Gas tax 2107	41,945	41,945	38,462	(3,483)
Gas tax 2107.5	2,000	2,000	2,000	-
Other state grant	24,324	24,324	30,827	6,503
Interest	150	150	193	43
Total revenues	<u>119,716</u>	<u>119,716</u>	<u>119,862</u>	<u>146</u>
Expenditures:				
Current:				
Highways and streets:				
Street lighting utilities	<u>82,420</u>	<u>82,420</u>	<u>85,184</u>	<u>(2,764)</u>
Total expenditures	<u>82,420</u>	<u>82,420</u>	<u>85,184</u>	<u>(2,764)</u>
Excess of revenues over (under) expenditures	<u>37,296</u>	<u>37,296</u>	<u>34,678</u>	<u>(2,618)</u>
Other financing sources (uses):				
Transfers in from the general fund	-	5,021	5,021	-
Transfers out to the general fund	<u>(89,979)</u>	<u>(95,000)</u>	<u>(95,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(89,979)</u>	<u>(89,979)</u>	<u>(89,979)</u>	<u>-</u>
Net change in fund balance	(52,683)	(57,704)	(55,301)	2,403
Fund balance, July 1	<u>81,738</u>	<u>107,445</u>	<u>107,445</u>	<u>-</u>
Fund balance, June 30	<u>\$ 29,055</u>	<u>\$ 49,741</u>	<u>\$ 52,144</u>	<u>\$ 2,403</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, 2016

	<u>Budgeted Amounts</u>			Variance With Final Budget- Positive(negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Charges for services:				
Parking impact fees	\$ -	\$ 10,251	\$ 10,251	\$ -
Interest	100	175	374	199
Total revenues	<u>100</u>	<u>10,426</u>	<u>10,625</u>	<u>199</u>
Expenditures:				
Public safety	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>100</u>	<u>10,426</u>	<u>10,625</u>	<u>199</u>
Net change in fund balance	100	10,426	10,625	199
Fund balance, July 1	<u>96,442</u>	<u>96,489</u>	<u>96,489</u>	<u>-</u>
Fund balance, June 30	<u>\$ 96,542</u>	<u>\$ 106,915</u>	<u>\$ 107,114</u>	<u>\$ 199</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, 2016

	<u>Budgeted Amounts</u>			Variance With Final Budget- Positive(Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Interest	\$ 500	\$ 500	\$ 173	\$ (327)
Total revenues	<u>500</u>	<u>500</u>	<u>173</u>	<u>(327)</u>
Expenditures:				
Public Safety:	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>500</u>	<u>500</u>	<u>173</u>	<u>(327)</u>
Other financing uses:				
Transfer out to debt service fund	(213,154)	(253,650)	(253,650)	-
Total other financing uses	<u>(213,154)</u>	<u>(253,650)</u>	<u>(253,650)</u>	<u>-</u>
Net change in fund balance	(212,654)	(253,150)	(253,477)	(327)
Fund balance, July 1	<u>253,631</u>	<u>262,583</u>	<u>262,583</u>	<u>-</u>
Fund balance, June 30	<u>\$ 40,977</u>	<u>\$ 9,433</u>	<u>\$ 9,106</u>	<u>\$ (327)</u>

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, 2016

	<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	\$ 32,258	\$ 17,610	\$ 17,610	\$ -
Interest	-	-	89	89
Total revenues	<u>32,258</u>	<u>17,610</u>	<u>17,699</u>	<u>89</u>
Expenditures:				
City Administration:	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>32,258</u>	<u>17,610</u>	<u>17,699</u>	<u>89</u>
Net change in fund balance	32,258	17,610	17,699	89
Fund balance, July 1	<u>-</u>	<u>7,749</u>	<u>7,749</u>	<u>-</u>
Fund balance, June 30	<u><u>\$ 32,258</u></u>	<u><u>\$ 25,359</u></u>	<u><u>\$ 25,448</u></u>	<u><u>\$ 89</u></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, 2016

	<u>Budgeted Amounts</u>			Variance With Final Budget- Positive(Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Charges for services:				
Public safety impact fees	\$ 27,184	\$ 14,847	\$ 14,847	\$ -
Interest	-	-	75	75
Total revenues	<u>27,184</u>	<u>14,847</u>	<u>14,922</u>	<u>75</u>
Expenditures:				
Public Safety:	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>27,184</u>	<u>14,847</u>	<u>14,922</u>	<u>75</u>
Net change in fund balance	27,184	14,847	14,922	75
Fund balance, July 1	<u>-</u>	<u>6,528</u>	<u>6,528</u>	<u>-</u>
Fund balance, June 30	<u>\$ 27,184</u>	<u>\$ 21,375</u>	<u>\$ 21,450</u>	<u>\$ 75</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, 2016

	<u>Budgeted Amounts</u>			Variance With Final Budget- Positive(Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Charges for services:				
Public safety impact fees	\$ 7,228	\$ 3,933	\$ 3,933	\$ -
Interest	-	-	20	20
Total revenues	<u>7,228</u>	<u>3,933</u>	<u>3,953</u>	<u>20</u>
Expenditures:				
Public Safety:	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>7,228</u>	<u>3,933</u>	<u>3,953</u>	<u>20</u>
Net change in fund balance	7,228	3,933	3,953	20
Fund balance, July 1	<u>-</u>	<u>1,735</u>	<u>1,735</u>	<u>-</u>
Fund balance, June 30	<u>\$ 7,228</u>	<u>\$ 5,668</u>	<u>\$ 5,688</u>	<u>\$ 20</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, 2016

	<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	\$ 96,504	\$ 68,170	\$ 68,170	\$ -
Interest	-	-	339	339
Total revenues	<u>96,504</u>	<u>68,170</u>	<u>68,509</u>	<u>339</u>
Expenditures:				
Transportation:	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>96,504</u>	<u>68,170</u>	<u>68,509</u>	<u>339</u>
Net change in fund balance	96,504	68,170	68,509	339
Fund balance, July 1	<u>-</u>	<u>28,448</u>	<u>28,448</u>	<u>-</u>
Fund balance, June 30	<u>\$ 96,504</u>	<u>\$ 96,618</u>	<u>\$ 96,957</u>	<u>\$ 339</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, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget- Positive(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Interest	\$ 7,000	\$ 7,000	\$ 54,826	\$ 47,826
Miscellaneous - loan repayments	22,000	45,000	53,629	8,629
Total revenues	<u>29,000</u>	<u>52,000</u>	<u>108,455</u>	<u>56,455</u>
Expenditures:				
Current:				
Contracts and program services	43,375	43,375	113,790	(70,415)
Total expenditures	<u>43,375</u>	<u>43,375</u>	<u>113,790</u>	<u>(70,415)</u>
Excess of revenues over (under) expenditures	<u>(14,375)</u>	<u>8,625</u>	<u>(5,335)</u>	<u>(13,960)</u>
Other financing uses:				
Transfer out to general fund	<u>(2,350)</u>	<u>(2,350)</u>	<u>(2,350)</u>	<u>-</u>
Total other financing uses	<u>(2,350)</u>	<u>(2,350)</u>	<u>(2,350)</u>	<u>-</u>
Net change in fund balance	(16,725)	6,275	(7,685)	(13,960)
Fund balance, July 1	<u>870,992</u>	<u>844,185</u>	<u>844,185</u>	<u>-</u>
Fund balance, June 30	<u><u>\$ 854,267</u></u>	<u><u>\$ 850,460</u></u>	<u><u>\$ 836,500</u></u>	<u><u>\$ (13,960)</u></u>

CITY OF CALISTOGA
Palisades Landscape Maintenance Special Revenue Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2016

	<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	\$1,500	(\$50)
Total revenues	1,550	1,550	1,500	(50)
Expenditures:				
Public works	1,550	1,550	871	679
Excess of revenues over(under)expenditures	-	-	629	629
Net change in fund balance	-	-	629	629
Fund balance, July 1	2,101	2,877	2,877	-
Fund balance, June 30	<u>\$ 2,101</u>	<u>\$ 2,877</u>	<u>\$ 3,506</u>	<u>\$ 629</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, 2016

	<u>Budgeted Amounts</u>			Variance With Final Budget- Positive(negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Interest	\$ -	\$ -	\$ 149	\$ 149
Intergovernmental: Grants	5,000	7,362	7,362	-
Total revenues	<u>5,000</u>	<u>7,362</u>	<u>7,511</u>	<u>149</u>
Expenditures:				
Current:				
Public safety	<u>8,300</u>	<u>6,700</u>	<u>2,692</u>	<u>4,008</u>
Excess of revenues over (under) expenditures	<u>(3,300)</u>	<u>662</u>	<u>4,819</u>	<u>4,157</u>
Net change in fund balance	(3,300)	662	4,819	4,157
Fund balance, July 1	<u>-</u>	<u>38,002</u>	<u>38,002</u>	<u>-</u>
Fund balance, June 30	<u>\$ (3,300)</u>	<u>\$ 38,664</u>	<u>\$ 42,821</u>	<u>\$ 4,157</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, 2016

	<u>Budgeted Amounts</u>			Variance With Final Budget- Positive(Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Interest	\$ 200	\$ 11,000	\$ 11,250	\$ 250
Proceeds of loan	-	100,000	100,000	-
Other revenue	-	45,348	45,348	-
Development in lieu fees	-	16,566	16,566	-
Total revenues	<u>200</u>	<u>172,914</u>	<u>173,164</u>	<u>250</u>
Expenditures:				
Current:				
Housing services	<u>35,000</u>	<u>757,818</u>	<u>737,262</u>	<u>20,556</u>
Total expenditures	<u>35,000</u>	<u>757,818</u>	<u>737,262</u>	<u>20,556</u>
Excess of revenues over (under) expenditures	<u>(34,800)</u>	<u>(584,904)</u>	<u>(564,098)</u>	<u>20,806</u>
Other financing uses:				
Transfers out to the general fund	-	(100,000)	(100,000)	-
Transfers in from the general fund	-	220,000	220,000	-
Total other financing uses	<u>-</u>	<u>120,000</u>	<u>120,000</u>	<u>-</u>
Net change in fund balance	<u>(34,800)</u>	<u>(464,904)</u>	<u>(444,098)</u>	<u>20,806</u>
Prior period adjustment	<u>-</u>	<u>1,013,500</u>	<u>1,013,500</u>	<u>-</u>
Fund balance, July 1 restated	<u>504,777</u>	<u>1,515,656</u>	<u>1,515,656</u>	<u>-</u>
Fund balance, June 30	<u>\$ 469,977</u>	<u>\$ 1,050,752</u>	<u>\$ 1,071,558</u>	<u>\$ 20,806</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, 2016

	<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	\$ 74,476	\$ 48,831	\$ 48,831	\$ -
Interest	-	-	45	45
Total revenues	<u>74,476</u>	<u>48,831</u>	<u>48,876</u>	<u>45</u>
Expenditures:				
Current:				
Public works	-	-	-	-
Excess of revenues over(under) expenditures	<u>74,476</u>	<u>48,831</u>	<u>48,876</u>	<u>45</u>
Other financing uses:				
Transfers out to debt service	<u>(74,476)</u>	<u>(42,477)</u>	<u>(42,477)</u>	<u>-</u>
Net change in fund balance	-	6,354	6,399	45
Fund balance, July 1	<u>-</u>	<u>6,613</u>	<u>6,613</u>	<u>-</u>
Fund balance, June 30	<u>\$ -</u>	<u>\$ 12,967</u>	<u>\$ 13,012</u>	<u>\$ 45</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, 2016

	<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	\$ 1,002	\$ 2
Total revenues	<u>1,000</u>	<u>1,000</u>	<u>1,002</u>	<u>2</u>
Expenditures:				
Current:				
Public works	<u>1,000</u>	<u>2,750</u>	<u>2,465</u>	<u>285</u>
Excess of revenues over(under) expenditures	<u>-</u>	<u>(1,750)</u>	<u>(1,463)</u>	<u>287</u>
Net change in fund balance	-	(1,750)	(1,463)	287
Fund balance, July 1	<u>1,507</u>	<u>2,002</u>	<u>2,002</u>	<u>-</u>
Fund balance, June 30	<u>\$ 1,507</u>	<u>\$ 252</u>	<u>\$ 539</u>	<u>\$ 287</u>

CITY OF CALISTOGA
City Hall Donation Special Revenue Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2016

	<u>Budgeted</u>		<u>Actual</u>	<u>Variance With Final Budget- Positive(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Interest	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
Capital outlay:				
City Hall improvements	<u>-</u>	<u>30,462</u>	<u>30,462</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>30,462</u>	<u>30,462</u>	<u>-</u>
Excess of revenues over(under) expenditures	<u>-</u>	<u>(30,462)</u>	<u>(30,462)</u>	<u>-</u>
Other financing uses:				
Transfers in from the general fund	<u>-</u>	<u>21,513</u>	<u>21,513</u>	<u>-</u>
Net change in fund balance	<u>-</u>	<u>(8,949)</u>	<u>(8,949)</u>	<u>-</u>
Fund balance, July 1	<u>-</u>	<u>8,949</u>	<u>8,949</u>	<u>-</u>
Fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2016

	Budgeted Amounts			Variance With Final Budget- Positive(Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental:				
Napa County - reimbursement fees	\$ 6,000	\$ 7,258	\$ 12,227	\$ 4,969
Interest	50	50	119	69
Total revenues	<u>6,050</u>	<u>7,308</u>	<u>12,346</u>	<u>5,038</u>
Expenditures:				
Current:				
Public safety	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>6,050</u>	<u>7,308</u>	<u>12,346</u>	<u>5,038</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	1,450	2,708	7,746	5,038
Fund balance, July 1	<u>26,444</u>	<u>26,220</u>	<u>26,220</u>	<u>-</u>
Fund balance, June 30	<u>\$ 27,894</u>	<u>\$ 28,928</u>	<u>\$ 33,966</u>	<u>\$ 5,038</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, 2016

	<u>Budgeted Amounts</u>			Variance With Final Budget- Positive(Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Charges for services:				
Impact fees	\$ -	\$ -	\$ -	\$ -
Interest	300	300	808	508
Total revenues	<u>300</u>	<u>300</u>	<u>808</u>	<u>508</u>
Expenditures:				
Current public works	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	300	300	808	508
Fund balance, July 1	<u>233,647</u>	<u>230,640</u>	<u>230,640</u>	<u>-</u>
Fund balance, June 30	<u>\$ 233,947</u>	<u>\$ 230,940</u>	<u>\$ 231,448</u>	<u>\$ 508</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, 2016

	<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	\$ 3,219,100	\$ 2,780,600	\$ 205,204	\$ (2,575,396)
Interest	-	-	-	-
Total revenues	<u>3,219,100</u>	<u>2,780,600</u>	<u>205,204</u>	<u>(2,575,396)</u>
Expenditures:				
Current:				
Public works- pedestrian projects	<u>3,219,100</u>	<u>308,519</u>	<u>207,536</u>	<u>100,983</u>
Total expenditures	<u>3,219,100</u>	<u>308,519</u>	<u>207,536</u>	<u>100,983</u>
Excess of revenues over(under) expenditures	<u>-</u>	<u>2,472,081</u>	<u>(2,332)</u>	<u>(2,474,413)</u>
Other financing uses:				
Transfer in from the general fund	-	8,000	7,812	(188)
Transfer out to the general fund	-	-	(5,480)	(5,480)
Total other financing uses	<u>-</u>	<u>8,000</u>	<u>2,332</u>	<u>(5,668)</u>
Net change in fund balance	-	2,480,081	-	(2,480,081)
Fund balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30	<u>\$ -</u>	<u>\$ 2,480,081</u>	<u>\$ -</u>	<u>\$ (2,480,081)</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, 2016

	<u>Budgeted Amounts</u>			Variance With Final Budget- Positive(Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Interest	\$ -	\$ -	\$ 11	\$ 11
Total revenues	<u>-</u>	<u>-</u>	<u>11</u>	<u>11</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>11</u>	<u>11</u>
Net change in fund balance	-	-	11	11
Fund balance, July 1	<u>2,967</u>	<u>3,134</u>	<u>3,134</u>	<u>-</u>
Fund balance, June 30	<u><u>\$ 2,967</u></u>	<u><u>\$ 3,134</u></u>	<u><u>\$ 3,145</u></u>	<u><u>\$ 11</u></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, 2016

	<u>Budgeted Amounts</u>			Variance With Final Budget- Positive(Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Interest	\$ -	\$ -	\$ 6	\$ 6
Miscellaneous:				
Donations	6,000	6,000	5,479	(521)
Total revenues	<u>6,000</u>	<u>6,000</u>	<u>5,485</u>	<u>(515)</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>6,000</u>	<u>5,485</u>	<u>(515)</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	-	-	(515)	(515)
Fund balance, July 1	<u>2,678</u>	<u>3,303</u>	<u>3,303</u>	<u>-</u>
Fund balance, June 30	<u>\$ 2,678</u>	<u>\$ 3,303</u>	<u>\$ 2,788</u>	<u>\$ (515)</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, 2016

	<u>Budgeted Amounts</u>			Variance With Final Budget- Positive(Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Interest	\$ -	\$ -	\$ 41	\$ 41
Total revenues	-	-	41	41
Expenditures:				
Current:				
Public safety	-	-	-	-
Net change in fund balance	-	-	41	41
Fund balance, July 1	11,874	11,902	11,902	-
Fund balance, June 30	<u>\$ 11,874</u>	<u>\$ 11,902</u>	<u>\$ 11,943</u>	<u>\$ 41</u>

CITY OF CALISTOGA
Police Grant Special Revenue Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2016

	<u>Budgeted Amounts</u>			Variance With Final Budget- Positive(Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental:				
COPS grant	\$ 120,940	\$ 108,440	\$ 137,996	\$ 17,056
Total revenues	<u>120,940</u>	<u>108,440</u>	<u>137,996</u>	<u>17,056</u>
Expenditures:				
Current:				
Public safety	42,440	29,940	16,166	13,774
Total expenditures	<u>42,440</u>	<u>29,940</u>	<u>16,166</u>	<u>13,774</u>
Excess of revenues over (under) expenditures	<u>78,500</u>	<u>78,500</u>	<u>121,830</u>	<u>43,330</u>
Other financing uses:				
Transfers out to the general fund	<u>(76,033)</u>	<u>(74,533)</u>	<u>(72,944)</u>	<u>1,589</u>
Net change in fund balance	2,467	3,967	48,886	44,919
Fund balance, July 1	<u>29,134</u>	<u>48,853</u>	<u>48,853</u>	<u>-</u>
Fund balance, June 30	<u>\$ 31,601</u>	<u>\$ 52,820</u>	<u>\$ 97,739</u>	<u>\$ 44,919</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, 2016

	<u>Budgeted Amounts</u>			Variance With Final Budget- Positive(Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Charges for services:				
Tree mitigation and removal fees	\$ 500	\$ 500	\$ 1,222	\$ 722
Interest	-	-	111	111
Total revenues	<u>500</u>	<u>500</u>	<u>1,333</u>	<u>833</u>
Expenditures:				
Current:				
Public works	-	-	-	-
Excess of revenues over (under) expenditures	<u>500</u>	<u>500</u>	<u>1,333</u>	<u>833</u>
Net change in fund balance	500	500	1,333	833
Fund balance, July 1	<u>10,816</u>	<u>15,427</u>	<u>15,427</u>	<u>-</u>
Fund balance, June 30	<u><u>\$ 11,316</u></u>	<u><u>\$ 15,927</u></u>	<u><u>\$ 16,760</u></u>	<u><u>\$ 833</u></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, 2016

	<u>Budgeted Amounts</u>			Variance With Final Budget- Positive(Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Interest	\$ -	\$ -	\$ 3	\$ 3
Total revenues	-	-	3	-
Expenditures:				
Current:				
Public safety	-	-	-	-
Excess of revenues over (under) expenditures	-	-	3	-
Net change in fund balance	-	-	3	3
Fund balance, July 1	951	954	954	-
Fund balance, June 30	<u>\$ 951</u>	<u>\$ 954</u>	<u>\$ 957</u>	<u>\$ 3</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, 2016

	<u>Budgeted Amounts</u>			Variance With Final Budget- Positive(Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Interest	\$ -	\$ -	\$ 106	\$ 106
Charges for services:				
Inspection fees	7,940	7,940	7,940	-
Rent stablization fees	10,600	10,600	9,760	(840)
Other Revenues	-	-	-	-
Total revenues	<u>18,540</u>	<u>18,540</u>	<u>17,806</u>	<u>(734)</u>
Expenditures:				
Current:				
Housing	<u>9,415</u>	<u>9,415</u>	<u>1,275</u>	<u>8,140</u>
Excess of revenues over (under) expenditures	<u>9,125</u>	<u>9,125</u>	<u>16,531</u>	<u>7,406</u>
Other financing sources (uses):				
Transfers in from community dev fund	-	-	-	-
Transfers out to general fund	<u>(7,520)</u>	<u>(10,460)</u>	<u>(7,520)</u>	<u>2,940</u>
Total other financing sources (uses)	<u>(7,520)</u>	<u>(10,460)</u>	<u>(7,520)</u>	<u>2,940</u>
Net change in fund balance	1,605	(1,335)	9,011	10,346
Fund balance, July 1	<u>21,948</u>	<u>21,457</u>	<u>21,457</u>	<u>-</u>
Fund balance, June 30	<u>\$ 23,553</u>	<u>\$ 20,122</u>	<u>\$ 30,468</u>	<u>\$ 10,346</u>

CITY OF CALISTOGA
City Debt Service Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2016

	<u>Budgeted Amounts</u>			Variance With Final Budget- Positive(Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Miscellaneous	\$ -	\$ -	\$ 5,000	\$ 5,000
Total revenues	<u>-</u>	<u>-</u>	<u>5,000</u>	<u>5,000</u>
Expenditures:				
Debt service:				
Principal retirement	228,559	228,559	228,559	-
Interest on long-term debt	197,748	250,055	248,451	1,604
Total expenditures	<u>426,307</u>	<u>478,614</u>	<u>477,010</u>	
Excess of revenues over (under) expenditures	<u>(426,307)</u>	<u>(478,614)</u>	<u>(472,010)</u>	6,604
Other financing sources:				
Transfer in from public safety fund	213,154	213,154	253,650	40,496
Transfer in from quality of life	74,476	42,477	42,477	-
Transfer in from general fund	138,677	222,983	175,883	(47,100)
Total other financing sources	<u>426,307</u>	<u>478,614</u>	<u>472,010</u>	<u>(6,604)</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 Calistoga
Statement of Changes in Assets and Liabilities
Agency Fund
For Fiscal Year Ended June 30, 2016

	Balance June 30, 2015	Additions	Reductions	Balance June 30, 2016
ASSETS				
Cash and cash equivalents	\$ 60,548	\$ 20,307	\$ -	\$ 80,855
Assessments receivable	111,335	(21,328)	-	90,007
Total assets	<u>\$ 171,883</u>	<u>\$ (1,021)</u>	<u>\$ -</u>	<u>\$ 170,862</u>
LIABILITIES				
Deposits payable to Tourism Business Improvement District	\$ 171,883	\$ (1,021)	\$ -	\$ 170,862
Total liabilities	<u>\$ 171,883</u>	<u>\$ (1,021)</u>	<u>\$ -</u>	<u>\$ 170,862</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	
	2016	2015
General fixed assets:		
Land	2,680,612	1,964,744
Buildings	3,494,179	3,494,179
Improvements	10,262,761	9,077,964
Equipment	871,833	871,833
Infrastructure - street system	1,840,283	1,807,034
Construction in progress	1,708,327	710,267
Total general capital assets	\$ 20,857,995	\$ 17,926,021
Investment in general fixed assets from:		
General fund	16,857,073	13,925,099
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	\$ 20,857,995	\$ 17,926,021

CITY OF CALISTOGA
Schedule of Changes in General Capital Assets Used in Governmental Activities
By Source
For the Fiscal Year Ended June 30, 2016

	<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, 2015	\$ 1,964,744	\$ 3,494,179	\$ 9,350,389	\$ 871,833	\$ 2,244,876	\$17,926,021
Add:						
Expenditures from:						
Capital projects	715,868	-	1,184,798	-	-	1,900,666
General fund	-	-	-	-	1,332,315	1,332,315
Deduct:						
Retirements and transfers	-	-	-	-	(301,007)	(301,007)
General capital assets June 30, 2016	<u>\$2,680,612</u>	<u>\$ 3,494,179</u>	<u>\$10,535,187</u>	<u>\$ 871,833</u>	<u>\$ 3,276,184</u>	<u>\$20,857,995</u>

CITY OF CALISTOGA
Schedule of General Capital Assets Used in Governmental Activities
By Function and Activity
June 30, 2016

Function and Activity	Land	Buildings	Improvements	Equipment	Infrastructure	Total Cost
General government:						
General government buildings	\$ 2,031,048	\$ 131,175	\$ 682,373	\$ 17,000	\$ -	\$ 2,861,596
Public safety:						
Police protection	509,682	935,600	332,969	175,348	-	1,953,599
Fire protection	-	1,821,700	28,097	402,282	-	2,252,079
Total public safety	509,682	2,757,300	361,066	577,630	-	4,205,678
Community Center	5,000	54,576	298,974	67,235	-	425,785
Community pool	-	-	7,146,051	17,251	-	7,163,302
Parks and recreation	45,660	295,142	1,074,535	93,743	-	1,509,080
Public works	77,222	89,995	972,188	73,974	3,276,184	4,489,563
Museum	12,000	165,991	-	25,000	-	202,991
Total capital assets	<u>\$ 2,680,612</u>	<u>\$ 3,494,179</u>	<u>\$ 10,535,187</u>	<u>\$ 871,833</u>	<u>\$ 3,276,184</u>	<u>\$ 20,857,995</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, 2016

Function and Activity	General Fixed Assets July 1, 2015	Additions	Deletions	General Fixed Assets June 30, 2016
General government:				
City Clerk	\$ 12,871	\$ -	\$ -	\$ 12,871
Planning	7,235	-	-	7,235
General buildings and land	1,955,552	819,766	-	2,775,318
Financial administration	62,791	-	-	62,791
City Manager	3,381	-	-	3,381
Total general government	<u>2,041,830</u>	<u>819,766</u>	<u>-</u>	<u>2,861,596</u>
Public safety:				
Police protection	1,953,599	-	-	1,953,599
Fire protection	2,252,079	-	-	2,252,079
Total public safety	<u>4,205,678</u>	<u>-</u>	<u>-</u>	<u>4,205,678</u>
Community Center	170,573	255,212	-	425,785
Community Pool	7,163,302	-	-	7,163,302
Parks and recreation	1,311,206	197,874	-	1,509,080
Public Works	2,830,441	1,960,129	(301,007)	4,489,563
Museum	202,991	-	-	202,991
Total capital assets	<u>\$ 17,926,021</u>	<u>\$ 3,232,981</u>	<u>\$ (301,007)</u>	<u>\$ 20,857,995</u>

STATISTICAL SECTION



TRUNK LINE

STATISTICAL SECTION

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

Financial Trends	Schedules 1- 4
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These schedules contain trend information to help understand how the City's financial performance and well-being have changed over time.

Revenue Capacity	Schedules 5-6
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These schedules contain information to help assess the City's most significant local revenue sources, which for the City is the transient occupancy tax revenue.

Debt Capacity	Schedules 7-11
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These schedules present information to help assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information	Schedules 12 -14
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These schedules offer demographic and economic indicators to help understand the environment within which the City's financial activities take place.

Operating Information	Schedules 15-17
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These schedules contain service and infrastructure data to help understand how the information in the City's financial report relates to services the City provides and the activities it performs.

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities:										
Net investment in capital assets	\$3,902,216	\$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
Restricted	4,552,113	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
Unrestricted	1,478,418	1,300,830	1,322,140	171,473	(601,181)	909,057	2,284,571	5,031,807	1,381,017	2,483,766
Total governmental activities net position	\$9,932,747	\$11,082,423	\$15,103,987	\$15,217,125	\$14,853,747	\$15,572,189	\$18,292,993	\$21,048,485	\$17,598,061	\$19,885,585
Business-type activities:										
Net investment in capital assets	\$14,527,166	\$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
Restricted	904,096	769,992	-	-	-	-	-	-	-	-
Unrestricted	(1,377,516)	303,715	(605,740)	436,945	194,892	6,084	1,607,643	3,371,809	(392,582)	(1,240,016)
Total business-type activities net position	\$14,053,746	\$13,805,970	\$13,772,718	\$14,128,597	\$13,779,455	\$15,144,059	\$16,592,149	\$17,810,620	\$15,037,834	\$14,874,156
Primary government:										
Net investment in capital assets	\$18,429,382	\$18,145,208	\$22,678,476	\$22,484,305	\$22,719,461	\$24,261,529	\$24,119,463	\$23,128,672	\$24,207,270	\$27,494,987
Restricted	5,456,209	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
Unrestricted	100,902	1,604,545	716,400	608,418	(406,289)	915,141	3,892,214	8,403,616	988,435	1,243,750
Total primary government net position	\$23,986,493	\$24,888,393	\$28,876,705	\$29,345,722	\$28,633,202	\$30,716,248	\$34,885,142	\$38,859,105	\$32,635,895	\$34,759,741

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)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses:										
Governmental activities:										
General government	\$ 1,308,975	\$ 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
Public safety	2,669,054	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
Community services	357,280	188,928	276,107	309,074	385,499	485,263	452,308	521,194	521,463	653,406
Housing	141,891	113,019	77,355	124,359	123,490	127,496	69,474	55,530	240,816	1,313,989
Recreation Services	339,137	378,520	475,566	542,515	615,712	391,147	357,669	329,786	276,256	312,621
Public works	1,088,982	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
Planning and Building	625,180	604,125	694,241	628,391	637,991	405,710	423,257	668,238	593,152	684,053
Interest on long-term debt	69,591	200,895	227,841	268,959	291,896	272,807	56,689	286,823	202,958	204,061
Total governmental activities expenses	6,600,090	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
Business-type activities:										
Water	2,149,976	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
Wastewater	2,831,758	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
Total business-type activities expenses	4,981,734	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
Total primary government expenses	\$11,581,824	\$12,407,864	\$13,506,495	\$13,489,664	\$13,949,400	\$13,078,400	\$12,853,909	\$13,467,650	\$12,793,126	\$17,509,517
Program revenues:										
Governmental activities:										
Charges for services:										
General government	\$191,106	\$339,719	\$241,627	\$258,984	\$265,929	\$290,492	\$210,161	\$394,402	\$411,142	\$469,078
Public safety	491,489	282,560	279,176	326,789	185,890	293,710	541,245	391,088	474,448	687,788
Community services	53,296	13,192	10,600	9,238	21,734	18,882	9,952	10,891	17,058	12,249
Housing	93,104	127,025	47,273	47,643	146,202	140,320	127,679	79,092	103,150	126,261
Recreation services	19,397	59,776	83,029	128,795	123,832	141,329	157,059	149,305	102,290	101,496
Public works	52,325	59,538	261,534	25,203	66,484	33,743	55,840	71,730	50,864	66,039
Planning and building	357,841	197,848	196,562	157,031	182,174	166,892	207,008	279,974	275,553	294,329
Operating grants and contributions	314,902	766,363	323,770	297,496	272,868	310,240	419,165	1,209,804	760,212	2,350,878
Capital grants and contributions	316,553	575,416	2,642,244	2,261,454	1,113,412	33,131	86,386	201,332	174,074	205,204
Total governmental activities program revenues	\$1,890,013	\$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

(continued)

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Business-type activities:										
Charges for services:										
Water	\$ 2,222,327	\$ 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
Wastewater	1,921,034	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
Operating grants and contributions	550,801	127,213	1,482,941	952,188	488,832	2,620,301	2,426,374	1,951,228	510,874	1,084,217
Capital grants and contributions	4,694,162	4,760,021	5,638,683	4,981,965	4,541,749	6,997,657	7,067,493	6,963,589	5,225,630	6,104,903
Total business-type activities										
program revenues										
Total primary government program revenues	\$6,584,175	\$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
Net revenues (expenses):										
Governmental activities	\$ (4,710,077)	\$ (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)
Business-type activities	(287,572)	(239,089)	12,904	(718,789)	(1,208,950)	1,364,604	1,442,428	1,137,644	(484,974)	(352,693)
Total net revenues (expenses)	(\$4,997,649)	(\$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)
General revenues and other changes in net position:										
Governmental activities:										
Taxes:										
Property taxes	\$1,335,430	\$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
Transient occupancy taxes	2,521,951	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
Sales tax	793,011	874,109	842,610	670,909	796,563	965,528	1,021,131	985,555	1,019,262	1,235,143
Other taxes	335,687	329,146	369,196	348,285	312,778	323,873	326,135	377,858	422,361	396,009
Motor vehicle in lieu, unrestricted	31,248	23,499	18,039	15,665	24,494	-	-	-	-	-
Investment income	38,597	32,002	24,231	11,517	9,693	1,331	-	7,669	15,502	24,848
Other general revenue	-	-	-	-	57,164	40,450	151,796	135,088	72,181	73,104
Donations for community pool	-	-	1,597,624	-	-	-	-	-	-	-
Net Transfers	-	-	-	(1,353,869)	(859,808)	-	-	(71,900)	(109,400)	(185,011)
Total governmental activities	5,055,924	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
						(continued)				
Business-type activities:										
Investment income	-	-	-	-	-	-	5,662	8,927	8,220	4,004
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
Total primary government	\$5,055,924	\$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
Changes in net position										
Governmental activities	\$345,847	\$1,140,989	\$3,975,408	\$113,138	(\$363,378)	\$718,442	\$1,719,304	\$2,755,492	\$3,502,026	\$2,387,536
Business-type activities	(287,572)	(239,089)	12,904	635,080	(349,142)	1,364,604	1,448,090	1,218,471	(367,354)	(163,678)
Total primary government	\$58,275	\$901,900	\$3,988,312	\$748,218	(\$712,520)	\$2,083,046	\$3,167,394	\$3,973,963	\$3,134,672	\$2,223,858

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General fund:										
Reserved	\$ 1,558,663	\$ 588,784	\$ 447,767	\$ 154,504	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	326,911	1,121,851	941,456	778,500	16,911	311,927	606,843	613,509	614,207	1,031,743
Nonspendable (1)	-	-	-	-	(455)	646,165	1,858,588	4,242,111	6,580,837	7,310,881
Unassigned (1)	-	-	-	-	-	958,092	2,465,431	4,855,620	7,195,044	8,342,624
Total general fund	1,885,574	1,710,635	1,389,223	933,004	16,456	958,092	2,465,431	4,855,620	7,195,044	8,342,624
All other governmental funds:										
Reserved	34	-	-	-	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	2,189,346	2,068,446	1,610,914	1,151,093	-	-	-	-	-	-
Capital projects funds	-	3,779,438	2,835,941	2,158,730	-	-	-	-	-	-
Nonspendable (1)	-	-	-	-	-	-	-	6,249,139	6,231,098	6,187,621
Restricted for capital improvements	-	-	-	-	398,097	397,158	397,176	233,858	210,716	210,736
Restricted for affordable housing	-	-	-	-	628,868	551,931	485,175	741,581	823,486	454,128
Restricted for streets	-	-	-	-	327,317	351,173	344,747	410,084	486,462	511,613
Restricted for facilities	-	-	-	-	50,584	32,037	166,893	14,135	23,311	38,460
Restricted for public safety	-	-	-	-	125,782	132,025	319,186	543,524	396,777	223,670
Restricted for parks	-	-	-	-	2,150	2,152	150	1,578	3,303	2,788
Restricted for debt service	-	-	-	-	1,708	-	-	-	-	-
Total all other governmental funds	2,189,380	5,847,884	4,446,855	3,309,823	1,534,506	1,466,476	1,713,327	8,193,899	8,175,153	7,629,016
Total Governmental funds	\$4,074,954	\$7,558,519	\$5,836,078	\$4,242,827	\$1,550,962	\$2,424,568	\$4,178,758	\$13,049,519	\$15,370,197	\$15,971,640

(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)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues:										
Property Taxes	\$ 1,328,829	\$ 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
Sales Taxes	738,597	819,647	842,610	670,909	796,563	965,528	1,021,131	985,555	1,019,262	1,235,143
Transient Occupancy Taxes	2,521,951	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
Other Taxes	335,687	329,146	311,292	292,758	312,778	323,873	326,135	377,858	422,361	396,009
Licenses and permits	170,366	81,325	89,315	65,849	65,022	64,458	81,436	135,763	131,136	142,198
Fines and forfeitures	56,830	49,296	49,810	42,577	53,486	55,989	33,075	35,799	51,192	21,661
Intergovernmental	662,032	1,345,393	2,984,116	1,869,131	1,324,812	338,865	382,499	519,468	455,942	1,636,185
Interest and rents	154,580	132,186	87,052	28,893	61,280	43,963	50,969	77,845	110,817	93,606
Charges for services	1,299,226	798,184	781,600	744,437	677,254	723,338	1,185,644	2,001,041	1,511,202	1,362,977
Other	158,434	194,074	396,083	146,261	229,222	209,747	213,665	201,549	287,134	1,154,645
Total revenues	7,426,532	8,612,271	10,460,487	8,557,723	8,636,331	8,129,629	8,929,145	10,510,288	10,784,897	13,624,466
Expenditures										
Current:										
General government	1,183,362	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
Public safety	2,501,429	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
Community services	344,778	181,426	272,543	373,314	363,846	305,753	308,744	336,825	348,400	447,650
Housing	141,891	113,019	1,883,387	1,364,524	123,490	124,195	68,041	97,083	203,618	1,291,834
Recreation Services	307,691	347,074	411,697	359,023	442,875	220,454	188,858	208,062	167,359	187,625
Public works	915,104	966,949	1,062,579	941,969	1,026,442	945,245	971,710	1,133,752	1,201,724	1,405,092
Planning and Building	599,406	604,125	694,241	616,410	602,200	395,207	414,528	659,254	660,539	616,614
Debt service:										
Debt Issuance Costs	-	22,720	-	-	-	-	-	-	-	-
Principal retirement	269,926	305,626	342,286	354,934	355,760	372,618	255,754	130,457	136,994	228,559
Interest and fiscal charges	74,117	63,416	329,392	270,472	295,855	277,011	221,411	212,186	205,649	248,451
Capital Outlay	368,609	2,658,646	3,997,786	1,104,295	2,373,936	100,771	89,095	246,485	302,577	2,070,285
Total expenditures	6,706,313	9,703,119	13,682,298	9,865,920	10,468,388	7,193,135	7,146,072	7,552,676	8,250,937	12,642,564
Excess (deficiency) of revenues over (under) expenditures	720,219	(1,090,848)	(3,221,811)	(1,308,197)	(1,832,057)	936,494	1,783,073	2,957,612	2,533,960	981,902
Other financing sources (uses):										
Contractual settlements	-	-	-	720,154	-	-	-	-	-	-
Transfers in	727,526	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
Transfers out	(696,026)	(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)
Issuance of bonds	-	4,674,000	-	-	-	-	-	-	-	-
Total other financing sources (uses)	31,500	4,574,413	(98,254)	(285,054)	(859,808)	(62,887)	(28,883)	(335,990)	(213,282)	(280,459)
Special Item: Contributions for Pool	-	-	1,597,624	-	-	-	-	-	-	-
Net change in fund balances	\$751,719	\$3,483,565	(\$1,722,441)	(\$1,593,251)	(\$2,691,865)	\$873,607	\$1,754,190	\$2,621,622	\$2,320,678	\$701,443
Debt service as a percentage of noncapital expenditures	5.4%	5.2%	6.9%	7.1%	8.1%	9.2%	6.8%	4.7%	4.3%	4.5%

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
2007	\$ 21,080,493	\$ 27,893	\$ 21,052,600	\$ 2,526,312	\$ 4,361	\$ 2,521,951	99.83%
2008	28,398,487	28,275	28,370,212	3,404,425	2,197	3,402,228	99.94%
2009	26,936,630	61,322	26,775,308	3,213,037	4,426	3,208,611	99.86%
2010	25,374,509	21,884	25,352,625	3,042,315	-	3,042,315	100.00%
2011	28,602,072	14,681	28,587,391	3,430,487	-	3,430,487	100.00%
2012	31,419,307	15,615	31,403,692	3,768,443	-	3,768,443	100.00%
2013	32,920,499	8,075	32,912,424	3,948,825	-	3,948,825	100.00%
2014	37,144,119	6,989	37,137,130	4,456,456	-	4,456,456	100.00%
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%

(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	Rooms											
		2007	2008	2009	2010	2011	2012	2013	2014	2015	2016		
Calistoga Spa	Hotel Resort	57	57	57	57	57	57	57	57	57	57	57	57
**The Sunburst Calistoga	Hotel Resort	41	41	41	41	41	41	41	41	41	41	41	41
Cottage Grove Inn	Inn/Motel	16	16	16	16	16	16	16	16	16	16	16	16
Golden Haven	Hotel Resort	31	31	31	31	31	31	31	31	31	31	31	31
Indian Springs & Lodge	Hotel Resort	40	40	40	40	40	40	40	40	40	40	40	40
Lodge at Calistoga	Inn/Motel	55	55	55	55	55	55	55	55	55	55	55	55
Mt. View Hotel	Hotel Resort	33	33	33	33	33	33	33	33	33	33	33	33
Roman Spa	Hotel Resort	61	61	61	61	61	61	61	61	61	61	61	61
Solage Calistoga	Hotel Resort	89	89	89	89	89	89	89	89	89	89	89	89
Stevenson Manor Inn	Inn/Motel	34	34	34	34	34	34	34	34	34	34	34	34
Wilkinson's Hot Springs	Hotel Resort	42	42	42	42	42	42	42	42	42	42	42	42
Total Top Ten Operators - Rooms		410	499	498	498	498	498	457	457	457	456	532	532
Total Rooms		602	690	690	690	688	688	690	690	690	690	764	764
As % of Total Rooms-All Operators		68%	72%	72%	72%	72%	66%	66%	66%	66%	66%	70%	70%
Total Net Transient Occupancy Tax Revenues		\$ 2,521,951	\$ 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		
Total Top Ten Operator Tax Revenues		\$ 1,894,261	\$ 2,625,920	\$ 2,577,200	\$ 2,581,676	\$ 2,828,801	\$ 3,135,485	\$ 3,359,920	\$ 3,653,238	\$ 3,653,238	\$ 4,736,410		
As % of Total Tax Revenue		75%	77%	80%	85%	82%	83%	85%	82%	73%	84%		

**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

		Governmental Activities				
Fiscal Year Ended	Capital Lease	Total Governmental	Fiscal Year Ended	Total Primary Government	As Percentage of Assessed Valuation [1]	Debt Per Capita [2]
June 30	Obligation	Activities	June 30	Government	Valuation [1]	Capita [2]
2007	2,616,567	2,616,567	2007	2,616,567	0.46%	498
2008	7,046,648	7,046,648	2008	7,046,648	1.14%	1,329
2009	6,066,111	6,066,111	2009	6,066,111	0.87%	1,138
2010	5,720,826	5,720,826	2010	5,720,826	0.87%	1,065
2011	5,559,954	5,559,954	2011	5,559,954	0.85%	1,079
2012	5,085,044	5,085,044	2012	5,085,044	0.75%	967
2013	4,735,348	4,735,348	2013	4,735,348	0.69%	912
2014	4,498,434	4,498,434	2014	4,498,434	0.64%	861
2015	4,261,955	4,261,955	2015	4,261,955	0.57%	810
2016	3,977,587	3,977,587	2016	3,977,587	0.47%	768

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

		Business-type Activities			
Fiscal Year Ended	State Revolving Fund Loan	Certificates of Participation	Total Business-type	Assessed Valuation (1)	Population (2)
June 30	Agreements	Revolving Fund Loan	Activities	Government	2007-2016
2007	8,335,000	4,935,660	1,987,300	569,996,414	2007
2008	8,120,000	4,710,318	4,476,770	618,539,567	2008
2009	7,895,000	4,469,195	4,430,800	696,275,569	2009
2010	7,665,000	4,221,803	4,382,000	654,464,952	2010
2011	7,430,000	3,967,979	4,085,200	651,533,812	2011
2012	7,180,000	3,707,556	3,948,402	676,866,460	2012
2013	6,925,000	3,440,362	6,206,042	686,878,025	2013
2014	6,660,000	3,166,220	6,766,808	707,262,503	2014
2015	6,380,000	2,884,951	6,648,508	741,509,414	2015
2016	6,095,000	2,596,369	6,525,108	843,564,016	2016

[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, 2016

2015-16 Assessed Valuation (Secured & Unsecured): \$ 843,564,016 (1)

	<u>Total Debt</u>	<u>City's Share of Debt 6/30/16</u>
	<u>6/30/2016</u>	<u>% Applicable (1)</u>

OVERLAPPING TAX AND ASSESSMENT DEBT:

Napa Joint Community College District	118,406,073	2.555% \$ 3,025,275
Calistoga Joint Unified School District	16,824,805	35.103% \$ 5,906,011
Total overlapping tax and assessment debt		\$ 8,931,287

DIRECT DEBT:

City of Calistoga Lease/Certificates of Participation	3,977,587	100.000% \$ 3,977,587 (2)
Total direct debt		\$ 3,977,587

OVERLAPPING GENERAL FUND DEBT:

Napa County Certificates of Participation	27,305,000	2.579% \$ 704,196
Napa County Board of Education Certificates of Participation	2,710,000	2.579% \$ 69,891
Calistoga Joint Unified School District Certificates of Participation	5,985,000	35.103% \$ 2,100,915
Total overlapping general fund debt		\$ 2,875,002

Total direct debt

Total overlapping debt

Combined debt

	3,977,587	
	11,806,289	
	\$ 15,783,876	(3)

Ratios to 2015-16 Assessed Valuation (Secured & Unsecured):

Total overlapping tax and assessment debt		1.06%
Total direct debt		0.47%
Combined Total Debt		1.87%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/15

\$ -

(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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Assessed valuation (Secured)	\$569,996,414	\$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
Conversion percentage	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Adjusted assessed valuation	142,499,104	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
Debt limit percentage	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Debt limit	\$ 21,374,866	\$ 23,195,234	\$ 26,110,334	\$ 24,542,436	\$ 24,432,518	\$ 25,382,492	\$ 25,757,926	\$ 26,522,344	\$ 27,806,603	\$ 31,633,651
Total net debt applicable to limit: Capital Lease Obligations	\$ 1,944,914	\$ 6,396,183	\$ 6,066,111	\$ 5,720,826	\$ 5,569,954	\$ 5,085,044	\$ 4,735,348	\$ 4,498,434	\$ 4,261,955	\$ 3,977,587
Legal debt margin	19,429,952	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
Total debt applicable to the limit as a percentage of debt limit	9.1%	27.6%	23.2%	23.3%	22.8%	20.0%	18.4%	17.0%	15.3%	12.6%

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 Callistoga
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	
2007	\$ 2,208,585	\$ 1,705,789	\$ 502,796	\$ -	\$ -	\$ 155,000	\$ 216,030	135.5%		
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%		

2008 Certificate of Participation (COPS) (1)

2011 Certificate of Participation (COPS)

Fiscal Year	Measure A Sales Tax Allocations	Debt Service Principal	Debt Service Interest	Coverage	Fiscal Year	Water CIP Revenues	Debt Service Principal	Debt Service Interest	Coverage
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	56,000	4,054	1093%
2014	112,799	30,000	82,799	1.00	2014	1,729,681	57,000	50,679	1606%
2015	112,487	31,000	81,487	1.00	2015	355,312	58,000	76,300	265%
2016	113,131	33,000	80,131	1.00	2016	248,047	60,000	75,071	184%

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

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

City of Calistoga
Schedule 11
Pledged Revenue Coverage Wastewater

Last Ten Fiscal Years

Fiscal Year	Wastewater Revenues	Less Operating Expenses	Pledged Available Revenue	2001 Install Purch Agmt		2005 Revolving Fund Loan		2005 Certificates of Participation (COPS)		
				Principal	Interest	Principal	Interest	Principal	Interest	Coverage
2007	\$ 1,903,253	\$ 1,837,345	\$ 65,908	\$ 70,000	\$ 155,001	\$ 229,066	\$ 134,283	\$ 21,000	\$ 85,353	9.5%
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%

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)
2007	5,252	\$139,732	\$26,600	3.2%
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	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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Apparel stores	\$ 2,113	\$ 2,472	\$ 2,341	\$ 1,803	\$ 1,822	\$ 1,916	\$ 1,954	\$ 1,800	\$ 1,364	\$ 1,381
Eating and drinking places	16726	19,456	18,097	16,440	15,918	17,483	16,293	18,473	22,308	24,411
Other retail stores	38259	38,458	38,244	31,548	34,957	39,795	40,482	38,814	37,065	37,041
All other outlets	17970	22,324	25,960	20,296	23,485	27,394	31,300	33,260	36,252	58,307
total	\$ 75,068	\$ 82,710	\$ 84,642	\$ 70,087	\$ 76,182	\$ 86,588	\$ 90,029	\$ 92,347	\$ 96,989	\$ 121,140

Source: State of California Board of Equalization and the HdI 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 2013 and 2016

	Employer	# of Employees	
		2013	2016
1	Solage Spa & Resort	320	308
2	Calistoga Joint Unified School District	105	106
3	Indian Springs	98	120
4	Calistoga Spa Hot Springs	100	75
5	City of Calistoga	54	47
6	Cal Mart	65	75
7	Calistoga Inn Restaurant	50	49
8	Brannans	46	46
9	Golden Haven Spa	41	43
10	Mount View Hotel And Spa	33	33

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	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Elected Officials	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Staff Positions - Full and Part Time										
Support Services	7.50	8.10	7.27	6.50	6.50	5.50	5.50	6.50	6.50	6.50
Community Services & Recreation	3.02	4.42	7.61	7.00	9.50	6.50	6.50	6.50	6.50	6.50
Fire Services	5.80	7.31	6.71	6.00	7.00	7.00	7.00	7.00	8.00	9.00
Planning & Building	5.00	5.40	5.10	4.00	3.00	3.00	2.50	2.50	2.50	2.50
Police Services	17.94	17.94	18.39	17.00	16.00	15.00	14.50	14.50	15.50	17.50
Public Works	19.88	20.88	21.88	19.00	19.00	18.50	18.00	16.50	17.50	19.00
Total All Full Time & Part Time Equivalent Staff Positions	59.14	64.05	66.96	59.50	61.00	55.50	54.00	53.50	56.50	61.00
Total All Full Time Staff Positions	53.00	57.00	58.00	51.00	50.00	43.00	44.00	43.00	46.00	48.00
Total Part Time Equivalent Positions [1]	6.14	7.05	8.96	8.50	11.00	12.50	10.00	10.50	11.50	10.50

Source: City of Calistoga Quarterly Payroll Reports

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

City of Calistoga
Schedule 16
Operating Indicators by Function
Last Ten Fiscal Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Police:										
Calls for Service	10,072	7,439	7,305	6,346	6,063	5,613	7,534	10,416	9,592	4,098
Part one crimes	166	155	160	156	115	81	103	116	105	109
Physical arrests	615	531	549	418	404	304	214	325	233	90
Traffic violations	325	351	387	523	481	406	321	587	314	86
Fire:										
Calls for service	880	1,022	1,021	980	1,000	980	1,010	1,000	1,000	1,000
Water System:										
Service connections	1,503	1,521	1,524	1,524	1,524	1,378	1,419	1,429	1,429	1,546
Fire hydrants	160	162	162	162	164	163	172	172	175	177
Est. Daily average gallons produced	714,244	720,930	679,930	670,449	670,449	632,903	642,000	600,000	633,360	534,360
Est. Maximum daily available gallons	1,760,000	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
Est. Gallons of storage capacity	1,000,000	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
Wastewater:										
Service connections	1,314	1,330	1,333	1,333	1,334	1,334	1,016	1,026	1,035	1,356
Est. Treatment plant-average dry weather flow in gallons	490,000	490,000	490,000	490,000	490,000	500,000	500,000	500,000	500,000	396,000
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

Last Ten Fiscal Years	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Vehicles	7	8	8	7	7	7	6	6	5	5
Fire:										
Fire stations	1	1	1	1	1	1	1	1	1	1
Number of in service apparatus	7	4	6	6	8	8	7	7	7	7
Public works:										
Streets (miles)	14	14	15	15	15	15	15	15	15	15
Streetlights and vintage street lights	325	325	325	325	325	325	359	359	359	379
Traffic signals	2	2	2	2	2	2	2	2	-	-
Parks and Recreation:										
Parks (Logvy, Pioneer, Heather, Fireman's & Cyrus Creek)	5	5	6	6	6	6	6	6	8	8
Community Pool	-	-	1	1	1	1	1	1	2	2
Community and Teen Centers	2	2	2	2	2	2	2	2	2	2
Park acreage developed	9	9	15	15	15	15	15	15	15	14
Park acreage undeveloped	5	5	2	2	2	2	2	2	2	-
Tennis Courts	3	3	3	3	3	3	3	3	-	-
Community Garden	1	1	1	1	1	1	1	1	1	1
Museum	1	1	1	1	1	1	1	1	1	1
Water System:										
Water mains (miles)	36	36	36	36	36	36	36	36	36	36
Service connections	1,503	1,521	1,524	1,524	1,524	1,378	1,419	1,429	1,528	1,546
Fire hydrants	160	162	162	162	164	163	172	172	175	177
Est. Daily average gallons produced	714,244	720,930	679,930	670,449	670,449	632,903	642,000	600,000	633,360	534,360
Est. Maximum daily available gallons	1,760,000	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
Est. Gallons of storage capacity	1,000,000	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
Wastewater:										
Sanitary sewers (miles)	16	16	16	16	16	16	16	16	16	17
Service connections	1,314	1,330	1,333	1,333	1,334	1,334	1,019	1,029	1,035	1,356
Est. Treatment plant-average dry weather flow in gallons	490,000	490,000	490,000	490,000	490,000	500,000	500,000	500,000	500,000	396,000
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, 2016



PREPARED BY THE FINANCE DEPARTMENT