



TOWN OF DANVILLE, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

TOWN COUNCIL

Renee Morgan, Mayor
Newell Arnerich, Vice Mayor
Lisa Blackwell, Councilmember
Karen Stepper, Councilmember
Robert Storer, Councilmember

TOWN STAFF

Joseph A. Calabrigo, Town Manager
Nat Rojanasathira, Administrative Services Director
Lani Ha, Finance Manager/Treasurer

TOWN OF DANVILLE, CALIFORNIA



**COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2017**

TOWN COUNCIL

**Renee Morgan, Mayor
Newell Arnerich, Vice Mayor
Lisa Blackwell, Councilmember
Karen Stepper, Councilmember
Robert Storer, Councilmember**

TOWN MANAGER

Joseph A. Calabrigo

**Prepared by the
Finance Division**

Lani Ha, Finance Manager/Treasurer

Danville, CA
(Cover Photo – Leslie Eddy)



This page intentionally left blank.

Town of Danville
Comprehensive Annual Financial Report
For the Year Ended June 30, 2017

Table of Contents

| | <u>Page</u> |
|--|-------------|
| <u>INTRODUCTORY SECTION</u> | |
| Letter of Transmittal..... | i |
| Organizational Chart | ix |
| Directory of Public Officials | x |
| Certificate of Achievement for Excellence in Financial Reporting – Government Finance Officers Association | xi |
| Statement of Purpose..... | xii |
| <u>FINANCIAL SECTION</u> | |
| Independent Auditors’ Report: | |
| Report on Financial Statements..... | 1 |
| Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | 3 |
| Management’s Discussion and Analysis (Required Supplementary Information) (Unaudited)..... | 5 |
| Basic Financial Statements: | |
| Government-Wide Financial Statements: | |
| Statement of Net Position | 18 |
| Statement of Activities and Change in Net Position..... | 19 |
| Fund Financial Statements: | |
| Governmental Fund Financial Statements: | |
| Balance Sheet | 26 |
| Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position | 29 |
| Statement of Revenues, Expenditures and Changes in Fund Balances | 30 |
| Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Government-Wide Statement of Activities | 32 |
| Fiduciary Fund Financial Statements: | |
| Statement of Fiduciary Net Position | 36 |
| Statement of Change in Fiduciary Net Position..... | 37 |
| Index to Notes to Basic Financial Statements..... | 40 |
| Notes to Basic Financial Statements..... | 41 |

Town of Danville
Comprehensive Annual Financial Report
For the Year Ended June 30, 2017

Table of Contents (Continued)

Page

FINANCIAL SECTION (Continued)

Required Supplementary Information (Unaudited):

| | |
|---|----|
| Budgetary Information..... | 71 |
| Budgetary Comparison Schedules: | |
| General Fund..... | 72 |
| Lighting and Landscaping Special Revenue Fund..... | 73 |
| Regional Traffic Impact Fees Special Revenue Fund..... | 74 |
| Modified Approach for Town Street Infrastructure Capital Assets | 75 |

Supplemental Information:

Non-Major Governmental Funds:

| | |
|--|-----|
| Combining Balance Sheet | 83 |
| Combining Schedule of Revenues, Expenditures and Changes in Fund Balances | 88 |
| Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual: | |
| PEG Special Revenue Fund | 93 |
| Gas Tax Special Revenue Fund | 94 |
| Building and Planning Special Revenue Fund..... | 95 |
| Development Engineering Special Revenue Fund..... | 96 |
| Child Care Special Revenue Fund | 97 |
| Stormwater Pollution Control Program Special Revenue Fund | 98 |
| Measure C/J Special Revenue Fund..... | 99 |
| Donations and Contributions Special Revenue Fund | 100 |
| General Development Impact Fees Special Revenue Fund | 101 |
| Public Safety Special Revenue Fund | 102 |
| Old Town Parking In-Lieu Special Revenue Fund..... | 103 |
| Sycamore Valley Assessment District Special Revenue Fund | 104 |
| Low and Moderate Income Housing Special Revenue Fund..... | 105 |

Agency Funds:

| | |
|---|-----|
| Combining Statement of Changes in Assets and Liabilities..... | 106 |
|---|-----|

Town of Danville
Comprehensive Annual Financial Report
For the Year Ended June 30, 2017

Table of Contents (Continued)

| | <u>Page</u> |
|--|-------------|
| <u>STATISTICAL SECTION</u> | |
| Financial Trends: | |
| Net Position by Components | 112 |
| Changes in Net Position | 114 |
| Governmental Activities Tax Revenues by Source | 118 |
| Fund Balances of Governmental Funds | 119 |
| Changes in Fund Balances of Governmental Funds | 121 |
| Revenue Capacity | |
| Assessed Value | 123 |
| Direct and Overlapping Property Tax Rate | 124 |
| Property Tax Levies and Collections | 125 |
| Debt Capacity: | |
| Ratios of Outstanding Debt by Type | 126 |
| Direct and Overlapping Governmental Activities Debt | 127 |
| Principal Property Taxpayers | 128 |
| Legal Debt Margin Information | 129 |
| Pledged-Revenue Coverage..... | 131 |
| Demographic and Economic Information: | |
| Demographic and Economic Statistics | 132 |
| Principal Employers in the Town of Danville | 133 |
| Operating Information: | |
| Full-Time Equivalent Town Government Employees by Function | 134 |
| Operating Indicators by Function | 135 |
| Capital Asset Statistics by Function | 136 |



This page intentionally left blank.

INTRODUCTORY SECTION



This page intentionally left blank.



*“Small Town Atmosphere
Outstanding Quality of Life”*

November 21, 2017

Mayor and Town Council
Town of Danville

Subject: Fiscal Year 2016/17 Comprehensive Annual Financial Report

The Comprehensive Annual Financial Report (CAFR) of the Town of Danville for the fiscal year (FY) ended June 30, 2017, is submitted in compliance with laws of the State of California and as prescribed by the Government Accounting Standards Board (GASB) Statement 34. This report was prepared by the Town of Danville Finance Department, and the responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Town. To the best of our knowledge, the data included in the report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the Town. All disclosures necessary to enable the reader to gain an understanding of the Town's financial activities have been included.

The CAFR represents the culmination of all budgeting and accounting activities of the Town during FY 2016/17.

GENERAL INFORMATION ABOUT THE TOWN OF DANVILLE

Incorporated in 1982, Danville is located in Contra Costa County, approximately 30 miles east of San Francisco and lies in the center of the San Ramon Valley. The Town comprises 18.5 square miles and has 43,335 residents.

Danville began as a small rural village during the 1850s. The first post office was established in 1860. Although the Town is suburban, it still retains its small-town character. Older well-maintained neighborhoods coexist with new subdivisions and their modern amenities. The community enjoys natural creeks, hiking and biking trails, and dedicated open space. Mt. Diablo, at an elevation of 3,849 feet, rises to the east and Las Trampas Regional Wilderness, elevation 2,049 feet, creates the Town's western boundary.

Danville's primary commercial district lies in the center of the community and offers resident-serving commercial businesses, boutique shopping, and fine dining. The Old Town area is the historical center of the Town. It is a source of pride to our residents and is the site of many holiday and special events which attract visitors throughout the year from around the Bay Area. While Danville has remained residential, neighboring cities have developed job centers including major commercial and light industrial business parks located within minutes from the Town.

The Town operates under the Council-Manager form of government and is governed by a five-member Town Council elected at large and serving staggered four-year terms. Council elections are held in November of even-numbered years. The Town Manager and the City Attorney are appointed by the Town Council. The Town Manager appoints all Department Directors and through them all other employees of the Town.

510 LA GONDA WAY, DANVILLE, CALIFORNIA 94526

| | | | | | | |
|----------------------------------|----------------------------|--|----------------------------------|-------------------------------|--------------------------|--|
| Administration (925) 314-3388 | Building (925) 314-3330 | Engineering & Planning (925) 314-3310 | Transportation (925) 314-3320 | Maintenance (925) 314-3450 | Police (925) 314-3700 | Parks and Recreation (925) 314-3400 |
|----------------------------------|----------------------------|--|----------------------------------|-------------------------------|--------------------------|--|

Areas of service delivery for the Town include General Government, Police Services, Administrative Services, Development Services, Maintenance Services and Recreation, Arts and Community Services. The Town contracts with the Contra Costa County Sheriff's Office to provide police services. Additional services are provided by other agencies: fire service by the San Ramon Valley Fire Protection District, water service by the East Bay Municipal Utility District, wastewater service by the Central Contra Costa Sanitary District, and primary and secondary education by the San Ramon Valley Unified School District.

The Town also contracts with private companies and individuals to provide portions of its building inspection and recreation and maintenance services.

REPORTING ENTITY

A preliminary step in preparing the CAFR for the Town was the identification of the reporting entity. In accordance with Government Accounting Standards Board Statements No. 14, 61 and 80, related governmental entities were evaluated to determine if the Town was financially accountable for its operations. This report includes all fund types and account groups of the Town of Danville.

The former Community Development Agency (CDA) of the Town of Danville was dissolved by AB x1 26 on January 31, 2012. As a result, all assets and debt liabilities of the former CDA were transferred to a Fiduciary Trust Fund, the Successor Agency (SA) to the former Community Development Agency of the Town of Danville, in FY 2011/12. On June 27, 2012, cleanup legislation AB 1484 was passed and directed that the Low and Moderate Income Housing assets be transferred from the SA to the Town. The SA does not meet the definition of a "component unit," and its financial activities and assets are therefore not included in the Town's financial statements. Although the SA is legally a separate entity, the governing board of the SA has the same membership as the Town Council. The Town is responsible for day-to-day activities, including the ability to appoint, hire, reassign or dismiss management. An Oversight Board consisting of seven members was appointed to the SA for the purpose of overseeing the dissolution and winding down of the CDA. The Town of Danville Financing Authority (a joint powers authority of the Town of Danville and the former CDA) is not included as a component unit since it is financially independent.

ECONOMIC CONDITION AND OUTLOOK

Current Economic Condition

As of June 30, 2017, the Town of Danville's financial condition continues to be sound. An indicator of the Town's financial condition is the level of fund balance, reserved and unreserved, in its Governmental Funds, which include General, Special Revenue, Debt Service and Capital Projects. The Town has a policy of retaining a minimum of 20% of the coming year's operating expenditures as an operating reserve against the General Fund fund balance. As of June 30, 2017, \$12,309,768 or 37.42% is designated for this purpose. Additional reserves against the General Fund include various future operating costs, including General Fund purchase order encumbrance carryovers; reserves for Certificate of Participation debt issued by the Town in 2001 and 2005; a contingency for unforeseen expenditures; compensated absences/personnel; reward funds to help recover Town property; a reserve for the receivable for the funds loaned to the former CDA; funds to be used for maintenance of Town's rental property and funds to be used to support disability access. An additional \$2,500,000 has been designated as a transfer to the Capital Improvement Project Fund.

The Town's conservative Investment Policy and practices continue to protect the principal of the Town's investment portfolio. The Town's portfolio is invested in U.S. Treasury bonds; U.S. Agency bonds; the State of California's pooled fund; LAIF; and U.S. Corporate Notes with ratings of AA- or higher.

The total General Fund's fund balance of \$27,800,095 represents 131% of total FY 2016/17 General Fund operating expenditures and 88.44% of operating expenditures from all funds. Additionally, the Town has \$26,134,630 of Special Revenue funds, and \$43,557,569 in Capital Projects funds.

The Town's five largest revenue sources account for 80.33% of all Town revenues. These include Property Tax providing 38.15% of revenues; Sales Tax providing 15.11%; Other Taxes providing 8.91%; Special Assessments providing 9.70% and Development Impact Fees providing 8.45% of revenues.

Property Tax increased by \$875,279 (6.68%) compared to FY 15-16, as assessed values were increased and the median sales price for a single family residential home increased. Revenue trends from the past four years illustrate strong growth and in assessed valuation. December 31, 2015 marked the sunset of the sales tax for property tax swap known as "the triple flip" that was enacted by the passage of Proposition 57 in 2004.

Charges for Services increased by \$106,920 (3.88%), reflecting a slight increases in program revenues in Recreation, Arts and Community Services.

Sales Tax, increased \$976,710 (21.42%), this increase includes and reflects the final year of the triple flip (enacted through the passage of Proposition 57 in 2004). Other Taxes and Intergovernmental Fund Revenues decreased a net of \$5,641 (.17%), reflecting lower revenues from Gas Tax and Measure J funds. Special Assessments (LLAD and SPCP assessments) remained essentially flat.

The decrease in Development Fees of \$608,757 (16.43%), reflects a slowdown in the robust level of permitting activity that has been ongoing since 2011. Total fee revenue declined for the first time since 2009.

Danville's jobless rate as of September 2017 was 3.1% as compared to the nationwide rate of 4.2%, the state rate of 5.1%, and the Contra Costa County rate of 3.9%.

Outlook for the Future

The Town uses a multi-year financial planning process that includes estimates of future revenue and operating expenditure growth as well as capital needs to be financed from the General Fund and other funds over the next 10 years. The annual update of this model, the 2017/18 Operating Budget and Capital Improvement Program, was completed in May 2017 and adopted on June 6, 2017. General Fund revenues are projected to increase an average of 4.8%, largely attributable to a 6.5% increase in property tax revenue and a 10.6% increase in franchise fee revenue. Special Purpose revenues are projected to increase 5.2%, most significantly due to a 33.38% increase in Gas Tax revenues (Highway Users Tax) resulting from the Road Repair and Accountability Act of 2017.

Looking forward 10 years, General Purpose revenues are projected to increase 1.55% in FY 2018/19 and an average of 1.68% thereafter. Special Purpose revenues are projected to increase 9.76% in FY 2018/19, increase 2.45% in FY 2019/20 and increase, on average, 0.05% through FY 2025/26.

The 10-year projection includes cost increases that average 2.24% annually, reflecting anticipated adjustments to service demands as well as changes in the Consumer Price Index. The Town continues to evaluate the impact of current decisions on the long term fiscal stability of the Town.

By FY 2020/21, all four zones in the Lighting and Landscape Assessment District will require General Fund subsidies, or an increase in assessments, in order to maintain current service levels.

Despite the passage of Senate Bill 1 – The Road Repair and Accountability Act of 2017, which will significantly increase the local streets and roads funds allocated back to Danville, Gas Tax revenues alone will not support all of the costs associated with maintaining the Town's street system over the next 10 years. Additional General Purpose and Special Purpose revenue resources, will continue to be needed to maintain the current Pavement Condition Index (PCI) and street maintenance service levels.

Furthermore, the Town's Capital Improvement Program will continue to require an annual infusion from the General Fund and other available resources in order to maintain the Town's practice of paying cash for capital projects.

The Town's funding of current service delivery, capital projects, local streets and roads and long-term fiscal health depends on continued growth of the economy and avoidance of further negative fiscal actions by the State. The dissolution of the former Community Development Agency continues to have a major negative impact on the Town by eliminating a major annual funding source for downtown improvements. While the Town will be repaid \$9.3 million in funds owed by the former Community Development Agency through annual payments, further action from the State could adversely affect the Town's fiscal condition.

Additional financial information on the Town of Danville is provided in The Management Discussion and Analysis (MD&A). The Transmittal letter and MD&A are intended to provide complementary information to each other.

MAJOR ACCOMPLISHMENTS AND INITIATIVES

For Fiscal Year 2016/17

Major events took place in the Town during FY 2016/17 that had or will have significant financial effects on the Town in the years to come. The Town:

1. Started construction of the Rose Street Parking Lot, a \$5.5 million project that will add 78 parking spaces.
2. Completed the 2016/17 Pavement Rehabilitation Project with a total expenditure of \$6.2 million on 97 streets in Danville. In addition to the overlay work, the project also included an additional cost of \$329,000 in storm damage repairs.
3. Completed 4,190,000 square feet of asphalt slurry coating over 142 streets for a total expenditure of \$1,033,400.
4. Completed the SAFETEA-LU pavement project on Camino Tassajara Parkway at a cost of \$2.4 million. The total project cost for the SAFETEA-LU Grant Project was \$7.7 million.
5. Committed \$1.45 million to the San Ramon Valley Unified School District toward the San Ramon Valley High School Classroom Modernization project in order to fund 200 additional student parking spaces on campus and alleviate parking congestion in adjacent neighborhoods and the north end of the downtown.
6. Implemented an Automated License Plate Reader (ALPR) Program to improve public safety by enhancing crime prevention and crime investigation efforts resulting in additional arrests after crimes were committed, the recovery of stolen property, and the arrest of known/wanted criminals as they entered Town.
7. Adopted the 2017 Danville Parks, Recreation and Arts Strategic Plan Update.
8. Installed the green bike lanes on Camino Tassajara Parkway and Sycamore Valley Road.
9. Continued implementation of the Comprehensive Economic Development Plan including: development of a Danville Market Analysis to be used for business attraction and retention, branding outreach, and analysis of business trends.
10. Adopted the Community Branding and Marketing Plan, which set in motion the Town's creative direction and future marketing initiatives.
11. Completed the Camino Tassajara Parkway and Sycamore Valley Road sound wall repair for a total project cost of \$402,000.
12. Completed the Railroad Avenue Decorative Crosswalks and Pavement Overlay Project for a project cost of \$437,000.

13. Upgraded over 800 inductive traffic signal loop detectors, in addition to traffic signal controller maintenance.
14. Provided \$80,500 in Business Promotion and Retail Incentives grant funding to businesses and organizations.
15. Complete implementation of various initiatives in the \$3.5 million, Five-Year Information Technology Master Plan, including Document Management, Land Management, Town Council Video Streaming, and Disaster Recovery implementation.
16. Implemented the Residential Permit Parking Program for over 200 homes on the west side of Danville.
17. Completed the maintenance of bocce ball courts at Sycamore Valley Park.
18. Extended the permit counter and plan check hours daily to 4:00 p.m.
19. Launched online permit applications capability on the new EnerGov Land Management system.
20. Continued drought response by reducing water usage by over 30 percent and implementing water savings measures, including completion of Phase II of the Central Irrigation System project and the irrigation pump at Diablo Vista Park.
21. Replaced and repaired sports field fencing at Diablo and Sycamore Valley parks.
22. Awarded a contract for parks landscape maintenance services for \$321,425.
23. Renewed contracts for roadsides landscape maintenance services for \$323,013.
24. Expanded community outreach efforts, including social media tools such as Instagram.
25. Adjusted franchise fees for RecycleSmart (Central Contra Costa Solid Waste Authority).

For Fiscal Year 2017/18

During the upcoming FY 2017/18 the Town will:

1. Complete acquisition and design, and begin construction on the \$9.21 million Village Theatre Municipal Parking Lot expansion, which will add 131 new parking spaces downtown.
2. Work with the San Ramon Valley Unified School District to ensure the construction of 200 new student parking spaces, constructed in part by the Town's \$1.45 million contribution.
3. Complete plans and specifications for replacement of play structures at Hap Magee Ranch Park with a projected cost of \$625,000.
4. Implement elements of the adopted Comprehensive Economic Development Plan including: Phase II updates of the Downtown Business District ordinance, deployment of a business-to-business communication channel, implementation of a business e-mail distribution system, active participation in Visit Tri-Valley efforts, business attraction through market analysis, and a new Live Locally website.
5. Implement components of the Community Marketing and Branding Plan, including publication of the Live Locally Guide, marketing material and rebranding of the Town's quarterly newsletter.
6. Design the Sycamore Valley Park and Ride Expansion Project, which will increase capacity from 230 to 346 public parking spaces and enhance bicycle parking.

7. Complete design of a \$1.6 million One Bay Area Grant (OBAG) Project to improve El Cerro Boulevard from El Pintado Road to La Gonda Way and Sycamore Valley Road from Camino Ramon to San Ramon Valley Boulevard.
8. Complete design work on the Town Office Improvements Project, to enhance the front lobby, public hallway and conference rooms.
9. Begin to implement the Parks, Recreation & Arts Strategic Plan, with an emphasis on capital projects in parks, trails and public art.
10. Start design on the \$5 million project to replace the La Gonda Way bridge at Danville Boulevard.
11. Continue the Disaster Preparedness Program to step up readiness efforts aimed at preparing for and responding to any natural or man-made disasters or emergencies that could befall the Town.
12. Continue to prepare the police department in the areas of critical incident response by ensuring responding personnel are properly trained and equipped to handle critical events.
13. Implement a new Document Management and Collaboration System using SharePoint and Office 365.
14. Install a new Fiber Optic Cable network to increase connectivity and speed among Town facilities.
15. Continue deployment of the Energov Land Management Software including Citizen Self Service and continued refinement of internal processes.
16. Expend \$23,400 to replace HVAC units and repaint the exterior of the Village Theatre.
17. Renovate the poured in place safety surfacing at the Sycamore Valley Park play area with a projected cost of \$141,769.
18. Restore the bio swale area at Osage Station Park north parking lot for a total cost of \$9,120.
19. Work with EBMUD to initiate installation of recycled water on El Capitan Drive near Crow Canyon Road.
20. Award a custodial maintenance services contract for \$108,240.
21. Renew landscape maintenance services contracts for parks and roadsides for a total of \$668,926.
22. Continue with various Transportation programs including: the Street Smarts traffic safety education program, Neighborhood Traffic Management Program and participation in Danville's TRAFFIX Student Transportation Program.
23. Reveal a new Teen Zone within the Danville Library, with expanded seating, lounge chairs, electronic device charging station and group work tables.
24. Upgrade Audio-Visual technology at the Danville Community Center, Oak Hill Park Community Center, and Veterans Memorial Building.
25. Deploy a new Town website with integrated social media, e-newsletters, community calendar and additional functionality.
26. Implement the new Tri-Valley Cities Legislative Framework and implement regional, state, and federal advocacy through a new advocacy firm.

FINANCIAL CONTROLS AND INFORMATION

The Town's financial records for general governmental operations are maintained on a modified accrual basis with revenues recorded when available and measurable and expenditures recorded when the services or goods are received and the liability incurred.

Town Management is responsible for establishing and maintaining an internal control structure designed to ensure that assets are protected from loss and theft or misuse; and for compiling accounting data which is adequate for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management.

Budgeting Controls

The Town maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Town Council. Activities of all governmental type funds are included in the annual appropriated budget. For FY 2016/17, the budgetary level of control (that is the level at which expenditures cannot legally exceed the appropriated amount) for the operating budget was at the fund level.

For the capital improvement budget, the level of control was the individual capital improvement project. The Town also utilizes the encumbrance system as a management control technique to assist in controlling expenditures. All appropriations lapse at year-end. However, encumbrances and appropriations for unfinished capital and other projects are reviewed and, when warranted, are reappropriated ("carried over") as part of the following year's budget.

Risk Management

The Town is a member of the Municipal Pooling Authority (MPA), a consortium of 20 California cities including 17 in Contra Costa County, one in San Mateo County, one in Santa Clara County and one in San Joaquin County. The Risk Management Authority is a risk-sharing, self-insured pool providing insurance benefits to its members. Insurance activities are financed by charges to member cities, and no long-term debt has been incurred by the Authority. The Town participates in the Authority's self-insured general and auto liability programs and purchases commercial property and earthquake insurance through MPA. Annual premiums are determined based on an actuarial study using a retrospective method. During FY 2016/17, the Town was responsible for the first \$5,000 of general liability costs and \$2,000 and \$3,000 for Town and police auto liability respectively, for each of its own claims.

The Town's limits of coverage per claim are \$29 million for general liability and \$250,000 for auto liability. The Town has established in the General Fund \$45,746 in liability to finance anticipated settlement of claims.

The Town is also a member of the Authority's workers' compensation pool. The Authority is responsible for the first \$500,000, per claim. This program carries excess insurance above \$500,000 per claim.

The Town has implemented various risk control techniques and loss prevention and reduction programs, including employee training and education.

OTHER INFORMATION

Independent Audit

It is the policy of the Town of Danville to have an audit performed annually by an independent certified public accountant. The independent audit of the June 30, 2017 financial statements was performed by The Pun Group, LLP. Their Independent Auditors' Report is included with the basic financial statements.

Acknowledgments

The development of this report would not have been possible without the dedication and efforts of the entire Finance Division team. We would like to express our appreciation to all staff members of the Town and our independent auditing firm who made this report possible.

The Town's prudent fiscal management policies and practices are guided by the leadership and support of the Danville Town Council. We appreciate the Town Council's support and continued leadership.

Respectfully submitted,



Joseph A. Calabrigo
Town Manager



Lani Ha
Finance Manager/Treasurer

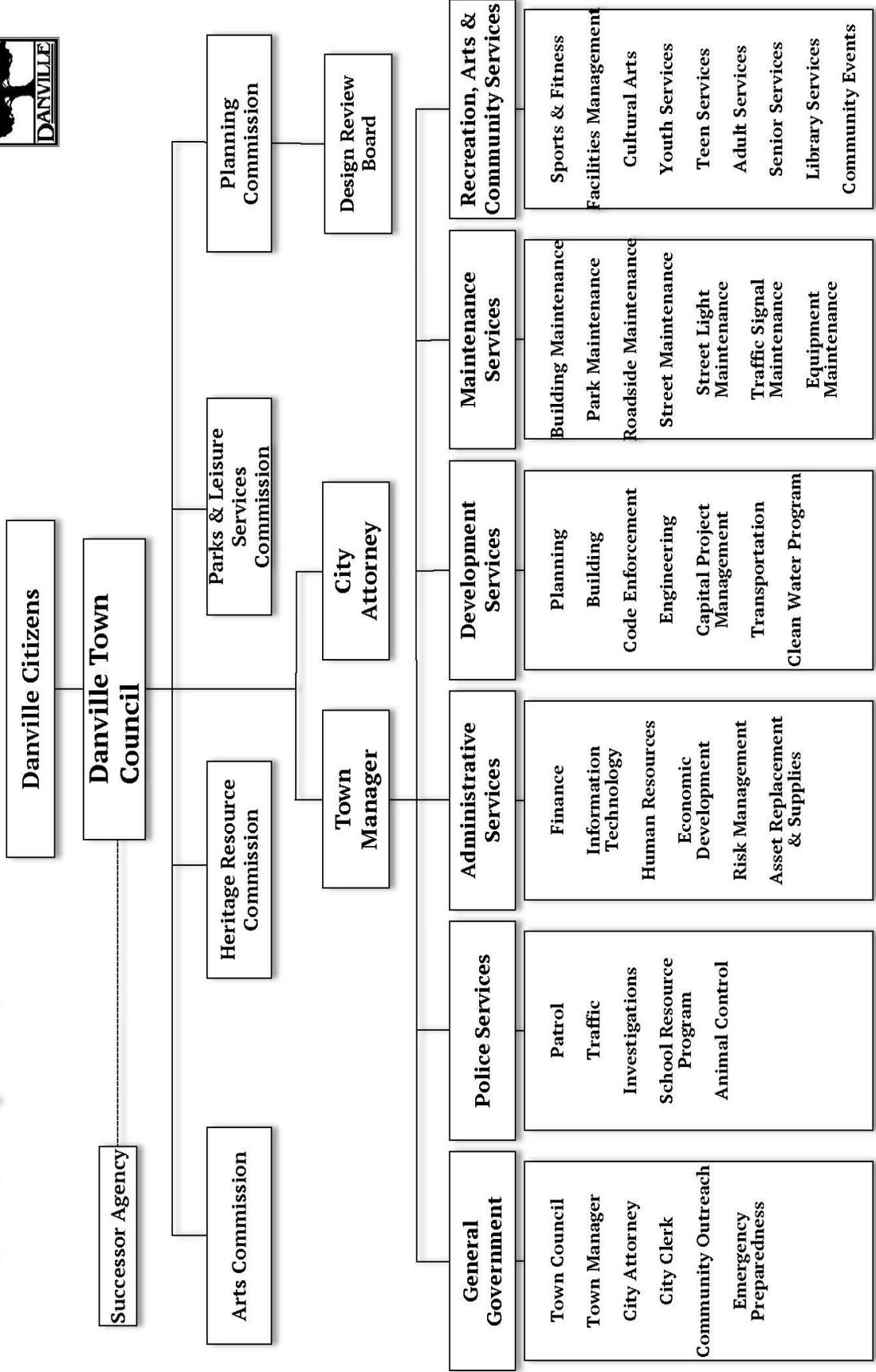


Town of Danville

Organizational Chart



Service Delivery Structure



Town of Danville

Directory of Public Officials

TOWN COUNCIL

| | |
|-----------------|---------------|
| Renee Morgan | Mayor |
| Newell Arnerich | Vice Mayor |
| Lisa Blackwell | Councilmember |
| Karen Stepper | Councilmember |
| Robert Storer | Councilmember |

TOWN STAFF

| | |
|---------------------|--|
| Joseph A. Calabrigo | Town Manager |
| Robert Ewing | City Attorney |
| Marie Sunseri | City Clerk |
| Tai Williams | Assistant Town Manager |
| Allan Shields | Chief of Police |
| Nat Rojanasathira | Administrative Services Director |
| Steven C. Lake | Development Services Director |
| Jed Johnson | Maintenance Services Director |
| Henry Perezalonso | Recreation, Arts & Community Services Director |
| Lani Ha | Finance Manager/Treasurer |

Town of Danville

**Certificate of Achievement for Excellence in Financial Reporting –
Government Finance Officers Association**



Government Finance Officers Association

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

Presented to

**Town of Danville
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO

Town of Danville

Statement of Purpose

DANVILLE IS A COMMUNITY DEDICATED TO PROVIDING AN EXCEPTIONAL QUALITY OF LIFE FOR ITS CITIZENS

To achieve this level of excellence, Danville will:

- Value and enhance its heritage and natural environment;
- Build innovative processes for citizen involvement and stimulate active participation in local government decision making;
- Foster personal responsibility, ethical standards and commitment among citizens;
- Achieve high quality development in scale with the natural surroundings;
- Deliver superior municipal and educational services;
- Encourage the arts, cultural and recreation activities, and community celebrations; and
- Exercise strong leadership in regional issues.

These goals enhance a sense of positive “small town” values related to the family, neighborhood, and community.

FINANCIAL SECTION



This page intentionally left blank.



INDEPENDENT AUDITORS' REPORT

To the Mayor and Members of the Town Council
of the Town of Danville
Danville, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Danville, California (the "Town"), as of and for the year ended June 30, 2017, 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town, as of June 30, 2017, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

2121 North California Blvd., Suite 290, Walnut Creek, California 94596

Tel: 925-974-3394 • Fax: 949-777-8850

www.pungroup.com

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Information, Budgetary Comparison Schedules for General Fund, Lighting and Landscaping Special Revenue Fund and Regional Traffic Impact Fee Special Revenue Fund, and Modified Approach for Town Street Infrastructure Capital Assets 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, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements 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, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections 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 November 14, 2017, 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.



Walnut Creek, California
November 14, 2017



**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***

Independent Auditors' Report

To the Mayor and Members of the Town Council
of the Town of Danville
Danville, 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, each major fund, and the aggregate remaining fund information of the Town of Danville, California (the "Town"), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated November 14, 2017.

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.

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*.

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

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 "The Peris Group, LLP". The signature is written in a cursive, flowing style.

Walnut Creek, California
November 14, 2017



MANAGEMENT'S DISCUSSION AND ANALYSIS

The Town of Danville's Financial Statements are issued in the format prescribed by the provisions of Government Accounting Standards Board Statement 34 (GASB No. 34). This discussion and analysis of the Town's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2017. Please read it in conjunction with the accompanying transmittal letter, the Basic Financial Statements and the accompanying notes to those financial statements.

FINANCIAL HIGHLIGHTS

- The Town's net position as of June 30, 2017 increased \$1,942,816 or 0.8% from \$250,543,966 to \$252,486,782.
- Total liabilities were \$15,024,552. Total assets were \$267,511,334. Of this amount \$72,257,190 is classified as unrestricted and, with the future receipt of \$9,359,401 of loan receivable from the former Community Development Agency (CDA), may be used to provide ongoing services and capital projects to residents and creditors.
- Governmental funds for the Town have combined fund balances of \$97,492,294. Of this amount \$24,437,153 is restricted by external parties, \$60,806,822 is committed for ongoing and future activities and \$9,427,986 is classified as nonspendable reflecting the future of receiving the loan proceeds from the cooperative agreement to the former Community Development Agency and fund received for services that has not been rendered by the Town, and \$2,820,333 has been assigned for ongoing operations.
- The Town's General Fund fund balance decreased (7.2)% from \$29,956,956 to \$27,800,095. This decrease is due to the posting of the full amount (principal and interest) of the cooperative loan agreement approved by the Department of Finance to the last fiscal year. The fund balance includes funds reserved or designated for debt service, future capital projects, ongoing operations, and an operating reserve of \$12,309,768 (37.42% of FY 2017/18 operating expenditures).

Subsequent to the end of the fiscal year 2013-14, the Sacramento County Superior Court issued a ruling on September 5, 2014, concluding that the reentered Cooperative Agreement between the Successor Agency and the Town of Danville was an enforceable obligation. The State appealed the Superior Court decision afterward, and in May 2015, the State dismissed its appeal, and at the same time, the Department of Finance accepted the Agreement as an enforceable obligation. The Town has decided to retain the amount that was approved by the Department of Finance, \$9,359,401 as a loan receivable on its books, and reserve an offsetting amount in fund balance.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements, which consists of three components: 1) Government-wide Financial Statements, 2) Governmental Fund Financial Statements and 3) Notes to the Basic Financial Statements. This report also contains supplementary information in addition to the basic financial statements.

Reporting the Town as a Whole - Government-Wide Financial Statements

The Government-Wide Financial Statements provide a longer-term view of the financial position of the Town as a whole, including all capital assets and long-term liabilities on the *full accrual* basis. This presentation is similar to that of a private-sector business. Over time, increases or decreases in the Town's net assets may serve as one useful indicator of the Town's overall financial health. Other factors to consider are changes in the Town's property tax base and the condition of the Town's roads.

The *Statement of Activities and Changes in Net Position* provides information on how the Town's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Therefore, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (for example, long term debt payments due and capital asset depreciation). There is an emphasis on measuring net revenues and expenses of each of the Town's programs.

The Fiduciary Fund Financial Statements provide financial information about activities for which the Town acts solely as a trustee or agent for the benefit of those outside of the government. Fiduciary funds reported in the CAFR for Danville include the Deposits fund, Assessment District funds and the Successor Agency Trust Fund.

In the *Statement of Net Position* and the *Statement of Activities and Changes in Net Position*, the Town's activities are separated as follows:

Governmental Activities: All of the Town's basic services are considered to be governmental activities, including general government, police, maintenance, development, transportation and recreation services. Governmental activities are generally supported by taxes and intergovernmental revenues.

Reporting the Town's Most Significant Funds - Governmental Fund Financial Statements

The Fund Financial Statements provide detailed information about the most significant funds and group the remaining funds together under the column heading, "Non-Major Governmental Funds." Some funds are required to be established by State law and by bond covenants. In addition, the Town Council may establish other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money.

- ***Governmental Funds***—Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial* assets that can readily be converted to cash. The Governmental Fund Statements provide a detailed *short-term view* of the Town's general government operations and the basic services it provides. Governmental funds information help determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. Capital assets and other long-lived assets, along with long-term liabilities, are not presented in the Governmental Fund Financial Statements. The relationship (or differences) between governmental *activities* (reported in the *Statement of Net Position* and the *Statement of Activities and Changes in Net Position*) and Governmental Funds Financial Statements are explained in a reconciliation schedule following each Governmental Fund Financial Statement.

Reporting the Town's Fiduciary Responsibilities

The Town is the trustee, or *fiduciary*, for certain amounts held on behalf of developers, property owners, assessment district bond holders, the Successor Agency and others. The Town's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position. The Town provides a Defined Contribution Pension Plan for all qualified employees. We exclude these activities from the Town's other financial statements because the Town cannot use these assets to finance its operations. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Notes to the Financial Statements

The Notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and Governmental Fund Financial Statements.

Other Information

In addition to the Basic Financial Statements and accompanying notes, this report also presents certain *Required Supplementary Information* concerning the Town's funding of its obligation to provide pension benefits to its employees, budgetary comparison schedules for the General Fund, each major Special Revenue Fund and schedules and disclosure of the modified approach for reporting the Town's infrastructure.

THE TOWN AS A WHOLE - GOVERNMENT-WIDE FINANCIAL ANALYSIS

The Town's combined Net Position for fiscal year ended June 30, 2017 and 2016 were:

Table 1
Net Position
Governmental Activities

| | 2017 | 2016 | Increase (Decrease) |
|----------------------------------|-----------------------|-----------------------|--------------------------------|
| Current and other assets | \$ 104,083,895 | \$ 103,093,091 | \$ 990,804 |
| Capital assets, net | 163,427,439 | 162,964,051 | 463,388 |
| Total assets | 267,511,334 | 266,057,142 | 1,454,192 |
| Current liabilities | 6,857,785 | 7,404,753 | (546,968) |
| Long-term liabilities | 8,166,767 | 8,108,423 | 58,344 |
| Total liabilities | 15,024,552 | 15,513,176 | (488,624) |
| Net position: | | | |
| Net investment in capital assets | 155,792,439 | 154,909,051 | 883,388 |
| Restricted for: | | | |
| Debt service | 1,623,740 | 1,623,417 | 323 |
| Special projects | 22,813,413 | 25,188,819 | (2,375,406) |
| Unrestricted | 72,257,190 | 68,822,679 | 3,434,511 |
| Total net position | \$ 252,486,782 | \$ 250,543,966 | \$ 1,942,816 |

The Town's Net Positions from Governmental Activities increased 0.8% from \$250,543,966 to \$252,486,782. This increase of \$1,942,816 comes from the change in net assets as recorded in the Statement of Activities and flows through the Statement of Net Position. Program expenses by function, general revenues by major source, excess and/or deficiency of revenues over expenses before contributions to permanent fund principal, special, and extraordinary items, and total assets are presented in the Statement of Activities and Changes in Net Position.

The following is an explanation of the changes between fiscal years as shown in Table 1:

Total assets increased \$1,454,192:

- Current and other assets increased \$990,804 reflecting an increase in cash and investments. Capital assets, net of depreciation, increased \$463,388, reflecting expenditures for capital projects during the year.

Total liabilities decreased \$488,624:

- Current liabilities decreased by a net of \$546,968, due largely to a decrease in accounts payable, a decrease in retention (for capital projects) and a decrease in deposit payable.
- Non-current liabilities increased a net of \$58,344 reflecting payment of long-term debt principal of \$420,000 that was paid according to schedule, and an increase in compensated absences.

Net Position:

- Restricted net position decreased a net of \$2,375,083. Special Revenue funds were spent for capital projects as budgeted. Restricted for debt service increased by \$323 reflecting the net change in annual RPTTF funds received for scheduled debt service payments of the Town's COPs. Special Projects funds decreased by \$2,375,406 as funds were used for operations or appropriated for capital expenditures.
- Unrestricted net position, which are designated by Council for specific future capital improvements or economic stability, increased by \$3,434,511, reflecting solid revenues and controlled costs, which enabled the transfer of \$4.13 million of General Fund funds to be transferred to Capital Improvement funds for future capital projects and LLAD funds for its operating expenses. Capital improvements include park improvements, road maintenance, traffic control measures and general Town improvements.

Government Activities

Table 2 presents the gross revenues and expenditures for the Town as a whole.

Table 2
Revenues and Expenses
Governmental Activities

| | <u>2017</u> | <u>2016</u> | <u>Increase (Decrease)</u> |
|---|---------------------|---------------------|--------------------------------|
| Revenues - Governmental Activities | | | |
| Program revenues: | | | |
| Charges for services | \$ 9,265,376 | \$ 9,861,658 | \$ (596,282) |
| Operating grants and contributions | 911,003 | 950,437 | (39,434) |
| Capital grants and contributions | 2,591,351 | 1,276,567 | 1,314,784 |
| Total program revenues | <u>12,767,730</u> | <u>12,088,662</u> | <u>679,068</u> |
| General revenues: | | | |
| Taxes: | | | |
| Property | 13,978,818 | 14,153,561 | (174,743) |
| Sales | 5,546,298 | 4,569,470 | 976,828 |
| Motor vehicle | 19,203 | 17,629 | 1,574 |
| Franchise | 2,419,118 | 2,299,491 | 119,627 |
| Other | 371,237 | 404,744 | (33,507) |
| Investment earnings | 296,610 | 1,265,876 | (969,266) |
| Miscellaneous | 1,235,646 | 741,674 | 493,972 |
| Reimbursement from Successor Agency | 772,316 | 780,818 | (8,502) |
| Total general revenues | <u>24,639,246</u> | <u>24,233,263</u> | <u>405,983</u> |
| Total revenues | <u>37,406,976</u> | <u>36,321,925</u> | <u>1,085,051</u> |
| Expenses - Governmental Activities | | | |
| Current: | | | |
| General government | 1,658,023 | 1,592,763 | 65,260 |
| Police services | 9,107,939 | 8,914,297 | 193,642 |
| Maintenance services and Lighting and landscape | 7,963,358 | 8,262,373 | (299,015) |
| Development services | 8,568,817 | 5,233,296 | 3,335,521 |
| Administrative services | 3,690,675 | 4,080,262 | (389,587) |
| Recreation, arts, & community services | 4,129,417 | 3,847,434 | 281,983 |
| Debt services: | | | |
| Interest expense | 345,931 | 364,866 | (18,935) |
| Total expenses | <u>35,464,160</u> | <u>32,295,291</u> | <u>3,168,869</u> |
| Changes in Net Position Before Special Items | <u>1,942,816</u> | <u>4,026,634</u> | <u>(2,083,818)</u> |
| Special items | <u>-</u> | <u>3,195,604</u> | <u>(3,195,604)</u> |
| Changes in Net Position | <u>\$ 1,942,816</u> | <u>\$ 7,222,238</u> | <u>\$ (5,279,422)</u> |

Variances shown above are reflected in the net numbers of Table 3 and are discussed following Table 3.

Table 3 presents each program's *net* cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the Town's taxpayers by each of these functions. The net cost of programs decreased by \$2,083,818, reflecting lower change in revenues compare to change in expenses.

Table 3
Cost of Services
Governmental Activities

| | <u>2017</u> | <u>2016</u> | Increase (Decrease) |
|--|---------------------|---------------------|--------------------------------|
| Revenues: | | | |
| General revenues | \$ 24,639,246 | \$ 24,233,263 | \$ 405,983 |
| Total general revenues | <u>24,639,246</u> | <u>24,233,263</u> | <u>405,983</u> |
| Net Expenses: | | | |
| Current: | | | |
| General government | (1,657,993) | (1,592,753) | (65,240) |
| Police services | (8,642,909) | (8,354,258) | (288,651) |
| Maintenance services and Lighting and landscape | (4,821,278) | (5,225,636) | 404,358 |
| Development services | (1,641,145) | 1,143,593 | (2,784,738) |
| Administrative services | (3,654,367) | (4,045,076) | 390,709 |
| Recreation, arts, & community services | (1,932,807) | (1,767,633) | (165,174) |
| Debt services: | | | |
| Interest expense | (345,931) | (364,866) | 18,935 |
| Net Cost of Services | <u>\$ 1,942,816</u> | <u>\$ 4,026,634</u> | <u>\$ (2,083,818)</u> |

Variances shown above are reflected in the net numbers of Tables 2 and 3 and are discussed following Table 3.

- Program revenues decreased by \$679,068. A decrease of \$596,283 in Charges for Services was largely due to decreased activity in both the Development and Police Services, with a slight increase in the Recreation Services activity. Operating Grants decreased a net of \$39,433 as grants for Police Services increased and is offset by grants for Development Services decreased. Capital Grants and Contributions increased a net of \$1,314,784 as grant funded for capital projects continued.
- Revenues for General Government were \$ \$405,983 higher than the previous year on a net basis. General revenues increased \$405,983 reflecting the net reported decrease in \$174,743 in property tax revenues, increase in net reported \$976,828 in sales tax revenues, net with \$493,972 decreased in miscellaneous revenues.

The Net Direct Cost of Program Services indicates that the overall cost of government is well below the available general revenues and transfers. This shows that the Town's ongoing revenues cover its operational and capital expenditures. The services provided by the Town are provided in an cost effective manner and the Town is efficient in recovering the cost of these services with program revenues from user fees and other contributions. See the Statement of Activities for further detail on program revenues and general revenues.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

At year-end, the fund balance for the Town's General Fund was \$27,800,095 a net increase of \$2,156,861 over last year. Revenues exceeded expenses by \$5,785,186, and transfers out of \$8,248,600 were made for future capital projects and additional funding for parks and building maintenance in the Lighting and Landscape Assessment District (\$550,000). Major revenue sources that exceeded budget include property and transfer taxes of \$1,198,400 sales taxes of \$41,277, Other taxes of \$179,573 and Charges for Services of \$153,051. These were offset by reported Investment earning, which also reflects actual earning and unrealized market adjustments and the effect of discounts and premiums recognized in the year. Across the board, cost containment resulted in operating expenditures below budget in all programs. Budget to actual cost savings totaled \$2,386,980. Capital outlay for operations was budgeted within each program and is broken out for year-end reporting on a separate line.

Additional detail comparing the budgeted and actual amounts for the General Fund can be found in the Required Supplementary Information, Budgetary Comparison Schedule, General Fund.

The Lighting and Landscape Special Revenue Fund decreased by \$45,910, which compares favorably to the planned and previously projected higher reduction in this fund balance. Cost containment efforts and a budgeted transfer in from the General Fund of \$550,000 for park and building maintenance account for this increase in fund balance.

The Regional Traffic Impact Fees fund balance is reported higher by \$494,744 reflecting the increase in revenues. The fund balance in the Capital Improvement Projects Fund increased by a net of \$6,184,763, reflecting a transfer in of \$8,729,355, helping to offset appropriated capital expenditures in excess of revenues.

Non-major Special Revenue Funds increased by a net of \$638,408, reflecting normal use of these funds for the operational or capital projects to which they are restricted. Non-major Special Revenue funds with major changes include: the Gas Tax Fund decreased by \$175,722, due to less revenues and more expenditures; the PEG Fund decreased by \$23,674 as transfer to Assets Replacement plus expenditures were higher than revenues collected; the decreased of Building and Planning Fund by \$622,552 due to less revenues and more expenditures; the Development Engineering Fund decreased by \$86,888 due to less revenues and more expenditures; and the decrease of SPCP Fund by \$75,034 due to less revenues and more expenditures; offset by the Measure J Fund increased by \$211,708 as revenues were higher than expenditures; the General Development Impact Fee Fund increased by \$48,047 due to more revenues and less expenditures, the Public Safety Fund increased by \$53,520 due to more revenues and less expenditures, and the Old Town Parking In-Lieu increased by \$131,090 due to more revenues and less expenditures.

The Non-Major Capital Improvement Funds, decreased by a net of \$1,056,818 due a decrease of \$1,068,294 in the Park Facilities Fund due to more expenditures with no transfer in from General Fund; and a decrease of \$292,488 in the Technology Fund due to more expenditures than transfer in from General Fund contributions, offset by an increase of \$118,781 in the Civic Facilities Fund as transfer in from other funds were higher than expenditures; the increase in the Asset Replacement General Fund by \$39,327 due to transfer in from other General Fund, PEG Fund and Building Fund were higher than expenditures; and the increase of Northeast Road Improvements Special Assessment Fund as transfer in from the Assessment District Debt Services was higher than expenditures. All activity in the above funds reflects anticipated revenues and appropriated transfers and expenditures for these funds.

General Fund Budgetary Highlights

Actual revenues over expenses exceeded the final budget by \$5,785,186. This is primarily due to very conservative revenue projections, the absence of State raids on local revenues, steady sales tax, and actual 6% increase in average local property values. Final expenses for the General Fund at year end were less than budgeted by \$2,386,980. The budget to actual variance in appropriations reflects conservation efforts, leaving staffing positions vacant and postponement of some operational activities by management. These proactive fiscal measures enabled the Town to transfer \$5,824,446 to fund future capital projects throughout the Town.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of FY 2017, the Town had a book value of \$163,427,439 invested in a broad range of capital assets, including land, buildings, furniture and equipment, park improvements and infrastructure. (See tables 4 and 5 below.) This amount represents an increase of \$463,388, net of additions, retirements and depreciation, resulting in a .28% increase over last year.

Changes reflect construction of capital assets, offset by depreciation expenses.

Depreciation on capital assets is recognized in the Government-Wide Financial Statements. The Town has elected to use the modified approach for their streets and roads, wherein the value is not depreciated but rather pavement condition and maintenance expenses are tracked. The pavement condition as of June 30, 2017 was 75, a decrease from 76 as of last year. This rating compares favorably with the target rating of 70. The average expense to maintain the streets is estimated by management to be a minimum of \$3,000,000 per year for the next three years. Further detail may be found in Note 1F to the Financial Statements and in Note 3 of the Required Supplementary Information.

Table 4
Capital Assets (Net of Accumulated Depreciation)
June 30, 2017

| | Original Cost | Accumulated Depreciation | Book Value |
|----------------------------|-----------------------|-------------------------------------|-----------------------|
| Land | \$ 25,512,152 | \$ - | \$ 25,512,152 |
| Buildings and parking lots | 31,868,728 | (10,316,444) | 21,552,284 |
| Park improvements | 22,429,543 | (20,363,100) | 2,066,443 |
| Furniture and equipment | 5,188,624 | (4,342,065) | 846,559 |
| Construction in progress | 17,488,429 | - | 17,488,429 |
| Infrastructure | 164,270,391 | (68,308,819) | 95,961,572 |
| Total | \$ 266,757,867 | \$ (103,330,428) | \$ 163,427,439 |

Table 5
Capital Assets (Net of Accumulated Depreciation)
June 30, 2017 vs. June 30 2016

| | 2017 | 2016 | Increase (Decrease) |
|----------------------------|-----------------------|-----------------------|--------------------------------|
| Land | \$ 25,512,152 | \$ 25,512,152 | \$ - |
| Buildings and parking lots | 21,552,284 | 12,477,251 | 9,075,033 |
| Park improvements | 2,066,443 | 1,945,213 | 121,230 |
| Furniture and equipment | 846,559 | 968,714 | (122,155) |
| Construction in progress | 17,488,429 | 25,681,544 | (8,193,115) |
| Infrastructure | 95,961,572 | 96,379,177 | (417,605) |
| Total | \$ 163,427,439 | \$ 162,964,051 | \$ 463,388 |

The Town’s five-year Capital Improvement Plan projects will cost \$37,906,027 through FY 2021/22. No debt financing is required for these projects. Funding will come from current fund balances and projected revenues over the next five years. The most significant projects include town-wide park renovations and enhancements with an emphasis on Village Theatre Parking Lot Improvements and Park and Ride Expansion Project and infrastructure maintenance including sound walls and \$14,600,000 for pavement management. Additional details can be found in the Town's 2017/18 Operating Budget and Capital Improvement Program document available at www.danville.ca.gov/Council_and_Government/Departments/Finance/.

Debt

At year end, the Town had \$8,716,767 in Certificates of Participation (COPs) and Compensated Absences outstanding versus \$8,638,423 last year, a net increase of \$78,344, as shown in Table 6 below.

**Table 6
Outstanding Debt
June 30, 2017 vs. June 30, 2016**

| | <u>2017</u> | <u>2016</u> | Increase (Decrease) |
|---|---------------------|---------------------|--------------------------------|
| 2001 & 2005 Certificates of Participation | \$ 7,635,000 | \$ 8,055,000 | \$ (420,000) |
| Compensated absences | 1,081,767 | 583,423 | 498,344 |
| Total | <u>\$ 8,716,767</u> | <u>\$ 8,638,423</u> | <u>\$ 78,344</u> |

The \$420,000 decrease in the COP amount is due to scheduled debt service payments, the \$498,344 increase in Compensated Absences is due to the fact that we show liabilities at 100% compare to 75% in prior years.

Additional information on outstanding debt is presented in Note 8 to the Basic Financial Statements.

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 show the Town’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town’s Finance Department at the Town of Danville, 510 La Gonda Way, Danville, California 94526-1740.



This page intentionally left blank.

BASIC FINANCIAL STATEMENTS



This page intentionally left blank.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Town of Danville
Statement of Net Position
June 30, 2017

| | Governmental Activities |
|---|----------------------------|
| ASSETS | |
| Current assets: | |
| Cash and investments | \$ 67,557,502 |
| Receivables (net of allowances): | |
| Accounts | 2,435,504 |
| Due from Successor Agency of the former Community Development Agency (Note 6) | 9,359,401 |
| Interest | 225,750 |
| Total receivables | 12,020,655 |
| Prepaid items | 68,585 |
| Total current assets | 79,646,742 |
| Noncurrent assets: | |
| Restricted cash and investments: | |
| Held with fiscal agent | 1,623,740 |
| Held by the Town | 22,813,413 |
| Total restricted cash and investments | 24,437,153 |
| Capital assets: | |
| Nondepreciable | 132,518,724 |
| Depreciable, net | 30,908,715 |
| Total capital assets | 163,427,439 |
| Total noncurrent assets | 187,864,592 |
| Total assets | 267,511,334 |
| LIABILITIES | |
| Current liabilities: | |
| Accounts payable | 5,409,912 |
| Retention payable | 28,214 |
| Deposit payable | 103,490 |
| Interest payable | 114,216 |
| Claims liabilities | 45,746 |
| Unearned revenue | 606,207 |
| Long-term debt - due within one year (Note 8) | 550,000 |
| Total current liabilities | 6,857,785 |
| Noncurrent liabilities: | |
| Long-term debt - due in more than one year: (Note 8) | |
| Certificates of participation | 7,195,000 |
| Compensated absences | 971,767 |
| Total noncurrent liabilities | 8,166,767 |
| Total liabilities | 15,024,552 |
| NET POSITION | |
| Net investment in capital assets | 155,792,439 |
| Restricted for: | |
| Debt service | 1,623,740 |
| Special projects and programs | 22,813,413 |
| Total restricted | 24,437,153 |
| Unrestricted | 72,257,190 |
| Total net position | \$ 252,486,782 |

See Accompanying Notes to Basic Financial Statements.

Town of Danville
Statement of Activities
For the Year Ended June 30, 2017

| Functions/Programs | Expenses | Program Revenues | | Governmental Activities | Net (Expense) Revenue and Changes in Net Position |
|---|----------------------|----------------------|------------------------------------|-------------------------|---|
| | | Charges for Services | Operating Grants and Contributions | | |
| Governmental activities: | | | | | |
| Current: | | | | | |
| General government | \$ 1,658,023 | \$ 30 | \$ - | \$ - | \$ (1,657,993) |
| Police services | 9,107,939 | 314,597 | 150,433 | - | (8,642,909) |
| Maintenance services and Lighting and landscape | 7,963,358 | 3,142,080 | - | - | (4,821,278) |
| Development services | 8,568,817 | 3,575,751 | 760,570 | 2,591,351 | (1,641,145) |
| Administrative services | 3,690,675 | 36,308 | - | - | (3,654,367) |
| Recreation, arts, & community services | 4,129,417 | 2,196,610 | - | - | (1,932,807) |
| Debt services: | | | | | |
| Interest expense | 345,931 | - | - | - | (345,931) |
| Total governmental activities | \$ 35,464,160 | \$ 9,265,376 | \$ 911,003 | \$ 2,591,351 | (22,696,430) |
| General revenues: | | | | | |
| Taxes: | | | | | |
| Property | | | | | 13,978,818 |
| Sales | | | | | 5,546,298 |
| Motor vehicle | | | | | 19,203 |
| Franchise | | | | | 2,419,118 |
| Other | | | | | 371,237 |
| Total taxes | | | | | 22,334,674 |
| Investment earnings | | | | | 296,610 |
| Miscellaneous | | | | | 1,235,646 |
| Reimbursement from Successor Agency | | | | | 772,316 |
| Total general revenues | | | | | 24,639,246 |
| Change in net position | | | | | 1,942,816 |
| Net position - beginning of year | | | | | 250,543,966 |
| Net position - end of year | | | | | \$ 252,486,782 |



This page intentionally left blank.

FUND FINANCIAL STATEMENTS



This page intentionally left blank.

GOVERNMENTAL FUND FINANCIAL STATEMENTS



This page intentionally left blank.

Town of Danville

Governmental Fund Financial Statements

General Fund

The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund. The major revenue sources for this fund are property taxes, sales taxes, unrestricted revenues from the State, fines and forfeitures and interest income. Expenditures are made for administration, legislation, public safety, parks and recreation and other services.

Lighting and Landscaping Special Revenue Fund

Assessments paid by property owners who receive street lighting services and assessments paid by all property owners for landscape and park maintenance are received into this Fund. The income is used to pay energy costs for the street lighting system, community roadside, median and park landscape costs.

Regional Traffic Impact Fees Fund

Development impact fees are collected for local, sub-regional and regional traffic improvements. Sub-regional and regional fees are collected on behalf of other agencies and distributed to the lead agency for project construction.

Capital Improvement Capital Projects Fund

This Fund receives contributions from the General Fund for future capital improvements, in accordance with the Town's Capital Improvement Program.

**Town of Danville
Governmental Funds
Balance Sheet
June 30, 2017**

| | Major Funds | | | |
|---|----------------------|---|---|--|
| | General Fund | Lighting and Landscape Special Revenue Fund | Regional Traffic Impact Fees Special Revenue Fund | Capital Improvement Capital Projects Fund |
| ASSETS | | | | |
| Cash and investments | \$ 20,647,648 | \$ 5,128,165 | \$ 2,975,346 | \$ 33,505,501 |
| Cash and investments with fiscal agent | 809,820 | - | - | - |
| Receivables (net of allowances): | | | | |
| Accounts | 1,674,330 | 37,836 | 424,918 | 31,331 |
| Due from Successor Agency of former CDA | 9,359,401 | - | - | - |
| Interest | 101,178 | 9,997 | 3,210 | 64,000 |
| Prepaid items | 68,585 | - | - | - |
| Total assets | \$ 32,660,962 | \$ 5,175,998 | \$ 3,403,474 | \$ 33,600,832 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | |
| LIABILITIES | | | | |
| Accounts payable | \$ 3,758,928 | \$ 452,655 | \$ 132,393 | \$ 240,118 |
| Retention payable | - | - | - | 28,034 |
| Deposits payable | 103,490 | - | - | - |
| Claims liabilities | 45,746 | - | - | - |
| Unearned revenue | 554,671 | - | - | 20,575 |
| Total liabilities | 4,462,835 | 452,655 | 132,393 | 288,727 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable revenue | 398,032 | - | - | - |
| Total deferred inflows of resources | 398,032 | - | - | - |
| FUND BALANCES (Note 10) | | | | |
| Nonspendable | 9,427,986 | - | - | - |
| Restricted | 809,820 | 2,216,046 | 3,271,081 | - |
| Committed | 17,249,253 | - | - | 33,312,105 |
| Assigned | 313,036 | 2,507,297 | - | - |
| Total fund balances | 27,800,095 | 4,723,343 | 3,271,081 | 33,312,105 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 32,660,962 | \$ 5,175,998 | \$ 3,403,474 | \$ 33,600,832 |

(Continued)

**Town of Danville
Governmental Funds
Balance Sheet (Continued)
June 30, 2017**

| | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|---|---|---|
| ASSETS | | |
| Cash and investments | \$ 28,114,255 | \$ 90,370,915 |
| Cash and investments with fiscal agent | 813,920 | 1,623,740 |
| Receivables (net of allowances): | | |
| Accounts | 267,089 | 2,435,504 |
| Due from Successor Agency of former CDA | - | 9,359,401 |
| Interest | 47,365 | 225,750 |
| Prepaid items | - | 68,585 |
| Total assets | <u>\$ 29,242,629</u> | <u>\$ 104,083,895</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | |
| LIABILITIES | | |
| Accounts payable | \$ 825,818 | \$ 5,409,912 |
| Retention payable | 180 | 28,214 |
| Deposits payable | - | 103,490 |
| Claims liabilities | - | 45,746 |
| Unearned revenue | 30,961 | 606,207 |
| Total liabilities | <u>856,959</u> | <u>6,193,569</u> |
| DEFERRED INFLOWS OF RESOURCES | | |
| Unavailable revenue | - | 398,032 |
| Total deferred inflows of resources | <u>-</u> | <u>398,032</u> |
| FUND BALANCES (Note 10) | | |
| Nonspendable | - | 9,427,986 |
| Restricted | 18,140,206 | 24,437,153 |
| Committed | 10,245,464 | 60,806,822 |
| Assigned | - | 2,820,333 |
| Total fund balances | <u>28,385,670</u> | <u>97,492,294</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 29,242,629</u> | <u>\$ 104,083,895</u> |

(Concluded)



This page intentionally left blank.

Town of Danville
Reconciliation of Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2017

Total Fund Balances - Total Governmental Funds \$ 97,492,294

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

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the Governmental Funds Balance Sheet.

| | |
|---------------------------------|--------------------|
| Non-depreciable capital assets | 132,518,724 |
| Depreciable capital assets, net | <u>30,908,715</u> |
| Total capital assets | <u>163,427,439</u> |

Interest payable on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in the Governmental Funds Balance Sheet.

(114,216)

Deferred revenues recorded in Governmental Fund Financial Statements resulting from activities in which revenues were earned but were not available are reclassified as revenues in the Government-Wide Financial Statements.

398,032

Long-term liabilities are not due and payable in the current period and therefore they are not reported in the Governmental Funds Balance Sheet.

| | |
|--|--------------------|
| Long-term debt due within one year | (550,000) |
| Long-term liabilities - due in more than one year: | |
| - Certificates of participation | (7,195,000) |
| - Compensated absences payable | <u>(971,767)</u> |
| Total long-term debt | <u>(8,716,767)</u> |

Net Position of Governmental Activities

\$ 252,486,782

Town of Danville
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended June 30, 2017

| | Major Funds | | | |
|---|----------------------|---|---|--|
| | General Fund | Lighting and Landscape Special Revenue Fund | Regional Traffic Impact Fees Special Revenue Fund | Capital Improvement Capital Projects Fund |
| REVENUES: | | | | |
| Property taxes | \$ 13,978,818 | \$ - | \$ - | \$ - |
| Sales taxes | 5,535,422 | - | - | - |
| Special assessments | - | 3,031,843 | - | - |
| Other taxes | 2,348,777 | - | - | - |
| Charges for services | 2,139,419 | - | - | - |
| Licenses and permits | 371,212 | - | - | - |
| Development fees | - | - | 651,537 | - |
| Intergovernmental | 5,381 | - | 953,179 | 7,752 |
| Fines and forfeitures | 163,825 | - | - | - |
| Use of money and property | 774,087 | 23,786 | 110,970 | 133,277 |
| Miscellaneous | 287,179 | 110,614 | 92,041 | 61,837 |
| Total revenues | 25,604,120 | 3,166,243 | 1,807,727 | 202,866 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government | 1,622,521 | - | - | - |
| Police services | 8,753,474 | - | - | - |
| Maintenance services | 2,005,242 | 105,565 | - | 576,751 |
| Lighting and landscape | - | 3,374,354 | - | - |
| Development services | 902,452 | - | 2,296,677 | 1,232,140 |
| Administrative services | 2,977,230 | 3,461 | 5,794 | 18,877 |
| Recreation, arts, & community services | 3,558,015 | 8,669 | - | 3,600 |
| Capital outlay | - | - | - | 916,090 |
| Total expenditures | 19,818,934 | 3,492,049 | 2,302,471 | 2,747,458 |
| REVENUES OVER (UNDER) EXPENDITURES | 5,785,186 | (325,806) | (494,744) | (2,544,592) |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | 306,553 | 571,935 | - | 8,738,355 |
| Transfers out | (8,248,600) | (292,039) | (240,456) | (9,000) |
| Total financing sources (uses) | (7,942,047) | 279,896 | (240,456) | 8,729,355 |
| NET CHANGE IN FUND BALANCES | (2,156,861) | (45,910) | (735,200) | 6,184,763 |
| FUND BALANCES: | | | | |
| Beginning of year | 29,956,956 | 4,769,253 | 4,006,281 | 27,127,342 |
| End of year | \$ 27,800,095 | \$ 4,723,343 | \$ 3,271,081 | \$ 33,312,105 |

(Continued)

Town of Danville
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balance (Continued)
For the Year Ended June 30, 2017

| | Other Governmental Funds | Total Governmental Funds |
|---|--------------------------------|--------------------------------|
| REVENUES: | | |
| Property taxes | \$ - | \$ 13,978,818 |
| Sales taxes | - | 5,535,422 |
| Special assessments | 522,222 | 3,554,065 |
| Other taxes | 915,936 | 3,264,713 |
| Charges for services | 719,681 | 2,859,100 |
| Licenses and permits | 25 | 371,237 |
| Development fees | 2,444,834 | 3,096,371 |
| Intergovernmental | 952,508 | 1,918,820 |
| Fines and forfeitures | - | 163,825 |
| Use of money and property | (46,672) | 995,448 |
| Miscellaneous | 345,348 | 897,019 |
| Total revenues | <u>5,853,882</u> | <u>36,634,838</u> |
| EXPENDITURES: | | |
| Current: | | |
| General government | - | 1,622,521 |
| Police services | 118,056 | 8,871,530 |
| Maintenance services | 998,708 | 3,686,266 |
| Lighting and landscape | - | 3,374,354 |
| Development services | 3,755,231 | 8,186,500 |
| Administrative services | 540,908 | 3,546,270 |
| Recreation, arts, & community services | 122,975 | 3,693,259 |
| Capital outlay | 1,186,482 | 2,102,572 |
| Total expenditures | <u>6,722,360</u> | <u>35,083,272</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>(868,478)</u> | <u>1,551,566</u> |
| OTHER FINANCING SOURCES (USES): | | |
| Transfers in | 530,461 | 10,147,304 |
| Transfers out | (1,357,209) | (10,147,304) |
| Total financing sources (uses) | <u>(826,748)</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCES | (1,695,226) | 1,551,566 |
| FUND BALANCES: | | |
| Beginning of year | <u>30,080,896</u> | <u>95,940,728</u> |
| End of year | <u>\$ 28,385,670</u> | <u>\$ 97,492,294</u> |

(Concluded)

Town of Danville
Reconciliation of Governmental Funds Statement of Revenues, Expenditures and Changes in
Fund Balance to Government-Wide Statement of Activities
For the Year Ended June 30, 2017

| | |
|---|----------------------------|
| Net Change in Fund Balances - Total Governmental Funds | \$ 1,551,566 |
| Amounts reported for governmental activities in the Statement of Activities are different because: | |
| Governmental Funds report capital outlay as expenditures. However, in the Government-Wide Statement of Activities the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period. | 2,102,573 |
| Depreciation expense on capital assets is reported in the Government-Wide Statement of Activities, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in Governmental Funds. | (1,639,185) |
| Revenues that have not met the revenue recognition criteria in the Fund Financial Statements are recognized as revenue in the Government-Wide Financial Statements. | (179) |
| Long-term compensated absences are reported in the Government-Wide Statement of Activities, but they do not require the use of current financial resources. Therefore, long-term compensated absences are not reported as expenditures in Governmental Funds. The following amount represents the change in long-term compensated absences from the prior year. | (498,344) |
| Repayment of bond principal is an expenditure in Governmental Funds, but the repayment reduces long-term liabilities in the Government-Wide Statement of Net Position. | |
| Long-term debt repayments: | |
| - Certificates of participation | 420,000 |
| Interest expense on long-term debt is reported in the Government-Wide Statement of Activities but they do not require the use of current financial resources. Therefore, interest expense is not reported as expenditures in Governmental Funds. The following amount represents the change in accrued interest from the prior year. | 6,385 |
| Change in Net Position of Governmental Activities | <u><u>\$ 1,942,816</u></u> |

FIDUCIARY FUND FINANCIAL STATEMENTS



This page intentionally left blank.

Town of Danville

Fiduciary Fund Financial Statements

TRUST FUND

Successor Agency Trust Fund

The Successor Agency to the former Community Development Agency (CDA) of the Town of Danville was established as a result of the passage of Assembly Bill x1 26, which dissolved all Redevelopment Agencies in the State of California effective February 1, 2012. On January 10, 2012, pursuant to Health and Safety Code Section 34173, the Town Council declared that the Town of Danville would act in a special limited capacity as Successor Agency for the dissolved Community Development Agency of the Town of Danville, effective February 1, 2012. The Successor Agency is responsible for day to day administration of the former CDA, including identification and payment of enforceable and recognized obligations of the former CDA, and disbursement of available assets.

AGENCY FUNDS

Deposits Fund

This Fund is comprised of money temporarily deposited with the Town. Examples of deposits include cash improvement bonds posted by developers, performance bonds posted by contractors, third party pass-through fees and employee benefit allocations.

Special Assessment District Agency Funds

During the period from 1985 to 1990, the Sycamore Valley Assessment District (SVAD), Tassajara Ranch Assessment District (TRAD) and the Northeast Road Improvement Assessment District (NERIAD) were formed within the Town of Danville to construct improvements in these areas. These three agency funds are used to account for the special assessments levied on all property within the assessment districts, and subsequently paid against each assessment district's long-term debt. The bonds of these three assessment districts are payable solely from the annual special assessments. The bonds are not an obligation of the Town, and therefore the activity of the assessment districts are being accounted for as agency funds.

Town of Danville
Fiduciary Fund
Statement of Fiduciary Net Position
June 30, 2017

| | Successor Agency Trust Fund | Agency Funds | |
|---|-----------------------------------|---------------------|--|
| ASSETS | | | |
| Cash and investments | \$ 750,261 | \$ 1,259,280 | |
| Cash and investments with fiscal agents | <u>375,125</u> | <u>164,336</u> | |
| Total assets | <u>1,125,386</u> | <u>\$ 1,423,616</u> | |
| LIABILITIES | | | |
| Accounts payable | - | \$ 1,696 | |
| Loan payable to Town | 9,359,401 | - | |
| Loan payable | 2,745,000 | - | |
| Interest payable | 568,030 | - | |
| Deposits | <u>-</u> | <u>1,421,920</u> | |
| Total liabilities | <u>12,672,431</u> | <u>\$ 1,423,616</u> | |
| NET POSITION (DEFICIT) | | | |
| Unrestricted (deficit) | <u>(11,547,045)</u> | | |
| Total net position | <u>\$ (11,547,045)</u> | | |

Town of Danville
Fiduciary Fund
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2017

| | Successor Agency Trust Fund |
|--|-----------------------------------|
| ADDITIONS: | |
| Property tax receipt | \$ 2,038,331 |
| Miscellaneous | <u>(61)</u> |
| Total additions | <u>2,038,270</u> |
| DEDUCTIONS: | |
| Amount allocated to General Fund for principal payment | 550,000 |
| Interest | 438,031 |
| Other - Staff expenses and miscellaneous | <u>73,036</u> |
| Total deduction | <u>1,061,067</u> |
| Changes in net position | 977,203 |
| NET POSITION (deficit): | |
| Beginning of year | <u>(12,524,248)</u> |
| End of year | <u><u>\$ (11,547,045)</u></u> |



This page intentionally left blank.

NOTES TO BASIC FINANCIAL STATEMENTS

Town of Danville
Index to Notes to Basic Financial Statements
For the Year Ended June 30, 2017

Table of Contents

| | Page |
|--|-------------|
| Note 1 – Reporting Entity..... | 41 |
| Note 2 – Summary of Significant Accounting Policies | 42 |
| A. Basis of Presentation, Basis of Accounting, and Measurement Focus..... | 42 |
| B. Cash and Investments | 44 |
| C. Cash and Investments with Fiscal Agent..... | 45 |
| D. Land Held for Redevelopment..... | 46 |
| E. Capital Assets | 46 |
| F. Unearned Revenues | 48 |
| G. Compensated Absences | 48 |
| H. Long-Term Debt..... | 48 |
| I. Fund Balances..... | 48 |
| J. Net Position | 49 |
| K. Spending Policy..... | 49 |
| L. Property Taxes..... | 50 |
| M. Use of Accounting Estimates..... | 50 |
| N. Implementation of New GASB Pronouncements | 50 |
| Note 3 – Cash and Investments..... | 51 |
| A. Demand Deposits..... | 52 |
| B. Investments..... | 53 |
| C. External Investment Pool..... | 54 |
| D. Restricted Cash and Investments Held With Fiscal Agents..... | 54 |
| E. Risk Disclosures | 55 |
| Note 4 – Capital Assets..... | 57 |
| A. Governmental Activities..... | 57 |
| Note 5 – Interfund Transactions..... | 59 |
| A. Transfers In/Out..... | 59 |
| Note 6 – Loans Receivable from Successor Agency of the Former Community Development Agency..... | 59 |
| A. Successor Agency (SA) Cooperative Agreement Loan Receivable | 60 |
| Note 7 – Unearned Revenue..... | 60 |
| Note 8 – Long-Term Obligations..... | 61 |
| A. Governmental Activities..... | 61 |
| B. Fiduciary Fund Financial Statements | 63 |
| Note 9 – Defined Contribution Pension Plan..... | 64 |
| Note 10 – Fund Balance..... | 64 |
| A. Operating Reserve | 64 |
| B. Contingency Fund..... | 64 |
| C. Fund Balance Classification | 65 |
| Note 11 – Risk Management | 66 |
| Note 12 – Commitments and Contingencies..... | 67 |

Town of Danville
Notes to Basic Financial Statements
For the Year Ended June 30, 2017

Note 1 – Reporting Entity

The Town of Danville is a largely residential community located in the San Ramon Valley area of Contra Costa County, California. The Town was incorporated as a municipal corporation in 1982, and encompasses eighteen square miles with a population of 43,355.

The Town operates under the Council-Manager form of government, with five elected Council members served by a full-time Town Manager and staff. The Town's staff of 94.75 employees, as well as 30 County Sheriff's Department employees under contract with the Town, are responsible for the following Town services:

- ◆ Public Safety – The Town provides round-the-clock police services from a central station, using trained personnel provided under contract with the County Sheriff's Department.
- Streets and Roads – The Town builds and maintains its streets, curbs, gutters and related public property using Town employees. Major projects may be contracted to reduce costs.
- Parks and Recreation, Public Improvements, Planning, Zoning and other services are provided by Town employees.
- Maintenance – In addition to Town staff, the Town employs varying numbers of seasonal personnel for maintenance and recreation services.

The financial reporting entity consists of the primary government, the Town, and its component units. Component units are legally separate entities for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the primary government is accountable and their exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Blended component units, although legally separate entities, are, in substance part of the government's operation and so data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the government.

The Town Council acts as the governing body and is able to impose its will on the following organizations, establishing financial accountability. As a result, these organizations are considered component units of the City and are included within the financial statements of the Town using the blended method. All component units have a June 30 year-end. The City has no discretely presented component units.

The **Town of Danville Financing Authority** (the "Authority") is a joint powers authority that was organized by the Town of Danville ("Town") and the former Danville Community Development Agency of the Town of Danville ("CDA") on December 7, 1993, under the laws of the State of California. The Authority was organized to provide financial assistance to the Town and former CDA for public improvements for the benefit of the residents of the Town and the surrounding areas. Separate audited financial statements of the Authority can be obtained from the Town's Finance Department located at the Danville Town Hall.

Town of Danville
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2017

Note 2 – Summary of Significant Accounting Policies

A. Basis of Presentation, Basis of Accounting, and Measurement Focus

The basic financial statements of the Town have been prepared in conformity with accounting principles general accepted of the United States of America ("U.S. 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 accounts of the Town are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental 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.

The Statement of Net Position/Balance Sheet reports separate sections for Deferred Outflows of Resources and Deferred Inflows of Resources, when applicable.

Deferred Outflows of Resources represent outflows of resources (consumption of net position) that apply to future periods and that, therefore, will not be recognized as an expense until that time.

Deferred Inflows of Resources represent inflows of resources (acquisition of net position) that apply to future periods and that, therefore, are not recognized as revenue until that time.

Government – Wide Financial Statements

The Town's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities and Changes in Net Position. These statements present summaries of governmental activities for the Town. Fiduciary activities of the Town are not included in these statements.

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 liability is incurred.

Certain types of transactions are reported as program revenues for the Town 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. The following interfund activities have been eliminated:

- Due To/From Other Funds
- Transfers In/Out

Town of Danville
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2017

Note 2 – Summary of Significant Accounting Policies (Continued)

A. Basis of Presentation, Basis of Accounting, and Measurement Focus (Continued)

Governmental Fund Financial Statements

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 Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances presents 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.

Revenues are recognized as soon as they are both “measurable” and “available.” Revenues are considered to be available when they are collectible within the current period as soon as enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The primary revenue sources, which have been treated as susceptible to accrual by the Town, are property tax, sales tax, intergovernmental revenues and other taxes. 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 to explain the differences created by the integrated approach of the GASB Statement No. 34.

The Town reports the following major Governmental Funds:

General Fund

The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund. The major revenue sources for this fund are property taxes, sales taxes, unrestricted revenues from the State, licenses and permits, fines and forfeitures and interest income. Expenditures are made for administration, legislation, public safety, parks and recreation and other services.

Lighting and Landscaping Special Revenue Fund

Assessments paid by property owners who receive street lighting services and assessments paid by all property owners for landscape and park maintenance are received into this Fund. The income is used to pay energy costs for the street lighting system and community roadside, median and park landscape costs.

Regional Traffic Impact Fees Special Revenue Fund

Development impact fees are collected for local, sub-regional and regional traffic improvements. Sub-regional and regional fees are collected on behalf of other agencies and distributed to the lead agency for project construction.

Capital Improvement Capital Projects Fund

This Fund receives contributions from the General Fund for future capital improvements, in accordance with the Town’s Capital Improvement Program.

Town of Danville
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2017

Note 2 – Summary of Significant Accounting Policies (Continued)

A. Basis of Presentation, Basis of Accounting, and Measurement Focus (Continued)

Fiduciary Fund Financial Statements

Fiduciary Fund Financial Statements include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. The Town's Fiduciary Funds represent Agency Funds and a Private Purpose Trust Fund. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Fiduciary Funds are accounted for using the accrual basis of accounting.

The Town reports the following Private Purpose Trust Fund:

Successor Agency Trust Fund

The Successor Agency to the former Community Development Agency ("CDA") of the Town of Danville was established as a result of the passage of Assembly Bill x1 26, which dissolved all Redevelopment Agencies in the State of California effective February 1, 2012. On January 10, 2012 pursuant to Health and Safety Code Section 34173, the Town Council declared that the Town would act in a special limited capacity as Successor Agency for the dissolved CDA, effective February 1, 2012. The Successor Agency is responsible for day to day administration of the former CDA, including identification and payment of enforceable and recognized obligations of the former CDA, and disbursement of available assets. An Oversight board, consisting of 7 members, was appointed to supervise the Successor Agency's wind down of the former CDA.

The Town reports the following Agency Funds:

Deposits Fund

This Fund is comprised of money temporarily deposited with the Town. Examples of deposits include cash improvement bonds posted by developers, performance bonds posted by contractors, third party pass-through fees and employee benefit allocations.

During the period from 1985 to 1990, the Sycamore Valley Assessment District ("SVAD"), Tassajara Ranch Assessment District ("TRAD") and the Northeast Road Improvement Assessment District ("NERIAD") were formed within the Town to construct improvements in these areas. These three Agency Funds are used to account for the special assessments levied on all property within the Assessment Districts, and subsequently paid against each Assessment District's long-term debt. The bonds of these three Assessment Districts are payable solely from the annual special assessments. The bonds are not an obligation of the Town, and therefore the activities of the Assessment Districts are being accounted for as agency funds.

B. Cash and Investments

The Town pools its available cash for investment purposes. The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturity of three months or less from the date of acquisition. Cash and cash equivalents are combined with investments and displayed as Cash and Investments.

Town of Danville
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2017

Note 2 – Summary of Significant Accounting Policies (Continued)

B. Cash and Investments (Continued)

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.

Highly liquid 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. Market value is used as fair value for those securities for which market quotations are readily available.

U.S. GAAP defines fair value, establishes a framework for measuring fair value and establishes disclosures about fair value measurement. Investments, unless otherwise specified, recorded at fair value in the Statements of Net Position, are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Levels of inputs are as follows:

Level 1 – Inputs are unadjusted, quoted prices for identical the asset or liability in active markets at the measurement date.

Level 2 – Inputs, other than quoted prices included in Level 1, that are observable for the asset or liability through corroboration with market data at the measurement date.

Level 3 – Unobservable inputs that reflect management’s best estimate of what market participants would use in pricing the asset or liability at the measurement date.

The Town maintains a cash and investment pool, which includes cash balances and authorized investments of all funds, which the Town Treasurer invests to enhance interest earnings. The pooled interest earned is allocated to each fund based on its average monthly cash and investment balances.

The Town participates in an investment pool managed by the State of California titled Local Agency Investment Fund (“LAIF”), which has invested a portion of the pool 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 with changes in interest rates.

C. Cash and Investments with Fiscal Agents

Certain restricted cash and investments are held by fiscal agents for the redemption of bonded debt and for acquisition and construction of capital projects.

Town of Danville
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2017

Note 2 – Summary of Significant Accounting Policies (Continued)

D. Land Held for Redevelopment

The Successor Agency of the Town holds one parcel of land acquired by the former CDA as part of that entity's primary purpose before dissolution to develop or redevelop Town properties. The property was deeded to the Town on March 28, 2016 for capital projects.

E. Capital Assets

Capital assets, which include lands, buildings, improvements, furniture, equipment and infrastructure assets (e.g., roads, bridges, signal systems and similar items) are reported in the applicable governmental activities in the Government-Wide Financial Statements.

The Town defines infrastructure as the primary physical assets that allow the Town to conduct its business. The Town's infrastructure assets include:

- ◆ Street system
- ◆ Street signal system
- ◆ Park and recreation lands and improvement systems
- ◆ Storm water conveyance system
- ◆ Bridges
- ◆ Buildings combined with site amenities such as parking and landscaped areas

Each major infrastructure system can be divided into subsystems. For example, the street system can be subdivided into the following:

- ◆ Pavement
- ◆ Medians
- ◆ Curb and gutters
- ◆ Landscaping and land

The detail of these subsystems is not presented in the Basic Financial Statements. However, the operating departments maintain information regarding the subsystems.

Capital assets are recorded at historical cost or estimated historical cost if actual cost was not available. Donated assets are valued at their estimated acquisition value on the date donated. Town policy has set the capitalization thresholds for reporting capital assets at the following:

- ◆ All buildings (no threshold)
- ◆ \$20,000 for roads and bridges/box culverts
- ◆ \$10,000 for traffic signals and storm drain pipes
- ◆ \$5,000 for furniture, fixtures, equipment, catch basins and manholes

Town of Danville
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2017

Note 2 – Summary of Significant Accounting Policies (Continued)

E. Capital Assets (Continued)

Depreciation is recorded on a straight-line basis over the useful lives of all other assets, except for infrastructure, as follows:

| | |
|---------------------------|---------------|
| Building and parking lots | 40 years |
| Park improvements | 5 years |
| Furniture and equipment | 3 - 10 years |
| Infrastructure | 30 - 50 years |

The Town elected to use the “*Modified Approach*” for infrastructure reporting of its streets, concrete and asphalt pavements. This condition assessment will be performed every three years. Each homogeneous segment of Town-owned street was assigned a physical condition based on potential defects. A Pavement Condition Index (PCI) was assigned to each street segment. The PCI is expressed in a continuous scale from 0 to 100, where 0 is assigned to the least acceptable physical condition and 100 is assigned to segments of street that have the physical characteristics of a new street.

The following conditions were defined:

| | |
|---------------------|----------|
| Very good condition | 70 - 100 |
| Good condition | 50 - 69 |
| Poor condition | 26 - 49 |
| Very poor condition | 0 - 25 |

The Town's policy relative to maintaining the street assets is to achieve an average rating of 65-70 for all street segments. This acceptable rating allows minor cracking and raveling of the pavement along with minor roughness that could be noticeable to drivers traveling at the posted speeds.

See Required Supplementary Information on Page 76 for further details.

For all other infrastructure systems, the Town elected to use the “*Basic Approach*”. The Town appraised its own infrastructure as of July 1, 2001 and has completed an internal update for June 30, 2015. The 2001 appraisal determined the original cost, which is defined as the actual cost to acquire new property in accordance with market prices at the time of first construction/acquisition. Original costs were developed in one of three ways:

1. Historical records;
2. Standard unit costs appropriate for the construction/acquisition date;
3. Present cost indexed by a reciprocal factor of the price increase from the construction/acquisition date to the current date;

The accumulated depreciation from the date of construction/acquisition to the current date was computed using industry accepted life expectancies for each infrastructure subsystem. The book value was then computed by deducting the accumulated depreciation from the original cost.

Town of Danville
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2017

Note 2 – Summary of Significant Accounting Policies (Continued)

F. Unearned Revenues

For the Government-Wide Financial Statements, unearned revenue is recognized in connection with a transaction before the earnings process is completed.

For the Governmental Fund Financial Statements, unearned revenues arise when potential revenues do not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues also arise when the government receives resources before it has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met or when the government has a legal claim to the resources, unearned revenues are removed from the combined balance sheet and revenue is recognized.

G. Compensated Absences

Compensated absences include general leave, which covers vacations up to the cap amount based on years of services and hire date, and is accounted for in accordance with U.S. GAAP. It is the policy of the Town to pay when an employee retires or terminates. This amount is funded at a level that recognizes each employee's ability to request leave during employment and is included as a liability in the Government-Wide Financial Statements. Compensated absences liabilities of governmental activities are generally liquidated by the General Fund of 63%; Building and Planning Special Revenue Fund of 16% and Other Special Revenue Funds of 21%.

H. Long-term Debt

In the Government-Wide Financial Statements, long-term debt is reported as liabilities. Bonds payable are reported net of the applicable bond premium or discount.

For Governmental Fund Financial Statements, bond premiums and discounts, as well as bond issuance costs, are recognized during the current period. Bond proceeds are reported as other financing sources net of the applicable premium or discount. Issuance costs, whether or not withheld from the actual net proceeds received, are reported as debt service expenditures.

I. Fund Balance

In the Governmental Fund Financial Statements, fund balances are classified in the following categories:

Nonspendable – Items cannot be spent because they are not in spendable form, such as prepaid items and inventories, items that are legally or contractually required to be maintained intact, such as principal of an endowment or revolving loan funds.

Restricted – Restricted fund balances encompass the portion of net fund resources subject to externally enforceable legal restrictions. This includes externally imposed restrictions by creditors, such as through debt covenants, grantors, contributors, laws or regulations of other governments, as well as restrictions imposed by law through constitutional provisions or enabling legislation.

Committed – Committed fund balances encompass the portion of net fund resources, the use of which is constrained by limitations that the government imposes upon itself at its highest level of decision making (normally the governing body) and that remain binding unless removed in the same manner. The Town Council is considered the highest authority for the Town.

Town of Danville
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2017

Note 2 – Summary of Significant Accounting Policies (Continued)

I. Fund Balance (Continued)

Assigned – Assigned fund balances encompass the portion of net fund resources reflecting the government’s intended use of resources. Assignment of resources can be done by the highest level of decision making or by a committee or official designated for that purpose. The Town Council has authorized the Town Manager and the Finance Manager/Treasurer for that purpose.

Unassigned – This category is for any balances that have no restrictions placed upon them. The General Fund is the only fund that reports a positive unassigned fund balance amount. In other Governmental Funds it is not appropriate to report a positive unassigned fund balance amount. However, in Governmental Funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

J. Net Position

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

Net Investment in Capital Assets component of net position consists of capital assets net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

Unrestricted component of net position is the amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

K. Spending Policies

For Government-Wide Financial Statements, 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.

For Governmental Fund Financial Statements, the Town’s policy is to spend restricted fund balances first, before spending unrestricted fund balances, for expenditures incurred for purposes for which both restricted and unrestricted fund balances are available, except for instances wherein a Town ordinance or resolution specifies the funding source or a fund balance to use.

The Town’s policy is that committed and assigned fund balances are considered to have been spent first before unassigned fund balances have been spent, when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used, except for instances wherein a Town ordinance specifies the fund balance to use.

Town of Danville
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2017

Note 2 – Summary of Significant Accounting Policies (Continued)

L. Property Taxes

Revenue is recognized in the fiscal year for which the tax and assessment is levied. The County of Contra Costa levies, bills and collects property taxes and special assessments for the Town and remits the full assessment regardless of the amounts received under a Teeter plan arrangement.

| Property Tax | Secured Property Tax | Unsecured |
|-----------------|--------------------------------------|--------------------------------------|
| Lien Date | January 1 (preceding fiscal year) | January 1 (preceding fiscal year) |
| Due Date | November 1 & February 1 | August 31 |
| Delinquent Date | December 10 & April 10 | September 1 |

M. Use of Accounting Estimates

The preparation of financial statements in conformity with U.S. 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.

N. Implementation of New GASB Pronouncements

For the year ended June 30, 2017, the Town implemented the following new GASB pronouncements:

GASB Statement No. 74 – In June 2015, GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which addresses reporting by postemployment benefits other than pensions (OPEB) plans that administer benefits on behalf of governments. This statement basically parallels GASB Statement 67 and replaces GASB Statement 43. Application of this statement is effective for the Town’s fiscal year ended June 30, 2017 and did not have a significant impact on the Town’s financial statements for the year ended June 30, 2017.

GASB Statement No. 77 – In August 2015, GASB issued Statement No. 77, *Tax Abatement Disclosures*. This statement establishes financial reporting standards for tax abatement agreements entered into by state and local governments. Application of this statement is effective for the Town's fiscal year ending June 30, 2017 and did not have a significant impact on the Town’s financial statements for the year ended June 30, 2017.

GASB Statement No. 78 – In December 2015, GASB issued Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Pension Plans*. This Statement amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions to both employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employees that provide pension through the pension plan). This statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have characteristics described above. Application of this statement is effective for the Town’s fiscal year ended June 30, 2017 and did not have a significant impact on the Town’s financial statements for the year ended June 30, 2017.

Town of Danville
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2017

Note 2 – Summary of Significant Accounting Policies (Continued)

N. Implementation of New GASB Pronouncements (Continued)

GASB Statement No. 79 – In December 2015, GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. Those disclosures for both the qualifying external investment pools and their participants include information about any limitations or restrictions on participating withdrawals. Application of this statement is effective for the Town's fiscal year ended June 30, 2017 and did not have a significant impact on the Town's financial statements for the year ended June 30, 2017.

GASB Statement No. 80 – In December 2015, GASB issued Statement No. 80, *Blending Requirements for Certain Component Units - An Amendment of GASB Statement No. 14*. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provision of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. Application of this statement is effective for the Town's fiscal year ended June 30, 2017 and did not have a significant impact on the Town's financial statements for the year ended June 30, 2017.

Note 3 – Cash and Investments

The following is a summary of pooled cash and investments, including restricted cash and investments held by the Town, and cash and investments held by fiscal agents, at June 30, 2017:

| | Primary Government | Fiduciary | |
|-----------------------------------|-----------------------------|-----------------------------|-----------------------------|
| | Governmental | Fund Financial | |
| | Activities | Statements | Total |
| | <u> </u> | <u> </u> | <u> </u> |
| Cash and investments | \$ 67,557,502 | \$ 2,009,541 | \$ 69,567,043 |
| Restricted cash and investment: | | | |
| Held by Town | 22,813,413 | - | 22,813,413 |
| Held by fiscal agent | 1,623,740 | 539,461 | 2,163,201 |
| | <u> </u> | <u> </u> | <u> </u> |
| Total cash and investments | <u>\$ 91,994,655</u> | <u>\$ 2,549,002</u> | <u>\$ 94,543,657</u> |

Town of Danville
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2017

Note 3 – Cash and Investments (Continued)

At June 30, 2017, cash and investments, excluding restricted cash and investments held by fiscal agent, are reported at fair value based on quoted market prices. The following table presents the fair value measurements of investments recognized in the accompanying Statement of Net Position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2017:

| <u>Investment Type</u> | <u>Fair Value</u> | <u>Percentage of Investments</u> | <u>Measurement Input</u> |
|-------------------------------------|----------------------|----------------------------------|--------------------------|
| Demand deposits | \$ 2,323,510 | N/A | N/A |
| Investments: | | | |
| U.S. Securities: | | | |
| U.S. Treasury | 19,870,878 | 22.06% | Level 2 |
| Federal Securities | 37,522,083 | 41.66% | Level 2 |
| Commercial paper | 2,681,694 | 2.98% | Level 2 |
| Inter-American Dev Bank | 1,236,769 | 1.37% | Level 2 |
| U.S. Corporate Notes/FDIC: | | | |
| Wells Fargo Corp. | 849,727 | 0.94% | Level 2 |
| General Electric Capital Corp. | 876,357 | 0.97% | Level 2 |
| Apple, Inc. | 996,375 | 1.11% | Level 2 |
| Microsoft | 938,506 | 1.04% | Level 2 |
| Chevron Corp. | 977,985 | 1.09% | Level 2 |
| Toyota Motor Credit Corp. | 1,006,145 | 1.12% | Level 2 |
| Exxon Mobile Corp | 803,157 | 0.89% | Level 2 |
| U.S. Bancorp | 857,076 | 0.95% | Level 2 |
| Paccar Financial | 669,931 | 0.74% | Level 2 |
| American Honda | 1,008,491 | 1.12% | Level 2 |
| Bank of New York | 1,009,855 | 1.12% | Level 2 |
| John Deere Capital Corp | 1,011,594 | 1.12% | Level 2 |
| Oracle Corp | 1,012,320 | 1.12% | Level 2 |
| State Street Bank Note | 815,022 | 0.91% | Level 2 |
| Local Agency Investment Fund (LAIF) | 15,792,283 | 17.54% | Uncategorized |
| Money Market Funds | 120,698 | 0.13% | Uncategorized |
| Total investments | <u>90,056,946</u> | <u>100.00%</u> | |
| Total cash and investments | <u>\$ 92,380,456</u> | | |

A. Demand Deposits

The carrying amounts of the Town's cash deposits were \$2,323,510 at June 30, 2017. Bank balances as of June 30, 2017, were \$2,408,148 which were fully insured and collateralized with securities held by the pledging financial institutions in the Town's name as discussed in the following.

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. This 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.

Town of Danville
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2017

Note 3 – Cash and Investments (Continued)

A. Demand Deposits (Continued)

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 has waived collateral requirements for cash deposits that are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation.

B. Investments

The Town reviews and refines its Investment Policy (Policy) annually, with the most recent revision approved by the Town Council on December 15, 2016. The Policy states that the primary investment objective is safety with investments being legally permitted and sufficiently liquid to meet forecasted needs. Maximization of interest earnings is a secondary objective.

Further, the Policy states that the Town Treasurer has the ultimate responsibility to protect, preserve and maintain cash and investments.

The Policy also established internal controls and reporting requirements and stipulates "Permitted Investments and Limitation on Investments".

The Town is authorized by State statutes (California Government Code 53601) and in accordance with the Town's Policy to invest in the following:

- ◆ U.S. Treasury Securities
- ◆ U.S. Government Federal Agencies
- ◆ Certificates of Deposit
- ◆ Bankers Acceptances
- ◆ Commercial Paper (Corporations)
- ◆ Medium-Term Corporate Notes
- ◆ Repurchase Agreements collateralized by U.S. Securities or U.S. Government Federal Agencies
- ◆ California Local Agency Investment Fund (LAIF)
- ◆ U.S. Government Mortgage Pass-Through Securities
- ◆ Collateralized Mortgage Obligations (CMOs)
- ◆ Asset-Backed Securities (ABS)
- ◆ Money Market Mutual Funds
- ◆ Passbook Savings and Demand Deposits Accounts

Additionally, the Town's Policy specifies the maximum percentage of the total investment portfolio that may be held in each of the aforementioned securities.

In addition to State statutes, the Town establishes that funds on deposit in banks must be federally insured or collateralized and investments shall:

- (1) have maximum maturity not to exceed five years;
- (2) be laddered and based on cash flow forecasts; and
- (3) be subject to limitations to a certain percent of the portfolio for each of the authorized investments.

Town of Danville
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2017

Note 3 – Cash and Investments (Continued)

B. Investments (Continued)

Investments were stated at fair value using the aggregate method in all funds and component units, resulting in the following investment earnings in all funds and component units:

| | |
|---|--------------------------|
| Interest earnings | \$ 664,508 |
| Unrealized (loss) in changes in fair value of investments | (367,898) |
| Total investments earnings | <u>\$ 296,610</u> |

The Town’s investment practices are in compliance with California Government Code 53601 et seq., and the Town’s Policy. Securities that are purchased and maintain their rating are held to maturity with no exception. Therefore, while U.S. GAAP requires that investments be stated as “fair value” for financial reporting purposes, the Town did not realize either gains or losses in this valuation of the investments.

C. External Investment Pool

The Town invests in the Local Agency Investment Fund (LAIF), a State of California external investment pool. The LAIF determines fair value on its investment portfolio based on market quotations for those securities where market quotations are readily available and based on amortized cost or best estimate for those securities where market value is not readily available. The Town’s investments with the LAIF at June 30, 2016, include a portion of the pool funds invested in Structured Notes and Asset-Backed Securities.

These investments may include the following:

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

Asset-Backed Securities, the bulk of which are mortgage-backed securities, entitle its 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 CMO’s) or credit card receivables.

As of June 30, 2017, the Town had \$15,792,283 invested in the LAIF, which had invested 2.89% of the pool investment funds in Structured Notes and Asset-Backed Securities.

D. Restricted Cash and Investments Held with Fiscal Agent

Restricted cash and investments with fiscal agent consists of \$1,623,740 in the Governmental-wide Financial Statement and \$539,461 in the Statement of Fiduciary Net Position which can be only used for specific capital outlays, payment of certain long-term debt and maintaining required reserves. These funds have been invested only as permitted by specific State statutes governing these investments or by applicable Town ordinance, resolution or bond indenture.

Town of Danville
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2017

Note 3 – Cash and Investments (Continued)

E. Risk Disclosures

Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates, the Town's Policy provides that final maturities of securities limits as follows:

| Maturity | Maximum Investment |
|--------------------------|--------------------|
| Up to six months | 25% |
| Six months to five years | 75% |

Specific maturities of investments depend on liquidity needs. At June 30, 2017, the Town's pooled cash and investments had the following maturities:

| Investment Type | Fair Value | Maturities (in years) | | | |
|-------------------------------------|----------------------|-----------------------|----------------------|----------------------|----------------------|
| | | 1 year or less | 1-2 years | 2-3 years | 3-4 years |
| Demand deposits | \$ 2,323,510 | \$ 2,323,510 | \$ - | \$ - | \$ - |
| Investments: | | | | | |
| U.S. Securities: | | | | | |
| U.S. Treasury | 19,870,878 | 3,691,621 | 4,555,230 | 2,973,544 | 8,650,483 |
| Federal Securities | 37,522,083 | 8,786,618 | 12,717,769 | 13,003,932 | 3,013,764 |
| Commercial paper | 2,681,694 | 2,681,694 | - | - | - |
| Inter-American Dev Bank | 1,236,769 | - | - | 1,236,769 | - |
| U.S. Corporate Notes/FDIC: | | | | | |
| Wells Fargo Corp. | 849,727 | 849,727 | - | - | - |
| General Electric Capital Corp. | 876,357 | 876,357 | - | - | - |
| Apple, Inc. | 996,375 | 996,375 | - | - | - |
| Microsoft | 938,506 | - | 938,506 | - | - |
| Chevron Corp. | 977,985 | - | 977,985 | - | - |
| Toyota Motor Credit Corp. | 1,006,145 | - | 1,006,145 | - | - |
| Exxon Mobile Corp | 803,157 | - | 803,157 | - | - |
| U.S. Bancorp | 857,076 | - | 857,076 | - | - |
| Paccar Financial | 669,931 | - | - | 669,931 | - |
| American Honda | 1,008,491 | - | - | 1,008,491 | - |
| Bank of New York | 1,009,855 | - | - | 1,009,855 | - |
| John Deere Capital Corp | 1,011,594 | - | - | 1,011,594 | - |
| Oracle Corp | 1,012,320 | - | - | 1,012,320 | - |
| State Street Bank Note | 815,022 | - | - | - | 815,022 |
| Local Agency Investment Fund (LAIF) | 15,792,283 | 15,792,283 | - | - | - |
| Money Market Funds | 120,698 | 120,698 | - | - | - |
| Total investments | 90,056,946 | 33,795,373 | 21,855,868 | 21,926,436 | 12,479,269 |
| Total cash and investments | \$ 92,380,456 | \$ 36,118,883 | \$ 21,855,868 | \$ 21,926,436 | \$ 12,479,269 |

Town of Danville
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2017

Note 3 – Cash and Investments (Continued)

E. Risk Disclosures (Continued)

Credit Risk

Credit risk is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. According to the Town's Policy, no more than 5% of the total portfolio may be invested in securities of any single issuer, other than the U.S. Government, its agencies and instrumentalities and the LAIF. If a security (other than the LAIF) is downgraded by either Moody's or S&P to a level below the minimum quality required by the Town, the Town will determine whether to retain or liquidate the security based upon criteria set forth in the Town's Policy.

At June 30, 2017, the Town's investments are rated as follows:

| | Credit Quality Rating | |
|-------------------------------------|-----------------------|-----------|
| | Moody's | S&P |
| Investments: | | |
| U.S. Securities: | | |
| U.S. Treasury | Aaa | AA+ |
| Federal Securities | Aaa | AA+ |
| Commercial paper | P-1 | A-1 |
| Inter-American Dev Bank | Aaa | AAA |
| U.S. Corporate Notes/FDIC: | | |
| Wells Fargo Corp. | A2 | A |
| General Electric Capital Corp. | A1 | AA- |
| Apple, Inc. | Aa1 | AA+ |
| Microsoft | Aaa | AAA |
| Chevron Corp. | Aa2 | AA- |
| Toyota Motor Credit Corp. | Aa3 | AA- |
| Exxon Mobile Corp | Aaa | AA+ |
| U.S. Bancorp | A1 | A+ |
| Paccar Financial | A1 | A+ |
| American Honda | A1 | A+ |
| Bank of New York | A1 | A |
| John Deere Capital Corp | A2 | A |
| Oracle Corp | A1 | AA- |
| State Street Bank Note | A1 | A |
| Local Agency Investment Fund (LAIF) | Not Rated | Not Rated |
| Money Market Funds | Aaa | AAA |

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 collateral securities that are in the possession of an outside party. The Town does not have any custodial credit risk.

Town of Danville
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2017

Note 4 – Capital Assets

A. Governmental Activities

Summary of changes in capital assets for the year ended June 30, 2017 was as follows:

| | Balance July 1, 2016 | Additions | Retirements | Transfers/ Reclassifications | Balance June 30, 2017 |
|--|------------------------------|--------------------------|--------------------|---------------------------------|------------------------------|
| Governmental Activities: | | | | | |
| Capital assets, not being depreciated | | | | | |
| Land | \$ 25,512,152 | \$ - | \$ - | \$ - | \$ 25,512,152 |
| Construction in progress | 25,681,544 | 1,840,017 | - | (10,033,132) | 17,488,429 |
| Infrastructure - streets, concrete & asphalt pavements | 89,518,143 | - | - | - | 89,518,143 |
| Total capital assets not being depreciated | <u>140,711,839</u> | <u>1,840,017</u> | <u>-</u> | <u>(10,033,132)</u> | <u>132,518,724</u> |
| Capital assets being depreciated | | | | | |
| Buildings and parking lots/street | 22,265,429 | - | - | 9,603,299 | 31,868,728 |
| Park improvements | 21,999,710 | - | - | 429,833 | 22,429,543 |
| Furniture and equipment | 5,156,756 | 262,556 | (230,688) | - | 5,188,624 |
| Infrastructure: | | | | | |
| Drainage system | 56,685,059 | - | - | - | 56,685,059 |
| Bridges | 11,069,233 | - | - | - | 11,069,233 |
| Signal system | 6,997,956 | - | - | - | 6,997,956 |
| Total capital assets being depreciated | <u>124,174,143</u> | <u>262,556</u> | <u>(230,688)</u> | <u>10,033,132</u> | <u>134,239,143</u> |
| Accumulated depreciation | | | | | |
| Buildings and parking lots | (9,788,178) | (528,266) | - | - | (10,316,444) |
| Park improvements | (20,054,497) | (308,603) | - | - | (20,363,100) |
| Furniture and equipment | (4,188,042) | (384,711) | 230,688 | - | (4,342,065) |
| Infrastructure: | | | | | |
| Drainage system | (56,114,742) | (23,576) | - | - | (56,138,318) |
| Bridges | (6,887,377) | (185,096) | - | - | (7,072,473) |
| Signal system | (4,889,095) | (208,933) | - | - | (5,098,028) |
| Total accumulated depreciation | <u>(101,921,931)</u> | <u>(1,639,185)</u> | <u>230,688</u> | <u>-</u> | <u>(103,330,428)</u> |
| Total capital assets, being depreciated, net | <u>22,252,212</u> | <u>(1,376,629)</u> | <u>-</u> | <u>10,033,132</u> | <u>30,908,715</u> |
| Governmental activities capital assets, net | <u><u>\$ 162,964,051</u></u> | <u><u>\$ 463,388</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 163,427,439</u></u> |

Town of Danville
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2017

Note 4 – Capital Assets (Continued)

A. Governmental Activities (Continued)

Depreciation expenses by program for capital assets for the year ended June 30, 2017, were as follows:

| | |
|---------------------------------|--------------|
| Police Services | |
| Building | \$ 19,250 |
| Furniture & equipment (vehicle) | 207,955 |
| Subtotal | 227,205 |
| Maintenance Services | |
| Building | 291,332 |
| Parking lots | 89,464 |
| Park improvements | 307,803 |
| Furniture & equipment (vehicle) | 66,871 |
| Subtotal | 755,470 |
| Development Services | |
| Furniture & equipment (vehicle) | 29,007 |
| Infrastructure - drainage | 23,576 |
| Infrastructure - signal | 185,096 |
| Subtotal | 237,679 |
| Transportation Services | |
| Furniture & equipment (vehicle) | 82 |
| Infrastructure - signal | 208,933 |
| Subtotal | 209,015 |
| Administrative Services | |
| Building | 1,212 |
| Furniture & equipment (vehicle) | 64,299 |
| Subtotal | 65,511 |
| Parks and Recreation Services | |
| Building | 127,353 |
| Park improvements | 800 |
| Furniture & equipment (vehicle) | 16,152 |
| Subtotal | 144,305 |
| Total depreciation expense | \$ 1,639,185 |

Town of Danville
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2017

Note 5 – Interfund Transactions

A. Transfers In/Out

Transfers in/out for the year ended June 30, 2017, were as follows:

| Transfers Out | Transfers In | | | | Total |
|--|---------------------------|--|--|---|----------------------|
| | General Fund (1)(4) | Lighting Landscape Special Revenue Fund (2) | Capital Improvement Capital Projects Fund (2) | Non-Major Governmental Fund (3)(5) | |
| General Fund | \$ - | \$ 571,935 | \$ 7,556,099 | \$ 120,567 | \$ 8,248,601 |
| Lighting & Landscape Special Revenue Fund | 292,039 | - | - | - | 292,039 |
| Regional Traffic Special Revenue Fund | - | - | 240,456 | - | 240,456 |
| Non-Major Governmental Fund | 14,514 | - | 941,800 | 409,894 | 1,366,208 |
| Total | <u>\$ 306,553</u> | <u>\$ 571,935</u> | <u>\$ 8,738,355</u> | <u>\$ 530,461</u> | <u>\$ 10,147,304</u> |

The following are explanations for the transfers in and out:

- (1) Transfers in to the General Fund were for overhead expenses chargeable to Special Revenue Funds.
- (2) Transfers in to the Lighting and Landscape Special Revenue Fund and Capital Improvement Capital Projects Fund were to fund various capital projects.
- (3) Transfers in to the Non-Major Governmental Fund from other Non-Major Funds were to fund various capital projects.
- (4) Transfers in to the General Fund from the Non-Major Governmental Fund were for overhead expenses chargeable to the Special Revenue Fund.
- (5) Transfer in to Non-Major Fund from Non-Major Fund for various capital projects.

Note 6 – Loans Receivable from Successor Agency to the Former Community Development Agency

In the fiscal year 2012, the Successor Agency Trust Fund was established to replace the Town's Community Development Agency. Below are the accounts and transactions as of and for the year ended June 30, 2017:

Government-Wide Financial Statements

| | |
|---------------------------------|---------------------|
| Loans Receivable | |
| Cooperative Loan Agreement | \$ 9,359,401 |
| Total | <u>\$ 9,359,401</u> |
| Transfers from Successor Agency | <u>\$ 772,316</u> |

Funds Financial Statements

General Fund

| | |
|---|---------------------|
| Due from Successor Agency from Former Community Development Agency | \$ 9,359,401 |
| Total | <u>\$ 9,359,401</u> |

Town of Danville
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2017

Note 6 – Loans Receivable from Successor Agency to the Former Community Development Agency (Continued)

A. Successor Agency (SA) Cooperative Agreement Loan Receivable

Prior to the State of California's (State) dissolution of all redevelopment agencies, the Town of Danville and the former Community Development Agency (CDA) had entered into a Cooperation Agreement (Agreement), under which the Town advanced funds to the former CDA that were subject to later repayment by the former CDA. The Successor Agency to the former CDA and the Successor Agency's Oversight Board approved re-entry into the Agreement, as provided for in AB 1X 26 (the Dissolution Act).

The State Department of Finance determined that the Agreement was not an enforceable obligation, leading the Town to file a lawsuit in the Sacramento County Superior Court (Superior Court) against the State challenging that determination. The Town won its suit in Superior Court, leading to an appeal by the State. In May 2015, the State dismissed its appeal, and at the same time, the Department of Finance accepted the Agreement as an enforceable obligation. As a result, the Town received its first payment in June 2015 under the Agreement.

The Agreement incorporated the following payment schedule, which the Successor Agency and the Town will follow when preparing future Recognized Obligation Payment Schedule (ROPS) statements. However, due to the fact that the State refused to allow payment for the first several years post-dissolution, those amounts will be paid in years subsequent to those shown in the Agreement. Therefore, an additional \$3,195,604 was approved in addition to the original amount and is currently recognized as special item in the accompanying basic financial statements.

| Fiscal Year | Amount |
|-------------|--------------|
| 2017-2018 | \$ 1,000,000 |
| 2018-2019 | 1,100,000 |
| 2019-2020 | 1,100,000 |
| 2020-2021 | 1,100,000 |
| 2021-2022 | 1,100,000 |
| 2022-2023 | 1,100,000 |
| 2023-2024 | 1,100,000 |
| 2024-2025 | 1,100,000 |
| 2025-2026 | 659,401 |
| Total | \$ 9,359,401 |

Note 7 - Unearned Revenue

Unearned revenue in Government-Wide Financial Statements represents amounts for which revenues have not been earned. At June 30, 2017, unearned revenues in the Government-Wide Financial Statements were as follows:

| | Governmental Activities |
|---------------------------------|----------------------------|
| Business Licenses | \$ 78,576 |
| Recreation Program Registration | 527,631 |
| Total | \$ 606,207 |

Town of Danville
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2017

Note 8 – Long-Term Debt

A. Governmental Activities

Summary of changes in long-term debt for the year ended June 30, 2017 was as follows:

| Description | Balance July 1, 2016 | Additions | Retirements | Balance June 30, 2017 | Classification | |
|----------------------|-------------------------|---------------------|-----------------------|--------------------------|---------------------------|---------------------------------|
| | | | | | Due Within One Year | Due in More than One Year |
| COPs: | | | | | | |
| 2001 issue | \$ 3,810,000 | \$ - | \$ (270,000) | \$ 3,540,000 | \$ 285,000 | \$ 3,255,000 |
| 2005 issue | 4,245,000 | - | (150,000) | 4,095,000 | 155,000 | 3,940,000 |
| Compensated absences | 583,423 | 1,386,538 | (888,194) | 1,081,767 | 110,000 | 971,767 |
| Total | \$ 8,638,423 | \$ 1,386,538 | \$ (1,308,194) | \$ 8,716,767 | \$ 550,000 | \$ 8,166,767 |

Certificates of Participation – 2001 Issue

The Town issued \$6,700,000 principal amount of 2001 Certificates of Participation (2001 COPs) on October 1, 2001. The purpose of the 2001 COPs was to provide funds to refund the outstanding 1992 Certificates of Participation and to defease the 1994 Tax Allocation Bonds. The 2001 COPs in the amount of \$3,745,000 mature through September 1, 2018, and bear interest rates ranging from 3.50% to 4.625%. The 2001 COPs in the amount of \$635,000 mature through September 1, 2020, and bear interest at the rate of 4.75% per annum. The 2001 COPs in the amount of \$2,320,000 mature through September 1, 2026, and bear interest at the rate of 5.00% per annum.

The 2001 COPs are payable semiannually on each March 1 and September 1, commencing March 1, 2002 and are subject to optional and mandatory early redemption provisions.

The 2001 COPs represent lease payments (Lease Payments) to be paid by the Town under a Lease Agreement, dated as of October 1, 2001, by and between the Town of Danville Financing Authority (Authority) and the Town, for a lease of certain real property and improvements (Property). The Lease Payments will be in amounts calculated to be sufficient to pay principal and interest with respect to the Certificates when due. The Lease Payments are payable by the Town from its General Fund for the right to the use and possession by the Town of the Property.

The annual debt service requirements for the 2001 COPs outstanding at June 30, 2017 are as follows:

| For the Years Ending June 30, | Principal | Interest | Total |
|----------------------------------|---------------------|-------------------|---------------------|
| 2018 | \$ 285,000 | \$ 166,450 | \$ 451,450 |
| 2019 | 300,000 | 153,100 | 453,100 |
| 2020 | 310,000 | 138,800 | 448,800 |
| 2021 | 325,000 | 123,719 | 448,719 |
| 2022 | 340,000 | 107,500 | 447,500 |
| 2023-2027 | 1,980,000 | 257,250 | 2,237,250 |
| Total | \$ 3,540,000 | \$ 946,819 | \$ 4,486,819 |

Town of Danville
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2017

Note 8 – Long-Term Debt (Continued)

A. Governmental Activities (Continued)

Certificates of Participation – 2005 Issue

The Town issued \$5,600,000 principal amount of 2005 Certificates of Participation (2005 COPs) on March 1, 2005. The purpose of the 2005 COPs was to provide funds to finance the acquisition and improvement of certain property for use as a public parking facility and other capital improvements with the Town. The 2005 COPs in the amount of \$3,155,000 mature through March 1, 2026, and bear interest rates ranging from 4.000% to 4.625%. The 2005 COPs in the amount of \$965,000 mature through March 1, 2030, and bear interest at the rate of 4.625% per annum.

The 2005 COPs in the amount of \$1,480,000 mature through March 1, 2035, and bear interest at the rate of 4.625% per annum. The 2005 COPs are payable semiannually on each March 1 and September 1, commencing September 1, 2005. The 2005 COPs are subject to optional and mandatory early redemption provisions.

The 2005 COPs represent lease payments (Lease Payments) to be paid by the Town under a Lease Agreement, dated as of March 23, 2005, by and between the Authority and the Town, for a lease of certain real property and improvements (Property). The Lease Payments will be in amounts calculated to be sufficient to pay principal and interest with respect to the Certificates when due. The Lease Payments are payable by the Town from its General Fund for the right to the use and possession by the Town of the Property.

The annual debt service requirements for the 2005 COPs outstanding at June 30, 2017, are as follows:

| For the Years Ending | | | | |
|-----------------------------|---------------------|---------------------|---------------------|--|
| June 30, | Principal | Interest | Total | |
| 2018 | \$ 155,000 | \$ 185,866 | \$ 340,866 | |
| 2019 | 160,000 | 179,356 | 339,356 | |
| 2020 | 170,000 | 172,556 | 342,556 | |
| 2021 | 175,000 | 165,332 | 340,332 | |
| 2022 | 180,000 | 157,676 | 337,676 | |
| 2023-2027 | 1,035,000 | 659,408 | 1,694,408 | |
| 2028-2032 | 1,290,000 | 399,370 | 1,689,370 | |
| 2033-2035 | 930,000 | 87,412 | 1,017,412 | |
| Total | \$ 4,095,000 | \$ 2,006,976 | \$ 6,101,976 | |

As part of this financing, the former Community Development Agency entered into a Reimbursement Agreement with the Town, wherein the Agency would reimburse the Town for all lease payments made on both 2001 and 2005 COPs Issuance. This Reimbursement Agreement was recognized as an Enforceable Obligation by the State of California through the redevelopment dissolution process and is included in the Last and Final ROPS approved by the State in 2016. This ensures that the Town will be fully reimbursed for all payments through the remaining term of the COPs.

Compensated Absences

The Town's liability for vested and unpaid compensated absences (accrued vacation and sick pay) has been accrued and amounts to \$1,081,767 at June 30, 2017. It is estimated that \$110,000 will be needed to cover employees who leave employment within one year.

Town of Danville
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2017

Note 8 – Long-Term Debt (Continued)

B. Fiduciary Fund Financial Statements

Summary of changes in long-term debt for the year ended June 30, 2017 was as follows:

| Description | Balance | | | Balance June 30, 2017 | Classification | |
|---------------|---------------------|-------------|---------------------|--------------------------|---------------------------|---------------------------------|
| | July 1, 2016 | Additions | Retirements | | Due Within One Year | Due in More than One Year |
| Loans payable | \$ 2,875,000 | \$ - | \$ (130,000) | \$ 2,745,000 | \$ 140,000 | \$ 2,605,000 |
| Total | \$ 2,875,000 | \$ - | \$ (130,000) | \$ 2,745,000 | \$ 140,000 | \$ 2,605,000 |

Loan Payable

The Authority issued \$3,570,000 principal amount of Taxable Revenue Bonds, 2001 Series A (Bonds) on December 1, 2001. The proceeds of the Bonds were loaned to the former CDA pursuant to a Loan Agreement, dated as of December 1, 2001 and used to finance low and moderate income housing project within the project area. The Bonds in the amount of \$35,000 matured through August 1, 2006, and bore interest at the rate of 6.15% per annum. The Bonds in the amount of \$260,000 mature through August 1, 2011, and bear interest at the rate of 7.25% per annum. The Bonds in the amount of \$1,170,000 mature through August 1, 2020, and bear interest at the rate of 8.15% per annum. The Bonds in the amount of \$2,105,000 mature through August 1, 2028, and bear interest at the rate of 8.50% per annum.

The Bonds are payable semiannually on each February 1 and August 1, commencing August 1, 2002. The Bonds are subject to optional and mandatory early redemption provisions.

The Bonds are special obligations of the Authority payable from and secured by loan payments made by the former CDA under the Loan Agreement and certain other amounts on deposit in the funds and accounts established under the Indenture. The Loan Agreement is secured by the tax increment revenues of the former CDA. This loan has been transferred to the Successor Agency Trust Fund.

This Loan Agreement was recognized as an Enforceable Obligation by the State of California through the redevelopment dissolution process and is included in the Last and Final ROPS approved by the State in 2016. This ensures that the Town will be fully reimbursed for all payments through the remaining term of the TABs.

The annual debt service requirements for the Bonds outstanding at June 30, 2017 are as follows:

| For the Years Ending June 30, | Principal | Interest | Total |
|----------------------------------|---------------------|---------------------|---------------------|
| | 2018 | \$ 140,000 | \$ 225,381 |
| 2019 | 155,000 | 213,359 | 368,359 |
| 2020 | 165,000 | 200,319 | 365,319 |
| 2021 | 180,000 | 186,261 | 366,261 |
| 2022 | 195,000 | 170,638 | 365,638 |
| 2023-2027 | 1,250,000 | 563,125 | 1,813,125 |
| 2028-2029 | 660,000 | 57,376 | 717,376 |
| Total | \$ 2,745,000 | \$ 1,616,459 | \$ 4,361,459 |

Town of Danville
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2017

Note 9 – Defined Contribution Pension Plan

All qualified Town employees participate in the Section 401(a) qualified defined contribution pension plan as allowed under the Internal Revenue Code. The plan type sponsored by the Town is the Money Purchase Plan (Plan), which was last amended on July 1, 2010. The Plan is a defined contribution retirement plan in which the employer's contribution is nondiscretionary and is based on a formula that is not related to profits. The Plan sponsor guarantees no benefit and bears no investment risk while the Plan participants bear all investment risk and have no guaranteed level of benefits.

An administrative committee comprised of Town personnel governs the Plan. The Town Council has the authority to establish or amend the Plan's provisions. The Plan's provisions and contribution requirements are established and may be amended by Town Council resolution.

Eligible employees begin participating the first day of the month following their employment date of work. The Plan is entirely funded by Town contributions of 15% of the participants' gross pay for employees who contribute 5% of their salary to the deferred compensation plan. The Town's contributions vest at 20% per plan year of uninterrupted employment.

Participants are eligible to begin receiving benefits at age 55 and are required to begin receiving benefits no later than April after age 70-1/2. The employees may also roll their funds to another retirement plan upon separation of service.

The Town's payroll for employees covered by the Plan for the year ended June 30, 2017, was \$8,223,999. Total employee contributions paid by the Town amounted to \$1,173,536 or 14.27% of covered payroll and of total payroll.

The Plan's assets are invested with Lincoln National Life, a mutual fund company that offers participants multiple mutual fund category selections from which they can choose. As of June 30, 2017, the Plan had 149 participants and the market value of the Plan amounted to \$18,879,861.

The defined contribution pension plan is not in the accompanying basic financial statements.

Note 10 – Fund Balance

A. Operating Reserve

The Town maintains a minimum Operating Reserve of 20% of the fiscal year operating budget, which may only be used in the event of a financial emergency, subject to Town Council authorization. Town Resolution No 35-98 defines the purpose and uses of the General Fund Operating Reserve.

B. Contingency Fund

Contingency funds are designated by Town Council resolution. Contingency funds may be expended for non-emergency, non-budgeted or unanticipated costs that arise after adoption of the operating budget and during the course of the fiscal year, upon approval of a resolution by the Town Council.

Town of Danville
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2017

Note 10 – Fund Balance (Continued)

C. Fund Balance Classification

At June 30, 2017, fund balances are classified as follows:

| | Major Funds | | | | | Total |
|--|----------------------|-----------------------------|--|----------------------------------|------------------------------|----------------------|
| | General Fund | Lighting and Landscape Fund | Regional Traffic Impact Fee Special Revenue Fund | Capital Improvement Project Fund | Non-Major Governmental Funds | |
| Fund Balances: | | | | | | |
| Nonspendable | | | | | | |
| Due from Successor Agency of Former CDA | \$ 9,359,401 | \$ - | \$ - | \$ - | \$ - | \$ 9,359,401 |
| Prepaid items | 68,585 | - | - | - | - | 68,585 |
| Total nonspendable | <u>9,427,986</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>9,427,986</u> |
| Restricted | | | | | | |
| *Special revenue | - | 2,216,046 | 3,271,081 | - | 18,140,206 | 23,627,333 |
| *Debt services | 809,820 | - | - | - | - | 809,820 |
| Total restricted | <u>809,820</u> | <u>2,216,046</u> | <u>3,271,081</u> | <u>-</u> | <u>18,140,206</u> | <u>24,437,153</u> |
| Committed | | | | | | |
| Capital projects | 3,068,117 | - | - | 33,312,105 | 10,245,464 | 46,625,686 |
| Operating reserved | 12,309,768 | - | - | - | - | 12,309,768 |
| Contingency | 656,743 | - | - | - | - | 656,743 |
| Reward fund | 10,000 | - | - | - | - | 10,000 |
| Compensated absences/personnel | 1,195,339 | - | - | - | - | 1,195,339 |
| Business License SB 1186 | 9,286 | - | - | - | - | 9,286 |
| Total committed | <u>17,249,253</u> | <u>-</u> | <u>-</u> | <u>33,312,105</u> | <u>10,245,464</u> | <u>60,806,822</u> |
| Assigned | | | | | | |
| Townwide bonus program | 26,000 | - | - | - | - | 26,000 |
| Business Promotion & Strategy Session | 10,000 | - | - | - | - | 10,000 |
| Police Services EBRCOA equipment | 35,544 | - | - | - | - | 35,544 |
| Emergency preparedness consultants | 55,000 | - | - | - | - | 55,000 |
| Finance temporary salaries | 15,000 | - | - | - | - | 15,000 |
| Finance furniture | 5,000 | - | - | - | - | 5,000 |
| Finance software maintenance | 40,000 | - | - | - | - | 40,000 |
| Information Technology consulting services | 25,840 | - | - | - | - | 25,840 |
| Human Resources temporary salaries | 15,000 | - | - | - | - | 15,000 |
| Human Resources claims | 20,000 | - | - | - | - | 20,000 |
| Patrol Equipment maintenance | 13,500 | - | - | - | - | 13,500 |
| ED advertising & marketing | 10,000 | - | - | - | - | 10,000 |
| ED consulting services | 10,000 | - | - | - | - | 10,000 |
| ED Retail Incentive Program | 14,152 | - | - | - | - | 14,152 |
| Equipment Maintenance repairs | 18,000 | - | - | - | - | 18,000 |
| Lighting and landscape | - | 2,507,297 | - | - | - | 2,507,297 |
| Total assigned | <u>313,036</u> | <u>2,507,297</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,820,333</u> |
| Total fund balance | <u>\$ 27,800,095</u> | <u>\$ 4,723,343</u> | <u>\$ 3,271,081</u> | <u>\$ 33,312,105</u> | <u>\$ 28,385,670</u> | <u>\$ 97,492,294</u> |

Town of Danville
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2017

Note 11 – Risk Management

The Town participates in the Municipal Pooling Authority (MPA), a joint powers agreement between 19 cities, which provides insurance coverage for liability, auto, property and workers' compensation claims. Claim liabilities are accrued when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated.

The MPA covers claims in an amount up to \$29,000,000. The Town has a deductible of \$5,000 per claim for liability cases and up to these pay for workers' compensation claims. The MPA is self-insured up to \$1,000,000 per claim and has excess coverage to a maximum of \$29,000,000.

The MPA is governed by a board consisting of representatives from each member municipality. The Board, which controls the operations of the MPA, including the selection of management and the approval of operating budgets, is independent of any influence by member municipalities beyond their representation on the Board.

The Town's net general liability premium payments to the MPA in the amount of \$294,599 for fiscal year 2016/17 are in accordance with formulas established by the MPA. Actual surpluses or losses are shared according to a formula developed from overall loss costs and spread to member entities on a percentage basis after a retrospective rating. The following provides a reconciliation of claims and judgments:

| Fiscal Year | Beginning of Year Liability | Claims and Changes in Estimates | Payments for Current and Prior Years | End of Year Liability |
|-------------|-----------------------------------|---------------------------------------|--|-----------------------------|
| 2014-2015 | \$ 20,904 | \$ 619 | \$ (12,609) | \$ 8,914 |
| 2015-2016 | 8,914 | 19,493 | (13,584) | 14,823 |
| 2016-2017 | 14,823 | 47,866 | (16,943) | 45,746 |

The Town has had no settlements that exceeded insurance coverage in the last three fiscal years, and no changes in insurance coverage from the prior year.

Estimates of incurred, but not reported, (IBNR) liability claims are included in the Town's claims estimates and are based upon historical experiences as calculated by the MPA. During the year, the Town did not receive a dividend from the MPA based on the results of prior years' activities.

Because dividends cannot be guaranteed and may fluctuate significantly, these types of results should not be used to forecast future years' results.

| | |
|-------------------------|------------|
| Insurance cost | \$ 294,599 |
| Less: Dividend received | - |
| Net insurance cost | \$ 294,599 |

Town of Danville
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2017

Note 11 – Risk Management (Continued)

The most recent MPA's audited condensed financial information as of and for the year ended June 30, 2016, are as follows:

| | |
|--------------------------------------|---------------|
| Total assets | \$ 50,771,330 |
| Total deferred inflows of resources | \$ 356,712 |
| Total liabilities | \$ 41,893,135 |
| Total deferred outflows of resources | \$ 399,243 |
| Total net position | \$ 8,835,664 |
| Total operating revenues | \$ 23,648,826 |
| Total operating expenses | \$ 24,287,028 |
| Net operating (loss) | \$ (638,202) |
| Non-operating revenues (expenses) | \$ 1,692,323 |
| Change in net position | \$ 1,054,121 |

Detailed financial information may be obtained from the Municipal Pooling Authority (MPA) in Walnut Creek, California.

Note 12 – Commitments and Contingencies

Lawsuits

The Town is a defendant in a number of lawsuits which have arisen in the normal course of business. While substantial damages are alleged in some of these actions, their outcome cannot be predicted with certainty. In the opinion of the Town Attorney, these actions, when finally adjudicated, will not have a material adverse effect on the financial position of the Town.

Lease Agreements

The Town had entered several operating lease agreements for office equipment in the conduct of its day-to-day operations to provide for facilities and/or services. None of these operating leases are considered to be significant commitments.

Annual Appropriations

Under Article XIII B of the California Constitution (the Gann Spending Limitation Initiative), the Town is restricted as to the amount of annual appropriations, and if certain proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller or refunded to the taxpayers through revised tax rates or revised fee schedules. For the fiscal year ended June 30, 2017, the Town's appropriations limit totals \$36,625,529 and the Town's appropriations subject to limitation were \$21,399,047.

Town of Danville
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2017

Note 12 – Commitments and Contingencies (Continued)

2016/17 Appropriation Limit

Proposition 4, passed by the voters in 1978, requires that the Town Council adopt an annual appropriation limit for proceeds of taxes. This limit fixes the amount of general tax revenue that can be appropriated in a given fiscal year. Any excess must be returned to the taxpayers. The limit is adjusted each year by established adjustment factors.

Proposition 111, passed by the voters in June 1990, allows each local agency's governing body to annually choose which adjustment factors are to be used. The Town Council has the discretion to choose one of two inflation factors: (1) population growth in California per capita income *or* (2) growth in nonresidential assessed valuation from new construction within the Town. Additionally, the Town Council may choose from one of two population adjustment factors: population growth within the Town *or* population growth within Contra Costa County. The chosen population adjustment factor is multiplied by the growth in California per capita income.

Construction Commitment

The Town has several outstanding or planned construction projects as of June 30, 2017. These projects are evidenced by contractual commitments with contractors. As of June 30, 2017, the Town's outstanding contractual commitments amount were \$2,028,958.

**REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)**



This page intentionally left blank.

Town of Danville
Required Supplementary Information
For the Year Ended June 30, 2017

Note 1 – Budgetary Information

The Town follows these procedures in establishing the budgetary data for all governmental funds except for capital projects funds:

- Town Council determines community needs, priorities and opportunities for the upcoming year commencing July 1.
- By June 30, the Town Manager submits to the Town Council a proposed operating budget for the year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- The budget is legally enacted through passage of a resolution during a Town Council meeting in the month of June.
- The Town Manager is authorized to transfer budgeted amounts within an activity; however, any revisions that alter the total expenditures must be approved by the Town Council.
- Formal budgeting is employed as a management control device during the year.
- Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

Budgeted amounts are as originally adopted or as amended by the Town Council. Individual amendments were not material in relation to the original appropriations.

Town of Danville
Required Supplementary Information (Continued)
For the Year Ended June 30, 2017

Note 2 – Budget Comparison Schedules

General Fund

| | Original Budget | Final Budget | Actual | Variance From Final Budget |
|---|--------------------|---------------------|----------------------|----------------------------------|
| REVENUES: | | | | |
| Property taxes | \$ 12,780,418 | \$ 12,780,418 | \$ 13,978,818 | \$ 1,198,400 |
| Sales taxes | 5,494,145 | 5,494,145 | 5,535,422 | 41,277 |
| Other taxes | 2,169,204 | 2,169,204 | 2,348,777 | 179,573 |
| Charges for services | 1,871,368 | 1,986,368 | 2,139,419 | 153,051 |
| Licenses and permits | 385,770 | 385,770 | 371,212 | (14,558) |
| Intergovernmental | 1,000 | 1,000 | 5,381 | 4,381 |
| Fines and forfeitures | 210,000 | 210,000 | 163,825 | (46,175) |
| Use of money and property | 927,154 | 927,154 | 774,087 | (153,067) |
| Miscellaneous | 264,178 | 264,178 | 287,179 | 23,001 |
| Total revenues | 24,103,237 | 24,218,237 | 25,604,120 | 1,385,883 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government | 1,779,573 | 1,926,249 | 1,622,521 | 303,728 |
| Police services | 9,252,769 | 9,334,700 | 8,753,474 | 581,226 |
| Maintenance services | 2,310,792 | 2,408,504 | 2,005,242 | 403,262 |
| Development services | 980,543 | 1,034,553 | 902,452 | 132,101 |
| Administrative services | 3,075,278 | 3,533,657 | 2,977,230 | 556,427 |
| Recreation, arts, & community services | 3,770,373 | 3,907,337 | 3,558,015 | 349,322 |
| Capital outlay | 25,370 | 60,914 | - | 60,914 |
| Total expenditures | 21,194,698 | 22,205,914 | 19,818,934 | 2,386,980 |
| REVENUES OVER (UNDER) EXPENDITURES | 2,908,539 | 2,012,323 | 5,785,186 | 3,772,863 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | 1,297,560 | 1,297,560 | 306,553 | (991,007) |
| Transfers out | (4,206,099) | (4,206,099) | (8,248,600) | (4,042,501) |
| Total other financing sources (uses) | (2,908,539) | (2,908,539) | (7,942,047) | (5,033,508) |
| NET CHANGE IN FUND BALANCE | \$ - | \$ (896,216) | (2,156,861) | \$ (1,260,645) |
| FUND BALANCE: | | | | |
| Beginning of year | | | 29,956,956 | |
| End of year | | | <u>\$ 27,800,095</u> | |

Town of Danville
Required Supplementary Information (Continued)
For the Year Ended June 30, 2017

Note 2 – Budget Comparison Schedules (Continued)

Lighting and Landscaping Special Revenue Fund

| | Original Budget | Final Budget | Actual | Variance From Final Budget |
|---|-----------------------|-----------------------|---------------------|----------------------------------|
| REVENUES: | | | | |
| Special assessments | \$ 3,020,195 | \$ 3,020,195 | \$ 3,031,843 | \$ 11,648 |
| Use of money and property | 8,999 | 8,999 | 23,786 | 14,787 |
| Miscellaneous | 88,898 | 88,898 | 110,614 | 21,716 |
| Total revenues | 3,118,092 | 3,118,092 | 3,166,243 | 48,151 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Maintenance services | 495,705 | 494,455 | 105,565 | 388,890 |
| Lighting and landscape | 3,825,513 | 3,771,688 | 3,374,354 | 397,334 |
| Development services | 379,350 | 379,350 | - | 379,350 |
| Administrative services | 2,664 | 2,664 | 3,461 | (797) |
| Recreation, arts, & community services | 39,449 | 53,988 | 8,669 | 45,319 |
| Capital outlay | 7,598 | 121,205 | - | 121,205 |
| Total expenditures | 4,750,279 | 4,823,350 | 3,492,049 | 1,331,301 |
| REVENUES OVER (UNDER) EXPENDITURES | (1,632,187) | (1,705,258) | (325,806) | 1,379,452 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 550,000 | 550,000 | 571,935 | 21,935 |
| Transfers out | (332,039) | (332,039) | (292,039) | 40,000 |
| Total other financing sources (uses) | 217,961 | 217,961 | 279,896 | 61,935 |
| NET CHANGE IN FUND BALANCE | \$ (1,414,226) | \$ (1,487,297) | (45,910) | \$ 1,441,387 |
| FUND BALANCE: | | | | |
| Beginning of year | | | 4,769,253 | |
| End of year | | | \$ 4,723,343 | |

Town of Danville
Required Supplementary Information (Continued)
For the Year Ended June 30, 2017

Note 2 – Budget Comparison Schedules (Continued)

Regional Traffic Impact Fees Special Revenue Fund

| | Original Budget | Final Budget | Actual | Variance From Final Budget |
|---|-----------------------|-----------------------|---------------------|----------------------------------|
| REVENUES: | | | | |
| Development fees | \$ - | \$ - | \$ 651,537 | \$ 651,537 |
| Intergovernmental | 1,300,851 | 1,225,851 | 953,179 | (272,672) |
| Use of money and property | - | - | 110,970 | 110,970 |
| Miscellaneous | 1,310 | 1,310 | 92,041 | 90,731 |
| Total revenues | 1,302,161 | 1,227,161 | 1,807,727 | 580,566 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Development services | (4,846,073) | (3,758,917) | 2,296,677 | (6,055,594) |
| Administrative services | 11,408 | 11,408 | 5,794 | 5,614 |
| Capital outlay | 7,503,453 | 7,420,001 | - | 7,420,001 |
| Total expenditures | 2,668,788 | 3,672,492 | 2,302,471 | 1,370,021 |
| REVENUES OVER (UNDER) EXPENDITURES | (1,366,627) | (2,445,331) | (494,744) | 1,950,587 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | - | - | (240,456) | - |
| Total other financing sources (uses) | - | - | (240,456) | - |
| NET CHANGE IN FUND BALANCE | \$ (1,366,627) | \$ (2,445,331) | (735,200) | \$ 1,950,587 |
| FUND BALANCE: | | | | |
| Beginning of year | | | 4,006,281 | |
| End of year | | | \$ 3,271,081 | |

Town of Danville
Required Supplementary Information (Continued)
For the Year Ended June 30, 2017

Note 3 – Modified Approach for Town Street Infrastructure Capital Assets

The Town is required to account for and report infrastructure capital assets. The Town defines infrastructure as the basic physical assets including the street system; traffic control improvements; park and recreation lands and improvement system; storm water conveyance systems; and site amenities such as parking and landscaped areas used by the Town in the conduct of its business. Each major infrastructure system can be divided into subsystems. For example, the street system can be divided into asphalt pavements, concrete curb and gutters, medians, traffic control devices (signs, signals and pavement markings), landscaping and land. Subsystem detail is not presented in these Basic Financial Statements; however, the Town maintains detailed information on these subsystems.

The Town has elected to use the “*Modified Approach*” for infrastructure reporting for its Streets Pavement System. Under the modified approach, eligible infrastructure capital assets are not required to be depreciated under the following requirements:

- The Town manages the eligible infrastructure capital assets using an asset management system with characteristics of: (1) an up-to-date inventory; (2) perform condition assessments and summarize the results using a measurement scale; and (3) estimate annual amount to maintain and preserve at the established condition assessment level.
- The Town documents that the eligible infrastructure capital assets are being preserved approximately at or above the established and disclosed condition assessment level.

In December 2014, the Town commissioned a study to update the physical condition assessment of the arterials and collector for residential streets. The prior assessment study was completed in March 2013. The streets, primarily asphalt pavements, were defined as all physical features associated with the operation of motorized vehicles that exist within the limits of right of way. Town owned streets are classified based on land use, access and traffic utilization into the following four classifications: arterial/major, secondary, collector and local. This condition assessment will be performed at least every three years. Street assessments have historically been funded with grants and performed approximately every three years. Each street was assigned a physical condition based on potential defects. A Pavement Condition Index (PCI), a nationally recognized index, was assigned to each street and expressed in a continuous scale from 0 to 100, where 0 is assigned to the least acceptable physical condition and 100 is assigned to the physical characteristics of a new street.

The following conditions were defined:

| PCI Conditions | PCI Rating |
|-------------------|---------------|
| Very Good | 70-100 |
| Good | 50-69 |
| Poor | 26-49 |
| Very Poor | 0-25 |

Town of Danville
Required Supplementary Information (Continued)
For the Year Ended June 30, 2017

Note 3 – Modified Approach for Town Street Infrastructure Capital Assets (Continued)

The Town's policy is to achieve a minimum average rating of 70 for all streets, which is a "very good" rating. As of June 30, 2017, the Town's street system was rated at a PCI index of 75 on the average with the detail condition as follows:

| Street Condition | % of Street |
|------------------------|-------------|
| Very Good (PCI 70-100) | 76% |
| Good (PCI 50-69) | 15% |
| Poor (PCI 26-49) | 9% |
| Very Poor (PCI 0-25) | 0% |
| | 100% |

The Town's streets are constantly deteriorating as a result of following four factors: (1) traffic using the streets; (2) the sun's ultra-violet rays drying out and breaking down the top layer of pavement; (3) utility company/private development interests trenching operations; and (4) water damage from natural precipitation and other urban runoff. The Town is continuously taking actions to arrest the deterioration through short-term maintenance activities such as pothole patching, street sweeping, and sidewalk repairs. The Town expended \$1,417,001 of the General Fund monies on street maintenance for the fiscal year ended June 30, 2017. These expenditures delayed deterioration. The Town has estimated that the amount of annual expenditures required to maintain the Town's streets at the average PCI rating of 70 through the year 2017 is a minimum of \$3,000,000.

A schedule of estimated annual amount calculated to maintain and preserve its streets at the current level compared to actual expenditures for street maintenance for the last ten years is presented below. The availability and use of other funds has enabled the Town to maintain the underlying drainage, associated curbs and gutters and to repair small but costly pavement areas needing complete replacement.

| Fiscal Year | General Fund | | Other Funds | Total | PCI Rating |
|-------------|--------------|--------------|-------------|--------------|---------------|
| | Final Budget | Actual | Actual | Actual | |
| 2007-08 | \$ 1,050,000 | \$ 1,234,603 | \$ 941,858 | \$ 2,176,461 | 71 |
| 2008-09 | 1,050,000 | 893,235 | 1,385,334 | 2,278,569 | 71 |
| 2009-10 | 1,050,000 | 1,027,962 | 572,330 | 1,600,292 | 72 |
| 2010-11 | 2,000,000 | 1,780,787 | 4,292,945 | 6,073,732 | 73 |
| 2011-12 | 2,000,000 | 332,348 | 1,767,382 | 2,099,730 | 70 |
| 2012-13 | 2,000,000 | 3,219,853 | 1,269,507 | 4,489,360 | 72 |
| 2013-14 | 3,000,000 | 914,271 | 583,827 | 1,498,098 | 74 |
| 2014-15 | 3,000,000 | 2,800,816 | 1,359,695 | 4,160,511 | 74 |
| 2015-16 | 3,000,000 | 684,250 | 708,280 | 1,392,530 | 76 |
| 2016-17 | 3,000,000 | 1,417,001 | 2,986,762 | 4,403,763 | 75 |

The Town also has an on-going street rehabilitation program funded in the Capital Improvement Program that is intended to improve the condition rating of Town streets. The rehabilitation program is formulated based on deficiencies identified as a part of its Pavement Management System. As of June 30, 2017, approximately 24% of the Town's streets were rated below the average standard of 70. The Town will continue to rehabilitate these segments of the streets. Total deficiencies (deferred maintenance) identified in the Pavement Management System amounted to approximately \$9,308,000 for all streets.

SUPPLEMENTARY INFORMATION



This page intentionally left blank.

NON-MAJOR GOVERNMENTAL FUNDS



This page intentionally left blank.

Town of Danville

Non-Major Governmental Fund

SPECIAL REVENUE FUNDS

PEG Fund

Any state video franchisee offering service within the Town pays sixty (\$0.60) cents per month per subscriber to support Public, Educational and Governmental ("PEG") channel facilities.

Gas Tax Fund

This Fund is used to account for the portion of the taxes paid on the purchase of gasoline, which the Town receives, and are restricted to street and related improvements and maintenance costs.

Building/Planning Fund

This Fund receives building inspection and plan review fees collected during the building permit process. This Fund receives development planning fees during the building planning process.

Development Engineering Fund

This Fund receives engineering and subdivision development fees collected during the building permit process.

Child Care Fund

This Fund receives child care fees paid by new developments. All funds are restricted to the development or promotion of child care facilities within Danville.

Stormwater Pollution Control Program (SPCP) Fund

This Fund is used to account for National Pollution Discharge Elimination Services (NPDES) assessments paid for by property owners for administration, inspection and maintenance of storm drain systems and for street sweeping.

Measure C/J Fund

In 1988, Contra Costa County voters approved a one-half cent sales tax for transportation purposes to be collected through 2008. In 2004, Contra Costa County voters approved a one-half cent sales tax for transportation purposes to be collected from 2009 through 2034. Eighteen percent of the funds collected throughout the County will be distributed back to each local jurisdiction on the basis of population and road miles. The Town will utilize a portion of these funds for pavement management and transportation planning, including a school bus program feasibility study. Receipt of these funds is tied to compliance with the Town's General Plan Growth Management Element.

Donations and Contributions Fund

The Town receives donations and contributions for selected programs such as the police K-9 program and downtown beautification.

General Development Impact Fees Fund

Development impact fees are deposited into this fund for off-site improvements to accommodate the new development.

Public Safety Fund

Special revenues for police programs are reported in this fund. Included are SLESF funds provided by the State, Abandoned Vehicle and Asset Seizure revenues.

Town of Danville

Non-Major Governmental Fund

SPECIAL REVENUE FUNDS (Continued)

Old Town Parking In-Lieu Fund

A development fee which provides funding for off-site parking for the downtown business community with Town owned parking lots.

Sycamore Valley Assessment District Fund

Development impact fees are collected on residential units in excess of the original 278 units located within the Sycamore Valley Benefit District. Funds are used for traffic mitigation, projects and maintenance of existing improvements for the benefit of the benefit district properties.

CAPITAL PROJECTS FUNDS

Asset Replacement General Fund

Contributions are made into this Fund from the General Fund for the eventual replacement and refurbishment of fixed assets.

Asset Replacement Library Fund

Contributions are made into this Fund from private donations and the General Fund for the eventual replacement and refurbishment of Library equipment.

Civic Facilities Capital Projects Fund

This Fund receives contributions from the General Fund and is used to account for the construction of community facilities such as the Danville Library, Community Center, Town Offices, Oak Hill Park Community Center and future new park and recreation facilities.

Park Facilities Fund

Contributions are made into this Fund from the General Fund for the construction and renovation of parks within the Town.

Northeast Road Improvements Assessment District Fund

During the period from 1985 to 1990, the Northeast Road Improvements Assessment District (NERIAD) were formed within the Town of Danville to construct improvements in these areas.

Tassajara Ranch Assessment District Fund

Assessment District formed for the Tassajara Ranch developments to fund the development of Diablo Vista Park, traffic improvements to mitigate project related impacts, and maintenance of existing improvements for the benefit of district properties.

Technology Fund

This Fund was created in FY 2011/12 and receives contributions from the General Fund for the implementation of the Town's five-year Technology Master Plan.

Town of Danville
Non-Major Governmental Funds
Combining Balance Sheet
June 30, 2017

| | Special Revenue | | | | |
|--|-------------------|---------------------|-----------------------------|----------------------------|-------------------|
| | PEG | Gas Tax | Building and Planning | Development Engineering | Child Care |
| ASSETS | | | | | |
| Cash and investments | \$ 400,308 | \$ 2,724,342 | \$ 3,353,620 | \$ 1,541,087 | \$ 282,897 |
| Cash and investments with fiscal agent | - | - | - | - | - |
| Receivables (net of allowances): | | | | | |
| Accounts | 22,105 | 1,121 | 886 | 2,110 | - |
| Interest | 1,143 | 5,129 | - | - | 635 |
| Total assets | \$ 423,556 | \$ 2,730,592 | \$ 3,354,506 | \$ 1,543,197 | \$ 283,532 |
| LIABILITIES AND FUND BALANCES | | | | | |
| LIABILITIES | | | | | |
| Accounts payable | 76 | 149,023 | 187,153 | 77,307 | 43 |
| Retention payable | - | - | - | - | - |
| Unearned revenue | - | - | - | - | - |
| Total liabilities | 76 | 149,023 | 187,153 | 77,307 | 43 |
| FUND BALANCES: | | | | | |
| Restricted | 423,480 | 2,581,569 | 3,167,353 | 1,465,890 | 283,489 |
| Committed | - | - | - | - | - |
| Total fund balances | 423,480 | 2,581,569 | 3,167,353 | 1,465,890 | 283,489 |
| Total liabilities and fund balances | \$ 423,556 | \$ 2,730,592 | \$ 3,354,506 | \$ 1,543,197 | \$ 283,532 |

(Continued)

Town of Danville
Non-Major Governmental Funds
Combining Balance Sheet (Continued)
June 30, 2017

| | Special Revenue | | | | |
|--|---|---------------------|----------------------------------|--------------------------------------|-------------------|
| | Stormwater Pollution Control Program | Measure C/J | Donation and Contributions | General Development Impact Fee | Public Safety |
| ASSETS | | | | | |
| Cash and investments | \$ 1,874,937 | \$ 2,572,696 | \$ 150,909 | \$ 3,126,926 | \$ 307,269 |
| Cash and investments with fiscal agent | - | - | - | - | - |
| Receivables (net of allowances): | | | | | |
| Accounts | 151,424 | - | - | - | 4,609 |
| Interest | 4,091 | 5,713 | 853 | 6,423 | 877 |
| Total assets | \$ 2,030,452 | \$ 2,578,409 | \$ 151,762 | \$ 3,133,349 | \$ 312,755 |
| LIABILITIES AND FUND BALANCES | | | | | |
| LIABILITIES | | | | | |
| Accounts payable | 55,966 | 234,139 | 237 | 9,744 | 59 |
| Retention payable | - | - | - | - | - |
| Unearned revenue | - | - | - | - | - |
| Total liabilities | 55,966 | 234,139 | 237 | 9,744 | 59 |
| FUND BALANCES: | | | | | |
| Restricted | 1,974,486 | 2,344,270 | 151,525 | 3,123,605 | 312,696 |
| Committed | - | - | - | - | - |
| Total fund balances | 1,974,486 | 2,344,270 | 151,525 | 3,123,605 | 312,696 |
| Total liabilities and fund balances | \$ 2,030,452 | \$ 2,578,409 | \$ 151,762 | \$ 3,133,349 | \$ 312,755 |

(Continued)

Town of Danville
Non-Major Governmental Funds
Combining Balance Sheet (Continued)
June 30, 2017

| | Special Revenue | | | Capital Projects | |
|--|---------------------------------|--|--|---------------------------------|---------------------------------|
| | Old Town Parking In- Lieu | Sycamore Valley Assessment District | Low and Moderate Income Housing | Asset Replacement General | Asset Replacement Library |
| ASSETS | | | | | |
| Cash and investments | \$ 1,089,680 | \$ 42,389 | \$ 1,125,633 | \$ 2,472,736 | \$ 883,253 |
| Cash and investments with fiscal agent | - | - | - | - | - |
| Receivables (net of allowances): | | | | | |
| Accounts | 70,732 | - | 749 | 13,353 | - |
| Interest | 2,535 | 86 | 2,775 | 3,959 | 1,725 |
| Total assets | \$ 1,162,947 | \$ 42,475 | \$ 1,129,157 | \$ 2,490,048 | \$ 884,978 |
| LIABILITIES AND FUND BALANCES | | | | | |
| LIABILITIES | | | | | |
| Accounts payable | 24,838 | 6 | 187 | 53,132 | 116 |
| Retention payable | - | - | - | - | - |
| Unearned revenue | 30,961 | - | - | - | - |
| Total liabilities | 55,799 | 6 | 187 | 53,132 | 116 |
| FUND BALANCES: | | | | | |
| Restricted | 1,107,148 | 42,469 | 1,128,970 | - | - |
| Committed | - | - | - | 2,436,916 | 884,862 |
| Total fund balances | 1,107,148 | 42,469 | 1,128,970 | 2,436,916 | 884,862 |
| Total liabilities and fund balances | \$ 1,162,947 | \$ 42,475 | \$ 1,129,157 | \$ 2,490,048 | \$ 884,978 |

(Continued)

Town of Danville
Non-Major Governmental Funds
Combining Balance Sheet (Continued)
June 30, 2017

| | Capital Projects | | | | |
|--|---------------------|---------------------|--|--|---------------------|
| | Civic Facilities | Park Facilities | Northeast Road Improvements Special Assessment | Tassajara Ranch Assessment District | Technology Fund |
| ASSETS | | | | | |
| Cash and investments | \$ 728,181 | \$ 3,806,247 | \$ 456,998 | \$ 33,175 | \$ 1,140,972 |
| Cash and investments with fiscal agent | - | - | 813,920 | - | - |
| Receivables (net of allowances): | | | | | |
| Accounts | - | - | - | - | - |
| Interest | 1,349 | 7,247 | 2,743 | 82 | - |
| Total assets | \$ 729,530 | \$ 3,813,494 | \$ 1,273,661 | \$ 33,257 | \$ 1,140,972 |
| LIABILITIES AND FUND BALANCES | | | | | |
| LIABILITIES | | | | | |
| Accounts payable | 1,688 | 16,654 | 211 | 1 | 15,238 |
| Retention payable | 180 | - | - | - | - |
| Unearned revenue | - | - | - | - | - |
| Total liabilities | 1,868 | 16,654 | 211 | 1 | 15,238 |
| FUND BALANCES: | | | | | |
| Restricted | - | - | - | 33,256 | - |
| Committed | 727,662 | 3,796,840 | 1,273,450 | - | 1,125,734 |
| Total fund balances | 727,662 | 3,796,840 | 1,273,450 | 33,256 | 1,125,734 |
| Total liabilities and fund balances | \$ 729,530 | \$ 3,813,494 | \$ 1,273,661 | \$ 33,257 | \$ 1,140,972 |

(Continued)

Town of Danville
Non-Major Governmental Funds
Combining Balance Sheet (Continued)
June 30, 2017

| | Total Other Governmental Funds |
|--|--------------------------------------|
| ASSETS | |
| Cash and investments | \$ 28,114,255 |
| Cash and investments with fiscal agent | 813,920 |
| Receivables (net of allowances): | |
| Accounts | 267,089 |
| Interest | 47,365 |
| Total assets | \$ 29,242,629 |
| LIABILITIES AND FUND BALANCES | |
| LIABILITIES | |
| Accounts payable | 825,818 |
| Retention payable | 180 |
| Unearned revenue | 30,961 |
| Total liabilities | 856,959 |
| FUND BALANCES: | |
| Restricted | 18,140,206 |
| Committed | 10,245,464 |
| Total fund balances | 28,385,670 |
| Total liabilities and fund balances | \$ 29,242,629 |

(Concluded)

Town of Danville
Non-Major Governmental Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2017

| | Special Revenue | | | | |
|---|------------------|------------------|-----------------------------|----------------------------|--------------|
| | PEG | Gas Tax | Building and Planning | Development Engineering | Child Care |
| REVENUES : | | | | | |
| Special assessments | \$ - | \$ - | \$ - | \$ - | \$ - |
| Other taxes | 89,544 | 826,392 | - | - | - |
| Charges for services | - | - | 512,001 | 206,682 | - |
| License and permits | - | - | 25 | - | - |
| Development fees | - | - | 2,177,934 | 2,150 | - |
| Intergovernmental | - | - | - | - | - |
| Use of money and property | 2,916 | 10,934 | - | - | 998 |
| Miscellaneous | - | 694 | 30 | - | - |
| Total revenues | 92,460 | 838,020 | 2,689,990 | 208,832 | 998 |
| EXPENDITURES : | | | | | |
| Current: | | | | | |
| Police services | - | - | - | - | - |
| Maintenance services | - | 757,723 | - | - | - |
| Development services | - | 272,502 | 2,270,742 | 295,720 | - |
| Administrative services | 10,153 | 3,725 | - | - | 228 |
| Recreation, Arts & Community Services | - | - | - | - | - |
| Capital outlay | 5,981 | - | - | - | - |
| Total expenditures | 16,134 | 1,033,950 | 2,270,742 | 295,720 | 228 |
| REVENUES OVER (UNDER) EXPENDITURES | 76,326 | (195,930) | 419,248 | (86,888) | 770 |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Transfers in | - | 20,208 | - | - | - |
| Transfers out | (100,000) | - | (1,041,800) | - | (600) |
| Total other financing sources (uses) | (100,000) | 20,208 | (1,041,800) | - | (600) |
| NET CHANGE IN FUND BALANCES | (23,674) | (175,722) | (622,552) | (86,888) | 170 |
| FUND BALANCES : | | | | | |
| Beginning of year | 447,154 | 2,757,291 | 3,789,905 | 1,552,778 | 283,319 |
| End of year | \$ 423,480 | \$ 2,581,569 | \$ 3,167,353 | \$ 1,465,890 | \$ 283,489 |

(Continued)

Town of Danville
Non-Major Governmental Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances (Continued)
For the Year Ended June 30, 2017

| | Special Revenue | | | | |
|---|---|----------------|----------------------------------|--------------------------------------|------------------|
| | Stormwater Pollution Control Program | Measure C/J | Donation and Contributions | General Development Impact Fee | Public Safety |
| REVENUES : | | | | | |
| Special assessments | \$ 522,222 | \$ - | \$ - | \$ - | \$ - |
| Other taxes | - | - | - | - | - |
| Charges for services | 998 | - | - | - | - |
| License and permits | - | - | - | - | - |
| Development fees | - | - | - | 140,515 | - |
| Intergovernmental | 11,344 | 790,731 | - | - | 150,433 |
| Use of money and property | 10,253 | 13,616 | 2,542 | (2,676) | 2,211 |
| Miscellaneous | - | 6,305 | 119,017 | - | 4,641 |
| Total revenues | 544,817 | 810,652 | 121,559 | 137,839 | 157,285 |
| EXPENDITURES : | | | | | |
| Current: | | | | | |
| Police services | - | - | 14,556 | - | 103,500 |
| Maintenance services | 117,312 | - | 800 | - | - |
| Development services | 500,996 | 408,571 | - | 6,700 | - |
| Administrative services | 1,543 | 190,732 | 768 | 3,677 | 265 |
| Recreation, Arts & Community Services | - | - | - | 68,711 | - |
| Capital outlay | - | - | - | 10,704 | - |
| Total expenditures | 619,851 | 599,303 | 16,124 | 89,792 | 103,765 |
| REVENUES OVER (UNDER) EXPENDITURES | (75,034) | 211,349 | 105,435 | 48,047 | 53,520 |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Transfers in | - | 359 | - | - | - |
| Transfers out | - | - | (209,894) | - | - |
| Total other financing sources (uses) | - | 359 | (209,894) | - | - |
| NET CHANGE IN FUND BALANCES | (75,034) | 211,708 | (104,459) | 48,047 | 53,520 |
| FUND BALANCES : | | | | | |
| Beginning of year | 2,049,520 | 2,132,562 | 255,984 | 3,075,558 | 259,176 |
| End of year | \$ 1,974,486 | \$ 2,344,270 | \$ 151,525 | \$ 3,123,605 | \$ 312,696 |

(Continued)

Town of Danville
Non-Major Governmental Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances (Continued)
For the Year Ended June 30, 2017

| | Special Revenue | | | Capital Projects | |
|---|---------------------------------|--|--|---------------------------------|---------------------------------|
| | Old Town Parking In- Lieu | Sycamore Valley Assessment District | Low and Moderate Income Housing | Asset Replacement General | Asset Replacement Library |
| REVENUES : | | | | | |
| Special assessments | \$ - | \$ - | \$ - | \$ - | \$ - |
| Other taxes | - | - | - | - | - |
| Charges for services | - | - | - | - | - |
| License and permits | - | - | - | - | - |
| Development fees | 124,235 | - | - | - | - |
| Intergovernmental | - | - | - | - | - |
| Use of money and property | 7,623 | (1,104) | 7,448 | (14,527) | (2,447) |
| Miscellaneous | - | - | 749 | 51,036 | - |
| Total revenues | 131,858 | (1,104) | 8,197 | 36,509 | (2,447) |
| EXPENDITURES : | | | | | |
| Current: | | | | | |
| Police services | - | - | - | - | - |
| Maintenance services | - | - | - | 20,658 | 12,360 |
| Development services | - | - | - | - | - |
| Administrative services | 768 | 177 | 1,530 | 19,950 | 945 |
| Recreation, Arts & Community Services | - | - | - | - | - |
| Capital outlay | - | - | - | 256,574 | - |
| Total expenditures | 768 | 177 | 1,530 | 297,182 | 13,305 |
| REVENUES OVER (UNDER) EXPENDITURES | 131,090 | (1,281) | 6,667 | (260,673) | (15,752) |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Transfers in | - | - | - | 300,000 | - |
| Transfers out | - | - | - | - | - |
| Total other financing sources (uses) | - | - | - | 300,000 | - |
| NET CHANGE IN FUND BALANCES | 131,090 | (1,281) | 6,667 | 39,327 | (15,752) |
| FUND BALANCES : | | | | | |
| Beginning of year | 976,058 | 43,750 | 1,122,303 | 2,397,589 | 900,614 |
| End of year | \$ 1,107,148 | \$ 42,469 | \$ 1,128,970 | \$ 2,436,916 | \$ 884,862 |

(Continued)

Town of Danville
Non-Major Governmental Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances (Continued)
For the Year Ended June 30, 2017

| | Capital Projects | | | | |
|---|---------------------|--------------------|--|--|--------------------|
| | Civic Facilities | Park Facilities | Northeast Road Improvements Special Assessment | Tassajara Ranch Assessment District | Technology Fund |
| REVENUES : | | | | | |
| Special assessments | \$ - | \$ - | \$ - | \$ - | \$ - |
| Other taxes | - | - | - | - | - |
| Charges for services | - | - | - | - | - |
| License and permits | - | - | - | - | - |
| Development fees | - | - | - | - | - |
| Intergovernmental | - | - | - | - | - |
| Use of money and property | (75,859) | (13,440) | 4,554 | 286 | - |
| Miscellaneous | - | - | 162,722 | 154 | - |
| Total revenues | (75,859) | (13,440) | 167,276 | 440 | - |
| EXPENDITURES : | | | | | |
| Current: | | | | | |
| Police services | - | - | - | - | - |
| Maintenance services | 7,556 | 82,299 | - | - | - |
| Development services | - | - | - | - | - |
| Administrative services | 7,698 | 5,068 | 1,193 | - | 292,488 |
| Recreation, Arts & Community Services | - | 54,264 | - | - | - |
| Capital outlay | - | 913,223 | - | - | - |
| Total expenditures | 15,254 | 1,054,854 | 1,193 | - | 292,488 |
| REVENUES OVER (UNDER) EXPENDITURES | (91,113) | (1,068,294) | 166,083 | 440 | (292,488) |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Transfers in | 209,894 | - | - | - | - |
| Transfers out | - | - | (4,915) | - | - |
| Total other financing sources (uses) | 209,894 | - | (4,915) | - | - |
| NET CHANGE IN FUND BALANCES | 118,781 | (1,068,294) | 161,168 | 440 | (292,488) |
| FUND BALANCES : | | | | | |
| Beginning of year | 608,881 | 4,865,134 | 1,112,282 | 32,816 | 1,418,222 |
| End of year | \$ 727,662 | \$ 3,796,840 | \$ 1,273,450 | \$ 33,256 | \$ 1,125,734 |

(Continued)

Town of Danville
Non-Major Governmental Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances (Continued)
For the Year Ended June 30, 2017

| | Total Other Governmental Funds |
|---|--------------------------------------|
| REVENUES : | |
| Special assessments | \$ 522,222 |
| Other taxes | 915,936 |
| Charges for services | 719,681 |
| License and permits | 25 |
| Development fees | 2,444,834 |
| Intergovernmental | 952,508 |
| Use of money and property | (46,672) |
| Miscellaneous | 345,348 |
| Total revenues | 5,853,882 |
| EXPENDITURES : | |
| Current: | |
| Police services | 118,056 |
| Maintenance services | 998,708 |
| Development services | 3,755,231 |
| Administrative services | 540,908 |
| Recreation, Arts & Community Services | 122,975 |
| Capital outlay | 1,186,482 |
| Total expenditures | 6,722,360 |
| REVENUES OVER (UNDER) EXPENDITURES | (868,478) |
| OTHER FINANCING SOURCES (USES): | |
| Transfers in | 530,461 |
| Transfers out | (1,357,209) |
| Total other financing sources (uses) | (826,748) |
| NET CHANGE IN FUND BALANCES | (1,695,226) |
| FUND BALANCES : | |
| Beginning of year | 30,080,896 |
| End of year | \$ 28,385,670 |

(Concluded)

Town of Danville
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
PEG Special Revenue Fund
For the Year Ended June 30, 2017

| | Budgeted | | Actual | Variance From Final Budget |
|---|------------------|------------------|-------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Other taxes | \$ 92,217 | \$ 92,217 | \$ 89,544 | \$ (2,673) |
| Use of money and property | - | - | 2,916 | 2,916 |
| Total revenues | <u>92,217</u> | <u>92,217</u> | <u>92,460</u> | <u>243</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Administrative services | 13,357 | 13,357 | 10,153 | 3,204 |
| Capital outlay | - | 5,981 | 5,981 | - |
| Total expenditures | <u>13,357</u> | <u>19,338</u> | <u>16,134</u> | <u>3,204</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>78,860</u> | <u>72,879</u> | <u>76,326</u> | <u>3,447</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers out | - | - | (100,000) | (100,000) |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>(100,000)</u> | <u>(100,000)</u> |
| NET CHANGE IN FUND BALANCE | <u>\$ 78,860</u> | <u>\$ 72,879</u> | <u>(23,674)</u> | <u>\$ (96,553)</u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | <u>447,154</u> | |
| End of year | | | <u>\$ 423,480</u> | |

Town of Danville
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
Gas Tax Special Revenue Fund
For the Year Ended June 30, 2017

| | Budgeted | | Actual | Variance From Final Budget |
|---|---------------------|---------------------|---------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Other taxes | \$ 896,817 | \$ 896,817 | \$ 826,392 | \$ (70,425) |
| Use of money and property | 11,862 | 11,862 | 10,934 | (928) |
| Miscellaneous | - | - | 694 | 694 |
| Total revenues | <u>908,679</u> | <u>908,679</u> | <u>838,020</u> | <u>(70,659)</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Maintenance services | 876,026 | 929,540 | 757,723 | 171,817 |
| Development services | 504,114 | 546,115 | 272,502 | 273,613 |
| Administrative services | 5,212 | 5,212 | 3,725 | 1,487 |
| Capital outlay | 1,500 | 1,500 | - | 1,500 |
| Total expenditures | <u>1,386,852</u> | <u>1,482,367</u> | <u>1,033,950</u> | <u>448,417</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>(478,173)</u> | <u>(573,688)</u> | <u>(195,930)</u> | <u>377,758</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | - | - | 20,208 | 20,208 |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>20,208</u> | <u>20,208</u> |
| NET CHANGE IN FUND BALANCE | <u>\$ (478,173)</u> | <u>\$ (573,688)</u> | <u>(175,722)</u> | <u>\$ 397,966</u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | <u>2,757,291</u> | |
| End of year | | | <u>\$ 2,581,569</u> | |

Town of Danville
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
Building and Planning Special Revenue Fund
For the Year Ended June 30, 2017

| | Budgeted | | Actual | Variance From Final Budget |
|---|-------------------|-------------------|---------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Charges for services | \$ 367,675 | \$ 393,675 | \$ 512,001 | \$ 118,326 |
| Licenses and permits | - | - | 25 | 25 |
| Development fees | 2,282,812 | 2,482,812 | 2,177,934 | (304,878) |
| Miscellaneous | - | - | 30 | 30 |
| Total revenues | <u>2,650,487</u> | <u>2,876,487</u> | <u>2,689,990</u> | <u>(186,497)</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Development services | 2,214,326 | 2,507,460 | 2,270,742 | 236,718 |
| Capital outlay | 1,000 | 1,000 | - | 1,000 |
| Total expenditures | <u>2,215,326</u> | <u>2,508,460</u> | <u>2,270,742</u> | <u>237,718</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>435,161</u> | <u>368,027</u> | <u>419,248</u> | <u>51,221</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | - | - | (1,041,800) | (1,041,800) |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>(1,041,800)</u> | <u>(1,041,800)</u> |
| NET CHANGE IN FUND BALANCE | <u>\$ 435,161</u> | <u>\$ 368,027</u> | <u>(622,552)</u> | <u>\$ (990,579)</u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | <u>3,789,905</u> | |
| End of year | | | <u>\$ 3,167,353</u> | |

Town of Danville
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
Development Engineering Special Revenue Fund
For the Year Ended June 30, 2017

| | Budgeted | | Actual | Variance From Final Budget |
|---|---------------------|---------------------|---------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Charges for services | \$ 129,350 | \$ 129,350 | \$ 206,682 | \$ 77,332 |
| Development fees | 500 | 500 | 2,150 | 1,650 |
| Total revenues | <u>129,850</u> | <u>129,850</u> | <u>208,832</u> | <u>78,982</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Development services | 381,291 | 391,558 | 295,720 | 95,838 |
| Total expenditures | <u>381,291</u> | <u>391,558</u> | <u>295,720</u> | <u>95,838</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>(251,441)</u> | <u>(261,708)</u> | <u>(86,888)</u> | <u>174,820</u> |
| NET CHANGE IN FUND BALANCE | <u>\$ (251,441)</u> | <u>\$ (261,708)</u> | <u>(86,888)</u> | <u>\$ 174,820</u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | <u>1,552,778</u> | |
| End of year | | | <u>\$ 1,465,890</u> | |

Town of Danville
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
Child Care Special Revenue Fund
For the Year Ended June 30, 2017

| | Budgeted | | Actual | Variance From Final Budget |
|---|---------------|---------------|-------------------|-------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Use of money and property | \$ 1,199 | \$ 1,199 | \$ 998 | \$ (201) |
| Total revenues | <u>1,199</u> | <u>1,199</u> | <u>998</u> | <u>(201)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Administrative services | 227 | 227 | 228 | (1) |
| Total expenditures | <u>227</u> | <u>227</u> | <u>228</u> | <u>(1)</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>972</u> | <u>972</u> | <u>770</u> | <u>(202)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | - | - | (600) | (600) |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>(600)</u> | <u>(600)</u> |
| NET CHANGE IN FUND BALANCE | <u>\$ 972</u> | <u>\$ 972</u> | <u>170</u> | <u>\$ (802)</u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | <u>283,319</u> | |
| End of year | | | <u>\$ 283,489</u> | |

Town of Danville
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
Stormwater Pollution Control Program Special Revenue Fund
For the Year Ended June 30, 2017

| | Budgeted | | Actual | Variance From Final Budget |
|---------------------------------------|---------------------|---------------------|---------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Special assessments | \$ 562,154 | \$ 562,154 | \$ 522,222 | \$ (39,932) |
| Charges for services | 1,010 | 1,010 | 998 | (12) |
| Intergovernmental | 10,551 | 10,551 | 11,344 | 793 |
| Use of money and property | 7,629 | 7,629 | 10,253 | 2,624 |
| Total revenues | <u>581,344</u> | <u>581,344</u> | <u>544,817</u> | <u>(36,527)</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Maintenance services | 166,546 | 166,546 | 117,312 | 49,234 |
| Development services | 581,940 | 753,289 | 500,996 | 252,293 |
| Administrative services | 1,518 | 1,518 | 1,543 | (25) |
| Recreation, Arts & Community Services | 12,771 | 12,771 | - | 12,771 |
| Capital outlay | 146,000 | 146,000 | - | 146,000 |
| Total expenditures | <u>908,775</u> | <u>1,080,124</u> | <u>619,851</u> | <u>460,273</u> |
| NET CHANGE IN FUND BALANCE | <u>\$ (327,431)</u> | <u>\$ (498,780)</u> | (75,034) | <u>\$ 423,746</u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | <u>2,049,520</u> | |
| End of year | | | <u>\$ 1,974,486</u> | |

Town of Danville
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
Measure C/J Special Revenue Fund
For the Year Ended June 30, 2017

| | Budgeted | | Actual | Variance From Final Budget |
|---|-----------------------|-----------------------|---------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Intergovernmental | \$ 1,732,911 | \$ 1,732,911 | \$ 790,731 | \$ (942,180) |
| Use of money and property | 8,111 | 8,111 | 13,616 | 5,505 |
| Miscellaneous | - | - | 6,305 | 6,305 |
| Total revenues | <u>1,741,022</u> | <u>1,741,022</u> | <u>810,652</u> | <u>(930,370)</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Maintenance services | 213,603 | 213,603 | - | 213,603 |
| Development services | 1,543,011 | 1,253,324 | 408,571 | 844,753 |
| Administrative services | 177,240 | 177,240 | 190,732 | (13,492) |
| Capital outlay | 1,326,303 | 1,311,303 | - | 1,311,303 |
| Total expenditures | <u>3,260,157</u> | <u>2,955,470</u> | <u>599,303</u> | <u>2,356,167</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>(1,519,135)</u> | <u>(1,214,448)</u> | <u>211,349</u> | <u>1,425,797</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | - | - | 359 | 359 |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>359</u> | <u>359</u> |
| NET CHANGE IN FUND BALANCE | <u>\$ (1,519,135)</u> | <u>\$ (1,214,448)</u> | <u>211,708</u> | <u>\$ 1,426,156</u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | <u>2,132,562</u> | |
| End of year | | | <u>\$ 2,344,270</u> | |

Town of Danville
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
Donations and Contributions Special Revenue Fund
For the Year Ended June 30, 2017

| | Budgeted | | Actual | Variance From Final Budget |
|---|-------------------|------------------|-------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Use of money and property | \$ 974 | \$ 974 | \$ 2,542 | \$ 1,568 |
| Miscellaneous | 103,760 | 103,760 | 119,017 | 15,257 |
| Total revenues | <u>104,734</u> | <u>104,734</u> | <u>121,559</u> | <u>16,825</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Police services | - | 12,290 | 14,556 | (2,266) |
| Maintenance services | 2,584 | 2,584 | 800 | 1,784 |
| Administrative services | 800 | 800 | 768 | 32 |
| Capital outlay | 1 | 1 | - | 1 |
| Total expenditures | <u>3,385</u> | <u>15,675</u> | <u>16,124</u> | <u>(449)</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>101,349</u> | <u>89,059</u> | <u>105,435</u> | <u>16,376</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | - | - | (209,894) | (209,894) |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>(209,894)</u> | <u>(209,894)</u> |
| NET CHANGE IN FUND BALANCE | <u>\$ 101,349</u> | <u>\$ 89,059</u> | <u>(104,459)</u> | <u>\$ (193,518)</u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | <u>255,984</u> | |
| End of year | | | <u>\$ 151,525</u> | |

Town of Danville
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
General Development Impact Fees Special Revenue Fund
For the Year Ended June 30, 2017

| | Budgeted | | Actual | Variance From Final Budget |
|---|-----------------------|-----------------------|---------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Development fees | \$ 157,275 | \$ 157,275 | \$ 140,515 | \$ (16,760) |
| Use of money and property | (63,219) | (63,219) | (2,676) | 60,543 |
| Total revenues | <u>94,056</u> | <u>94,056</u> | <u>137,839</u> | <u>43,783</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Maintenance services | 688,800 | 688,800 | - | 688,800 |
| Development services | 328,286 | 409,286 | 6,700 | 402,586 |
| Administrative services | 3,668 | 3,668 | 3,677 | (9) |
| Recreation, Arts & Community Services | 217,728 | 325,728 | 68,711 | 257,017 |
| Capital outlay | 957,037 | 957,037 | 10,704 | 946,333 |
| Total expenditures | <u>2,195,519</u> | <u>2,384,519</u> | <u>89,792</u> | <u>2,294,727</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>(2,101,463)</u> | <u>(2,290,463)</u> | <u>48,047</u> | <u>2,338,510</u> |
| NET CHANGE IN FUND BALANCE | <u>\$ (2,101,463)</u> | <u>\$ (2,290,463)</u> | <u>48,047</u> | <u>\$ 2,338,510</u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | <u>3,075,558</u> | |
| End of year | | | <u>\$ 3,123,605</u> | |

Town of Danville
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
Public Safety Special Revenue Fund
For the Year Ended June 30, 2017

| | Budgeted | | Actual | Variance From Final Budget |
|---|--------------------|--------------------|-------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Intergovernmental | \$ 119,000 | \$ 119,000 | \$ 150,433 | \$ 31,433 |
| Use of money and property | 996 | 996 | 2,211 | 1,215 |
| Miscellaneous | - | - | 4,641 | 4,641 |
| Total revenues | <u>119,996</u> | <u>119,996</u> | <u>157,285</u> | <u>37,289</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Police services | 130,000 | 135,000 | 103,500 | 31,500 |
| Administrative services | 321 | 321 | 265 | 56 |
| Total expenditures | <u>130,321</u> | <u>135,321</u> | <u>103,765</u> | <u>31,556</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>(10,325)</u> | <u>(15,325)</u> | <u>53,520</u> | <u>68,845</u> |
| NET CHANGE IN FUND BALANCE | <u>\$ (10,325)</u> | <u>\$ (15,325)</u> | <u>53,520</u> | <u>\$ 68,845</u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | <u>259,176</u> | |
| End of year | | | <u>\$ 312,696</u> | |

Town of Danville
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
Old Town Parking In-Lieu Special Revenue Fund
For the Year Ended June 30, 2017

| | Budgeted | | Actual | Variance From Final Budget |
|---|---------------------|-----------------------|---------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Development fees | \$ - | \$ - | \$ 124,235 | \$ 124,235 |
| Use of money and property | - | - | 7,623 | 7,623 |
| Total revenues | <u>-</u> | <u>-</u> | <u>131,858</u> | <u>131,858</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Administrative services | 563 | 563 | 768 | (205) |
| Capital outlay | 825,000 | 1,024,000 | - | 1,024,000 |
| Total expenditures | <u>825,563</u> | <u>1,024,563</u> | <u>768</u> | <u>1,023,795</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>(825,563)</u> | <u>(1,024,563)</u> | <u>131,090</u> | <u>1,155,653</u> |
| NET CHANGE IN FUND BALANCE | <u>\$ (825,563)</u> | <u>\$ (1,024,563)</u> | <u>131,090</u> | <u>\$ 1,155,653</u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | <u>976,058</u> | |
| End of year | | | <u>\$ 1,107,148</u> | |

Town of Danville
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
Sycamore Valley Assessment District Special Revenue Fund
For the Year Ended June 30, 2017

| | Budgeted | | Actual | Variance From Final Budget |
|---|--------------------|--------------------|------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Use of money and property | \$ - | \$ - | \$ (1,104) | \$ (1,104) |
| Total revenues | <u>-</u> | <u>-</u> | <u>(1,104)</u> | <u>(1,104)</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Development services | 21,511 | 21,511 | - | 21,511 |
| Administrative services | 44 | 44 | 177 | (133) |
| Total expenditures | <u>21,555</u> | <u>21,555</u> | <u>177</u> | <u>21,378</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>(21,555)</u> | <u>(21,555)</u> | <u>(1,281)</u> | <u>20,274</u> |
| NET CHANGE IN FUND BALANCE | <u>\$ (21,555)</u> | <u>\$ (21,555)</u> | <u>(1,281)</u> | <u>\$ 20,274</u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | <u>43,750</u> | |
| End of year | | | <u>\$ 42,469</u> | |

Town of Danville
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
Low and Moderate Income Housing Special Revenue Fund
For the Year Ended June 30, 2017

| | Budgeted | | Actual | Variance From Final Budget |
|---|-------------|-------------|---------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Use of money and property | \$ - | \$ - | \$ 7,448 | \$ 7,448 |
| Miscellaneous | - | - | 749 | 749 |
| Total revenues | <u>-</u> | <u>-</u> | <u>8,197</u> | <u>8,197</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Administrative services | - | - | 1,530 | (1,530) |
| Total expenditures | <u>-</u> | <u>-</u> | <u>1,530</u> | <u>(1,530)</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>-</u> | <u>-</u> | <u>6,667</u> | <u>6,667</u> |
| NET CHANGE IN FUND BALANCE | <u>\$ -</u> | <u>\$ -</u> | <u>6,667</u> | <u>\$ 6,667</u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | <u>1,122,303</u> | |
| End of year | | | <u>\$ 1,128,970</u> | |

Town of Danville
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the Year Ended June 30, 2017

| | Balance July 1, 2016 | Additions | Deletions | Balance June 30, 2017 |
|---|-------------------------|-------------------|---------------------|--------------------------|
| <u>Deposits Fund</u> | | | | |
| ASSETS | | | | |
| Cash and investments | \$ 1,212,059 | \$ 212,780 | \$ (165,560) | \$ 1,259,279 |
| Cash and investments with fiscal agents | 144,342 | 19,994 | - | 164,336 |
| Total assets | \$ 1,356,401 | \$ 232,774 | \$ (165,560) | \$ 1,423,615 |
| LIABILITIES | | | | |
| Accounts payable | \$ 64,934 | \$ 78,194 | \$ (141,433) | \$ 1,695 |
| Deposits | 1,291,467 | 221,012 | (90,559) | 1,421,920 |
| Total liabilities | \$ 1,356,401 | \$ 299,206 | \$ (231,992) | \$ 1,423,615 |
| | | | | |
| <u>Sycamore Valley Special Assessment District</u> | | | | |
| ASSETS | | | | |
| Cash and investments | \$ 350 | \$ - | \$ (350) | \$ - |
| Interest receivable | (13) | 13 | - | - |
| Total assets | \$ 337 | \$ 13 | \$ (350) | \$ - |
| LIABILITIES | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ - |
| Due to assessment district bondholders | 337 | - | (337) | - |
| Total liabilities | \$ 337 | \$ - | \$ (337) | \$ - |
| | | | | |
| <u>Tassajara Ranch Special Assessment District</u> | | | | |
| ASSETS | | | | |
| Cash and investments | \$ 145 | \$ 44 | \$ (188) | \$ 1 |
| Interest receivable | 57 | - | (57) | - |
| Total assets | \$ 202 | \$ 44 | \$ (245) | \$ 1 |
| LIABILITIES | | | | |
| Accounts payable | \$ 1 | \$ 4 | \$ (4) | \$ 1 |
| Due to assessment district bondholders | 201 | - | (201) | - |
| Total liabilities | \$ 202 | \$ 4 | \$ (205) | \$ 1 |

Town of Danville
Agency Funds
Combining Statement of Changes in Assets and Liabilities (Continued)
For the Year Ended June 30, 2017

| | Balance July 1, 2016 | Additions | Deletions | Balance June 30, 2017 |
|---|-------------------------|-------------------|---------------------|--------------------------|
| <u>Northeast Road Improvement Special Assessment</u> | | | | |
| <u>District</u> | | | | |
| ASSETS | | | | |
| Cash and investments | \$ (27,642) | \$ 69 | \$ 27,573 | \$ - |
| Cash and investments with fiscal agents | 194,129 | - | (194,129) | - |
| Total assets | \$ 166,487 | \$ 69 | \$ (166,556) | \$ - |
| LIABILITIES | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ - |
| Due to assessment district bondholders | 166,487 | - | (166,487) | - |
| Total liabilities | \$ 166,487 | \$ - | \$ (166,487) | \$ - |
| <u>Total Agency Funds</u> | | | | |
| ASSETS | | | | |
| Cash and investments | \$ 1,184,912 | \$ 212,893 | \$ (138,525) | \$ 1,259,280 |
| Cash and investments with fiscal agents | 338,471 | 19,994 | (194,129) | 164,336 |
| Interest receivable | 44 | 13 | (57) | - |
| Total assets | \$ 1,523,427 | \$ 232,900 | \$ (332,711) | \$ 1,423,616 |
| LIABILITIES | | | | |
| Accounts payable | \$ 64,935 | \$ 78,198 | \$ (141,437) | \$ 1,696 |
| Deposits | 1,291,467 | 221,012 | (90,559) | 1,421,920 |
| Due to assessment district bondholders | 167,025 | - | (167,025) | - |
| Total liabilities | \$ 1,523,427 | \$ 299,210 | \$ (399,021) | \$ 1,423,616 |



This page intentionally left blank.

STATISTICAL SECTION



This page intentionally left blank.

This part of the Town of Danville’s Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government’s overall financial health. The Statistical Section was presented in conformance with GASB 44 for the first time in FY 2008-09. Tables with blanks or less than 10 years of data reflect the absence of comparable or reliable historic data.

Financial data for government-wide trends are presented on the accrual basis of accounting, whereas governmental fund trend data are presented on the modified accrual basis of accounting.

CONTENTS

PAGE

Financial Trends..... 112

These schedules contain trend information to help the reader understand how the Town of Danville’s financial performance and well-being have changed over time.

Revenue Capacity..... 123

These schedules contain information to help the reader assess the Town of Danville’s most significant local revenue source, the property tax.

Debt Capacity..... 126

These schedules present information to help the reader assess the affordability of the Town’s current levels of outstanding debt and its ability to issue additional debt in the future.

Demographic and Economic Information 132

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town’s financial activities take place and to help make comparisons over time and with other governments.

Operating Information..... 134

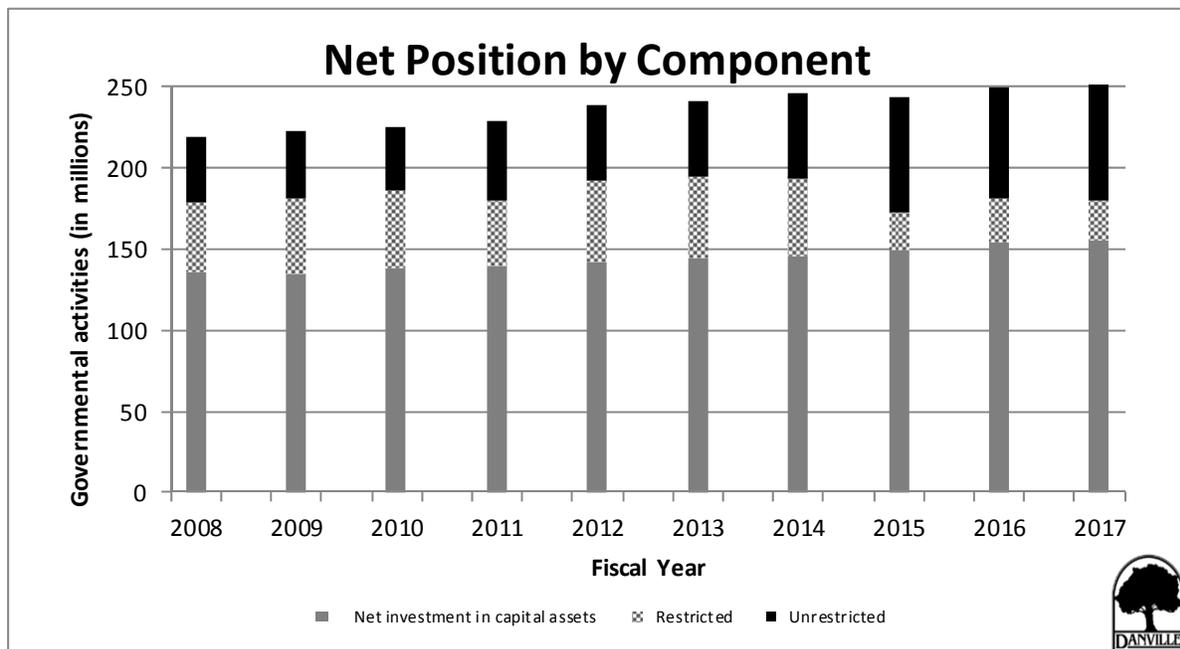
These schedules contain service and infrastructure data to help the reader understand how the financial report relates to the services the Town provides and the activities it performs.

Town of Danville
Net Position by Components
Last Ten Fiscal Years
(Accrual Basis of Accounting)

| | Fiscal Year | | | | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2008 | 2009 | 2010 | 2011 | 2012 |
| Governmental Activities: | | | | | |
| Net investment in capital assets | \$ 136,028,162 | \$ 134,654,797 | \$ 138,586,977 | \$ 139,431,946 | \$ 142,812,475 |
| Restricted | 42,645,047 | 46,856,854 | 47,655,916 | 40,454,304 | 49,692,031 |
| Unrestricted | 40,224,619 | 41,148,332 | 39,598,060 | 49,520,377 | 46,716,135 |
| Total Governmental Activities Net Position | <u>\$ 218,897,828</u> | <u>\$ 222,659,983</u> | <u>\$ 225,840,953</u> | <u>\$ 229,406,627</u> | <u>\$ 239,220,641</u> |
| Primary Government: | | | | | |
| Net investment in capital assets | \$ 136,028,162 | \$ 134,654,797 | \$ 138,586,977 | \$ 139,431,946 | \$ 142,812,475 |
| Restricted | 42,645,047 | 46,856,854 | 47,655,916 | 40,454,304 | 49,692,031 |
| Unrestricted | 40,224,619 | 41,148,332 | 39,598,060 | 49,520,377 | 46,716,135 |
| Total Primary Governmental Net Position | <u>\$ 218,897,828</u> | <u>\$ 222,659,983</u> | <u>\$ 225,840,953</u> | <u>\$ 229,406,627</u> | <u>\$ 239,220,641</u> |

Town of Danville
Net Position by Components (Continued)
Last Ten Fiscal Years
(Accrual Basis of Accounting)

| | Fiscal Year | | | | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2013 | 2014 | 2015 | 2016 | 2017 |
| Governmental Activities: | | | | | |
| Net investment in capital assets | \$ 144,710,384 | \$ 145,858,981 | \$ 149,697,964 | \$ 154,909,051 | \$ 155,792,439 |
| Restricted | 50,198,481 | 48,477,964 | 23,655,107 | 26,812,236 | 24,437,153 |
| Unrestricted | 46,009,779 | 51,728,377 | 69,968,657 | 68,822,679 | 72,257,190 |
| Total Governmental Activities Net Position | \$ 240,918,644 | \$ 246,065,322 | \$ 243,321,728 | \$ 250,543,966 | \$ 252,486,782 |
| Primary Government: | | | | | |
| Net investment in capital assets | \$ 144,710,384 | \$ 145,858,981 | \$ 149,697,964 | \$ 154,909,051 | \$ 155,792,439 |
| Restricted | 50,198,481 | 48,477,964 | 23,655,107 | 26,812,236 | 24,437,153 |
| Unrestricted | 46,009,779 | 51,728,377 | 69,968,657 | 68,822,679 | 72,257,190 |
| Total Primary Governmental Net Position | \$ 240,918,644 | \$ 246,065,322 | \$ 243,321,728 | \$ 250,543,966 | \$ 252,486,782 |



Note:
 The Town of Danville does not have any business-type activities.

Town of Danville
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

| | Fiscal Year | | | | |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|
| | 2008 | 2009 | 2010 | 2011 | 2012 |
| Expenses: | | | | | |
| Governmental activities: | | | | | |
| General Government | \$ 1,946,099 | \$ 2,125,073 | \$ 1,835,430 | \$ 1,727,619 | \$ 1,672,908 |
| Police Services | 6,733,441 | 7,121,673 | 7,264,962 | 7,301,762 | 7,518,544 |
| Maintenance Services & Lighting & Landscape | 5,551,024 | 5,424,528 | 5,165,178 | 5,508,781 | 6,284,672 |
| Development Services | 9,598,470 | 11,278,689 | 9,495,734 | 13,388,097 | 8,909,136 |
| Administrative Services | 1,989,678 | 1,872,222 | 1,868,912 | 2,049,307 | 2,105,205 |
| Recreation Services | 3,963,694 | 3,835,195 | 3,744,474 | 3,405,850 | 3,373,081 |
| Interest on long-term debt | 794,424 | 771,845 | 755,747 | 732,585 | 367,482 |
| Total governmental activities expenses | <u>30,576,830</u> | <u>32,429,225</u> | <u>30,130,437</u> | <u>34,114,001</u> | <u>30,231,028</u> |
| Total primary government expenses | <u>\$ 30,576,830</u> | <u>\$ 32,429,225</u> | <u>\$ 30,130,437</u> | <u>\$ 34,114,001</u> | <u>\$ 30,231,028</u> |
| Program Revenues: | | | | | |
| Governmental Activities: | | | | | |
| Charges for Services: | | | | | |
| General Government | \$ 203,848 | \$ 108,932 | \$ 6,061 | \$ 6,208 | \$ - |
| Police Services | 485,806 | 376,541 | 312,277 | 293,550 | 323,053 |
| Maintenance Services, Lighting & Landscape | 2,988,681 | 2,983,265 | 3,010,264 | 3,028,247 | 3,040,340 |
| Development Services | 2,667,418 | 2,325,689 | 2,005,945 | 2,757,149 | 3,028,929 |
| Administrative Services | - | - | - | - | - |
| Recreation, Arts & Community Services | 1,739,974 | 1,885,346 | 1,440,828 | 1,645,913 | 1,754,367 |
| Interest on long-term debt | - | - | - | - | - |
| Operating grants and contributions | 1,800,782 | 2,443,145 | 1,260,187 | 798,926 | 804,432 |
| Capital grants and contributions | 3,415,575 | 1,407,730 | 1,807,849 | 6,728,897 | 2,492,782 |
| Total governmental activities program revenues | <u>\$ 13,302,084</u> | <u>\$ 11,530,648</u> | <u>\$ 9,843,411</u> | <u>\$ 15,258,890</u> | <u>\$ 11,443,903</u> |
| Total primary government program revenues | <u>\$ 13,302,084</u> | <u>\$ 11,530,648</u> | <u>\$ 9,843,411</u> | <u>\$ 15,258,890</u> | <u>\$ 11,443,903</u> |
| Net (Expense)/Revenue | | | | | |
| Governmental activities | <u>\$ (17,274,746)</u> | <u>\$ (20,898,577)</u> | <u>\$ (20,287,026)</u> | <u>\$ (18,855,111)</u> | <u>\$ (18,787,125)</u> |
| Total Primary Government, Net Expenses | <u>\$ (17,274,746)</u> | <u>\$ (20,898,577)</u> | <u>\$ (20,287,026)</u> | <u>\$ (18,855,111)</u> | <u>\$ (18,787,125)</u> |

Note:

(1) Depreciation was netted against program expenditures

(2) The Town of Danville does not have any business-type activities.

*FY 2008-09 Transportation Services program was combined with Development Services program

**FY 2014-15: Legislative, Town Manager and Legal Services programs were combined with General Government
Community Development program was combined with Development Services

Town of Danville
Changes in Net Position (Continued)
Last Ten Fiscal Years
(Accrual Basis of Accounting)

| | Fiscal Year | | | | |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|
| | 2013 | 2014 | 2015 | 2016 | 2017 |
| Expenses: | | | | | |
| Governmental activities: | | | | | |
| General Government | \$ 1,657,519 | \$ 1,707,946 | \$ 1,527,466 | \$ 1,592,763 | \$ 1,658,023 |
| Police Services | 7,592,846 | 7,192,736 | 8,565,667 | 8,914,297 | 9,107,939 |
| Maintenance Services & Lighting & Landscape | 7,803,026 | 6,136,448 | 7,589,476 | 8,262,373 | 7,963,358 |
| Development Services | 10,298,111 | 7,545,035 | 14,348,084 | 5,233,296 | 8,568,817 |
| Administrative Services | 2,461,355 | 2,301,375 | 3,244,813 | 4,080,262 | 3,690,675 |
| Recreation, Arts & Community Services | 3,360,852 | 3,711,977 | 3,877,829 | 3,847,434 | 4,129,417 |
| Interest on long-term debt | 430,191 | 415,129 | 369,274 | 364,866 | 345,931 |
| Total governmental activities expenses | <u>33,603,900</u> | <u>29,010,646</u> | <u>39,522,609</u> | <u>32,295,291</u> | <u>35,464,160</u> |
| Total primary government expenses | <u>\$ 33,603,900</u> | <u>\$ 29,010,646</u> | <u>\$ 39,522,609</u> | <u>\$ 32,295,291</u> | <u>\$ 35,464,160</u> |
| Program Revenues | | | | | |
| Governmental Activities: | | | | | |
| Charges for Services: | | | | | |
| General Government | \$ - | \$ - | \$ - | \$ 10 | \$ 30 |
| Police Services | 312,873 | 499,517 | 429,625 | 424,470 | 314,597 |
| Maintenance Services, Lighting & Landscape | 3,021,029 | 3,110,836 | 3,033,384 | 3,036,737 | 3,142,080 |
| Development Services | 3,757,908 | 3,686,295 | 4,196,817 | 4,285,454 | 3,575,751 |
| Administrative Services | - | - | - | 35,186 | 36,308 |
| Recreation, Arts & Community Services | 1,810,376 | 2,178,636 | 2,433,110 | 2,079,801 | 2,196,610 |
| Interest on long-term debt | - | - | - | - | - |
| Operating grants and contributions | 748,772 | 933,466 | 1,110,167 | 950,437 | 911,003 |
| Capital grants and contributions | 1,877,029 | 1,936,672 | 1,676,661 | 1,276,567 | 2,591,351 |
| Total governmental activities program revenues | <u>\$ 11,527,987</u> | <u>\$ 12,345,422</u> | <u>\$ 12,879,764</u> | <u>\$ 12,088,662</u> | <u>\$ 12,767,730</u> |
| Total primary government program revenues | <u>\$ 11,527,987</u> | <u>\$ 12,345,422</u> | <u>\$ 12,879,764</u> | <u>\$ 12,088,662</u> | <u>\$ 12,767,730</u> |
| Net (Expense)/Revenue | | | | | |
| Governmental activities | <u>\$ (22,075,913)</u> | <u>\$ (16,665,224)</u> | <u>\$ (26,642,845)</u> | <u>\$ (20,206,629)</u> | <u>\$ (22,696,430)</u> |
| Total Primary Government, Net Expenses | <u>\$ (22,075,913)</u> | <u>\$ (16,665,224)</u> | <u>\$ (26,642,845)</u> | <u>\$ (20,206,629)</u> | <u>\$ (22,696,430)</u> |

Note:

(1) Depreciation was netted against program expenditures

(2) The Town of Danville does not have any business-type activities.

*FY 2008-09 Transportation Services program was combined with Development Services program

**FY 2014-15: Legislative, Town Manager and Legal Services programs were combined with General Government
Community Development program was combined with Development Services

Town of Danville
Changes in Net Position (Continued)
Last Ten Fiscal Years
(Accrual Basis of Accounting)

**General Revenues and Other
Changes in Net Position**

| | Fiscal Year | | | | |
|---------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2008 | 2009 | 2010 | 2011 | 2012 |
| Governmental Activities | | | | | |
| Taxes | | | | | |
| Property taxes | \$ 13,922,627 | \$ 14,379,374 | \$ 13,308,701 | \$ 13,283,437 | \$ 12,967,656 |
| Sales taxes | 3,629,778 | 3,347,146 | 3,254,413 | 3,531,936 | 3,835,342 |
| Motor Vehicle taxes | 191,794 | 147,048 | 127,142 | 199,005 | 21,557 |
| Franchise Taxes | 1,630,531 | 1,702,771 | 1,812,081 | 2,039,307 | 2,067,703 |
| Other taxes | 380,800 | 376,337 | 360,149 | 361,872 | 366,926 |
| Investment earnings | 4,854,361 | 3,883,832 | 2,632,269 | 1,399,674 | 915,317 |
| Miscellaneous | 1,179,414 | 824,224 | 1,973,241 | 1,605,554 | 1,470,094 |
| Transfers from Successor Agency | | | | | |
| Special item | - | - | - | - | 6,956,544 |
| Total governmental activities | <u>\$ 25,789,305</u> | <u>\$ 24,660,732</u> | <u>\$ 23,467,996</u> | <u>\$ 22,420,785</u> | <u>\$ 28,601,139</u> |
| Total primary government | <u>\$ 25,789,305</u> | <u>\$ 24,660,732</u> | <u>\$ 23,467,996</u> | <u>\$ 22,420,785</u> | <u>\$ 28,601,139</u> |
| | | | | | |
| Change in Net Position | | | | | |
| Governmental activities | <u>\$ 8,514,559</u> | <u>\$ 3,762,155</u> | <u>\$ 3,180,970</u> | <u>\$ 3,565,674</u> | <u>\$ 9,814,014</u> |
| Total primary government | <u>\$ 8,514,559</u> | <u>\$ 3,762,155</u> | <u>\$ 3,180,970</u> | <u>\$ 3,565,674</u> | <u>\$ 9,814,014</u> |

Note:

The Town of Danville does not have any business-type activities.

Town of Danville
Changes in Net Position (Continued)
Last Ten Fiscal Years
(Accrual Basis of Accounting)

**General Revenues and Other
Changes in Net Position**

| | Fiscal Year | | | | |
|---------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2013 | 2014 | 2015 | 2016 | 2017 |
| Governmental Activities | | | | | |
| Taxes | | | | | |
| Property taxes | \$ 12,242,443 | \$ 12,716,297 | \$ 13,593,483 | \$ 14,153,561 | \$ 13,978,818 |
| Sales taxes | 3,897,260 | 3,947,577 | 4,098,412 | 4,569,470 | 5,546,298 |
| Motor Vehicle taxes | 22,337 | 18,486 | 17,857 | 17,629 | 19,203 |
| Franchise Taxes | 2,098,137 | 2,155,691 | 2,215,165 | 2,299,491 | 2,419,118 |
| Other Taxes | 374,354 | 385,044 | 391,856 | 404,744 | 371,237 |
| Investment earnings | 251,901 | 900,451 | 636,474 | 1,265,876 | 296,610 |
| Miscellaneous | 2,360,129 | 1,514,199 | 1,559,647 | 741,674 | 1,235,646 |
| Transfers from Successor Agency | 795,191 | 790,542 | 769,972 | 780,818 | 772,316 |
| Special item | 1,732,164 | - | - | 3,195,604 | - |
| Total governmental activities | <u>\$ 23,773,916</u> | <u>\$ 22,428,287</u> | <u>\$ 23,282,866</u> | <u>\$ 27,428,867</u> | <u>\$ 24,639,246</u> |
| Total primary government | <u>\$ 23,773,916</u> | <u>\$ 22,428,287</u> | <u>\$ 23,282,866</u> | <u>\$ 27,428,867</u> | <u>\$ 24,639,246</u> |
| Change in Net Position | | | | | |
| Governmental activities | \$ 1,698,003 | \$ 5,763,063 | \$ 3,359,979 | \$ 7,222,238 | \$ 1,942,816 |
| Total primary government | <u>\$ 1,698,003</u> | <u>\$ 5,763,063</u> | <u>\$ 3,359,979</u> | <u>\$ 7,222,238</u> | <u>\$ 1,942,816</u> |

Note:

The Town of Danville does not have any business-type activities.

Town of Danville
Governmental Activities Tax Revenues By Source
Last Ten Fiscal Years
(Accrual Basis of Accounting)

| Fiscal Year | Property Tax (1) | Sales Tax | Community Development Agency Tax Increment (2) (4) | Franchise Tax | Property Transfer Tax | Motor Vehicle Tax | Business License & Other Taxes | Total |
|--------------------|-------------------------|------------------|---|----------------------|------------------------------|--------------------------|---|--------------|
| 2008 | \$11,438,421 | \$ 3,629,778 | \$ 2,158,170 | \$ 1,630,531 | \$ 326,036 | \$ 191,794 | \$ 380,800 | \$19,755,530 |
| 2009 | 11,614,455 | 3,344,497 | 2,498,844 | 1,702,771 | 266,076 | 147,048 | 376,337 | 19,950,028 |
| 2010 | 11,306,623 | 3,254,413 | 1,640,532 | 1,812,081 | 361,546 | 127,142 | 360,149 | 18,862,486 |
| 2011 | 10,994,774 | 3,531,936 | 1,949,292 | 2,039,307 | 339,371 | 199,005 | 361,872 | 19,415,557 |
| 2012 | 11,243,968 | 3,835,342 | 1,371,457 | 2,067,703 | 352,231 | 21,557 | 366,926 | 19,259,184 |
| 2013 | 11,809,390 | 3,897,260 | - | 2,098,137 | 433,053 | 22,337 | 374,354 | 18,634,531 |
| 2014 | 12,221,986 | 3,947,577 | - | 2,155,691 | 494,311 | 18,486 | 385,044 | 19,223,095 |
| 2015 | 13,076,172 | 4,098,412 | - | 2,215,165 | 517,311 | 17,857 | 391,856 | 20,316,773 |
| 2016 | 12,534,667 | 4,569,470 | - | 2,299,491 | 568,870 | 17,629 | 404,744 | 20,394,871 |
| 2017 | 13,392,392 | 5,546,298 | - | 2,419,118 | 586,426 | 19,203 | 371,237 | 22,334,674 |

Note:

1. The State shifted revenues from motor vehicle fees/tax and sales tax to property tax beginning 2005.
2. The State repaid the Motor Vehicle Fee Gap loan of \$732,809 in 2006.
3. Accrual basis of accounting not available prior to the implementation of GASB 34 in 2002.
4. The former Community Development Agency was dissolved by AB x1 26 on January 31, 2012.

Town of Danville
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

| | Fiscal Year | | | | |
|------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2008 | 2009 | 2010* | 2011 | 2012 |
| General Fund | | | | | |
| Reserved | \$ 1,232,380 | \$ 2,424,577 | \$ - | \$ - | \$ - |
| Unreserved | 12,385,630 | 13,623,457 | - | - | - |
| Nonspendable | - | - | - | - | - |
| Restricted | - | - | - | - | 809,519 |
| Committed | - | - | 17,481,215 | 18,334,708 | 17,697,557 |
| Assigned | - | - | 578,251 | 8,327,574 | 8,430,419 |
| Total General Fund | <u>13,618,010</u> | <u>16,048,034</u> | <u>18,059,466</u> | <u>26,662,282</u> | <u>26,937,495</u> |
| All Other Governmental Funds | | | | | |
| Reserved | 27,108,341 | 25,660,317 | - | - | - |
| Unreserved, reported in: | | | | | |
| Special revenue funds | | | | | |
| Restricted | 4,053,922 | 1,548,115 | 29,740,733 | 30,370,267 | 28,429,093 |
| Committed | - | - | - | - | - |
| Debt service fund | | | | | |
| Restricted | 792,990 | - | 2,049,301 | 1,031,209 | 808,787 |
| Unassigned | - | - | - | (8,063,814) | - |
| Capital projects funds | | | | | |
| Restricted | 37,499,695 | 44,930,389 | 746,199 | 340,851 | - |
| Committed | - | - | 16,234,896 | 16,814,633 | 40,669,255 |
| Assigned | - | - | 24,420,575 | 22,804,473 | - |
| Total all other Governmental Funds | <u>69,454,948</u> | <u>72,138,821</u> | <u>73,191,704</u> | <u>63,297,619</u> | <u>69,907,135</u> |
| Total Governmental Funds | <u>\$ 83,072,958</u> | <u>\$ 88,186,855</u> | <u>\$ 91,251,170</u> | <u>\$ 89,959,901</u> | <u>\$ 96,844,630</u> |

Note: Information presented according to GASB 34 which was implemented in 2002

*Initiated implementation of GASB 54, which has revised classifications of fund balances, 2010

Town of Danville
Fund Balances of Governmental Funds (Continued)
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

| | Fiscal Year | | | | |
|------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2013 | 2014 | 2015 | 2016 | 2017 |
| General Fund | | | | | |
| Reserved | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unreserved | - | - | - | - | - |
| Nonspendable | - | - | - | 10,427,986 | 9,427,986 |
| Restricted | 809,536 | 809,635 | 809,718 | 809,504 | 809,820 |
| Committed | 17,670,672 | 17,118,585 | 17,067,689 | 18,374,622 | 17,249,253 |
| Assigned | 9,247,992 | 9,482,365 | 9,397,184 | 344,844 | 313,036 |
| Total General Fund | <u>27,728,200</u> | <u>27,410,585</u> | <u>27,274,591</u> | <u>29,956,956</u> | <u>27,800,095</u> |
| All Other Governmental Funds | | | | | |
| Reserved | - | - | - | - | - |
| Unreserved, reported in: | | | | | |
| Special revenue funds | | | | | |
| Restricted | 27,540,889 | 28,492,880 | 24,215,659 | 26,129,555 | 23,594,077 |
| Committed | - | - | - | - | - |
| Debt service fund | | | | | |
| Restricted | 811,282 | 811,448 | 813,511 | 813,913 | 813,920 |
| Unassigned | - | - | - | - | - |
| Capital projects funds | | | | | |
| Restricted | - | 356,953 | 356,953 | - | - |
| Committed | 39,639,637 | 42,268,737 | 39,887,688 | 38,430,064 | 42,743,649 |
| Assigned | - | - | - | - | - |
| Total all other Governmental Funds | <u>67,991,808</u> | <u>71,930,018</u> | <u>65,273,811</u> | <u>65,373,532</u> | <u>67,151,646</u> |
| Total Governmental Funds | <u>\$ 95,720,008</u> | <u>\$ 99,340,603</u> | <u>\$ 92,548,402</u> | <u>\$ 95,330,488</u> | <u>\$ 94,951,741</u> |

Note: Information presented according to GASB 34 which was implemented in 2002

*Initiated implementation of GASB 54, which has revised classifications of fund balances, 2010

Town of Danville
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

| | Fiscal Year | | | | |
|---|---------------------|---------------------|---------------------|-----------------------|---------------------|
| | 2008 | 2009 | 2010 | 2011 | 2012 |
| REVENUES : | | | | | |
| Property Taxes | \$ 13,922,627 | \$ 14,379,374 | \$ 13,308,701 | \$ 13,283,437 | \$ 12,967,656 |
| Sales Taxes | 3,629,778 | 3,344,497 | 3,250,820 | 3,531,862 | 3,835,342 |
| Gas & Other Taxes | 4,692,227 | 4,641,839 | 3,720,070 | 3,960,259 | 3,818,359 |
| Special assessments | 3,490,417 | 3,532,305 | 3,546,477 | 3,579,045 | 3,572,176 |
| Charges for services | 3,663,733 | 3,284,801 | 2,849,818 | 3,379,595 | 3,641,623 |
| Licenses and permits | 380,800 | 376,337 | 357,369 | 360,957 | 366,886 |
| Development fees | 1,959,336 | 781,486 | 398,080 | 1,101,893 | 144,416 |
| Intergovernmental | 394,299 | 277,688 | 904,088 | 5,134,660 | 1,276,852 |
| Fines and forfeitures | 345,251 | 245,384 | 250,991 | 219,432 | 190,982 |
| Uses of money and property | 5,433,507 | 4,500,796 | 3,189,418 | 1,943,830 | 1,463,143 |
| Miscellaneous | 771,837 | 1,259,085 | 1,466,878 | 1,079,236 | 1,802,671 |
| Total Revenues | 38,683,812 | 36,623,592 | 33,242,710 | 37,574,206 | 33,080,106 |
| EXPENDITURES : | | | | | |
| Current: | | | | | |
| General Government | 1,753,337 | 1,902,540 | 1,746,893 | 1,683,425 | 1,667,416 |
| Police services | 6,530,636 | 6,988,287 | 7,090,622 | 7,128,461 | 7,300,734 |
| Maintenance services | 2,246,511 | 1,933,797 | 1,839,102 | 1,958,607 | 2,403,824 |
| Lighting and landscape | 2,811,003 | 2,825,880 | 2,766,842 | 3,029,522 | 3,288,256 |
| Development services | 7,207,227 | 8,943,837 | 7,158,008 | 11,027,548 | 7,458,197 |
| Administrative services | 1,741,367 | 1,844,300 | 1,836,358 | 1,998,345 | 1,901,419 |
| Recreation, Arts & Community services | 3,532,007 | 3,749,091 | 3,660,187 | 3,307,586 | 3,245,655 |
| Capital outlay | 4,702,165 | 2,189,626 | 2,943,931 | 7,592,460 | 5,763,393 |
| Debt service: | | | | | |
| Principal | 340,000 | 355,000 | 375,000 | 395,000 | 420,000 |
| Interest and fiscal charges | 792,050 | 777,337 | 761,452 | 744,521 | 503,764 |
| Total Expenditures | 31,656,303 | 31,509,695 | 30,178,395 | 38,865,475 | 33,952,658 |
| REVENUES OVER (UNDER) EXPENDITURES | 7,027,509 | 5,113,897 | 3,064,315 | (1,291,269) | (872,552) |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Transfers in | 6,219,243 | 10,400,042 | 2,559,375 | 13,547,919 | 7,385,966 |
| Transfers out | (6,219,243) | (10,400,042) | (2,559,375) | (13,547,919) | (7,385,966) |
| Total other financing sources (uses) | - | - | - | - | - |
| Extraordinary/Special item* | - | - | - | - | 7,757,281 |
| NET CHANGE IN FUND BALANCES | \$ 7,027,509 | \$ 5,113,897 | \$ 3,064,315 | \$ (1,291,269) | \$ 6,884,729 |

| | | | | | |
|---|-------|-------|-------|-------|-------|
| Debt service as a percentage of noncapital expenditures | 4.38% | 4.02% | 4.35% | 3.78% | 3.39% |
|---|-------|-------|-------|-------|-------|

Note: Revenues & expenditures were categorized differently prior to the implementation of GASB 34 in 2002.

Town of Danville
Changes in Fund Balances of Governmental Funds (Continued)
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

| | Fiscal Year | | | | |
|---|-----------------------|---------------------|-----------------------|---------------------|---------------------|
| | 2013 | 2014 | 2015 | 2016 | 2017 |
| REVENUES : | | | | | |
| Property Taxes | \$ 12,242,443 | \$ 12,716,297 | \$ 13,593,483 | \$ 14,153,561 | \$ 13,978,818 |
| Sales Taxes | 3,897,260 | 3,943,899 | 4,080,378 | 4,558,712 | 5,535,422 |
| Gas & Other Taxes | 3,731,881 | 3,999,378 | 4,033,766 | 3,270,354 | 3,264,713 |
| Special assessments | 3,580,120 | 3,579,918 | 3,574,570 | 3,590,353 | 3,554,065 |
| Charges for services | 4,602,791 | 2,455,673 | 2,792,321 | 2,752,180 | 2,859,100 |
| Licenses and permits | 374,354 | 385,033 | 391,856 | 404,744 | 371,237 |
| Development fees | 1,207,211 | 2,926,192 | 3,166,893 | 3,705,128 | 3,096,371 |
| Intergovernmental | 155,815 | 181,003 | 547,347 | 1,026,474 | 1,918,820 |
| Fines and forfeitures | 237,209 | 248,965 | 242,325 | 267,732 | 163,825 |
| Uses of money and property | 870,157 | 1,507,294 | 1,379,939 | 2,024,361 | 972,345 |
| Miscellaneous | 972,999 | 1,060,380 | 1,589,780 | 1,155,013 | 897,019 |
| Total Revenues | 31,872,240 | 33,004,032 | 35,392,658 | 36,908,612 | 36,611,735 |
| EXPENDITURES : | | | | | |
| Current: | | | | | |
| General Government | 1,658,489 | 1,708,465 | 1,526,324 | 1,591,047 | 1,622,521 |
| Police services | 7,374,868 | 6,980,859 | 8,356,060 | 8,691,261 | 8,881,254 |
| Maintenance services | 4,362,329 | 2,547,337 | 3,728,641 | 4,381,322 | 3,686,266 |
| Lighting and landscape | 2,991,535 | 3,043,620 | 3,105,346 | 3,127,403 | 3,374,354 |
| Development services | 9,588,981 | 6,920,225 | 14,097,237 | 4,986,759 | 8,186,500 |
| Administrative services | 2,446,641 | 2,207,468 | 3,362,284 | 4,000,431 | 3,536,546 |
| Recreation, Arts & Community services | 3,242,901 | 3,593,125 | 3,523,333 | 3,467,371 | 3,693,259 |
| Capital outlay | 1,342,965 | 2,382,338 | 5,102,019 | 6,466,296 | 2,102,572 |
| Debt service: | | | | | |
| Principal | - | - | - | - | - |
| Interest and fiscal charges | - | - | - | - | - |
| Total Expenditures | 33,008,709 | 29,383,437 | 42,801,244 | 36,711,890 | 35,083,272 |
| REVENUES OVER (UNDER) EXPENDITURES | (1,136,469) | 3,620,595 | (7,408,586) | 196,722 | 1,528,463 |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Transfers in | 5,272,109 | 6,248,451 | 6,300,714 | 8,710,450 | 9,937,410 |
| Transfers out | (5,272,109) | (6,248,451) | (6,300,714) | (8,710,450) | (9,937,410) |
| Total other financing sources (uses) | - | - | - | - | - |
| Extraordinary/Special item* | 11,847 | - | - | 3,195,604 | |
| NET CHANGE IN FUND BALANCES | \$ (1,124,622) | \$ 3,620,595 | \$ (7,408,586) | \$ 3,392,326 | \$ 1,528,463 |

| | | | | | |
|---|-------|-------|-------|-------|-------|
| Debt service as a percentage of noncapital expenditures | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
|---|-------|-------|-------|-------|-------|

*Assets transferred from the former Community Development Agency (CDA) of the Town of Danville to the Successor Agency Trust Fund

Town of Danville
Assessed Value
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

| Fiscal Year Ended June 30 | Assessed Value | | | | Less: Tax Exempt Property | Total Taxable Assessed Value | Total Direct Rate |
|------------------------------------|-----------------|---------------|-------------------|---------------|---------------------------------|------------------------------------|-------------------------|
| | Real Property | | Personal Property | | | | |
| | Secured | Unsecured | Secured | Unsecured | | | |
| 2008 | \$9,149,453,423 | \$ 41,693,373 | \$ 3,337,929 | \$ 50,100,949 | \$ 164,822,557 | \$9,079,763,117 | 0.10258% |
| 2009 | 9,453,591,020 | 45,506,981 | 2,895,255 | 51,777,873 | 170,861,358 | 9,382,909,771 | 0.10432% |
| 2010 | 9,386,177,138 | 49,471,886 | 3,692,321 | 48,433,182 | 171,572,419 | 9,316,202,108 | 0.10515% |
| 2011 | 9,194,600,681 | 51,396,726 | 2,863,007 | 43,431,719 | 172,439,273 | 9,119,852,860 | 0.10367% |
| 2012 | 9,170,986,676 | 50,217,076 | 2,604,516 | 47,076,779 | 173,327,421 | 9,097,557,626 | 0.10319% |
| 2013 | 9,236,967,610 | 52,627,724 | 2,468,870 | 41,018,620 | 172,442,279 | 9,160,640,545 | 0.10323% |
| 2014 | 9,812,406,625 | 52,547,546 | 2,315,399 | 39,737,234 | 171,279,730 | 9,735,727,074 | 0.07827% |
| 2015 | 10,526,929,712 | 44,289,615 | 2,298,728 | 45,995,923 | 169,288,561 | 10,450,225,417 | 0.07752% |
| 2016 | 11,231,575,805 | 49,320,732 | 3,732,903 | 42,680,915 | 170,375,283 | 11,156,935,072 | 0.07758% |
| 2017 | 11,904,105,603 | 47,645,411 | 3,290,428 | 43,296,151 | 172,930,520 | 11,825,407,073 | 0.07763% |

Note:

In 1978 the voters of the State of California passed Proposition 13 which limited basic property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only reassessed at the time that it is sold to a new owner. At those times, the new assessed value is the purchase price. The estimated market value of taxable property is not available.

Town of Danville
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(Rate Expressed in Percentage)

| Fiscal Year | Danville | County Wide ¹ | San Ramon Valley Unified School District | Bay Area Rapid Transit (BART) | Miscellaneous | Total Direct & Overlapping Rate |
|--------------------|-----------------|---------------------------------|---|--------------------------------------|----------------------|--|
| 2008 | 0.10258% | 1.00% | 0.0517% | 0.0076% | 0.0128% | 1.1840% |
| 2009 | 0.10432% | 1.00% | 0.0519% | 0.0090% | 0.0188% | 1.1862% |
| 2010 | 0.10515% | 1.00% | 0.0587% | 0.0057% | 0.0166% | 1.1943% |
| 2011 | 0.10367% | 1.00% | 0.0641% | 0.0031% | 0.0234% | 1.1954% |
| 2012 | 0.10319% | 1.00% | 0.0664% | 0.0041% | 0.0217% | 1.1994% |
| 2013 | 0.10323% | 1.00% | 0.0705% | 0.0043% | 0.0214% | 1.1692% |
| 2014 | 0.07827% | 1.00% | 0.0696% | 0.0075% | 0.0138% | 0.07827% |
| 2015 | 0.07752% | 1.00% | 0.0651% | 0.0045% | 0.0121% | 0.07752% |
| 2016 | 0.07758% | 1.00% | 0.0624% | 0.0026% | 0.0125% | 0.07758% |
| 2017 | 0.07763% | 1.00% | 0.0652% | 0.0080% | 0.0152% | 0.07763% |

Note:

- 1 Countywide rate of 1% is levied with the proceeds distributed to all taxing agencies according to formulas specified by State legislature.
- 2 Individual agencies' rates are for payments of voter approved indebtedness.

**Town of Danville
Property Tax Levies and Collections
Last Ten Fiscal Years**

| Fiscal Year Ended June 30 | Collected Within the Fiscal Year of the Levy | | | Total Collections To Date | |
|--|---|-------------------------------|---|----------------------------------|-------------------------------|
| | Total Tax Levied and Collected for Fiscal Year | Percentage of Levy | Delinquent Tax Collections | Collected Amount | Percentage of Levy |
| 2008 | \$ 13,596,591 | 100% | n/a | \$ 13,596,591 | 100% |
| 2009 | 14,113,299 | 100% | n/a | 14,113,299 | 100% |
| 2010 | 12,947,154 | 100% | n/a | 12,947,154 | 100% |
| 2011 | 12,944,065 | 100% | n/a | 12,944,065 | 100% |
| 2012 | 12,967,656 | 100% | n/a | 12,967,656 | 100% |
| 2013 | 12,242,443 | 100% | n/a | 12,242,443 | 100% |
| 2014 | 13,190,148 | 100% | n/a | 13,190,148 | 100% |
| 2015 | 14,171,661 | 100% | n/a | 14,171,661 | 100% |
| 2016 | 14,736,156 | 100% | n/a | 14,736,156 | 100% |
| 2017 | 14,430,722 | 100% | n/a | 14,430,722 | 100% |

Note:

1. The data in this table includes basic and supplemental city property taxes, Redevelopment Agency tax increments, ERAF refunds, property tax in-lieu of motor vehicle license fees and the sales tax triple flip.
2. Contra Costa County assesses, bills, collects and distributes property taxes to all taxing entities including the Town. Under a State law, known as the Teeter Plan, the County remits the entire amount levied to the Town. The County handles all delinquencies and retains all interest and penalties.

Source: County of Contra Costa

Town of Danville
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

| Fiscal Year | Governmental Activities | | Total Primary Government | Percentage of Personal Income | Per Capita |
|----------------|------------------------------------|--|--------------------------------|-------------------------------------|---------------|
| | Certificate of Participation | Taxable Revenue Bonds Loan Payable | | | |
| 2008 | \$ 10,910,000 | \$ 3,500,000 | \$ 17,910,000 | ** | \$ 82 |
| 2009 | 10,600,000 | 3,455,000 | 17,555,000 | ** | 82.82 |
| 2010 | 10,275,000 | 3,405,000 | 13,680,000 | ** | 78.14 |
| 2011 | 9,940,000 | 3,345,000 | 13,285,000 | ** | 314.70 |
| 2012 | 9,590,000 | - | 9,590,000 | ** | 226.98 |
| 2013 | 9,230,000 | - | 9,230,000 | ** | 216.06 |
| 2014 | 8,860,000 | - | 8,860,000 | ** | 205.35 |
| 2015 | 8,860,000 | - | 8,860,000 | ** | 202.79 |
| 2016 | 8,055,000 | - | 8,055,000 | ** | 187.92 |
| 2017 | 7,635,000 | - | 7,635,000 | ** | 178.12 |

Note:

**Reliable information is not available.

COP is paid with property tax increment of the Property Tax Trust Fund.

***Taxable Revenue Bonds Loan Payable was transferred to the Successor Agency Trust Fund.

Town of Danville
Direct and Overlapping Governmental Activities Debt
Current Year

| | | | |
|--|-------------------|-------------------------|---------------------------|
| 2016-2017 Assessed Valuation: | \$ 11,896,962,473 | | |
| Redevelopment Incremental Valuation | \$ 11,896,962,473 | | |
| Adjusted Assessed Valuation: | | | |
| <u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u> | <u>Total Debt</u> | <u>% Applicable (1)</u> | <u>Town's Share of</u> |
| | 6/30/17 | | Debt (6/30/17) |
| Bay Area Rapid Transit District | \$ 891,135,000 | 1.841% | \$ 16,405,795 |
| Contra Costa Community College District | 409,580,000 | 6.537% | 26,774,245 |
| San Ramon Valley Unified School District | 414,346,555 | 26.734% | 110,771,408 |
| East Bay Regional Park District | 123,590,000 | 2.840% | 3,509,956 |
| SUBTOTAL OVERLAPPING TAX AND ASSESSMENT DEBT | | | \$ 157,461,404 |
| <u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u> | | | |
| Contra Costa County General Fund Obligations | \$ 222,354,484 | 6.513% | \$ 14,481,948 |
| Contra Costa County Pension Obligations | 185,830,000 | 6.513% | 12,103,108 |
| Contra Costa County Community College District - COP | 430,000 | 6.537% | 28,109 |
| San Ramon Valley Unified School District General Fund Obligations | 29,809,082 | 26.734% | 7,969,160 |
| San Ramon Valley Fire Protection District - COP | 13,030,000 | 26.874% | 3,501,682 |
| Town of Danville Certificates of Participation (COP) | 7,635,000 | 100% | 7,635,000 |
| SUBTOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT | | | \$ 45,719,007 |
| Less: Contra Costa County obligations supported from revenue funds | | | (4,975,470) |
| TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT | | | \$ 40,743,537 |
| | | | |
| OVERLAPPING TAX INCREMENT DEBT (Successor Agency) | \$ 2,745,000 | 100% | \$ 2,745,000 |
| | | | |
| TOTAL DIRECT DEBT | | | 7,635,000 |
| TOTAL GROSS OVERLAPPING DEBT | | | \$ 198,290,411 |
| TOTAL NET OVERLAPPING DEBT | | | 193,314,941 |
| | | | |
| GRAND TOTAL DIRECT AND OVERLAPPING DEBT | | | \$ 205,925,411 (2) |
| NET COMBINED TOTAL DEBT | | | \$ 200,949,941 |

- (1) The percentage of overlapping debt applicable to the Town is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the Town divided by the district's total taxable assessed value.
- (2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2016/17 Assessed Valuation:

| | |
|---|--------------|
| Total Overlapping Tax and Assessment Debt | 1.32% |
| Total Direct Debt (\$7,635,000) | 0.06% |
| Gross Combined Total Debt | 1.73% |
| Net Combined Total Debt | 1.69% |

Ratios to Redevelopment Successor Agency Incremental Valuation (\$352,681,291):

| | |
|---|--------------|
| Total Overlapping Tax Increment Debt | 0.78% |
|---|--------------|

Note - This schedule presents fiscal capacity and debt for overlapping governments. It is intended to demonstrate the total property tax burden on the taxpayers within Danville and the total debt that their property taxes will be expected to pay. This schedule excludes tax and revenue notes, revenue bonds, mortgage revenue bonds, tax allocation bonds, obligations and capital lease obligations.

Source: California Municipal Statistics, Inc.

**Town of Danville
Principal Property Taxpayers
Current Year and Nine Years Ago**

| Employer | 2017 | | | 2008 | |
|--|------------------------|------|--|------------------------|--|
| | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value | Taxable Assessed Value | Percentage of Total Taxable Assessed Value |
| Danville Livery & Mercantile | \$ 44,512,024 | 1 | 0.38% | \$ 39,560,367 | 0.44% |
| ROIC California, LLC | 43,059,995 | 2 | 0.36% | | |
| Reg8 Tassajara Crossing, LLC | 38,246,371 | 3 | 0.32% | | |
| Costco Wholesale Corporation | 24,149,740 | 4 | 0.20% | | |
| Rose Garden Associates Danville, LLC | 26,319,468 | 5 | 0.22% | | |
| Danville Park RE LLC | 18,391,336 | 6 | 0.16% | | |
| Rassier Properties Danville Medical Ctr. | 15,854,675 | 7 | 0.13% | | |
| Montair Associates, LLC | 15,507,027 | 8 | 0.13% | | |
| Tan DFC LLC | 15,223,307 | 9 | 0.13% | | |
| JKDSQ, LLC | 13,549,596 | 10 | 0.11% | | |
| Regency Centers, LP | | | | 33,623,938 | 0.37% |
| Alamo Group Iron Horse, LLC | | | | 18,900,204 | 0.21% |
| Montair Associates, LLC | | | | 13,701,551 | 0.15% |
| Danville Office Partners, LLC | | | | 9,278,721 | 0.10% |
| Marilyn A. Dreyfuss Trust | | | | 9,274,144 | 0.10% |
| Pearson & Williams I, LLC | | | | 6,901,399 | 0.08% |
| Mark Attarha | | | | 6,295,755 | 0.07% |
| Song C. Yun | | | | 5,922,191 | 0.07% |
| 156 Diablo Road, LLC | | | | 5,896,539 | 0.06% |
| Totals | \$ 254,813,539 | | 2.14% | \$ 149,354,809 | 1.65% |

Note:

The amounts shown above include assessed value data for both the Town and the Successor Agency.

Because of the many ways a business or individual can hold title, the above list is an approximation of the top taxpayers within the Town of Danville.

Source: HdL

**Town of Danville
Legal Debt Margin Information
Last Ten Fiscal Years**

| | Fiscal Year | | | | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2008 | 2009 | 2010 | 2011 | 2012 |
| Debt Limit | \$ 340,491,117 | \$ 351,859,116 | \$ 349,357,579 | \$ 341,994,482 | \$ 341,158,411 |
| Total net debt applicable to limit | - | - | - | - | - |
| Legal debt margin | <u>\$ 340,491,117</u> | <u>\$ 351,859,116</u> | <u>\$ 349,357,579</u> | <u>\$ 341,994,482</u> | <u>\$ 341,158,411</u> |
| Total net debt applicable to the limit as a percentage of debt limit | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |

Note: The Government Code of the State of California provides for a legal debt limit of 3.75% of gross assessed valuation.
Source: County of Contra Costa

Town of Danville
Legal Debt Margin Information (Continued)
Last Ten Fiscal Years

| | Fiscal Year | | | | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2013 | 2014 | 2015 | 2016 | 2017 |
| Debt Limit | \$ 343,524,020 | \$ 365,089,765 | \$ 391,883,453 | \$ 418,385,065 | \$ 443,452,765 |
| Total net debt applicable to limit | - | - | - | - | - |
| Legal debt margin | <u>\$ 343,524,020</u> | <u>\$ 365,089,765</u> | <u>\$ 391,883,453</u> | <u>\$ 418,385,065</u> | <u>\$ 443,452,765</u> |
| Total net debt applicable to the limit as a percentage of debt limit | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |

Legal Debt Margin Calculation for Fiscal Year 2017

| | |
|--------------------------------------|--------------------------|
| Assessed Value | \$ 11,825,407,073 |
| Add back: exempt real property | <u>172,930,520</u> |
| Total assessed value | <u>\$ 11,998,337,593</u> |
| Debt Limit (3.75% of assessed value) | \$ 443,452,765 |
| Total net debt applicable to limit | - |
| Legal Debt Margin | <u>\$ 443,452,765</u> |

Note: The Government Code of the State of California provides for a legal debt limit of 3.75% of gross assessed valuation.
Source: County of Contra Costa

**Town of Danville
Pledged-Revenue Coverage
Last Ten Fiscal Years**

| Fiscal Year | Certificates of Participation | | | | Taxable Revenue Bond | | | |
|----------------|-------------------------------|--------------|------------|-----------------------|----------------------|--------------|------------|----------|
| | Tax Increment | Debt Service | | Coverage ¹ | Tax Increment | Debt Service | | Coverage |
| | | Principal | Interest | | | Principal | Interest | |
| 2008 | \$1,726,535 | \$ 310,000 | \$ 500,189 | 2.14 | \$ 431,635 | \$ 35,000 | \$ 291,861 | 1.32 |
| 2009 | 1,999,075 | 310,000 | 488,376 | 2.50 | 499,768 | 45,000 | 288,961 | 1.50 |
| 2010 | 1,162,288 | 325,000 | 513,534 | 1.39 | 478,244 | 50,000 | 285,518 | 1.43 |
| 2011 | 1,528,523 | 335,000 | 462,991 | 1.92 | 420,770 | 60,000 | 281,530 | 1.23 |
| 2012 | 1,099,265 | 350,000 | 449,391 | 1.38 | 272,192 | 70,000 | 276,818 | 0.78 |
| 2013 | 1,188,645 | 360,000 | 435,192 | 1.49 | 404,571 | 80,000 | 271,020 | 1.15 |
| 2014 | - | 370,000 | 420,541 | - | - | 95,000 | 263,889 | - |
| 2015 | - | 395,000 | 404,973 | - | - | 105,000 | 255,739 | - |
| 2016 | - | 410,000 | 388,256 | - | - | 120,000 | 246,570 | - |
| 2017 | - | 420,000 | 370,819 | - | - | 130,000 | 236,383 | - |

Note:

1. Fund balance used to cover debt service

**Town of Danville
Demographic and Economic Statistics
Last Ten Fiscal Years**

| Year | Population ¹ | Median Household Income ² | Persons per Household Unit ³ | Per Capita Income ² | Personal Income (in thousands) | Public School Enrollment ⁴ | Unemployment Rate ⁵ |
|-------------|--------------------------------|---|--|---------------------------------------|---------------------------------------|--|---------------------------------------|
| 2008 | 42,629 | ** | 2.740 | ** | ** | 25,959 | 3.5% |
| 2009 | 43,043 | ** | 2.753 | ** | ** | 26,975 | 5.9% |
| 2010 | 43,574 | ** | 2.777 | ** | ** | 27,937 | 6.0% |
| 2011 | 42,215 | 141,879 | 2.810 | 64,412 | ** | 28,987 | 5.9% |
| 2012 | 42,450 | 133,888 | 2.734 | 63,404 | ** | 29,884 | 4.9% |
| 2013 | 42,720 | ** | 2.750 | ** | ** | 30,757 | 3.8% |
| 2014 | 43,146 | ** | 2.770 | ** | ** | 31,398 | 3.3% |
| 2015 | 43,691 | 140,809 | 279 | ** | ** | 31,954 | 4.1% |
| 2016 | 42,865 | ** | 297 | ** | ** | 32,255 | 3.9% |
| 2017 | 43,355 | ** | ** | ** | ** | 32,425 | 3.5% |

Note:

Per Capita Income and Personal Income is for County of Contra Costa since reliable Town specific data is not available.

Sources:

1. California State Department of Finance
2. For FYE 2007 the actual median household income was projected at a growth rate of .8%.
For FY 2011: SperlingViews; www.bestplaces.net/economy/city/california/danville
For FY 2012: US Census Bureau, 2009-2011 American Community Survey: \$133,888 +/- \$10,705
3. U.S. Department of Commerce Census, Bureau American Community Surveys
4. California Department of Education (Schools within the San Ramon Valley Unified School District)
5. California State Employment Development Department

**Figures not available

Town of Danville
Principal Employers in the Town of Danville
Current Year and Previous Year

| Employer | 2017 | | | 2016 | | |
|--|----------------------------------|------|-------------|----------------------------------|------|-------------|
| | Number of Employees ¹ | Rank | % of Top 10 | Number of Employees ¹ | Rank | % of Top 10 |
| Keller Williams Realty | 350 | 1 | 25.7% | 335 | 2 | 21.9% |
| Costco | 269 | 2 | 19.7% | 349 | 1 | 22.8% |
| J. Rockcliff Realtors | 142 | 3 | 10.4% | 139 | 4 | 9.1% |
| Safeway, Inc. | 122 | 4 | 8.9% | 121 | 5 | 7.9% |
| Pacific Gas & Electric | 107 | 5 | 7.8% | 168 | 3 | 11.0% |
| Piatti Restaurant Co. | 76 | 6 | 5.6% | * | * | * |
| Trader Joe's | 76 | 7 | 5.6% | * | * | * |
| DNJ Property Mngmt. Services, Inc. | 75 | 8 | 5.5% | * | * | * |
| Lunardi's Market | 74 | 9 | 5.3% | 72 | 9 | 4.7% |
| Crow Canyon Management Corp. | 73 | 10 | 5.2% | 71 | 10 | 4.6% |
| Danville Nursing & Rehabilitation Center | | | | 116 | 6 | 7.6% |
| Emeritus at Diablo Lodge | | | | 81 | 7 | 5.3% |
| Alameda Mortgage Corp. | | | | 76 | 8 | 5.0% |
| Total Employees: | <u>1,364</u> | | | <u>1,528</u> | | |

Note:

1. Data compiled from Town of Danville Business License Division.

*Not ranked in Top 10 Employers in 2016.

Town of Danville
Full-Time Equivalent Town Government Employees by Function
Last Ten Fiscal Years

| Function | Fiscal Year | | | | | | | | | |
|-------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
| Legislative | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Administration | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 6.75 | 6.50 | 8.25 |
| Legal | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Police Services* | 34.00 | 34.00 | 34.00 | 34.75 | 35.75 | 34.75 | 34.00 | 36.75 | 37.75 | 37.75 |
| Development Services | 25.00 | 25.00 | 26.75 | 25.25 | 25.25 | 24.25 | 25.50 | 25.50 | 29.75 | 27.00 |
| Transportation Services | 4.50 | 4.50 | 3.75 | 4.50 | 4.50 | 4.50 | 4.25 | 4.25 | 3.25 | 3.75 |
| Community Services | | | | | | | | | | |
| Maintenance | 23.00 | 23.00 | 23.00 | 23.00 | 23.00 | 24.00 | 24.00 | 29.00 | 31.00 | 31.00 |
| Recreation, Arts & | | | | | | | | | | |
| Community Services | 15.25 | 15.25 | 15.25 | 15.25 | 15.50 | 15.50 | 15.25 | 37.75 | 37.75 | 38.25 |
| Finance | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.25 | 5.25 | 5.25 |
| Support Services | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 4.50 | 4.50 | 4.50 |
| Community Events** | 2.50 | 2.50 | 2.50 | 1.50 | 0.25 | 0.25 | 0.25 | 0.50 | 0.50 | 0.50 |
| Human Resources | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.50 | 2.50 |
| Total | <u>120.75</u> | <u>120.75</u> | <u>121.75</u> | <u>120.75</u> | <u>120.75</u> | <u>119.75</u> | <u>119.75</u> | <u>154.25</u> | <u>160.75</u> | <u>160.75</u> |

Source: Adopted Town Budgets

* includes 30 County contract sworn officers in FY 2016/17

FY 2014-15: Legislative, Administration and Legal were combined with General Government

**Community Services and Special Events were combined with Recreation, Arts & Community Services

Town of Danville
Operating Indicators by Function
Last Ten Fiscal Years

| Function | Fiscal Year | | | | | | | | | |
|---------------------------------------|-------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
| Police: ¹ | | | | | | | | | | |
| Arrests | 468 | 519 | 462 | 745 | 654 | 701 | 574 | 618 | 515 | 500 |
| Traffic violations | 4,604 | 4,923 | 4,623 | 4,563 | 2,109 | 4,220 | 6,001 | 5,345 | 3,875 | 2,605 |
| Parking violations | 3,980 | 2,129 | 1,897 | 1,700 | 1,398 | 2,009 | 2,373 | 1,619 | 1,625 | 1,774 |
| Public works: | | | | | | | | | | |
| Street resurfacing (miles) | 9.4 | 15 | 9 | 5.72 | 9.7 | 24 | 18.7 | 14.2 | 24 | 15.2 |
| Pot holes repaired | 161 | 277 | 180 | 134 | 110 | 151 | 160 | 111 | 181 | 249 |
| Parks and recreation: | | | | | | | | | | |
| Course registration | 19,899 | 20,609 | 20,238 | 18,352 | 17,396 | 20,101 | 22,191 | 17,176 | 18,147 | 20,352 |
| Facility rentals/permits ² | 12,804 | 12,596 | 13,047 | 13,401 | 13,790 | 13,915 | 13,894 | 816 | 716 | 804 |
| Picnic rentals | 344 | 338 | 417 | 385 | 505 | 511 | 535 | 460 | 241 | 413 |

Note:

- 1) Police Statistics are reported end of calendar year
- 2) Facility rentals were previously tracked by the number of bookings, which may have included multiple bookings on one rental permit.
As a result of the implementation of Active Network, a new registration software, rentals are now tracked only by rental permit.

Source: Various Town departments

Town of Danville
Capital Assets Statistics by Function
Last Ten Fiscal Years

| Function | Fiscal Year | | | | | | | | | |
|--------------------------|-------------|--------|--------|--------|-------|-------|-------|-------|-------|-------|
| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
| Police: | | | | | | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Patrol units | 15 | 15 | 15 | 16 | 16 | 14 | 12 | 13 | 12 | 13 |
| Public works: | | | | | | | | | | |
| Street (miles) | 144.6 | 144.6 | 144.6 | 144.6 | 144.6 | 144.6 | 144.6 | 144.6 | 144.6 | 144.6 |
| Street lights | 3,207 | 3,207 | 3,207 | 3,207 | 3,449 | 1,417 | 1,417 | 1,417 | 1,417 | 1,417 |
| Signalized intersections | 51 | 51 | 51 | 51 | 51 | 51 | 51 | 52 | 51 | 52 |
| Parks and recreation: | | | | | | | | | | |
| Parks acreage | 312.45 | 312.45 | 312.45 | 312.45 | 312.5 | 312.5 | 312.5 | 312.5 | 312.5 | 312.5 |
| Parks | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Swimming pools | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Tennis courts | 10 | 10 | 0 | 0 | 7 | 10 | 10 | 10 | 10 | 10 |
| Community centers | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |

Source: Various Town departments