

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ending June 30, 2016



Town of Yountville, California

Photo by CalFIRE

Town of Yountville, California

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



Town of Yountville

"The Heart of the Napa Valley"

Prepared by the Finance Department

Town of Yountville
Comprehensive Annual Financial Report
For the year ended June 30, 2016

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Comprehensive Annual Financial Report
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Introductory Section

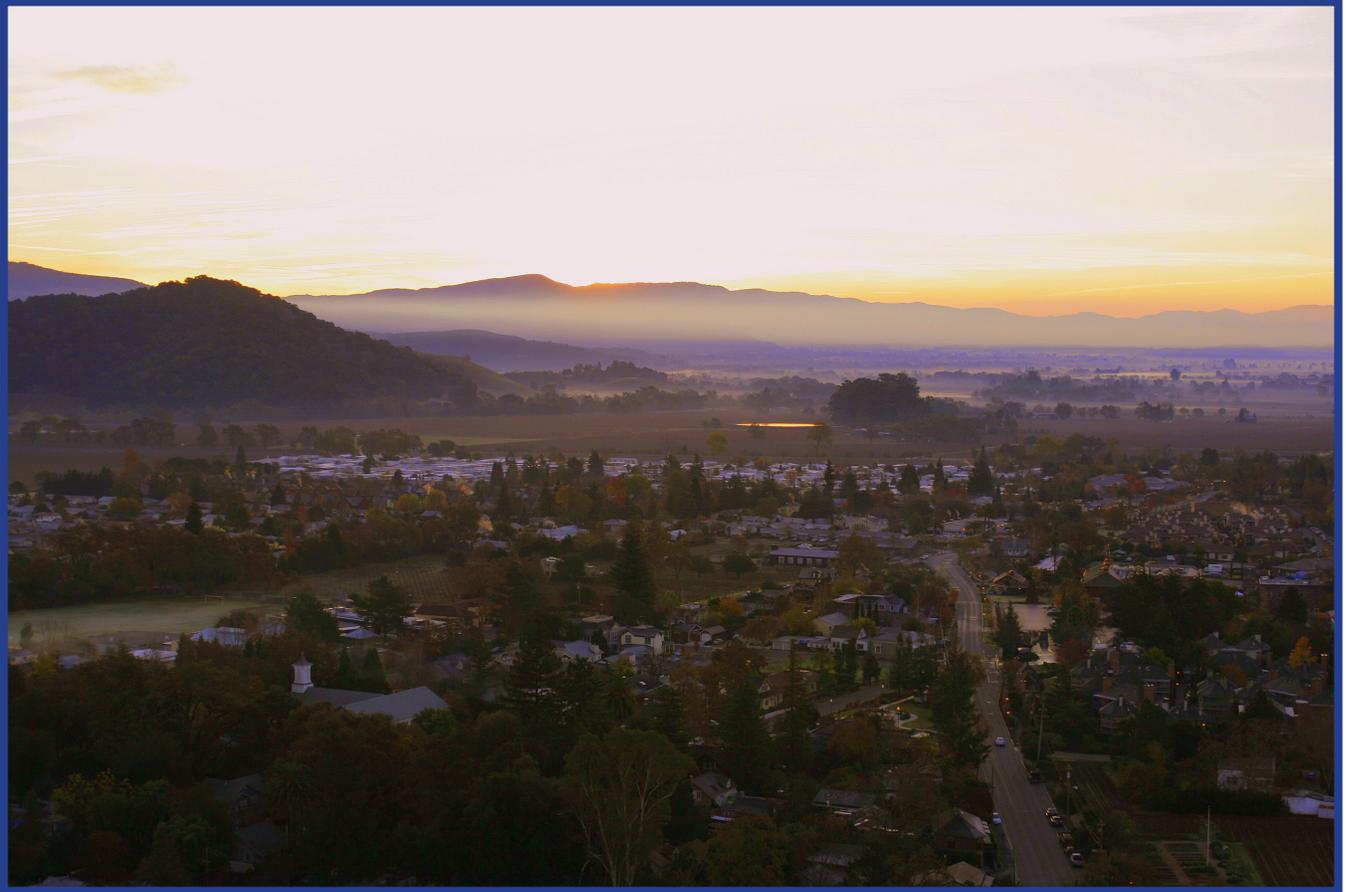


Photo by Angie Johnson



Town of Yountville

“The Heart of the Napa Valley”

January 17, 2017

Honorable Mayor, Members of the Council and Citizens of the Town of Yountville:

Town staff is pleased to present the Comprehensive Annual Financial Report (CAFR) for the Town of Yountville for the fiscal year ended June 30, 2016.

The CAFR includes a complete set of audited financial statements and notes, together with supplemental and statistical information. The Town issues the CAFR within approximately six months after the close of each fiscal year to fully disclose its financial information in a timely and transparent manner and to maintain compliance with all state and federal regulations and bond covenants.

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town for its comprehensive annual financial report for the fiscal year ended June 30, 2015. This was the seventh consecutive year the Town achieved this prestigious award. In order to be awarded a Certificate of Achievement a government agency must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. Although a Certificate of Achievement is valid for a period of only one year, we believe our current CAFR continues to meet the Certificate of Achievement requirements and we are submitting it to the GFOA to determine its eligibility.

Town management assumes full responsibility for the completeness and reliability of all of the information contained in this report based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The Town's independent auditor, Badawi & Associates, has issued an unqualified (“clean”) opinion on the Town of Yountville's financial statements for the fiscal year ended June 30, 2016. The independent auditor's report is presented at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements and should be read in conjunction with this letter and the financial statements and notes.

Profile of the Town of Yountville

The Town is located in the heart of Napa Valley surrounded by the beautiful backdrop of the region's vineyards and mountains. Yountville has small town charm and unique character, making it an ideal place to live, work or visit. With a population of approximately 2,993, we are a community that cares about its citizens and businesses. We also welcome our many visitors who come from the Bay Area, and around

the world, to enjoy the numerous activities and events in the area, dine at our critically acclaimed restaurants and stay at one of the fine lodging establishments the Town has to offer.

The Town of Yountville was incorporated February 4, 1965, and operates under a council-manager form of government. Policymaking and legislative authority are vested in the Town Council consisting of the Mayor and four other elected Council members. The Council is responsible for, among other matters, approving and modifying ordinances, adopting the Town budget, appointing committee and commission members, and hiring the Town Manager and Town Attorney. The Town Manager is responsible for assuring compliance with the ordinances, implementing the policies and direction of the Town Council, appointing department heads and hiring employees, and managing daily operations of the Town.

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 four year term.

The Town provides a full range of municipal services including fire/emergency services and law enforcement through contracts with Napa County; construction and maintenance of Town streets, storm drains, bridges and similar infrastructure type assets; park maintenance; community recreation activities including an after school program, seasonal camps, a summer pool, and other recreation and leisure programs. The Town operates a modern community center facility that hosts community and recreation programs, in addition to being available for rent to groups and functions of all sizes, from small meetings and gatherings, to large events and elegant wedding receptions and banquets.

In terms of business-type activities, the Town provides water and wastewater services through operation of its utility enterprises. The Town has a partnership with the State of California, whereby the State agrees to supply water to the Town, and the Town, in turn, provides wastewater treatment for the California Veterans Home. The costs to provide these utility services, including the cost to purchase water, compliance with increasing state regulations and maintaining the utility infrastructure, have steadily increased over the last several years. Town Council, upon review of a comprehensive rate study and business plan, conducted a public hearing and approved a five year water/wastewater rate schedule effective April 2011. The rate schedule was established to phase in the rate increases necessary to eliminate the utility enterprise operating deficits and provide funds needed for systems replacements. The fiscal year ending June 30, 2016 did not include any rate increases in the utility enterprise funds and did not report operating losses. The Town is now in the process of completing a new rate study.

The Town's annual budget serves as the foundation for the Town of Yountville's financial planning and expenditure control system. All departments of the Town submit requests for appropriations to the Town Manager each year; these requests serve as a starting point for developing a proposed budget. The Town Manager presents a proposed operating and capital budget to the Town Council each year. The Council holds public hearings, generally starting in March, to review and receive input on the proposed budget before formal adoption. The budget is adopted by fund, department and account classification. During the year, the Town Manager may authorize budget transfers within departments and funds, but only the Town Council can approve additional appropriations. Staff provides monthly financial reports to the Council during the year and prepares a comprehensive budget review at mid-year. Council approves adjustments to the original budget during the year to reflect changing conditions that impact revenues or expenditures.

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 comparison is presented as required supplementary information in a separate section of this report immediately following the notes to the financial statements. For the Town'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.

Local Economy

The Town is located sixty miles north of San Francisco in the Napa Valley, an area that attracts many

visitors each year as they come to enjoy the scenic beauty, the local attractions and the many wineries and restaurants in the area. The Town of Yountville is a destination for tourists seeking a welcoming small town environment while visiting the Napa Valley. The Town has been recognized in many well known publications and continues to attract visitors from nearby urban areas, as well as other regions and countries. As a tourist destination, approximately 80% of the Town's general fund revenues are from the transient occupancy tax (TOT), restaurant and tasting room sales tax collections. The Town's TOT revenues were \$6.81 million this year, an increase of 5% from the previous year's collections. The growth reflects the continued marketing and success of our lodging properties and a strong tourism based economy in the Napa Valley.

The Town has seen significant growth in revenue over the past few years with the attraction of new businesses and the renovation and expansion of some that have been well established in the Town for many years, but we cannot expect to sustain these levels of increases. As the Town approaches full build out we anticipate seeing modest incremental growth in the future.

Given the reliance on tourism based revenue, the Town has taken steps to ensure continued promotion as a tourist destination. The Town contracts with the Yountville Chamber of Commerce for promotional marketing and events. The Town is an active member of the Napa Valley Tourism Improvement District which assesses an additional 2% on all hotel room rents, of which 25% (one fourth) is managed by a Yountville Tourism Improvement Board to promote Yountville, sponsor events and generate business during the slow months of the tourist season.

The Town has positioned itself to maintain a healthy and vibrant local economy with highly rated hotels and inns, award winning restaurants, wine tasting, boutique retail shops and a community art program all situated in a beautiful location that attracts many visitors. Yountville is also home to the Veterans Home of California, a historic community of and for veterans dating back to the 1880's.

Long-Term Financial Planning

Town Council adopted a balanced budget (before transfers) for fiscal year 2015/16. The Town has a practice of using moderately conservative revenue projections and reviewing and adjusting, as needed, at mid-year. The Town Council has adopted and funded an emergency reserve at 20% of general fund expenditures and a revenue stabilization reserve at 15% of Transient Occupancy Tax Revenue estimates, in addition to assigning fund balances for both general and legal contingencies and a self insurance retention. These reserves have been established to protect the Town against future economic uncertainty and unforeseen costs that could negatively impact the budget.

The Town has taken several steps to ensure fiscal stability over the next several years and beyond. The Town has adopted a master fee schedule to manage and monitor charges for services. The master fee schedule is comprehensively reviewed and updated each year prior to the budget cycle to provide updated information for revenue projections and cost recovery targets, where applicable.

The Town Council adopted a five year enterprise business plan which included increases to utility rates for water and wastewater (sewer) services. The new rates will provide the resources needed to operate and maintain the Town's utility systems and comply with new environmental and regulatory requirements. The Town Council also adopted an OPEB (other post employment benefits) funding policy which includes committing funds required to fund the annual required contribution (ARC) as calculated by the Town's actuary. The Town established an IRC section 115 irrevocable trust fund with PARS (Public Agency Retirement Services) for investment of these funds and the balance at June 30, 2016 is \$ 1.94million.

The Town has been successful in obtaining grants and low cost financing for projects and will continue this practice to leverage Town resources and provide resources to complete capital projects. In October 2013 the Town received approval for a state revolving fund loan to finance the recycled water expansion project. The loan is structured to be drawn down in installments as project costs are incurred. The Town will utilize only the amount of funding needed to complete this state mandated project.

In September 2014 the Town was awarded a CalHome Program Grant from the California Department of Housing and Community Development for the Owner Occupied Rehabilitation Program and another grant from the California Department of Housing and Community Development for eligible construction activities for residents. The programs are managed by the City of Napa Housing Authority on behalf of the Town.

Impact of the State Budget

One of the biggest uncertainties for California local governments for the past several years has been the economy, the impact on the state budget, and how that may affect local government resources. All indications are that the state is experiencing a slow but steady economic recovery. The Town developed the 2015/16 budget assuming there would be no state takeaways or new mandates, but staff will continue to review updated economic forecasts and monitor the state budget.

Staff Contributions

The preparation of this report would not have been possible without the teamwork and dedication of the Town staff. The Mayor and Council Members deserve recognition for their continued support and leadership in maintaining high standards of professionalism in managing the Town's finances.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Maria Ojeda".

Maria Ojeda,
Finance Director/Treasurer



Town of Yountville

"The Heart of the Napa Valley"

Principal Officials

TOWN COUNCIL

As of June 30, 2016

John F. Dunbar, Mayor

Richard Hall, Vice Mayor

Marjorie "Margie" Mohler, Council Member

Marita Dorenbecher, Council Member

Jeffrey Durham, Council Member

TOWN ADMINISTRATION

Steven Rogers, Town Manager

Maria Ojeda, Finance Director & Treasurer

Joe Tagliaboschi, Public Works Director

Debby Hight, Deputy Public Works Director

Samantha Holland, Parks & Recreation Director

Sandra Liston, Planning & Building Director

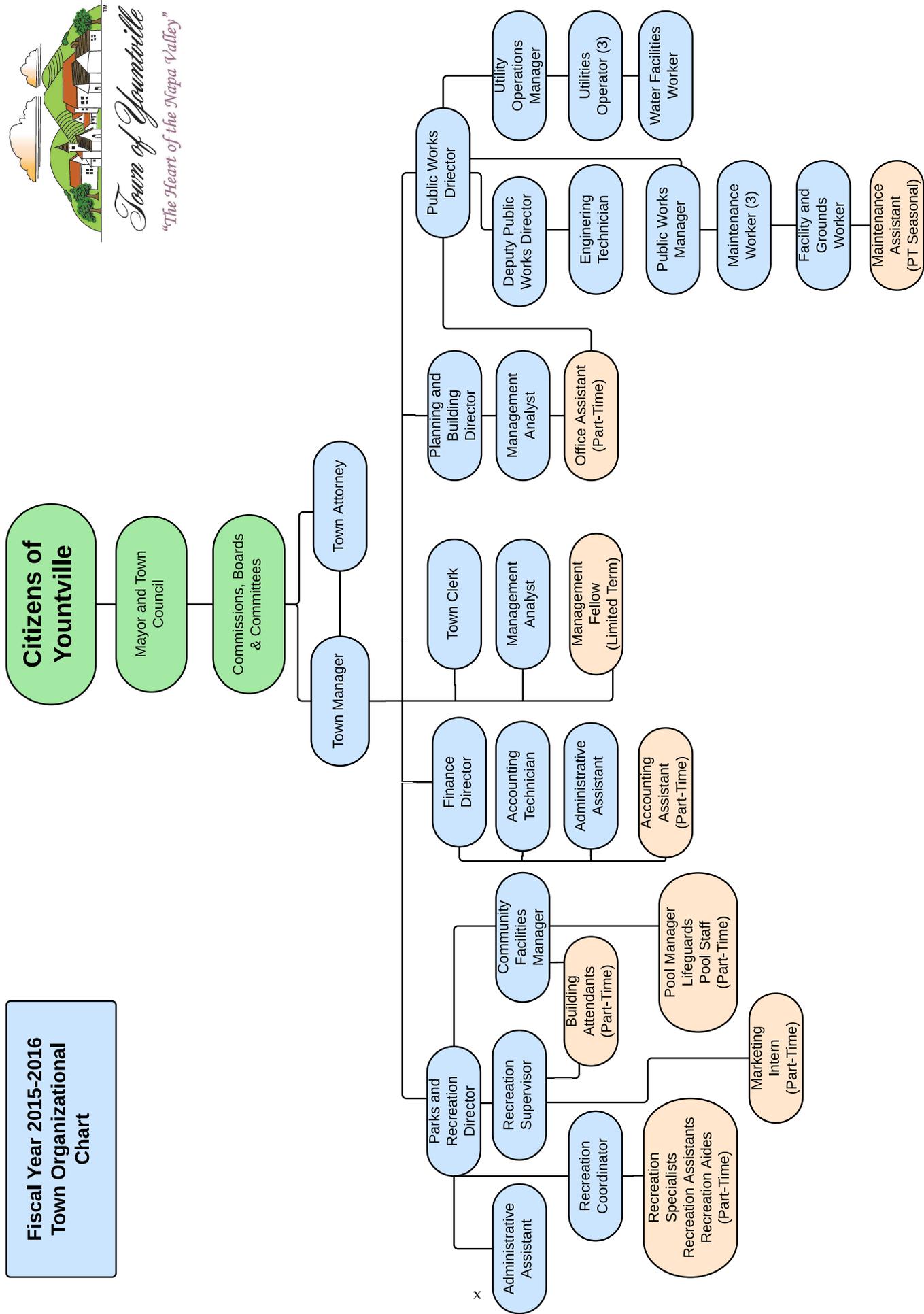
Michelle Dahme, Town Clerk

Julie Baldia, Management Analyst

Nathan Steele, Management Analyst

Preya Nixon, Management Fellow

Fiscal Year 2015-2016 Town Organizational Chart





Government Finance Officers Association

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

Presented to

**Town of Yountville
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

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Financial Section

Management's Discussion and Analysis, Basic Financial Statements, and Notes to the Financial Statements



Town limit sign, Photo by Rob Wennerberg



INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the Town Council
of the Town of Yountville
Yountville, 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 Town of Yountville, California (Town) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Town'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, the auditor considers internal control relevant to the entity'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 entity'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.

To the Honorable Mayor and Members of the Town Council
of the Town of Yountville
Yountville, California
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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 Town as of June 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof 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 and budgetary comparison information on pages 5-16 and 84-85, pension information, and schedule of funding progress for OPEB be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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 the Town's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules on pages 101 to 108, comparative information for enterprise funds, statement of changes in agency fund's assets and liabilities, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

To the Honorable Mayor and Members of the Town Council
of the Town of Yountville
Yountville, California
Page 3

The combining and individual nonmajor fund financial statements, budgetary comparison schedules on pages 92 to 105, comparative schedules for enterprise funds, and statement of changes in agency fund's assets and liabilities are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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, combining and individual nonmajor fund financial statements, budgetary comparison schedules on pages 92 to 105, comparative schedules for enterprise funds, and statement of changes in agency fund's assets and liabilities are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, 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 27, 2016, on our consideration of the Town'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.



Badawi and Associates
Certified Public Accountants
Oakland, California
December 27, 2016

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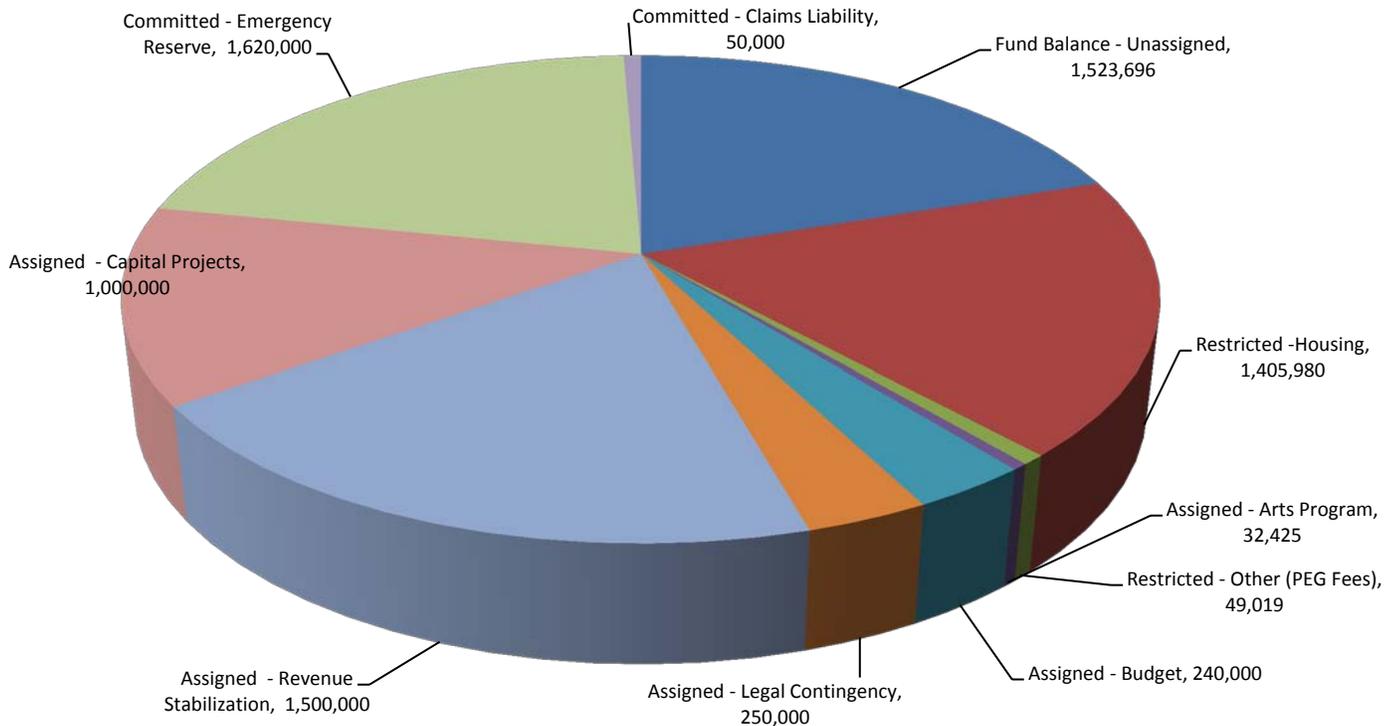
MANAGEMENT DISCUSSION AND ANALYSIS

This section of the Town of Yountville's annual financial report presents our discussion and analysis of the Town's overall financial position and performance for the fiscal year ending June 30, 2016. This section should be read in conjunction with the transmittal letter at the front of this report and the Town's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The Town's total net position increased by \$ 6.53 million over the course of this year's operations; \$ 5.83 million of the increase was generated by governmental activities while the Town's business activities increased overall by \$.71 million.
- During the year, the expenses of the Town's governmental activities were \$ 9.19 million and revenues totaled \$ 15.00 million, and included program revenues of approximately \$ 5.27 million and \$ 9.75 million in taxes and other general revenues.
- The Town's business-type activities reported revenues totaling \$3.35 million, compared to \$3.10 million in the prior year, an increase of \$.25 million. Expenses were \$2.67 million, an increase of \$.27 million compared to \$ 2.40 million in fiscal year 2015/16. This was due to a corrected allocation of staff costs.
- General fund revenues exceeded expenditures by \$ 3.66 million. Last year, general fund revenues exceeded expenses by \$ 3.34 million. The general fund reported a year end non restricted fund balance of balance is \$ 6.22, an increase of \$.74 million from the prior year. The major components of the fund balance are shown below.

Town of Yountville Components of General Fund Balance



MANAGEMENT DISCUSSION AND ANALYSIS

- Capital projects expenditures totaled \$ 6.09 million. Of this amount, there was \$ 5.18 million of major projects including; the Corporation Yard Renovation, Community Center Restoration, Yountville Community Park and Parking Improvements, Finnell Culvert/Hopper Creek Project, Floodwall Earthquake Repairs, Oak Circle Community Park, and the Pavement Management Program.

<u>Major Capital Projects are as follows:</u>	<u>Budget</u>	<u>Actual</u>
Corporation Yard Renovation	215,000	178,470
Comm. Center Restoration	335,818	334,984
Yountville Park Parking Imp.	150,000	145,213
Finnell Culvert/Hopper Creek	2,866,000	3,247,847
Floodwall Earthquake Repair	591,830	653,912
Yountville Comm. Park Imp.	200,000	211,686
Oak Circle Comm. Park	165,000	153,907
Pavement Mgmt Program	250,000	254,439
Total	4,773,648	5,180,458

- The Town made debt service payments of \$ 1.30 million for principal and interest on lease revenue bonds for the community center, town hall structural improvements, and the capital lease financing for the floodwall.
- The Town's assets held in trust for other post-employment benefits (OPEB) increased by \$.23 million, bringing the total net position of the trust to \$1.94 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of five parts – *an introductory section, a management's discussion and analysis* (this section), the *basic financial statements, required supplementary information*, and an optional section that presents *combining statements* for non-major governmental funds and enterprise funds. The basic financial statements include two kinds of statements that present different views of the Town:

The first two statements are *government-wide financial statements* that provide both long-term and short-term information about the Town's *overall* financial status.

The remaining statements are *fund financial statements* that focus on individual parts of the Town government, reporting the Town's operations in more detail than the government-wide statements.

- The *governmental funds* statements tell how *general government* services like public safety 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 water and wastewater system.

The financial statements also include notes and a required supplementary information section that explain information in the financial statements and provide required disclosures.

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. We have also included comparative financial statements for our water and wastewater funds.

MANAGEMENT DISCUSSION AND ANALYSIS

Figure A-1 summarizes the major features of the Town’s financial statements, including the portion of the Town 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 Town of Yountville’s Government-Wide and Fund Financial Statements**

	Fund Statements		
	Government-Wide Statements	Governmental Funds	Proprietary Funds
Scope	Entire Town government	The activities of the Town that are not proprietary or fiduciary, such as law enforcement, fire, parks and community center facilities	Activities the Town operates similar to private businesses: the water and wastewater enterprises
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 balance 	<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; deferred inflows/outflows of resources reported separately	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 with deferred inflows/outflows of resources reported separately	All revenues and expenses during year, regardless of when cash is received or paid

Government-Wide Statements

The government-wide statements report information about the Town as a whole using accounting methods similar to those used by private-sector companies. This is a different method than the Town uses for its budget, where the focus is on the *current resources available* to fund operations and capital improvement programs within each fund. The statement of net position includes *all* the government’s assets and liabilities, including deferred outflows and deferred inflows of resources. 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.

MANAGEMENT DISCUSSION AND ANALYSIS

The two government-wide statements report the Town's *net position* and how they have changed. Net position, previously referred to as net assets, is the difference between the Town's assets and liabilities, and is one way to measure the Town's fiscal health, or *financial position*.

Over time, increases or decreases in the Town's net position may serve as a useful indicator of whether its financial health is improving or deteriorating, respectively. The government-wide financial statements of the Town are divided into two categories:

- *Governmental activities* – Most of the Town's basic services are included here, such as law enforcement, fire and emergency services, planning and building, public works, parks and recreation, community center, community promotion, housing, and general administration. Transient occupancy taxes, sales taxes, property taxes, state and federal grants finance most of these activities. Charges for services, which include parks and recreation fees, are also used to help offset costs of providing certain services.
- *Business-type activities* – The Town charges fees to customers which should recover the costs of certain services it provides. The Town's water and wastewater enterprise activities are included here.

Fund Financial Statements

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

- Some funds are required by state law.
- The Town Council establishes other funds to control and manage funds designated for a particular purpose or to show that it is properly accounting for certain grants or other special revenues.

The Town has two kinds of funds:

- *Governmental funds* – Most of the Town'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 Town's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them.
- *Proprietary funds* – Services for which the Town charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-and short-term financial information.

In fact, the Town's enterprise funds (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flows.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

Net Position -- The Town's combined net position increased by \$ 6.53 million, or 15.3%, between fiscal years ending June 30, 2015 and 2016. In comparison, last year net position increased by \$ 3.18 million.

	Governmental Activities		Business-Type Activities		Total		% Change
	2015	2016	2015	2016	2015	2016	2015 to 2016
Current and other assets	12.65	12.68	6.23	6.75	18.88	19.43	2.9%
Capital assets	33.59	38.49	11.56	11.40	45.15	49.89	10.5%
Total assets	46.24	51.17	17.79	18.15	64.03	69.32	13.4%
Deferred Outflows	0.36	0.72	0.12	0.23	0.48	0.95	97.9%
Long-term debt outstanding	15.56	15.17	3.35	3.33	18.91	18.50	-2.2%
Other liabilities	1.90	1.98	0.42	0.23	2.32	2.21	-4.7%
Total liabilities	17.46	17.15	3.77	3.56	21.23	20.71	-6.9%
Deferred Inflows	0.52	0.29	0.17	0.09	0.69	0.38	-11.6%
Net position							
Net investment in capital	19.29	24.94	8.76	8.72	28.05	33.66	20.0%
Restricted	3.08	2.99	0.22	-	3.30	2.99	-9.4%
Unrestricted	6.25	6.52	5.04	6.01	11.29	12.53	11.0%
Total net position	28.63	34.45	14.02	14.73	42.64	49.18	15.3%

Net position of the Town's governmental activities increased \$ 5.83 million, to \$ 34.45 million. Approximately 18.9% of net positions relating to governmental activities are unrestricted and 72.4% represents the net investment in capital assets. The increase was primarily attributable to the increase in general fund transient occupancy and sales tax revenues. Total liabilities decreased overall by \$.31 million.

Total net position of the Town's business-type activities increased \$.70 million, to \$ 14.73 million. A business plan to eliminate ongoing deficits and provide the funding necessary for future infrastructure improvements was adopted in April 2011 and the last implementation was done in 2015. A new business plan update is underway for review and approval in 2017. No deficits were reported in 2016.

Governmental Activities - Revenue

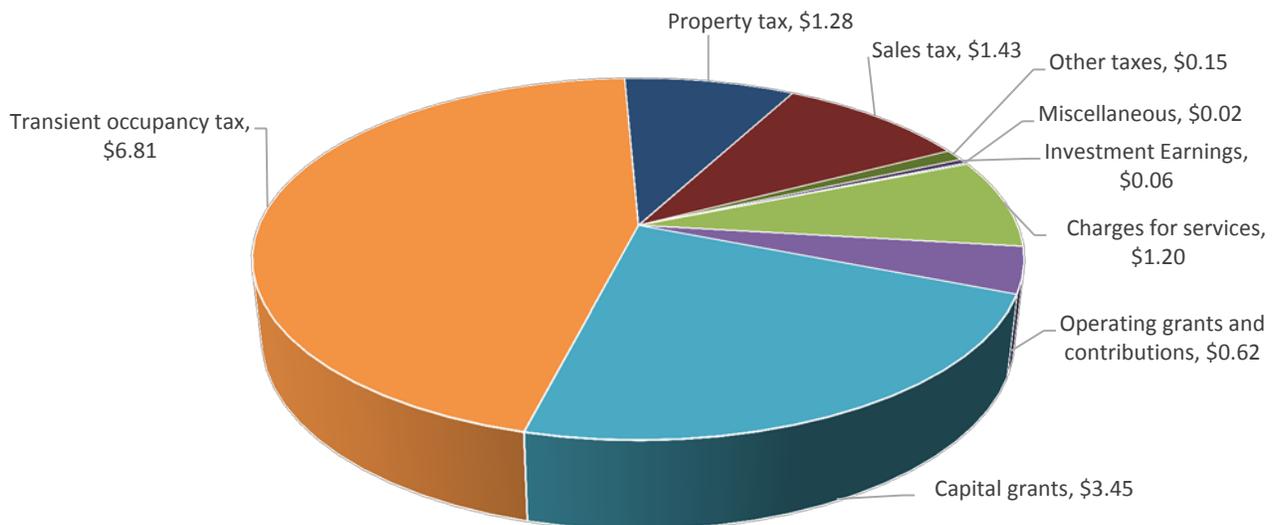
Revenue in the governmental-type activities increased by \$ 3.51 million or 30.4% from prior year and is a result of the following:

- Charges for services increased by \$.03 million principally by arts donations.
- Transient occupancy tax, the Town's single largest revenue source, was \$.23 million higher than prior year, an increase of 3.5%. The increase can be attributed to the continued success of the Town's lodging properties, as evidenced by increased average room rates.
- Sales tax increased by \$.11 million, as a result of the ongoing success of the Town's popular restaurants, wine tasting rooms and boutique retail shops.
- Property tax increase of \$.12 million reflects the 4.9% increase in the Town's assessed value.

MANAGEMENT DISCUSSION AND ANALYSIS

Changes in Town of Yountville's Revenue (millions of dollars)							
	Gov. Activities		Bus. Activities		Total		%Change 2015-16
	2015	2016	2015	2016	2015	2016	
Revenue							
Program revenues:							
Charges for services	1.17	1.20	2.99	3.28	4.16	4.48	7.7%
Operating grants and contributions	0.98	0.62			0.98	0.62	-36.7%
Capital grants	0.17	3.45	0.11	0.07	0.28	3.52	1157.1%
Total Program Revenue	2.32	5.27	3.10	3.35	5.42	8.62	59.0%
Transient occupancy tax	6.58	6.81	-	-	6.58	6.81	3.5%
Property tax	1.16	1.28	-	-	1.16	1.28	10.3%
Sales tax	1.32	1.43	-	-	1.32	1.43	8.3%
Other taxes	0.14	0.15	-	-	0.14	0.15	7.1%
Investment Earnings	0.02	0.06	0.02	0.01	0.04	0.07	75.0%
Miscellaneous	0.01	0.02	0.01	-	0.02	0.02	0.0%
Total revenue	11.52	15.02	3.13	3.36	14.62	18.38	25.7%

**Governmental Activities
2015-16 Sources of revenue
\$15.02 million total**

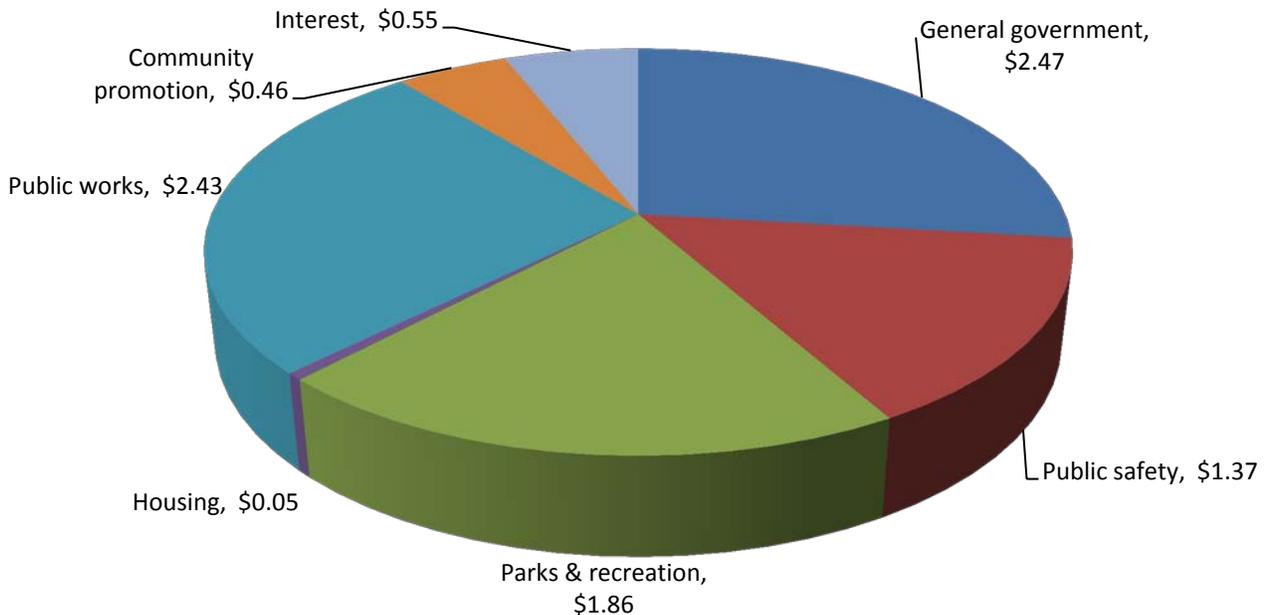


MANAGEMENT DISCUSSION AND ANALYSIS

Governmental Activities – Expenses

Changes in Town of Yountville's Expenses (millions of dollars)							
	Gov. Activities		Bus. Activities		Total		%Change
	2015	2016	2015	2016	2015	2016	2015-16
Expenses							
General government	2.80	2.47			2.80	2.47	-11.8%
Public safety	1.33	1.37			1.33	1.37	3.0%
Parks & recreation	1.71	1.86			1.71	1.86	8.8%
Housing	0.04	0.05			0.04	0.05	25.0%
Public works	2.17	2.43			2.17	2.43	12.0%
Community promotion	0.47	0.46			0.47	0.46	-2.1%
Water			1.00	1.12	1.00	1.12	12.0%
Wastewater			1.40	1.55	1.40	1.55	10.7%
Interest	0.59	0.55			0.59	0.55	-6.8%
Total expenses	9.11	9.19	2.4	2.67	11.51	11.86	3.0%

**Governmental Activities
2015-16 Expenses
\$9.19 million**



MANAGEMENT DISCUSSION AND ANALYSIS

Expenses in the governmental type activities increased a total of \$.08 million or .01% from the prior year as a result of changes in the following categories:

- Public safety costs increased by \$.03 million, or 2.3%, due to increased contract costs for law enforcement and fire and emergency services.
- Increase in parks and recreation of \$.06 million reflects increases to expand programs.
- Public works expenses increased a total of \$.07 million, a result of increases to maintenance and engineering.
- Community promotion expenses increased by \$.04 million, which included implementation of the way finding sign program and increased activity in the arts program.

Governmental Activities Summary

- Overall, total revenues of \$ 15.02 million exceeded total expenses of \$ 9.19 million by \$5.83 million, compared to \$ 1.61 million last year.
- Revenues were \$ 3.51 million higher than prior year.
- Expenses increased by \$.08 million than prior year.

Business-Type Activities

- The Town's business-type activities represent the water and wastewater utility enterprise operations. The Town purchases water from the state Veterans Home for resale to approximately 814 customers. The Town operates a sewer collection system and wastewater treatment plant which serves about 753 customers. The Town operates the wastewater treatment plant and has a cost sharing agreement with the Veterans home to provide services.
- Total revenue for the business-type activities was \$3.36 million comprised of \$ 3.28 million in charges for services, \$.07 in capital grants and \$.01 million in interest. Total operating revenue from the prior year was \$ 3.10 million.
- Total expenses for the year were \$2.67 million, an increase of \$.31 million, from the prior year. Increases were primarily in contract services and supplies and water purchase costs.

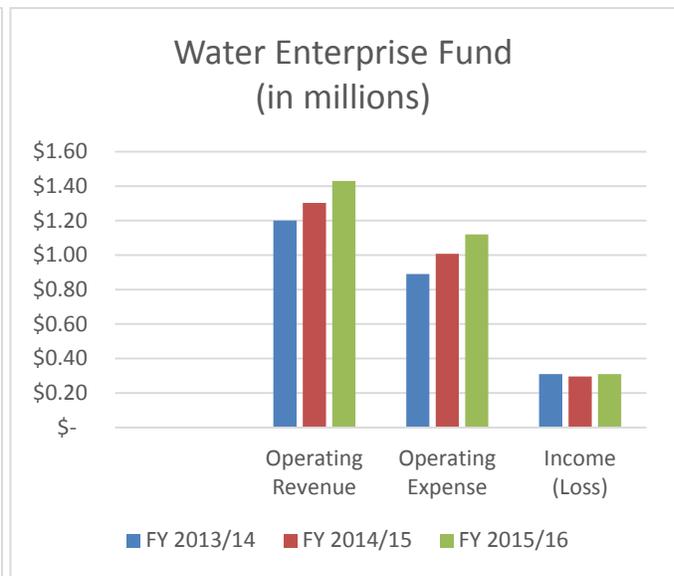
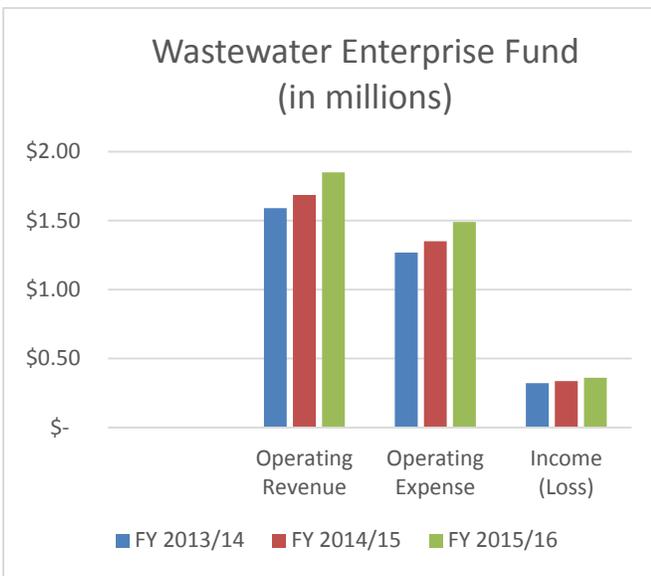
Business-type activities should generate enough revenue to cover the cost of operations and capital infrastructure. The Town's enterprises had struggled after many years of increasing expenses and no rate increases. Major cost increases included the cost to purchase water for resale, general cost increases for operating supplies and services, and expenses related to projects required to maintain compliance with state regulations and replace aging infrastructure.

Town Council approved a five year water/wastewater rate schedule on February 15, 2011 to ensure the fiscal sustainability of the utility enterprises. The rate schedule was established to phase in the rate increases necessary to eliminate the utility enterprise operating deficits. The fifth and final annual rate increases was effective January 1, 2015. A new rate study is presently underway.

MANAGEMENT DISCUSSION AND ANALYSIS

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

Water Enterprise Fund (in millions)				Wastewater Enterprise Fund (in millions)			
	FY 2013/14	FY 2014/15	FY 2015/16		FY 2013/14	FY 2014/15	FY 2015/16
Operating Revenue	\$ 1.20	\$ 1.30	\$ 1.43	Operating Revenue	\$ 1.59	\$ 1.69	\$ 1.85
Operating Expense	\$ 0.89	\$ 1.01	\$ 1.12	Operating Expense	\$ 1.27	\$ 1.35	\$ 1.49
Income (Loss)	\$ 0.31	\$ 0.30	\$ 0.31	Income (Loss)	\$ 0.32	\$ 0.34	\$ 0.36



FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

At the end of the fiscal year the Town reported a *total* fund balance of \$ 11.3 million in its governmental funds, a decrease of approximately \$.1 million over the last fiscal year.

The general fund revenues were \$ 11.25 million for the year and expenditures totaled \$ 7.59 million. The Town's general fund operations generated \$ 3.66 million more in revenues than was spent on governmental activities before transfers. Transfers in the amount of \$ 3 million were made for debt service and capital projects funding.

The Town's reliance on tax revenue, specifically transient occupancy tax, places it in a unique position of potentially exceeding the Base Appropriations Limit established by California's Proposition 13, commonly known as the "Gann Limit". The Gann Limit places monetary limits on the amount of general tax revenues which may be spent in any given year. Revenues in excess of the limit might otherwise have to be refunded to taxpayers or used to reduce other related fees. This limit can be overridden by a vote, and Yountville's citizens have approved the override nine times, most recently in 2014 when a \$1.5 million override was authorized in effect through June 30, 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

General Fund Budget Highlights

The Town Council revised the Town budget during the year. Budget adjustments fall into two categories:

- Increases in appropriations to accommodate unanticipated expenditures not previously budgeted, including those that result from updated cost estimates and project bids.
- Changes made at the mid-year budget review, or later in the fiscal year, based on updated projections for both revenue and expenditures.

A review of the 2015/16 general fund budget shows revenues were \$ 10.72 million, 8.11% over the Town’s final budget. The original budget included moderately conservative growth in transient occupancy tax and sales tax, and projections were updated at mid-year. Transient occupancy tax exceeded revised projections by 5% or \$.3 million, sales tax by 26.7% or \$.29 million. These three revenue sources comprise 86% of the Town’s general fund revenue.

Total general fund expenditures were under budget by \$.44 million or 4.09%. The detailed budgetary comparison schedule for the general fund can be found in the Supplementary Information section of this report.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2016, the Town had invested \$49.89 million in a broad range of capital assets, including equipment, vehicles, buildings, park facilities, infrastructure and water and wastewater systems. This amount represents a net increase of \$ 4.4 million or 10.5% over last year.

Town of Yountville’s Capital Assets

(net of depreciation, in millions of dollars)

	Govt. Activities		Business Activities		Total		Total Percentage Change
	2015	2016	2015	2016	2015	2016	
	Land and CIP	3.71	7.42	3.69	3.77	7.40	11.19
Buildings and improvements	18.82	18.27	0.02	0.02	18.84	18.29	-2.9%
Infrastructure and systems	10.78	12.39	7.55	7.31	18.33	19.70	7.5%
Machinery and equipment	0.28	0.41	0.30	0.30	0.58	0.71	22.8%
Total	\$33.59	\$38.49	\$11.56	\$11.40	\$45.15	\$49.89	10.5%

Long-term Debt

- The Town was approved for a state revolving fund loan on October 23, 2013 approved for up to \$3.6 million with a twenty year repayment term at an interest rate of 1.9%. Proceeds from the loan were used to finance the wastewater enterprise recycled water expansion project. The Town received a capital

MANAGEMENT DISCUSSION AND ANALYSIS

contribution from the State of California Department of Veterans Affairs for their share of the project and as a result only borrowed approximately \$2.71 million to complete the project.

- On February 5, 2013, the Yountville Finance Authority issued \$4.26 million in lease revenue bonds to finance the seismic renovations to town hall and reconstruct a major street and sewer main replacement. The Town then entered into a fifteen year lease agreement with the financing authority and will pay the annual debt service by transferring revenue from the general fund and the Wastewater Capital fund.
- In fiscal year 2010/11 the Town entered into a loan agreement with the California Energy Commission (CEC) to obtain low cost financing for energy conservation improvements to Town facilities. The \$200 thousand loan is to be repaid over ten years at an interest rate of 3%. The loan payments are offset by energy cost savings.
- On July 24, 2008, the Yountville Finance Authority issued \$10.71 million in lease revenue bonds to finance the community center and library project. The Town then entered into a thirty year lease agreement with the financing authority to lease the facility, pledging up to one sixth of its general fund transient occupancy tax revenue for payment of the obligation.
- In fiscal year 2004 the Town entered into a capital lease for the amount of \$2.8 million to help finance the costs of the now completed floodwall project. The Town's share of Measure A funds, a county wide local tax, are sufficient to make the required lease payments. The lease will be paid in full in fiscal year 2018.

More detailed information about the long-term debt of the Town can be found in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The Town Council adopted a balanced budget for 2016/17 on June 21, 2016. The proposed \$8.8 million general fund budget is balanced before transfers.

Key items include:

- Revenues are estimated to be \$ 9.8 million.
- Expenditures are within available revenue stream.
- Proposed budget is largely status quo and maintains existing levels of service.
- No new employee positions are included in the budget. Employee count remains 27 Full time employees
- Implements second year of three year labor agreements with our employee groups with 3% COLA.
- Fully funds our OPEB obligation at a rate of 14.75%.
- No rate increases for water or wastewater utility enterprise fund operations.
- Maintained fund balances: PARSAC Claims Reserve Fund \$50,000; Legal Contingency Reserve \$250,000; Budget Contingency \$240,000; Revenue Stabilization Reserve Fund \$1,500,000; Emergency Reserve Fund \$1,766,300; Water Enterprise Drought Emergency Reserve Fund \$2,054,445.
- Funding to for the General Plan Update process.

MANAGEMENT DISCUSSION AND ANALYSIS

- Key infrastructure projects include: Veteran's Memorial Park Renovations, Yountville Crossroads Reconstruction, Hopper Creek Bridge Barrier Rail, Community Center Trash Enclosure and Washington Street Drainage- Pedroni to Jefferson.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the money it receives and spends. If you have questions about this report or need additional financial information, contact the Finance Director, Town of Yountville, 6550 Yount Street, Yountville, CA 94599 or visit the Town's website at: www.townofyountville.com.

**BASIC
FINANCIAL STATEMENTS**

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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Town of Yountville
Statement of Net Position
June 30, 2016

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Current assets:			
Cash and investments	7,002,778	\$ 6,560,553	\$ 13,563,331
Restricted cash and investments with fiscal agents	672,933	-	672,933
Receivables:			
Accounts receivable	1,800,613	501,114	2,301,727
Interest receivable	5,403	5,072	10,475
Taxes receivable	1,218,309	-	1,218,309
Due from other government	5,763	-	5,763
Internal balances	315,000	(315,000)	-
Total current assets	11,020,799	6,751,739	17,772,538
Noncurrent assets:			
Long term receivables	1,418,190	-	1,418,190
Net OPEB asset	238,033	-	238,033
Capital assets:			
Non-depreciable	7,420,798	3,767,839	11,188,637
Depreciable, net	31,073,531	7,628,209	38,701,740
Total capital asset	38,494,329	11,396,048	49,890,377
Total noncurrent assets	40,150,552	11,396,048	51,546,600
Total assets	51,171,351	18,147,787	69,319,138
DEFERRED OUTFLOWS OF RESOURCES			
Deferred employer pension contribution	323,992	104,297	428,289
Deferred outflows of resources - pension	399,229	128,515	527,744
Total deferred outflows of resources	723,221	232,812	956,033
LIABILITIES			
Current liabilities:			
Accounts payable	731,866	96,664	828,530
Other current liabilities	338,249	-	338,249
Accrued interest payable	127,343	-	127,343
Compensated absences - due within one year	21,000	7,000	28,000
Capital lease payable - due within one year	251,063	-	251,063
Revenue bonds and loans due within one year	512,159	127,679	639,838
Total current liabilities	1,981,680	231,343	2,213,023
Noncurrent liabilities:			
Compensated absences - due within one year	157,187	61,283	218,470
Capital lease payable - due within one year	257,703	-	257,703
Revenue bonds and loans - due in more than one year	12,528,705	2,553,069	15,081,774
Net pension liability	2,228,702	717,451	2,946,153
Total noncurrent liabilities	15,172,297	3,331,803	18,504,100
Total liabilities	17,153,977	3,563,146	20,717,123
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources - pension	286,434	92,208	378,642
Total deferred inflows of resources	286,434	92,208	378,642
NET POSITION			
Net investment in capital assets	24,944,699	8,715,300	33,659,999
Restricted for:			
Streets and flood control	284,009	-	284,009
Community services	80,631	-	80,631
Debt service	1,293,175	-	1,293,175
Housing	1,405,980	-	1,405,980
Total restricted	3,063,795	-	3,063,795
Unrestricted	6,445,667	6,009,945	12,455,612
Total net position	\$ 34,454,161	\$ 14,725,245	\$ 49,179,406

See accompanying Notes to Basic Financial Statements.

Town of Yountville
Statement of Activities
For the year ended June 30, 2016

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental activities:					
General government	\$ 2,467,485	\$ 500,090	\$ 208,884	\$ -	\$ 708,974
Public safety	1,374,885	12,012	139,219	-	151,231
Parks and recreation	1,856,394	499,082	-	-	499,082
Housing	49,812	499	13,487	-	13,986
Public works	2,426,255	182,512	259,951	3,452,791	3,895,254
Community promotion	460,866	882	-	-	882
Interest on long-term debt	552,626	-	-	-	-
Total governmental activities	9,188,323	1,195,077	621,541	3,452,791	5,269,409
Business-type activities:					
Water Services	1,120,451	1,434,529	-	9,033	1,443,562
Wastewater Services	1,546,670	1,847,970	-	62,295	1,910,265
Total business-type activities	2,667,121	3,282,499	-	71,328	3,353,827
Total primary government	\$ 11,855,444	\$ 4,477,576	\$ 621,541	\$ 3,524,119	\$ 8,623,236

General Revenues:

Taxes:

Property taxes

Sales taxes

Transient occupancy taxes

Other taxes

Total taxes

Investment earnings

Miscellaneous

Total general revenues

Change in net position

Net position - beginning of year

Net position - end of year

See accompanying Notes to Basic Financial Statements.

Net (Expense) Revenue
and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (1,758,511)	\$ -	\$ (1,758,511)
(1,223,654)	-	(1,223,654)
(1,357,312)	-	(1,357,312)
(35,826)	-	(35,826)
1,468,999	-	1,468,999
(459,984)	-	(459,984)
(552,626)	-	(552,626)
<u>(3,918,914)</u>	<u>-</u>	<u>(3,918,914)</u>
-	323,111	323,111
-	363,595	363,595
-	686,706	686,706
<u>(3,918,914)</u>	<u>686,706</u>	<u>(3,232,208)</u>
1,282,355	-	1,282,355
1,431,153	-	1,431,153
6,808,527	-	6,808,527
147,519	-	147,519
<u>9,669,554</u>	<u>-</u>	<u>9,669,554</u>
60,697	14,585	75,282
16,653	-	16,653
<u>9,746,904</u>	<u>14,585</u>	<u>9,761,489</u>
5,827,990	701,291	6,529,281
28,626,171	14,023,954	42,650,125
<u>\$ 34,454,161</u>	<u>\$ 14,725,245</u>	<u>\$ 49,179,406</u>

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FUND FINANCIAL STATEMENTS

Governmental Fund Financial Statements

Proprietary Fund Financial Statements

Fiduciary Fund Financial Statements

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GOVERNMENTAL FUND FINANCIAL STATEMENTS

General Fund is the Town's primary operating fund. It accounts for all financial resources of general government, except those required to be accounted for in another fund.

Capital Projects Fund accounts for the resources accumulated for the acquisition of fixed assets or construction of major capital projects not being financed by proprietary funds. Significant maintenance projects and major purchases of equipment are also accounted for in the capital projects fund.

Town of Yountville
Balance Sheet
Governmental Funds
June 30, 2016

	Major Funds		Non-Major	Total
	General Fund	Capital Projects	Governmental Funds	Governmental Funds
ASSETS				
Cash and investments	\$ 5,639,494	\$ 720,804	\$ 642,480	\$ 7,002,778
Cash with fiscal agent	-	-	672,933	672,933
Taxes receivable	1,218,309	-	-	1,218,309
Accounts receivable	120,852	1,666,184	13,577	1,800,613
Due from other governments	231	-	5,532	5,763
Accrued interest receivable	4,058	880	465	5,403
Loans to other funds	39,111	-	315,000	354,111
Long term receivables	1,418,190	-	-	1,418,190
Total assets	\$ 8,440,245	\$ 2,387,868	\$ 1,649,987	\$ 12,478,100
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 545,569	\$ 181,099	\$ 5,198	\$ 731,866
Other liabilities	188,127	150,122	-	338,249
Loans from other funds	-	-	39,111	39,111
Total liabilities	733,696	331,221	44,309	1,109,226
Deferred inflows of resources:				
Unavailable revenues - interest and grants	35,429	-	-	35,429
Fund Balances:				
Restricted:				
Debt service	-	-	1,293,175	1,293,175
Flood control	-	-	179,379	179,379
Streets	-	-	104,630	104,630
Youth programs	-	-	31,452	31,452
Fire services	-	-	29	29
Housing	1,405,980	-	-	1,405,980
PEG Fees	49,019	-	-	49,019
Other	-	-	131	131
Total restricted	1,454,999	-	1,608,796	3,063,795
Committed:				
Emergencies	1,620,000	-	-	1,620,000
Claims	50,000	-	-	50,000
Capital projects	-	2,056,647	-	2,056,647
Total committed	1,670,000	2,056,647	-	3,726,647
Assigned:				
Unanticipated costs of capital or other contracts	240,000	-	-	240,000
Unanticipated tourism revenue deficits	1,500,000	-	-	1,500,000
Arts program	32,425	-	-	32,425
Capital projects	1,000,000	-	-	1,000,000
Legal contingencies	250,000	-	-	250,000
Total assigned	3,022,425	-	-	3,022,425
Total unassigned	1,523,696	-	(3,118)	1,520,578
Total fund balances	7,671,120	2,056,647	1,605,678	11,333,445
Total liabilities				
and fund balances	\$ 8,440,245	\$ 2,387,868	\$ 1,649,987	\$ 12,478,100

See accompanying Notes to Basic Financial Statements.

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Town of Yountville
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2016

Total Fund Balances - Total Governmental Funds **\$ 11,333,445**

Amounts reported for governmental activities in the Statement of Net Position were different because:

Capital assets used in governmental activities were not current financial resources. Therefore, they were not reported in the Governmental Funds Balance Sheet. Except for the internal service funds reported below, the capital assets were adjusted as follows:

	Total
Non-depreciable	\$ 7,420,798
Depreciable, net	31,073,531
	38,494,329

Unavailable revenue recorded in the fund financial statements resulting from activities in which revenues were earned but funds were not available are reclassified as revenues in the Government-Wide Financial Statements. 35,429

Interest payable on long-term debt did not require current financial resources. Therefore, interest payable was not reported as a liability in the Governmental Funds Balance Sheet. (127,343)

Differences between annual OPEB cost and contributions made to the Town's OPEB plan are presented on the Government-Wide Financial Statements as either a Net OPEB obligation or a Net OPEB asset. There is no impact on the Government Funds Balance Sheet. 238,033

Employer contributions for pension were recorded as expenditures in the governmental funds. However, in the Government-Wide Financial Statements these contributions are deferred. 323,992

In the Government-Wide Financial Statements, certain differences between actuarial amounts and actual results for pension are deferred and amortized over a period of time, however these differences do not impact the Governmental Funds Balance Sheet:

Deferred outflows of resources - pension	399,229
Deferred inflows of resources - pension	(286,434)

Long-term liabilities were not due and payable in the current period. Therefore, they were not reported in the Governmental Funds Balance Sheet.

	Total
Compensated absences - due within one year	\$ (21,000)
Revenue bonds and loans due within one year	(512,159)
Capital lease payable - due within one year	(251,063)
Compensated absences - due within one year	(157,187)
Revenue bonds and loans due within one year	(12,528,705)
Capital lease payable - due within one year	(257,703)
Net pension liability	(2,228,702)
	(15,956,519)

Net Position of Governmental Activities **\$ 34,454,161**

See accompanying Notes to Basic Financial Statements.

Town of Yountville
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2016

	Major Funds			
	General Fund	Capital Projects	Non-Major Governmental Funds	Total Governmental Funds
REVENUES:				
Property taxes	\$ 1,145,492	\$ -	\$ -	\$ 1,145,492
Sales taxes	1,452,602	-	-	1,452,602
Transient occupancy tax	6,808,527	-	-	6,808,527
Other taxes	284,381	-	-	284,381
Licenses and permits	75,400	-	131	75,531
Fines and forfeitures	4,962	-	-	4,962
Intergovernmental	123,987	3,347,550	338,595	3,810,132
Interest and rents	297,343	7,640	1,744	306,727
Charges for services	821,874	35,164	-	857,038
Miscellaneous	235,378	-	10,782	246,160
Total revenues	11,249,946	3,390,354	351,252	14,991,552
EXPENDITURES:				
Current:				
General government	2,561,963	-	4,450	2,566,413
Housing	33,220	-	-	33,220
Public Safety	1,374,885	-	-	1,374,885
Public Works	1,667,565	-	15,065	1,682,630
Community promotion	460,866	-	-	460,866
Parks and recreation	1,464,116	-	16,605	1,480,721
Capital outlay	6,242	6,085,696	87,877	6,179,815
Debt service:				
Principal	16,645	-	729,595	746,240
Interest	4,024	-	554,417	558,441
Total expenditures	7,589,526	6,085,696	1,408,009	15,083,231
REVENUES OVER (UNDER) EXPENDITURES	3,660,420	(2,695,342)	(1,056,757)	(91,679)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	2,000,000	1,001,555	3,001,555
Transfers out	(3,001,555)	-	-	(3,001,555)
Total other financing sources (uses)	(3,001,555)	2,000,000	1,001,555	-
Net change in fund balances	658,865	(695,342)	(55,202)	(91,679)
FUND BALANCES:				
Beginning of year	7,012,255	2,751,989	1,660,880	11,425,124
End of year	\$ 7,671,120	\$ 2,056,647	\$ 1,605,678	\$ 11,333,445

See accompanying Notes to Basic Financial Statements.

Town of Yountville

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities

For the year ended June 30, 2016

Net Change in Fund Balances - Total Governmental Funds \$ (91,679)

Amounts reported for governmental activities in the Statement of Activities were different because:

Governmental funds reported capital outlay as expenditures. However, in the Government-Wide Statement of Activities, the cost of those assets was allocated over their estimated useful lives as depreciation expense. This was the amount of capital assets recorded in the current period.	5,934,199
Depreciation expense on capital assets was reported in the Government-Wide Statement of Activities, but they did not require the use of current financial resources. Therefore, depreciation expense was not reported as expenditures in the governmental funds.	(972,907)
Impairment loss on capital assets for abandoned capital projects was reported in the Government-Wide Statement of Activities, but they did not require the use of current financial resources. Therefore, this amount was not reported as expenditures in the governmental funds.	(54,918)
Employer contributions for pension were recorded as expenditures in the governmental funds. However, in the Government-Wide Financial Statements these contributions are deferred.	323,992
OPEB expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.	2,724
Interest expense on long-term debt is reported on the accrual basis of accounting on the Government-Wide Statements, but expenditures on long-term debt in the governmental funds statements are recorded when paid. The following amount represents the change in accrued interest from the prior year.	4,940
Repayment of capital lease obligations was an expenditure in governmental funds, but the repayment reduced long-term liabilities in the Government-Wide Statement of Net Position.	244,595
Accrued compensated leave payable was an expenditure in governmental funds, but the accrued payable increased compensated leave liabilities in the Government-Wide Statement of Net Position.	(698)
Bond and loan proceeds provided current year financial resources to governmental funds, but issuing debt increased long-term liabilities in the Government-Wide Statement of Net Position. Repayment of bond and loan principal was an expenditure in the governmental funds, but the repayment reduced long-term liabilities in the Government-Wide Statement of Net Position.	501,645
Amortization of bond premiums do not provide current financial resources and are not reported in the funds.	875
Revenues that are not considered to be available are reported as unavailable revenues in the governmental funds, however, these amounts are recognized in the Government-Wide Statement of Activities. This amount represents the change in unavailable revenues.	35,429
Pension expense is recorded as incurred in the Government-Wide Statement of Activities, however pension expense does not required the use of current financial resources, and is not recognized in the governmental funds.	(100,207)

Change in Net Position of Governmental Activities \$ 5,827,990

See accompanying Notes to Basic Financial Statements.

PROPRIETARY FUND FINANCIAL STATEMENTS

Water Service Fund accounts for the activities associated with providing water services.

Wastewater Fund accounts for the wastewater treatment plant and wastewater pumping stations and collection systems.

Town of Yountville
Statement of Net Position
Proprietary Funds
June 30, 2016

	Enterprise Funds		
	Water	Wastewater	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 3,511,917	\$ 3,048,636	\$ 6,560,553
Accounts receivable	155,380	345,734	501,114
Interest receivable	2,746	2,326	5,072
Total current assets	3,670,043	3,396,696	7,066,739
Noncurrent assets:			
Capital assets:			
Non-depreciable	-	3,767,839	3,767,839
Depreciable, net	1,938,168	5,690,041	7,628,209
Total capital assets	1,938,168	9,457,880	11,396,048
Total noncurrent assets	1,938,168	9,457,880	11,396,048
Total assets	\$ 5,608,211	\$ 12,854,576	\$ 18,462,787
DEFERRED OUTFLOWS OF RESOURCES			
Deferred employer pension contribution	30,398	73,899	104,297
Deferred outflows of resources - pension	37,457	91,058	128,515
Total deferred outflows of resources	67,855	164,957	232,812
LIABILITIES			
Current liabilities:			
Accounts payable	31,541	65,123	96,664
Compensated absences, due within one year	3,500	3,500	7,000
Loans payable, due within one year	-	127,679	127,679
Total current liabilities	35,041	196,302	231,343
Noncurrent liabilities:			
Loans from other funds	-	315,000	315,000
Compensated absences, due in more than one year	23,567	37,716	61,283
Loans payable, due in more than one year	-	2,553,069	2,553,069
Net pension liability	209,105	508,346	717,451
Total noncurrent liabilities	232,672	3,414,131	3,646,803
Total liabilities	267,713	3,610,433	3,878,146
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources - pension	26,875	65,333	92,208
Total deferred inflows of resources	26,875	65,333	92,208
NET POSITION			
Net investment in capital assets	1,938,168	6,777,132	8,715,300
Restricted for capital improvements	-	-	-
Restricted for debt service	-	-	-
Unrestricted	3,443,310	2,566,635	6,009,945
Total net position	\$ 5,381,478	\$ 9,343,767	\$ 14,725,245

See accompanying Notes to Basic Financial Statements.

Town of Yountville
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the year ended June 30, 2016

	Enterprise Funds		
	Water	Wastewater	Total
OPERATING REVENUES:			
Charges for services	\$ 1,434,529	\$ 1,847,970	\$ 3,282,499
Total operating revenues	1,434,529	1,847,970	3,282,499
OPERATING EXPENSES:			
Personnel services	298,730	650,195	948,925
Purchased water	521,512	-	521,512
Utilities	-	110,494	110,494
Other supplies and expenses	223,575	461,039	684,614
Insurance, claims, and expenses	15,871	31,456	47,327
Depreciation	60,763	240,423	301,186
Total operating expenses	1,120,451	1,493,607	2,614,058
OPERATING INCOME	314,078	354,363	668,441
NONOPERATING REVENUES (EXPENSES):			
Interest expense	-	(53,063)	(53,063)
Interest and investment revenue	7,022	7,563	14,585
Total nonoperating revenues (expenses)	7,022	(45,500)	(38,478)
Income (loss) before contributions	321,100	308,863	629,963
Contributions:			
Capital Contributions	9,033	62,295	71,328
Net contributions and transfers	9,033	62,295	71,328
Change in net position	330,133	371,158	701,291
NET POSITION			
Beginning of year	5,051,345	8,972,609	14,023,954
End of year	\$ 5,381,478	\$ 9,343,767	\$ 14,725,245

See accompanying Notes to Basic Financial Statements.

Town of Yountville
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2016

	Enterprise Funds		
	Water	Wastewater	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 1,416,634	\$ 1,889,893	\$ 3,306,527
Cash payments to suppliers for goods and services	(755,694)	(772,605)	(1,528,299)
Cash paid to employees	(297,457)	(686,450)	(983,907)
Net cash provided by operating activities	363,483	430,838	794,321
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Payments on interfund loans	(93,875)	(49,200)	(143,075)
Net cash provided by noncapital financing activities	(93,875)	(49,200)	(143,075)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition of capital assets	-	(160,910)	(160,910)
Contributions	9,033	62,295	71,328
Long-term debt repayment	-	(124,123)	(124,123)
Interest paid and fiscal charges	-	(53,063)	(53,063)
Net cash (used in) capital and related financing activities	9,033	(275,801)	(266,768)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment income received	4,276	5,237	9,513
Net cash provided by investing activities	4,276	5,237	9,513
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	282,917	111,074	393,991
CASH AND CASH EQUIVALENTS - Beginning of year	3,229,000	2,937,562	6,166,562
CASH AND CASH EQUIVALENTS - End of year	\$ 3,511,917	\$ 3,048,636	\$ 6,560,553
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income	\$ 314,078	\$ 354,363	\$ 668,441
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	60,763	240,423	301,186
Impairment loss	24,202	-	24,202
Changes in assets and liabilities:			
Accounts receivable	(17,895)	41,923	24,028
Accounts payable	(18,938)	(169,616)	(188,554)
Deferred employer pension contributions	(2,925)	(7,112)	(10,037)
Deferred outflows - pension	(31,392)	(76,314)	(107,706)
Compensated absences	22,268	14,786	37,054
Net pension liability	35,249	85,693	120,942
Deferred inflows - pension	(21,927)	(53,308)	(75,235)
Total adjustments	49,405	76,475	125,880
Net cash provided by operating activities	\$ 363,483	\$ 430,838	\$ 794,321

See accompanying Notes to Basic Financial Statements.

FIDUCIARY FUND FINANCIAL STATEMENTS

OPEB Trust Funds

Retirement Employees Health Care Plan Fund accounts for contributions made to the Town's established IRC section 115 irrevocable trust fund with PARS (Public Agency Retirement Services) created as part of the Town's OPEB (other post employment benefits) funding policy.

Agency Funds

Napa Valley Tourism Improvement District Agency Fund accounts for assets collected on behalf of the Napa Valley Tourism Improvement District.

Town of Yountville
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2016

	Retired Employees Health Care Plan	Agency Funds
ASSETS		
Cash and cash equivalents	\$ -	406,794
Assessments receivable	-	109,750
Interest receivable	-	279
Loans receivable		50,444
Investments at fair value:	-	
Union Bank Public Agencies Retirement Services Pool	1,940,516	-
Total assets	<u>1,940,516</u>	<u>567,267</u>
LIABILITIES		
Accounts payable	-	168,817
Due to Napa Valley Tourism Improvement District	-	398,450
Total liabilities	<u>-</u>	<u>567,267</u>
NET POSITION		
Held in trust for other postemployment benefits	<u>1,940,516</u>	
Total net position	<u>\$ 1,940,516</u>	

See accompanying Notes to Basic Financial Statements.

Town of Yountville
Statement of Changes in Fiduciary Net Position
All Fiduciary Funds - Private Purpose Trust Funds
For the year ended June 30, 2016

	Retired Employees Health Care Plan
	<u> </u>
ADDITIONS:	
Contributions:	
Employer	\$ 209,430
Investment Income:	
Net appreciation in fair value of investments	<u> 15,764</u>
Total additions	<u> 225,194</u>
DEDUCTIONS:	
Investment fees	<u> 8,938</u>
Total Deductions	<u> 8,938</u>
Change in net position	216,256
NET POSITION:	
Beginning of year	<u> 1,724,260</u>
End of year	<u><u> \$ 1,940,516</u></u>

See accompanying Notes to Basic Financial Statements.

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NOTES TO BASIC FINANCIAL STATEMENTS

Town of Yountville
Notes to Basic Financial Statements
For the year ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Town of Yountville (Town) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Town's accounting policies are described below.

A. Financial Reporting Entity

The Town of Yountville is a municipal corporation governed by an elected mayor and four-member council. The Town provides customary municipal services including general governmental activities, law enforcement, fire and emergency services, streets, maintenance, parks and recreation activities, water and wastewater utility services. Public safety police and fire services are provided to the Town through contractual arrangements with the County of Napa. Accordingly, the Town does not employ resident public safety personnel. The Town and State of California, Department of Veterans Affairs, have an agreement, which provides for the operation of a joint wastewater treatment facility. Under the agreement, the Town purchased the State's then existing treatment plant and land for a price equal to 50 percent of its wastewater treatment plant and facility. Under the agreement, the Town's plant is to provide capacity in the treatment facility for a maximum daily flow capacity not to exceed one million gallons per day originating from the Veterans Home of California. Under the agreement, the State of California is to pay an annual service charge to the Town for a pro rata share of the cost of operating and maintaining the Town's treatment facility. The State of California is also to pay annually to the Town capital replacement charges, which are to be matched in an equal amount by the Town.

The Town and Veterans Home of California also have a water purchase agreement whereby the Town purchases water from the Veterans Home Rector Reservoir for use in the Town's municipal water enterprise. The Town's obligations to pay for purchased water are allowed to be offset against the obligations of the State of California to the Town for wastewater treatment services purchased by the State.

These basic financial statements present the Town and its component units, entities for which the town is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the Town's operations and data from these units are combined with data of the Town. The Town had no discretely presented component units. The blended component units have a June 30, year-end. The following entities are reported as blended component units:

The Yountville Financing Authority was established solely to assist the Town in the issuance of certain revenue bonds. It is controlled by and financially dependent on the Town; its financial activities were accounted for in the Debt Service Fund. The City Council members serve as the Board of the Yountville Financing Authority.

The Yountville Housing Authority was established to promote and assist in the development of affordable housing. It is controlled by and financially dependent on the Town; its financial activities were accounted for in the General Fund. The City Council members serve as the Board of the Yountville Housing Authority.

Town of Yountville
Notes to Basic Financial Statements
For the year ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

A. Financial Reporting Entity, Continued

The Yountville Parking Authority was formed as a joint exercise powers agency (JPA) organized under the laws of the State of California. The Parking Authority is authorized to own, hold, and improve real or personal property and to purchase, lease, obtain an option upon, acquire by gift, grant, bequest, devise, or otherwise, any real or personal property or any interest in property and sell, lease, exchange, transfer, assign, pledge, or dispose of any real or personal property or any interest or right for the purpose of providing and maintaining parking facilities pursuant to the provisions of the California Streets and Highways Code. It is controlled by and financially dependent on the Town; its financial activities were accounted for in the Debt Service Fund.

Separate financial statements are not issued by the Town for these component units.

B. Basis of Accounting and Measurement Focus

The accounts of the Town are organized on the basis of funds, each of which is considered a separate accounting entity with its own self-balancing set of accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses. These funds are established for the purpose of carrying out specific activities or certain objectives in accordance with specific regulations, restrictions, or limitations. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Government-Wide Financial Statements

The Town's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental and Business-Type Activities for the Town accompanied by a total column.

These financial statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the Town's assets and liabilities, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liabilities are incurred.

Town of Yountville
Notes to Basic Financial Statements
For the year ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Certain types of transactions reported as program revenues for the Town are reported in three categories:

- Charges for services
- Operating grants and contributions
- Capital grants and contributions

Certain eliminations have been made in regards to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated. The following interfund activities have been eliminated:

- Transfers in/out

The Town applies all applicable GASB pronouncements including all Interpretations currently in effect.

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in net position as presented in these statements to the net position presented in the government-wide financial statements. The Town has presented all major funds that meet specific qualifications.

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the balance sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

Town of Yountville
Notes to Basic Financial Statements
For the year ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

The Town reports the following funds as major governmental funds of the Town.

General Fund is the Town's primary operating fund. It accounts for all financial resources of general government, except those required to be accounted for in another fund.

Capital Projects Fund accounts for the resources accumulated for the acquisition of fixed assets or construction of major capital projects not being financed by proprietary funds. Significant maintenance projects and major purchases of equipment are also accounted for in the capital projects fund.

The Town reports the following governmental funds as non-major governmental funds of the Town.

Flood Mitigation Fund accounts for revenues and expenditures related to the FEMA Flood Hazard Mitigation Grant awarded to the Town in 1990. The project was completed in fiscal year 2004-05, and various mitigations have been accomplished since the barrier was constructed. Current Fund resources are to be utilized for capital improvement and maintenance of the Flood Barrier and its related system infrastructure.

Gas Tax Fund accounts for maintenance and capital expenditures associated with street improvement projects. Funding is provided from State Gas Taxes and Traffic Congestion Relief monies that are restricted to street maintenance and related improvements within the Town.

Tallent Lane Drainage Fund accounts for the activities of the Tallent Lane Benefit District that was established to provide safer and improved access to properties fronting Tallent Lane.

Mesa Court Drainage Fund accounts for the activities of the Mesa Court Drainage Benefit District that was established to correct drainage problems within the area of Mesa Court.

Impact Fees Fund accounts for financial activities relating to the Civic Facilities, Drainage and Flood Control, Parks and Recreation, Public Safety, and Traffic Facilities Impact Fees.

Fire Services Fund accounts for financial activities relating to the Fire Emergency Services Impact Fee that are restricted to be used to offset additional costs of personnel, facilities, and equipment required to meet demand on fire and medical services generated by new development.

Youth Programs Fund accounts for contributions to and fundraising efforts by Town staff for the purpose of providing sponsorship to Parks and Recreation programs for eligible youth participants that otherwise could not afford to participate. Sponsorships are provided for programs such as the Town's After School Programs, Day Camp Programs, swim lessons, and other Town recreation programs. Revenues represent contributions from individuals, fundraising efforts, and interest earned.

Town of Yountville
Notes to Basic Financial Statements
For the year ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Public Art Program Fund is used to account for certain monies paid by commercial applicants applying for building permits restricted for the acquisition, installation, improvement, and maintenance of physical artwork to be displayed in the Town for public view.

Housing Grant Program Fund is used to account for grant funds received for the CalHome Program from the California Department of Housing and Community Development that is restricted for the Owner Occupied Rehabilitation Program to fund necessary home improvement projects for low income eligible residents to bring their home up to current building code standards.

Debt Service Fund is used to accumulate resources for repayment of the revenue bonds and capital lease arrangements.

Governmental Fund Financial Statements, Continued

Revenues are recorded when received in cash, except that revenues subject to accrual (generally those received 60 days after year-end) are recognized when due. The primary revenue sources that have been treated as susceptible to accrual by the Town are property taxes, taxpayer-assessed tax revenues (sales taxes, transient occupancy taxes, etc.), licenses, grant revenues and earnings on investments. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

The Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided.

Proprietary Fund Financial Statements

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Change in Net Position, and a Statement of Cash Flows for all proprietary funds.

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which a liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as nonoperating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as nonoperating expenses.

The Town reports the Water and Wastewater enterprise funds as proprietary funds of the Town.

Water Fund accounts for the activities associated with providing water services.

Wastewater Service Fund accounts for the wastewater treatment plant and wastewater pumping stations and collection systems.

Town of Yountville
Notes to Basic Financial Statements
For the year ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Fiduciary Fund Financial Statements

Fiduciary fund financial statements consist of a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. OPEB Trust Funds are used to report resources that are required to be held in trust by the Town for the members and beneficiaries of defined benefit OPEB plans and defined contribution OPEB plans. Agency funds are used by the Town to report activity relating to amounts collected and distributed by the Town for outside parties based on agreements. Fiduciary funds are accounted for using the accrual basis of accounting. The Town reports the following fiduciary funds:

Retired Employees Health Care Plan – accounts for assets held in trust for employee health benefits.

Tourism Improvement District Agency Fund accounts for assets held by the Town on behalf of the Napa Valley Tourism Improvement District.

C. Cash, Cash Equivalents and Investments

The Town pools cash resources from all funds in order to facilitate the management of cash. The balance in the pooled cash account is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing accounts and other investments for varying terms.

In accordance with GASB Statement No. 40, *Deposit and Investment Disclosures (Amendment of GASB No. 3)*, certain disclosure requirements for Deposits and Investment Risks were made in the following areas:

- Interest Rate Risk
- Credit Risk
 - Overall
 - Custodial Credit Risk
 - Concentrations of Credit Risk

In addition, other disclosures are specified including use of certain methods to present deposits and investments, highly sensitive investments, credit quality at year-end, and other disclosures.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, highly liquid money market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. The Town categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Town does not have any investments that are measured using Level 3 inputs.

Town of Yountville
Notes to Basic Financial Statements
For the year ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

C. Cash, Cash Equivalents and Investments, Continued

The Town participates in an investment pool managed by the State of California entitled Local Agency Investment Fund (LAIF) which has invested a portion of the pooled funds in Structured Notes and Asset-Backed Securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these Structured Notes and Asset-Backed Securities are subject to market risk as to the change in interest rates.

Cash equivalents are considered amounts in demand deposits and short-term investments with a maturity date within three months of the date acquired by the Town and are presented as "Cash and Investments" in the accompanying Basic Financial Statements.

The Town considers all pooled cash and investments (consisting of cash and investments and restricted cash and investments) held by the Town as cash and cash equivalents because the pool is used essentially as a demand deposit account from the standpoint of the funds. The Town also considers all non-pooled cash and investments (consisting of cash with fiscal agent and restricted cash and investments held by fiscal agent) as cash and cash equivalents because investments meet the criteria for cash equivalents defined above.

D. Restricted Cash and Investments

Certain restricted cash and investments are held by fiscal agents for the redemption of bonded debt, for acquisition and construction of capital projects, and to meet bond indenture debt reserve requirements. Cash and investments are also restricted for deposits held for others within the enterprise funds.

E. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable government funds to indicate that they are not available for appropriation and are not expendable available financial resources. The Town considers all trade and property tax receivables to be fully collectible and therefore no allowance for uncollectible accounts is considered necessary.

Town of Yountville
Notes to Basic Financial Statements
For the year ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

E. Receivables and Payables

Property taxes are levied as of January 1 on property values assessed as of the same date. State statutes provide that the property tax rate be limited generally to one percent of market 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 Town 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 Town. The Town recognizes property tax revenues in the fiscal year in which they are due to the Town.

F. Capital Assets

Capital assets used in governmental fund operations, including infrastructure assets (i.e. roads, curbs, gutters, bridges, sidewalks, drainage systems, lighting systems, and other assets) are reflected in the government-wide financial statements, along with related depreciation. Capital assets are defined by the Town as assets with an initial individual cost of more than \$10,000 (\$25,000 for infrastructure type assets) and an estimated life in excess of 1 year. Purchased capital assets are valued at historical cost or estimated historical cost. Donated capital assets are valued at their fair value on the date donated. Capital assets acquired under lease or purchase agreements are capitalized when the Town accumulates an ownership equity in the assets acquired.

The purpose of depreciation is to spread the cost of capital assets equitably among all users over the life of these assets. The amount charged to depreciation expense each year represents that year's pro rata share of the cost of capital assets.

Depreciation is provided using the straight line method whereby the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. The Town has assigned the useful lives listed below to capital assets:

Buildings	30 years
Building improvements	15-20 years
Public domain infrastructure	50 years
System infrastructure	20-100 years
Vehicles	7 years
Office equipment	3-7 years
Automobiles and Trucks	3-5 years

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

Town of Yountville
Notes to Basic Financial Statements
For the year ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

G. Long-Term Debt

Government-Wide Financial Statements – Long-term debt and other long-term obligations are reported as liabilities in the appropriate activities.

Bond premiums and discounts are amortized over the life of the bonds using the effective interest method. Bonds payable is reported net of the applicable bond premium or discount. Bond issuance costs (except for prepaid bond insurance) are expensed when incurred.

Fund Financial Statements – The governmental fund financial statements do not present long-term debt. As such, long-term debt is shown in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position.

Bond premiums and discounts, as well as issuance costs, are recognized during the current period as other financing sources or uses. Bond proceeds are reported as other financing sources.

Proprietary Fund Financial Statements use the same principles as those used in the Government-Wide Financial Statements.

H. Deferred Outflows/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 or fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports deferred employer pension contributions and other deferrals related to the Town's pension plans in this category in the government-wide and enterprise funds' statements of net position.

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. The Town reports certain deferrals related to the Town's pension plans in this category in the government-wide and enterprise funds' statements of net position.

Town of Yountville
Notes to Basic Financial Statements
For the year ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

I. Net Position

Government-Wide Financial Statements

In the Government-Wide Financial Statements, net position is classified in the following categories:

Net Investment in Capital Assets - This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets.

Restricted - This amount is restricted by external creditors, grantors, contributors, or laws or regulations of governments.

Unrestricted - This amount is all net position that do not meet the definition of "net investment in capital assets" or "restricted net position" as defined above.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the Town's policy is to apply restricted net position first.

J. Fund Balances

Fund Financial Statements

In February 2009, the Governmental Accounting Standards Board (GASB) issued Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54). The new classifications of fund balances are listed below:

Nonspendable Fund Balances

Nonspendable represents balances set aside to indicate items that do not represent available, spendable resources even though they are a component of assets. Fund balances required to be maintained intact, such as Permanent Funds, and assets not expected to be converted to cash, such as prepaids, notes receivable, and land held for redevelopment are included. However, if proceeds realized from the sale or collection of nonspendable assets are restricted, committed, or assigned, then Nonspendable amounts are required to be presented as a component of the applicable category.

Restricted Fund Balances

Restricted fund balances have external restrictions imposed by creditors, grantors, contributors, laws, regulations, or enabling legislation which requires the resources to be used only for specific purpose. Encumbrances and nonspendable amounts subject to restrictions are included along with spendable resources.

Town of Yountville
Notes to Basic Financial Statements
For the year ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

L. Fund Balances, Continued

Committed Fund Balances

Committed fund balances have constraints imposed by passage of a Resolution of the Town Council which may be altered only by Resolution of the Town Council. Encumbrances and nonspendable amounts subject to Council commitments are included along with spendable resources. The Town considers Resolutions to be the highest level action that can be taken by Council that constitutes the most binding constraint.

Assigned Fund Balances

Assigned fund balances are amounts constrained by the Town's intent to be used for a specific purpose, but are neither restricted nor committed. Intent is expressed by the Town Council or its designee and may be changed at the discretion of the Town Council or its designee. This category includes encumbrances; nonspendable amounts, when it is the Town's intent to use proceeds or collections for a specific purpose, and residual fund balances, if any, of Special Revenue, Capital Projects, and Debt Service Funds, which have not been restricted or committed. The Town Council has not delegated the authority to make assignments of fund balance, and assign fund balance by majority vote.

Unassigned Fund Balance

Unassigned fund balance represents residual amounts that have not been restricted, committed, or assigned. This includes the residual general fund balance and residual fund deficits, if any, of other governmental funds.

Hierarchy of Expenditures to Classify Fund Balance Amounts

For expenditures made in any governmental fund, the restricted amounts will be reduced first, followed by committed amounts, assigned amounts, and then unassigned amounts.

M. Pension

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 Town's California Public Employees' Retirement System (CalPERS) plan (Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Town of Yountville
Notes to Basic Financial Statements
For the year ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

N. *Compensated Absences and Other Postemployment Benefits*

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the Town does not have a policy to pay any amounts when employees separate from service with the Town. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements or the Town believes it will have to use current resources to liquidate such obligations. Obligations for other postemployment benefits such as retiree medical plans are estimated based upon actuarial valuations of the plans. Compensated absences in the governmental activities are liquidated primarily by using general fund resources.

O. *Use of Estimates*

The preparation of the Basic Financial Statements in conformity with GAAP requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. In addition, estimates affect the reported amount of expenses. Actual results could differ from these estimates and assumptions.

P. *New Pronouncements*

In 2016, the Town adopted new accounting standards in order to conform to the following Governmental Accounting Standards Board Statements:

GASB Statement No. 72, Fair Value Measurement and Application– This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is 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. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. There was no impact on beginning net position as part of implementation of this accounting standard.

GASB Statement No. 73 – Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendment to Certain Provisions of GASB Statements 67 and 68– The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. There was no impact on beginning net position as part of implementation of this accounting standard.

Town of Yountville
Notes to Basic Financial Statements
For the year ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

P. New Pronouncements, Continued

GASB Statement No. 76 – *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*– The objective of this Statement is to identify –in the context of the current governmental financial reporting environment –the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. There was no impact on beginning net position as part of implementation of this accounting standard.

GASB Statement No. 79 – *Certain External Investment Pools and Pool Participants (some requirements do not need to be implemented until 2017)* - This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. Significant noncompliance prevents the external investment pool from measuring all of its investments at amortized cost for financial reporting purposes. Professional judgment is required to determine if instances of noncompliance with the criteria established by this Statement during the reporting period, individually or in the aggregate, were significant. There was no impact on beginning net position as part of implementation of this accounting standard.

- GASB Statement No. 82, *Pension Issues – An Amendment of GASB Statement No. 67, No. 68, and No. 73* - This Statement addresses certain issues that had been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in the required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The City updated covered employee payroll information in the required supplementary information as part of implementation of this accounting standard. There was no impact on beginning net position as part of implementation of this accounting standard.

Town of Yountville
Notes to Basic Financial Statements
For the year ended June 30, 2016

2. CASH AND INVESTMENTS

Cash and investments are reported in the accompanying financial statements as follows:

	<u>Government-Wide Statement of Net Position</u>			
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Cash and investments	\$ 7,002,778	\$ 6,560,553	\$ 406,794	\$ 13,970,125
Restricted cash and investments	672,933	-	-	672,933
Public agencies retirement services pool	-	-	1,940,516	1,940,516
Total cash and investments	\$ 7,675,711	\$ 6,560,553	\$ 2,347,310	\$ 16,583,574

A. Summary of Cash and Investments

Cash and investments as of June 30, 2016 consist of the following:

Deposits:	
Cash on hand	\$ 500
Deposits with financial institution	<u>6,174,489</u>
Total deposits	<u>6,174,989</u>
Investments:	
Local Agency Investment funds	<u>7,795,136</u>
Total investments	<u>7,795,136</u>
Total City Treasury	<u>13,970,125</u>
Restricted cash and investments	
Cash with fiscal agent	<u>672,933</u>
Total restricted cash and investments	<u>672,933</u>
PARS OPEB investments	<u>1,940,516</u>
Total cash and investments	<u>\$ 16,583,574</u>

Town of Yountville
Notes to Basic Financial Statements
For the year ended June 30, 2016

2. CASH AND INVESTMENTS, Continued

B. Deposits

The carrying amount of the Town’s cash deposit was \$6,174,487 at June 30, 2016. Bank balances before reconciling items were a positive amount of \$6,231,403 at June 30, 2016. The Town has waived the collateral requirements for cash deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation. The remaining amount was collateralized with securities held by the pledging financial institutions in the Town’s name.

The California Government Code (Code) requires California banks and savings and loan associations to secure the Town’s cash deposits by pledging securities as collateral. The Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the Town's name.

The market value of pledged securities must equal at least 110% of the Town’s cash deposits. California law also allows institutions to secure Town deposits by pledging first trust deed mortgage notes having a value of 150% of the Town’s total cash deposits.

The Town follows the practice of pooling cash and investments of all funds, except for funds required to be held by fiscal agents under the provisions of bond indentures. Interest income earned on pooled cash and investments is allocated to the various funds based on the period-end cash and investment balances. Interest income from cash and investments with fiscal agents is credited directly to the related fund.

C. Investments

Under the provisions of the Town’s investment policy, and in accordance with the Code, the following investments are authorized:

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Securities issued by the U.S. Treasury	N/A	No limit	No limit
U.S. Agency Securities and Instrumentalities	N/A	No limit	No limit
Local Agency Investment Fund	N/A	No limit	No limit
Insured Savings Accounts	N/A	No limit	No limit
California Asset Management Program (CAMP)	N/A	No limit	No limit
Banker's acceptances	180 days	40%	5% of portfolio
Time Deposits	N/A	25%	5% of portfolio
Money Market/Mutual Funds	N/A	15%	5% of portfolio
Prime Commercial Paper	270 days	25%	5% of portfolio
Medium-term Corporate Notes	5 years	30%	5% of portfolio

Town of Yountville
Notes to Basic Financial Statements
For the year ended June 30, 2016

2. CASH AND INVESTMENTS, Continued

C. Investments, Continued

Investments are stated at fair value using the aggregate method in all funds, resulting in the following investment income in all funds:

Interest income	\$	37,346
Unrealized gain in changes in fair value of investments		<u>4,840</u>
Total investment income	\$	<u>42,186</u>

The Town's portfolio value fluctuates in an inverse relationship to any change in interest rate. Accordingly, if interest rates rise, the portfolio value will decline. If interest rates fall, the portfolio value will rise. The portfolio for year-end reporting purposes is treated as if it were all sold. Therefore, fund balance must reflect the portfolio's change in value. These portfolio value changes are unrealized unless sold. Generally the Town's practice is to buy and hold investments until maturity dates. Consequently, the Town's investments are carried at fair value.

The Town is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The Town's investments with LAIF at June 30, 2016, include a portion of the pool funds invested in Structured Notes and Asset-Backed Securities. These investments include the following:

Structured Notes - are debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or have embedded forwards or options.

Asset-Backed Securities - the bulk of which are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as Collateralized Mortgage Obligations) or credit card receivables.

As of June 30, 2016, the Town had \$7,795,136 invested in LAIF, which had invested 2.81% of the pool investment funds in Structured Notes and Asset-Backed Securities as compared to 2.08% in the previous year. The LAIF fair value factor of 1.000621222 was used to calculate the fair value of the investments in LAIF.

Town of Yountville
Notes to Basic Financial Statements
For the year ended June 30, 2016

2. CASH AND INVESTMENTS, Continued

D. Risk Disclosures

Interest Risk: Interest rate risk is the market value fluctuation due to overall changes in the interest rates. It is mitigated by limiting the average maturity of the Town’s portfolio not to exceed three years.

Investments held in the Town Treasury grouped by maturity date at June 30, 2016, are shown below:

Investment Type	Fair Value	Investment Maturities (in years)				
		1 year or Less	1 - 2 years	2 - 3 years	3 - 4 years	5 years or More
Local Agency Investment Fund	7,795,136	7,795,136	-	-	-	-
Total	\$ 7,795,136	\$ 7,795,136	\$ -	\$ -	\$ -	\$ -

Credit Risk: Credit risk is the risk of loss of value of a security or investment due to downgrade of its rating due to a change in the ability of the issuer to fulfill its debt obligation. With the exception of U.S. Treasury securities and authorized pools, no more than 50% of the Town’s total investment portfolio will be invested in a single security type or with a single financial institution to reduce the Town’s exposure to credit risks.

At June 30, 2016, the Town’s deposits and investments were rated as follows:

	Credit Quality Ratings	
	Moody's	S&P
Investments:		
Local Agency Investment Funds	Not Rated	Not Rated

Custodial Credit Risk: : For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or the collateral securities that are in the possession of an outside party. None of the Town's investments were invested in specific securities. All monies were invested in the LAIF or mutual funds with such investments not being evidenced by specific securities; and therefore not subject to custodial credit risk.

E. Investment Valuation

Investments (except money market accounts that are included as part of restricted cash and investments) are measured at fair value on a recurring basis. *Recurring* fair value measurements, are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset’s fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Town of Yountville
Notes to Basic Financial Statements
For the year ended June 30, 2016

2. CASH AND INVESTMENTS, Continued

E. Investment Valuation, Continued

Investments' fair value measurements at June 30, 2016 are described below:

Investment Type	Fair Value	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
Local Agency Investment Fund	\$ 7,795,136	\$ -	\$ 7,795,136	\$ -
Total	\$ 7,795,136	\$ -	\$ 7,795,136	\$ -

The Town's fair value for its investment in the State of California Local Agency Investment Fund (LAIF) is based on the fair market value factors provided by LAIF that are calculated based on the total fair market value of the pool. LAIF includes investments categorized as Level 1 such as United States Treasury securities, Federal Agency securities, and supranational debentures that are valued based on prices quoted in active markets and investments categorized as Level 2 such as negotiable certificates of deposit and bank notes that are based on market corroborated pricing utilizing inputs such as yield curves and indices that are derived principally from or corroborated by observable market data by correlation to other means. The District categorized its investments in LAIF based on the lowest significant input used to determine the fair market value of the total pool.

3. RECEIVABLES

Revenues of the water and wastewater enterprises are reported net of uncollectible amounts.

The \$ 1,418,190 in notes receivable held by the Town as of June 30, 2016, consists primarily of a \$1,100,000 note related to an affordable housing project developed within the Town. The note bears no interest and matures in 2066. The note is secured by a deed of trust and assignment of rents, and is subordinate to a first and second deed of trust from other parties having provided financing for the project. The remaining \$318,190 consists of three notes with a principal balance of \$203,500 plus earned interest of \$114,690 all deferred and payable only at maturity or upon transfer or sale of the underlying property.

Town of Yountville
Notes to Basic Financial Statements
For the year ended June 30, 2016

4. INTERFUND TRANSACTIONS

A. Loans To and From Other Funds

At June 30, 2016, the Town had the following interfund balances:

<u>Loans to other fund</u>	<u>Loans from other funds</u>		<u>Total</u>
	<u>Non-Major Governmental Funds</u>	<u>Wastewater Fund</u>	
General Fund	\$ 39,111	\$ -	\$ 39,111
Debt Service Fund	-	315,000	315,000
Total	<u>\$ 39,111</u>	<u>\$ 315,000</u>	<u>\$ 354,111</u>

The Debt Service Fund provided interfund loans to the Wastewater Enterprise Funds to provide needed cash flow to the wastewater utility enterprise fund for operations and the Wastewater Recycled Water Project. The General Fund provided loans to other governmental funds to provide funding for programs.

B. Transfers

At June 30, 2016, the Town had the following transfers in/out which arise in the normal course of operations.

<u>Transfers Out</u>	<u>Transfers In</u>		<u>Total</u>
	<u>Capital Project Fund</u>	<u>Non-Major Governmental Funds</u>	
General Fund	\$ 2,000,000	\$ 1,001,555	\$ 3,001,555
Total	<u>\$ 2,000,000</u>	<u>\$ 1,001,555</u>	<u>\$ 3,001,555</u>

Transfers from the General Fund to the Capital Projects Fund and Debt Service Fund were to regular capital projects and debt service activity of the Town.

Town of Yountville
Notes to Basic Financial Statements
For the year ended June 30, 2016

5. CAPITAL ASSETS

Changes in capital assets during the year ended June 30, 2016, are comprised of the following:

	Balance as of June 30, 2015	Additions	Deletions	Transfers	Balance at June 30, 2016
Government activities					
Capital assets not being depreciated:					
Land	\$ 1,441,112	\$ -	\$ -	\$ -	\$ 1,441,112
Construction in progress	2,265,763	5,868,694	(54,918)	(2,099,853)	5,979,686
Total capital assets not being depreciated	<u>3,706,875</u>	<u>5,868,694</u>	<u>(54,918)</u>	<u>(2,099,853)</u>	<u>7,420,798</u>
Capital assets being depreciated:					
Buildings	19,687,634	-	-	-	19,687,634
Improvements other than buildings	3,097,742	-	-	-	3,097,742
Machinery and equipment	946,575	65,505	-	-	1,012,080
Infrastructure	13,212,087	-	-	2,099,853	15,311,940
Total capital assets being depreciated	<u>36,944,038</u>	<u>65,505</u>	<u>-</u>	<u>2,099,853</u>	<u>39,109,396</u>
Less accumulated depreciation for:					
Buildings	(2,984,845)	(440,300)	-	-	(3,425,145)
Improvements other than buildings	(984,596)	(99,693)	-	-	(1,084,289)
Machinery and equipment	(545,296)	(57,613)	-	-	(602,909)
Infrastructure systems	(2,548,221)	(375,301)	-	-	(2,923,522)
Total accumulated depreciation	<u>(7,062,958)</u>	<u>(972,907)</u>	<u>-</u>	<u>-</u>	<u>(8,035,865)</u>
Total capital assets, being depreciated, net	<u>29,881,080</u>	<u>(907,402)</u>	<u>-</u>	<u>2,099,853</u>	<u>31,073,531</u>
Government activities capital assets, net	<u>\$ 33,587,955</u>	<u>\$ 4,961,292</u>	<u>\$ (54,918)</u>	<u>\$ -</u>	<u>\$ 38,494,329</u>

Town of Yountville
Notes to Basic Financial Statements
For the year ended June 30, 2016

5. CAPITAL ASSETS, Continued

	Balance as of June 30, 2015	Additions	Deletions	Transfers	Balance at June 30, 2016
Business-type activities					
Capital assets not being depreciated:					
Land	\$ 5,091	\$ -	\$ -	\$ -	\$ 5,091
Construction in progress	3,688,172	160,910	(24,202)	(62,132)	3,762,748
Total capital assets not being depreciated	<u>3,693,263</u>	<u>160,910</u>	<u>(24,202)</u>	<u>(62,132)</u>	<u>3,767,839</u>
Capital assets being depreciated:					
Buildings	40,001	-	-	-	40,001
Systems	12,936,291	-	-	30,652	12,966,943
Machinery and equipment	979,919	-	-	31,480	1,011,399
Total capital assets being depreciated	<u>13,956,211</u>	<u>-</u>	<u>-</u>	<u>62,132</u>	<u>14,018,343</u>
Less accumulated depreciation for:					
Buildings	(18,673)	(1,334)	-	-	(20,007)
Systems	(5,388,631)	(273,235)	-	-	(5,661,866)
Machinery and equipment	(681,644)	(26,617)	-	-	(708,261)
Total accumulated depreciation	<u>(6,088,948)</u>	<u>(301,186)</u>	<u>-</u>	<u>-</u>	<u>(6,390,134)</u>
Total capital assets, being depreciated, net	<u>7,867,263</u>	<u>(301,186)</u>	<u>-</u>	<u>62,132</u>	<u>7,628,209</u>
Business-type activities capital assets, net	<u>\$ 11,560,526</u>	<u>\$ (140,276)</u>	<u>\$ (24,202)</u>	<u>\$ -</u>	<u>\$ 11,396,048</u>

A. Capital Asset Contributions

Some capital assets may be acquired using federal and State grant funds, or they may be contributed by developers or other governments. GASB Statement 34 requires that these contributions be accounted for as revenues at the time the capital assets are contributed.

Town of Yountville
Notes to Basic Financial Statements
For the year ended June 30, 2016

5. CAPITAL ASSETS, Continued

B. Depreciation Allocation

Depreciation expense is charged to functions and programs based on their usage of the related assets. The amounts allocated to each function or programs are as follows:

Governmental Activities:

General Government	\$	126,883
Infrastructure and public works		453,746
Parks and recreation		392,278
Total Governmental Activities	\$	972,907

Business-Type Activities:

Water	\$	60,763
Wastewater		240,423
Total Business-Type Activities	\$	301,186

Town of Yountville
Notes to Basic Financial Statements
For the year ended June 30, 2016

6. LONG-TERM DEBT

During the year ended June 30, 2016, the following changes occurred in liabilities reported in long-term debt:

	July 1, 2015	Additions	Deletions	June 30, 2016	Due within one year	Due in more than one year
Governmental activities:						
Capital lease	\$ 753,361	\$ -	\$ 244,595	\$ 508,766	\$ 251,063	\$ 257,703
Lease revenue bonds 2008	9,760,000	-	215,000	9,545,000	225,000	9,320,000
Lease revenue bonds 2013	3,635,000	-	270,000	3,365,000	270,000	3,095,000
Lease revenue bonds 2013 original issue premium	10,506	-	875	9,631	-	9,631
<i>Subtotal bonds payable</i>	<u>13,405,506</u>	<u>-</u>	<u>485,875</u>	<u>12,919,631</u>	<u>495,000</u>	<u>12,424,631</u>
CEC loan	137,878	-	16,645	121,233	17,159	104,074
Compensated absences	177,489	128,565	127,867	178,187	21,000	157,187
Total governmental activities	<u>\$ 14,474,234</u>	<u>\$ 128,565</u>	<u>\$ 874,982</u>	<u>\$ 13,727,817</u>	<u>\$ 784,222</u>	<u>\$ 12,943,595</u>
Business type activities:						
PG&E Loan	\$ 87,675	\$ -	\$ 12,525	\$ 75,150	\$ 12,525	\$ 62,625
State Revolving Loan	2,725,340	-	119,742	2,605,598	115,154	2,490,444
<i>Subtotal loans payable</i>	<u>2,813,015</u>	<u>-</u>	<u>132,267</u>	<u>2,680,748</u>	<u>127,679</u>	<u>2,553,069</u>
Compensated absences	31,229	78,315	41,261	68,283	7,000	61,283
Total business type activities	<u>\$ 2,844,244</u>	<u>\$ 78,315</u>	<u>\$ 173,528</u>	<u>\$ 2,749,031</u>	<u>\$ 134,679</u>	<u>\$ 2,614,352</u>

A. Capital Lease

The Town in fiscal year 2004 entered into a capital lease arrangement with Zions First National Bank in an original amount of \$2,820,651 for the purpose of obtaining additional funding for the design and construction of a floodwall barrier within the Town to mitigate wet season flooding. Under the arrangement, the Town entered into a site lease and a lease agreement with the bank wherein the Town effectively agreed to make lease payments to the bank in exchange for the financing of the project. The lease bears interest in two components with a fixed rate component having rates of 1.813 % to 3.790 % on an initial principal balance of \$1,828,997 which amount will fully amortize over ten years with the final principal maturing on February 1, 2014. The other component is a variable rate on an initial principal balance of \$991,654 and is payable interest only to August 1, 2014 and then fully amortizes the principal balance over the remaining four years. The variable component bears interest at 2.626 percent through February 1, 2009. On February 1, 2009 and 2014, the interest rate is to be adjusted equal to 85 percent of a specified index rate. Effective February 1, 2013, the Town requested and the Bank agreed to convert the variable rate to a fixed rate of 1.95 percent for the remainder of the lease.

Town of Yountville
Notes to Basic Financial Statements
For the year ended June 30, 2016

6. LONG-TERM DEBT, Continued

A. Capital Lease, Continued

The Town has pledged as security for repayment of the lease, all tax revenues under a funding agreement with the Napa County Flood Protection and Watershed Improvement Authority. Under the agreement, Measure A Funds (a local special tax levied on a County wide-basis and allocated to jurisdictions within the County) are to be allocated to the Town in amounts sufficient to enable the Town to make the required lease payments. The Town has capitalized as governmental-type activities infrastructure the underlying capital asset at a historical cost of \$6,353,144 with accumulated depreciation of \$1,398,312 through June 30, 2016.

Future debt service on the lease is as follows:

Fiscal Year	Minimum Lease Payments
2017	\$ 259,768
2018	261,479
Total Payments Due	521,247
Less amount representing interest	(12,481)
Net present value of future minimum lease payments	<u>\$ 508,766</u>

B. 2008 Lease Revenue Bonds

The Town formed the Yountville Finance Authority pursuant to a joint powers agreement between the Town of Yountville and the Parking Authority of the Town of Yountville for the purpose to assist in the financing of public capital improvements. The Authority issued \$10,710,000 in its 2008 Lease Revenue Bonds, entered into a Site Lease with the Town of Yountville and a Facilities Lease with the Town of Yountville wherein the Town essentially agreed to make all principal and interest payments on the 2008 Lease Revenue Bonds. The lease obligation payable and lease receivable between the Town and its blended component units have been eliminated from the accompanying financial statements.

The bonds consist of \$5,035,000 in serial bonds and \$5,675,000 in term bonds. The bonds bear interest at rates of 4.0 to 5.0 percent payable each April 1 and October 1 through 2039. The bonds are subject to optional early redemption without premium commencing October 1, 2018 at the option of the Town. The term bonds are subject to mandatory sinking fund early redemptions commencing October 2029 for the term bonds maturing in 2033 and commencing October 2034 for the term bonds maturing in 2039. The Town has pledged up to one sixth of its annual transient occupancy tax revenues (a local hotel tax) equal in maximum to the annual debt service on the lease revenue bonds as security for repayment of the bonds. The Town accounts for the bonds in its governmental activities and transient occupancy tax revenues are accounted for in the Town’s general fund.

Town of Yountville
Notes to Basic Financial Statements
For the year ended June 30, 2016

6. LONG-TERM DEBT, Continued

B. 2008 Revenue Bonds, Continued

Future debt service on the lease revenue bonds is as follows:

Year Ending June 30,	Principal	Interest	Total
2017	\$ 225,000	\$ 441,499	\$ 666,499
2018	235,000	431,124	666,124
2019	250,000	418,999	668,999
2020	260,000	407,549	667,549
2021	270,000	396,949	666,949
2022-2026	1,535,000	1,801,460	3,336,460
2027-2031	1,915,000	1,415,223	3,330,223
2032-2036	2,435,000	896,922	3,331,922
2037-2041	2,420,000	243,263	2,663,263
Totals	<u>\$ 9,545,000</u>	<u>\$ 6,452,986</u>	<u>\$ 15,997,986</u>

C. 2013 Lease Revenue Bonds

The Town formed the Yountville Finance Authority pursuant to a joint powers agreement between the Town of Yountville and the Parking Authority of the Town of Yountville for the purpose to assist in the financing of public capital improvements. The Authority issued \$4,260,000 in its 2013 Lease Revenue Bonds, entered into a Site Lease with the Town of Yountville and a Facilities Lease with the Town of Yountville wherein the Town essentially agreed to make all principal and interest payments on the 2013 Lease Revenue Bonds. The lease obligation payable and lease receivable between the Town and its blended component units have been eliminated from the accompanying financial statements.

The bonds consist of \$4,260,000 in serial bonds. The bonds bear interest at rates of 2.0 to 3.0 percent payable each June and December 1 through 2027. The bonds are subject to optional early redemption without premium commencing June 1, 2019 at the option of the Town. The Town has pledged no specific revenues for repayment of the bonds. The Town has agreed to include the lease payments due to its Authority (and assigned by the Authority to the bond trustee) in its annual budgets and to make annual appropriations therefor.

Town of Yountville
Notes to Basic Financial Statements
For the year ended June 30, 2016

6. LONG-TERM DEBT, Continued

B. 2013 Revenue Bonds, Continued

The Town accounts for the bonds in its governmental activities and uses general fund resources to fund the principal and interest payments. Future debt service on the lease revenue bonds is as follows:

Year Ending June 30,	Principal	Interest	Total
2017	\$ 270,000	\$ 85,213	\$ 355,213
2018	280,000	79,813	359,813
2019	285,000	74,213	359,213
2020	290,000	68,513	358,513
2021	295,000	62,713	357,713
2022-2026	1,595,000	195,700	1,790,700
2027-2027	350,000	10,500	360,500
Totals	<u>\$ 3,365,000</u>	<u>\$ 576,665</u>	<u>\$ 3,941,665</u>

D. CEC Loan

In fiscal year 2011, the Town entered into a loan arrangement with the California Energy Commission (CEC) for the purpose of obtaining financing for energy conservation improvements to Town facilities. The original loan amount was \$200,000, bears interest at 3 percent per annum, and matures December 22, 2022. The loan is payable in semi-annual installments of \$10,334 due each June 22 and December 22. Future debt service on the loan is:

Year Ending June 30,	Principal	Interest	Total
2017	\$ 17,159	\$ 3,510	\$ 20,669
2018	17,678	2,991	20,669
2019	18,212	2,457	20,669
2020	18,758	1,910	20,668
2021	19,330	1,338	20,668
2022-2023	30,096	907	31,003
Totals	<u>\$ 121,233</u>	<u>\$ 13,113</u>	<u>\$ 134,346</u>

Town of Yountville
Notes to Basic Financial Statements
For the year ended June 30, 2016

6. LONG-TERM DEBT, Continued

E. PG&E Loan

The Town obtained a no interest \$115,856 loan from PG&E for the purpose of financing a wastewater methane capture project. The loan is payable in monthly installments of \$1,044 or \$12,525 for each of the next seven years. The loan is accounted for in the Town's wastewater enterprise fund. The outstanding balance of the loan as of June 30, 2016 was \$75,150.

F. State Revolving Fund Loan

In fiscal 2014, the Town obtained a \$3,465,362 State Revolving Fund Loan for the purpose of financing the Yountville Water Recycling Expansion Project. The loan is a draw down as costs are incurred type of loan. As of June 30, 2016, the Town had received \$2,717,196 in loan proceeds. The loan and project are accounted for in the Town's wastewater enterprise fund. The loan has a term of 20 years and matures September 19, 2034, is repayable in annual installments and bears interest at 1.9 percent.

Installment payments commence September 19, 2015. The original annual future payments were to be about \$212,004 a year until the loan is repaid in full. The actual future repayment amounts are unknown at this time as the amount is dependent upon the dates the actual loan proceeds are received by the Town. In addition, the ultimate amount of the \$3,465,362 to be drawn down by the Town is not determinable at present pending actual project costs. In addition, the Town may not draw down the entire loan as a result of a \$1.4 million dollar contribution for the project made to the Town by the Veterans Home of California.

G. Compensated Absences

Compensated absences comprise of unpaid vacation and are accrued as earned. The Town's liability for compensated absences is recorded in various governmental funds. The liability for compensated absences is determined annually. Compensated absences are reported in governmental funds only if they have matured. The long-term portion of governmental activities compensated absences is liquidated primarily by the general fund.

Town of Yountville
Notes to Basic Financial Statements
For the year ended June 30, 2016

7. RISK MANAGEMENT

The Town 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 Town obtains insurance coverages.

The Town is a member of the Public Agency Risk Sharing Authority of California, a joint powers authority, which provides joint protection programs for public entities covering automobile, general liability, errors and omission losses, workers compensation, and property claims. Under the program, the Town has a \$10,000 retention limit similar to a deductible with the Authority being responsible for losses above that amount up to \$990,000. The Authority carries excess commercial liability policy of \$34 million in excess of its \$1 million retention limit to cover losses up to \$34 million through affiliated risk management authorities. The Authority also provides one billion dollars aggregate per occurrence property coverage to its members with such coverage provided by purchased insurance.

The Authority covers workers compensation claims up to its self-insurance limit of \$500,000. The Local Agency Workers Compensation Excess Pool provides excess coverage for an additional \$4.5 million. The Authority purchases commercial coverage for an additional \$45 million. The Town pays an annual premium to the Authority; the Town may share in any surplus revenues or may be required to pay additional assessments based upon the Authority's operating results. There is no Town deductible for the workers compensation insurance coverage, thus all losses are paid by the Authority on a first-dollar basis. The Town paid no material uninsured losses during the 2015-2016 fiscal year. Financial statements of the Risk Sharing Authority may be obtained from their administrative offices located at 1525 Response Road, Suite One, Sacramento, California 95815.

Liabilities of the Town are reported 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 coverages for each of the past three fiscal years. There were no material unpaid and uninsured claims outstanding at the beginning or end of the last two fiscal years.

Town of Yountville
Notes to Basic Financial Statements
For the year ended June 30, 2016

8. JOINTLY GOVERNED ORGANIZATIONS

Jointly governed organizations are regional government or other multi-government arrangements that are jointly governed by representatives from each of the governments that create the organizations, but that are not joint ventures because the participants do not retain an ongoing financial interest or responsibility. The Town is a participant in the following jointly governed organizations:

A. *Public Agency Risk Sharing Authority of California*

The Town of Yountville is a member of Public Agency Risk Sharing Authority of California. The Authority, under the terms of a Joint Powers Agreement with the Town of Yountville and several other cities and governmental agencies, provides insurance coverage for general liability, automobile liability, and workers compensation claims. Under the arrangement, the Authority purchases liability, automobile liability, and workers compensation insurance and charges participating cities and governmental agencies in amounts planned to match expenses of insurance premiums, estimated payments resulting from self-insurance programs, and operating expenses. The Town's obligations are limited to contributions to pay for related insurance premiums.

B. *Napa Valley Housing Authority*

The Town is a member of the Napa Valley Housing Authority created to provide subsidized public housing and related assistance. The Authority was created pursuant to a Joint Powers Agreement, and the Town's obligations are limited to providing funds for a pro rata share of the Authority's operating costs.

C. *Upper Valley Waste Management Agency*

The Town is a member of the Agency along with the City of Calistoga, City of St. Helena, and County of Napa. The Agency was formed to provide for economical regional waste management services including uniform rate reviews. Funding for operations is provided from a surcharge placed on landfill dumping fees.

D. *Napa Valley Housing Authority*

The Town is a member of the Napa Valley Housing Authority created to provide subsidized public housing and related assistance. The Authority was created pursuant to a Joint Powers Agreement, and the Town's obligations are limited to providing funds for a pro rata share of the Authority's operating costs.

E. *Napa County Transportation and Planning Agency*

The Town is a member of this Joint Powers Agency formed for the purpose of developing transportation planning throughout the County. The Town's obligation is limited to serving on the Agency's committees.

Town of Yountville
Notes to Basic Financial Statements
For the year ended June 30, 2016

8. JOINTLY GOVERNED ORGANIZATIONS

F. Transit Services Arrangement

The Town is party to an agreement with the City of Calistoga, City of Napa, County of Napa, and the Volunteer Center of Napa County (a private nonprofit organization) for the purpose of providing transit-related services within the County. The Town's funding requirement is met by assignment of its TDA transit fund allocation to the County of Napa.

G. Flood Protection Sales Tax Joint Powers Agreement

The Town is a member of the Joint Powers Agency for the purpose of establishing a plan for the use and equitable distribution of the 1/2% Flood Protection Sales Tax which was passed by voters in March 1998. As a member the Town will receive allocations of the sales tax to be used for projects outlined in the agreement.

9. CONTINGENT LIABILITIES AND COMMITMENTS

A. Joint Wastewater Treatment Plant

Under its agreement with the State of California, the Town is obligated to provide capacity in its treatment facility for a maximum daily flow capacity not to exceed one million gallons per day originating from the Veterans Home of California. The annual operations and maintenance budget of the Town's wastewater enterprise is subject to approval by the State. The State is also required to approve any expansion of the treatment facility.

The State shall annually pay to the Town an amount equal to the State's share of the capital recovery cost of the joint wastewater treatment facility. The Town is obligated to contribute an annual capital recovery amount equal to the States share of the capital recovery cost of the joint wastewater treatment facility. The State's contributions and related investment earnings are restricted for use only upon those portions of the treatment facilities that benefit the State.

The Town's obligations to maintain, operate, and provide for replacement of the treatment facility are continuous subject to a three-year advance notice termination clause.

Town of Yountville
Notes to Basic Financial Statements
For the year ended June 30, 2016

10. RETIREMENT BENEFITS

A. Plan Description

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan) administered by the California Public Employees' Retirement System (CalPERS). The Plan consists of individual rate plans (benefit tiers) within a safety risk pool (police and fire) and a miscellaneous risk pool (all other.) Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous risk pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The Town sponsors three miscellaneous rate plans. Benefit provisions under the Plan are established by State statute and Town resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

B. 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 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employee's Retirement Law.

The rate plan provisions and benefits in effect at June 30, 2016 are summarized as follows:

	<u>Miscellaneous - Tier 1</u>	<u>Miscellaneous - Tier 2</u>
Hire Date	Prior to January 1, 2014	Prior to January 1, 2014
Benefit vesting schedule	5 years service	5 years service
Benefit payment	Monthly for life	Monthly for life
Retirement age	55	55
Monthly benefits, as a % of annual salary	2.0 - 2.7%	2%
Required employee contribution rates	8.00%	7.00%
Required employer contribution rates	10.958%	8.512%
Required payment for unfunded liability	\$ 206,587	\$ 286
	<u>Miscellaneous - PEPRA</u>	
Hire Date	On or after January 1, 2014	
Benefit vesting schedule	5 years service	
Benefit payments	Monthly for life	
Retirement age	62	
Monthly benefits, as a % of annual salary	2.00%	
Required employee contribution rates	6.250%	
Required employer contribution rates	6.237%	
Required payment for unfunded liability	\$ -	

Town of Yountville
Notes to Basic Financial Statements
For the year ended June 30, 2016

10. RETIREMENT PLANS, Continued

B. Benefits Provided, Continued

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 actuarial basis, annually and is effective on July 1 following notice of a change in the rate. Funding contributions for the Plan 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 Town is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

The Town's contributions to the Plan for the year ended June 30, 2015 were \$387,070.

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

As of June 30, 2016, the Town reported a net pension liability for its proportionate share of the net pension liability of the Plan of \$2,946,153.

The Town's net pension liability for the Plan is measured as the proportionate share of the total net pension liability of the Plan. The net pension liability of the Plan is measured as of June 30, 2015, and the total pension liability for the Plan used to calculate the net pension liability was determined by actuarial valuations as of June 30, 2014 rolled forward to June 30, 2015 using standard update procedures. The Town's proportionate share of the net pension liability was based on the Town's plan liability and asset-related information where available, and proportional allocations of individual plan amounts as of the valuation date where not available.

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

Proportion - June 30, 2014	0.03937%
Proportion - June 30, 2015	0.04292%
Change - Increase (Decrease)	0.00356%

Town of Yountville
Notes to Basic Financial Statements
For the year ended June 30, 2016

10. RETIREMENT PLANS, Continued

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

For the year ended June 30, 2016, the Town recognized pension expense of \$132,468. At June 30, 2016, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Pension contributions subsequent to measurement date	\$ 428,289	\$ -
Changes of assumptions	-	233,732
Differences between expected and actual experience	24,705	-
Changes in employer's proportion	404,485	27,737
Differences between the employer's contribution and the employer's proportionate share of contributions	98,554	-
Net differences between projected and actual earnings on plan investments	-	117,173
	<u> </u>	<u> </u>
Total	<u>\$ 956,033</u>	<u>\$ 378,642</u>

\$428,289 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 ending June 30, 2016.

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

Measurement Period	
<u>Ending June 30:</u>	
2017	\$ 11,512
2018	8,490
2019	(20,674)
2020	149,774

Town of Yountville
Notes to Basic Financial Statements
For the year ended June 30, 2016

10. RETIREMENT PLANS, Continued

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

Actuarial Assumptions - The total pension liability in the June 30, 2014 actuarial valuations were determined using the following actuarial assumptions:

	<u>Miscellaneous Plans</u>
Valuation Date	June 30, 2014
Measurement Date	June 30, 2015
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Projected Salary Increase	Varies by entry age and service
Investment Rate of Return ⁽¹⁾	7.65%
Mortality	Derived by CalPERS membership data for all funds

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

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2014 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website.

Discount Rate - The discount rate used to measure the total pension liability was 7.65% for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). 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.

Town of Yountville
Notes to Basic Financial Statements
For the year ended June 30, 2016

10. RETIREMENT PLANS, Continued

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound 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 for each fund. 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.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	51.00%	5.25%	5.71%
Global Fixed Income	19.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	10.00%	6.83%	6.95%
Real Estate	10.00%	4.50%	5.13%
Infrastructure and Forestland	2.00%	4.50%	5.09%
Liquidity	2.00%	-0.55%	-1.05%
Total	100%		

(a) An expected inflation of 2.5% used for this period.

(b) An expected inflation of 3.0% used for this period.

Town of Yountville
Notes to Basic Financial Statements
For the year ended June 30, 2016

10. RETIREMENT PLANS, Continued

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

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

The following presents the Town's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the Town'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:

1% Decrease		6.65%
Net Pension Liability	\$	4,638,228
Current Discount Rate		7.65%
Net Pension Liability	\$	2,946,153
1% Increase		8.65%
Net Pension Liability	\$	1,549,150

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

Payable to the Pension Plan

At June 30, 2015 the Town reported a payable of \$0 for outstanding amount of contributions to the pension plan required for the year ended June 30, 2016.

11. OTHER POSTEMPLOYMENT BENEFITS

A. Plan Description

The Town of Yountville administers the Town's retired employees health care plan, a single employer defined benefit health care plan. The plan provides medical benefits to eligible retired Town employees and their beneficiaries. The Town's plan is affiliated with the State of California PERS in so far as the Town's health insurance premium payments are paid to the PERS. The PERS through an aggregation of single-employer plans pools administrative functions in regard to purchases of commercial health care policies and coverage. Town regulations and resolutions assign authority to establish and amend plan provisions to the Town. A separate OPEB Trust has been established by the Town.

Town of Yountville
Notes to Basic Financial Statements
For the year ended June 30, 2016

11. OTHER POSTEMPLOYMENT BENEFITS, Continued

B. Funding Policy

The contribution requirements of Plan members and the Town are established and may be amended by the Town. The required contribution is based on projected pay-as-you-go financing requirements, with additional amounts to prefund benefits as determined annually by the Town Council. For the fiscal year ended June 30, 2016, the Town contributed \$99,940 for current year premiums (100% of total premiums), \$32,155 for the implicit subsidy related to current year premiums, and \$209,430 to prefund benefits. Plan members receiving benefits contributed no amounts of the total premiums.

C. Annual OPEB Costs and Net OPEB Obligation

The Town's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of Governmental Accounting Standards Board (GASB) Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded liabilities over a period not to exceed 30 years.

The components of the Town's annual OPEB costs for the year, the amount actually contributed to the plan, and changes in the Town's net OPEB obligation (NOO) for the year ended June 30, 2015 are as follows:

Annual required contribution	\$ 338,435
Interest on net OPEB obligation	(13,295)
Amortization of net OPEB obligation	13,661
Annual OPEB cost	<u>338,801</u>
Payments made	<u>(341,525)</u>
Decrease in net OPEB obligation	(2,724)
Net OPEB obligation - beginning of the year	<u>(235,309)</u>
Net OPEB obligation - ending of year	<u><u>\$ (238,033)</u></u>

The following table presents the fund level allocation of the Net OPEB Obligation for the year ended June 30, 2015:

Fiscal Year	Annual OPEB Cost	Payments Made	Percentage of Annual OPEB Cost Contributed	Accumulative Net OPEB Obligation
6/30/2014	\$ 275,064	\$ 310,730	113%	\$ (226,846)
6/30/2015	\$ 284,325	\$ 292,788	103%	\$ (235,309)
6/30/2016	\$ 338,801	\$ 341,525	101%	\$ (238,033)

Town of Yountville
Notes to Basic Financial Statements
For the year ended June 30, 2016

11. OTHER POSTEMPLOYMENT BENEFITS, Continued

D. Funding Status and Funding Progress

As of July 1, 2015, the most recent actuarial valuation date, the plan was 35 percent funded. The actuarial accrued liability for benefits was \$4,921,140 and the actuarial value of plan assets was \$1,721,675, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,199,465. The funded ratio of the plan was 35.0%. The covered payroll (annual payroll of active employees covered by the plan) was \$2,355,762, and the ratio of the UAAL to the covered payroll was 135.8 percent.

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

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

D. Actuarial Methods and Assumptions

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

In the July 1, 2015 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 5.65 percent investment rate of return which is a blended rate of the expected long term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, an annual health care cost trend rate varies from 7.5 percent going to 4.5 percent, projected salary increases of 3.0 percent per year, and an inflation rate of 2.75 percent per year. Plan assets at July 1, 2015 were \$1,721,675 valued at market value. The UAAL is being amortized as a level percentage of projected payroll of 23 years, the remaining amortization period as of June 30, 2016. The amortization period is closed.

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Required Supplementary Information



**REQUIRED
SUPPLEMENTARY INFORMATION**

Town of Yountville
Required Supplementary Information
For the year ended June 30, 2016

BUDGETS AND BUDGETARY ACCOUNTING

A. Budgeting Procedures

The Town adopts a budget annually for all governmental fund types, except for capital projects. This budget is effective July 1 for the ensuing fiscal year. From the effective date of the budget, which is adopted at the fund level, the amounts stated therein as proposed expenditures become appropriations to the various Town departments. The legal level of budgetary control is the fund level. The Town Council may amend the budget by resolution during the fiscal year. The Town Manager has the authority to make adjustments to the operating budget between departments within the same fund. Transfers of operating budgets between funds, use of unappropriated fund balances, and significant changes in capital improvement project budgets require the approval of the Town Council.

Town of Yountville
Required Supplementary Information
For the year ended June 30, 2016

1. BUDGETS AND BUDGETARY ACCOUNTING, Continued

C. Budgetary Comparison Schedules

Budgetary Comparison Schedule, General Fund

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 1,186,200	\$ 1,156,200	\$ 1,145,492	\$ (10,708)
Sales taxes	1,270,000	1,120,000	1,452,602	332,602
Transient occupancy tax	6,400,000	6,500,000	6,808,527	308,527
Other taxes	157,000	157,000	284,381	127,381
Licenses and permits	57,000	57,581	75,400	17,819
Fines and forfeitures	2,000	3,300	4,962	1,662
Intergovernmental	108,000	109,300	123,987	14,687
Interest and rents	269,925	269,925	297,343	27,418
Charges for services	402,000	752,430	821,874	69,444
Miscellaneous	58,000	132,833	235,378	102,545
Total revenues	9,910,125	10,258,569	11,249,946	991,377
EXPENDITURES:				
Current:				
General government	3,144,275	3,066,873	2,561,963	504,910
Housing	40,620	40,620	33,220	7,400
Public safety	1,377,000	1,377,000	1,374,885	2,115
Public works	1,614,425	1,611,595	1,667,565	(55,970)
Community promotion	420,660	420,660	460,866	(40,206)
Parks and recreation	1,499,511	1,504,511	1,464,116	40,395
Capital Outlay	2,500	10,500	6,242	4,258
Debt service:				
Principal	16,170	16,650	16,645	5
Interest	4,500	4,030	4,024	6
Total expenditures	8,119,661	8,052,439	7,589,526	462,913
REVENUES OVER (UNDER) EXPENDITURES	1,790,464	2,206,130	3,660,420	1,454,290
OTHER FINANCING SOURCES (USES):				
Transfers out	(1,850,860)	(2,990,888)	(3,001,555)	10,667
Total other financing sources (uses)	(1,850,860)	(2,990,888)	(3,001,555)	10,667
Net change in fund balance	\$ (60,396)	\$ (784,758)	658,865	\$ 784,758
FUND BALANCE:				
Beginning of year, as restated			7,012,255	
End of year			\$ 7,671,120	

Town of Yountville
Required Supplementary Information
For the year ended June 30, 2016

2. DEFINED BENEFIT PENSION PLANS

A. Schedule of the City's Proportionate Share of the Net Pension Liability - Last 10 Years*

Fiscal year	<u>2016</u>	<u>2015</u>
Measurement date:	6/30/2015	6/20/2014
Proportion of the net pension liability	\$ 2,946,153	\$ 2,449,513
Proportionate share of the net pension liability	0.04292%	0.03937%
Covered payroll	\$ 2,116,105	\$ 2,023,677
Proportionate share of the net pension liability as percentage of covered payroll	139.23%	121.04%
Plan fiduciary net position as a percentage of the total pension liability	78.40%	79.82%

Note to Schedule

* - Fiscal year 2015 was the 1 st year of implementation

B. Schedule of Contributions - Last 10 Years*

Fiscal year	<u>2016</u>	<u>2015</u>
Contractually required contribution (actuarially determined)	\$ 428,289	\$ 387,070
Contribution in relation to the actuarially determined contributions	(428,289)	(387,070)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 2,310,300	\$ 2,116,105
Contributions as a percentage of covered payroll	18.54%	18.29%

Note to Schedule

Valuation date: 6/30/2013 6/30/2012

* - Fiscal year 2015 was the 1 st year of implementation

Town of Yountville
Required Supplementary Information
For the year ended June 30, 2016

3. OTHER POSTEMPLOYMENT BENEFITS

A schedule of funding progress for the two most recent actuarial valuations is presented below.

Actuarial Valuation Date *	Actuarial Asset Value	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll **	Unfunded Actuarial Liability as Percentage of Covered Payroll
6/30/2009	\$ -	\$ 2,177,000	\$ 2,177,000	0.0%	\$ 1,742,000	125.0%
7/1/2012	\$ 859,692	\$ 2,437,078	\$ 1,577,386	35.3%	\$ 1,907,340	82.7%
7/1/2015	\$ 1,721,675	\$ 4,921,140	\$ 3,199,465	35.0%	\$ 2,355,762	135.8%

* Based on the most recent actuarial valuation available

** Annual payroll of active employees covered by the plan

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Optional Supplementary Information

**Nonmajor funds combining financial statements and schedules,
comparative proprietary funds financial statements
and
schedule of capital assets used in governmental activities**



Photo by Angie Johnson

SUPPLEMENTARY INFORMATION

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NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Flood Mitigation Fund accounts for revenues and expenditures related to the FEMA Flood Hazard Mitigation Grant awarded to the Town in 1990. The project was completed in fiscal year 2004-05, and various mitigations have been accomplished since the barrier was constructed. Current Fund resources are to be utilized for capital improvement and maintenance of the Flood Barrier and its related system infrastructure.

Gas Tax Fund accounts for funds received from the State of California to use for street and highway related projects.

Tallent Lane Drainage accounts for the activities of the Tallent Lane Benefit District that was established to provide safer and improved access to properties fronting Tallent Lane.

Mesa Court Drainage Fund accounts for activities of the Mesa Court Drainage Benefit District that was established to correct drainage problems within the area of Mesa Court.

Impact Fees Fund accounts for financial activities relating to the Civic Facilities, Drainage and Flood Control, Parks and Recreation, Public Safety, and Traffic Facilities Impact Fees.

Fire Services Fund accounts for financial activities relating to the Fire Emergency Services Impact Fee that are restricted to be used to offset additional costs of personnel, facilities, and equipment required to meet demand on fire and medical services generated by new development.

Youth Programs Fund accounts for contributions to and fundraising efforts by Town staff for the purpose of providing sponsorship to Parks and Recreational programs for eligible youth participants that otherwise could not afford to participate.

Public Art Program Fund is used to account for certain monies paid by commercial applicants applying for building permits restricted for the acquisition, installation, improvement, and maintenance of physical artwork to be displayed in the Town for public view.

Housing Grant Program Fund is used to account for grant funds received for the CalHome Program from the California Department of Housing and Community Development that is restricted for the Owner Occupied Rehabilitation Program to fund necessary home improvement projects for low income eligible residents to bring their home up to current building code standards.

DEBT SERVICE FUNDS

Debt Service Fund is used to accumulate resources for repayment of the revenue bonds and capital lease arrangements.

Town of Yountville
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2016

	Special Revenue				
	Flood Mitigation	Gas Tax	Tallent Lane Drainage	Mesa Court Drainage	Impact Fees
ASSETS					
Cash and investments	\$ 179,240	\$ 39,769	\$ 13,833	\$ 47,497	-
Cash with fiscal agent	-	-	-	-	-
Receivables:					
Accounts Receivable	-	-	-	-	-
Intergovernmental	-	5,532	-	-	-
Interest receivable	139	47	10	35	-
Loan to other fund	-	-	-	-	-
Total assets	\$ 179,379	\$ 45,348	\$ 13,843	\$ 47,532	\$ -
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 2,093	\$ -	\$ -	\$ -
Advances from other fund	-	-	-	-	-
Total liabilities	-	2,093	-	-	-
Fund Balances:					
Restricted for debt service	-	-	-	-	-
Restricted for flood control	179,379	-	-	-	-
Restricted for streets	-	43,255	13,843	47,532	-
Restricted for youth programs	-	-	-	-	-
Restricted for fire services	-	-	-	-	-
Restricted for other	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	179,379	43,255	13,843	47,532	-
Total liabilities, deferred inflows of resources, and fund balances	\$ 179,379	\$ 45,348	\$ 13,843	\$ 47,532	\$ -

Special Revenue

Fire Services	Youth Programs	Public Art Program	Housing Grants Program	Debt Services	Total Non-Major Governmental Funds
\$ 29	\$ 31,430	\$ 131	\$ -	330,551	\$ 642,480
-	-	-	-	672,933	672,933
-	-	-	13,477	100	13,577
-	-	-	-	-	5,532
-	22	-	-	212	465
-	-	-	-	315,000	315,000
<u>\$ 29</u>	<u>\$ 31,452</u>	<u>\$ 131</u>	<u>\$ 13,477</u>	<u>\$ 1,318,796</u>	<u>\$ 1,649,987</u>
\$ -	\$ -	\$ -	\$ 3,105	-	\$ 5,198
-	-	-	13,490	25,621	39,111
-	-	-	16,595	25,621	44,309
-	-	-	-	1,293,175	1,293,175
-	-	-	-	-	179,379
-	-	-	-	-	104,630
-	31,452	-	-	-	31,452
29	-	-	-	-	29
-	-	131	-	-	131
-	-	-	(3,118)	-	(3,118)
<u>29</u>	<u>31,452</u>	<u>131</u>	<u>(3,118)</u>	<u>1,293,175</u>	<u>1,605,678</u>
<u>\$ 29</u>	<u>\$ 31,452</u>	<u>\$ 131</u>	<u>\$ 13,477</u>	<u>\$ 1,318,796</u>	<u>\$ 1,649,987</u>

Town of Yountville
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the year ended June 30, 2016

	Special Revenue				
	Flood Mitigation	Gas Tax	Tallent Lane Drainage	Mesa Court Drainage	Impact Fees
REVENUES:					
Licenses and permits	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	65,157	-	-	-
Interest	448	191	34	116	29
Miscellaneous	-	-	-	-	-
Total revenues	<u>448</u>	<u>65,348</u>	<u>34</u>	<u>116</u>	<u>29</u>
EXPENDITURES:					
Current:					
General Government	-	-	-	-	-
Housing	-	-	-	-	-
Public works	2,726	261	-	-	12,078
Capital outlay	-	87,877	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>2,726</u>	<u>88,138</u>	<u>-</u>	<u>-</u>	<u>12,078</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(2,278)</u>	<u>(22,790)</u>	<u>34</u>	<u>116</u>	<u>(12,049)</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(2,278)</u>	<u>(22,790)</u>	<u>34</u>	<u>116</u>	<u>(12,049)</u>
FUND BALANCES:					
Beginning of the year	<u>181,657</u>	<u>66,045</u>	<u>13,809</u>	<u>47,416</u>	<u>12,049</u>
End of year	<u>\$ 179,379</u>	<u>\$ 43,255</u>	<u>\$ 13,843</u>	<u>\$ 47,532</u>	<u>\$ -</u>

Special Revenue						Total Non-Major Governmental Funds
Fire Services	Youth Programs	Public Art Program	Housing Grants Program	Debt Services		
\$ -	\$ -	\$ 131	\$ -	\$ -		\$ 131
-	-	-	13,487	259,951		338,595
-	64	-	-	862		1,744
-	10,782	-	-	-		10,782
-	10,846	131	13,487	260,813		351,252
-	-	-	-	4,450		4,450
-	-	-	16,605	-		16,605
-	-	-	-	-		15,065
-	-	-	-	-		87,877
-	-	-	-	729,595		729,595
-	-	-	-	554,417		554,417
-	-	-	16,605	1,288,462		1,408,009
-	10,846	131	(3,118)	(1,027,649)		(1,056,757)
-	-	-	-	1,001,555		1,001,555
-	-	-	-	1,001,555		1,001,555
-	10,846	131	(3,118)	(26,094)		(55,202)
29	20,606	-	-	1,319,269		1,660,880
\$ 29	\$ 31,452	\$ 131	\$ (3,118)	\$ 1,293,175		\$ 1,605,678

Town of Yountville

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Flood Mitigation Special Revenue Fund

For the year ended June 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Interest	\$ 200	\$ 200	\$ 448	\$ 248
Total revenues	200	200	448	248
EXPENDITURES:				
Current:				
Public works	10,000	10,000	2,726	7,274
Total expenditures	10,000	10,000	2,726	7,274
Net change in fund balances	(9,800)	(9,800)	(2,278)	7,522
FUND BALANCES:				
Beginning of the year			181,657	
End of year			\$ 179,379	

Town of Yountville

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Gas Tax Special Revenue Fund

For the year ended June 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 91,200	\$ 72,409	\$ 65,157	\$ (7,252)
Interest	-	-	191	191
Total revenues	91,200	72,409	65,348	(7,061)
EXPENDITURES:				
Current:				
Public works	500	500	261	239
Capital outlay	85,000	118,380	87,877	30,503
Total expenditures	85,500	118,880	88,138	30,742
Net change in fund balances	5,700	(46,471)	(22,790)	23,681
FUND BALANCES:				
Beginning of the year			66,045	
End of year			\$ 43,255	

Town of Yountville

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Tallent Lane Drainage Special Revenue Fund

For the year ended June 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Interest	\$ 15	\$ 15	\$ 34	\$ 19
Total revenues	<u>15</u>	<u>15</u>	<u>34</u>	<u>19</u>
Net change in fund balances	<u>15</u>	<u>15</u>	34	<u>19</u>
FUND BALANCES:				
Beginning of the year			<u>13,809</u>	
End of year			<u>\$ 13,843</u>	

Town of Yountville

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Mesa Court Drainage Special Revenue Fund

For the year ended June 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Interest	\$ 50	\$ 50	\$ 116	\$ 66
Total revenues	<u>50</u>	<u>50</u>	<u>116</u>	<u>66</u>
Net change in fund balances	<u>50</u>	<u>50</u>	116	<u>66</u>
FUND BALANCES:				
Beginning of the year			<u>47,416</u>	
End of year			<u>\$ 47,532</u>	

Town of Yountville

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Impact Fees Special Revenue Fund

For the year ended June 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Charges for services	\$ -	\$ -	\$ -	\$ -
Interest	-	-	29	29
Total revenues	-	-	29	29
EXPENDITURES:				
Current:				
Public works	-	-	12,078	(12,078)
Total expenditures	-	-	12,078	(12,078)
Net change in fund balances	-	-	(12,049)	(12,049)
FUND BALANCES:				
Beginning of the year			12,049	
End of year			\$ -	

Town of Yountville

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Fire Services Special Revenue Fund

For the year ended June 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES:				
Beginning of the year			<u>29</u>	
End of year			<u>\$ 29</u>	

Town of Yountville

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Youth Programs Special Revenue Fund

For the year ended June 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Interest	\$ 20	\$ 20	\$ 64	\$ 44
Miscellaneous	5,000	5,000	10,782	5,782
Total revenues	5,020	5,020	10,846	5,826
EXPENDITURES:				
Current:				
Parks and recreation	5,000	5,000	-	5,000
Total expenditures	5,000	5,000	-	5,000
Net change in fund balances	20	20	10,846	10,826
FUND BALANCES:				
Beginning of the year			-	
End of year			\$ 10,846	

Town of Yountville

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Public Art Program Special Revenue Fund

For the year ended June 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ 131	\$ 131
Total revenues	-	-	131	131
Net change in fund balances	-	-	131	131
FUND BALANCES:				
Beginning of the year			-	
End of year			\$ 131	

Town of Yountville

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Youth Programs Special Revenue Fund

For the year ended June 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 830,000	\$ 830,000	\$ 13,487	\$ (816,513)
Total revenues	830,000	830,000	13,487	(816,513)
EXPENDITURES:				
Current:				
Housing	830,000	830,000	16,605	813,395
Total expenditures	830,000	830,000	16,605	813,395
Net change in fund balances	-	-	(3,118)	(3,118)
FUND BALANCES:				
Beginning of the year			-	
End of year			\$ (3,118)	

Town of Yountville

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Debt Service Special Revenue Fund

For the year ended June 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 265,530	\$ 265,530	\$ 259,951	\$ (5,579)
Interest	7,320	7,320	861	(6,459)
Total revenues	272,850	272,850	260,812	(12,038)
EXPENDITURES:				
Current:				
General Government	4,000	6,250	4,450	1,800
Debt service:				
Principal	729,595	729,595	729,595	-
Interest	554,730	554,730	554,417	313
Total expenditures	1,288,325	1,290,575	1,288,462	2,113
REVENUES OVER (UNDER) EXPENDITURES	(1,015,475)	(1,017,725)	(1,027,650)	(9,925)
OTHER FINANCING SOURCES (USES):				
Transfers in	1,023,093	1,001,555	1,001,555	-
Total other financing sources (uses)	1,023,093	1,001,555	1,001,555	-
Net change in fund balances	\$ 7,618	\$ (16,170)	(26,095)	\$ (9,925)
FUND BALANCES:				
Beginning of the year			1,319,269	
End of year			\$ 1,293,174	

Town of Yountville
Comparative Statement of Net Position
Water Fund

	For the year ended June 30,	
	2016	2015
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 3,511,917	\$ 3,229,000
Accounts receivable	155,380	137,485
Interest receivable	2,746	-
Total current assets	<u>3,670,043</u>	<u>3,366,485</u>
Noncurrent assets:		
Capital assets:		
Non-depreciable	-	86,334
Depreciable, net	1,938,168	1,936,799
Total capital assets	<u>1,938,168</u>	<u>2,023,133</u>
Total noncurrent assets	<u>1,938,168</u>	<u>2,023,133</u>
Total assets	<u>\$ 5,608,211</u>	<u>\$ 5,389,618</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred employer pension contribution	30,398	27,473
Deferred outflows of resources - pension	37,457	6,065
Total deferred outflows of resources	<u>67,855</u>	<u>33,538</u>
LIABILITIES		
Current liabilities:		
Accounts payable	31,541	50,479
Other liabilities	-	-
Compensated absences, due within one year	3,500	2,000
Loans payable, due within one year	-	-
Total current liabilities	<u>35,041</u>	<u>52,479</u>
Noncurrent liabilities:		
Loans from other funds	-	93,875
Compensated absences, due in more than one year	23,567	2,799
Loans payable, due in more than one year	-	-
Net pension liability	209,105	173,856
Total noncurrent liabilities	<u>232,672</u>	<u>270,530</u>
Total liabilities	<u>267,713</u>	<u>323,009</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources - pension	26,875	48,802
Total deferred inflows of resources	<u>26,875</u>	<u>48,802</u>
NET POSITION		
Net investment in capital assets	1,938,168	2,023,133
Unrestricted	3,443,310	3,028,212
Total net position	<u>\$ 5,381,478</u>	<u>\$ 5,051,345</u>

Town of Yountville
Comparative Statement of Revenues, Expenses and Changes in
Fund Net Position
Water Fund

	For the year ended June 30,	
	2016	2015
OPERATING REVENUES:		
Charges for services	1,434,529	1,303,497
Total operating revenues	1,434,529	1,303,497
OPERATING EXPENSES:		
Personnel services	298,730	238,149
Purchased water	521,512	549,546
Other supplies and expenses	223,575	111,459
Insurance, claims, and expenses	15,871	15,876
Depreciation	60,763	70,208
Total operating expenses	1,120,451	985,238
OPERATING INCOME	314,078	318,259
NONOPERATING REVENUES (EXPENSES):		
Interest and investment revenue	7,022	4,472
Total nonoperating revenues (expenses)	7,022	4,472
Income (loss) before contributions	321,100	322,731
Contributions:		
Capital Contributions	9,033	6,686
Net contributions and transfers	9,033	6,686
Change in net position	330,133	329,417
NET POSITION		
Beginning of year, as restated	5,051,345	4,721,928
End of year	\$ 5,381,478	\$ 5,051,345

Town of Yountville
Comparative Statement of Net Position
Wastewater Fund

	For the year ended June 30,	
	2016	2015
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 3,048,637	2,937,562
Accounts receivable	345,734	387,657
Interest receivable	2,326	-
Total current assets	<u>3,396,696</u>	<u>3,325,219</u>
Noncurrent assets:		
Capital assets:		
Non-depreciable	3,767,839	3,606,929
Depreciable, net	5,690,041	5,930,464
Total capital assets	<u>9,457,880</u>	<u>9,537,393</u>
Total noncurrent assets	<u>9,457,880</u>	<u>9,537,393</u>
Total assets	<u>\$ 12,854,576</u>	<u>\$ 12,862,612</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred employer pension contribution	73,899	66,787
Deferred outflows of resources - pension	91,058	14,744
Total deferred outflows of resources	<u>164,957</u>	<u>81,531</u>
LIABILITIES		
Current liabilities:		
Accounts payable	65,122	234,739
Compensated absences, due within one year	6,000	6,000
Loans payable, due within one year	127,679	127,679
Total current liabilities	<u>198,801</u>	<u>368,418</u>
Noncurrent liabilities:		
Loans from other funds	315,000	364,200
Compensated absences, due in more than one year	35,216	20,430
Loans payable, due in more than one year	2,553,069	2,677,192
Net pension liability	508,346	422,653
Total noncurrent liabilities	<u>3,411,631</u>	<u>3,484,475</u>
Total liabilities	<u>3,610,433</u>	<u>3,852,893</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources - pension	65,333	118,641
Total deferred inflows of resources	<u>65,333</u>	<u>118,641</u>
NET POSITION		
Net investment in capital assets	6,777,132	6,732,522
Restricted for capital improvements	-	11,279
Restricted for debt service	-	210,000
Unrestricted	2,566,635	2,018,808
Total net position	<u>\$ 9,343,767</u>	<u>\$ 8,972,609</u>

Town of Yountville
Comparative Statement of Revenues, Expenses and Changes in
Fund Net Position
Wastewater Fund

	For the year ended June 30,	
	2016	2015
OPERATING REVENUES:		
Charges for services	1,847,970	1,686,528
Total operating revenues	1,847,970	1,686,528
OPERATING EXPENSES:		
Personnel services	650,195	555,661
Utilities	110,494	109,629
Other supplies and expenses	461,039	384,327
Insurance, claims, and expenses	31,456	32,910
Depreciation	240,423	237,964
Total operating expenses	1,493,607	1,320,491
OPERATING INCOME	354,363	366,037
NONOPERATING REVENUES (EXPENSES):		
Interest expense	(53,063)	-
Interest and investment revenue	7,563	724
Total nonoperating revenues (expenses)	(45,500)	724
Income (loss) before contributions	308,863	366,761
Contributions:		
Capital Contributions	62,295	101,257
Net contributions and transfers	62,295	101,257
Change in net position	371,158	468,018
NET POSITION		
Beginning of year, as restated	8,972,609	8,504,591
End of year	\$ 9,343,767	\$ 8,972,609

Town of Yountville
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the year ended June 30, 2016

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
Napa Valley Tourism Improvement District				
Assets:				
Cash and cash equivalents	\$ 148,955	\$ 1,217,642	\$ (959,803)	\$ 406,794
Assessments receivable	165,878	109,750	(165,878)	109,750
Interest receivable	449	279	(449)	279
Loans receivable	100,000	-	(49,556)	50,444
Total assets	\$ 415,282	\$ 1,327,671	\$ (1,175,686)	\$ 567,267
Liabilities:				
Accounts payable	\$ 154,216	\$ 168,817	\$ (154,216)	\$ 168,817
Due to Napa Valley Tourism Improvement District	261,066	1,158,854	(1,021,470)	398,450
Total liabilities	\$ 415,282	\$ 1,327,671	\$ (1,175,686)	\$ 567,267

Statistical Information



Van De Leur Park, photo by Leo Martinez

Schedule 1
Town of Yountville
Net Position by Component (Accrual Basis of Accounting)
Last Ten Fiscal Years

As of June 30	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental Activities										
Net Investment in Capital Assets	\$ 8,476,957	\$ 12,501,972	\$ 12,619,292	\$ 14,473,949	\$ 15,139,893	\$ 15,600,528	\$ 17,058,616	\$ 17,708,530	\$ 19,291,210	\$ 24,944,699
Restricted	459,679	741,740	780,799	2,967,531	3,005,096	2,797,707	2,695,144	2,719,421	3,121,984	3,063,795
Unrestricted	<u>5,772,291</u>	<u>5,228,014</u>	<u>5,934,979</u>	<u>3,533,369</u>	<u>3,308,084</u>	<u>4,383,284</u>	<u>5,216,059</u>	<u>7,832,467</u>	<u>6,212,977</u>	<u>6,445,667</u>
Total governmental activities	<u>\$ 14,708,927</u>	<u>\$ 18,471,726</u>	<u>\$ 19,335,070</u>	<u>\$ 20,974,849</u>	<u>\$ 21,453,073</u>	<u>\$ 22,781,519</u>	<u>\$ 24,969,819</u>	<u>\$ 28,260,418</u>	<u>\$ 28,626,171</u>	<u>\$ 34,454,161</u>
Business-type Activities										
Net Investment in Capital Assets	\$ 7,598,294	\$ 6,940,641	\$ 6,978,472	\$ 8,061,523	\$ 7,974,612	\$ 8,145,364	\$ 8,482,356	\$ 8,813,919	\$ 8,755,655	\$ 8,715,300
Restricted	541,297	601,831	479,450	863,656	595,382	328,989	219,517	1,856,598	221,279	-
Unrestricted	<u>1,783,341</u>	<u>1,827,559</u>	<u>3,549,546</u>	<u>1,853,957</u>	<u>2,251,647</u>	<u>2,304,237</u>	<u>2,864,740</u>	<u>3,226,306</u>	<u>5,047,020</u>	<u>6,009,945</u>
Total business-type activities	<u>\$ 9,922,932</u>	<u>\$ 9,370,031</u>	<u>\$ 11,007,468</u>	<u>\$ 10,779,136</u>	<u>\$ 10,821,641</u>	<u>\$ 10,778,590</u>	<u>\$ 11,566,613</u>	<u>\$ 13,896,823</u>	<u>\$ 14,023,954</u>	<u>\$ 14,725,245</u>
Combined Totals										
Net Investment in Capital Assets	\$ 16,075,251	\$ 19,442,613	\$ 19,597,764	\$ 22,535,472	\$ 23,114,505	\$ 23,745,892	\$ 25,540,972	\$ 26,522,449	\$ 28,046,865	\$ 33,659,999
Restricted	1,000,976	1,343,571	1,260,249	3,831,187	3,600,478	3,126,696	2,914,661	4,576,019	3,343,263	3,063,795
Unrestricted	<u>7,555,632</u>	<u>7,055,573</u>	<u>9,484,525</u>	<u>5,387,326</u>	<u>5,559,731</u>	<u>6,687,521</u>	<u>8,080,799</u>	<u>11,058,773</u>	<u>11,259,997</u>	<u>12,455,612</u>
Total combined net position	<u>\$ 24,631,859</u>	<u>\$ 27,841,757</u>	<u>\$ 30,342,538</u>	<u>\$ 31,753,985</u>	<u>\$ 32,274,714</u>	<u>\$ 33,560,109</u>	<u>\$ 36,536,432</u>	<u>\$ 42,157,241</u>	<u>\$ 42,650,125</u>	<u>\$ 49,179,406</u>

Schedule 2
Town of Yountville
Changes in Net Position (Accrual Basis of Accounting)
Last Ten Fiscal Years

For Fiscal Year Ended June 30	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental Activities										
<u>Expenses</u>										
General Government	\$ 1,245,311	\$ 1,642,159	\$ 1,831,776	\$ 2,092,125	\$ 2,407,799	\$ 2,485,358	\$ 3,181,511	\$ 4,454,622	\$ 2,802,120	\$ 2,467,485
Public Safety	930,214	1,006,447	1,113,636	1,175,898	1,225,892	1,194,263	1,220,977	1,295,845	1,317,668	1,374,885
Parks and Recreation	580,181	937,227	1,244,328	1,333,913	1,224,160	1,450,547	1,611,586	1,653,330	1,719,272	1,856,394
Housing	196,951 (1)	546,898	455,828	146,089	33,148	29,790	36,790	31,790	44,624	49,812
Public Works	1,191,902	1,221,610	1,696,765	1,220,200	2,482,494	1,420,437	1,346,587	1,437,007	2,168,798	2,426,255
Community Promotion	244,340	275,942	288,886	296,800	324,260	353,757	335,383	438,066	473,577	460,866
Interest on Long-Term Debt	78,632	74,267	571,661	551,329	547,285	538,234	557,325	592,599	578,701	552,626
Total governmental activities expenses	\$ 4,467,531	\$ 5,704,550	\$ 7,202,880	\$ 6,816,354	\$ 8,245,038	\$ 7,472,386	\$ 8,290,159	\$ 9,903,259	\$ 9,104,760	\$ 9,188,323
<u>Program Revenues</u>										
Charges for Services by Function:										
General Government	\$ 345,457	\$ 280,093	\$ 408,867	\$ 208,471	\$ 282,784	\$ 522,317	\$ 439,370	\$ 605,724	\$ 454,644	\$ 500,090
Public Safety	18,825	14,200	22,687	15,102	7,578	9,926	13,698	14,469	5,631	12,012
Parks and Recreation	150,877	207,800	445,571	330,834	272,316	228,792	328,997	515,128	461,667	499,082
Housing	-	27,963	-	45,386	3,864	-	28,307	78,063	26,966	499
Public Works	357,388	160,072	125,249	129,489	2,860	141,135	52,315	235,520	221,836	182,512
Community Promotion	-	-	-	-	-	-	-	-	-	882
Interest on Long-Term Debt	-	-	-	-	-	-	2,697	-	-	-
Operating Grants and Contributions	653,688	951,451	502,487	512,549	499,231	507,676	648,828	682,471	980,662	621,541
Capital Grants and Contributions	20,000	2,049,556	580,925	1,726,344	1,346,528	-	800,000	378,168	161,647	3,452,791
Total governmental program revenues	\$ 1,546,235	\$ 3,691,135	\$ 2,085,786	\$ 2,968,175	\$ 2,415,161	\$ 1,409,846	\$ 2,314,212	\$ 2,509,543	\$ 2,313,053	\$ 5,269,409
Subtotal net change in position	\$ (2,921,296)	\$ (2,013,415)	\$ (5,117,094)	\$ (3,848,179)	\$ (5,829,877)	\$ (6,062,540)	\$ (5,975,947)	\$ (7,393,716)	\$ (6,791,707)	\$ (3,918,914)
<u>General Revenues</u>										
Property Taxes	\$ 425,896	\$ 461,590	\$ 898,689	\$ 943,343	\$ 1,010,453	\$ 1,005,241	\$ 1,046,639	\$ 1,086,164	\$ 1,164,773	\$ 1,282,355
Sales Taxes	662,890	682,432	707,460	792,479	840,539	934,965	1,087,284	1,260,279	1,317,685	1,431,153
Transient Occupancy Taxes	3,231,799	3,381,678	3,149,857	3,351,072	4,039,087	5,007,467	5,678,023	6,262,880	6,582,041	6,808,527
Vehicle In-Lieu Taxes	300,404	317,735	14,805 #	11,943	18,641	-	-	-	-	-
Other Taxes	95,905	95,705	87,581	79,456	125,071	146,669	151,937	162,970	141,476	147,519
Interest and Investment Earnings	258,041	407,294	273,456	186,022	210,737	17,381	243,144	163,211	28,703	75,282
Other General Revenues	14,646	2,635	3,590	123,643	63,573	279,263	7,400	1,748,811	10,219	16,653
Special Item: Sale of Parking Lot	-	-	-	-	-	-	150,000	-	-	-
Transfers	(440,000)	427,505	845,000	-	-	-	-	-	-	-
Total general revenues and transfers	\$ 4,549,581	\$ 5,776,574	\$ 5,980,438	\$ 5,487,958	\$ 6,308,101	\$ 7,390,986	\$ 8,364,427	\$ 10,684,315	\$ 9,244,897	\$ 9,761,489
Change in net position, government activities	\$ 1,628,285	\$ 3,763,159	\$ 863,344	\$ 1,639,779	\$ 478,224	\$ 1,328,446	\$ 2,388,480	\$ 3,290,599	\$ 2,453,190	\$ 5,842,575
Net position, beginning	\$ 13,080,282	\$ 14,708,567	\$ 18,471,726	\$ 19,335,070	\$ 20,974,849	\$ 21,453,073	\$ 22,581,339 (4)	\$ 24,969,819	\$ 28,260,418	\$ 30,713,608
Net position, ending	\$ 14,708,567	\$ 18,471,726	\$ 19,335,070	\$ 20,974,849	\$ 21,453,073	\$ 22,781,519	\$ 24,969,819	\$ 28,260,418	\$ 30,713,608	\$ 36,556,183

Schedule 2
Town of Yountville
Changes in Net Position (Accrual Basis of Accounting)
Last Ten Fiscal Years

For Fiscal Year Ended June 30	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Business-Type Activities										
<u>Expenses</u>										
Water	\$ 827,572	\$ 916,308	\$ 739,244	\$ 705,068	\$ 790,035	\$ 810,971	\$ 787,658	\$ 898,516	\$ 985,238	\$ 1,120,451
Wastewater	810,950	928,965	943,210	1,031,379	1,047,794	1,244,563	1,153,008	1,268,709	1,320,491	1,546,670
Community Hall	177,358	-	# -	-	-	-	-	-	-	-
Total business-type expenses	\$ 1,815,880	\$ 1,845,273	\$ 1,682,454	\$ 1,736,447	\$ 1,837,829	\$ 2,055,534	\$ 1,940,666	\$ 2,167,225	\$ 2,305,729	\$ 2,667,121
<u>Program Revenues</u>										
Charges for Services										
Water	\$ 566,661	\$ 719,515	\$ 634,738	\$ 565,093	\$ 622,370	\$ 785,559	\$ 1,023,322	\$ 1,213,803	\$ 1,303,497	\$ 1,434,529
Wastewater	775,644	846,498	822,225	896,074	973,407	1,084,349	1,612,386	1,590,422	1,686,528	1,847,970
Community Hall	78,144	# -	-	-	-	-	-	-	-	-
Operating Grants and Contributions	-	-	-	-	-	-	-	-	-	-
Capital Grants and Contributions	597,497	153,864	40,928	46,948	284,557	142,575	92,981	1,693,210	107,943	71,328
Total business-type program revenues	\$ 2,017,946	\$ 1,719,877	\$ 1,497,891	\$ 1,508,115	\$ 1,880,334	\$ 2,012,483	\$ 2,728,689	\$ 4,497,435	\$ 3,097,968	\$ 3,353,827
Subtotal net change in position	\$ 202,066	\$ (125,396)	\$ (184,563)	\$ (228,332)	\$ 42,505	\$ (43,051)	\$ 788,023	\$ 2,330,210	\$ 792,239	\$ 686,706
Transfers In/(Out)	440,000	(427,505)	(845,000)	-	-	-	-	-	-	-
Special item - sale of water rights	-	-	2,667,000	-	-	-	-	-	-	-
Change in net position, business activities	\$ 642,066	\$ (552,901)	\$ 1,637,437	\$ (228,332)	\$ 42,505	\$ (43,051)	\$ 788,023	\$ 2,330,210	\$ 792,239	\$ 686,706
Net position, beginning	\$ 9,280,866	\$ 9,922,932	\$ 9,370,031	\$ 11,007,468	\$ 10,779,136	\$ 10,821,641	\$ 10,778,590	\$ 11,566,613	\$ 13,896,823	\$ 14,689,062
Net position, ending	\$ 9,922,932	\$ 9,370,031	\$ 11,007,468	\$ 10,779,136	\$ 10,821,641	\$ 10,778,590	\$ 11,566,613	\$ 13,896,823	\$ 14,689,062	\$ 15,375,768
Town Government Assets										
Net position, beginning	\$ 22,361,148	\$ 24,631,499	\$ 27,841,757	\$ 30,342,538	\$ 31,753,985	\$ 32,274,714	\$ 33,359,929 (4)	\$ 36,536,432	\$ 42,157,241	\$ 45,402,670
Net position, ending	\$ 24,631,499	\$ 27,841,757	\$ 30,342,538	\$ 31,753,985	\$ 32,274,714	\$ 33,560,109	\$ 36,536,432	\$ 42,157,241	\$ 45,402,670	\$ 51,931,951
Primary Government Totals										
Total primary government expenses	\$ 6,283,411	\$ 7,549,823	\$ 8,885,334	\$ 8,552,801	\$ 10,082,867	\$ 9,527,920	\$ 10,230,825	\$ 12,070,484	\$ 11,410,489	\$ 11,855,444
Total primary government program revenues	3,564,181	5,411,012	3,583,677	4,476,290	4,295,495	3,422,329	5,042,901	7,006,978	5,411,021	8,623,236
Subtotal primary government net change in assets	(2,719,230)	(2,138,811)	(5,301,657)	(4,076,511)	(5,787,372)	(6,105,591)	(5,187,924)	(5,063,506)	(5,999,468)	(3,232,208)
Total primary government general revenues & transfers	4,989,581	5,349,069	7,802,438	5,487,958	6,308,101	7,390,986	8,364,427	10,684,315	9,244,897	9,761,489
Change in net assets, primary government	\$ 2,270,351	\$ 3,210,258	\$ 2,500,781	\$ 1,411,447	\$ 520,729	\$ 1,285,395	\$ 3,176,503	\$ 5,620,809	\$ 3,245,429	\$ 6,529,281

(1) Housing expenses previously reported as part of Community Services

(2) Community Hall fund now included in governmental activities

(3) Starting in 2009, in-lieu portion classified as property tax

(4) Implementation of GASB 63 required the following adjustments: change in accounting principle to expense debt issuance cost (\$290,450), correct deferred inflow of resources from long-term notes for unrealized but earned interest on the notes 90,270, for a total of \$200,180.

Schedule 3
 Town of Yountville
 Fund Balances - All Governmental Funds
 Last Ten Fiscal Years

Fiscal Year	General Fund			All Other Governmental Funds				
	Reserved	Unreserved	Total	Special Revenue Unreserved	Capital Projects Unreserved	Capital Projects Reserved	Other Reserved	Total
2006	144,168	714,153	858,321	1,621,549	2,479,966	-	353,781	4,455,296
2007	240,202	685,037	925,239	1,788,259	3,320,736	-	-	5,108,995
2008	158,163	934,577	1,092,740	1,768,462	2,953,013	-	-	4,721,475
2009	400	1,224,619	1,225,019	672,222	5,767,125	-	1,111,951	7,551,298
2010	-	2,176,313	2,176,313	1,026,081	1,246,534	268,000	1,027,281	3,567,896

	Total Governmental Funds				
	General Fund	Capital Projects	Debt Service	Other Governmental Funds	Total Governmental Funds
2011 Nonspendable	\$ -	\$ 251,250	\$ -	\$ -	\$ 251,250
Restricted for public education	9,936	-	-	-	9,936
Restricted for debt service	-	-	1,037,935	-	1,037,935
Restricted for flood control	-	-	-	193,101	193,101
Restricted for streets	-	-	-	431,978	431,978
Restricted for youth programs	-	-	-	12,938	12,938
Restricted for fire services	-	-	-	25,644	25,644
Committed for insurance retention	40,000	-	-	-	40,000
Committed for emergencies	1,145,000	-	-	-	1,145,000
Committed for capital projects	-	1,447,728	-	-	1,447,728
Committed for other post employment benefits	133,800	-	-	-	133,800
Assigned for contingencies	100,000	-	-	-	100,000
Assigned for revenue stabilization	100,000	-	-	-	100,000
Assigned for art programs	38,364	-	-	-	38,364
Assigned for legal contingencies	250,000	-	-	-	250,000
Unassigned	4,772	-	-	-	4,772
Total Fund Balances	\$ 1,821,872	\$ 1,698,978	\$ 1,037,935	\$ 663,661	\$ 5,222,446

	Total Governmental Funds				
	General Fund	Capital Projects	Debt Service	Other Governmental Funds	Total Governmental Funds
2013 Nonspendable	\$ -	\$ 384,770	\$ 336,539	\$ -	\$ 721,309
Restricted for public education	9,559	-	-	-	9,559
Restricted for debt service	-	-	1,104,563	-	1,104,563
Restricted for flood control	-	-	-	185,687	185,687
Restricted for streets	-	-	-	21,290	21,290
Restricted for youth programs	-	-	-	3,761	3,761
Restricted for fire services	-	-	-	29	29
Restricted for capital improvements	-	4,000,000	-	-	4,000,000
Committed for insurance retention	50,000	-	-	-	50,000
Committed for contingencies	1,360,000	-	-	-	1,360,000
Committed for capital projects	-	992,599	-	-	992,599
Committed for other post employment benefits	7,384	-	-	-	7,384
Assigned for revenue stabilization	560,000	-	-	-	560,000
Assigned for contingencies	150,000	-	-	-	150,000
Assigned for legal contingencies	250,000	-	-	-	250,000
Assigned for art programs	12,426	-	-	-	12,426
Unassigned	1,168,589	-	-	-	1,168,589
Total Fund Balances	\$3,567,958	\$ 5,377,369	\$ 1,441,102	\$ 210,767	\$ 10,597,196

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* The Town implemented GASB 54 in fiscal year 2011; implementation is done prospectively as the Town did not have the information to restate prior year fund balance classifications.

	Total Governmental Funds				
	General Fund	Capital Projects	Debt Service	Other Governmental Funds	Total Governmental Funds
2012 Nonspendable	\$ -	\$ 454,500	\$ -	\$ -	\$ 454,500
Restricted for debt service	-	-	1,030,820	-	1,030,820
Restricted for flood control	-	-	-	189,810	189,810
Restricted for streets	-	-	-	248,998	248,998
Restricted for youth programs	-	-	-	6,285	6,285
Restricted for fire services	-	-	-	8,358	8,358
Committed for insurance retention	50,000	-	-	-	50,000
Committed for emergencies	1,260,000	-	-	-	1,260,000
Committed for capital projects	-	1,231,400	-	-	1,231,400
Committed for other post employment benefits	4,813	-	-	-	4,813
Assigned for revenue stabilization	480,000	-	-	-	480,000
Assigned for contingencies	150,000	-	-	-	150,000
Assigned for legal contingencies	250,000	-	-	-	250,000
Assigned for art programs	18,014	-	-	-	18,014
Unassigned	645,768	-	-	-	645,768
Total Fund Balances	\$ 2,858,595	\$ 1,685,900	\$ 1,030,820	\$ 453,451	\$ 6,028,766

	Total Governmental Funds				
	General Fund	Capital Projects	Debt Service	Other Governmental Funds	Total Governmental Funds
2014 Nonspendable	\$ -	\$ 206,591	\$ 307,146	\$ -	\$ 513,737
Restricted for public education	14,723	-	-	-	14,723
Restricted for debt service	-	-	1,032,727	-	1,032,727
Restricted for flood control	-	-	-	182,417	182,417
Restricted for streets	-	-	-	82,308	82,308
Restricted for youth programs	-	-	-	15,960	15,960
Restricted for fire services	-	-	-	29	29
Restricted for capital improvements	-	625,627	-	-	625,627
Committed for insurance retention	50,000	-	-	-	50,000
Committed for emergencies	1,454,000	-	-	-	1,454,000
Committed for capital projects	-	2,627,311	-	-	2,627,311
Committed for other post employment benefits	3,749	-	-	-	3,749
Assigned for revenue stabilization	987,500	-	-	-	987,500
Assigned for contingencies	700,000	-	-	-	700,000
Assigned for legal contingencies	879,288	-	-	-	879,288
Assigned for art programs	19,965	-	-	-	19,965
Total Fund Balances	\$4,109,225	\$ 3,459,529	\$ 1,339,873	\$ 280,714	\$ 9,189,341

continued

	General Fund	Capital Projects	Debt Service	Other Governmental Funds	Total Governmental Funds
2015 Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted for public education	49,019	-	-	-	49,019
Restricted for debt service	-	-	1,319,269	-	1,319,269
Restricted for flood control	-	-	-	181,657	181,657
Restricted for streets	-	-	-	127,270	127,270
Restricted for youth programs	-	-	-	20,606	20,606
Restricted for fire services	-	-	-	29	29
Restricted for capital improvements	-	-	-	12,049	12,049
Restricted for Housing	1,412,085	-	-	-	1,412,085
Committed for insurance retention	-	-	-	-	-
Committed for emergencies	1,620,000	-	-	-	1,620,000
Committed for capital projects	50,000	2,751,989	-	-	2,801,989
Committed for other post employment benefits	-	-	-	-	-
Assigned for revenue stabilization	-	-	-	-	-
Unanticipated costs of capital or other contracts	240,000	-	-	-	240,000
Unanticipated tourism revenue deficits	1,500,000	-	-	-	1,500,000
Outstanding purchase orders and adjustments	474,211	-	-	-	474,211
Assigned for arts program	32,425	-	-	-	32,425
Assigned for capital projects	1,377,648	-	-	-	1,377,648
Assigned for contingencies	-	-	-	-	-
Assigned for legal contingencies	250,000	-	-	-	250,000
Unassigned	6,867	-	-	-	6,867
Total Fund Balances	\$ 7,012,255	\$ 2,751,989	\$ 1,319,269	\$ 341,611	\$ 11,425,124

	General Fund	Capital Projects	Debt Service	Other Governmental Funds	Total Governmental Funds
2016 Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted for public education	-	-	-	-	-
Restricted for debt service	-	-	1,293,175	-	1,293,175
Restricted for flood control	-	-	-	179,379	179,379
Restricted for streets	-	-	-	104,630	104,630
Restricted for youth programs	-	-	-	31,452	31,452
Restricted for fire services	-	-	-	29	29
Restricted for capital improvements	-	-	-	-	-
Restricted for Housing	1,405,980	-	-	-	1,405,980
Restricted for P.E.G. Fees	49,019	-	-	-	49,019
Restricted for Other	-	-	-	131	131
Committed for insurance retention	-	-	-	-	-
Committed for emergencies	1,620,000	-	-	-	1,620,000
Committed for Claims	50,000	-	-	-	50,000
Committed for capital projects	-	2,056,647	-	-	2,056,647
Committed for other post employment benefits	-	-	-	-	-
Assigned for revenue stabilization	-	-	-	-	-
Unanticipated costs of capital or other contracts	240,000	-	-	-	240,000
Unanticipated tourism revenue deficits	1,500,000	-	-	-	1,500,000
Outstanding purchase orders and adjustments	-	-	-	-	-
Assigned for arts program	32,425	-	-	-	32,425
Assigned for capital projects	1,000,000	-	-	-	1,000,000
Assigned for contingencies	-	-	-	-	-
Assigned for legal contingencies	250,000	-	-	-	250,000
Unassigned	1,523,696	-	-	(3,118)	1,520,578
Total Fund Balances	\$ 7,671,120	\$ 2,056,647	\$ 1,293,175	\$ 312,503	\$ 11,333,445

Schedule 4
Town of Yountville
Revenues, Expenditures & Changes in Fund Balances and Debt Service Ratio - Governmental Funds
(In rounded Thousands of Dollars)
Last Ten Fiscal Years

Function	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Property Taxes	\$ 426	\$ 462	\$ 899	\$ 943	\$ 1,010	\$ 1,005	\$ 1,047	\$ 1,086	\$ 1,139	\$ 1,145
Sales Taxes	663	682	707	792	841	935	1,087	1,260	1,337	1,453
Transient Occupancy Taxes	3,232	3,382	3,150	3,351	4,039	5,007	5,678	6,263	6,582	6,809
Other Taxes	93	93	84	77	125	139	145	160	167	284
Licenses & permits	111	208	259	70	46	78	74	140	86	75
Fines & forfeits	17	12	8	6	7	7	9	3	9	5
Intergovernmental	940	1,219	479	1,150	1,764	468	613	970	873	3,810
Interest and rents	296	437	481	302	276	273	247	266	275	307
Charges for services	705	413	493	576	457	625	721	1,188	835	857
Miscellaneous	40	92	80	144	158	263	101	1,852	248	246
Total revenues	\$ 6,523	\$ 7,000	\$ 6,640	\$ 7,411	\$ 8,723	\$ 8,800	\$ 9,722	\$ 13,188	\$ 11,551	\$ 14,991
Expenditures										
General Government	\$ 1,220	\$ 1,587	\$ 1,714	\$ 1,671	\$ 2,601	\$ 2,368	\$ 2,978	\$ 4,313	\$ 2,668	\$ 2,566
Public Safety	920	995	1,108	1,170	1,226	1,194	1,221	32	1,318	1,375
Public Works	666	813	927	838	923	1,096	1,006	1,296	1,555	1,683
Community Promotion	244	276	289	297	324	354	335	1,071	474	461
Housing	197	547	456	146	-	30	-	438	45	33
Parks and recreation	527	798	898	876	1,042	1,090	1,210	1,252	1,349	1,481
Debt Service:										
Principal	186	190	195	201	383	409	527	706	724	746
Interest & other	79	74	411	563	552	543	557	601	578	558
Costs of issuance			308	-	-	-	173	-	-	-
Capital Outlay	1,323	1,770	8,548	5,062	2,394	910	1,569	4,887	2,011	6,180
Total expenditures	\$ 5,363	\$ 7,050	\$ 14,854	\$ 10,824	\$ 9,445	7,994	9,576	14,596	10,722	15,083
Excess (deficiency) of revenues over expenditures	\$ 1,161	\$ (50)	\$ (8,214)	\$ (3,413)	\$ (722)	\$ 806	\$ 146	\$ (1,408)	\$ 829	\$ (92)
Other financing sources (uses)										
Transfers-in	\$ 1,536	\$ 1,304	\$ 2,686	\$ 1,658	\$ 1,334	\$ 1,461	\$ 2,523	\$ 3,218	\$ 1,856	\$ 3,002
Transfers-out	(1,976)	(1,474)	(1,841)	(1,658)	(1,334)	(1,461)	(2,523)	(3,218)	(1,856)	(3,002)
Sale of Parking Lot	-	-	-	-	-	-	150	-	-	-
Proceeds from borrowing			10,710	-	200	-	4,272	-	-	-
Total financing sources (uses)	(440)	(170)	11,555	-	200	-	4,422	-	-	-
Net Change in Fund Balance	\$ 721	\$ (220)	\$ 3,341	\$ (3,413)	\$ (522)	\$ 806	\$ 4,568	\$ (1,408)	\$ 829	\$ (92)
Non-Capital Outlay expenditures	\$ 4,355	\$ 5,494	\$ 7,045	\$ 5,952	\$ 7,828	\$ 7,160	\$ 8,090	\$ 9,148	\$ 8,710	\$ 8,903
Debt Service expenditures	265	264	606	764	935	952	1,084	1,307	1,302	1,304
Debt Service as % of non-capital expenses	6.07%	4.81%	8.60%	12.84%	11.94%	13.30%	13.40%	14.29%	14.95%	14.65%

**Schedule 5
Town of Yountville
Transient Occupancy Tax Revenue Base Statistics
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Estimated Population (1)</u>	<u>Number of Lodging Rooms Town-Wide (2)</u>	<u>Transient Occupancy Tax Revenue (2)</u>	<u>Transient Occupancy Tax Per Capita</u>	<u>Transient Occupancy Tax Per Room</u>
2006	3,264	345	\$ 3,053,759	\$ 936	\$ 8,851
2007	3,290	345	\$ 3,231,799	\$ 982	\$ 9,368
2008	3,263	345	\$ 3,381,677	\$ 1,036	\$ 9,802
2009	3,263	402	\$ 3,149,857	\$ 965	\$ 7,835
2010	3,267	422	\$ 3,347,095	\$ 1,025	\$ 7,932
2011	2,933	422	\$ 4,010,442	\$ 1,367	\$ 9,503
2012	2,933	456	\$ 5,007,467	\$ 1,707	\$ 10,981
2013	2,999	456	\$ 5,678,023	\$ 1,893	\$ 12,452
2014	2,999	450	\$ 6,262,880	\$ 2,088	\$ 13,918
2015	2,999	451	\$ 6,582,041	\$ 2,195	\$ 14,594
2016 (1)	2,987	452	\$ 6,808,527	\$ 2,279	\$ 15,063

Notes:

(1) Source: Muniservices LLC

(2) Source: Town Transient Occupancy Tax Data

Schedule 6
Town of Yountville
Transient Occupancy Tax - Principal Payers & Other Statistical Data
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Occupancy Rate</u>	<u>Average Daily Room Rate</u>	<u>Transient Occupancy Tax Revenue</u>					
			<u>By Concentration of Hotel Size</u>					
			<u>Total Revenue</u>		<u>Hotels with 50+ Rooms</u>		<u>Hotels with 1 - 49 Rooms</u>	
2006	75.7%	\$ 261.15	\$ 3,053,759	10	\$ 2,779,841	4	\$ 273,918	6
2007	75.9%	\$ 273.99	\$ 3,231,799	10	\$ 2,921,804	4	\$ 309,995	6
2008	75.6%	\$ 296.65	\$ 3,381,677	9	\$ 3,081,166	4	\$ 300,511	6
2009	72.7%	\$ 287.41	\$ 3,149,857	10	\$ 2,881,003	4	\$ 268,854	6
2010	65.9%	\$ 274.65	\$ 3,347,095	11	\$ 3,012,399	4	\$ 334,696	6
2011	67.6%	\$ 321.00	\$ 4,010,442	11	\$ 3,538,566	5	\$ 471,876	6
2012	71.5%	\$ 353.00	\$ 5,007,467	11	\$ 4,559,278	5	\$ 448,189	6
2013	76.1%	\$ 376.00	\$ 5,678,023	11	\$ 5,111,603	5	\$ 566,420	6
2014	78.8%	\$ 402.00	\$ 6,262,880	11	\$ 5,686,138	5	\$ 576,742	6
2015	75.0%	\$ 442.00	\$ 6,582,041	11	\$ 5,975,233	5	\$ 606,808	6
2016	76.0%	\$ 452.00	\$ 6,808,527	11	\$ 6,198,631	5	\$ 609,896	6

Notes:

Source: Town Transient Occupancy Tax Data

Schedule 7
Town of Yountville
Principal Transient Occupancy Taxpayers - Top Ten
Last Ten Fiscal Years
(in alphabetical order)

Fiscal Years ended June 30

2016	2016	2014	2013
Bardessono Inn & Spa			
Hotel Yountville	Hotel Yountville	Hotel Yountville	Bordeaux House
Lavender Inn	Lavender Inn	Lavender Inn	Hotel Yountville**
Maison Fleurie	Maison Fleurie	Maison Fleurie	Lavender Inn
Napa Valley Lodge	Napa Valley Lodge	Napa Valley Lodge	Maison Fleurie
Napa Valley Railway Inn	Napa Valley Railway Inn	Napa Valley Railway Inn	Napa Valley Lodge
North Block Hotel	North Block Hotel	North Block Hotel	Napa Valley Railway Inn
Petit Logis	Petit Logis	Petit Logis	North Block Hotel *
Villagio Inn & Spa			
Vintage Inn	Vintage Inn	Vintage Inn	Vintage Inn
2012	2011	2010	2009
Bardessono Inn & Spa	Bardessono Inn & Spa	Bardessono Inn & Spa	Bordeaux House
Bordeaux House	Bordeaux House	Bordeaux House	Burgundy Inn
Hotel Luca	Hotel Luca	Lavender Inn	Lavender Inn
Hotel Yountville**	Lavender Inn	Maison Fleurie	Maison Fleurie
Lavender Inn	Maison Fleurie	Napa Valley Lodge	Napa Valley Lodge
Maison Fleurie	Napa Valley Lodge	Napa Valley Railway Inn	Napa Valley Railway Inn
Napa Valley Lodge	Napa Valley Railway Inn	Petit Logis	Petit Logis
Napa Valley Railway Inn	Villagio Inn & Spa	Villagio Inn & Spa	Villagio Inn & Spa
Villagio Inn & Spa	Vintage Inn	Vintage Inn	Vintage Inn
Vintage Inn	Yountville Inn	Yountville Inn	Yountville Inn
2008	2007		
Bordeaux House	Bordeaux House		
Burgundy Inn	Burgundy Inn		
Lavender Inn	Lavender Inn		
Maison Fleurie	Maison Fleurie		
Napa Valley Lodge	Napa Valley Lodge		
Napa Valley Railway Inn	Napa Valley Railway Inn		
Petit Logis	Petit Logis		
Villagio Inn & Spa	Villagio Inn & Spa		
Vintage Inn	Vintage Inn		
Yountville Inn	Yountville Inn		

*Previously Hotel Luca
 Previously Yountville Inn

**Schedule 8
Town of Yountville
Ratio of Outstanding Debt by Type
Per Capita & Per Capita Income Data
Last Ten Fiscal Years**

Fiscal Year	Estimated Population (1)	Countywide Per Capita Income (2)	Estimated Yountville Personal Income	Bonded Debt:	Other Debt:			Total Outstanding Debt	Bonded Debt Per Capita	Bonded Debt as a % of Personal Income
				Lease Purchase Revenue Bonds & Capital Lease	California Energy Commission Loan	Pacific Gas & Electric Energy Loan	State Revolving Fund Loan			
2007	3,290	\$ 44,787	\$ 147,349,230	\$ 2,452,505	\$ -	\$ -	\$ -	\$ 2,452,505	\$ 745	1.66%
2008	3,263	\$ 47,491	\$ 154,963,133	\$ 2,262,242	\$ -	\$ -	\$ -	\$ 2,262,242	\$ 693	1.46%
2009	3,263	\$ 51,218	\$ 167,124,334	\$12,776,907	\$ -	\$ -	\$ -	\$ 12,776,907	\$ 3,916	7.65%
2010 (3)	3,267	\$ 39,561	\$ 129,245,787	\$12,575,830	\$ -	\$ -	\$ -	\$ 12,575,830	\$ 3,849	9.73%
2011 (4)	2,933	\$ 49,805	\$ 146,078,065	\$12,193,379	\$ 200,000	\$ -	\$ -	\$ 12,393,379	\$ 4,225	8.48%
2012 (5)	2,933	\$ 49,792	\$ 146,039,936	\$11,798,915	\$ 184,973	\$ -	\$ -	\$ 11,983,888	\$ 4,086	8.21%
2013 (5)	2,999	\$ 54,807	\$ 164,366,193	\$15,546,871 (6)	\$ 169,739	\$ 112,725	\$ -	\$ 15,829,335	\$ 5,278	9.63%
2014 (5)	2,999	\$ 54,807	\$ 164,366,193	\$14,856,655	\$ 154,046	\$ 100,200	\$ 658,577	\$ 15,769,478	\$ 5,258	9.59%
2015 (7)	2,999	\$ 56,634	\$ 169,845,366	\$14,148,361	\$ 137,878	\$ 87,675	\$ 2,725,340	\$ 17,099,254	\$ 5,702	10.07%
2016 (8)	2,987	\$ 52,576	\$ 157,044,512	\$13,418,766	\$ 121,233	\$ 75,150	\$ 2,605,598	\$ 16,220,747	\$ 5,430	10.33%

Notes to Table:

- (3) Source: 2009-10 MuniServices LLC Demographic & Economic Statistics
- (4) Source: Bureau of Economic Analysis for 2009 (most recent)
- (5) Source: Bureau of Economic Analysis for 2014 (most recent)
- (6) Includes Floodwall Capital Lease and 2008 & 2013 Lease Revenue Bonds
- (7) Source: Employment Development Department Monthly Labor Force Data for Counties Report 400 C, June
- (8) Source: Muniservices LLC Demographic and Economic Statistics

**Schedule 9
Town of Yountville
Computation of Direct and Overlapping Bonded Debt
June 30, 2016**

Jurisdiction	Percentage Applicable to Town	Amount Applicable to Town
Overlapping tax and assessment debt:		
Town of Yountville	100.0000%	-
Napa Joint Community College District	1.936%	\$ 2,271,596
Napa Valley Unified School District	2.905%	\$ 7,643,346
Total overlapping tax and assessment debt		\$ 9,914,941
Direct and overlapping General Fund Debt:		
Napa County Certificates of Participation	1.953%	\$ 533,267
Napa County Board of Education Certificates of Participation	1.953%	52,926
Town of Yountville General Fund Obligations	100.0000%	12,910,000
Total direct and overlapping general fund obligation debt		\$ 13,496,193
Total combined debt		\$ 23,411,134
Ratio to 2015-16 assessed valuation		
Town of Yountville total assessed valuation		\$ 640,795,068
Direct debt (Town)	0.0000%	
Direct debt (NJCCD, NVUSD)	1.5473%	
Overlapping debt	2.1062%	
Combined total debt	3.6535%	

Notes:

California Municipal Statistics, Inc. provided percentages applicable to Town 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.

**Schedule 10
Town of Yountville
Legal Debt Margin Information
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Assessed Valuation</u>	<u>Ratio Applied as % of Assessed Value</u>	<u>Legal Debt Limit Margin</u>	<u>Total Debt Subject to Limit</u>	<u>Debt Subject to Limit as % of Debt Limit</u>
2006	349,161,501	3.75%	13,093,556	-	0.00%
2007	385,737,697	3.75%	14,465,164	-	0.00%
2008	422,992,439	3.75%	15,862,216	-	0.00%
2009	431,452,288	3.75%	16,179,461	-	0.00%
2010	502,536,567	3.75%	18,845,121	10,710,000	56.83%
2011	506,813,775	3.75%	19,005,517	10,535,000	55.43%
2012	536,931,027	3.75%	20,134,914	10,539,973	52.35%
2013	546,477,582	3.75%	20,492,909	14,494,739	70.73%
2014	566,095,263	3.75%	21,228,572	14,019,046	66.04%
2015	610,851,007	3.75%	22,906,913	14,286,239	62.37%
2016	640,795,068	3.75%	24,029,815	14,539,999	60.51%

Legal Debt Limit Margin Calculation for 2012-13

Assessed value	<u>\$ 640,795,068</u>
Debt limit is 3.75% of assessed value	\$ 24,029,815
Less: Debt applicable to limitation	<u>\$ 14,539,999</u>
Legal debt margin	<u><u>\$ 9,489,816</u></u>

In accordance with state law the town may not incur general obligation bonded indebtedness in excess of 3.75% of total assessed valuation, with such debt being payable from the proceeds of taxes levied upon taxable properties in the town.

**Schedule 11
Town of Yountville
Pledged Revenue Coverage
Last 10 Fiscal Years**

Fiscal Year	Flood Wall Lease Purchase Agreement				2008 Lease Revenue Bonds				2013 Lease Revenue Bonds			
	Measure A				Pledged				Pledged			
	Sales Tax	Debt Service		Coverage	Transient	Debt Service		Coverage	Revenue	Debt Service		Coverage
	Allocations	Principal	Interest		Occupancy Tax	Principal	Interest			Principal	Interest	
2006	264,453	182,246	80,532	1.01	-	-	-	-	-	-	-	-
2007	264,295	185,898	76,882	1.01	-	-	-	-	-	-	-	-
2008	265,942	190,263	72,517	1.01	-	-	-	-	-	-	-	-
2009	262,673	195,335	67,445	1.00	341,820	-	341,820	1.00	-	-	-	-
2010	284,208	201,077	63,131	1.00	382,526	-	498,199	0.77	-	-	-	-
2011	269,375	207,451	56,757	1.02	675,594	175,000	493,824	1.01	-	-	-	-
2012	259,041	214,464	49,744	0.98	664,950	180,000	484,950	1.00	-	-	-	-
2013	265,958	222,044	42,164	1.01	668,640	190,000	476,649	1.00	133,225	100,000	33,225	1.00
2014	256,077	230,216	33,992	0.97	670,050	200,000	468,849	1.00	361,113	260,000	101,113	1.00
2015	259,977	238,294	18,183	1.01	666,980	205,000	459,724	1.00	360,913	265,000	95,913	1.00
2016	259,951	244,595	13,506	1.01	667,550	215,000	450,298	1.00	360,613	270,000	90,613	1.00

Notes: Details regarding the Town's outstanding debt can be found in the notes to the financial statements. The lease purchase agreement is backed by a county-wide special flood tax imposed on retail sales and allocated by Napa County per agreement with the Town. The 2008 Lease Revenue Bonds are backed by a specific pledge of one-sixth (or 2% of the 12% tax collected) of the transient occupancy tax collected by the Town each fiscal year up to a maximum amount of the debt service on the bonds for each fiscal year.

The 2013 Lease Revenue Bonds are backed by a pledge of General Fund revenue collected by the Town each fiscal year up to a maximum amount of the debt service on the bonds for each fiscal year.

Schedule 12
Town of Yountville
Lease Revenue Bonds - Continuing Disclosures
Last Calendar Year

Calendar Year	2008 Lease Revenue Bonds				Debt Service Reserve Fund Balance	2013 Lease Revenue Bonds
	Principal Balance December 31	<i>Debt Service Reserve Requirement equals the lessor of the three following:</i>				Principal Balance December 31
		Maximum Annual Debt Service	125% of Average Annual Debt Service	10% of Original Par		
2012					672,902	-
2013	9,965,000	668,999	833,188	1,071,000	672,902	4,160,000
2014	9,760,000	668,849	833,188	1,071,000	672,902	3,900,000
2015	9,545,000	669,599	833,188	1,071,000	672,902	3,635,000
2016	9,320,000	670,999	838,749	1,071,000	672,933	3,365,000

**Schedule 13
Town of Yountville
Demographic & Economic Statistics
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Estimated Population (1)</u>	<u>Countywide Per Capita Income (2)</u>	<u>Estimated Yountville Income</u>	<u>Assessed Valuation</u>	<u>Unemployment Rate (3)</u>
2007 (2)	3,290	\$ 44,787	\$ 147,349,230	\$ 385,737,697	4.10%
2008	3,263	\$ 47,491	\$ 154,963,133	\$ 422,992,439	5.30%
2009 (3)	3,263	\$ 51,218	\$ 167,124,334	\$ 467,840,883	9.00%
2010 (4)	3,267	\$ 39,561	\$ 129,245,787	\$ 476,052,223	8.70%
2011	2,933	\$ 49,805	\$ 146,078,065	\$ 506,813,775	9.20%
2012 (5)	2,933	\$ 49,792	\$ 146,039,936	\$ 536,931,027	7.80%
2013 (5)	2,999	\$ 54,807	\$ 164,366,193	\$ 546,477,582	5.80%
2014	2,999	\$ 54,807	\$ 164,366,193	\$ 566,095,263	4.80%
2015 (5)	2,999	\$ 56,634	\$ 169,845,366	\$ 610,851,007	4.10%
2016 (4)	2,987	\$ 52,576	\$ 157,044,512	\$ 640,795,068	4.60%

Notes to Table:

- (2) Source: Bureau of Economic Analysis, 2006 estimated at 6.0%
- (3) Source: Bureau of Economic Analysis for 2007 (most recent)
- (4) Source: 2009-10 MuniServices LLC Demographic & Economic Statistics
- (5) Source: Employment Development Department Monthly Labor Force Data for Counties Report 400 C, June

**Schedule 14
Town of Yountville
Principal Employers
Last Ten Fiscal Years**

Fiscal Year				Fiscal Year						
Ended		Number	Rank	% of Total	Ended		Number	Rank	% of Total	
June 30	Employer	Employees	to Town	Employment	June 30	Employer	Employees	to Town	Employment	
2007	Veterans Home of California	500 - 999	1	-	2012	Veterans Home of California	500 - 999	1	67.46%	
	State of California					State of California				
	Domaine Chandon Winery for winery and food service operations	250 - 499	2	-		Villagio Inn & Spa Operations for Vintage, Villagio, and related support services	350 - 499	2	26.92%	
	Vintage 1870 - Hotel, Inn & Spa Operations for Vintage, Villagio, and related support services	250 - 299	3	-		The Keller Group for restaurant operations	250 - 350	3	24.08%	
2008	Veterans Home of California	500 - 999	1	-	2013	Domaine Chandon Winery for winery and food service operations	200 - 250	4	15.92%	
	State of California					Veterans Home of California	500 - 999	1	67.46%	
	Domaine Chandon Winery for winery and food service operations	250 - 499	2	-		State of California				
	Vintage 1870 - Hotel, Inn & Spa Operations for Vintage, Villagio, and related support services	250 - 299	3	-		Villagio Inn & Spa Operations for Vintage, Villagio, and related support services	350 - 499	2	26.92%	
2009	Veterans Home of California	500 - 999	1	-	2014	The Keller Group for restaurant operations	250 - 350	3	24.08%	
	State of California					Domaine Chandon Winery for winery and food service operations	200 - 250	4	15.92%	
	Domaine Chandon Winery for winery and food service operations	250 - 499	2	-			Veterans Home of California	500 - 999	1	67.46%
	Vintage 1870 - Hotel, Inn & Spa Operations for Vintage, Villagio, and related support services	250 - 299	3	-		State of California				
2010	Veterans Home of California	500 - 999	1	67.46%		Villagio Inn & Spa Operations for Vintage, Villagio, and related support services	350 - 499	2	26.92%	
	State of California					The Keller Group for restaurant operations	250 - 350	3	24.08%	
	Villagio Inn & Spa Operations for Vintage, Villagio, and related support services	350 - 499	2	26.92%		Domaine Chandon Winery for winery and food service operations	200 - 250	4	15.92%	
	The Keller Group for restaurant operations	250 - 350	3	24.08%	2015	Veterans Home of California	500 - 999	1	67.46%	
Domaine Chandon Winery for winery and food service operations	200 - 250	4	15.92%			State of California				
						Villagio Inn & Spa Operations for Vintage, Villagio, and related support services	350 - 499	2	26.92%	
						The Keller Group	250 - 350	3	24.08%	
2011	Veterans Home of California	500 - 999	1	67.46%		for restaurant operations				
	State of California					Domaine Chandon Winery for winery and food service operations	200 - 250	4	15.92%	
	Villagio Inn & Spa Operations for Vintage, Villagio, and related support services	350 - 499	2	26.92%	2016	Veterans Home of California	500 - 999	1	67.92%	
	The Keller Group for restaurant operations	250 - 350	3	24.08%			State of California			
Domaine Chandon Winery for winery and food service operations	200 - 250	4	15.92%			The Keller Group for restaurant operations	250 - 350	2	22.69%	
						Villagio Inn & Spa Operations (Vintage Estates) for Vintage, Villagio, and related support services	250 - 299	3	19.23%	
					Domaine Chandon Winery for winery and food service operations	200 - 250	4	15.92%		

Note: Percent of total employment by employer reported as available.

**Schedule 15
Town of Yountville
Full-Time Equivalent Town Government Employees by Function
Last Ten Years**

Function	Full-Time Equivalent Personnel as of June 30									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Administration Town management Town municipal clerk Finance	6	6	6	6	6	6	6	6	7	7
Planning & Building	2	2	2	2	2	2	2	2	2	2
Public Works Engineering Street maintenance Park maintenance Government buildings Water operations	6	7	7	7	7	7	7	7	8	8
Wastewater Collection and treatment	3	4	4	4	4	4	4	4	4	5
Parks & Recreation Recreation programs Pool & Aquatics Community Center	5	5	5	5	5	5	5	5	5	5
Totals:	22	24	26	27						

**Schedule 16
Town of Yountville
Operating Indicators
Last Ten Fiscal Years**

Function	Fiscal Years ended June 30									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Police										
Felony crimes	42	77	34	35	25	42	39	29	25	87
Traffic violations/citations	319	435	292	145	326	41	157	686	826	651
Water system										
Annual Consumption (AF)	521.50	516.56	525.46	495.41	509.95	563.98	571.61	612.93	537.6	473.97
Daily average consumption in MGD	0.465	0.449	0.469	0.442	0.455	0.504	0.510	0.547	0.480	0.423
Wastewater system										
Daily average treatment in MGD	0.426	0.399	0.425	0.457	0.454	0.438	0.451	0.381	0.372	0.371
Maximum daily capacity of treatment plant, in MGD	0.593	0.630	0.630	0.630	0.630	0.630	0.630	0.630	0.630	0.550
Streets										
Expenditures for streets in thousands of dollars	\$ 471	\$ 220	\$ 356	\$ 264	\$ 1,609	\$ 718	\$ 832	\$ 1,499	\$ 569	\$ 483

Data not available unless otherwise noted

Schedule 17
Town of Yountville
Capital Asset Statistics
Last Ten Fiscal Years

Fiscal Years ended June 30

Function	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Area in Square Miles	1.56	1.56	1.56	1.56	1.56	1.56	1.56	1.56	1.56	1.56
Fire protection (State/County)										
Number of stations	1	1	1	1	1	1	1	1	1	1
Number of personnel	16.8	16.8	16.8	16.8	16.8	16.8	16.8	16.8	16.8	16.8
Parks and recreation:										
Community hall	1	1	1	1	1	1	1	1	1	1
Community center	-	-	1	1	1	1	1	1	1	1
Parks & open space areas	7	7	7	10	10	10	10	10	10	10
Park acreage	5.98	5.98	5.98	15	15	15	15	15	15	15
Tennis courts	2	2	2	2	2	2	2	2	2	2
Police protection (County)										
Number of substations	1	1	1	1	1	1	1	1	1	1
Contract police officers	3	3	3	3	3	4	4	4	4	4
Public library (County)										
Number of branches	1	1	1	1	1	1	1	1	1	1
Square footage	782	782	782	1,800	1,800	1,800	1,800	1,800	1,800	1,800
Number of items	8,097	8,662	8,662	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Streets										
Miles of streets	8.31	8.31	8.31	8.45	8.45	8.45	8.45	8.45	8.45	8.45
Water system										
Service connections	730	745	756	767	770	786	793	800	815	814
Miles of water mains	8.9	8.9	8.9	8.9	8.9	8.9	8.9	8.9	8.9	8.9
Wastewater system										
Number of treatment plants	1	1	1	1	1	1	1	1	1	1
Number of service connections	700	693	704	713	716	720	735	743	754	753
Miles of sanitary sewers	9.4	9.4	9.4	9.4	9.4	9.4	9.4	9.4	9.4	9.4

Data not available unless otherwise noted

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Honorable Mayor and Members of the Town Council
of the Town of Yountville
Yountville, California

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Yountville, California (Town), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated December 27, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

To the Honorable Mayor and Members of the Town Council
of the Town of Yountville
Yountville, California
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Badawi & Associates". The signature is written in a cursive, flowing style.

Badawi & Associates
Certified Public Accountants
Oakland, California
December 27, 2016

Town of Yountville, California

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

Prepared by the Finance Department



Photo by Rob Wennerberg