

CITY OF



CALISTOGA, CALIFORNIA



COMPREHENSIVE ANNUAL
FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

CITY OF CALISTOGA, CALIFORNIA

**Comprehensive Annual Financial Report
For the
Fiscal Year Ended June 30, 2018**



Prepared by the Administrative Services Department

CITY OF CALISTOGA, CALIFORNIA
 Comprehensive Annual Financial Report
 For the
 Fiscal Year Ended June 30, 2018

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INTRODUCTORY SECTION



CITY OF CALISTOGA

1232 Washington Street • Calistoga, CA 94515
707.942.2800



December 31, 2018

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

We hereby submit the Comprehensive Annual Financial Report, or CAFR, of the City of Calistoga for the fiscal year ended June 30, 2018. The fiscal year covers financial transactions from July 1, 2017 to June 30, 2018 on a modified or full accrual basis, depending on the fund type. The City follows a policy of preparing a complete set of financial statements in conformity with accounting principles generally accepted in the United States of America after the end of each fiscal year. An independent licensed certified public accounting firm audits these financial statements.

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

Auditor's Report Summary

R.J. Ricciardi, Inc., a licensed and certified public accounting firm, has audited the City of Calistoga's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Calistoga for the fiscal year ended June 30, 2018, 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, 2018 are fairly presented in conformity with U.S. generally accepted accounting principles. The independent auditor's report is presented as the first component of the financial section of this report.

Comprehensive Annual Financial Report (CAFR)

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

PROFILE OF THE CITY AND ITS OPERATIONS

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

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

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

The City of Calistoga is located about 75 miles north of San Francisco in the northern part of Napa County. The City is approximately 2.6 square miles with an estimated population of 5,334 as of January 1, 2018. However, an additional surrounding population of 2,000 to 3,000 is considered part of the greater Calistoga community. The 2010 US Census reflects an ethnic diversity with 49% of the population white, 49% Hispanic and 2% other non-white. The median age is 38.2 years and almost 25% of the population is over 60 years. The median income is \$50,128 with an estimated 30% employed in management, professional or related occupations, 31% in services, 13.5% in sales or office and 25.5% in other occupations. An estimated 85% have a high school education and 29% have a bachelor's degree or higher. Of the 2,295 housing units an estimated 24% are mobile homes. The City has a diverse population with income, housing and employment reflecting a tourist, wine producing and retirement community.

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

DISCUSSION OF FACTORS AFFECTING FINANCIAL CONDITION

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

Local Economy

As discussed previously, the City of Calistoga's local economy is primarily related to agriculture, wine production, tourism and health services. The City has a stable assessed valuation base which continues increasing property tax revenue collections. The taxable sales base is primarily centered on restaurants and other tourist related products. The 42 lodging facilities range from small bed and breakfasts inns to large resorts with geothermal spas and other health treatments. These lodging facilities generate the largest single source of annual revenue to the City from transient occupancy tax, in addition to generation of sales and property tax.

About 74% of the City's general fund revenues come from the local transient occupancy tax, sales tax, and property taxes. As the City looks ahead to Fiscal Year 2018-19, City management is encouraged by indicators that the local economy will continue to grow.

Budget

The City's budget serves as the base for the City's financial planning and control systems. The annual budget begins on July 1st and ends on June 30th and is approved by City Council every May or June. Throughout the fiscal year, City Council reviews and updated budget projections to ensure fiscal accountability. All City departments submit budget updates and requests to the City Manager each spring in preparation of the budget. The City Manager uses this information, as well as revenue and expenditure forecasts, to develop a proposed budget. The City Manager presents a proposed budget to the City Council in May or June. The City Council holds public hearings on the proposed budget, provides input and feedback and then finally adopts an annual budget resolution. The budget is adopted by fund at the department and project levels. The Council periodically reviews during the fiscal year the City's actual financial activity in relationship to the original budget, and as necessary amends the original budget to reflect changing conditions.

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

Long-Term Financial Planning

In 2019, the City expects a modest revenue growth from transient occupancy and sales taxes. Improvements and rehabilitation of existing lodging facilities, accompanied with the addition of new facilities brought in additional transient occupancy tax from the prior year. There was a decrease of 1% in transient occupancy tax due to the Tubbs fire in the month of October 2017 as the City evacuated all of its residents and businesses were closed during the month of October.

The City experienced a net taxable value increase of 9.6% for the Fiscal Year 2017-18 tax roll, which was somewhat more than the increase experienced countywide at 6.9%. The assessed value increase between Fiscal Year 2016-17 and Fiscal Year 2017-18 was \$86.2 million. The change attributed to the 2% Proposition 13 inflation adjustment was \$14.1 million, which accounted for 16% of all growth experienced in the City.

Transfers of ownership and new improvements were the drivers of individual parcel growth between roll years. The largest assessed value increase was reported on a commercial parcel owned by Solage Owners LLC. The parcel which was purchased in 2016, has been reappraised adding over \$31.4 million to the roll. A recent renovation by the Resort at Indian Springs LLC added \$8.5 million improvement value to the roll between tax years. The sale of one residential and two vacant parcels to Rodney G Hughes Trust added \$9 million in additional value.

The housing market has fully recovered from the recent recession in many urban and coastal areas of the State while housing recovery has tended to lag in more rural and inland areas. Current median home prices are at or above the pre-recession peak value in many areas. The median sales price of a detached single family residential home in Calistoga from January through August 2017 was \$751,500. This represents a \$176,500 (30.7%) increase in median sale price from 2016.

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 2017-18, the City's general fund will have a fund balance of about \$8.3 million as compared to \$8.5 million in June 2017. Of the \$8.3 million approximately \$1.3 million is non-spendable. The remaining \$7.0 million is available for spending in Fiscal Year 2018-19.

The reason for the small increase in the general fund balance was due to a \$1.0 million payment in May 2018 to CalPERS which was applied to the accrued and unfunded liabilities of the City's pension programs. It is not unusual to have an unfunded liability; however it does cost the City in the long run. A portion of the unfunded liability is made up of a "Side Fund", a fund that was set up to account for the amount that the City is underfunded in excess of the risk pool in which we participate. The City is in a risk pool with all other organizations of under 100 employees that provide the same retirement benefit as we do (2.5% @ 55 for miscellaneous first tier and 3% @ 55 for Safety, first tier).

Since Fiscal Year 2012-13 the City has been setting aside funds in an employee future benefits fund to apply towards the unfunded CalPERS liability. The City has made two payments towards the unfunded liability; \$1.8 million in May 2017 and \$1.0 million in May 2018. By making these payments towards the side fund the City will reduce the annual payment of both safety and miscellaneous.

Though the City made a contribution of \$1.8 million in Fiscal Year 2016-17 and the net pension liability only decreased by \$0.7 million in Fiscal Year 2017-18, there were several factors contributing to the small decrease. One of the biggest changes was CalPERS changing the discount rate from 7.65% to 7.15%. Assets earned about 11.2% for the year or a 3.5% more than expected, but it was not enough to offset the discount rate change. If CalPERS had earned the expected rate, the net pension liability would be much closer to what we would expect: last year's net pension liability \$11.2 million reduced by the \$1.8 million additional contribution, leaving a balance of \$9.4 million. The City continues to set aside \$500K per year to address the net pension liability amount.

For Fiscal Year 2017-18 the City had an operating income loss of \$0.9 million for the enterprise funds as compared to \$0.3 million in Fiscal Year 2016-17. However, several major projects have

been approved and are likely to develop over the next 12 to 24 months. The City is hopeful these projects will bear some of the enterprise operating expenses and avoid future losses.

In May 2018 the Board of Directors of the Calistoga Public Facilities Corporation authorized the issuance and sale of water and wastewater revenue certificates in the principal amount not to exceed \$10.0 million to refund certain obligations of the City of Calistoga. Through the 2018 issuance the City refunded a 2001B wastewater revenue bond, 2005 wastewater certificates of participation, 2005D water revenue bonds and a 2008 water certificates of participation. The refinancing of the bonds reduced the debt service interest payments by approximately \$60,000 per year through 2045 and total debt service savings by \$1.5 million. This translates into a net present value of \$0.8 million and 9.1% net present savings as a percentage of refunded principal

The City's Fiscal Year 2018-19 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.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Calistoga for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ending June 30, 2017. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable program requirements. The City has received the award for the last six fiscal years since June 30, 2012.

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

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

Respectfully submitted,



Dylan Feik
City Manager



Gloria Leon
Administrative Services Director/City Treasurer

**CITY OF CALISTOGA, CALIFORNIA
PRINCIPAL CITY OFFICIALS
AS OF JUNE 30, 2018**

Elected Officials

City Council

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

Mayor
Vice Mayor
Councilmember
Councilmember
Councilmember

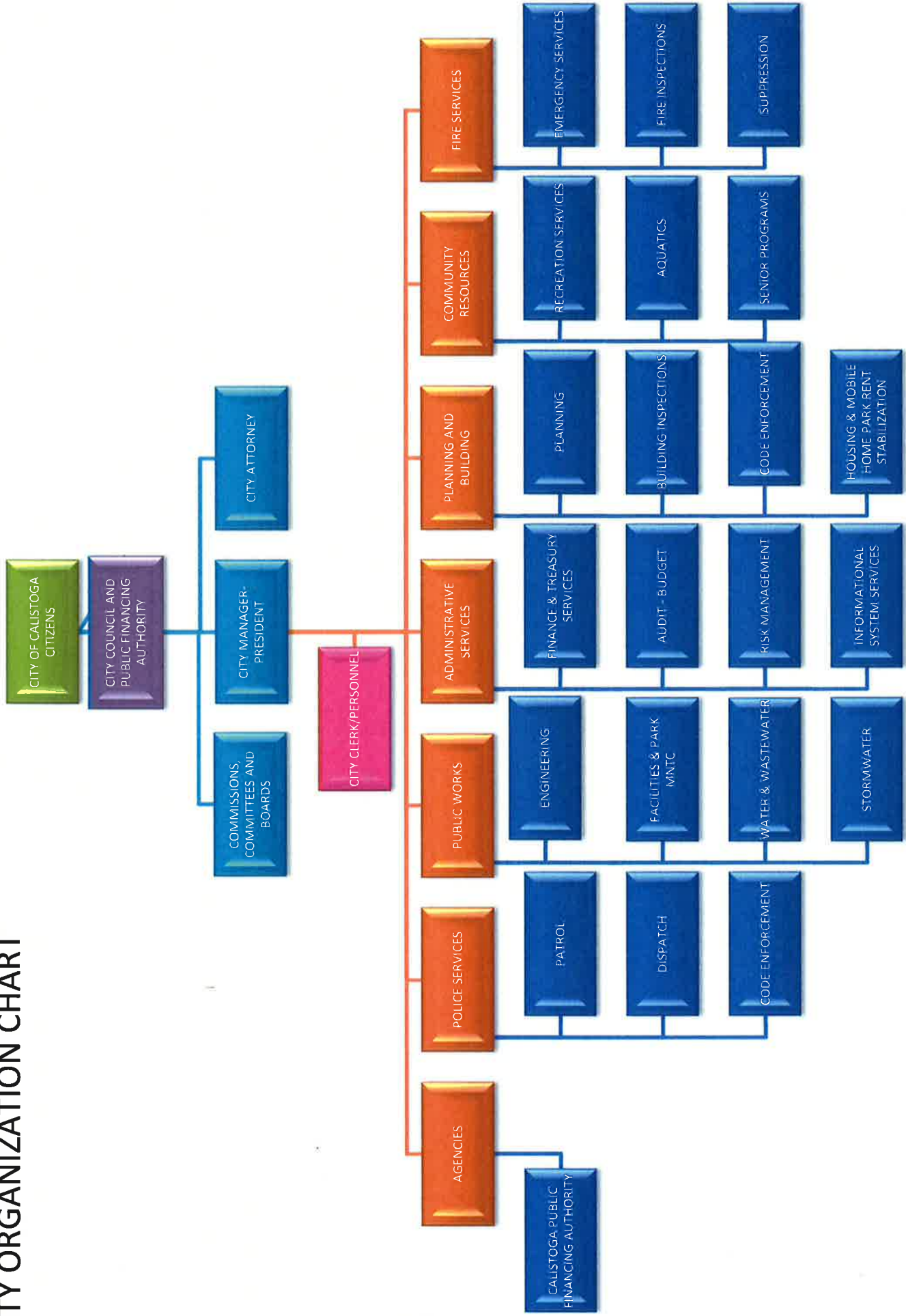
Appointed Officials

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 2017/18 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, 2017

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION

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



BERRY STREET BRIDGE

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, 2018, 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, 2018, and the respective changes in financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2018, 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 effectiveness of the City of Calistoga's 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 21, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2018. 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 \$6.4 million over Fiscal Year 2016-17 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 \$2.4 million (the unrestricted net position) available to meet the City's ongoing obligations and operating expenses for the next fiscal year.
- As of June 30, 2018, the assets of the City's Governmental Activities exceeded its liabilities at the close of the fiscal year by \$31.2 million (net position). Of that amount \$21.4 million was invested in capital assets net of related debt. Restricted funds account for \$8.4 million for capital projects, public safety, streets and housing. Unrestricted net position is about \$1.4 million.
- Overall City-wide revenues from all governmental and business-type activities decreased by (\$1.0) million compared to Fiscal Year 2016-17 for a total of \$24.1 million. Charges for Services decreased by (\$0.5) million; Transient occupancy taxes decreased by (\$0.1) million and property, sales and other taxes increased by \$0.2 million. Business-type activity revenues from grants and contributions decreased by (\$4.1) million from the prior year.
- The City's total expense from all programs in Fiscal Year 2017-18 increased by \$2.4 million compared to Fiscal Year 2016-17. This was due in large part to the implementation of GASB 68, and recording of current period pension expenses; and increase of \$4.0 million in capital projects.
- The General Fund reported a fund balance of \$8.3 million at the end of the Fiscal Year 2017-18. Of this amount \$1.3 million is non-spendable. In addition the General Fund had \$5.6 million in cash and investments compared to \$6.0 million at the end of Fiscal Year 2016-17.
- The City business-type funds ended Fiscal Year 2017-18 with net position of \$18.6 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 Year 2017-18 with an operating income loss of \$0.9 million as compared to a loss of \$0.3 million in Fiscal Year 2016-17. 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 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

MANAGEMENT'S DISCUSSION AND ANALYSIS

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.

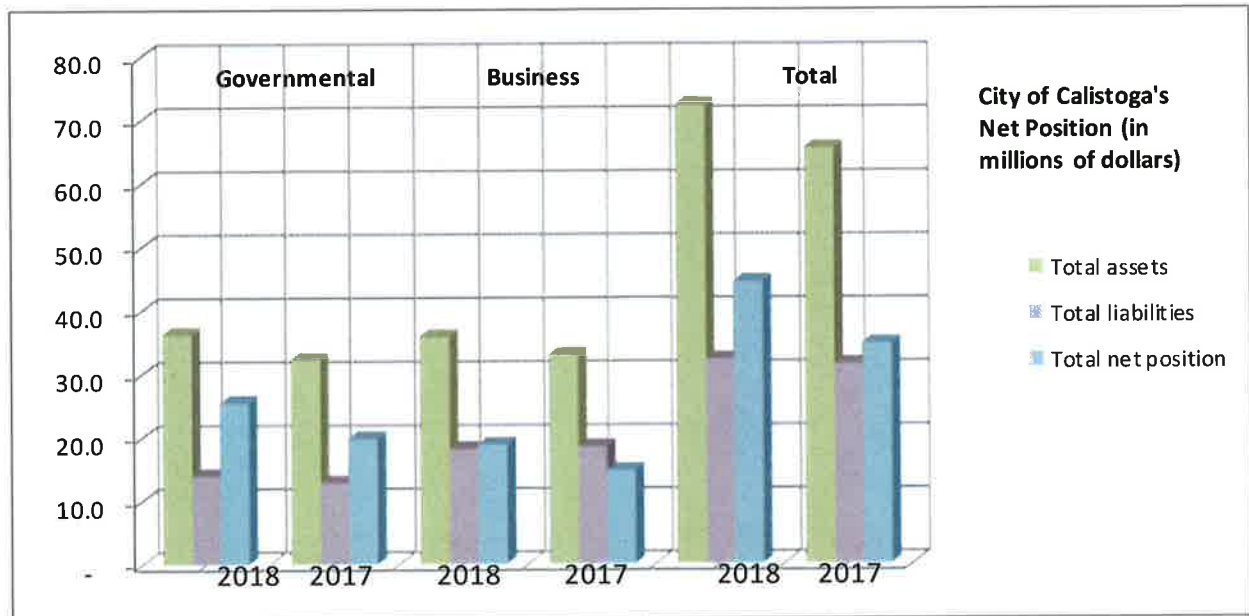
- The City's major governmental funds, the General Fund, HOME Grant Fund, CDBG Open Grant Fund and Capital Lease Projects Funds are reported in separate columns and all other non-major governmental funds are aggregated in a single column. The City's water and wastewater funds are reported separately 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 \$5.2 million between Fiscal Year 2016-17 and Fiscal Year 2017-18 to \$ 49.8 million.



City of Calistoga's Net Position
(in millions of dollars)

	Governmental Activities		Business-type Activities		Fiscal Year Totals		Total Percentage Change 2017 to 2018
	2018	2017	2018	2017	2018	2017	
Current and other assets	\$ 18.5	\$ 18.8	\$ 3.6	\$ 4.8	\$ 22.1	\$ 23.6	-6.4%
Capital assets	24.6	17.6	31.4	31.2	56.0	48.8	14.8%
Total assets	43.1	36.4	35.0	36.0	78.1	72.4	7.9%
Deferred outflows - pension	4.1	3.8	1.5	1.4	5.6	5.2	7.6%
Deferred outflows - OPEB	0.1	-	-	-	0.1	0.0	0.0%
Long-term debt outstanding	2.8	3.1	12.9	13.7	15.7	16.8	-6.5%
Other liabilities	12.0	11.0	4.7	4.6	16.7	15.6	7.1%
Total liabilities	14.8	14.1	17.6	18.3	32.4	32.4	0.0%
Deferred inflows - pension	1.1	0.4	0.4	0.1	1.4	0.5	0.0%
Deferred inflows - OPEB	0.2	-	-	-	0.2	0.0	0.0%
Net position							
Net Invested in capital assets	21.4	14.1	17.6	16.7	39.0	30.8	26.6%
Restricted	8.4	8.8	-	-	8.4	8.8	-4.6%
Unrestricted	1.4	2.7	1.0	2.3	2.4	5.0	-52.4%
Total net position	\$ 31.2	\$ 25.6	\$ 18.6	\$ 19.0	\$ 49.8	\$ 44.6	11.8%

**due to rounding figures are not exact

MANAGEMENT'S DISCUSSION AND ANALYSIS

Changes in Net Position

The City's Fiscal Year 2017-18 total revenues of \$24.1 million was \$1.0 million less than in Fiscal Year 2016-17, a 4.3% decrease. There was a decrease of 5.9% for charges for services, due to less building activity; 30% less in operating grants and contributions due to less one-time impact fees; and a 1% decrease in transient occupancy tax due to the Tubbs fire in the month of October and extending into November with less hotel stays. During Fiscal Year 2017-18 approximately 37% of the City's total revenue came from various taxes including property, sales, transient occupancy, and other taxes as opposed to a total of 35% in Fiscal Year 2016-17. Property taxes increased by 21%, whereby the City received \$0.3 million, a one-time educational revenue augmentation (ERAF) payment. The total cost of all programs and services in Fiscal Year 2017-18 was \$17.7 million an increase of 15.5% from Fiscal Year 2016-17 and includes a wide range of services such as police and fire protection, streets, public works, general administration, community services, water and wastewater operations. Largest contributors to the increase was public safety and public works. A prior period adjustment in the amount of \$1.2 million was included to account for GASB 75, other post-employment benefits. (See Table A-2).

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

	Governmental Activities		Business-type Activities		Fiscal Year Totals		Total Percentage Change 2017 to 2018
	2018	2017	2018	2017	2018	2017	
Revenues							
Program revenues							
Charges for services	\$ 2.4	\$ 3.0	\$ 5.2	\$ 5.1	\$ 7.6	\$ 8.1	-5.9%
Operating Grants and contributions	1.6	2.2	-	-	1.6	2.2	-30.4%
Capital Grants and contributions	4.6	0.6	0.8	4.9	5.4	5.5	-2.2%
General revenues							
Transient occupancy taxes	5.9	6.0	-	-	5.9	6.0	-1.0%
Property, Sales and other taxes	3.5	3.3	-	-	3.5	3.3	7.1%
Other	0.1	0.1	0.1	-	0.1	0.1	27.3%
**Total revenues	17.9	15.2	6.1	10.0	24.1	25.1	-4.3%
Expenses							
General government	2.1	2.0	-	-	2.1	2.0	7.0%
Public safety	4.8	3.8	-	-	4.8	3.8	28.0%
Community services	0.7	0.5	-	-	0.7	0.5	20.4%
Housing	0.6	0.6	-	-	0.6	0.6	5.0%
Recreation services	0.4	0.4	-	-	0.4	0.4	13.5%
Public works	1.6	1.3	-	-	1.6	1.3	22.7%
Planning & building	0.9	0.8	-	-	0.9	0.8	4.9%
Water	-	-	3.5	3.2	3.5	3.2	11.7%
Wastewater	-	-	3.0	2.7	3.0	2.7	11.1%
Other	0.1	0.1	-	-	0.1	0.1	-11.1%
**Total expenses	11.2	9.5	6.5	5.9	17.7	15.3	15.5%
Excess (deficiency) before transfers and Special Items	6.8	5.7	(0.4)	4.1	6.4	9.8	-35.2%
Increase(decrease) in net position	6.8	5.7	(0.4)	4.1	6.4	9.8	-35.2%
Net position, beginning	25.6	19.9	19.0	14.9	44.6	34.8	28.2%
Prior Period Adjustment	(1.2)	0.0	0.0	0.0	(1.2)	-	
**Net position, ending	\$ 31.2	\$ 25.6	\$ 18.6	\$ 19.0	\$ 49.8	\$ 44.6	11.6%

**due to rounding figures are not exact

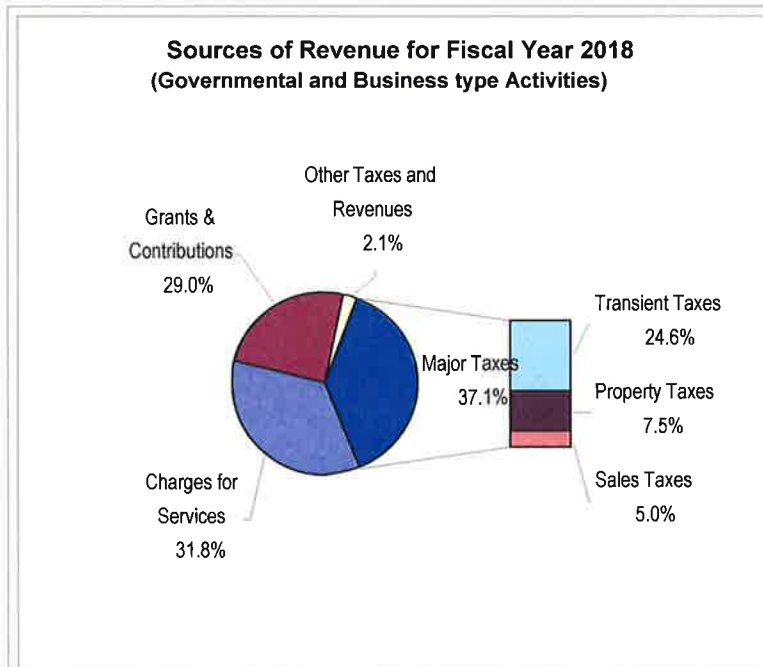
Governmental and Business-Type Activities

Total revenues from all governmental type activities in Fiscal Year 2017-18 decreased by approximately \$1.0 million to \$24.1 million compared to \$ 25.1 million in Fiscal Year 2016-17. In Fiscal Year 2017-18 the City saw 5.9% less in charges for services, 30.4% less in operating grants and contributions, 2.2% less in capital grants and 1% less in transient occupancy tax. In addition there was a 21% increase in property taxes, 5% less in sales tax and 60% less in documentary transfer property taxes.

As the graph below shows, the City's primary sources of revenue come from charges for services and tax revenues. About 74% 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 \$6.8 million in net position. When compared to Fiscal Year 2016-17 overall expenses for Fiscal Year 2017-18 were \$1.7 million more. The increase in expenses was due to increases in public safety, Berry Street project, and the implementation of GASB 68 and 75, which changed the methodology by which current period pension expenses and other post-employment benefits are reported.

Net position of business type-activities decreased by \$0.4 million due to less grants and contributions available. City staff was successful in applying and being awarded capital grants and contributions which includes Measure A funds in the amount of \$0.4 million for the Kimball Dam tower and Grant Street drainage projects. In addition the City received grants from Office of Emergency Services in the amount of \$0.4 million for the Feige Tank.



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 64.2% of the City's total operating expenses in Fiscal Year 2017-18.

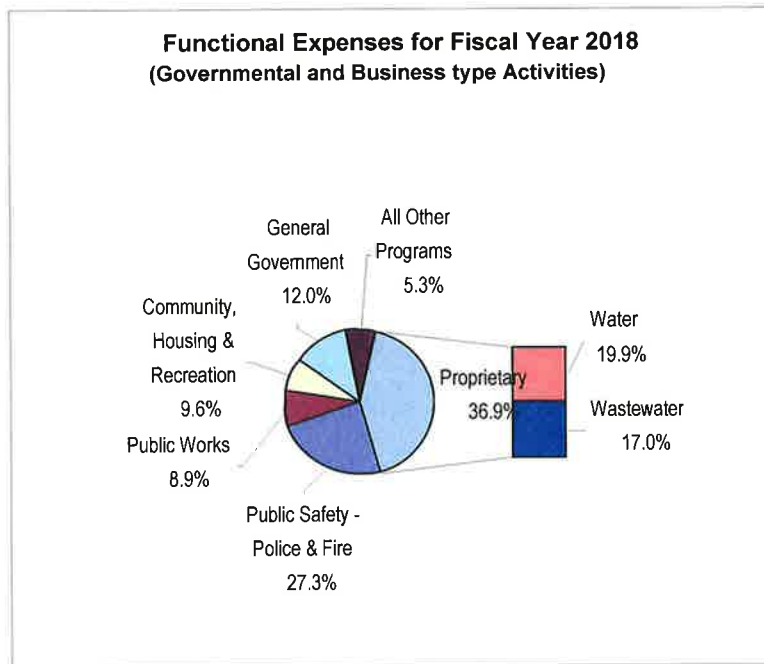


Table A-3 presents the cost of each of the City's three largest programs – public safety, water and wastewater. The cost of all programs this year was \$ 17.7 million, compared to \$ 15.3 million in Fiscal Year 2016-17; approximately an overall 15.5% increase for the year. There were increases in water and wastewater due primarily to purchase of water and day-to-day operations. For public safety additional costs were incurred to convert three part-time firefighters to full-time firefighters and the overall reporting of pension expense as required under GASB 68.

	Total Cost of Services		Total Percentage Change
	2018	2017	2017 to 2018
Public Safety	\$ 4.8	\$3.8	28.0%
General Government	2.1	2.0	7.0%
Public Works	1.6	1.3	22.7%
Water	3.5	3.2	11.7%
Wastewater	3.0	2.7	11.1%
All other	2.6	2.4	9.1%
Total	\$17.7	\$15.3	15.5%

MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental Activities

Users and contributors funded \$8.5 million of the \$11.2 million in costs of city's governmental activity programs leaving the City general revenues to fund the other \$ 2.7 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 \$2.4 million), and
- Other governments and organizations that subsidized certain programs with grants and contributions (approximately \$6.1 million).

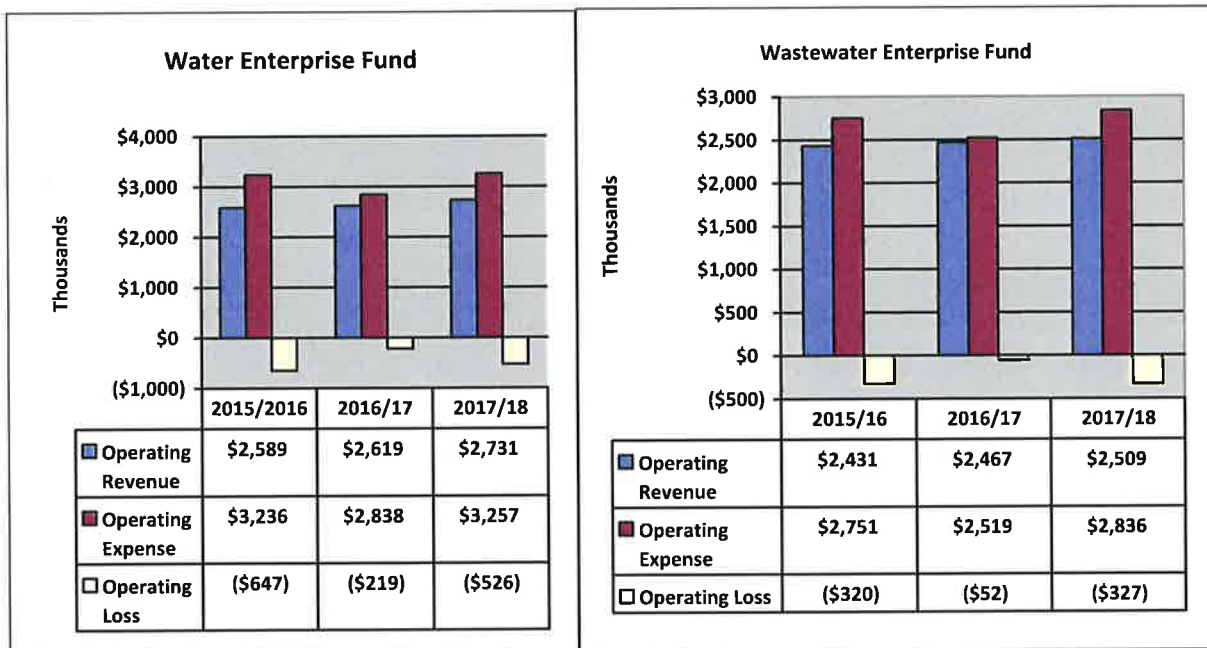
The City ended the fiscal year with a change in net position of \$6.7 million in the governmental activities. A prior period adjustment of (\$1.2 million) was made to account for GASB 75 other post-employment benefits. This restated the beginning net position to \$24.4 million as of July 1, 2017 from \$25.6 million.

Business-Type Activities

The City's business-type activities (water and wastewater) had a change in net position of (\$0.4) million during the fiscal year. Total revenue for the business-type activities was \$6.0 million comprised of \$0.8 million in capital grants and contributions and \$5.2 million in charges for services. Total program revenues decreased by 39% in Fiscal Year 2017-18 when compared to Fiscal Year 2016-17. This was due to receiving in Fiscal Year 2016-17 \$4.7 million in one-time impact fees.

Total expenses for the year were \$6.5 million, an increase of \$0.7 million from the prior year. This is due to increases in purchasing of water, vacancies being filled 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 \$16.7 million which is \$0.6 million less than was reported at the end of Fiscal Year 2016-17. Of this amount \$1.3 million is legally restricted for specific purposes by enabling legislation or external funding source providers and \$8.4 million are committed for specific purposes by the City Council. The unearned revenue balances of \$6.4 million for the Home grant fund, CDBG open grant fund and Other governmental funds are being classified as restricted fund balances for affordable housing programs. The remaining \$7.0 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 \$0.4 million in revenues as compared to Fiscal Year 2016-17 and the costs of the City's general fund operations were \$0.05 million less than general fund revenues. After transfers in and out, the general fund reported a net (\$0.2) million decrease in fund balance for Fiscal Year 2017-18 as compared to \$0.1 million increase in Fiscal Year 2016-17. This was primarily due to less revenues from sales taxes, transient occupancy taxes and charges for services.

At year end, the City's general fund had a fund balance of \$8.3 million as compared to \$8.5 million in Fiscal Year 2016-17. Of that amount \$1.3 million is non-spendable. The City made a contribution of \$1.0 million to the unfunded pension liability for both the miscellaneous and safety groups for future retirement benefits. The City's general fund at June 30, 2018 had \$5.6 million in cash and investments as compared to \$6.0 million cash and investments available in Fiscal Year 2016-17.

The general fund had a transfer out of \$1.8 million to cover debt service lease payments, reserves for unfunded public employee retirement system benefits, Berry Street Bridge project 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 original amount of \$3,197,184 bearing interest at 3% per annum. Payments of principal and interest are due annually from excess/distributable cash with the entire principal and interest due in 2064. The objectives and intent of the HOME program is to provide decent affordable housing to lower-income household, strengthen the ability of state and local governments to provide housing; expand the capacity of non-profit housing providers; and leverage private sector participation. The City, at June 30, 2018, had \$3.8 million in notes receivables in the HOME grant fund.

CDBG Open Grant Fund – This fund was established to provide “silent” second mortgages to eligible families for assistance in purchasing their first house. The City currently holds 17 first time homebuyer notes with a fund balance of \$1.2 million at June 30, 2018. 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 \$0.85 million at June 30, 2018 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 Year 2017-18 general fund revenues came in at about \$1.2 million more than the revised budget as a result of one-time ERAF payment, sales tax, interest earnings charges for services, grants and reimbursement from risk management insurance premiums. Actual general fund expenditures were \$1.2 million more than the final amended budget.

The primary reason for the change in the expenditure budget was the \$1.0 million payment to CalPERS for net pension liability. At June 30, 2017 the net pension liability amount was \$11.2 million and at June 30, 2018 the amount is \$10.5 million. Though the City made a contribution of \$1.8 million in Fiscal Year 2016-17 and the net pension liability only decreased by \$0.7 million in Fiscal Year 2017-18, there were several factors contributing to the small decrease. One of the biggest changes was CalPERS changing the discount rate from 7.65% to 7.15%. Assets earned about 11.2% for the year or a 3.5% more than expected, but it was not enough to offset the discount rate change. If CalPERS had earned the expected rate, the net pension liability would be much closer to what we would expect: last year's net pension liability \$11.2 million reduced by the \$1.8 million additional contribution, leaving a balance of \$9.4 million. The City continues to set aside \$500K per year to address the net pension liability amount. The detailed budgetary comparison schedule for the general fund can be found on page 59 of this report.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of Fiscal Year 2017-18, the City had invested \$56.0 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 \$7.1 million, or 14.8%, more than Fiscal Year 2016-17.

This year's major capital assets additions included:

In Fiscal Year 2017-18, the City added \$0.3 million to land by purchasing property on Earl Street for future housing development projects. Some of the improvement projects that were undertaken during the year was the repaving and reconstruction of Lake Street, Grant Street and Washington Streets for a total of \$1.5 million, and the Berry Street Bridge project in the amount of \$4.7 million. The pavement projects were paid through general fund and the Berry Street Bridge was paid through a grant from State of California Caltrans.

Projects in construction are the Kimball By Pass Project, Pine Street Lift Station, Grant Street Culvert, Storage and Effluent Disposal Improvements. A total of \$1.2 million was transferred from construction in progress to completed projects during Fiscal Year 2017-18 for business type activities. An additional \$2.3 million was transferred from construction in progress to completed projects during Fiscal Year 2017-18 for the governmental 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Table A-4
City of Calistoga's Capital Assets
(net of depreciation, in millions of dollars)

	Governmental Activities		Business-type Activities		Fiscal Year Totals		Total Percentage Change
	2018	2017	2018	2017	2018	2017	2017 TO 2018
Land	\$ 3.4	\$ 3.2	\$ 2.8	\$ 2.8	\$ 6.2	\$ 6.0	3.3%
Construction in progress	0.6	2.3	1.3	1.7	1.9	4.0	-52.5%
Buildings	1.3	1.4	-	-	1.3	1.4	-7.1%
Internal service equipment	0.4	0.5	-	-	0.4	0.5	-20.0%
Improvements	18.9	10.2	-	-	18.9	10.2	85.3%
Water utility system	-	-	14.8	14.6	14.8	14.6	1.4%
Wastewater system	-	-	12.5	12.1	12.5	12.1	3.3%
Total	\$ 24.6	\$ 17.6	\$ 31.4	\$ 31.2	\$ 56.0	\$ 48.8	14.8%

Long Term Debt

At the end of Fiscal year 2017-18, the City had \$17.0 million in long-term debt and capital lease obligations outstanding. Of the \$17.0 million, approximately 81% relates to the City's business-type activities, mainly the water and wastewater systems, and the remaining 19% is applicable to governmental type financing activities.

In May 2018 the Board of Directors of the Calistoga Public Facilities Corporation authorized the issuance and sale of water and wastewater revenue certificates in the principal amount not to exceed \$10.0 million to refund certain obligations of the City of Calistoga. Through the 2018 issuance the City refunded a 2001B wastewater revenue bond, 2005 wastewater certificates of participation, 2005D water revenue bonds and a 2008 water certificates of participation. The refinancing of the bonds reduced the debt service interest payments by approximately \$0.06 million per year through 2045 and total debt service savings by \$1.5 million. This translates into a net present value of \$0.8 million and 9.1% net present savings as a percentage of refunded principal

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 Fiscal Year 2018-19, 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 Fiscal Year 2018-19 revenues excluding transfers are projected at 2.3% more as compared to Fiscal Year 2017-18 budget projections for a total of \$11.5 million. Several factors contributing to the increase are additional revenues for transient occupancy taxes, property taxes and sales taxes. Occupancy tax, property, tax and sales tax comprise 65 percent of the City's general fund revenue. Outside of the additional revenues transient

MANAGEMENT'S DISCUSSION AND ANALYSIS

occupancy revenues have been projected conservatively due to uncertainty in the economy and the impact it may have on local government. The residents of the City of Calistoga will be voting in November 2018 on a special tax measure that would add an additional 1% to the transient occupancy tax. The additional tax would be allocated to affordable housing programs and services including, without limitation, land acquisition, land donation, building rehabilitation and providing housing subsidies to lower income residents. An additional 1% increase could bring into the City \$0.5 million on an annual basis.

- The General Fund Fiscal Year 2018-19 budgeted operating appropriations adopted are \$10.2 million as compared to the final Fiscal Year 2017-18 appropriations of \$9.3 million. The \$0.9 million increase is due to public safety, deferred maintenance, contract services and personnel costs.
- The General Fund appropriations for capital projects for Fiscal Year 2018-19 is \$3.5 million. This includes \$1.8 million budgeted for pavement maintenance; \$1.1 million for the culvert repair at Grant Street and \$0.1 million for sidewalk improvements.
- The general fund will be transferring out \$0.8 million for debt service, employee unfunded pension liabilities and equipment replacement fund.

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, 707-942-2803 or finance@ci.calistoga.ca.us).

CITY OF CALISTOGA
Statement of Net Position
June 30, 2018

	Governmental Activities	Business Type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 7,998,969	\$ 3,140,732	\$ 11,139,701
Net receivables	2,968,062	1,140,467	4,108,529
Prepayment	657,366	-	657,366
Total current assets	11,624,397	4,281,199	15,905,596
Noncurrent assets:			
Internal balances	659,385	(659,385)	-
Receivables-long-term	6,234,551	28,900	6,263,451
Nondepreciable assets	3,975,464	4,064,496	8,039,960
Depreciable assets, net	20,655,379	27,298,799	47,954,178
Total capital assets, net	24,630,843	31,363,295	55,994,138
Total noncurrent assets	31,524,779	30,732,810	62,257,589
Total assets	43,149,176	35,014,009	78,163,185
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources - pension	4,106,552	1,491,051	5,597,603
Deferred outflows of resources - OPEB	71,494	-	71,494
Total deferred outflows of resources	4,178,046	1,491,051	5,669,097
LIABILITIES			
Current liabilities:			
Accounts payable	1,046,100	456,149	1,502,249
Accrued liabilities	11,636	-	11,636
Compensated absences	247,249	102,312	349,561
Deposits	149,720	201,251	350,971
Accrued interest payable	32,705	90,282	122,987
Accrued expenses	-	18,108	18,108
Unearned revenues	-	28,900	28,900
Claims and settlements	19,878	-	19,878
Bonds, leases, agreements, notes and certificates due in one year	373,902	850,682	1,224,584
Total current liabilities	1,881,190	1,747,684	3,628,874
Noncurrent liabilities:			
Compensated absences	130,000	20,000	150,000
Bonds, leases, agreements, notes and certificates due in more than one year	2,842,844	12,914,671	15,757,515
Net pension liability	7,635,056	2,880,460	10,515,516
Net pension liability (OPEB)	2,314,284	-	2,314,284
Total noncurrent liabilities	12,922,184	15,815,131	28,737,315
Total liabilities	14,803,374	17,562,815	32,366,189
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources - pension	1,060,184	366,201	1,426,385
Deferred inflows of resources - OPEB	220,911	-	220,911
Total deferred inflows of resources	1,281,095	366,201	1,647,296
NET POSITION			
Net investment in capital assets	21,414,097	17,597,942	39,012,039
Restricted for:			
Streets, recreation, capital projects	1,418,099	-	1,418,099
Public safety	636,680	-	636,680
Housing	6,359,135	-	6,359,135
Unrestricted	1,414,740	978,104	2,392,844
Total net position	\$ 31,242,751	\$ 18,576,046	\$ 49,818,797

See accompanying notes to the basic financial statements

CITY OF CALISTOGA
Statement of Activities
For the Fiscal Year Ended June 30, 2018

Functions/Programs	Program Revenues				Net (Expenses) Revenue and Changes in Net Assets		
	Charges for Services		Operating Grants and Contributions		City Government		
	Expenses	\$	549,243	\$	Governmental Activities	Business-type Activities	Total
City government							
Governmental activities:							
General government	\$ 2,128,779	\$	-	\$	\$ (1,579,536)	-	\$ (1,579,536)
Public safety	4,836,736	1,172,139	204,558	-	(3,460,039)	-	(3,460,039)
Community services	652,712	15,987	85,734	-	(550,991)	-	(550,991)
Housing	630,211	29,359	111,731	-	(489,121)	-	(489,121)
Recreation services	421,816	95,513	8,292	-	(318,011)	-	(318,011)
Public works	1,574,729	75,047	1,154,298	4,571,480	4,226,096	-	4,226,096
Planning and building	847,769	433,930	-	-	(413,839)	-	(413,839)
Interest on long-term debt	79,329	-	-	-	(79,329)	-	(79,329)
Total governmental activities	11,172,081	2,371,218	1,564,613	4,571,480	(2,664,770)	-	(2,664,770)
Business-Type Activities:							
Water	3,518,014	2,730,765	-	630,308	-	(156,941)	(156,941)
Wastewater	3,012,669	2,508,949	-	175,916	-	(327,804)	(327,804)
Total business-type activities	6,530,683	5,239,714	-	806,224	-	(484,745)	(484,745)
Total City government	\$ 17,702,764	\$ 7,610,932	\$ 1,564,613	\$ 5,377,704	(2,664,770)	(484,745)	(3,149,515)
General revenues and transfers							
General revenues:							
Taxes:							
Property taxes					1,815,586	-	1,815,586
Transient occupancy taxes					5,888,876	-	5,888,876
Sales taxes					1,222,837	-	1,222,837
Other taxes					444,103	-	444,103
Unrestricted investment earnings					69,388	73,752	143,140
Transfers					7,500	(7,500)	-
Total general revenues and transfers					9,448,290	66,252	9,514,542
Change in net position					6,783,520	(418,493)	6,365,027
Net position, beginning					25,627,949	18,994,539	44,622,488
Prior period adjustments					(1,168,718)	-	(1,168,718)
Net Position beginning restated					24,459,231	18,994,539	43,453,770
Net position, ending					\$ 31,242,751	\$ 18,576,046	\$ 49,818,797

See accompanying notes to the basic financial statements

CITY OF CALISTOGA
Balance Sheet
Governmental Funds
June 30, 2018

	General Fund	HOME Grant Fund	CDBG Open Grant Fund	Capital Lease Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments	\$ 5,554,921	\$ 2,686	\$ -	\$ 84,726	\$ 1,742,397	\$ 7,384,730
Taxes receivables	1,459,860	-	-	-	-	1,459,860
Accounts receivables	330,537	-	-	-	689,329	1,019,866
Due from other governments	357,379	-	-	-	73,511	430,890
Accrued interest receivable	57,446	-	-	-	-	57,446
Advances to other funds	685,270	-	-	-	415,430	1,100,700
Prepayments	633,468	-	-	-	-	633,468
Notes receivables	-	3,753,622	1,218,250	-	1,262,679	6,234,551
Total assets	\$ 9,078,881	\$ 3,756,308	\$ 1,218,250	\$ 84,726	\$ 4,183,346	\$ 18,321,511
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts payables	\$ 686,354	\$ -	\$ -	\$ -	\$ 342,851	\$ 1,029,205
Accrued liabilities	11,636	-	-	-	-	11,636
Advances from other funds	-	-	-	-	441,315	441,315
Deposits	105,170	-	-	-	44,550	149,720
Total liabilities	803,160	-	-	-	828,716	1,631,876
Fund balances:						
Nonspendable	1,318,738	-	-	-	-	1,318,738
Restricted for capital improvements	-	-	-	84,726	-	84,726
Restricted for affordable housing	-	3,756,308	1,218,250	-	1,384,577	6,359,135
Restricted for streets	-	-	-	-	1,041,883	1,041,883
Restricted for facilities	-	-	-	-	284,673	284,673
Restricted for public safety	-	-	-	-	636,680	636,680
Restricted for parks	-	-	-	-	6,817	6,817
Unassigned	6,956,983	-	-	-	-	6,956,983
Total fund balances	8,275,721	3,756,308	1,218,250	84,726	3,354,630	16,689,635
Total liabilities and fund balances	\$ 9,078,881	\$ 3,756,308	\$ 1,218,250	\$ 84,726	\$ 4,183,346	\$ 18,321,511
Total Governmental Fund Balances						\$ 16,689,635
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						24,230,274
The assets and liabilities of the internal service fund are included in the governmental activities in the statement of net position						1,021,809
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						(3,646,578)
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						4,106,552
Deferred outflow related to pension						71,494
Deferred outflow related to OPEB						(1,060,184)
Deferred inflow related to pension						(220,911)
Deferred inflow related to OPEB						(7,635,056)
Net pension liability						(2,314,284)
Net pension liability OPEB						-
Net Position of Governmental Activities						\$ 31,242,751

CITY OF CALISTOGA
Statement of Revenues, Expenditures, and
Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2018

	<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	\$ 1,815,586	\$ -	\$ -	\$ -	\$ -	\$ 1,815,586
Sales taxes	1,222,837	-	-	-	-	1,222,837
Transient occupancy taxes	5,888,876	-	-	-	-	5,888,876
Other taxes	444,103	-	-	-	-	444,103
Licenses and permits	263,690	-	-	-	-	263,690
Fines and forfeits	35,320	-	-	-	-	35,320
Intergovernmental	1,091,522	-	-	-	4,902,271	5,993,793
Interest and rents	69,388	-	-	1,260	61,859	132,507
Charges for services	1,475,843	-	-	-	233,963	1,709,806
Miscellaneous	431,300	92,049	-	-	21,960	545,309
Total revenues	12,738,465	92,049	-	1,260	5,220,053	18,051,827
EXPENDITURES						
Current:						
General government	2,092,138	-	-	-	-	2,092,138
Public safety	4,830,352	-	-	-	12,915	4,843,267
Community services	556,105	-	-	-	-	556,105
Housing	-	-	-	-	632,062	632,062
Recreation services	245,419	-	-	-	-	245,419
Public works	1,445,928	-	-	32,394	4,851,489	6,329,811
Planning and building	822,836	-	-	-	-	822,836
Debt service:						
Principal	-	-	-	-	291,609	291,609
Interest	-	-	-	-	82,293	82,293
Capital outlay	2,695,294	-	-	-	-	2,695,294
Total expenditures	12,688,072	-	-	32,394	5,870,368	18,590,834
Excess (deficiency) of revenues over expenditures	50,393	92,049	-	(31,134)	(650,315)	(539,007)
OTHER FINANCING SOURCES (USES)						
Debt Proceeds	-	-	-	-	69,215	69,215
Transfers in	1,576,442	-	-	-	724,789	2,301,231
Transfers out	(1,806,687)	-	-	(85,571)	(528,393)	(2,420,651)
Total other financing sources (uses)	(230,245)	-	-	(85,571)	265,611	(50,205)
Net change in fund balances	(179,852)	92,049	-	(116,705)	(384,704)	(589,212)
Fund balances, July 1	8,455,573	3,664,259	1,218,250	201,431	3,739,334	17,278,847
Fund balances, June 30	\$ 8,275,721	\$ 3,756,308	\$ 1,218,250	\$ 84,726	\$ 3,354,630	\$ 16,689,635

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, 2018

Net Change in Fund Balances - Total Governmental Funds	\$ (589,212)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>Governmental funds report capital outlays as expenditures, however, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays \$7,638,884 exceed depreciation (\$591,030).</p>	7,047,854
<p>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</p>	291,653
<p>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</p>	2,964
<p>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.</p>	(29,804)
<p>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</p>	84,979
<p>Increases in long-term claim liabilities do not require the use of current financial resources and are not reported in the funds</p>	(16,540)
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. Government funds record OPEB expense as it is paid.</p>	(176,368)
<p>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</p>	<u>167,994</u>
Net differences	<u>7,372,732</u>
Change in Net Position of Governmental Activities	<u>\$ 6,783,520</u>

See accompanying notes to the basic financial statements

**City of Calistoga
Statement of Net Position
Proprietary Funds
June 30, 2018**

	Enterprise Funds			Governmental Activities- Internal Service Fund
	Water	Wastewater	Totals	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ -	\$ 3,140,732	\$ 3,140,732	\$ 614,239
Receivables(net)	733,180	407,287	1,140,467	-
Prepays	-	-	-	23,898
Due from Other Funds	-	119,091	119,091	-
Total current assets	<u>733,180</u>	<u>3,667,110</u>	<u>4,400,290</u>	<u>638,137</u>
Noncurrent assets:				
Other assets:				
Notes receivable	7,974	20,926	28,900	-
Total other noncurrent assets	<u>7,974</u>	<u>20,926</u>	<u>28,900</u>	<u>-</u>
Capital assets:				
Land	2,338,730	464,108	2,802,838	-
Equipment and vehicles	1,252,982	1,068,482	2,321,464	2,649,704
Distribution and collection systems	21,073,829	22,263,275	43,337,104	-
Water rights, net of amortization	869,764	-	869,764	-
Construction in progress	1,053,518	208,140	1,261,658	-
Less accumulated depreciation	<u>(8,403,311)</u>	<u>(10,826,222)</u>	<u>(19,229,533)</u>	<u>(2,249,135)</u>
Net capital assets	<u>18,185,512</u>	<u>13,177,783</u>	<u>31,363,295</u>	<u>400,569</u>
Total noncurrent assets	<u>18,193,486</u>	<u>13,198,709</u>	<u>31,392,195</u>	<u>400,569</u>
Total assets	<u>18,926,666</u>	<u>16,865,819</u>	<u>35,792,485</u>	<u>1,038,706</u>
DEFERRED OUTFLOW OF RESOURCES				
Deferred outflow of resources - pension	688,552	802,499	1,491,051	-
Total deferred outflow of resources	<u>688,552</u>	<u>802,499</u>	<u>1,491,051</u>	<u>-</u>
LIABILITIES				
Current liabilities:				
Accounts payable	313,384	142,765	456,149	16,896
Compensated absences	51,156	51,156	102,312	-
Deposits	201,251	-	201,251	-
Accrued interest	59,723	30,559	90,282	-
Accrued expenses	18,108	-	18,108	-
Due to other funds	119,091	-	119,091	-
Unearned Revenue	7,974	20,926	28,900	-
Agreements, loans, and certificates due in one year	249,000	601,682	850,682	-
Total current liabilities	<u>1,019,687</u>	<u>847,088</u>	<u>1,866,775</u>	<u>16,896</u>
Noncurrent liabilities:				
State revolving loan payable	-	1,684,819	1,684,819	-
Certificate of participation	3,720,000	4,725,000	8,445,000	-
USDA Loan	2,784,852	-	2,784,852	-
Advances from other funds	-	659,384	659,384	-
Compensated absences	10,000	10,000	20,000	-
Net pension liability	<u>1,357,454</u>	<u>1,523,006</u>	<u>2,880,460</u>	<u>-</u>
Total noncurrent liabilities	<u>7,872,306</u>	<u>8,602,209</u>	<u>16,474,515</u>	<u>-</u>
Total liabilities	<u>8,891,993</u>	<u>9,449,297</u>	<u>18,341,290</u>	<u>16,896</u>
DEFERRED INFLOW OF RESOURCES				
Deferred inflow of resources - pension	169,091	197,110	366,201	-
Total deferred outflow of resources	<u>169,091</u>	<u>197,110</u>	<u>366,201</u>	<u>-</u>
NET POSITION				
Net Investment in capital assets	11,431,660	6,166,282	17,597,942	400,569
Unrestricted	<u>(877,527)</u>	<u>1,855,631</u>	<u>978,104</u>	<u>621,240</u>
Total net position	<u>\$ 10,554,133</u>	<u>\$ 8,021,913</u>	<u>\$ 18,576,046</u>	<u>\$ 1,021,809</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, 2018

	Enterprise Funds			Governmental Activities Internal- Service Fund
	Water	Wastewater	Totals	
OPERATING REVENUES				
Sales of water	\$ 2,639,981	\$ -	\$ 2,639,981	\$ -
Service fees	-	2,450,295	2,450,295	435,261
Miscellaneous	90,784	58,654	149,438	9,513
Total operating revenues	<u>2,730,765</u>	<u>2,508,949</u>	<u>5,239,714</u>	<u>444,774</u>
OPERATING EXPENSES				
Maintenance and operations	1,794,897	926,402	2,721,299	375,346
Employee services	906,747	1,113,219	2,019,966	-
Interfund charges for services	82,500	82,500	165,000	-
Depreciation and amortization	472,576	713,442	1,186,018	117,951
Total operating expenses	<u>3,256,720</u>	<u>2,835,563</u>	<u>6,092,283</u>	<u>493,297</u>
Operating income (loss)	<u>(525,955)</u>	<u>(326,614)</u>	<u>(852,569)</u>	<u>(48,523)</u>
NON-OPERATING REVENUES (EXPENSES)				
Gain(Loss) on capital assets	-	-	-	118
Interest and investment revenue	20,507	53,245	73,752	8,255
Interest expense	(261,294)	(177,106)	(438,400)	(1,792)
Net nonoperating revenues (expenses)	<u>(240,787)</u>	<u>(123,861)</u>	<u>(364,648)</u>	<u>6,581</u>
Income (loss) before contributions and transfers	<u>(766,742)</u>	<u>(450,475)</u>	<u>(1,217,217)</u>	<u>(41,942)</u>
Contributions and transfers				
Transfers in	-	-	-	126,921
Transfers out	-	(7,500)	(7,500)	-
Capital contributions	630,308	175,916	806,224	-
Net contributions and transfers	<u>630,308</u>	<u>168,416</u>	<u>798,724</u>	<u>126,921</u>
Change in net position	<u>(136,434)</u>	<u>(282,059)</u>	<u>(418,493)</u>	<u>84,979</u>
Total net position, July 1	<u>10,690,567</u>	<u>8,303,972</u>	<u>18,994,539</u>	<u>936,830</u>
Total net position, June 30	<u>\$ 10,554,133</u>	<u>\$ 8,021,913</u>	<u>\$ 18,576,046</u>	<u>\$ 1,021,809</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, 2018

	Enterprise Funds			Governmental Activities- Internal Service Fund
	Water	Wastewater	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 2,334,388	\$ 2,414,707	\$ 4,749,095	\$ -
Payments to suppliers	(1,631,711)	(899,255)	(2,530,966)	(441,650)
Cash received from other funds for services	-	-	-	444,817
Payments to other funds for services	(82,500)	(82,500)	(165,000)	-
Payments to employees for services	(906,747)	(1,085,724)	(1,992,471)	-
Other operating receipts	90,784	58,654	149,438	-
Net cash provided by (used for) operating activities	(195,786)	405,882	210,096	3,167
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Advances from other funds	-	-	-	-
Advances to other funds	-	(119,091)	(119,091)	-
Transfers in from other funds	-	(7,500)	(7,500)	126,921
Net cash provided by noncapital financing activities	-	(126,591)	(126,591)	126,921
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital contributions and grants	630,308	175,916	806,224	-
Draw down of USDA loan	(64,000)	-	(64,000)	-
Proceeds from sale of capital assets	-	-	-	118
Principal payments on capital debt	(1,313,556)	649,317	(664,239)	(54,739)
Interest paid on long-term debt	(303,200)	(188,163)	(491,363)	(2,586)
Purchases of capital assets	(816,872)	(527,202)	(1,344,074)	(63,269)
Net cash provided by (used for) capital and related financing activities	(1,867,320)	109,868	(1,757,452)	(120,476)
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments on long-term notes	(6,507)	(17,064)	(23,571)	-
Interest receipts	20,509	53,248	73,757	8,255
Net cash provided by investing activities	14,002	36,184	50,186	8,255
Net increase (decrease) in cash and cash equivalents	(2,049,104)	425,343	(1,623,761)	17,867
Cash and cash equivalents balances - beginning of the year	1,930,013	2,715,389	4,645,402	596,372
Cash and cash equivalents balances-end of the year	<u>\$ (119,091)</u>	<u>\$ 3,140,732</u>	<u>\$ 3,021,641</u>	<u>\$ 614,239</u>

See accompanying notes to the basic financial statements

CITY OF CALISTOGA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2018

	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)	\$ (525,955)	\$ (326,614)	\$ (852,569)	\$ (48,523)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization expense	472,576	713,442	1,186,018	117,951
Pension expense	23,665	27,495	51,160	-
Change in assets and liabilities:				
Decrease(increase) in deposits	1,575	(126)	1,449	-
Decrease(increase) in accounts receivable	(312,100)	(52,652)	(364,752)	43
Increase(decrease) in compensated absences	7,496	7,496	14,992	-
Increase(decrease) in accrued expenses	18,108	-	18,108	-
Increase(decrease) in accounts payable	112,342	19,777	132,119	(42,406)
Increase(decrease) in deferred revenue	6,507	17,064	23,571	-
Decrease(increase) in prepayments	-	-	-	(23,898)
Net cash provided by (used for) operating activities	<u>\$ (195,786)</u>	<u>\$ 405,882</u>	<u>\$ 210,096</u>	<u>\$ 3,167</u>

Noncash capital financing activities:

None:

**City of Calistoga
Statement of Fiduciary Net Position
June 30, 2018**

	Agency Fund
ASSETS	
Cash and cash equivalents	\$ 89,909
Assessments receivable	116,223
Total assets	206,132
LIABILITIES	
Deposits payable to Tourism Business Improvement District	206,132
Total liabilities	\$ 206,132

See accompanying notes to the basic financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

B. Government-wide and Fund Financial Statements

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

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

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

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

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

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

Property taxes, sales taxes, transient occupancy taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as

CITY OF CALISTOGA
Notes to the Financial Statements
June 30, 2018

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.

D. Deferred Outflows and Inflows of Resources

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

E. Assets, Liabilities, and Net Position or Equity

F. Deposits and Investments

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

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

Fair Value Hierarchy

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

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

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

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

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

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All

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June 30, 2018

other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

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

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

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

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

3. Inventories and Prepaid Items

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

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

4. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental-type or business type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$ 5,000 (\$50,000 for infrastructure type assets) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at acquisition value rather than fair value at the date of donation. Under the GASB 34 Implementation Rules, the City is a Phase 3 entity and was not required to record infrastructure assets existing or acquired prior to July 1, 2003 at the date these new financial reporting standards were implemented; and the City has not recorded such assets. The costs of normal maintenance and repairs that do not add to the value of asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of the business-type activities is included as part of the capitalized value of the assets constructed.

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

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

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

5. Cash Equivalents

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

6. Compensated Absences and Other Post-Employment Benefits

It is the government's policy to permit employees to accumulate earned but unused vacation. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The City accrues each year as a liability in the government-wide financial statements, the long term portion is recorded in the Statement of Net Position.

7. Long-term Obligations

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

8. Fund Balances Governmental Funds

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

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

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

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

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

9. Comparative Data

Certain amounts presented in the prior year data have been reclassified to be consistent with the current years' presentation.

10. Net Position

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

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

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

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

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

11. Prepayments

Prepaid items represent payments made to vendors for which the benefits are applicable to future accounting periods. Prepaids are recorded using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure/expenditure 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. 75 - Accounting and Financial Reporting for Postemployment Benefits other than pension which became effective during the year ended June 30, 2018, as discussed in Note 1E to the financial statements.

13. Estimates and Assumptions

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

14. New Funds

The Road Maintenance and Rehabilitation Account Special Revenue Fund was established to account for gas tax resources restricted for expenditure on basic road maintenance, rehabilitation, and critical safety projects on the local streets and roads system. Senate Bill (SB) 1, the Road Repair and Accountability Act of 2017 provides funding for local streets and roads over the next ten years.

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 \$ 24,230,274 difference are as follows:

Capital assets	\$31,304,187
Less: Accumulated depreciation	<u>(7,073,913)</u>
Net adjustment to increase <i>fund balance – total governmental funds</i> to arrive at <i>net assets – governmental activities</i>	<u><u>\$24,230,274</u></u>

Another element of the reconciliation explains that "long-term liabilities" are not due and payable in the current period and are therefore not reported in the funds. The details of this \$3,646,578 difference are shown below:

Long-Term Debt Obligations and Related Interest:	
Accrued interest	\$ (32,705)
Capital lease obligations	(3,216,746)
Claims	(19,878)
Compensated absences	<u>(377,249)</u>
Net adjustment to decrease fund balance total governmental <i>Funds to arrive at net assets - governmental activities</i>	<u><u>\$ (3,646,578)</u></u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this \$7,732,732 difference and other significant components of the difference are on the following page:

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Capital outlay capitalized	\$ 7,638,884
Depreciation expense	(591,030)
Repayment of long-term debt principal	291,653
Internal service fund income	84,979
Other post-employment benefit expense	(176,368)
Pension expense	167,994
Other items	<u>(43,380)</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>\$ 7,372,732</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, 2018 consisted of the following:

Demand deposits: (Time deposits and book bank balances)	\$ 464,449
Pooled investments	10,444,067
Investments with trustees	<u>321,094</u>
Total deposits and investments	<u><u>\$ 11,229,610</u></u>

Investments - At June 30, 2018, the City had the following investments.

Investment	Average Maturity	Fair Value
State Investment Pool (LAIF)	167 days	\$ 10,444,067
Goldman Sachs Fin SQ Government Fund	14 days	321,094
		\$ 10,765,161

CITY OF CALISTOGA
Notes to the Financial Statements
June 30, 2018

Cash and Investments as of June 30, 2018 are classified in the accompanying financial statements as follows:

Statement of Net Position	
Cash and investments available for operations	\$ 11,139,701
Fiduciary funds- cash and investments	89,909
Total cash and investments	\$ 11,229,610

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, 2018 was \$19,483 less than the City's cost. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises and corporations.

Interest Rate Risk

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

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

<u>Investment Type</u>	12 Months or less	13 to 24 Months	Total
California local agency investment fund	\$ 10,444,067	\$ -	\$ 10,444,067
Goldman Sachs Fin SQ government fund	321,094	-	321,094
Total investments	\$ 10,765,161	\$ -	
Cash in bank and on hand			464,449
Total cash and investments			\$ 11,229,610

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Notes to the Financial Statements
June 30, 2018

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, 2018:

<u>Investment Type</u>	<u>Level 2</u>	<u>Exempt</u>	<u>Total</u>
California local agency investment fund	\$ 10,444,067	\$ -	\$ 10,444,067
Goldman Sachs Fin SQ government fund	321,094	-	321,094
Total investments	<u>\$ 10,765,161</u>	<u>\$ -</u>	
Cash in bank and on hand			464,449
Total cash and investments			<u>\$ 11,229,610</u>

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

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The actual ratings as of June 30, 2018 are provided by Standard and Poor's except as noted.

<u>Investment Type</u>	<u>AAAm</u>	<u>Investment</u>
Money market mutual funds	\$ -	\$ -
<i>Not rated:</i>		
California local agency investment fund		10,444,067
Goldman Sachs in Fin SQ government fund		321,094
Cash in bank and on hand		464,449
Total cash and investments	<u>\$ -</u>	<u>\$ 11,229,610</u>

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B. Receivables

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

	General Fund	CDBG Open and HOME Grants	Nonmajor Funds & IS Fund	Total Governmental	Water	Wastewater	Total Enterprise
Accounts	\$ 330,537	\$ -	\$ 689,329	\$ 1,019,866	\$ 414,254	\$ 362,601	\$ 776,855
Taxes	1,459,860	-	-	1,459,860	54	9,085	9,139
Interest	57,446	-	-	57,446	-	-	-
Governments	357,379	-	73,511	430,890	318,872	35,601	354,473
Notes	-	4,971,872	1,262,679	6,234,551	7,974	20,926	28,900
Totals	\$ 2,205,222	\$ 4,971,872	\$ 2,025,519	\$ 9,202,613	\$ 741,154	\$ 428,213	\$ 1,169,367

The notes receivable of \$6,234,551 consists of housing rehabilitation loans of \$20,375 bearing interest at rates of 3 to 6 percent and repayable in monthly installments, other loans of \$141,304 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 \$2,069,250 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 \$3,753,622 a loan made from the proceeds of a HOME grant funded by a federal grant passed through the State of California. The loan bears interest at 3 percent per annum, matures in 55 years is secured by a deed of trust on an affordable housing multi-family complex. The loan is repayable starting the first fiscal year following the first year of the project's operations from and to the extent of available cash flows as defined in the agreement.

C. Inter-fund Transfers, receivables and payables

The composition of inter-fund transfers of June 30, 2018, is as follows:

Transfers In:	General Fund	Non-Major Funds	Wastewater	Internal Service Fund	Total Transfers Out
General fund	\$1,000,000	\$696,688	\$ -	\$ 109,999	\$ 1,806,687
Capital lease	85,571	-	-	-	85,571
Wastewater	-	-	7,500	-	7,500
Non-Major funds	490,871	28,101	(7,500)	16,922	528,394
Totals	\$1,576,442	\$724,789	\$ -	\$ 126,921	\$ 2,428,152

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The General Fund made transfers out for \$109,099 to the equipment replacement fund for the Sun Trust lease, RIMs, dump truck, and caterpillar for the public works department. The General Fund also transferred out \$373,902 for the Westamerica debt service annual payment. The \$1,000,000 transfer is to continue to build reserves for future retiree benefits and increases in CalPERS retirement rates. In addition the General Fund made a transfer in the amount of \$246,900 to cover expenditures related to the Berry Street Project that were not covered by the CalTrans Grant. Other transfers out of the non-major funds were made to reimburse the general fund for street and public safety costs.

1. The composition of inter-fund was:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Asset</u>	<u>Liability</u>
General Fund	Affordable Housing Fund	\$ 25,886	\$ 25,886
Road Maintenance Rehab	Parking Ordinance	10,835	10,835
Traffic Signal Fund	MTC Street Fund	323,397	323,397
General Fund	Wastewater Fund	659,384	659,384
Wastewater Fund	Water Fund	119,091	119,091
Police Grants	MTC Street Fund	77,993	77,993
Northwest Drainage Fund	MTC Street Fund	3,205	3,205
Totals		\$ 1,219,791	\$ 1,219,791

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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Notes to the Financial Statements
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D. Capital Assets – Governmental Activities

Capital asset activity relating to governmental activities for the year ended June 30, 2018 was as follows:

	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 3,162,331	\$ 255,795	\$ -	\$ 3,418,126
Construction in progress	<u>2,325,787</u>	<u>520,543</u>	<u>(2,288,992)</u>	<u>557,338</u>
Total capital assets, not being depreciated	<u>5,488,118</u>	<u>776,338</u>	<u>(2,288,992)</u>	<u>3,975,464</u>
Capital assets being depreciated:				
Buildings	3,494,179	-	-	3,494,179
Machinery and equipment	874,196	11,071	-	885,267
Equipment - internal service fund	2,586,435	63,269	-	2,649,704
Infrastructure	1,978,394	7,423,322	-	9,401,716
Improvements	<u>11,830,416</u>	<u>1,717,145</u>	<u>-</u>	<u>13,547,561</u>
Total capital assets being depreciated	<u>20,763,620</u>	<u>9,214,807</u>	<u>-</u>	<u>29,978,427</u>
Less accumulated depreciation for:				
Buildings	(2,081,090)	(101,168)	-	(2,182,258)
Machinery and equipment	(823,175)	(8,588)	-	(831,763)
Equipment - internal service	(2,131,184)	(117,951)	-	(2,249,135)
Infrastructure	(3,009,075)	(406,205)	-	(3,415,280)
Improvements	<u>(569,543)</u>	<u>(75,069)</u>	<u>-</u>	<u>(644,612)</u>
Total accumulated depreciation	<u>(8,614,067)</u>	<u>(708,981)</u>	<u>-</u>	<u>(9,323,048)</u>
Total capital assets, being depreciated, net	<u>12,149,553</u>	<u>8,505,826</u>	<u>-</u>	<u>20,655,379</u>
Governmental activities capital assets, net	<u>\$ 17,637,671</u>	<u>\$ 9,282,164</u>	<u>\$ (2,288,992)</u>	<u>\$ 24,630,843</u>

CITY OF CALISTOGA
Notes to the Financial Statements
June 30, 2018

D. Capital Assets – Business-Type Activities

Capital asset activity relating to business-type activities for the year ended June 30, 2018 was as follows:

	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
Business-type activities:				
Capital assets, not being depreciated				
Land	\$ 2,802,838	\$ -	\$ -	\$ 2,802,838
Construction in progress	<u>1,724,433</u>	<u>703,901</u>	<u>(1,166,676)</u>	<u>1,261,658</u>
Total capital assets, not being depreciated	<u>4,527,271</u>	<u>703,901</u>	<u>(1,166,676)</u>	<u>4,064,496</u>
Capital assets being depreciated:				
Wastewater collection and treatment	21,249,178	1,014,100	-	22,263,278
Water rights	1,589,875	-	-	1,589,875
Water treatment and distribution system	20,585,924	487,905	-	21,073,829
Equipment - wastewater	912,137	156,345	-	1,068,482
Equipment - water	<u>1,104,483</u>	<u>148,499</u>	<u>-</u>	<u>1,252,982</u>
Total capital assets being depreciated	<u>45,441,597</u>	<u>1,806,849</u>	<u>-</u>	<u>47,248,446</u>
Less accumulated depreciation and amortization for:				
Wastewater collection and treatment system	(9,411,178)	(678,006)	-	(10,089,184)
Water rights	(671,121)	(48,990)	-	(720,111)
Equipment- wastewater	(701,604)	(35,437)	-	(737,041)
Equipment - water	(892,630)	(30,413)	-	(923,043)
Water treatment and distribution system	<u>(7,087,095)</u>	<u>(393,173)</u>	<u>-</u>	<u>(7,480,268)</u>
Total accumulated depreciation	<u>(18,763,628)</u>	<u>(1,186,019)</u>	<u>-</u>	<u>(19,949,647)</u>
Total capital assets, being depreciated, net	<u>26,677,969</u>	<u>620,830</u>	<u>-</u>	<u>27,298,799</u>
Business-type activities capital assets, net	<u>\$ 31,205,240</u>	<u>\$ 1,324,731</u>	<u>\$ (1,166,676)</u>	<u>\$ 31,363,295</u>

CITY OF CALISTOGA
Notes to the Financial Statements
June 30, 2018

D. Capital Assets – Depreciation Expense

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

Governmental activities:

General government	\$	37,833
Public safety		97,383
Community services		96,059
Recreation services		175,346
Public Works		184,409
Capital assets held by the City's internal service fund are charged to the various functions based on their usage of the assets		117,951
Total depreciation expense-governmental activities	\$	708,981

Business-type activities:

Water	\$	423,586
Water rights amortication		48,990
Wastewater		713,442
Total depreciation expense-governmental activities	\$	1,186,018

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 a lease agreement 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 loan was completely paid off on February 28, 2018.

CITY OF CALISTOGA
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Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2018 were as follows:

<u>Fiscal Year Ending June 30</u>	West America <u>Bank Lease</u>
2019	\$ 373,902
2020	373,902
2021	373,902
2022	373,902
2023	373,902
2024-2028	<u>1,744,764</u>
Total minimum lease payments	3,614,274
Less amounts representing interest	<u>(397,528)</u>
Net present value of minimum lease payments	<u>\$ 3,216,746</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.

For fiscal year 2018, Water Fund Revenues, amounted to \$2,730,765 and operating costs including operating expenses, but not interest or depreciation amounted to \$2,784,144. Net Revenues available for debt service amounted to (\$53,379) which represents (15%) of the \$353,991 in debt service. Principal and interest paid for the current fiscal year and total system net revenues as defined were \$353,991 and (\$53,379) (exclusive of capital contributions of \$630,308) respectively.

On May 1, 2018 the Calistoga Public Facilities Corporation as seller, and the City as purchaser, refunded the water revenue bonds for an amount of \$3,255,000.

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.

CITY OF CALISTOGA
Notes to the Financial Statements
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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.

For fiscal year 2018, Measure A Sales Tax Fund Revenues, amounted to \$113,199 and operating costs including operating expenses, but not interest or depreciation amounted to \$0.00. Net Revenues available for debt service amounted to \$113,199 which represents 100% of the \$113,199 in debt service. Principal and interest paid for the current fiscal year and total system net revenues as defined were \$36,000 and \$77,199 (exclusive of capital contributions of \$630,308 respectively).

On May 1, 2018 the Calistoga Public Facilities Corporation as seller, and the City as purchaser, refunded the water revenue bonds for an amount of \$1,728,556.

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 2018, Capital Contribution Revenues, amounted to \$630,308 and operating costs including operating expenses, but not interest or depreciation amounted to \$2,784,144. Net Revenues available for debt service amounted to \$(53,379) which represents (40%) below the \$135,009 in debt service. The City made a principal payment of \$63,000 and an interest payment of \$72,009 during the fiscal year so the outstanding receivable of \$2,848,852 which represents the City's liability at June 30, 2018 for the Certificates. Future debt service principal and interest remaining to be paid on the agreement is approximately \$4,053,877. Principal and interest combined on the certificates will require the City to make annual payments which in the aggregate are expected to be from \$64,000 to \$150,096 each fiscal year.

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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>
2019	\$ 64,000	\$ 70,421	\$ 134,421
2020	66,000	68,796	134,796
2021	68,000	67,121	135,121
2022	69,000	65,409	134,409
2023	71,000	63,659	134,659
2024-2028	384,000	290,307	674,307
2029-2033	434,000	239,282	673,282
2034-2038	491,000	181,544	672,544
2039-2043	556,000	116,182	672,182
2044-2048	630,000	42,107	672,107
2048	<u>15,852</u>	<u>198</u>	<u>16,050</u>
Totals	<u>\$ 2,848,852</u>	<u>\$ 1,205,026</u>	<u>\$ 4,053,878</u>

2018 Certificates of Participation

In May 2018, the City entered into an installment purchase agreement with the Calistoga Public Facilities Financing Corporation (CPFFC) for the refunding of \$3,255,000 an outstanding purchase agreement dated as of November 1, 2005, between the California Statewide Communities Development Authority (CSCDA) and the City, and an installment purchase agreement with the CPFFC and USDA for the refunding of \$1,728,556 an outstanding purchase agreement dated as of March 27, 2008, between the USDA and the City of which issuances were for the purpose of financing the costs of certain public facilities constituting a part of the City's water enterprise for improvements by issuing Certificates of Participation in the amount of \$3,905,000.

The obligation of the water enterprise to pay its share of the installment payments will be secured by an irrevocable pledge of the Water's Net Revenues.

Final payment on the loan is scheduled for 2045. The outstanding receivable of \$3,905,000 represents the City's liability at June 30, 2018 for the Certificates. Future debt service principal and interest remaining to be paid on the agreement is approximately \$5,447,681. Principal and interest combined on the certificates will require the City to make annual payments which in the aggregate are expected to be from \$100,000 to \$304,000 each fiscal year.

The refinancing of the bonds reduced the debt service interest payments by approximately \$36,739 per year and total debt service savings by \$815,844. This translates into a net present value of \$430,996 and 8.7% net present savings as a percentage of refunded principal.

CITY OF CALISTOGA
Notes to the Financial Statements
June 30, 2018

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 185,000	\$ 118,116	\$ 303,116
2020	165,000	137,306	302,306
2021	165,000	132,356	297,356
2022	170,000	126,481	296,481
2023	180,000	119,481	299,481
2024-2028	1,025,000	457,406	1,482,406
2029-2033	1,050,000	236,213	1,286,213
2034-2038	355,000	137,797	492,797
2039-2043	420,000	70,875	490,875
2044-2045	190,000	6,650	196,650
	<hr/>	<hr/>	<hr/>
Totals	<u>\$ 3,905,000</u>	<u>\$ 1,542,681</u>	<u>\$ 5,447,681</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.

For fiscal year 2018, Wastewater Fund Revenues, amounted to \$2,508,949 and operating costs including operating expenses, but not interest or depreciation amounted to \$2,122,121. Net Revenues available for debt service amounted to \$386,821 which represents 172% of the \$224,983 in debt service. Principal and interest paid for the current fiscal year and total system net revenues as defined were \$224,983 and \$386,828 (exclusive of \$175,916 in capital contributions), respectively.

On May 1, 2018 the Calistoga Public Facilities Corporation as seller, and the City as purchaser, refunded the wastewater revenue bonds for an amount of \$2,230,000. The refinancing of the bonds reduced the debt service interest payments by approximately \$23,039 per year and total debt service savings by \$322,522. This translates into a net present value of \$259,291 and 11.6% net present savings as a percentage of refunded principal.

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.

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

Fiscal Year	Principal	Grant Fund Charge	Total
2019	\$ 311,682	\$ 51,909	\$ 363,591
2020	319,786	43,805	363,591
2021	328,100	35,491	363,591
2022	336,631	26,960	363,591
2023	345,383	18,208	363,591
2024	354,920	9,228	364,148
Totals	<u>\$ 1,996,502</u>	<u>\$ 185,601</u>	<u>\$ 2,182,103</u>

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 \$2,182,103. For fiscal year 2018, Wastewater Fund Revenues, amounted to \$2,508,949 and operating costs including operating expenses, but not interest or depreciation amounted to \$2,122,121. Net Revenues available for debt service amounted to \$386,828 which represents 106% of the \$363,925 in debt service. Principal and grant fund charge paid for the current fiscal year and total system net revenues as defined were \$363,925 and \$386,828 (exclusive of \$175,922) 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.

On May 1, 2018 the Calistoga Public Facilities Corporation as seller, and the City as purchaser, refunded the wastewater revenue bonds for an amount of \$1,688,700. The refinancing of the bonds reduced the debt service interest payments by approximately \$13,827 per year and total debt service savings by \$373,335. This translates into a net present value of \$120,885 and 7.2% net present savings as a percentage of refunded principal.

2018 Certificates of Participation

In May 2018, the City entered into an installment purchase agreement with the Calistoga Public Facilities Financing Corporation (CPFFC) for the refunding of \$2,230,000 an outstanding purchase agreement dated as of August 1, 2001, between the California Statewide Communities Development Authority (CSCDA) and the City, and an installment purchase agreement with the CPFFC and USDA for the refunding of \$1,628,700 an outstanding purchase agreement dated as of May 2005, between the USDA and the City.

CITY OF CALISTOGA
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The issuances were for the purpose of financing the costs of certain public facilities constituting a part of the City's wastewater enterprise for improvements by issuing Certificates of Participation in the amount of \$5,015,000 in May 2018.

The obligation of the wastewater enterprise to pay its share of the installment payments will be secured by an irrevocable pledge of the Wastewater's Net Revenues.

Final payment on the loan is scheduled for 2043. The outstanding receivable of \$5,015,000 represents the City's liability at June 30, 2018 for the Certificates. Future debt service principal and interest remaining to be paid on the agreement is approximately \$6,879,344 Principal and interest combined on the certificates will require the City to make annual payments which in the aggregate are expected to be from \$100,000 to \$439,000 each fiscal year.

The refinancing of the bonds reduced the debt service interest payments by approximately \$36,866 per year and total debt service savings by \$695,887. This translates into a net present value of \$380,176 and 8.15% net present savings as a percentage of refunded principal.

Future debt service on the 2018 Certificates of Participation is:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 290,000	\$ 149,136	\$ 439,136
2020	270,000	171,988	441,988
2021	280,000	163,738	443,738
2022	285,000	153,837	438,837
2023	295,000	142,238	437,238
2024-2028	1,120,000	520,288	1,640,288
2029-2033	955,000	332,797	1,287,797
2034-2038	965,000	170,559	1,135,559
2039-2043	460,000	58,100	518,100
2044	95,000	1,663	96,663
Totals	<u>\$ 5,015,000</u>	<u>\$ 1,864,344</u>	<u>\$ 6,879,344</u>

CITY OF CALISTOGA
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Changes in Long-term liabilities

Long-term debt activity for the 2018 fiscal year was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental					
Activities:					
2016 Capital lease obligation	3,508,355	-	291,609	3,216,746	373,902
Capital lease -internal service	54,739	-	54,739	-	-
Total	\$3,563,094	\$ -	\$346,348	\$3,216,746	\$373,902
Business-type					
Activities:					
Installment agreement-water	\$3,455,000	\$ -	\$3,455,000	\$ -	\$ -
2008 Certificates of participation	1,764,556	-	1,764,556	-	-
2011 Certificates of participation	2,911,852	-	63,000	2,848,852	64,000
2018 Certificates of participation	-	3,905,000	-	3,905,000	185,000
Installment agreement	2,340,000	-	2,340,000	-	-
2005 Certificates of participation	1,721,900	-	1,721,900	-	-
State Revolving Fund Loan	2,300,284	-	303,783	1,996,501	311,682
2018 Certificates of participation	0	5,015,000	-	5,015,000	290,000
Total	\$14,493,592	\$8,920,000	\$9,648,239	\$13,765,353	\$850,682

G. Compensated Absences

The City records a liability to recognize the financial effect of unused vacation and other compensated leaves. As of June 30, 2018 the total liability for vacation and other compensated leaves is \$499,561. The City typically uses the General fund, Water and Wastewater funds to liquidate the majority of its compensated absences.

Compensated absence activity for the 2018 fiscal year was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One year
Governmental Activities	\$ 347,445	\$ 130,000	\$ 100,196	\$ 377,249	\$ 247,249
Business-type Activities	107,320	90,000	75,008	122,312	102,312
Total	\$ 454,765	\$ 220,000	\$ 175,204	\$ 499,561	\$ 349,561

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A. OTHER INFORMATION

A. Risk Management

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

The Authority provides general liability, workers compensation and property insurance coverage to member entities. Under the liability program, the City has a \$10,000 retention limit similar to a deductible with the Authority being responsible for losses above that amount up to \$1 million. The Authority carries purchased excess insurance above that amount to cover losses up to \$35 million. The City has a \$25,000 deductible for workers compensation claims, and PARSAC covers workers compensation claims up to the first \$475,000 per claim and carries excess commercial insurance above that amount to cover losses up to \$5 million. Property coverage is commercial insurance jointly purchased with other public entities throughout the State. The commercial coverage is one billion for the collective members with various sub-limits by type of coverage and property.

The City's obligation is to pay annual premiums billed by the Authority. The PARSAC periodically may make retrospective premium adjustments and the City would be required to pay its prorata share of such adjustments.

Liabilities of the City are reported in the statement of net position for the governmental activities when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate. Settlements have not exceeded coverage for each of the past three fiscal years except for the contract settlements incurred in fiscal 2018.

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

	Year Ended <u>6/30/2017</u>	Year Ended <u>6/30/2018</u>
Unpaid claims, beginning of fiscal year	\$32,570	\$ 3,338
Incurred claims (including IBNRs)	-	-
Claim payments	<u>(29,232)</u>	<u>16,540</u>
Unpaid claims, end of fiscal year	<u>\$3,338</u>	<u>\$ 19,878</u>

B. Contingencies and Commitments

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

CITY OF CALISTOGA
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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. Restatements of Net Position

Management adopted the provisions of the following Governmental Accounting Standards Board (GASB) Statement No.75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions (OPEB), which became effective during the year ended June 30, 2018. In June 2015, GASB issued Statement No. 75 and the intention of this Statement is to improve the usefulness of information for decisions made by the various users of the financial reports of governments whose employees – both active employees and inactive employees- are provided with postemployment benefits other than pensions by requiring recognition of the entire net OPEB liability and a more comprehensive measure of OPEB expense.

The implementation of the Statement required the City to make prior period adjustments. As a result, the beginning net position as of July 1, 2017 of the Governmental Activities, were restated and reduced by \$1,168,718.

D. 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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	City Miscellaneous Plan		
	Tier 1	Tier 2	Tier 3
Hire date	<u>Prior to May 1, 2012</u>	<u>On or after May 1, 2012</u>	<u>On or after January 2, 2013</u>
Benefit formula	2.5% @ 55	2% @ 60	2% @ 62
Benefit vesting schedule	5 years' service	5 years' service	5 years' service
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Retirement age	50-63	50-63	52-67
Monthly benefit, as a % of eligible compensation	1.43% to 2.42%	1.43% to 2.42%	1.0% to 2.5%
Required employee contribution rates	8.0%	7.0%	6.25%
Required employer contribution rates	10.11%	7.2%	6.533%

	City Safety Plan		
	Tier 1	Tier 2	Tier 3
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% @ 57
Benefit vesting schedule	5 years' service	5 years' service	5 years' service
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Retirement age	50-55	50-55	50-57
Monthly benefit, as a % of eligible compensation	3%	2.4% to 3%	2.0% to 2.7%
Required employee contribution rates	9.0%	7.0%	9.5%
Required employer contribution rates	17.875%	12.242%	9.513%

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

CITY OF CALISTOGA
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and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2018, the contributions recognized as part of pension expense for each Plan were as follows:

	City Miscellaneous Plan			
	Tier 1	Tier 2	Tier 3 (PEPRA)	
Contributions - employer	\$ 1,083,148	\$ 29,671	\$ 62,933	
Contributions - employee paid	122,864	28,404	58,590	
	City Safety Plan			
	Tier 1	Tier 2	Tier 3 (PEPRA)	Arrears
Contributions - employer	\$ 748,047	\$ 19,101	\$ 70,481	\$ 1,955
Contributions - employee paid	68,267	10,810	68,938	

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

As of June 30, 2018 the City reported net pension liabilities for its proportionate share of the net pension liability of each Plan as follows:

	Proportionate Share of Net Pension Liability
City safety plan	\$ 6,459,856
City miscellaneous plan	4,055,660
Total net pension liability	\$ 10,515,516

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, 2017 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, 2016 rolled forward to June 30, 2017 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, 2018

The City's proportionate share of the net pension liability for each Plan as of June 30, 2017 and 2018 was as follows:

	<u>City Safety Plan</u>		
	<u>Tier 1</u>	<u>Tier 2</u>	<u>Tier 3</u>
Proportion - June 30, 2017	0.065%	0.00%	0.00%
Proportion - June 30, 2018	0.066%	0.00%	0.00%
Change - Increase (Decrease)	0.001%	0.00%	0.00%

	<u>City Miscellaneous Plan</u>		
	<u>Tier 1</u>	<u>Tier 2</u>	<u>Tier 3</u>
Proportion - June 30, 2017	0.129%	0.00%	0.00%
Proportion - June 30, 2018	0.130%	0.00%	0.00%
Change - Increase (Decrease)	0.00%	0.00%	0.00%

For the year ended June 30, 2018 the City recognized pension expense of \$883,165. At June 30, 2018 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	\$ 2,015,336	\$ -
Differences between actual and expected experience	-	63,092
Changes in assumptions	1,457,912	111,446
Change in employer's proportion of difference between Net difference between projected and actual earnings on pension plan investments	324,926	-
Change in proportions and differences between actual contributio and proportionate share of contributions	111,362	1,251,847
	<u>1,688,067</u>	<u>-</u>
Total	<u>\$ 5,597,603</u>	<u>\$ 1,426,385</u>

\$2,015,336 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, 2019.

CITY OF CALISTOGA
Notes to the Financial Statements
June 30, 2018

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
2019	\$ 704,484
2020	1,020,808
2021	622,405
2022	(191,810)
2023	-
Total	\$ 2,155,887

Actuarial Assumptions – For the measurement period ended June 30, 2017, the total pension liabilities were determined by rolling forward the June 30, 2016 total pension liability. The June 30, 2017 and June 30, 2018 total pension liabilities were based on the following actuarial methods and assumptions:

Valuation date	June 30, 2016	
Measurement date	June 30, 2017	
Actuarial cost method	Entry -age normal cost method	
Actuarial assumptions:		
Discount Rate	7.15%	
Inflation	2.50%	
Projected salary increase	Varies by entry age service	
Investment rate of return	7.15%	(1)
Projected salary increase	Varies by entry age service and	
Mortality	Derived using CalPERS membership date for all funds	(2)

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

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

Change of Assumptions – GASB 68, paragraph 68 states that the long term expected rate of return should be determined net of pension plan investment expense, but without reduction for pension plan administrative expenses. The discount rate of 7.65 percent used for the June 30, 2016 measurement date was net of administrative expenses. The discount rate of 7.15 percent used for the June 30, 2017 measurement date is without reduction of pension plan administrative expenses. All other assumptions for the June 30, 2016 measurement date were the same as those used for the June 30, 2017 measurement date.

Discount Rate – The discount rate used to measure the total pension liability was 7.15 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 likely result in a

CITY OF CALISTOGA
Notes to the Financial Statements
June 30, 2018

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 7.15 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 7.15 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>	New Strategic Allocation	Real Return Years 1- 10 (a)	Real Return Years 11+ (b)
Global equity	47%	4.90%	5.38%
Global fixed income	19%	0.80%	2.27%
Inflation sensitive	6%	0.60%	1.39%
Private equity	12%	6.60%	6.63%
Real estate	11%	2.80%	5.21%
Infrastructure and forestland	3%	3.90%	5.36%
Liquidity	2%	-0.40%	-0.90%
Total	<u>100%</u>		

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, 2018

Discount Rate		
6.15%	7.15%	8.15%
(1% decrease)	(current rate)	(1% increase)

Net pension liability				
Safety	\$	9,319,605	\$ 6,459,856	\$ 4,091,361
Miscellaneous	\$	6,005,916	\$ 4,055,661	\$ 2,461,424

D. Restricted Net Position and Governmental Fund Balances

The \$8,413,914 restricted amount in the governmental activities statement of net position represent amounts to be used only for specific purposes which restrictions are imposed by laws, formal agreements or other governments. Of the \$8,413,914 for governmental activities, \$6,359,135 is restricted for housing and community development, \$636,680 is restricted for public safety, and \$1,418,099 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 \$6,956,983 in the general fund. The \$1,318,738 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 \$93.10 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 City provides continuation of medical and dental coverage to its retiring employees. This benefit creates both an implicit and explicit subsidy liability. An explicit subsidy exists when the employer contributes directly toward the cost of retiree healthcare. An implicit subsidy exists when the premiums charged for retirees' coverage are lower than the expected retiree claims for that coverage. In the CalPERS medical program, the same monthly premiums are charged for active employees and for pre-Medicare retirees. CalPERS has confirmed the claims experience of these members is considered together in setting premium rates.

CITY OF CALISTOGA
Notes to the Financial Statements
June 30, 2018

The agency's funding policy affects the calculation of liabilities by impacting the discount rate that is used to develop the plan liability and expense. "Prefunding" is the term used when an agency consistently contributes an amount based on an actuarially determined contribution (ADC) each year. GASB 75 allows prefunded plans to use a discount rate that reflects the expected earnings on trust assets. Pay-as-you-go or "PAYGO" is the term used when an agency only contributes the required retiree benefits when due. When an agency finances retiree benefits on a pay-as-you-go basis, GASB 75 requires the use of a discount rate equal to a 20-year high grade municipal bond rate.

Because the City is on a pay-as-you-go plan, the discount rate used in the GASB 75 valuation was based on the Fidelity Municipal Bond AA 20 year maturity yield index. As of the beginning and end of the Measurement Period, use of this index results in discount rates of 2.92% as of June 30, 2016 and 3.56% as of June 30, 2017.

Employees Covered by Benefit Terms – membership in the Plans consisted of the following at the measurement date of June 30, 2017:

Membership of the City as of the valuation date consisted of the following:

Active plan members	51
Inactive employees or beneficiaries currently receiving benefit payments.	10
Total	61

Net OPEB Liability

The District's net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2016.

Actuarial Assumptions

The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	2.92% as of June 30, 2016
Inflation	3.56% as of June 30, 2017
Aggregate Salary Increases (individual salary increases based on CalPERS)	2.75%
Investment rate of return	3.25%
Mortality rates (1)	7.15%
Healthcare cost trend rate	Based on CalPERS tables 7.00% in the first year, trending down to 3.94% over 57 years

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

CITY OF CALISTOGA
Notes to the Financial Statements
June 30, 2018

The long-term expected rate of return on OPEB 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 OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term expected real rate of return
Global equity	57%	8.32%
Fixed income	27%	4.87%
Treasury inflation protection securities	5%	3.94%
Real estate investment trusts	8%	6.75%
Commodities	3%	4.84%
Total	<u>100%</u>	<u>28.72%</u>

Discount Rate

The projection of cash flows used to determine the discount rate assumed that the City contribution will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to cover all future OPEB payments. Therefore, the discount rate was set equal to the long-term expected rate of return. The long-term expected rate of return was applied to all periods of projected benefit payments to determine the total OPEB liability.

The discount rate used to measure the total OPEB Liability was 3.56%. Healthcare cost trend rate was assumed to start at 7.5% (effective January 1, 2019) and grade down to 5% for years 2024 and thereafter.

CITY OF CALISTOGA
Notes to the Financial Statements
June 30, 2018

Changes in Net OPEB Liability

The Changes in the net OPEB liability for each plan follows:

City	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net	Net OPEB Liability
Balance as of Report Date June 30, 2017	\$ 2,359,733	\$ -	\$ 2,359,733
Changes for the year:			
Service Cost	197,549	-	197,549
Interest on the total OPEB liability	73,616	-	73,616
Differences between expected and actual Experience	-	-	-
Changes of assumptions	(244,214)	-	(244,214)
Contributions			
Employer - City's contribution		72,400	(72,400)
Employer - Implicit Subsidy		-	-
Employee		-	-
Net investment income		-	-
Benefit payments, including refunds of Employee contributions	(72,400)	(72,400)	-
Implicit rate subsidy fulfilled	-	-	-
Administrative expense	-	-	-
Net changes	<u>\$ (45,449)</u>	<u>\$ -</u>	<u>\$ (45,449)</u>
Balance at June 30, 2018	<u>\$ 2,314,284</u>	<u>\$ -</u>	<u>\$ 2,314,284</u>

The impact of a 1% increase or decrease in these assumptions is show in the chart below:

Sensitivity to:			
Change in discount rate	Current - 1% 2.56%	Current 3.56%	Current + 1% 4.56%
Total OPEB Liability	2,712,286	2,314,284	1,994,880
Change in healthcare cost trend rate	Current trend -1%	Current trend	Current trend +1%
Total OPEB Liability	1,870,014	2,314,284	3,052,850

CITY OF CALISTOGA
Notes to the Financial Statements
June 30, 2018

OPEB Expense and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2018, the City recognized OPEB expense of \$247,862. At June 30, 2018, the City reported deferred inflows/outflows of resources related to OPEB from the following sources:

	Deferred inflows of resources	Deferred outflows of resources
Employer contributions subsequent to measurement date	\$ -	\$ 71,494
Net excess of projected over actual earnings on OPEB		
plan investments	220,911	-
Total	\$ 220,911	\$ 71,494

The difference between projected OPEB plan investment earnings and actual earnings is amortized over a five year period. The amount of \$71,494 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended June 30, 2019.

Other Amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized as future OPEB expense as follows:

Year ended June 30	
2019	\$ (23,303)
2020	(23,303)
2021	(23,303)
2022	(23,303)
2023	(23,303)
Thereafter	(104,396)

E. Related Party Transactions

The City has a professional services agreement with the Calistoga Chamber of Commerce (the Chamber), a tax-exempt organization founded to support local businesses in the City of Calistoga. Beginning in 2003 the City has provided funding to the Chamber for marketing and promotional services. The City has provided \$400,000 to the Chamber during the fiscal year ending June 30, 2018. In December 2010 the Executive Director of the Chamber was elected to the City Council for a four year term through December 2014 and was elected to serve as the Mayor of the City in December 2012 and December 2014 for two year terms through December 2018.

REQUIRED
SUPPLEMENTARY INFORMATION



FEIGE TANK

CITY OF CALISTOGA
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
For the Fiscal Year Ended June 30, 2018

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
Fund Balance, July 1	\$ 2,709,778	\$ 9,143,619	\$ 8,455,573	\$ (688,046)
Resources (inflows):				
Property taxes	1,464,433	1,521,433	1,815,586	294,153
Sales taxes	1,157,482	1,157,482	1,222,837	65,355
Transient occupancy taxes	6,147,902	5,747,902	5,888,876	140,974
Other taxes	430,427	430,427	444,103	13,676
License and permits	201,271	303,771	263,690	(40,081)
Fines and forfeits	25,500	30,900	35,320	4,420
Interest	16,500	16,500	69,388	52,888
Intergovernmental	1,917,188	861,239	1,091,522	230,283
Charges for services	1,070,078	1,056,542	1,475,843	419,301
Miscellaneous	115,000	391,000	431,300	40,300
Transfers in	1,042,928	1,454,746	1,576,442	121,696
Amounts available for charges to appropriations	<u>16,298,487</u>	<u>22,115,561</u>	<u>22,770,480</u>	<u>654,919</u>
Charges to appropriations:				
General Government:				
City council	61,150	59,150	56,183	2,967
Finance	297,897	285,897	336,522	(50,625)
City clerk	107,436	111,436	129,674	(18,238)
City attorney	230,000	195,000	192,766	2,234
City manager	205,123	213,843	226,115	(12,272)
Nondepartmental	218,173	211,173	137,512	73,661
Economic vitality	380,873	428,545	430,295	(1,750)
Elections	2,000	-	395	(395)
Risk management	440,906	412,995	403,096	9,899
Personnel	193,662	194,162	179,580	14,582
Public Safety:				
Police services	2,201,741	2,131,940	2,321,772	(189,832)
Police dispatch	635,063	653,578	781,073	(127,495)
Emergency services	35,064	35,064	36,526	(1,462)
Fire protection	1,424,992	1,515,299	1,690,981	(175,682)
Community Services				
Aquatic services	254,068	249,768	246,897	2,871
Community promotions	105,833	155,833	148,563	7,270
Community activities	25,664	25,664	31,383	(5,719)
Library services	94,155	101,146	101,145	1
Sharpsteen Museum	19,126	18,648	18,117	531
Handy Van	10,500	10,000	10,000	-
Recreation Services				
Recreation services	161,050	150,050	159,030	(8,980)
Education and recreation courses	82,349	65,849	57,830	8,019
Senior activities	47,910	35,685	28,559	7,126
Public Works				
Administration	244,545	180,692	201,189	(20,497)
Streets	403,595	298,822	331,337	(32,515)
Park maintenance	246,101	247,513	303,759	(56,246)
Shop maintenance	50,301	50,301	56,760	(6,459)
Pool maintenance	158,085	124,178	133,586	(9,408)
Building maintenance	360,295	346,739	419,297	(72,558)
Planning and building				
Planning commission	6,165	6,165	2,941	3,224
Planning	306,248	308,892	362,106	(53,214)
Building inspection	532,237	432,957	457,789	(24,832)
Capital outlay	4,638,443	2,375,493	2,695,294	(319,801)
Transfers out	1,025,768	1,698,027	1,806,687	(108,660)
Total charges to appropriations	<u>15,206,518</u>	<u>13,330,504</u>	<u>14,494,759</u>	<u>(1,164,255)</u>
Fund Balance, June 30	<u>\$ 1,091,969</u>	<u>\$ 8,785,057</u>	<u>\$ 8,275,721</u>	<u>\$ (509,336)</u>

CITY OF CALISTOGA

Budgetary Comparison Schedule - General Fund
 Note to RSI
 For the Fiscal Year Ended June 30, 2018

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:	\$ 22,770,480
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	(8,455,573)
Transfers in from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes	<u>(1,576,442)</u>
Total revenues as reported in the statement of revenues, expenditures and changes in fund balances - governmental funds	<u><u>\$ 12,738,465</u></u>

Uses/outflows of resources:

Actual amounts "total charges to appropriations" from the budgetary comparison schedule:	\$ 14,494,759
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>(1,806,687)</u>
Total expenditures as reported in the statement of revenues, expenditures and changes in fund balances - governmental funds	<u><u>\$ 12,688,072</u></u>

CITY OF CALISTOGA
Required Supplemental Information For Major Special Revenue Fund
HOME Special Revenue Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2018

	<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:	\$ 75,000	\$ 75,000	\$ -	\$ (75,000)
Miscellaneous	-	-	92,049	92,049
Total revenues	75,000	75,000	92,049	17,049
Expenditures:				
Current:				
Housing:				
Palisades project loan	75,000	75,000	-	75,000
Total expenditures	75,000	75,000	-	75,000
Excess of revenues over (under) expenditures	-	-	92,049	92,049
Other financing uses:				
Transfer out to general fund	-	-	-	-
Total other financing uses	-	-	-	-
Net change in fund balances	-	-	92,049	92,049
Fund balance, July 1	3,490,087	3,664,259	3,664,259	-
Fund balance, June 30	<u>\$ 3,490,087</u>	<u>\$ 3,664,259</u>	<u>\$ 3,756,308</u>	<u>\$ 92,049</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, 2018

	<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	1,218,250	1,218,250	1,218,250	-
Fund balance, June 30	<u>\$ 1,218,250</u>	<u>\$ 1,218,250</u>	<u>\$ 1,218,250</u>	<u>\$ -</u>

CITY OF CALISTOGA
Required Supplementary Information
Cost Sharing Multiple-Employer Defined Pension Plan - Last four (4) years*
Schedule of Plan's Proportionate Share of Net Pension Liability and Related Ratios as of Measurement Date

Miscellaneous Plan

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Plan's proportion of the net pension liability (asset)	0.082210%	0.217692%	0.000000%	0.48000%
Plan's proportion share of the net pension liability (asset)	5,115,809	5,968,142	6,838,433	6,459,856
Plan's covered payroll	2,067,261	2,089,714	2,469,644	2,446,709
Plan's proportionate share of the net pension liability/asset as a percentage of the plan's total pension liability	277.67%	285.60%	276.90%	264.02%
Plan's proportion share of the fiduciary net position as a percentage of the plan's total pension liability	69.77%	66%	74.06%	73.31%

Safety Plan

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Plan's proportion of the net pension liability (asset)	0.060900%	0.092536%	0.058670%	0.310000%
Plan's proportion share of the net pension liability (asset)	3,789,935	3,809,042	4,343,184	4,055,661
Plan's covered payroll	1,206,006	1,222,660	1,303,114	1,179,222
Plan's proportionate share of the net pension liability/asset as a percentage of the plan's total pension liability	314.26%	311.54%	333.29%	343.93%
Plan's proportion share of the fiduciary net position as a percentage of the plan's total pension liability	67.58%	69%	74.06%	73.31%

*Fiscal year 2014 was the 1st year of implementation.

City of Calistoga
Required Supplementary Information
Cost Sharing Multiple-Employer Defined Pension Plan - Last five (5 years*)
Schedule of Contributions

Miscellaneous Plan

	<u>Fiscal Year</u> 2014	<u>Fiscal Year</u> 2015	<u>Fiscal Year</u> 2016	<u>Fiscal Year</u> 2017	<u>Fiscal Year</u> 2018
Actuarially determined contribution	\$ 400,634	\$ 445,033	\$ 568,838	\$ 1,693,684	\$ 1,175,752
Contributions in relation to the actuarially determined contributions	<u>(400,634)</u>	<u>(445,033)</u>	<u>(568,838)</u>	<u>(2,773,684)</u>	<u>(1,775,752)</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,080,000)</u>	<u>(600,000)</u>
Covered payroll	\$ 2,089,714	\$ 2,469,644	\$ 2,446,709	\$ 2,724,654	\$ 2,915,491
Contributions as a percentage of covered payroll	19.17%	16.66%	23.25%	62.16%	40.33%

*Fiscal year 2014 was the 1st year of implementation.

Notes to Required Supplementary Information

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

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

City of Calistoga
Required Supplementary Information
Cost Sharing Multiple-Employer Defined Pension Plan - Last five (5 years*)
Schedule of Contributions

	<u>Safety Plan</u>				
	<u>Fiscal Year</u> 2014	<u>Fiscal Year</u> 2015	<u>Fiscal Year</u> 2016	<u>Fiscal Year</u> 2017	<u>Fiscal Year</u> 2018
Actuarially determined contribution	\$ 351,214	\$ 376,319	\$ 454,373	\$ 1,197,592	\$ 839,584
Contributions in relation to the actuarially determined contributions	<u>(351,214)</u>	<u>(376,919)</u>	<u>(454,373)</u>	<u>(1,917,592)</u>	<u>(1,239,584)</u>
Contribution deficiency (excess)	<u>-</u>	<u>(600)</u>	<u>-</u>	<u>(720,000)</u>	<u>(400,000)</u>
Covered payroll	\$ 1,222,660	\$ 1,303,114	\$ 1,179,222	\$ 1,433,486	\$ 1,654,613
Contributions as a percentage of covered payroll	28.73%	26.00%	38.53%	83.54%	50.74%

*Fiscal year 2014 was the 1st year of implementation.

Notes to Required Supplementary Information

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

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

City of Calistoga
Required Supplementary Information
Change in the Net OPEB Liability
For the Fiscal Year Ended June 30, 2018

	Fiscal Year Ending June 30, 2018
Total OPEB Liability	
Service cost	\$ 197,549
Interest	73,616
Benefit payments, included refunds of employee contributions	(72,400)
Implicit rate subsidy fulfilled	(244,214)
Net change in total OPEB liability	(45,449)
Total OPEB liability - beginning of year	2,359,733
Total OPEB liability - end of year (a)	<u>\$ 2,314,284</u>
Plan Fiduciary Net Position	
Net investment income	
Contributions	
Employer - explicit subsidy	\$ 72,400
Employer - implicit subsidy	-
Benefit payments, included refunds of employee contributions	(72,400)
Implicit rate subsidy fulfilled	-
Administrative expense	-
Net change in plan fiduciary net position	-
Plan fiduciary net position - beginning of year	-
Plan fiduciary net position - end of year (b)	<u>\$ -</u>
City's net OPEB liability - end of year = (a) - (b)	<u>\$ 2,314,284</u>
Plan fiduciary net position as a percentage of the total OPEB liability	59.58%
Covered-employee payroll	\$ 3,884,193

Notes to schedule:

The City adopted GASB 75 for the fiscal year ending June 30, 2018.

OPTIONAL
SUPPLEMENTARY INFORMATION

NONMAJOR FUNDS COMBINING FINANCIAL
STATEMENTS AND SCHEDULES,



GRANT STREET STORM DRAINAGE UNDER RACE TRACK

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City of Calistoga
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2018

	Special Revenue Funds														
	Roads		Fire			Police		Transportation		CDBG		Paratransit		Sewerage	
	Gas Tax	Maintenance & Rehab	Parking Ordinance	Administration	Fire	Police	Transportation	CDBG Loan Repayment	Revolving Loan	Landscaping Maintenance	Asset Forfeiture	Affordable Housing	Quality of Life	Landscaping Maintenance	
Assets															
Cash and investments	\$ 4,372	\$ -	\$ 103,826	\$ 165,468	\$ 289,024	\$ 87,891	\$ 566,331	\$ 8,711	\$ 113,562	\$ 4,557	\$ 54,225	\$ 26,030	\$ 119,205	\$ 1,851	
Receivables:															
Receivables from other governments	5,686	11,102	-	-	-	-	-	-	2,780	-	-	206	-	-	
Accounts	-	-	10,835	-	-	-	-	-	-	-	-	-	-	-	
Advances to other funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Notes receivable	-	-	-	-	-	-	391,304	-	20,375	-	-	851,000	-	-	
Total assets	\$ 9,858	\$ 11,102	\$ 114,661	\$ 165,468	\$ 289,024	\$ 87,891	\$ 566,331	\$ 400,015	\$ 136,717	\$ 4,557	\$ 54,225	\$ 877,236	\$ 119,205	\$ 1,851	
Liabilities and Fund Balances															
Liabilities:															
Accounts payable	\$ 6,033	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 52,083	\$ -	\$ -	\$ -	\$ -	\$ -	
Advances from other funds	-	10,835	-	-	-	-	-	-	-	-	-	25,886	-	-	
Deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total liabilities	6,033	10,835	-	-	-	-	-	-	52,083	-	-	25,886	-	-	
Fund balances:															
Restricted for streets	3,925	267	114,661	-	-	-	566,331	-	-	4,557	-	-	-	-	1,851
Restricted for parks	-	-	-	-	-	-	-	-	-	-	54,225	-	-	-	
Restricted for public safety	-	-	-	-	289,024	87,891	-	-	-	-	-	-	-	-	
Restricted for affordable housing	-	-	-	-	-	-	-	400,015	84,634	-	-	851,350	-	-	
Restricted for facilities	-	-	-	165,468	-	-	-	-	-	-	-	-	119,205	-	
Total fund balances	3,925	267	114,661	165,468	289,024	87,891	566,331	400,015	84,634	4,557	54,225	851,350	119,205	1,851	
Total liabilities and fund balances	\$ 9,958	\$ 11,102	\$ 114,661	\$ 165,468	\$ 289,024	\$ 87,891	\$ 566,331	\$ 400,015	\$ 136,717	\$ 4,557	\$ 54,225	\$ 877,236	\$ 119,205	\$ 1,851	

City of Calistoga
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2018

	Special Revenue Funds										Debt Service		Total Nonmajor Governmental Funds
	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	25,266	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Receivables:													
Receivables from other governments					500		53,337						73,511
Accounts			689,329				77,993						689,329
Advances to other funds		323,397		3,205									415,430
Notes receivable													1,262,679
Total assets	\$ 25,266	\$ 323,397	\$ 689,329	\$ 3,205	\$ 6,817	\$ 12,427	\$ 166,872	\$ 68,239	\$ 975	\$ 48,578	\$	\$	\$ 4,183,346
Liabilities and Fund Balances													
Liabilities:													
Accounts payable	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Advances from other funds													
Deposits							44,550						44,550
Total liabilities			689,329				44,550						828,716
Fund balances:													
Restricted for streets		323,397		3,205			23,689						1,041,883
Restricted for parks					6,817	12,427	166,872		975				636,880
Restricted for public safety	25,266									48,578			1,384,577
Restricted for affordable housing													284,673
Restricted for facilities													3,354,630
Total fund balances	\$ 25,266	\$ 323,397	\$ 689,329	\$ 3,205	\$ 6,817	\$ 12,427	\$ 166,872	\$ 23,689	\$ 975	\$ 48,578	\$	\$	\$ 4,183,346
Total liabilities and fund balances	\$ 25,266	\$ 323,397	\$ 689,329	\$ 3,205	\$ 6,817	\$ 12,427	\$ 166,872	\$ 68,239	\$ 975	\$ 48,578	\$	\$	\$ 4,183,346

City of Calistoga
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Fiscal Year Ended June 30, 2018

	Special Revenue Funds												
	Roads		Fire		Police	Transportation	CDBG		Parksides		Silverado		
	Maintenance & Rehab	Parking Ordinance	Administration	Fire	Police	Transportation	CDBG Loan Repayment	CDBG Loan Revolving	Landscape Maintenance	Asset Forfeiture	Affordable Housing	Quality of Life	Landscape Maintenance
Revenues													
Intergovernmental	\$ 123,113	\$ 3,362	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,326	\$ -	\$ -	\$ -
Charges for services	-	-	27,076	18,943	4,494	102,127	-	-	1,566	619	15,333	54,832	1,026
Interest	132	1,541	2,224	3,884	1,181	7,612	8,711	1,922	-	-	25,600	1,602	-
Miscellaneous	-	-	-	-	-	-	3,648	28	-	-	297	-	-
Total revenues	123,245	4,903	29,300	22,827	5,675	109,739	12,359	1,950	1,566	11,945	41,230	56,434	1,026
Expenditures													
Current:													
Public safety	-	-	-	-	-	-	-	-	-	-	-	-	-
Public works	36,543	-	-	-	-	-	-	-	1,098	-	-	-	50
Housing	-	-	-	-	-	-	41,526	279,985	-	-	308,001	-	-
Debt service:													
Principal	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	36,543	-	-	-	-	-	41,526	279,985	1,098	-	308,001	-	50
Excess (deficiency) or revenues over (under) expenditures	86,702	4,903	29,300	22,827	5,675	109,739	(29,167)	(278,035)	468	11,945	(266,771)	56,434	976
Other financing sources (uses):													
Debt proceeds	-	-	-	-	-	-	-	-	-	-	69,215	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-	94,669	-	-
Transfers out	(95,000)	(30,692)	-	-	-	-	(18,783)	-	-	-	(75,000)	(183,552)	-
Total other financing sources (uses)	(95,000)	(30,692)	-	-	-	-	(18,783)	-	-	-	88,884	(183,552)	-
Net change in fund balances	(8,298)	267	29,300	22,827	5,675	109,739	(47,950)	(278,035)	468	11,945	(177,887)	(127,118)	976
Fund balances, July 1	12,223	-	109,758	136,168	266,197	82,216	456,592	447,965	4,089	42,280	1,029,237	246,323	875
Fund balances, June 30	\$ 3,925	\$ 267	\$ 114,661	\$ 165,468	\$ 289,024	\$ 87,891	\$ 586,331	\$ 400,015	\$ 84,634	\$ 54,225	\$ 851,350	\$ 119,205	\$ 1,851

City of Calistoga
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Fiscal Year Ended June 30, 2018

	Special Revenue Funds										Debt		Total Nonmajor Governmental Funds
	Abandoned Vehicle	Traffic Signal	MTC Street	North West Drainage	Recreation Donations	Police Donation	Police Grants	Tree Mitigation	Fire Donation	Mobile Home Park	City Debt Service		
Revenues:													
Intergovernmental			\$ 4,571,480			\$ -	\$ 162,298	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,902,271
Charges for services								300		8,266			233,863
Interest:	340	4,346		43	85	167		917	13	653			61,859
Miscellaneous					8,207					9,780			21,960
Total revenues	340	4,346	4,571,480	43	8,292	167	162,298	1,217	13	18,699			5,220,053
Expenditures:													
Current:													
Public safety							12,915						12,915
Public works			4,810,018					3,780					4,851,489
Housing										2,550			632,062
Debt service:													
Principal											291,609		291,609
Interest											82,293		82,293
Total expenditures			4,810,018				12,915	3,780		2,550	373,902		5,670,368
Excess (deficiency) of revenues over (under) expenditures	340	4,346	(238,538)	43	8,292	167	149,383	(2,563)	13	16,149	(373,902)		(650,315)
Other financing sources (uses):													
Debt Proceeds													69,215
Transfers in		3,461	252,757								373,902		724,789
Transfers out	(4,600)		(14,275)		(12,000)		(86,991)			(7,500)			(528,383)
Total other financing sources (uses)	(4,600)	3,461	238,482		(12,000)		(86,991)			(7,500)	373,902		265,611
Net change in fund balances	(4,260)	7,807	(56)	43	(3,708)	167	62,392	(2,563)	13	8,649			(384,704)
Fund balances, July 1	29,526	315,590	56	3,162	10,525	12,260	104,480	26,252	962	39,929			3,739,334
Fund balances, June 30	\$ 25,266	\$ 323,397	\$ -	\$ 3,205	\$ 6,817	\$ 12,427	\$ 166,872	\$ 23,689	\$ 975	\$ 48,578	\$ -	\$ -	\$ 3,354,630

**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, 2018**

	<u>Budgeted Amounts</u>			Variance With Final Budget- Positive(Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental:				
Gas tax 2105	\$ 30,107	\$ 30,587	\$ 28,425	\$ (2,162)
Gas tax 2106	22,984	18,924	18,394	(530)
Gas tax 2107	38,894	37,968	36,993	(975)
Gas tax 2107.5	2,000	2,000	2,000	-
Other state grant	20,740	30,846	37,301	6,455
Interest	150	75	132	57
Total revenues	<u>114,875</u>	<u>120,400</u>	<u>123,245</u>	<u>2,845</u>
Expenditures:				
Current:				
Highways and streets:				
Street lighting utilities	37,500	36,125	36,543	(418)
Total expenditures	<u>37,500</u>	<u>36,125</u>	<u>36,543</u>	<u>(418)</u>
Excess of revenues over (under) expenditures	<u>77,375</u>	<u>84,275</u>	<u>86,702</u>	<u>2,427</u>
Other financing sources (uses):				
Transfers out to the general fund	<u>(95,000)</u>	<u>(91,554)</u>	<u>(95,000)</u>	<u>(3,446)</u>
Total other financing sources (uses)	<u>(95,000)</u>	<u>(91,554)</u>	<u>(95,000)</u>	<u>(3,446)</u>
Net change in fund balance	(17,625)	(7,279)	(8,298)	(1,019)
Fund balance, July 1	<u>33,528</u>	<u>12,223</u>	<u>12,223</u>	<u>-</u>
Fund balance, June 30	<u>\$ 15,903</u>	<u>\$ 4,944</u>	<u>\$ 3,925</u>	<u>\$ (1,019)</u>

CITY OF CALISTOGA
Road Maintenance and Rehab Special Revenue Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance With Final Budget- Positive(Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
Road Rehab - SB1	\$ -	\$ 29,873	\$ 30,692	\$ 819
Interest	-	-	267	267
Total revenues	-	29,873	30,959	1,086
Expenditures:				
Current:				
Highways and streets:				
Street lighting utilities	-	-	-	-
Total expenditures	-	-	-	-
Excess of revenues over (under) expenditures	-	29,873	30,959	1,086
Other financing sources (uses):				
Transfers out to the general fund	-	-	(30,692)	(30,692)
Total other financing sources (uses)	-	-	(30,692)	(30,692)
Net change in fund balance	-	29,873	267	(29,606)
Fund balance, July 1	-	-	-	-
Fund balance, June 30	\$ -	\$ 29,873	\$ 267	\$ (29,606)

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, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget- Positive(negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services:				
Parking impact fees	\$ -	\$ -	\$ 3,362	\$ 3,362
Interest	150	150	1,541	1,391
Total revenues	<u>150</u>	<u>150</u>	<u>4,903</u>	<u>4,753</u>
Expenditures:				
Public safety	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>150</u>	<u>150</u>	<u>4,903</u>	<u>4,753</u>
Net change in fund balance	150	150	4,903	4,753
Fund balance, July 1	<u>109,314</u>	<u>109,758</u>	<u>109,758</u>	<u>-</u>
Fund balance, June 30	<u>\$ 109,464</u>	<u>\$ 109,908</u>	<u>\$ 114,661</u>	<u>\$ 4,753</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, 2018

	<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	\$ 23,380	\$ 23,380	\$ 27,076	\$ 3,696
Interest	100	100	2,224	2,124
Total revenues	<u>23,480</u>	<u>23,480</u>	<u>29,300</u>	<u>5,820</u>
Expenditures:				
City Administration:	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>23,480</u>	<u>23,480</u>	<u>29,300</u>	<u>5,820</u>
Net change in fund balance	23,480	23,480	29,300	5,820
Fund balance, July 1	<u>131,899</u>	<u>136,168</u>	<u>136,168</u>	<u>-</u>
Fund balance, June 30	<u>\$ 155,379</u>	<u>\$ 159,648</u>	<u>\$ 165,468</u>	<u>\$ 5,820</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, 2018

	Budgeted Amounts		Actual	Variance With Final Budget- Positive(Negative)
	Original	Final		
Revenues:				
Charges for services:				
Public safety impact fees	\$ 19,611	\$ 19,611	\$ 18,943	\$ (668)
Interest	75	75	3,884	3,809
Total revenues	<u>19,686</u>	<u>19,686</u>	<u>22,827</u>	<u>3,141</u>
Expenditures:				
Public Safety:	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>19,686</u>	<u>19,686</u>	<u>22,827</u>	<u>3,141</u>
Net change in fund balance	19,686	19,686	22,827	3,141
Fund balance, July 1	<u>261,804</u>	<u>266,197</u>	<u>266,197</u>	<u>-</u>
Fund balance, June 30	<u><u>\$ 281,490</u></u>	<u><u>\$ 285,883</u></u>	<u><u>\$ 289,024</u></u>	<u><u>\$ 3,141</u></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, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget- Positive(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services:				
Public safety impact fees	\$ 5,252	\$ 5,252	\$ 4,494	\$ (758)
Interest	30	30	1,181	1,151
Total revenues	<u>5,282</u>	<u>5,282</u>	<u>5,675</u>	<u>393</u>
Expenditures:				
Public Safety:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>5,282</u>	<u>5,282</u>	<u>5,675</u>	<u>393</u>
Net change in fund balance	5,282	5,282	5,675	393
Fund balance, July 1	<u>80,974</u>	<u>82,216</u>	<u>82,216</u>	<u>-</u>
Fund balance, June 30	<u>\$ 86,256</u>	<u>\$ 87,498</u>	<u>\$ 87,891</u>	<u>\$ 393</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, 2018

	Budgeted Amounts		Actual	Variance With Final Budget- Positive(Negative)
	Original	Final		
Revenues:				
Charges for services:				
Transportation impact fees	\$ 94,187	\$ 94,187	\$ 102,127	\$ 7,940
Interest	350	350	7,612	7,262
Total revenues	<u>94,537</u>	<u>94,537</u>	<u>109,739</u>	<u>15,202</u>
Expenditures:				
Transportation:	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>94,537</u>	<u>94,537</u>	<u>109,739</u>	<u>15,202</u>
Net change in fund balance	94,537	94,537	109,739	15,202
Fund balance, July 1	<u>437,714</u>	<u>456,592</u>	<u>456,592</u>	<u>-</u>
Fund balance, June 30	<u>\$ 532,251</u>	<u>\$ 551,129</u>	<u>\$ 566,331</u>	<u>\$ 15,202</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, 2018

	Budgeted Amounts		Actual	Variance With Final Budget- Positive(Negative)
	Original	Final		
Revenues:				
Interest	\$ 1,500	\$ 1,500	\$ 8,711	\$ 7,211
Miscellaneous - loan repayments	-	-	3,648	3,648
Total revenues	1,500	1,500	12,359	10,859
Expenditures:				
Current:				
Contracts and program services	55,026	55,026	41,526	13,500
Total expenditures	55,026	55,026	41,526	13,500
Excess of revenues over (under) expenditures	(53,526)	(53,526)	(29,167)	24,359
Other financing uses:				
Transfer out to affordable housing fund	-	-	(18,783)	(18,783)
Total other financing uses	-	-	(18,783)	(18,783)
Net change in fund balance	(53,526)	(53,526)	(47,950)	5,576
Fund balance, July 1	588,624	447,965	447,965	-
Fund balance, June 30	\$ 535,098	\$ 394,439	\$ 400,015	\$ 5,576

CITY OF CALISTOGA
CDBG Revolving Loan Program Special Revenue Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance With Final Budget- Positive(Negative)
	Original	Final		
Revenues:				
Interest	\$ 2,700	\$ 1,861	\$ 1,922	\$ 61
State grants	600,000	300,000	28	
Miscellaneous - loan repayments	21,936	-	-	
Total revenues	<u>624,636</u>	<u>301,861</u>	<u>1,950</u>	<u>61</u>
Expenditures:				
Current:				
Contracts and program services	600,000	300,000	279,985	20,015
Total expenditures	<u>600,000</u>	<u>300,000</u>	<u>279,985</u>	<u>20,015</u>
Excess of revenues over (under) expenditures	<u>24,636</u>	<u>1,861</u>	<u>(278,035)</u>	<u>(279,896)</u>
Net change in fund balance	24,636	1,861	(278,035)	(279,896)
Fund balance, July 1	<u>224,980</u>	<u>362,669</u>	<u>362,669</u>	<u>-</u>
Fund balance, June 30	<u>\$ 249,616</u>	<u>\$ 364,530</u>	<u>\$ 84,634</u>	<u>\$ (279,896)</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, 2018

	<u>Budgeted Amounts</u>			Variance With Final Budget- Positive(Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Special assessments:				
Landscape maintenance	\$ 1,550	\$ 1,550	\$ 1,566	\$ 16
Total revenues	<u>1,550</u>	<u>1,550</u>	<u>1,566</u>	<u>16</u>
Expenditures:				
Public works	<u>2,856</u>	<u>2,856</u>	<u>1,098</u>	<u>1,758</u>
Excess of revenues over(under)expenditures	<u>(1,306)</u>	<u>(1,306)</u>	<u>468</u>	<u>1,774</u>
Net change in fund balance	(1,306)	(1,306)	468	1,774
Fund balance, July 1	<u>1,306</u>	<u>4,089</u>	<u>4,089</u>	<u>-</u>
Fund balance, June 30	<u><u>\$ -</u></u>	<u><u>\$ 2,783</u></u>	<u><u>\$ 4,557</u></u>	<u><u>\$ 1,774</u></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, 2018

	<u>Budgeted Amounts</u>			Variance With Final Budget- Positive(negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Interest	\$ 150	\$ 150	\$ 619	\$ 469
Intergovernmental; Grants	<u>5,000</u>	<u>11,400</u>	<u>11,326</u>	<u>(74)</u>
Total revenues	<u>5,150</u>	<u>11,550</u>	<u>11,945</u>	<u>395</u>
Expenditures:				
Current:				
Public safety	<u>6,500</u>	<u>6,500</u>	<u>-</u>	<u>6,500</u>
Excess of revenues over (under) expenditures	<u>(1,350)</u>	<u>5,050</u>	<u>11,945</u>	<u>6,895</u>
Net change in fund balance	(1,350)	5,050	11,945	6,895
Fund balance, July 1	<u>41,321</u>	<u>42,280</u>	<u>42,280</u>	<u>-</u>
Fund balance, June 30	<u>\$ 39,971</u>	<u>\$ 47,330</u>	<u>\$ 54,225</u>	<u>\$ 6,895</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, 2018

	Budgeted Amounts			Variance With Final Budget- Positive(Negative)
	Original	Final	Actual	
Revenues:				
Interest	\$ 200	\$ 25,250	\$ 25,600	\$ 350
Other revenue	-	91	297	206
Development in lieu fees	29,287	29,287	15,333	(13,954)
	<u>29,487</u>	<u>54,628</u>	<u>41,230</u>	<u>(13,398)</u>
Total revenues				
	29,487	54,628	41,230	(13,398)
Expenditures:				
Current:				
Housing services	-	345,500	308,001	37,499
	<u>-</u>	<u>345,500</u>	<u>308,001</u>	<u>37,499</u>
Total expenditures				
	-	345,500	308,001	37,499
Excess of revenues over (under) expenditures	29,487	(290,872)	(266,771)	24,101
Other financing uses:				
Debt Proceeds	-	69,215	69,215	-
Transfers in from general fund	-	50,000	75,886	25,886
Transfers in from cdbg fund	-	-	18,783	18,783
Transfers out to the general fund	(75,000)	(75,000)	(75,000)	-
	<u>(75,000)</u>	<u>44,215</u>	<u>88,884</u>	<u>44,669</u>
Total other financing uses				
	(75,000)	44,215	88,884	44,669
Net change in fund balance	(45,513)	(246,657)	(177,887)	68,770
Fund balance, July 1	1,139,912	1,029,237	1,029,237	-
Fund balance, June 30	<u>\$ 1,094,399</u>	<u>\$ 782,580</u>	<u>\$ 851,350</u>	<u>\$ 68,770</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, 2018

	<u>Budgeted Amounts</u>			<u>Variance With Final Budget- Positive(Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Charges for services:				
Quality of life fees	\$ 41,253	\$ 41,253	\$ 54,832	\$ 13,579
Interest	40	40	1,602	1,562
Total revenues	<u>41,293</u>	<u>41,293</u>	<u>56,434</u>	<u>15,141</u>
Expenditures:				
Current:				
Public works	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over(under) expenditures	<u>41,293</u>	<u>41,293</u>	<u>56,434</u>	<u>15,141</u>
Other financing uses:				
Transfer out to mtc fund	-	-	(1,818)	(1,818)
Transfers out to general fund	<u>(250,000)</u>	<u>(154,345)</u>	<u>(181,734)</u>	<u>(27,389)</u>
Net change in fund balance	(208,707)	(113,052)	(127,118)	(14,066)
Fund balance, July 1	<u>241,698</u>	<u>246,323</u>	<u>246,323</u>	<u>-</u>
Fund balance, June 30	<u>\$ 32,991</u>	<u>\$ 133,271</u>	<u>\$ 119,205</u>	<u>\$ (14,066)</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, 2018

	Budgeted Amounts		Actual	Variance With Final Budget- Positive(Negative)
	Original	Final		
Revenues:				
Special assessments:				
Landscape maintenance	\$ 1,000	\$ 1,000	\$ 1,026	\$ 26
Total revenues	1,000	1,000	1,026	26
Expenditures:				
Current:				
Public works	1,253	1,253	50	1,203
Excess of revenues over(under) expenditures	(253)	(253)	976	1,229
Net change in fund balance	(253)	(253)	976	1,229
Fund balance, July 1	287	875	875	-
Fund balance, June 30	\$ 34	\$ 622	\$ 1,851	\$ 1,229

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, 2018

	Budgeted Amounts			Variance With Final Budget- Positive(Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental:				
Napa County - reimbursement fees	\$ -	\$ -	\$ -	\$ -
Interest	50	50	340	290
Total revenues	<u>50</u>	<u>50</u>	<u>340</u>	<u>290</u>
Expenditures:				
Current:				
Public safety	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>50</u>	<u>50</u>	<u>340</u>	<u>290</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	(4,550)	(4,550)	(4,260)	290
Fund balance, July 1	<u>37,416</u>	<u>29,526</u>	<u>29,526</u>	<u>-</u>
Fund balance, June 30	<u>\$ 32,866</u>	<u>\$ 24,976</u>	<u>\$ 25,266</u>	<u>\$ 290</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, 2018

	Budgeted Amounts		Actual	Variance With Final Budget- Positive(Negative)
	Original	Final		
Revenues:				
Charges for services:				
Impact fees	\$ -	\$ -	\$ -	\$ -
Interest	300	300	4,346	4,046
Total revenues	<u>300</u>	<u>300</u>	<u>4,346</u>	<u>4,046</u>
Expenditures:				
Current public works	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over(under) expenditures	<u>300</u>	<u>300</u>	<u>4,346</u>	<u>4,046</u>
Other financing uses:				
Transfer in from mtc	-	-	3,461	3,461
Transfer out to the mtc	<u>(106,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing uses	<u>(106,000)</u>	<u>-</u>	<u>3,461</u>	<u>3,461</u>
Net change in fund balance	(105,700)	300	7,807	7,507
Fund balance, July 1	<u>314,073</u>	<u>315,590</u>	<u>315,590</u>	<u>-</u>
Fund balance, June 30	<u>\$ 208,373</u>	<u>\$ 315,890</u>	<u>\$ 323,397</u>	<u>\$ 7,507</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, 2018

	<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	\$ 3,379,879	\$ 4,531,895	\$ 4,571,480	\$ 39,585
Interest	-	-	-	-
Total revenues	<u>3,379,879</u>	<u>4,531,895</u>	<u>4,571,480</u>	<u>39,585</u>
Expenditures:				
Current:				
Public works- pedestrian projects	3,493,379	4,633,596	4,810,018	(176,422)
Total expenditures	<u>3,493,379</u>	<u>4,633,596</u>	<u>4,810,018</u>	<u>(176,422)</u>
Excess of revenues over(under) expenditures	<u>(113,500)</u>	<u>(101,701)</u>	<u>(238,538)</u>	<u>(136,837)</u>
Other financing uses:				
Transfer in from traffic signal fund	106,000	20,000	(3,461)	(23,461)
Transfer in from cultural/recreational fund		1,818	1,818	-
Transfer in from general fund		72,327	246,900	174,573
Transfer in from wastewater fund	7,500	7,500	7,500	-
Transfer out to general fund	-	-	(14,275)	(14,275)
Total other financing uses	<u>113,500</u>	<u>101,645</u>	<u>238,482</u>	<u>136,837</u>
Net change in fund balance	-	(56)	(56)	-
Fund balance, July 1	-	56	56	-
Fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2018

	Budgeted Amounts			Variance With Final Budget- Positive(Negative)
	Original	Final	Actual	
Revenues:				
Interest	\$ -	\$ -	\$ 43	\$ 43
Total revenues	-	-	43	43
Expenditures:				
Current:				
Public works projects	-	-	-	-
Excess of revenues over (under) expenditures	-	-	43	43
Net change in fund balance	-	-	43	43
Fund balance, July 1	3,145	3,162	3,162	-
Fund balance, June 30	\$ 3,145	\$ 3,162	\$ 3,205	\$ 43

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, 2018

	<u>Budgeted Amounts</u>			Variance With Final Budget- Positive(Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Interest	\$ -	\$ -	\$ 85	\$ 85
Miscellaneous:				
Donations	12,000	8,000	8,207	207
Total revenues	<u>12,000</u>	<u>8,000</u>	<u>8,292</u>	<u>292</u>
Expenditures:				
Current:				
Recreation	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess(deficiency) of revenues over (under) expenditures	<u>12,000</u>	<u>8,000</u>	<u>8,292</u>	<u>292</u>
Other Financing Use				
Transfer out to general fund	<u>(12,000)</u>	<u>(12,000)</u>	<u>(12,000)</u>	<u>-</u>
Net change in fund balance	-	(4,000)	(3,708)	292
Fund balance, July 1	<u>6,469</u>	<u>10,525</u>	<u>10,525</u>	<u>-</u>
Fund balance, June 30	<u>\$ 6,469</u>	<u>\$ 6,525</u>	<u>\$ 6,817</u>	<u>\$ 292</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, 2018

	Budgeted Amounts		Actual	Variance With Final Budget- Positive(Negative)
	Original	Final		
Revenues:				
Interest	\$ -	\$ -	\$ 167	\$ 167
Total revenues	-	-	167	167
Expenditures:				
Current:				
Public safety	-	-	-	-
Net change in fund balance	-	-	167	167
Fund balance, July 1	12,218	12,260	12,260	-
Fund balance, June 30	\$ 12,218	\$ 12,260	\$ 12,427	\$ 167

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, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget- Positive(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental:				
COPS grant	\$ 108,440	\$ 108,440	\$ 162,298	\$ 53,858
Total revenues	<u>108,440</u>	<u>108,440</u>	<u>162,298</u>	<u>53,858</u>
Expenditures:				
Current:				
Public safety	29,940	29,940	12,915	17,025
Total expenditures	<u>29,940</u>	<u>29,940</u>	<u>12,915</u>	<u>17,025</u>
Excess of revenues over (under) expenditures	<u>78,500</u>	<u>78,500</u>	<u>149,383</u>	<u>70,883</u>
Other financing uses:				
Transfers out to the general fund	(78,828)	(115,069)	(86,991)	28,078
Net change in fund balance	(328)	(36,569)	62,392	98,961
Fund balance, July 1	<u>47,411</u>	<u>104,480</u>	<u>104,480</u>	<u>-</u>
Fund balance, June 30	<u>\$ 47,083</u>	<u>\$ 67,911</u>	<u>\$ 166,872</u>	<u>\$ 98,961</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, 2018

	Budgeted Amounts		Actual	Variance With Final Budget- Positive(Negative)
	Original	Final		
Revenues:				
Charges for services:				
Tree mitigation and removal fees	\$ 500	\$ 500	\$ 300	\$ (200)
Interest	-	-	917	917
Total revenues	<u>500</u>	<u>500</u>	<u>1,217</u>	<u>717</u>
Expenditures:				
Current:				
Public works	10,000	25,000	3,780	21,220
Excess of revenues over (under) expenditures	<u>(9,500)</u>	<u>(24,500)</u>	<u>(2,563)</u>	<u>(20,503)</u>
Net change in fund balance	(9,500)	(24,500)	(2,563)	21,937
Fund balance, July 1	<u>21,833</u>	<u>26,252</u>	<u>26,252</u>	<u>-</u>
Fund balance, June 30	<u>\$ 12,333</u>	<u>\$ 1,752</u>	<u>\$ 23,689</u>	<u>\$ 21,937</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, 2018

	<u>Budgeted Amounts</u>			<u>Variance With Final Budget- Positive(Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Interest	\$ -	\$ -	\$ 13	\$ 13
	-	-	13	-
Total revenues	-	-	-	-
Expenditures:				
Current:				
Public safety	-	-	-	-
	-	-	13	-
Excess of revenues over (under) expenditures	-	-	13	13
Net change in fund balance	-	-	13	13
Fund balance, July 1	957	962	962	-
Fund balance, June 30	\$ 957	\$ 962	\$ 975	\$ 13

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, 2018

	Budgeted Amounts			Variance With Final Budget- Positive(Negative)
	Original	Final	Actual	
Revenues:				
Interest	\$ -	\$ -	\$ 653	\$ 653
Charges for services:				
Inspection fees	7,940	7,940	8,266	326
Rent stablization fees	10,600	10,600	9,780	(820)
Other Revenues	49	49	-	(49)
Total revenues	18,589	18,589	18,699	110
Expenditures:				
Current:				
Housing	1,550	1,550	2,550	(1,000)
Excess of revenues over (under) expenditures	17,039	17,039	16,149	(890)
Other financing sources (uses):				
Transfers out to general fund	(7,500)	(7,500)	(7,500)	-
Total other financing sources (uses)	(7,500)	(7,500)	(7,500)	-
Net change in fund balance	9,539	9,539	8,649	(890)
Fund balance, July 1	40,407	39,929	39,929	-
Fund balance, June 30	\$ 49,946	\$ 49,468	\$ 48,578	\$ (890)

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, 2018

	<u>Budgeted Amounts</u>			Variance With Final Budget- Positive(Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures:				
Debt service:				
Principal retirement	291,543	291,543	291,609	(66)
Interest on long-term debt	82,359	82,359	82,293	66
Total expenditures	373,902	373,902	373,902	-
Excess of revenues over (under) expenditures	(373,902)	(373,902)	(373,902)	-
Other financing sources:				
Transfer in from general fund	373,902	373,902	373,902	-
Total other financing sources	373,902	373,902	373,902	-
Net change in fund balance	-	-	-	-
Fund balance, July 1	-	-	-	-
Fund balance, June 30	\$ -	\$ -	\$ -	\$ -

City of Calistoga
Statement of Changes in Assets and Liabilities
 Agency Fund
 For Fiscal Year Ended June 30, 2018

	Balance June 30, 2017	Additions	Reductions	Balance June 30, 2018
ASSETS				
Cash and cash equivalents	\$ 86,185	\$ 3,744	\$ -	\$ 89,909
Assessments receivable	102,477	13,746	-	116,223
Total assets	<u>\$ 188,642</u>	<u>\$ 17,490</u>	<u>\$ -</u>	<u>\$ 206,132</u>
LIABILITIES				
Deposits payable to Tourism Business Improvement District	\$ 188,642	\$ 17,490	\$ -	\$ 206,132
Total liabilities	<u>\$ 188,642</u>	<u>\$ 17,490</u>	<u>\$ -</u>	<u>\$ 206,132</u>

See accompanying notes to the basic financial statements

STATISTICAL SECTION



MT. WASHINGTON TANK THM REMOVAL SYSTEM

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)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities:										
Net investment in capital assets	\$8,300,018	\$8,772,653	\$9,134,898	\$9,123,554	\$9,134,957	\$8,689,861	\$8,776,854	\$11,380,815	\$14,074,577	\$21,414,097
Restricted	5,481,829	6,272,999	6,320,030	5,539,578	6,873,465	7,326,817	7,440,190	6,021,004	8,823,271	8,413,914
Unrestricted	1,322,140	171,473	(601,181)	909,057	2,284,571	5,031,807	1,381,017	2,483,766	2,730,097	1,414,740
Total governmental activities net position	\$15,103,987	\$15,217,125	\$14,853,747	\$15,572,189	\$18,292,993	\$21,048,485	\$17,598,061	\$19,885,585	\$25,627,945	\$31,242,751
Business-type activities:										
Net investment in capital assets	\$14,378,458	\$13,691,652	\$13,584,563	\$15,137,975	\$14,984,506	\$14,438,811	\$15,430,416	\$16,114,172	\$16,711,648	\$17,597,942
Restricted	(605,740)	436,945	194,892	6,084	1,607,643	3,371,809	(392,582)	(1,240,016)	2,282,891	978,104
Unrestricted										
Total business-type activities net position	\$13,772,718	\$14,128,597	\$13,779,455	\$15,144,059	\$16,592,149	\$17,810,620	\$15,037,834	\$14,874,156	\$18,994,539	\$18,576,046
Primary government:										
Net investment in capital assets	\$22,678,476	\$22,464,305	\$22,719,461	\$24,261,529	\$24,119,463	\$23,128,672	\$24,207,270	\$27,494,987	\$30,786,225	\$39,012,039
Restricted	5,481,829	6,272,999	6,320,030	5,539,578	6,873,465	7,326,817	7,440,190	6,021,004	8,823,271	8,413,914
Unrestricted	716,400	608,418	(406,289)	915,141	3,892,214	8,403,616	988,435	1,243,750	5,012,988	2,392,844
Total primary government net position	\$28,876,705	\$29,345,722	\$28,633,202	\$30,716,248	\$34,885,142	\$38,859,105	\$32,635,895	\$34,759,741	\$44,622,484	\$49,818,797

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)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses:										
Governmental activities:										
General government	\$ 1,749,599	\$ 1,672,657	\$ 1,842,683	\$ 1,669,272	\$ 1,642,042	\$ 1,498,929	\$ 1,688,533	\$ 2,282,351	\$ 1,992,420	\$ 2,128,779
Public safety	3,141,566	3,175,941	3,178,320	3,011,419	3,166,518	3,077,799	2,508,394	4,815,398	3,776,483	4,836,736
Community services	276,107	309,074	385,499	485,263	452,308	521,194	521,463	653,406	541,960	652,712
Housing	77,355	124,359	123,490	127,496	69,474	55,530	240,416	1,313,989	597,274	630,211
Recreation Services	475,566	542,515	615,712	391,147	357,669	329,786	276,256	312,621	367,714	421,816
Public works	1,238,441	1,067,014	1,123,110	1,082,233	1,060,887	1,203,406	1,050,950	786,042	1,279,585	1,574,729
Planning and Building	694,241	628,391	637,991	405,710	423,257	668,238	593,152	684,053	809,416	847,769
Interest on long-term debt	227,841	268,959	291,896	272,807	56,689	286,823	202,958	204,061	94,542	79,329
Total governmental activities expenses	7,880,716	7,788,910	8,198,701	7,445,347	7,228,844	7,641,705	7,082,522	11,051,921	9,459,394	11,172,081
Business-type activities:										
Water	2,731,066	2,916,682	3,055,351	3,025,828	2,842,771	3,117,243	3,063,683	3,557,559	3,149,415	3,518,014
Wastewater	2,894,713	2,784,072	2,695,348	2,607,225	2,782,294	2,708,702	2,646,921	2,900,037	2,712,713	3,012,669
Total business-type activities expenses	5,625,779	5,700,754	5,750,699	5,633,053	5,625,065	5,825,945	5,710,604	6,457,596	5,862,128	6,530,683
Total primary government expenses	\$13,506,495	\$13,489,664	\$13,949,400	\$13,078,400	\$12,853,909	\$13,467,650	\$12,793,126	\$17,509,517	\$15,321,522	\$17,702,764
Program revenues:										
Governmental activities:										
Charges for services:										
General government	\$241,627	\$258,984	\$265,929	\$290,492	\$210,161	\$394,402	\$411,142	\$469,078	\$1,070,171	\$549,243
Public safety	279,176	326,789	185,890	293,710	541,245	391,088	474,448	687,788	1,101,773	1,172,139
Community services	10,600	9,238	21,734	18,882	9,952	10,891	17,058	12,249	14,994	15,987
Housing	47,273	47,643	146,202	140,320	127,679	79,092	103,150	126,261	33,752	29,359
Recreation services	83,029	128,795	123,832	141,329	157,059	149,305	102,290	101,496	91,831	95,513
Public works	261,534	25,203	66,484	33,743	55,840	71,730	50,864	66,039	83,031	75,047
Planning and building	196,562	157,031	182,174	166,892	207,008	279,974	275,553	294,329	605,732	433,930
Operating grants and contributions	323,770	297,496	272,868	310,240	419,165	1,209,804	760,212	2,350,878	2,244,382	1,564,613
Capital grants and contributions	2,642,244	2,261,454	1,113,412	33,131	86,386	201,332	174,074	205,204	638,523	4,571,480
Total governmental activities program revenues	\$4,085,815	\$3,512,633	\$2,378,525	\$1,428,739	\$1,814,495	\$2,787,618	\$2,368,791	\$4,313,322	\$5,884,189	\$8,507,311

(continued)

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Business-type activities:										
Charges for services:										
Water	\$ 2,182,318	\$ 2,090,136	\$ 2,100,595	\$ 2,243,987	\$ 2,359,606	\$ 2,683,096	\$ 2,339,237	\$ 2,589,747	\$ 2,619,404	\$ 2,730,765
Wastewater	1,973,424	1,939,641	1,952,322	2,133,389	2,281,513	2,329,265	2,375,519	2,430,939	2,467,359	2,508,949
Capital grants and contributions	1,482,941	952,188	488,832	2,620,301	2,426,374	1,951,228	510,874	1,084,217	4,864,855	806,224
Total business-type activities	5,638,683	4,981,965	4,541,749	6,997,657	7,067,493	6,963,589	5,225,630	6,104,903	9,951,618	6,045,938
program revenues										
Total primary government program revenues	\$9,724,498	\$8,494,598	\$6,920,274	\$8,426,396	\$8,881,988	\$9,751,207	\$7,594,421	\$10,418,225	\$15,835,807	\$14,553,249
Net revenues (expenses):										
Governmental activities	\$ (3,794,901)	\$ (4,276,277)	\$ (5,820,176)	\$ (6,016,608)	\$ (5,414,349)	\$ (4,854,087)	\$ (4,713,731)	\$ (6,738,599)	\$ (3,575,205)	\$ (2,664,770)
Business-type activities	12,904	(718,789)	(1,208,950)	1,364,604	1,442,428	1,137,644	(484,974)	(352,893)	4,089,490	(484,745)
Total net revenues (expenses)	(\$3,781,997)	(\$4,995,066)	(\$7,029,126)	(\$4,652,004)	(\$3,971,921)	(\$3,716,443)	(\$5,198,705)	(\$7,091,292)	\$514,285	(\$3,149,515)
General revenues and other changes in net position:										
Governmental activities:										
Taxes:										
Property taxes	\$1,709,998	\$1,654,593	\$1,685,427	\$1,635,425	\$1,685,766	\$1,718,853	\$1,758,715	\$1,959,099	\$1,497,974	\$1,815,586
Transient occupancy taxes	3,208,611	3,042,315	3,430,487	3,768,443	3,948,825	4,456,456	5,037,136	5,622,943	5,952,810	5,888,876
Sales tax	842,610	670,909	796,563	965,528	1,021,131	985,555	1,019,262	1,235,143	1,290,068	1,222,837
Other taxes	369,196	348,285	312,778	323,873	326,135	377,858	422,361	396,009	454,158	444,103
Motor vehicle in lieu, unrestricted	18,039	15,665	24,494	-	-	7,669	15,502	24,848	14,189	69,388
Investment income	24,231	11,517	9,693	1,331	-	135,088	72,181	73,104	98,366	-
Other general revenue	-	-	57,164	40,450	151,796	-	-	-	-	-
Donations for community pool	1,597,624	-	-	-	-	-	-	-	-	-
Net Transfers	-	(1,353,869)	(859,808)	-	-	(71,900)	(109,400)	(185,011)	-	7,500
Total governmental activities	7,770,309	4,389,415	5,456,798	6,735,050	7,133,653	7,609,579	8,215,757	9,126,135	9,317,565	\$9,448,290
(continued)										
Business-type activities:										
Investment income	-	-	-	-	5,662	8,927	8,220	4,004	30,892	73,752
Transfers	-	1,353,869	859,808	-	-	71,900	109,400	185,011	-	(7,500)
Total business-type activities	-	1,353,869	859,808	-	5,662	80,827	117,620	189,015	30,892	66,252
Total primary government	\$7,770,309	\$5,743,284	\$6,316,606	\$6,735,050	\$7,139,315	\$7,690,406	\$8,333,377	\$9,315,150	\$9,348,457	\$9,514,542
Changes in net position										
Governmental activities	\$3,975,408	\$113,138	(\$363,378)	\$718,442	\$1,719,304	\$2,755,492	\$3,502,026	\$2,387,536	\$ 5,742,360	\$ 6,783,520
Business-type activities	12,904	635,080	(349,142)	1,364,604	1,448,090	1,218,471	(367,354)	(163,678)	4,120,382	(418,493)
Total primary government	\$3,988,312	\$748,218	(\$712,520)	\$2,083,046	\$3,167,394	\$3,973,963	\$3,134,672	\$2,223,858	\$9,862,742	\$6,365,027

CITY OF CALISTOGA
Schedule 3

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General fund:										
Reserved	\$ 447,767	\$ 154,504	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	941,456	778,500	-	-	-	-	-	-	-	-
Nonspendable (1)	-	-	16,911	311,927	606,843	613,509	614,207	1,031,743	979,065	1,318,738
Unassigned (1)	-	-	(455)	646,165	1,858,588	4,242,111	6,580,837	7,310,881	7,476,508	6,956,983
Total general fund	1,389,223	933,004	16,456	958,092	2,465,431	4,855,620	7,195,044	8,342,624	8,455,573	8,275,721
All other governmental funds:										
Reserved	-	-	-	-	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	1,610,914	1,151,093	-	-	-	-	-	-	-	-
Capital projects funds	2,835,941	2,158,730	-	-	-	-	-	-	-	-
Nonspendable (1)	-	-	-	-	-	6,249,139	6,231,098	6,187,621	-	-
Restricted for capital improvements	-	-	398,097	397,158	397,176	233,858	210,716	210,736	201,431	84,726
Restricted for affordable housing	-	-	628,868	551,931	485,175	741,581	823,486	454,128	6,762,308	6,359,135
Restricted for streets	-	-	327,317	351,173	344,747	410,084	486,462	511,613	928,596	1,041,883
Restricted for facilities	-	-	50,584	32,037	166,893	14,135	23,311	38,460	382,491	284,673
Restricted for public safety	-	-	125,782	132,025	319,186	543,524	396,777	223,670	537,920	636,680
Restricted for parks	-	-	2,150	2,152	150	1,578	3,303	2,788	10,525	6,817
Restricted for debt service	-	-	1,708	-	-	-	-	-	-	-
Total all other governmental funds	4,446,855	3,309,823	1,534,506	1,466,476	1,713,327	8,193,899	8,175,153	7,629,016	8,823,271	8,413,914
Total Governmental funds	\$5,836,078	\$4,242,827	\$1,550,962	\$2,424,568	\$4,178,758	\$13,049,519	\$15,370,197	\$15,971,640	\$17,278,844	\$16,689,635

(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)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues:										
Property Taxes	\$ 1,709,998	\$ 1,654,593	\$ 1,685,427	\$ 1,635,425	\$ 1,685,766	\$ 1,718,854	\$ 1,758,715	\$ 1,959,099	\$ 1,497,974	\$ 1,815,586
Sales Taxes	842,610	670,909	796,563	965,528	1,021,131	985,555	1,019,262	1,235,143	1,290,068	1,222,837
Transient Occupancy Taxes	3,208,611	3,042,315	3,430,487	3,768,443	3,948,825	4,456,456	5,037,136	5,622,943	5,952,810	5,888,876
Other Taxes	311,292	292,758	312,778	323,873	326,135	377,858	422,361	396,009	464,158	444,103
Licenses and permits	89,315	65,849	65,022	64,458	81,436	135,763	131,136	142,198	256,445	263,690
Fines and forfeitures	49,810	42,577	53,486	55,989	33,075	35,799	51,192	21,661	25,390	35,320
Intergovernmental	2,984,116	1,869,131	1,324,812	338,865	382,499	519,468	455,942	1,636,185	1,587,309	5,993,793
Interest and rents	87,052	28,893	61,280	43,963	50,969	77,845	110,817	93,606	44,330	132,507
Charges for services	781,600	744,437	677,254	723,338	1,185,644	2,001,041	1,511,202	1,362,977	3,061,082	1,709,806
Other	396,083	146,261	229,222	209,747	213,665	201,649	287,134	1,154,645	1,073,344	545,309
Total revenues	10,460,487	8,557,723	8,636,331	8,129,629	8,929,145	10,510,288	10,784,897	13,624,466	15,252,910	18,051,827
Expenditures										
Current:										
General government	1,581,229	1,417,360	1,829,295	1,556,860	1,579,047	1,473,573	1,786,396	2,396,840	2,088,814	2,092,138
Public safety	3,107,158	3,063,619	3,054,689	2,895,021	3,048,884	3,054,999	3,237,681	3,749,614	4,953,275	4,843,267
Community services	272,543	373,314	363,846	305,753	308,744	336,825	348,400	447,650	512,205	556,105
Housing	1,883,387	1,364,524	123,490	124,195	68,041	97,083	203,618	1,291,834	586,017	632,062
Recreation Services	411,697	359,023	442,875	220,454	188,858	208,062	167,359	187,625	210,110	245,419
Public works	1,062,579	941,969	1,026,442	945,245	971,710	1,133,752	1,201,724	1,405,092	2,259,778	6,329,811
Planning and Building	694,241	616,410	602,200	395,207	414,528	659,254	660,539	616,614	921,034	822,836
Debt service:										
Debt Issuance Costs	-	-	-	-	-	-	-	-	362,059	291,609
Principal retirement	342,286	354,934	355,760	372,618	255,754	130,457	136,994	228,559	98,043	82,293
Interest and fiscal charges	329,392	270,472	295,855	277,011	221,411	212,186	205,649	248,451	1,863,342	2,695,294
Capital Outlay	3,997,786	1,104,295	2,373,936	100,771	89,095	246,485	302,577	2,070,285	1,863,342	2,695,294
Total expenditures	13,682,298	9,855,920	10,468,388	7,193,135	7,146,072	7,552,676	8,250,937	12,642,564	13,854,677	18,550,834
Excess (deficiency) of revenues over (under) expenditures	(3,221,811)	(1,308,197)	(1,832,057)	936,494	1,783,073	2,957,612	2,533,960	981,902	1,398,233	(539,007)
Other financing sources (uses):										
Contractual settlements	-	720,154	-	-	-	-	-	-	-	69,215
Debt Proceeds	3,621,808	1,276,759	1,761,929	925,860	883,520	1,012,004	1,302,967	1,484,337	1,742,655	2,301,231
Transfers in	(3,720,062)	(2,281,967)	(2,621,737)	(988,747)	(912,403)	(1,347,994)	(1,516,249)	(1,764,796)	(1,833,684)	(2,420,651)
Transfers out	(98,254)	(285,054)	(859,808)	(62,887)	(28,883)	(335,990)	(213,282)	(280,459)	(91,029)	(50,205)
Total other financing sources (uses)	1,597,624	(\$1,593,251)	(\$2,691,865)	\$873,607	\$1,754,190	\$2,621,622	\$2,320,678	\$701,443	\$1,307,204	(\$589,212)
Special Item: Contributions for Pool										
Net change in fund balances	6.9%	7.1%	8.1%	9.2%	6.8%	4.7%	4.3%	4.5%	3.8%	2.4%
Debt service as a percentage of noncapital expenditures										

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
2009	\$ 26,936,630	\$ 61,322	\$ 26,775,308	\$ 3,213,037	\$ 4,426	\$ 3,208,611	99.86%
2010	25,374,509	21,884	25,352,625	3,042,315	-	3,042,315	100.00%
2011	28,602,072	14,681	28,587,391	3,430,487	-	3,430,487	100.00%
2012	31,419,307	15,615	31,403,692	3,768,443	-	3,768,443	100.00%
2013	32,920,499	8,075	32,912,424	3,948,825	-	3,948,825	100.00%
2014	37,144,119	6,989	37,137,130	4,456,456	-	4,456,456	100.00%
2015	41,987,715	11,601	41,976,114	5,037,134	-	5,037,134	100.00%
2016	46,908,542	50,717	46,857,825	5,622,943	-	5,622,943	100.00%
2017	49,623,479	16,764	49,606,715	5,952,806	-	5,952,806	100.00%
2018	49,171,740	101,062	49,070,678	5,888,481	-	5,888,481	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	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Calistoga Spa	Hotel Resort	57	57	57	57	57	57	57	57	57	57
The Bergson	Inn/Motel	41	41	16	16	16	41	41	41	21	21
**The Sunburst Calistoga	Hotel Resort	16	16	31	31	31	31	31	16	41	41
Cottage Grove Inn	Inn/Motel	31	31	31	31	31	31	31	31	31	31
Golden Haven	Hotel Resort	40	40	40	40	40	40	116	116	116	116
Indian Springs & Lodge	Hotel Resort	55	55	55	55	55	55	55	55	55	55
Lodge at Calistoga	Inn/Motel	33	33	33	33	33	33	33	33	33	33
Mt. View Hotel	Hotel Resort	60	60	60	60	60	60	60	60	60	60
Roman Spa	Hotel Resort	89	89	89	89	89	89	89	89	89	89
Solage Calistoga	Hotel Resort	34	34	34	34	34	34	34	34	34	34
Stevenson Manor Inn	Inn/Motel	42	42	42	42	42	42	42	42	42	42
Wilkinson's Hot Springs	Hotel Resort	42	42	42	42	42	42	42	42	42	42
Total Top Ten Operators - Rooms		498	498	457	457	457	457	532	532	532	537
Total Rooms		690	690	688	688	688	690	690	764	764	764
As % of Total Rooms-All Operators		72%	72%	66%	66%	66%	66%	70%	70%	70%	70%
Total Net Transient Occupancy Tax Revenues		\$ 3,208,611	\$ 3,042,315	\$ 3,430,487	\$ 3,768,443	\$ 3,948,825	\$ 4,456,456	\$ 5,037,134	\$ 5,622,943	\$ 5,952,806	\$ 5,888,876
Total Top Ten Operator Tax Revenues		\$ 2,577,200	\$ 2,581,676	\$ 2,828,801	\$ 3,135,485	\$ 3,359,920	\$ 3,653,238	\$ 4,185,277	\$ 4,736,410	\$ 5,051,914	\$ 5,116,516
As % of Total Tax Revenue		80%	85%	82%	83%	85%	82%	83%	84%	85%	87%

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

Source: City of Calistoga Transient Occupancy Tax Data

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

		Governmental Activities				
Fiscal Year Ended	Capital Lease Obligation	Total Governmental	Total Governmental	Fiscal Year Ended	Total Primary Government	Debt Per Capita [2]
June 30	Obligation	Activities	Activities	June 30	Government	As Percentage of Assessed Valuation [1]
2009	\$ 6,066,111	\$ 6,066,111	\$ 6,066,111	2009	\$ 22,861,106	3.28%
2010	5,720,826	5,720,826	5,720,826	2010	21,989,629	3.36%
2011	5,559,954	5,559,954	5,559,954	2011	21,043,133	3.23%
2012	5,085,044	5,085,044	5,085,044	2012	19,921,002	2.94%
2013	4,735,348	4,735,348	4,735,348	2013	21,306,752	3.10%
2014	4,498,434	4,498,434	4,498,434	2014	21,091,462	2.98%
2015	4,261,955	4,261,955	4,261,955	2015	20,175,414	2.72%
2016	3,977,587	3,977,587	3,977,587	2016	19,194,064	2.28%
2017	3,563,094	3,563,094	3,563,094	2017	18,056,686	2.01%
2018	3,216,746	3,216,746	3,216,746	2018	16,982,099	1.72%

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

		Business-type Activities				
Fiscal Year Ended	Installment Agreements	State Revolving Fund Loan	Certificates of Participation	Total Business-type Activities	Assessed Valuation (1)	Population (2)
June 30	Agreements	Fund Loan	Participation	Business-type Activities	Valuation (1)	Population (2)
2009	\$ 7,895,000	\$ 4,469,195	\$ 4,430,800	\$ 16,794,995	\$ 696,275,569	2009
2010	7,665,000	4,221,803	4,382,000	16,268,803	654,464,952	2010
2011	7,430,000	3,967,979	4,085,200	15,483,179	651,533,812	2011
2012	7,180,000	3,707,556	3,948,402	14,835,958	676,866,460	2012
2013	6,925,000	3,440,362	6,206,042	16,571,404	686,878,025	2013
2014	6,660,000	3,166,220	6,766,808	16,593,028	707,262,503	2014
2015	6,380,000	2,884,951	6,648,508	15,913,459	741,509,414	2015
2016	6,095,000	2,596,369	6,525,108	15,216,477	843,564,016	2016
2017	5,795,000	2,300,284	6,398,308	14,493,592	899,830,721	2017
2018	-	1,996,501	11,768,852	13,765,353	986,011,210	2018

[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, 2018

2017-18 Assessed Valuation (Secured & Unsecured): \$ 899,830,721 (1)

Total Debt	City's Share of
<u>6/30/2018</u>	<u>Debt 6/30/18</u>

OVERLAPPING TAX AND ASSESSMENT DEBT:

Napa Joint Community College District	2.609%	\$ 2,804,276
Calistoga Joint Unified School District	35.080%	\$ 7,922,158
Total overlapping tax and assessment debt		\$ 10,726,434

DIRECT DEBT:

City of Calistoga Lease/Certificates of Participation	100.000%	\$ 3,216,746 (2)
Total direct debt		\$ 3,216,746

OVERLAPPING GENERAL FUND DEBT:

Napa County Certificates of Participation	2.634%	\$ 554,984
Napa County Board of Education Certificates of Participation	2.634%	\$ 64,665
Calistoga Joint Unified School District Certificates of Participation	35.080%	\$ 147,336
Total overlapping general fund debt		\$ 766,985

Total direct debt 3,216,746

Total overlapping debt 11,493,419

Combined debt \$ 14,710,165 (3)

Ratios to 2017-18 Assessed Valuation (Secured & Unsecured):

Total overlapping tax and assessment debt	1.19%
Total direct debt	0.36%
Combined Total Debt	1.63%

(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 Callistoga
Schedule 9
Legal Debt Margin Information
Last Ten Fiscal Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Assessed valuation (Secured)	\$696,275,569	\$654,464,952	\$651,533,812	\$676,866,460	\$686,878,025	\$707,262,503	\$741,509,414	\$843,564,016	\$899,830,721	\$986,011,210
Conversion percentage	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Adjusted assessed valuation	174,068,892	163,616,238	162,883,453	169,216,615	171,719,506	176,815,626	185,377,354	210,891,004	224,957,680	246,502,803
Debt limit percentage	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Debt limit	\$ 26,110,334	\$ 24,542,436	\$ 24,432,518	\$ 25,382,492	\$ 25,757,926	\$ 26,522,344	\$ 27,806,603	\$ 31,633,651	\$ 33,743,652	\$ 36,975,420
Total net debt applicable to limit: Capital Lease Obligations	\$ 6,066,111	\$ 5,720,826	\$ 5,559,954	\$ 5,085,044	\$ 4,735,348	\$ 4,498,434	\$ 4,261,955	\$ 3,977,587	\$ 3,563,094	\$ 3,216,746
Legal debt margin	20,044,223	18,821,610	18,872,564	20,297,448	21,022,578	22,023,910	23,544,648	27,656,064	30,180,558	33,758,674
Total debt applicable to the limit as a percentage of debt limit	23.2%	23.3%	22.8%	20.0%	18.4%	17.0%	15.3%	12.6%	10.6%	8.7%

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 Callistoga
Napa County Tax Assessor's Office

City of Calistoga
Schedule 10
Pledged Revenue Coverage Water

Last Ten Fiscal Years

Fiscal Year	Water Revenues	Less Operating Expenses	Pledged Available Revenue	1972 Water Rev Bonds		1983 Water Rev Bonds		2005 Install Purch Agmt		Coverage
				Debt Service		Debt Service		Debt Service		
				Principal	Interest	Principal	Interest	Principal	Interest	
2009	\$ 2,168,369	\$ 1,923,391	\$ 244,978	-	-	\$ 150,000	\$ 208,159	68.4%		
2010	2,090,136	2,201,394	(111,258)	-	-	155,000	203,898	-31.0%		
2011	2,100,472	2,358,922	(258,450)	-	-	155,000	199,149	-73.0%		
2012	2,238,937	2,334,625	(95,688)	-	-	165,000	194,005	-26.7%		
2013	2,359,606	2,023,640	335,966	-	-	170,000	191,284	93.0%		
2014	2,683,096	2,390,168	292,928	-	-	175,000	182,441	82.0%		
2015	2,339,237	2,237,203	102,034	-	-	185,000	176,003	28.3%		
2016	2,589,747	2,757,455	(167,708)	-	-	185,000	169,111	-47.4%		
2017	2,619,404	2,359,486	259,918	-	-	195,000	161,794	72.8%		
2018	2,730,765	2,784,144	(53,379)	-	-	200,000	153,991	-15.1%		

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	2011 Certificate of Participation (COPS)		Coverage
							Debt Service		
							Principal	Interest	
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	1093%	
2014	112,799	30,000	82,799	1.00	2014	1,729,681	57,000	1606%	
2015	112,487	31,000	81,487	1.00	2015	355,312	58,000	265%	
2016	113,131	33,000	80,131	1.00	2016	248,047	60,000	184%	
2017	112,687	34,000	78,687	1.00	2017	1,892,633	61,000	1407%	
2018	113,199	36,000	77,199	1.00	2018	630,308	63,000	467%	

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

2001 Install Purch Agmt 2005 Revolving Fund Loan 2005 Certificates of Participation (COPS)

Fiscal Year	Wastewater Revenues	Less Operating Expenses	Pledged Available Revenue	Debt Service		Debt Service		Debt Service		Coverage
				Principal	Interest	Principal	Interest	Principal	Interest	
2009	\$ 1,968,055	\$ 1,901,447	\$ 66,608	\$ 75,000	\$ 150,434	\$ 241,123	\$ 122,468	\$ 22,800	\$ 83,538	9.6%
2010	1,939,637	1,803,556	136,081	75,000	147,602	247,392	116,199	23,800	82,569	19.6%
2011	1,951,912	1,719,373	232,539	80,000	142,577	253,824	109,767	24,800	81,558	33.6%
2012	2,129,370	1,670,785	458,585	85,000	141,234	260,423	103,167	25,700	80,504	65.9%
2013	2,281,513	1,725,797	555,716	85,000	137,665	267,194	96,396	27,000	79,411	80.2%
2014	2,329,265	1,791,468	537,797	90,000	133,813	274,141	89,449	28,100	78,264	77.5%
2015	2,375,519	1,738,274	637,245	95,000	129,603	281,269	82,322	29,300	77,070	91.7%
2016	2,430,939	2,116,601	314,338	100,000	125,068	288,582	75,375	30,400	75,824	45.2%
2017	2,467,359	1,873,908	593,451	105,000	120,198	296,085	67,857	31,800	74,532	85.3%
2018	2,508,949	2,122,121	386,828	110,000	114,982	303,783	59,808	33,200	73,181	55.7%

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

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

Fiscal Year	Population (1)	Personal Income (in thousands) (2)	Per Capita Personal Income (2)		Unemployment Rate (2)
			Personal Income	Per Capita Personal Income	
2009	5,335	139,253	26,102	7.0%	
2010	5,370	143,642	26,749	7.9%	
2011	5,200	141,253	27,164	7.2%	
2012	5,194	154,776	29,799	4.7%	
2013	5,224	159,781	30,586	4.0%	
2014	5,220	174,583	33,445	1.20%	
2015	5,180	174,519	33,690	1.00%	
2016	5,238	172,865	33,002	1.00%	
2017	5,334	184,178	34,528	2.10%	
2018	5,334	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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Apparel stores	\$ 2,341	\$ 1,803	\$ 1,822	\$ 1,916	\$ 1,954	\$ 1,800	\$ 1,364	\$ 1,381	\$ 1,745	\$ 1,923
Eating and drinking places	18,151	16,565	16,327	18,383	16,705	18,985	22,657	24,811	24,303	23,036
Auto Dealers and Supplies	334	430	214	172	197	305	326	379	331	315
Other retail stores	37,821	30,974	34,470	39,336	40,130	38,179	36,414	36,553	33,965	34,605
All other outlets	26,108	20,316	23,500	27,035	31,089	33,268	36,357	58,833	49,565	46,686
total	<u>\$ 84,755</u>	<u>\$ 70,088</u>	<u>\$ 76,333</u>	<u>\$ 86,842</u>	<u>\$ 90,075</u>	<u>\$ 92,537</u>	<u>\$ 97,118</u>	<u>\$ 121,957</u>	<u>\$ 109,909</u>	<u>\$ 106,565</u>

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.

*Information for 2018 is not available.

CITY OF CALISTOGA

Schedule 14

Principal Employers - In alphabetical order
Last Ten Fiscal Years

Employer	# of Employees									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
1 Solage Spa & Resort	N/A	N/A	284	287	320	320	330	308	308	291
2 Calistoga Joint Unified School District			105	107	105	110	105	106	105	98
3 Indian Springs			87	96	98	101	120	120	126	139
4 Calistoga Spa Hot Springs			88	78	100	75	75	75	75	75
5 City of Calistoga			61	56	54	54	57	49	52	61
6 Cal Mart			65	61	65	65	77	75	83	82
7 Calistoga Inn Restaurant			50	50	50	50	58	49	48	52
8 Brannans			32	42	46	56	43	46	46	53
9 Golden Haven Spa			40	40	41	41	42	43	46	42
10 Mount View Hotel And Spa			35	33	33	37	24	33	27	24

*Information prior to 2011 is not available.

Source: City of Calistoga Business License Applications
Information prior to 2011 is not available

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

Function	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
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	7.27	6.50	6.50	5.50	5.50	6.50	6.50	6.50	6.50	6.50
Community Services & Recreation	7.61	7.00	9.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50
Fire Services	6.71	6.00	7.00	7.00	7.00	7.00	8.00	9.00	9.00	9.00
Planning & Building	5.10	4.00	3.00	3.00	2.50	2.50	2.50	2.50	3.50	3.50
Police Services	18.39	17.00	16.00	15.00	14.50	14.50	15.50	17.50	17.50	17.50
Public Works	21.88	19.00	19.00	18.50	18.00	16.50	17.50	19.00	18.50	18.50
Total All Full Time & Part Time Equivalent Staff Positions	66.96	59.50	61.00	55.50	54.00	53.50	56.50	61.00	61.50	61.50

Total All Full Time Staff Positions	58.00	51.00	50.00	43.00	44.00	43.00	46.00	49.00	52.00	52.00
Total Part Time Equivalent Positions [1]	8.96	8.50	11.00	12.50	10.00	10.50	11.50	12.00	9.50	9.50

Source: City of Callistoga 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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Police:										
Calls for Service	7,305	6,346	6,063	5,613	7,534	10,416	9,592	4,098	3,844	4,048
Part one crimes	160	156	115	81	103	116	105	109	113	111
Physical arrests	549	418	404	304	214	325	233	90	238	264
Traffic violations	387	523	481	406	321	587	314	86	374	394
Fire:										
Calls for service	1,021	980	1,000	980	1,010	1,000	1,000	1,000	1,023	1,025
Water System:										
Service connections	1,524	1,524	1,524	1,378	1,419	1,429	1,429	1,546	1,546	1,594
Fire hydrants	162	162	164	163	172	172	175	177	177	202
Est. Daily average gallons produced	679,930	670,449	670,449	632,903	642,000	600,000	633,360	534,360	641,349	618,000
Est. Maximum daily available gallons	1,872,000	1,872,000	1,872,000	1,864,393	1,864,393	1,864,393	1,864,400	1,864,400	1,864,400	1,864,400
Est. Gallons of storage capacity	1,000,000	1,000,000	1,000,000	1,000,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Wastewater:										
Service connections	1,333	1,333	1,334	1,334	1,016	1,026	1,035	1,356	1,356	1,370
Est. Treatment plant-average dry weather flow in gallons	490,000	490,000	490,000	500,000	500,000	500,000	500,000	396,000	502,000	440,000
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 Callistoga
Schedule 17
Capital Asset Statistics
by Function
Last Ten Fiscal Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Vehicles	8	7	7	7	6	6	5	5	5	4
Fire:										
Fire stations	1	1	1	1	1	1	1	1	1	1
Number of in service apparatus	6	6	8	8	7	7	7	7	7	7
Public works:										
Streets (miles)	15	15	15	15	15	15	15	15	15	15
Streetlights and vintage street lights	325	325	325	325	359	359	359	379	379	379
Traffic signals	2	2	2	2	2	2	-	-	-	-
Parks and Recreation:										
Parks (Logvy, Pioneer, Heather, Fireman's & Cyrus Creek)	6	6	6	6	6	6	8	8	8	8
Community Pool	1	1	1	1	1	1	2	2	2	2
Community and Teen Centers	2	2	2	2	2	2	2	2	2	2
Park acreage developed	15	15	15	15	15	15	15	14	14	14
Park acreage undeveloped	2	2	2	2	2	2	2	-	-	-
Tennis Courts	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	41
Service connections	1,524	1,524	1,524	1,378	1,419	1,429	1,528	1,546	1,546	1,594
Fire hydrants	162	162	164	163	172	172	175	177	177	202
Est. Daily average gallons produced	679,930	670,449	670,449	632,903	642,000	600,000	633,360	534,360	641,349	618,000
Est. Maximum daily available gallons	1,872,000	1,872,000	1,872,000	1,864,393	1,864,393	1,864,393	1,864,400	1,864,400	1,864,400	1,864,400
Est. Gallons of storage capacity	1,000,000	1,000,000	1,000,000	1,000,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Wastewater:										
Sanitary sewers (miles)	16	16	16	16	16	16	16	17	17	19
Service connections	1,333	1,333	1,334	1,334	1,019	1,029	1,035	1,356	1,356	1,370
Est. Treatment plant-average dry weather flow in gallons	490,000	490,000	490,000	500,000	500,000	500,000	500,000	396,000	502,000	440,000
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 Callistoga

CITY OF CALISTOGA
COMPREHENSIVE ANNUAL FINANCIAL
REPORT
FOR FISCAL YEAR ENDED JUNE 30, 2018



CALISTOGA SENIOR APARTMENTS

PREPARED BY THE FINANCE DEPARTMENT