



TOWN OF DANVILLE, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

TOWN COUNCIL

Karen Stepper, Mayor
Renee Morgan, Vice Mayor
Newell Arnerich, Councilmember
Mike Doyle, Councilmember
Robert Storer, Councilmember

TOWN STAFF

Joseph A. Calabrigo, Town Manager
Tai Williams, Administrative Services Director
Lani Ha, Finance Manager/Treasurer

TOWN OF DANVILLE, CALIFORNIA



COMPREHENSIVE ANNUAL FINANCIAL REPORT For the Fiscal Year Ended June 30, 2016

TOWN COUNCIL
Karen Stepper, Mayor
Renee Morgan, Vice Mayor
Newell Arnerich, Councilmember
Mike Doyle, Councilmember
Robert Storer, Councilmember

TOWN MANAGER
Joseph A. Calabrigo

Prepared by the
Finance Division

Lani Ha, Finance Manager/Treasurer

Danville, CA
(Cover Photo – Geoff Gillette)



This page intentionally left blank.

Town of Danville
Comprehensive Annual Financial Report
For the Year Ended June 30, 2016

Table of Contents

	<u>Page</u>
 <u>INTRODUCTORY SECTION</u>	
Letter of Transmittal.....	i
Organizational Chart	xi
Directory of Public Officials	xii
Certificate of Achievement for Excellence in Financial Reporting – Government Finance Officers Association	xiii
Statement of Purpose.....	xiv
 <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>	5
Management's Discussion and Analysis (Required Supplementary Information) (Unaudited).....	7
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	20
Statement of Activities and Change in Net Position.....	21
Fund Financial Statements:	
Governmental Fund Financial Statements:	
Balance Sheet	28
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position	31
Statement of Revenues, Expenditures and Changes in Fund Balances	32
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Government-Wide Statement of Activities	34
Fiduciary Fund Financial Statements:	
Statement of Fiduciary Net Position	38
Statement of Change in Fiduciary Net Position.....	39
Index to Notes to Basic Financial Statements.....	42
Notes to Basic Financial Statements.....	43

Town of Danville
Comprehensive Annual Financial Report
For the Year Ended June 30, 2016

Table of Contents (Continued)

	<u>Page</u>
<u>FINANCIAL SECTION (Continued)</u>	
Required Supplementary Information (Unaudited)	
Budgetary Information.....	73
Budgetary Comparison Schedules:	
General Fund.....	74
Lighting and Landscaping Special Revenue Fund.....	75
Regional Traffic Impact Fees Special Revenue Fund.....	76
Modified Approach for Town Street Infrastructure Capital Assets	77
Supplemental Information:	
Non-Major Governmental Funds:	
Combining Balance Sheet	85
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	89
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
SPCP 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
Tassajara Ranch Assessment District Special Revenue Fund.....	106
Agency Funds:	
Combining Statement of Changes in Assets and Liabilities.....	107

Town of Danville
Comprehensive Annual Financial Report
For the Year Ended June 30, 2016

Table of Contents (Continued)

	<u>Page</u>
<u>STATISTICAL SECTION</u>	
Financial Trends:	
Net Position by Component	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 15, 2016

Mayor and Town Council
Town of Danville

Subject: Fiscal Year 2015/16 Comprehensive Annual Financial Report

The Comprehensive Annual Financial Report (CAFR) of the Town of Danville for the fiscal year (FY) ended June 30, 2016, 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 2015/16.

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 square miles and has 43,691 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

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

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.

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 Statement No. 14, 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, 2016, 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, 2016, \$11,111,504 or 35.35% 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 for future Public Safety needs; funds to be used to support disability access and funds for a drought reserve. An additional \$4,000,000 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 fund balance of \$29,956,956 represents 146% of total FY 2015/16 General Fund operating expenditures and 97.69% of operating expenditures from all funds. Additionally, the Town has \$27,553,708 of Special Revenue funds, and \$38,430,064 in Capital Projects funds.

The Town's five largest revenue sources account for 79.33% of all Town revenues. These include Property Tax providing 38.35% of revenues; Sales Tax providing 12.35%; Other Taxes providing 8.86%; Special Assessments providing 9.73% and Development Impact Fees providing 10.04% of revenues.

Property Tax increased by \$560,078 (4.12%) compared to FY 14-15, 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.

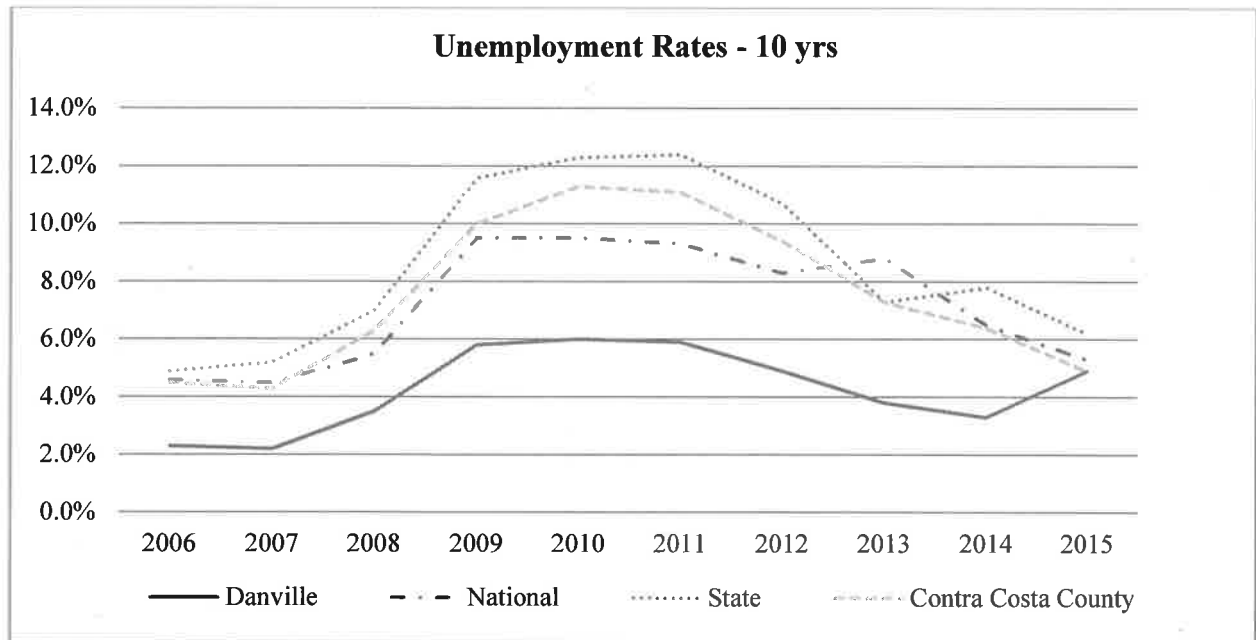
Charges for Services decreased by \$40,141 (1.44%), reflecting a slight decreases in program revenues in Recreation, Arts and Community Services and Engineering Services.

Sales Tax, increased \$478,334 (11.72%), reflecting steady consumer confidence and demand. Other Taxes and Intergovernmental Fund Revenues decreased a net of \$284,285 (6.25%),

reflecting lower revenues from Gas Tax and Measure J funds. Special Assessments (LLAD and SPCP assessments) remained essentially flat.

The increase in Development Fees of \$538,235 (17.00%), continues to reflect growth in building and permitting activity that the Town has experienced since 2011.

Danville's jobless rate as of June 2016 was 3.9% as compared to the National rate of 5.4%, the State rate of 5.7%, and the Contra Costa County rate of 4.9%.



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 2016/17 Operating Budget and Capital Improvement Program, was completed in May 2016 and adopted on June 17, 2016. General Fund revenues are projected to increase an average of 1.5% as the economy and housing market continues to strengthen. Special Fund revenues are projected to decrease 5.8%, largely due to the 12.3% decrease in building and planning and a 4.8% decrease in Gas Tax revenues, as a result of reduced fuel demand and lower fuel prices.

Looking forward 10 years, General Fund revenues are projected to increase 1.51% in FY 2017/18, 1.51% in FY 2018/19 and an average of 1.78% thereafter. Special Fund revenues are projected to increase 3.60% in FY 2017/18, drop 3.34% in FY 2018/19 and fluctuate less than .02%, both down and up, through FY 2025/26.

Operating expenditures for the Town increased by 3.10% from FY 2015/16.

The 10-year projection includes cost increases that average 2.24%, 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.

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 Fund, as well as special revenue resources, will continue to be needed to maintain current street system condition and 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 \$10.3 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 2015/16

Major events took place in the Town during FY 2015/16 that had or will have significant financial effects on the Town in the years to come. The Town:

1. Completed the \$440,000 extension of the Railroad Avenue Improvements Project from Linda Mesa Avenue to Danville Boulevard, which included bulb-outs, brick-banded crosswalks and the addition of green bicycle lanes.
2. Completion and occupancy of the 37,500 square foot Danville Hotel private redevelopment project, in Downtown Danville

3. Complete \$1.5 million in pavement maintenance repairs and major arterial overlays throughout Town.
4. Completed design on Phase 2 of Camino Tassajara and Crow Canyon Road pavement resurfacing, using \$2.4 million in federal funds from SAFETEA-LU.
5. Complete the \$450,000 Traffic Signal Controller Upgrade Project to replace aging equipment, hardware and cabinets.
6. Implemented \$225,000 in upgrades to the Danville Library, including new HVAC units, lounge chairs, restroom remodel and lighting control system.
7. Completed \$1.4 million in design work and construction on four additional bocce ball courts at Sycamore Valley Park.
8. Implemented the new Active Net registration and rental software for Recreation, Arts and Community Services.
9. 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.
10. Completed work on the off-site developer-funded road widening project along San Ramon Valley Boulevard to four lines between Jewel Terrace and Ridgeland Circle. The Town contributed \$360,000 to the project for right-of-way acquisition.
11. Committed \$1.2 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.
12. Acquired property at the corner of Rose Street and Linda Mesa Avenue for \$2.73 million in anticipation of a new 80 space municipal parking lot to meet the parking needs of downtown.
13. Expanded the Downtown Employee Parking Permit Program to encourage permit sales and increase patron parking availability.
14. Worked closely with the Contra Costa Transportation Authority (CCTA) to develop a 30-year Transportation Expenditure Plan that meets the Town's mobility needs while preserving small-town character.
15. Completed \$202,000 in roadway improvements at Danville Boulevard/El Cerro Boulevard, which provided 22 more parking spaces near San Ramon Valley High School and improved bicycle visibility.
16. Completed a \$700,000 synthetic turf replacement project at Diablo Vista Park.
17. Replaced and repaired sports field fencing at Diablo and Sycamore Valley parks.
18. Converted 238 street lights to energy-efficient LED fixtures.
19. Expanded community outreach efforts, including the expansion of social media tools Facebook Live, Nextdoor and Nixle, as well as upgrades to the Danville Connect app

20. Appropriated \$840,000 to implement an Automated License Plate Reader (ALPR) Program to improve public safety by enhancing crime prevention and crime investigation efforts.
21. Implemented new Body-Worn Cameras for a cost of \$58,000 to enhance officer accountability, increased transparency and public trust
22. Finalized the Comprehensive Economic Development Plan focused on four key areas: fiscal drivers, small and home-based businesses, economic development and marketing, and placemaking.
23. Adopted and implemented outreach efforts for a revised ordinance restricting smoking in and around multifamily housing units.
24. Installed new Electric Vehicle charging stations, including three at Town offices, two at the Town Service Center and one fast-charge station at the Danville Library.
25. Provided \$60,000 in Business Promotion and Retail Incentives grant funding to businesses and organizations.

For Fiscal Year 2016/17

During the upcoming FY 2016/17 the Town will:

1. Construct the new \$5.13 million Rose Street Municipal Parking Lot which will add 80 new parking spaces downtown.
2. Implement elements of the adopted Comprehensive Economic Development Plan, including development of a Marketing and Branding Plan.
3. 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 \$1.2 million contribution.
4. Complete installation and implement the Automated License Plate Reader (ALPR) Program to improve public safety by enhancing crime prevention and crime investigation efforts.
5. Expend \$5.85 million to acquire the 279 Front Street property to expand the existing Village Theatre Municipal Parking Lot from 71 to 200 parking spaces.
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 the \$2.4 million construction on Phase 2 of Camino Tassajara and Crow Canyon Road pavement resurfacing, using federal funds from SAFETEA-LU combined with local funds.
8. 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.

9. Complete design work on the Town Office Improvements Project, to enhance the front lobby, public hallway and conference rooms for \$940,000.
10. Complete \$670,000 in design work for replacement of the La Gonda Way Bridge across San Ramon Creek to improve vehicular, pedestrian and bicycle circulation.
11. Complete plans and specifications for replacement of play structures at Hap Magee Ranch Park.
12. 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.
13. Continued 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.
14. Implemented an ordinance prohibiting the use of single use plastic carry out bags at all retail and restaurant establishments within the Town, effective July 1, 2016.
15. 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.
16. Publish four quarterly newsletters to augment the Town's electronic newsletter and expand the Town's community outreach efforts.
17. Adopt a Parks, Recreation & Arts Strategic Plan that will help guide future investments and improvements to Danville's parks, recreation, arts and cultural opportunities.

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 2015/16, 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 2015/16, 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 \$14,823 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, 2016 financial statements was performed by The Pun Group, LLP. Their opinion is included with the general purpose 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

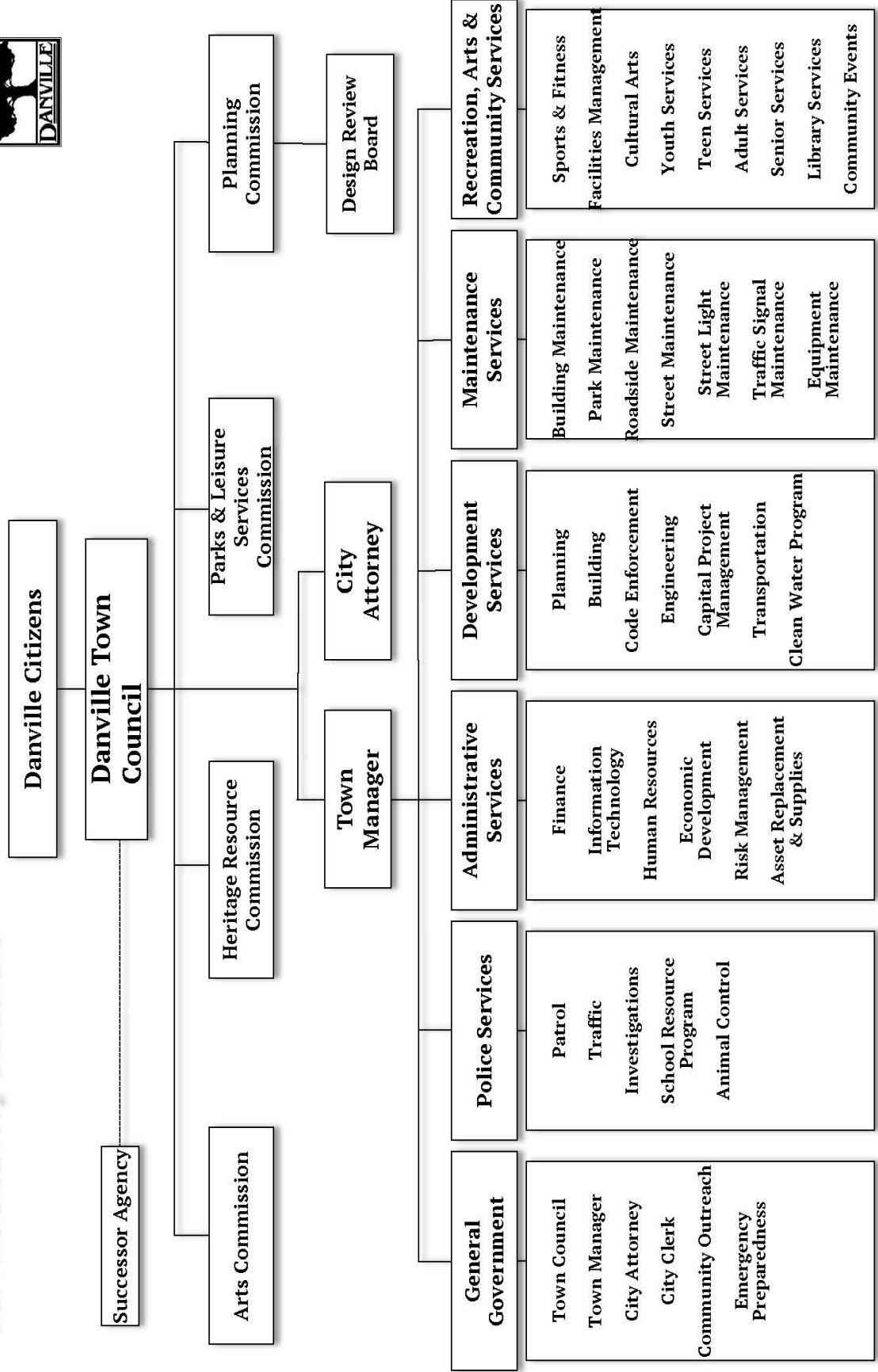


Town of Danville

Organization Chart



Service Delivery Structure



Town of Danville
Directory of Public Officials

TOWN COUNCIL

Karen Stepper	Mayor
Renee Morgan	Vice Mayor
Newell Arnerich	Councilmember
Mike Doyle	Councilmember
Robert Storer	Councilmember

APPOINTED OFFICIALS

Joseph Calabrigo	Town Manager
Tai Williams	Administrative Services Director
Robert Ewing	City Attorney
Marie Sunseri	City Clerk
Steve Simpkins	Chief of Police
Steven C. Lake	Development Services Director/City Engineer
Jed Johnson	Maintenance Services Director

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, 2015

A handwritten signature in black ink, reading 'Jeffrey R. Emer'. The signature is fluid and cursive.

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, 2016, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, 2016, 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.

Emphasis of Matter

Special Item – Approval of the Cooperative Agreement between the Town and the Successor Agency

As discussed in Note 6A to the basic financial statements, the Department of Finance accepted the Cooperative Agreement as an enforceable obligation. An adjustment of \$3,195,604 to the amount reported as loans receivable and payable between the Town and the Successor Agency, and reported as a special item in the accompanying basic financial statements. Our opinion is not modified with respect to this matter.

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.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2016, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "The Pun Group, LLP". The script is cursive and fluid, with the letters "Pun" and "Group" being more prominent.

The Pun Group, LLP
Certified Public Accountants
Walnut Creek, California
November 8, 2016



This page intentionally left blank.



**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, 2016, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated November 8, 2016.

Internal Control over Financial Reporting

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

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

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

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 Pun Group, LLP". The script is cursive and fluid, with the letters "Pun" and "Group" being more prominent than "The" and "LLP".

The Pun Group, LLP
Certified Public Accountants
Walnut Creek, California
November 8, 2016



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, 2016. 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, 2016 increased \$7,222,238 or 3.0% from \$243,321,728 to \$250,543,966.
- Total liabilities were \$15,513,176. Total assets were \$266,057,142. Of this amount \$68,855,495 is classified as unrestricted and, with the future receipt of \$10,359,401 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 \$95,940,728. Of this amount \$25,998,323 is restricted by external parties, \$56,804,686 is committed for ongoing and future activities and \$10,427,986 is classified as nonspendable reflecting the future of receiving the loan proceeds from the Cooperative Loan Agreement to the former Community Development Agency and funds received for services that have not been rendered by the Town, and \$2,709,733 has been assigned for ongoing operations.
- The Town's General Fund fund balance increased 9.8% from \$27,274,591 to \$29,956,956. This increase is due to the posting of the full amount (principal and interest) of the Cooperative Loan Agreement approved by the Department of Finance. The fund balance includes funds reserved or designated for debt service, future capital projects, ongoing operations, and an operating reserve of \$11,111,504 (35% of FY 2016/17 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 Loan 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, \$10,359,401 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 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, 2016 and 2015 were:

Table 1
Net Position
Governmental Activities

	2016	2015	Increase (Decrease)
Current and other assets	\$ 103,093,091	\$ 100,185,314	\$ 2,907,777
Capital assets, net	162,964,051	158,162,964	4,801,087
Total assets	266,057,142	258,348,278	7,708,864
Current liabilities	7,404,753	6,517,749	887,004
Long-term liabilities	8,108,423	8,508,801	(400,378)
Total liabilities	15,513,176	15,026,550	486,626
Net position:			
Net investment in capital assets	154,909,051	149,697,964	5,211,087
Restricted for:			
Debt service	1,623,417	1,623,229	188
Special projects	25,188,819	22,031,878	3,156,941
Unrestricted	68,822,679	69,968,657	(1,145,978)
Total net position	\$ 250,543,966	\$ 243,321,728	\$ 7,222,238

The Town's Net Positions from Governmental Activities increased 3.0% from \$243,321,728 to \$250,543,966. This increase of \$7,222,238 comes from the change in net position 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 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 \$7,708,846:

- Current and other assets increased \$2,907,777, reflecting an increase in cash and investments. Capital assets, net of depreciation, increased \$4,801,087, reflecting expenditures for capital projects during the year.

Total liabilities increased \$486,626:

- Current liabilities increased by a net of \$887,004, due largely to an increase in accounts payable, a slight decrease in retention (for capital projects) and a slight decrease in deposit payable.
- Non-current liabilities decreased by a net of \$400,378, reflecting payment of long-term debt principal of \$410,000 that was paid according to schedule and a slight increase in compensated absences.

Net Position:

- Restricted net position increased by a net of \$3,157,129. Debt Service funds increased by \$188, reflecting the net change in annual RPTTF funds received for scheduled debt service payments of the Town's Certificates of Participation. Special Projects funds increased by \$3,156,941. A majority of the increase includes the Regional Traffic Impact Fees Special Revenue Fund of \$741,362, the Building and Planning Special Revenue Funds of \$693,101, the Measure C/J Special Revenue Fund of \$146,195, the Old Town Parking In-Lieu Special Revenue Fund of \$378,292, and the Low and Moderate Income Housing Fund of \$1,111,760.
- Unrestricted net position decreased by \$(1,145,978) due to current capital improvements including 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

	2016	2015	Increase (Decrease)
Revenues - Governmental Activities			
Program revenues:			
Charges for services	\$ 9,861,658	\$ 10,092,936	\$ (231,278)
Operating grants and contributions	950,437	1,110,167	(159,730)
Capital grants and contributions	1,276,567	1,676,661	(400,094)
Total program revenues	12,088,662	12,879,764	(791,102)
General revenues:			
Taxes:			
Property	14,153,561	13,593,483	560,078
Sales	4,569,470	4,098,412	471,058
Motor vehicle	17,629	17,857	(228)
Franchise	2,299,491	2,215,165	84,326
Other	404,744	391,856	12,888
Investment earnings	1,265,876	636,474	629,402
Miscellaneous	741,674	1,559,647	(817,973)
Reimbursement from Successor Agency	780,818	769,972	10,846
Total general revenues	24,233,263	23,282,866	950,397
Total revenues	36,321,925	36,162,630	159,295
Expenses - Governmental Activities			
Current:			
General government	1,592,763	1,527,466	65,297
Police services	8,914,297	8,565,667	348,630
Maintenance services			
and Lighting and landscape	8,262,373	7,589,476	672,897
Development services	5,233,296	14,348,084	(9,114,788)
Administrative services	4,080,262	3,244,813	835,449
Recreation, arts, & community services	3,847,434	3,877,829	(30,395)
Debt services:			
Interest expense	364,866	369,274	(4,408)
Total expenses	32,295,291	39,522,609	(7,227,318)
Changes in Net Position	\$ 4,026,634	\$ (3,359,979)	\$ 7,386,613

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 increased by \$7,386,613, as this year amount is compared to the last fiscal year report that reflected one a time pass-through payment to Contra Costa Transportation Authority for capital project per agreement.

Table 3
Cost of Services
Governmental Activities

	<u>2016</u>	<u>2015</u>	<u>Increase (Decrease)</u>
Revenues:			
General revenues	\$ 24,233,263	\$ 23,282,866	\$ 950,397
Total general revenues and extraordinary items	<u>24,233,263</u>	<u>23,282,866</u>	<u>950,397</u>
Net Expenses:			
Current:			
General government	(1,592,753)	(1,527,466)	(65,287)
Police services	(8,354,258)	(7,858,120)	(496,138)
Maintenance services and Lighting and landscape	(5,225,636)	(4,556,092)	(669,544)
Development services	1,143,593	(7,642,361)	8,785,954
Administrative services	(4,045,076)	(3,244,813)	(800,263)
Recreation, arts, & community services	(1,767,633)	(1,444,719)	(322,914)
Debt services:			
Interest expense	(364,866)	(369,274)	4,408
Net Cost of Services	<u>\$ 4,026,634</u>	<u>\$ (3,359,979)</u>	<u>\$ 7,386,613</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 \$(791,102). A decrease of \$(231,278) in Charges for Services was largely due to decreased activity in both the Recreations, Art & Community Services and Police Services. Operating Grants decreased by (\$159,730) as grants for Police Services and Development Services decreased. Capital Grants and Contributions decreased a net of \$400,094 as grant funded for capital projects continued.
- Revenues for General Government were increased by 950,397, higher than the previous year on a net basis. General revenues increased \$950,397 reflecting a \$560,078 increase in property tax revenues, \$471,058 in sales tax revenues, and \$817,973 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 \$29,956,956, a net increase of \$2,682,365 over last year. Revenues exceeded expenses by \$6,528,305, and transfers out of \$(7,339,097) were made for future capital projects (\$9,149,345) 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 \$816,989, sales taxes of \$216,021, Other taxes of \$88,928 and Charges for Services of \$100,630. These were offset by reported Investment earnings, which also reflect actual earning and unrealized market adjustments and the affect 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 \$2,214,894. 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 increased by \$95,079, which compares favorably to the planned and previously projected 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 \$741,362 reflecting the increase in revenues. The fund balance in the Capital Improvement Projects Fund increased by a net of \$2,083,216, reflecting a transfer in of \$3,843,203, helping to offset appropriated capital expenditures in excess of revenues.

The fund balance in the Civic Facilities Capital Projects Fund decreased by \$(678,541) as fund balance was utilized to cover budgeted capital expenditures.

The Non-Major Special Revenue Funds increased by a net of \$947,275, 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 \$36,825, due to less revenues and more expenditures; the PEG Fund decreased by \$14,889 as transfer to Assets Replacement plus expenditures were higher than revenues collected, and a decrease of General Development Impact Fees by \$688,854 due to less revenues and more expenditure; offset by the Building and Planning Fund which increased by \$693,101 as revenues for new building activity showed continued strength for the sixth year in a row; the SPCP Fund increased by \$112,742 due to more revenues and less expenditures, and the Measure J Fund increased by \$146,195 due to more revenues and less expenditures and the Low and Moderate Income Housing Fund received a transfer of \$973,800 from the Civic Facilities Fund for capital projects .

The Non-Major Capital Improvement Funds decreased by a net of \$2,478,430 due to a decrease of \$1,498,619 in the Park Facilities Fund due to more expenditures with no transfer in from General Fund; a decrease of \$738,210 in the Technology Fund due to more expenditures than transfer in from General Fund contributions, and a decrease of \$708,006 in the Asset Replacement fund as fund balance was budgeted to replace assets. 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 \$6,528,305. This is primarily due to very conservative revenue projections, the absence of State raids on local revenues, steady sales tax, and a 6% increase in average local property values. Final expenses for the General Fund at year end were less than budgeted by \$2,214,894. 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 \$4,000,000 to fund future capital projects throughout the Town.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of FY 2016, the Town had a book value of \$162,964,051 and 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 \$4,801,087, net of additions, retirements and depreciation, resulting in a 3.0% 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, 2016 was 76, an increase from 74 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, 2016

	Original Cost	Accumulated Depreciation	Book Value
Land	\$ 25,512,152	\$ -	\$ 25,512,152
Buildings and parking lots	22,265,429	(9,788,178)	12,477,251
Park improvements	21,999,710	(20,054,497)	1,945,213
Furniture and equipment	5,156,756	(4,188,042)	968,714
Construction in progress	25,681,544	-	25,681,544
Infrastructure	164,270,391	(67,891,214)	96,379,177
Total	\$ 264,885,982	\$ (101,921,931)	\$ 162,964,051

Table 5
Capital Assets (Net of Accumulated Depreciation)
June 30, 2016 vs. June 30 2015

	2016	2015	Increase (Decrease)
Land	\$ 25,512,152	\$ 22,597,152	\$ 2,915,000
Buildings and parking lots	12,477,251	13,113,310	(636,059)
Park improvements	1,945,213	2,375,850	(430,637)
Furniture and equipment	968,714	962,025	6,689
Construction in progress	25,681,544	22,489,296	3,192,248
Infrastructure	96,379,177	96,625,331	(246,154)
Total	\$ 162,964,051	\$ 158,162,964	\$ 4,801,087

The Town's five-year Capital Improvement Plan projects will cost \$34,123,899 through FY 2020/21. 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 Sycamore Valley Park and Osage Park and infrastructure maintenance including sound walls and \$10,600,000 for pavement management. Additional details can be found in the Town's 2016/17 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 \$8,638,423 in Certificates of Participation (COPs) and Compensated Absences outstanding versus \$9,028,801 last year, a decrease of \$390,378 as shown in Table 6 below.

Table 6
Outstanding Debt
June 30, 2016 vs. June 30, 2015

	<u>2016</u>	<u>2015</u>	<u>Increase (Decrease)</u>
2001 & 2005 Certificates of Participation	\$ 8,055,000	\$ 8,465,000	\$ (410,000)
Compensated absences	583,423	563,801	19,622
Total	<u><u>\$ 8,638,423</u></u>	<u><u>\$ 9,028,801</u></u>	<u><u>\$ (390,378)</u></u>

The \$410,000 decrease in the COP amount is due to scheduled debt service payments.

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, 2016

	Governmental Activities
ASSETS	
Current assets:	
Cash and investments	\$ 62,232,934
Receivables (net of allowances):	
Accounts	2,587,806
Due from Successor Agency of the former Community Development Agency (Note 6)	10,359,401
Interest	222,625
Total receivables	13,169,832
Prepaid items	68,585
Total current assets	75,471,351
Noncurrent assets:	
Restricted cash and investments:	
Held with fiscal agent	1,623,417
Held by the Town	25,998,323
Total restricted cash and investments	27,621,740
Capital assets:	
Nondepreciable	140,711,839
Depreciable, net	22,252,212
Total capital assets	162,964,051
Total noncurrent assets	190,585,791
Total assets	266,057,142
LIABILITIES	
Current liabilities:	
Accounts payable	5,691,165
Retention payable	134,841
Deposit payable	144,283
Interest payable	120,601
Claims liabilities	14,823
Unearned revenue	769,040
Long-term debt - due within one year	530,000
Total current liabilities	7,404,753
Noncurrent liabilities:	
Long-term debt - due in more than one year:	
Certificates of participation	7,635,000
Compensated absences	473,423
Total noncurrent liabilities	8,108,423
Total liabilities	15,513,176
NET POSITION	
Net investment in capital assets	154,909,051
Restricted for:	
Debt service	1,623,417
Special projects and programs	25,156,003
Total restricted	26,779,420
Unrestricted	68,855,495
Total net position	\$ 250,543,966

See Accompanying Notes to Basic Financial Statements.

Town of Danville
Statement of Activities
For the Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for	Operating	Capital	Revenue and
		Services	Grants and	Grants and	Changes in
			Contributions	Contributions	Net Position
					Governmental
					Activities
Governmental activities:					
Current:					
General government	\$ 1,592,763	\$ 10	\$ -	\$ -	\$ (1,592,753)
Police services	8,914,297	424,470	135,569	-	(8,354,258)
Maintenance services					
and Lighting and landscape	8,262,373	3,036,737	-	-	(5,225,636)
Development services	5,233,296	4,285,454	814,868	1,276,567	1,143,593
Administrative services	4,080,262	35,186	-	-	(4,045,076)
Recreation, arts, & community services	3,847,434	2,079,801	-	-	(1,767,633)
Debt services:					
Interest expense	364,866	-	-	-	(364,866)
Total governmental activities	\$ 32,295,291	\$ 9,861,658	\$ 950,437	\$ 1,276,567	(20,206,629)
General revenues and transfers:					
Taxes:					
Property					14,153,561
Sales					4,569,470
Motor vehicle					17,629
Franchise					2,299,491
Other					404,744
Total taxes					21,444,895
Investment earnings					1,265,876
Miscellaneous					741,674
Reimbursement from Successor Agency					780,818
Total general revenues and transfers					24,233,263
Special Item:					
Cooperative Loan from Successor Agency (Note 6)					3,195,604
Change in net position					7,222,238
Net position - beginning of year					243,321,728
Net position - end of year					\$ 250,543,966

See Accompanying Notes to Basic Financial Statements.



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.

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.

Town of Danville
Governmental Funds
Balance Sheet
June 30, 2016

	Major Funds				
	General Fund	Lighting and Landscape Special Revenue Fund	Regional Traffic Impact Fees Special Revenue Fund	Capital Improvement Capital Projects Fund	Civic Facilities Capital Projects Fund
ASSETS					
Cash and investments	\$ 21,197,422	\$ 5,096,482	\$ 3,988,921	\$ 27,221,285	\$ 552,883
Cash and investments with fiscal agent	809,504	-	-	-	-
Receivables (net of allowances):					
Accounts	2,428,407	49,645	-	9,381	28,772
Due from Successor Agency of former CDA (Note 6)	10,359,401	-	-	-	-
Interest	77,461	7,692	22,299	27,100	31,850
Prepaid items	68,585	-	-	-	-
Total assets	<u>\$ 34,940,780</u>	<u>\$ 5,153,819</u>	<u>\$ 4,011,220</u>	<u>\$ 27,257,766</u>	<u>\$ 613,505</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 3,685,343	\$ 384,566	\$ 4,939	\$ 113,776	\$ 4,444
Retention payable	-	-	-	16,648	180
Deposits payable	144,283	-	-	-	-
Claims liabilities	14,823	-	-	-	-
Unearned revenue	741,164	-	-	-	-
Total liabilities	<u>4,585,613</u>	<u>384,566</u>	<u>4,939</u>	<u>130,424</u>	<u>4,624</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	398,211	-	-	-	-
Total deferred inflows of resources	<u>398,211</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Nonspendable	10,427,986	-	-	-	-
Restricted	809,504	2,404,364	4,006,281	-	-
Committed	18,374,622	-	-	27,127,342	608,881
Assigned	344,844	2,364,889	-	-	-
Total fund balances	<u>29,956,956</u>	<u>4,769,253</u>	<u>4,006,281</u>	<u>27,127,342</u>	<u>608,881</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 34,940,780</u>	<u>\$ 5,153,819</u>	<u>\$ 4,011,220</u>	<u>\$ 27,257,766</u>	<u>\$ 613,505</u>

Town of Danville
Governmental Funds
Balance Sheet (Continued)
June 30, 2016

	Other Governmental Funds	Total Governmental Funds
ASSETS		
Cash and investments	\$ 30,174,264	\$ 88,231,257
Cash and investments with fiscal agent	813,913	1,623,417
Receivables (net of allowances):		
Accounts	71,601	2,587,806
Due from Successor Agency of former CDA (Note 6)	-	10,359,401
Interest	56,223	222,625
Prepaid items	-	68,585
Total assets	<u><u>\$ 31,116,001</u></u>	<u><u>\$ 103,093,091</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
LIABILITIES		
Accounts payable	\$ 1,498,097	\$ 5,691,165
Retention payable	118,013	134,841
Deposits payable	-	144,283
Claims liabilities	-	14,823
Unearned revenue	27,876	769,040
Total liabilities	<u><u>1,643,986</u></u>	<u><u>6,754,152</u></u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue	-	398,211
Total deferred inflows of resources	<u><u>-</u></u>	<u><u>398,211</u></u>
FUND BALANCES		
Nonspendable	-	10,427,986
Restricted	18,778,174	25,998,323
Committed	10,693,841	56,804,686
Assigned	-	2,709,733
Total fund balances	<u><u>29,472,015</u></u>	<u><u>95,940,728</u></u>
Total liabilities, deferred inflows of resources and fund balances	<u><u>\$ 31,116,001</u></u>	<u><u>\$ 103,093,091</u></u>



This page intentionally left blank.

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

Total Fund Balances - Total Governmental Funds	\$ 95,940,728
---	---------------

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	140,711,839
Depreciable capital assets, net	<u>22,252,212</u>
Total capital assets	<u>162,964,051</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.

(120,601)

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.

398,211

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	(530,000)
Long-term liabilities - due in more than one year:	
- Certificates of participation	(7,635,000)
- Compensated absences payable	<u>(473,423)</u>
Total long-term debt	<u>(8,638,423)</u>

Net Position of Governmental Activities

\$ 250,543,966

Town of Danville
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended June 30, 2016

	Major Funds				
	General Fund	Lighting and Landscape Special Revenue Fund	Regional Traffic Impact Fees Special Revenue Fund	Capital Improvement Capital Projects Fund	Civic Facilities Capital Projects Fund
REVENUES:					
Property taxes	\$ 14,153,561	\$ -	\$ -	\$ -	\$ -
Sales taxes	4,558,712	-	-	-	-
Special assessments	-	3,027,617	-	-	-
Other taxes	2,224,862	-	-	-	-
Charges for services	1,985,185	-	-	-	-
Licenses and permits	404,744	-	-	-	-
Development fees	-	-	709,481	-	-
Intergovernmental	8,433	-	-	128,047	-
Fines and forfeitures	267,732	-	-	-	-
Use of money and property	1,347,953	23,387	96,521	178,567	136,553
Miscellaneous	692,541	140,267	-	-	-
Total revenues	25,643,723	3,191,271	806,002	306,614	136,553
EXPENDITURES:					
Current:					
General government	1,591,047	-	-	-	-
Police services	8,456,134	-	-	-	-
Maintenance services	1,837,916	11,888	-	627,463	145,316
Lighting and landscape	-	3,127,403	-	-	-
Development services	831,846	-	60,311	362,511	-
Administrative services	2,964,182	4,041	4,329	21,343	4,441
Recreation, arts, & community services	3,385,848	14,539	-	19,133	-
Capital outlay	48,445	113,607	-	1,036,151	2,720,106
Total expenditures	19,115,418	3,271,478	64,640	2,066,601	2,869,863
REVENUES OVER (UNDER) EXPENDITURES	6,528,305	(80,207)	741,362	(1,759,987)	(2,733,310)
OTHER FINANCING SOURCES (USES):					
Transfers in	297,553	467,325	-	3,843,203	3,028,569
Transfers out	(7,339,097)	(292,039)	-	-	(973,800)
Total financing sources (uses)	(7,041,544)	175,286	-	3,843,203	2,054,769
SPECIAL ITEM:					
Cooperative loan from Successor Agency of former CDA	3,195,604	-	-	-	-
Total special item	3,195,604	-	-	-	-
NET CHANGE IN FUND BALANCES	2,682,365	95,079	741,362	2,083,216	(678,541)
FUND BALANCES:					
Beginning of year	27,274,591	4,674,174	3,264,919	25,044,126	1,287,422
End of year	<u>\$ 29,956,956</u>	<u>\$ 4,769,253</u>	<u>\$ 4,006,281</u>	<u>\$ 27,127,342</u>	<u>\$ 608,881</u>

See Accompanying Notes to Basic Financial Statements.

Town of Danville
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended June 30, 2016

	Other Governmental Funds	Total Governmental Funds
REVENUES:		
Property taxes	\$ -	\$ 14,153,561
Sales taxes	-	4,558,712
Special assessments	562,736	3,590,353
Other taxes	1,045,492	3,270,354
Charges for services	766,995	2,752,180
Licenses and permits	-	404,744
Development fees	2,995,647	3,705,128
Intergovernmental	889,994	1,026,474
Fines and forfeitures	-	267,732
Use of money and property	241,380	2,024,361
Miscellaneous	322,205	1,155,013
Total revenues	<u>6,824,449</u>	<u>36,908,612</u>
EXPENDITURES:		
Current:		
General government	-	1,591,047
Police services	235,127	8,691,261
Maintenance services	1,758,739	4,381,322
Lighting and landscape	-	3,127,403
Development services	3,732,091	4,986,759
Administrative services	1,002,095	4,000,431
Recreation, arts, & community services	47,851	3,467,371
Capital outlay	2,547,987	6,466,296
Total expenditures	<u>9,323,890</u>	<u>36,711,890</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(2,499,441)</u>	<u>196,722</u>
OTHER FINANCING SOURCES (USES):		
Transfers in	1,073,800	8,710,450
Transfers out	(105,514)	(8,710,450)
Total financing sources (uses)	<u>968,286</u>	<u>-</u>
SPECIAL ITEM:		
Cooperative loan from Successor Agency of former CDA	<u>-</u>	<u>3,195,604</u>
Total special item	<u>-</u>	<u>3,195,604</u>
NET CHANGE IN FUND BALANCES	(1,531,155)	3,392,326
FUND BALANCES:		
Beginning of year	31,003,170	92,548,402
End of year	<u>\$ 29,472,015</u>	<u>\$ 95,940,728</u>

See Accompanying Notes to Basic Financial Statements.

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, 2016

Net Change in Fund Balances - Total Governmental Funds	\$ 3,392,326
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.	6,466,296
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.	(1,664,953)
The net effect of various miscellaneous adjustments (i.e. deletions) involving capital assets.	(256)
Revenues that have not met the revenue recognition criteria in the Fund Financial Statements are recognized as revenue in the Government-Wide Financial Statements.	(1,367,505)
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.	(19,622)
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	410,000
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.	5,952
Change in Net Position of Governmental Activities	\$ 7,222,238

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. An Oversight board, consisting of 7 members, was appointed to supervise the Successor Agency's wind down of the former CDA.

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, 2016

	Successor Agency Trust Fund	Agency Funds
ASSETS		
Cash and investments	\$ 943,872	\$ 1,184,912
Cash and investments with fiscal agents	374,982	338,471
Interest receivable	-	44
Total assets	<u>1,318,854</u>	<u>\$ 1,523,427</u>
LIABILITIES		
Accounts payable	1,500	\$ 64,935
Loan payable to Town and Civic Facilities	10,359,401	-
Loan payable	2,875,000	-
Interest payable	607,201	-
Deposits	-	1,291,467
Due to assessment district bondholders	-	167,025
Total liabilities	<u>13,843,102</u>	<u>\$ 1,523,427</u>
NET POSITION (DEFICIT)		
Unrestricted (deficit)	<u>(12,524,248)</u>	
Total net position	<u>\$ (12,524,248)</u>	

Town of Danville
Fiduciary Fund
Statement of Fiduciary Net Position
June 30, 2016

	Successor Agency Trust Fund
ADDITIONS:	
Property tax receipt	\$ 1,151,464
Proceed from sale of Hartz Property	2,461,820
Miscellaneous	<u>215,807</u>
Total additions	<u>3,829,091</u>
DEDUCTIONS:	
Amount allocated to General Fund for principal payment	530,000
Interest payment	634,826
Additional loan payment per Cooperative Loan Agreement	3,195,604
Remit proceeds from sale of Hartz Property	2,461,820
Other - Staff expenses and miscellaneous	<u>264,237</u>
Total deduction	<u>7,086,487</u>
Changes in net position	(3,257,396)
NET POSITION (deficit):	
Beginning of year	<u>(9,266,852)</u>
End of year	<u><u>\$ (12,524,248)</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, 2015

Table of Contents

	Page
Note 1 – Reporting Entity.....	43
Note 2 – Summary of Significant Accounting Policies	43
A. Basis of Presentation, Basis of Accounting, and Measurement Focus.....	43
B. Cash and Investments	46
C. Cash and Investments with Fiscal Agent.....	47
D. Land Held for Redevelopment.....	47
E. Capital Assets	48
F. Unearned Revenues	49
G. Compensated Absences	50
H. Long-Term Debt.....	50
I. Fund Balances.....	50
J. Net Position	51
K. Spending Policy.....	51
L. Property Taxes	51
M. Accounting Changes.....	52
N. Use of Accounting Estimates.....	52
Note 3 – Cash and Investments.....	53
A. Demand Deposits.....	54
B. Investments	54
C. Risk Disclosures	55
D. External Investment Pool.....	58
E. Restricted Cash and Investments Held With Fiscal Agents.....	58
Note 4 – Capital Assets	59
A. Governmental Activities.....	59
B. Fiduciary Fund Financial Statements	60
Note 5 – Interfund Transactions.....	61
A. Transfers In/Out.....	61
Note 6 – Loans Receivable from Successor Agency of the Former Community Development Agency.....	62
A. Successor Agency (SA) Cooperative Agreement Loan Receivable	62
Note 7 – Unearned Revenue.....	62
Note 8 – Long-Term Obligations.....	63
A. Governmental Activities.....	63
B. Fiduciary Fund Financial Statements	65
Note 9 – Jointly Governed Organization	66
Note 10 – Defined Contribution Pension Plan.....	66
Note 11 – Fund Balance Classification.....	67
Note 12 – Risk Management	68
Note 13 – Commitments and Contingencies.....	69

Town of Danville
Notes to Basic Financial Statements
For the Year Ended June 30, 2016

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 42,865.

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 90.75 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 accompanying financial statements include the financial activities of the Town (the primary government) and its component units. The component units discussed below are included in the Town's reporting entity because of the significance of their operational or financial relationships with the Town, including the Town Council, which acts as the governing board. In addition, Town staff performs all administrative and accounting functions for these entities, and these entities provide their services entirely to the Town. These blended component units, although legally separate entities, are, in substance, part of the Town's operations.

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 generally 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.

Town of Danville
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 2 – Summary of Significant Accounting Policies (Continued)

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

In accordance with GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, 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

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.

Town of Danville
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 2 – Summary of Significant Accounting Policies (Continued)

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

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.

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.

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.

Town of Danville
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 2 – Summary of Significant Accounting Policies (Continued)

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

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.

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

Town of Danville
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 2 – Summary of Significant Accounting Policies (Continued)

B. Cash and Investments (Continued)

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.

In accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, 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.

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.

Town of Danville
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 2 – Summary of Significant Accounting Policies (Continued)

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 fair 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

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

Town of Danville
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 2 – Summary of Significant Accounting Policies (Continued)

E. Capital Assets (Continued)

The Town elected to use the Modified Approach as defined by GASB Statement No. 34 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.

For all other infrastructure systems, the Town elected to use the Basic Approach as defined by GASB Statement No. 34. 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.

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.

Town of Danville
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 2 – Summary of Significant Accounting Policies (Continued)

G. Compensated Absences

Compensated absences include general leave, which covers both vacations and sick leave, and is accounted for in accordance with U.S. GAAP. It is the policy of the Town to pay 75% of the accumulated leave 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 17% and Other Special Revenue Funds of 20%.

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.

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.

Town of Danville
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 2 – Summary of Significant Accounting Policies (Continued)

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.

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.

<u>Property Tax</u>	<u>Secured Property Tax</u>	<u>Unsecured</u>
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

Town of Danville
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 2 – Summary of Significant Accounting Policies (Continued)

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, 2016, the Town implemented the following new GASB pronouncements:

GASB Statement No. 72 – In February 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application*, which provides guidance for determining a fair value measurement for financial reporting purposes. This statement also provides guidance for applying fair value to certain investments and disclosure related to all fair value measurements. Application of this statement is effective for the Town's fiscal year ending June 30, 2016 and did not have a significant impact on the Town's financial statements except for additional fair value disclosures (See Note 3) for the year ended June 30, 2016.

GASB Statement No. 73 – In June 2015, GASB issued Statement No. 73, *Accounting and Financial Reporting for Pension and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This statement establishes requirements for those pensions and pension plans that are not administered through a trust meeting specified criteria (those not covered by GASB Statements 67 and 68). Application of this statement is effective for the Town's fiscal year ending June 30, 2016, except those provisions that address employers and governmental nonemployer contributing entities that are not within the scope of GASB Statement 68, which are effective for financial statements for 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, 2016.

GASB Statement No. 76 – In June 2015, GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. This statement reduces the generally accepted accounting principles (GAAP) hierarchy to two categories of authoritative GAAP from the four categories under GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The first category of authoritative GAAP consists of GASB Statements of Governmental Accounting Standards. The second category comprises GASB Technical Bulletins and Implementation Guides, as well as guidance from the American Institute of Certified Public Accountants that is cleared by the GASB. Application of this statement is effective for the Town's fiscal year ending June 30, 2016 and did not have a significant impact on the Town's financial statements for the year ended June 30, 2016.

Town of Danville
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

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, 2016:

	Primary Government Governmental Activities	Fiduciary Fund Financial Statements	Total
Cash and investments	\$ 62,232,934	\$ 2,128,784	\$ 64,361,718
Restricted cash and investment:			
Held by Town	25,998,323	-	25,998,323
Held by fiscal agent	1,623,417	713,453	2,336,870
Total cash and investments	\$ 89,854,674	\$ 2,842,237	\$ 92,696,911

At June 30, 2016, 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 GASB 72 fair value hierarchy in which the fair value measurements fall at June 30, 2016:

Investment Type	Fair Value	Percentage of Investments	Measurement Input
Demand deposits	\$ 1,541,315	N/A	N/A
Investments:			
U.S. Securities:			
U.S. Treasury	18,966,491	21.35%	Level 2
Federal Securities	43,623,119	49.11%	Level 2
U.S. Corporate Notes/FDIC:			
Apple, Inc.	1,002,461	1.13%	Level 2
Bank of New York	1,020,391	1.15%	Level 2
Berkshire Hathaway	1,207,994	1.36%	Level 2
Chevron Corp.	988,046	1.11%	Level 2
Exxon Mobile	815,185	0.92%	Level 2
General Electric Corp.	887,418	1.00%	Level 2
IBM Corp.	1,000,587	1.13%	Level 2
JP Morgan Chase & Co.	650,000	0.73%	Level 2
Microsoft	948,537	1.07%	Level 2
Proctor & Gamble Co.	1,161,266	1.31%	Level 2
Toyota Motor Corp.	1,023,073	1.15%	Level 2
Wells Fargo Corp.	854,760	0.96%	Level 2
3M Company	701,281	0.79%	Level 2
Local Agency Investment Fund (LAIF)	13,855,883	15.60%	Level 2
Money Market Funds	112,234	0.13%	N/A
Total investments	88,818,726		
Total cash and investments	\$ 90,360,041		

Town of Danville
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 3 – Cash and Investments (Continued)

A. Demand Deposits

The carrying amounts of the Town's cash deposits were \$1,541,315 at June 30, 2016. Bank balances as of June 30, 2016, were \$1,501,053 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.

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, 2015. 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

Town of Danville
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 3 – Cash and Investments (Continued)

B. Investments (Continued)

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.

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	\$ 621,696
Unrealized gain (loss) in changes in fair value of investments	<u>644,178</u>
Total investments earnings	<u>\$ 1,265,874</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 GASB Statement No. 31 requires that investments be stated as "fair value" for annual financial reporting purposes, the Town cannot realize either gains or losses in this valuation of the investments.

C. 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%

Town of Danville
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 3 – Cash and Investments (Continued)

C. Risk Disclosures (Continued)

Interest Rate Risk (Continued)

Specific maturities of investments depend on liquidity needs. At June 30, 2016, 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	4-5 years
Demand deposits	\$ 1,541,315	\$ 1,541,315	\$ -	\$ -	\$ -	\$ -
Investments:						
U.S. Securities:						
U.S. Treasury	18,966,491	9,266,788	3,704,118	3,109,382	-	2,886,203
Federal Securities	43,623,119	12,868,448	10,895,077	10,160,096	6,606,410	3,093,088
U.S. Corporate Notes/FDIC:						
Apple, Inc.	1,002,461	-	1,002,461	-	-	-
Bank of New York	1,020,391	-	-	-	1,020,391	-
Berkshire Hathaway	1,207,994	1,207,994	-	-	-	-
Chevron Corp.	988,046	-	-	988,046	-	-
Exxon Mobile	815,185	-	-	815,185	-	-
General Electric Corp.	887,418	-	887,418	-	-	-
IBM Corp.	1,000,587	1,000,587	-	-	-	-
JP Morgan Chase & Co.	650,000	650,000	-	-	-	-
Microsoft	948,537	-	-	948,537	-	-
Proctor & Gamble Co.	1,161,266	1,161,266	-	-	-	-
Toyota Motor Corp.	1,023,073	-	-	1,023,073	-	-
Wells Fargo Corp.	854,760	-	854,760	-	-	-
3M Company	701,281	701,281	-	-	-	-
Local Agency Investment Fund (LAIF)	13,855,883	13,855,883	-	-	-	-
Money Market Funds	112,234	112,234	-	-	-	-
Total investments	88,818,726	40,824,481	17,343,834	17,044,319	7,626,801	5,979,291
Total cash and investments	\$ 90,360,041	\$ 42,365,796	\$ 17,343,834	\$ 17,044,319	\$ 7,626,801	\$ 5,979,291

Town of Danville
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 3 – Cash and Investments (Continued)

C. 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, 2016, 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+
U.S. Corporate Notes/FDIC:		
Apple, Inc.	Aa1	AA+
Bank of New York	A1	A
Berkshire Hathaway	Aa2	AA
Chevron Corp.	Aa2	AA-
Exxon Mobile	Aaa	AA+
General Electric Corp.	A1	AA+
IBM Corp.	Aa3	AA-
JP Morgan Chase & Co.	A3	A-
Microsoft	Aaa	AAA
Proctor & Gamble Co.	Aa3	AA-
Toyota Motor Corp.	Aa3	AA-
Wells Fargo Corp.	A2	A
3M Company	A1	AA-
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, 2016

Note 3 – Cash and Investments (Continued)

D. 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, 2016, the Town had \$13,855,883 invested in the LAIF, which had invested 1.55% of the pool investment funds in Structured Notes and Asset-Backed Securities. The LAIF fair value factor of 1.000621222 was used to calculate the fair value of the investments in the LAIF.

E. Restricted Cash and Investments Held with Fiscal Agent

Restricted cash and investments with fiscal agent consists of \$1,623,417 in the Governmental-wide Financial Statement and \$713,453 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, 2016

Note 4 – Capital Assets

A. Governmental Activities

Summary of changes in capital assets for the year ended June 30, 2016 was as follows:

	Balance July 1, 2015	Additions	Retirements	Transfers/ Reclassifications	Balance June 30, 2016
Governmental Activities:					
Capital assets, not being depreciated					
Land	\$ 22,597,152	\$ 2,915,000	\$ -	\$ -	\$ 25,512,152
Construction in progress	22,489,296	3,249,456	-	(57,208)	25,681,544
Infrastructure - streets, concrete & asphalt pavements	89,332,715	-	-	185,428	89,518,143
Total capital assets not being depreciated	134,419,163	6,164,456	-	128,220	140,711,839
Capital assets being depreciated					
Buildings and parking lots/street	22,393,649	-	-	(128,220)	22,265,429
Park improvements	22,111,292	-	-	(111,582)	21,999,710
Furniture and equipment	4,934,958	301,840	(191,624)	111,582	5,156,756
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	124,192,147	301,840	(191,624)	(128,220)	124,174,143
Accumulated depreciation					
Buildings and parking lots	(9,280,339)	(507,839)	-	-	(9,788,178)
Park improvements	(19,735,442)	(319,055)	-	-	(20,054,497)
Furniture and equipment	(3,972,933)	(406,477)	191,368	-	(4,188,042)
Infrastructure					
Drainage system	(56,091,166)	(23,576)	-	-	(56,114,742)
Bridges	(6,694,856)	(192,521)	-	-	(6,887,377)
Signal system	(4,673,610)	(215,485)	-	-	(4,889,095)
Total accumulated depreciation	(100,448,346)	(1,664,953)	191,368	-	(101,921,931)
Total capital assets, being depreciated, net	23,743,801	(1,363,113)	(256)	(128,220)	22,252,212
Governmental activities capital assets, net	\$ 158,162,964	\$ 4,801,343	\$ (256)	\$ -	\$ 162,964,051

Related Party Transaction related to Capital Assets:

In September 2005, the former Community Development Agency (“former CDA”) of the Town purchased real property located at 341 Rose Street (the “Property”). The Property was acquired by the former CDA using Low and Moderate Income Housing Funds, with the intent being to hold the property for potential aggregation with surrounding properties, all of which have zoning designations allowing for some residential development. In 2001, the State of California acted to dissolve all development agencies in the State of California. As part of the dissolution, the Town elected to retain all of the housing assets and assume housing function. In 2013, the Town and the Successor Agency completed the Housing Fund Due Diligence review, approved in April 2013 by the Department of Finance, identifying the Property as an asset of the Low and Moderate Income Housing Fund.

During the year ended June 30, 2016, the Town purchased the Property from the Low and Moderate Income Housing Fund in the amount of \$973,800 (at cost). The proceeds are placed in the Low and Moderate Income Housing Fund as cash available to assist with other affordable housing efforts as they arise.

Town of Danville
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 4 – Capital Assets (Continued)

A. Governmental Activities (Continued)

Depreciation expenses by program for capital assets for the year ended June 30, 2016, were as follows:

Police Services	
Building	\$ 19,250
Furniture & equipment (vehicle)	203,408
Subtotal	<u>222,658</u>
Maintenance Services	
Building	272,906
Parking lots	87,118
Park improvements	318,255
Furniture & equipment (vehicle)	69,747
Subtotal	<u>748,026</u>
Development Services	
Furniture & equipment (vehicle)	24,710
Infrastructure - drainage	23,576
Infrastructure - signal	192,521
Subtotal	<u>240,807</u>
Transportation Services	
Furniture & equipment (vehicle)	82
Infrastructure - signal	215,485
Subtotal	<u>215,567</u>
Administrative Services	
Building	1,212
Furniture & equipment (vehicle)	75,592
Subtotal	<u>76,804</u>
Parks and Recreation Services	
Building	127,353
Park improvements	800
Furniture & equipment (vehicle)	32,938
Subtotal	<u>161,091</u>
Total depreciation expense	<u><u>\$ 1,664,953</u></u>

B. Fiduciary Fund Financial Statements

Summary of changes in capital assets for the year ended June 30, 2016 was as follows:

	Balance July 1, 2015	Additions	Retirements	Balance June 30, 2016
Fiduciary Fund Financial Statements:				
Capital assets, not being depreciated				
Land	\$ 2,468,345	\$ -	\$ (2,468,345)	\$ -
Total capital assets not being depreciated	<u>2,468,345</u>	<u>-</u>	<u>(2,468,345)</u>	<u>-</u>
Fiduciary fund capital assets, net	<u><u>\$ 2,468,345</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (2,468,345)</u></u>	<u><u>\$ -</u></u>

Town of Danville
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 5 – Interfund Transactions (Continued)

A. Transfers In/Out

Transfers in/out for the year ended June 30, 2016, were as follows:

Transfers Out	Transfers In					Total
	General Fund (1)(4)	Lighting Landscape Special Revenue Fund (2)	Capital Improvement Capital Projects Fund (2)	Civic Facilities Capital Projects Fund (2)	Non-Major Governmental Fund (3)(5)	
General Fund	\$ -	\$ 467,325	\$ 3,843,203	\$ 3,028,569	\$ -	\$ 7,339,097
Lighting & Landscape Special Revenue Fund	292,039	-	-	-	-	292,039
Civic Facilities Capital Projects Fund	-	-	-	-	973,800	973,800
Non-Major Governmental Fund	5,514	-	-	-	100,000	105,514
Total	\$ 297,553	\$ 467,325	\$ 3,843,203	\$ 3,028,569	\$ 1,073,800	\$ 8,710,450

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 Capital Improvement, Lighting and Landscape Fund and Civic Facilities 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 Civic Facilities 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, 2016:

Government-Wide Financial Statements

Loans Receivable	
Cooperative Loan Agreement	\$ 10,359,401
Total	<u>\$ 10,359,401</u>
Transfers from Successor Agency	<u>\$ 780,818</u>

Funds Financial Statements

General Fund

Due from Successor Agency from Former Community Development Agency	\$ 10,359,401
Total	<u><u>\$ 10,359,401</u></u>

Town of Danville
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

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
2016-2017	\$ 1,000,000
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	<u>\$ 10,359,401</u>

Note 7 - Unearned Revenue

Unearned revenue in Government-Wide Financial Statements represents amounts for which revenues have not been earned. At June 30, 2016, unearned revenues in the Government-Wide Financial Statements were as follows:

	Governmental Activities
Business Licenses	\$ 147,110
Recreation Program Registration	621,430
Facility Rental	500
Total	<u>\$ 769,040</u>

Town of Danville
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 8 – Long-Term Debt

A. Governmental Activities

Summary of changes in long-term debt for the year ended June 30, 2016 was as follows:

Description	Balance July 1, 2015	Additions	Retirements	Balance June 30, 2016	Classification	
					Due Within One Year	Due in More than One Year
COPs:						
2001 issue	\$ 4,075,000	\$ -	\$ (265,000)	\$ 3,810,000	\$ 270,000	\$ 3,540,000
2005 issue	4,390,000	-	(145,000)	4,245,000	150,000	4,095,000
Compensated absences	563,801	551,862	(532,240)	583,423	110,000	473,423
Total	\$ 9,028,801	\$ 551,862	\$ (942,240)	\$ 8,638,423	\$ 530,000	\$ 8,108,423

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, 2016 are as follows:

For the Years Ending June 30,	Principal	Interest	Total
2017	\$ 270,000	\$ 178,802	\$ 448,802
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
2022-2026	1,885,000	353,875	2,238,875
2027	435,000	10,875	445,875
Total	\$ 3,810,000	\$ 1,125,621	\$ 4,935,621

Town of Danville
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

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, 2016, are as follows:

For the Years Ending			
June 30,	Principal	Interest	Total
2017	\$ 150,000	\$ 192,016	\$ 342,016
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
2022-2026	990,000	704,002	1,694,002
2027-2031	1,235,000	456,490	1,691,490
2032-2035	1,210,000	143,374	1,353,374
Total	\$ 4,245,000	\$ 2,198,992	\$ 6,443,992

Compensated Absences

The Town's liability for vested and unpaid compensated absences (accrued vacation and sick pay) has been accrued and amounts to \$563,801 at June 30, 2016. 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, 2016

Note 8 – Long-Term Debt (Continued)

B. Fiduciary Fund Financial Statements

Summary of changes in long-term debt for the year ended June 30, 2016 was as follows:

Description	Balance July 1, 2015	Additions	Retirements	Balance June 30, 2016	Classification	
					Due Within One Year	Due in More than One Year
Loans payable	\$ 2,995,000	\$ -	\$ (120,000)	\$ 2,875,000	\$ 130,000	\$ 2,745,000
Total	\$ 2,995,000	\$ -	\$ (120,000)	\$ 2,875,000	\$ 130,000	\$ 2,745,000

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.

The annual debt service requirements for the Bonds outstanding at June 30, 2016 are as follows:

For the Years Ending June 30,	Principal	Interest	Total
2017	\$ 130,000	\$ 236,383	\$ 366,383
2018	140,000	225,381	365,381
2019	155,000	213,359	368,359
2020	165,000	200,319	365,319
2021	180,000	186,261	366,261
2022-2026	1,155,000	665,338	1,820,338
2027-2029	950,000	125,801	1,075,801
Total	\$ 2,875,000	\$ 1,852,842	\$ 4,727,842

Town of Danville
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 9 – Jointly Governed Organization

The Danville Financing Authority is a joint powers authority of the Town and the Successor Agency. The Authority issued all of the Special Assessment District Bonds. The Town is the collecting agent for bonds outstanding issued by the Authority. The Town has no direct or contingent liability or moral obligation for the payment of these bonds. Assets held by the Town on behalf of these districts are recorded in agency funds. Accordingly, these assets and outstanding bond obligations are not presented in the Town's accompanying basic financial statements.

The Refunding Revenue Bonds, 2005, Series A (NERIAD), was the only debt issued by the Authority and was completely paid off at June 30, 2016.

Note 10 – 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, 2016, was \$8,033,915. Total employee contributions paid by the Town amounted to \$1,127,867 or 14.04% 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, 2016, the Plan had 143 participants and the market value of the Plan amounted to \$16,378,340.

The defined contribution pension plan is not included in the accompanying Basic Financial Statements.

Town of Danville
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 11 – Fund Balance Classification

At June 30, 2016, fund balances are classified as follows:

	Major Funds						
	Regional Traffic						
	General Fund	Lighting and Landscape Fund	Impact Fee Special Revenue Fund	Capital Improvement Project Fund	Civic Facilities Capital Projects Fund	Non-Major Governmental Funds	Total
Fund Balances:							
Nonspendable							
Due from Successor Agency of Former CDA	\$ 10,359,401	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,359,401
Prepaid items	68,585	-	-	-	-	-	68,585
Total nonspendable	<u>10,427,986</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,427,986</u>
Restricted							
*Special revenue	-	2,404,364	4,006,281	-	-	18,778,174	25,188,819
*Debt services	809,504	-	-	-	-	-	809,504
Total restricted	<u>809,504</u>	<u>2,404,364</u>	<u>4,006,281</u>	<u>-</u>	<u>-</u>	<u>18,778,174</u>	<u>25,998,323</u>
Committed							
Capital projects	4,638,125	-	-	27,127,342	608,881	10,693,841	43,068,189
Operating reserved	11,111,505	-	-	-	-	-	11,111,505
Contingency	696,668	-	-	-	-	-	696,668
Public safety	465,980	-	-	-	-	-	465,980
Drought	250,000	-	-	-	-	-	250,000
Reward fund	10,000	-	-	-	-	-	10,000
Compensated absences/personnel	1,195,339	-	-	-	-	-	1,195,339
Business License SB 1186	7,005	-	-	-	-	-	7,005
Total committed	<u>18,374,622</u>	<u>-</u>	<u>-</u>	<u>27,127,342</u>	<u>608,881</u>	<u>10,693,841</u>	<u>56,804,686</u>
Assigned							
Townwide bonus program	25,499	-	-	-	-	-	25,499
Business Promotion & Strategy Session	4,942	-	-	-	-	-	4,942
Police Services EBRCSA equipment	35,544	-	-	-	-	-	35,544
Emergency preparedness consultants	30,000	-	-	-	-	-	30,000
Finance temporary salaries	25,000	-	-	-	-	-	25,000
Finance software maintenance	34,000	-	-	-	-	-	34,000
Human Resources temporary salaries	15,000	-	-	-	-	-	15,000
Human Resources claims	11,778	-	-	-	-	-	11,778
ED advertising & marketing	70,000	-	-	-	-	-	70,000
ED consulting services	20,848	-	-	-	-	-	20,848
ED Retail Incentive Program	38,516	-	-	-	-	-	38,516
Equipment Maintenance repairs	33,717	-	-	-	-	-	33,717
Lighting and landscape	-	2,364,889	-	-	-	-	2,364,889
Total assigned	<u>344,844</u>	<u>2,364,889</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,709,733</u>
Total fund balance	<u>\$ 29,956,956</u>	<u>\$ 4,769,253</u>	<u>\$ 4,006,281</u>	<u>\$ 27,127,342</u>	<u>\$ 608,881</u>	<u>\$ 29,472,015</u>	<u>\$ 95,940,728</u>

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.

Town of Danville
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 11 – Fund Balance Classification (Continued)

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.

Note 12 – 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 \$29,000,001. 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 \$199,906 for fiscal year 2015/16 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
2013-2014	\$ 13,179	\$ 7,725	\$ -	\$ 20,904
2014-2015	20,904	619	(12,609)	8,914
2015-2016	8,914	19,493	(13,584)	14,823

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	\$ 328,814
Less: Dividend received	-
Net insurance cost	<u>\$ 328,814</u>

Town of Danville
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 12 – Risk Management (Continued)

The most recent MPA's audited condensed financial information as of and for the year ended June 30, 2015, are as follows:

Total assets	\$ 48,249,360
Total deferred inflows of resources	\$ 146,748
Total liabilities	\$ 40,476,678
Total deferred outflows of resources	\$ 137,887
Total net position	\$ 7,781,543
Total operating revenues	\$ 20,323,463
Total operating expenses	\$ 21,939,880
Net operating (loss)	\$ (1,616,417)
Non-operating revenues (expenses)	\$ 613,984
Change in net position	\$ (1,002,433)

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

Note 13 – 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, 2016, the Town's appropriations limit totals \$34,373,983 and the Town's appropriations subject to limitation were \$20,840,829.

Town of Danville
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 13 – Commitments and Contingencies (Continued)

2015/16 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, 2016. These projects are evidenced by contractual commitments with contractors. As of June 30, 2016, the Town's outstanding contractual commitments amount were \$2,219,053.

**REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)**



This page intentionally left blank.

Town of Danville
Required Supplementary Information
For the Year Ended June 30, 2016

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, 2016

Note 2 – Budget Comparison Schedules

General Fund

	Original Budget	Final Budget	Actual	Variance From Final Budget
REVENUES:				
Property taxes	\$ 13,336,572	\$ 13,336,572	\$ 14,153,561	\$ 816,989
Sales taxes	4,342,691	4,342,691	4,558,712	216,021
Other taxes	2,135,934	2,135,934	2,224,862	88,928
Charges for services	1,884,555	1,884,555	1,985,185	100,630
Licenses and permits	379,740	379,740	404,744	25,004
Intergovernmental	10,000	10,000	8,433	(1,567)
Fines and forfeitures	210,000	210,000	267,732	57,732
Use of money and property	985,637	985,637	1,347,953	362,316
Miscellaneous	330,468	473,081	692,541	219,460
Total revenues	23,615,597	23,758,210	25,643,723	1,885,513
EXPENDITURES:				
Current:				
General government	1,684,181	1,817,480	1,591,047	226,433
Police services	8,656,483	8,712,159	8,456,134	256,025
Maintenance services	2,292,861	2,384,055	1,837,916	546,139
Development services	967,111	1,021,746	831,846	189,900
Administrative services	3,116,608	3,544,870	2,964,182	580,688
Recreation, arts, & community services	3,784,040	3,795,788	3,385,848	409,940
Capital outlay	18,670	54,214	48,445	5,769
Total expenditures	20,519,954	21,330,312	19,115,418	2,214,894
REVENUES OVER (UNDER) EXPENDITURES	3,095,643	2,427,898	6,528,305	4,100,407
OTHER FINANCING SOURCES (USES):				
Transfers in	297,553	297,553	297,553	-
Transfers out	(4,293,203)	(4,293,203)	(7,339,097)	(3,045,894)
Total other financing sources (uses)	(3,995,650)	(3,995,650)	(7,041,544)	(3,045,894)
SPECIAL ITEM:				
Cooperative loan from Successor	-	-	3,195,604	3,195,604
Total special items	-	-	3,195,604	3,195,604
NET CHANGE IN FUND BALANCE	\$ (900,007)	\$ (1,567,752)	2,682,365	\$ 4,250,117
FUND BALANCE:				
Beginning of year			27,274,591	
End of year			<u>\$ 29,956,956</u>	

Town of Danville
Required Supplementary Information (Continued)
For the Year Ended June 30, 2016

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	\$ 3,027,617	\$ 7,422
Use of money and property	22,936	22,936	23,387	451
Miscellaneous	88,898	88,898	140,267	51,369
Total revenues	<u>3,132,029</u>	<u>3,132,029</u>	<u>3,191,271</u>	<u>59,242</u>
EXPENDITURES:				
Current:				
Maintenance services	474,455	494,455	11,888	482,567
Lighting and landscape	3,670,504	3,771,688	3,127,403	644,285
Development services	359,350	379,350	-	379,350
Administrative services	2,664	2,664	4,041	(1,377)
Recreation, arts, & community services	53,988	53,988	14,539	39,449
Capital outlay	121,205	121,205	113,607	7,598
Total expenditures	<u>4,682,166</u>	<u>4,823,350</u>	<u>3,271,478</u>	<u>1,551,872</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(1,550,137)</u>	<u>(1,691,321)</u>	<u>(80,207)</u>	<u>1,611,114</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	450,000	450,000	467,325	17,325
Transfers out	(332,039)	(332,039)	(292,039)	40,000
Total other financing sources (uses)	<u>117,961</u>	<u>117,961</u>	<u>175,286</u>	<u>57,325</u>
NET CHANGE IN FUND BALANCE	<u>\$ (1,432,176)</u>	<u>\$ (1,573,360)</u>	<u>95,079</u>	<u>\$ 1,668,439</u>
FUND BALANCE:				
Beginning of year			4,674,174	
End of year			<u>\$ 4,769,253</u>	

Town of Danville
Required Supplementary Information (Continued)
For the Year Ended June 30, 2016

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	\$ -	\$ -	\$ 709,481	\$ 709,481
Intergovernmental	1,225,851	1,225,851	-	(1,225,851)
Use of money and property	(2,958)	(2,958)	96,521	99,479
Miscellaneous	1,310	1,310	-	(1,310)
Total revenues	<u>1,224,203</u>	<u>1,224,203</u>	<u>806,002</u>	<u>(418,201)</u>
EXPENDITURES:				
Current:				
Development services	(4,651,399)	(5,085,765)	60,311	(5,146,076)
Administrative services	11,408	11,408	4,329	7,079
Capital outlay	7,428,453	7,428,453	-	7,428,453
Total expenditures	<u>2,788,462</u>	<u>2,354,096</u>	<u>64,640</u>	<u>2,289,456</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(1,564,259)</u>	<u>(1,129,893)</u>	<u>741,362</u>	<u>1,871,255</u>
NET CHANGE IN FUND BALANCE	<u>\$ (1,564,259)</u>	<u>\$ (1,129,893)</u>	<u>741,362</u>	<u>\$ 1,871,255</u>
FUND BALANCE:				
Beginning of year			<u>3,264,919</u>	
End of year			<u>\$ 4,006,281</u>	

Town of Danville
Required Supplementary Information (Continued)
For the Year Ended June 30, 2016

Note 3 – Modified Approach for Town Street Infrastructure Capital Assets

In accordance with GASB Statement No. 34, 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 as defined by GASB Statement No. 34 for infrastructure reporting for its Streets Pavement System. Under GASB Statement No. 34, 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, 2016

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, 2016, the Town's street system was rated at a PCI index of 76 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 \$684,250 of the General Fund monies on street maintenance for the fiscal year ended June 30, 2016. 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 2016 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	
2006-07	\$ 1,050,000	\$ 904,858	\$ 1,249,784	\$ 2,154,642	73
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

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, 2016, 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 \$11,690,000 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.

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.

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.

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.

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, 2016

	Special Revenue				
	PEG	Gas Tax	Building and Planning	Development Engineering	Child Care
ASSETS					
Cash and investments	\$ 423,480	\$ 2,860,499	\$ 3,958,161	\$ 1,632,161	\$ 282,903
Cash and investments with fiscal agent	-	-	-	-	-
Receivables (net of allowances):					
Accounts	22,885	6,665	-	2,110	-
Interest	856	4,014	-	-	451
Total assets	<u>\$ 447,221</u>	<u>\$ 2,871,178</u>	<u>\$ 3,958,161</u>	<u>\$ 1,634,271</u>	<u>\$ 283,354</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	67	113,887	164,184	81,493	35
Retention payable	-	-	-	-	-
Unearned revenue	-	-	4,072	-	-
Total liabilities	<u>67</u>	<u>113,887</u>	<u>168,256</u>	<u>81,493</u>	<u>35</u>
FUND BALANCES:					
Restricted	447,154	2,757,291	3,789,905	1,552,778	283,319
Committed	-	-	-	-	-
Total fund balances	<u>447,154</u>	<u>2,757,291</u>	<u>3,789,905</u>	<u>1,552,778</u>	<u>283,319</u>
Total liabilities and fund balances	<u>\$ 447,221</u>	<u>\$ 2,871,178</u>	<u>\$ 3,958,161</u>	<u>\$ 1,634,271</u>	<u>\$ 283,354</u>

(Continued)

Town of Danville
Non-Major Governmental Funds
Combining Balance Sheet (Continued)
June 30, 2016

	Special Revenue				
	SPCP	Measure C/J	Donation and Contributions	General Development Impact Fee	Public Safety
ASSETS					
Cash and investments	\$ 2,073,587	\$ 2,491,739	\$ 256,416	\$ 3,133,163	\$ 258,610
Cash and investments with fiscal agent	-	-	-	-	-
Receivables (net of allowances):					
Accounts	16,169	-	-	-	(32)
Interest	3,071	2,709	194	10,722	649
Total assets	<u>\$ 2,092,827</u>	<u>\$ 2,494,448</u>	<u>\$ 256,610</u>	<u>\$ 3,143,885</u>	<u>\$ 259,227</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	43,307	361,886	626	68,327	51
Retention payable	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	<u>43,307</u>	<u>361,886</u>	<u>626</u>	<u>68,327</u>	<u>51</u>
FUND BALANCES:					
Restricted	2,049,520	2,132,562	255,984	3,075,558	259,176
Committed	-	-	-	-	-
Total fund balances	<u>2,049,520</u>	<u>2,132,562</u>	<u>255,984</u>	<u>3,075,558</u>	<u>259,176</u>
Total liabilities and fund balances	<u>\$ 2,092,827</u>	<u>\$ 2,494,448</u>	<u>\$ 256,610</u>	<u>\$ 3,143,885</u>	<u>\$ 259,227</u>

(Continued)

Town of Danville
Non-Major Governmental Funds
Combining Balance Sheet (Continued)
June 30, 2016

	Special Revenue				Capital Projects
	Old Town Parking In- Lieu	Sycamore Valley Assessment District	Low and Moderate Income Housing	Tassajara Ranch Assessment District	Asset Replacement General
ASSETS					
Cash and investments	\$ 975,547	\$ 43,118	\$ 1,120,870	\$ 32,816	\$ 2,390,411
Cash and investments with fiscal agent	-	-	-	-	-
Receivables (net of allowances):					
Accounts	23,804	-	-	-	-
Interest	558	683	1,963	-	11,179
Total assets	\$ 999,909	\$ 43,801	\$ 1,122,833	\$ 32,816	\$ 2,401,590
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	47	51	530	-	4,001
Retention payable	-	-	-	-	-
Unearned revenue	23,804	-	-	-	-
Total liabilities	23,851	51	530	-	4,001
FUND BALANCES:					
Restricted	976,058	43,750	1,122,303	32,816	-
Committed	-	-	-	-	2,397,589
Total fund balances	976,058	43,750	1,122,303	32,816	2,397,589
Total liabilities and fund balances	\$ 999,909	\$ 43,801	\$ 1,122,833	\$ 32,816	\$ 2,401,590

(Continued)

Town of Danville
Non-Major Governmental Funds
Combining Balance Sheet (Continued)
June 30, 2016

	Capital Projects				Total Other Governmental Funds
	Asset Replacement Library	Park Facilities	Northeast Road Improvements Special Assessment	Technology Fund	
ASSETS					
Cash and investments	\$ 1,126,438	\$ 5,268,113	\$ 298,035	\$ 1,548,197	\$ 30,174,264
Cash and investments with fiscal agent	-	-	813,913	-	813,913
Receivables (net of allowances):					
Accounts	-	-	-	-	71,601
Interest	3,007	15,721	446	-	56,223
Total assets	\$ 1,129,445	\$ 5,283,834	\$ 1,112,394	\$ 1,548,197	\$ 31,116,001
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	219,038	310,480	112	129,975	1,498,097
Retention payable	9,793	108,220	-	-	118,013
Unearned revenue	-	-	-	-	27,876
Total liabilities	228,831	418,700	112	129,975	1,643,986
FUND BALANCES:					
Restricted	-	-	-	-	18,778,174
Committed	900,614	4,865,134	1,112,282	1,418,222	10,693,841
Total fund balances	900,614	4,865,134	1,112,282	1,418,222	29,472,015
Total liabilities and fund balances	\$ 1,129,445	\$ 5,283,834	\$ 1,112,394	\$ 1,548,197	\$ 31,116,001

(Concluded)

Town of Danville
Non-Major Governmental Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2016

	Special Revenue				
	PEG	Gas Tax	Building and Planning	Development Engineering	Child Care
REVENUES:					
Special assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes	92,258	953,234	-	-	-
Charges for services	-	-	501,345	264,158	-
Development fees	-	-	2,500,790	1,508	5,622
Intergovernmental	-	-	-	-	-
Use of money and property	2,876	14,752	-	-	1,636
Miscellaneous	-	1,592	-	39	-
Total revenues	95,134	969,578	3,002,135	265,705	7,258
EXPENDITURES:					
Current:					
Police services	9,535	-	-	-	-
Maintenance services	-	738,490	-	-	-
Development services	-	263,780	2,251,281	291,714	-
Administrative services	488	4,133	-	-	273
Recreation, Arts & Community Services	-	-	-	-	-
Capital outlay	-	-	57,753	-	-
Total expenditures	10,023	1,006,403	2,309,034	291,714	273
REVENUES OVER (UNDER) EXPENDITURES	85,111	(36,825)	693,101	(26,009)	6,985
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Transfers out	(100,000)	-	-	-	(600)
Total other financing sources (uses)	(100,000)	-	-	-	(600)
NET CHANGE IN FUND BALANCES	(14,889)	(36,825)	693,101	(26,009)	6,385
FUND BALANCES:					
Beginning of year	462,043	2,794,116	3,096,804	1,578,787	276,934
End of year	\$ 447,154	\$ 2,757,291	\$ 3,789,905	\$ 1,552,778	\$ 283,319

(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, 2016

	Special Revenue				
	SPCP	Measure C/J	Donation and Contributions	General Development Impact Fee	Public Safety
REVENUES:					
Special assessments	\$ 562,736	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-	-
Charges for services	1,492	-	-	-	-
Development fees	-	-	-	113,208	-
Intergovernmental	23,056	731,369	-	-	135,569
Use of money and property	10,344	10,017	906	44,524	1,812
Miscellaneous	-	34,734	61,102	-	535
Total revenues	597,628	776,120	62,008	157,732	137,916
EXPENDITURES:					
Current:					
Police services	-	-	51,752	-	173,840
Maintenance services	22,137	-	2,633	11,200	-
Development services	460,896	439,417	-	25,003	-
Administrative services	1,853	189,513	687	3,664	339
Recreation, Arts & Community Services	-	-	-	28,956	-
Capital outlay	-	995	-	777,763	-
Total expenditures	484,886	629,925	55,072	846,586	174,179
REVENUES OVER (UNDER) EXPENDITURES	112,742	146,195	6,936	(688,854)	(36,263)
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
NET CHANGE IN FUND BALANCES	112,742	146,195	6,936	(688,854)	(36,263)
FUND BALANCES:					
Beginning of year	1,936,778	1,986,367	249,048	3,764,412	295,439
End of year	<u>\$ 2,049,520</u>	<u>\$ 2,132,562</u>	<u>\$ 255,984</u>	<u>\$ 3,075,558</u>	<u>\$ 259,176</u>

(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, 2016

	Special Revenue				Capital Projects
	Old Town Parking In- Lieu	Sycamore Valley Assessment District	Low and Moderate Income Housing	Tassajara Ranch Assessment District	Asset Replacement General
REVENUES :					
Special assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-	-
Charges for services	-	-	-	-	-
Development fees	374,519	-	-	-	-
Intergovernmental	-	-	-	-	-
Use of money and property	4,436	2,791	4,176	-	50,456
Miscellaneous	-	39,759	135,000	32,816	16,628
Total revenues	378,955	42,550	139,176	32,816	67,084
EXPENDITURES :					
Current:					
Police services	-	-	-	-	-
Maintenance services	-	-	-	-	625,573
Development services	-	-	-	-	-
Administrative services	663	81	1,216	-	61,178
Recreation, Arts & Community Services	-	-	-	-	1,153
Capital outlay	-	39,759	-	-	187,186
Total expenditures	663	39,840	1,216	-	875,090
REVENUES OVER (UNDER) EXPENDITURES	378,292	2,710	137,960	32,816	(808,006)
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	973,800	-	100,000
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	973,800	-	100,000
NET CHANGE IN FUND BALANCES	378,292	2,710	1,111,760	32,816	(708,006)
FUND BALANCES:					
Beginning of year	597,766	41,040	10,543	-	3,105,595
End of year	<u>\$ 976,058</u>	<u>\$ 43,750</u>	<u>\$ 1,122,303</u>	<u>\$ 32,816</u>	<u>\$ 2,397,589</u>

(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, 2016

	Capital Projects				
	Northeast Road Improvements				
	Asset Replacement Library	Park Facilities	Special Assessment	Technology Fund	Total Other Governmental Funds
REVENUES:					
Special assessments	\$ -	\$ -	\$ -	\$ -	\$ 562,736
Other taxes	-	-	-	-	1,045,492
Charges for services	-	-	-	-	766,995
Development fees	-	-	-	-	2,995,647
Intergovernmental	-	-	-	-	889,994
Use of money and property	13,575	78,818	261	-	241,380
Miscellaneous	-	-	-	-	322,205
Total revenues	13,575	78,818	261	-	6,824,449
EXPENDITURES:					
Current:					
Police services	-	-	-	-	235,127
Maintenance services	281,127	77,579	-	-	1,758,739
Development services	-	-	-	-	3,732,091
Administrative services	1,070	6,040	1,142	729,755	1,002,095
Recreation, Arts & Community Services	-	17,742	-	-	47,851
Capital outlay	-	1,476,076	-	8,455	2,547,987
Total expenditures	282,197	1,577,437	1,142	738,210	9,323,890
REVENUES OVER (UNDER) EXPENDITURES	(268,622)	(1,498,619)	(881)	(738,210)	(2,499,441)
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	1,073,800
Transfers out	-	-	(4,914)	-	(105,514)
Total other financing sources (uses)	-	-	(4,914)	-	968,286
NET CHANGE IN FUND BALANCES	(268,622)	(1,498,619)	(5,795)	(738,210)	(1,531,155)
FUND BALANCES:					
Beginning of year	1,169,236	6,363,753	1,118,077	2,156,432	31,003,170
End of year	\$ 900,614	\$ 4,865,134	\$ 1,112,282	\$ 1,418,222	\$ 29,472,015

(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, 2016

	Budgeted			Variance From
	Original	Final	Actual	Final Budget
REVENUES:				
Other taxes	\$ 91,304	\$ 91,304	\$ 92,258	\$ 954
Use of money and property	3,820	3,820	2,876	(944)
Total revenues	<u>95,124</u>	<u>95,124</u>	<u>95,134</u>	<u>10</u>
EXPENDITURES:				
Current:				
Police services	-	12,000	9,535	2,465
Administrative services	557	557	488	69
Total expenditures	<u>557</u>	<u>12,557</u>	<u>10,023</u>	<u>2,534</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>94,567</u>	<u>82,567</u>	<u>85,111</u>	<u>2,544</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(100,000)	(100,000)	(100,000)	-
Total other financing sources (uses)	<u>(100,000)</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ (5,433)</u>	<u>\$ (17,433)</u>	<u>(14,889)</u>	<u>\$ 2,544</u>
FUND BALANCE:				
Beginning of year			462,043	
End of year			<u>\$ 447,154</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, 2016

	Budgeted			Variance From
	Original	Final	Actual	Final Budget
REVENUES:				
Other taxes	\$ 925,826	\$ 925,826	\$ 953,234	\$ 27,408
Use of money and property	28,133	28,133	14,752	(13,381)
Miscellaneous	-	-	1,592	1,592
Total revenues	<u>953,959</u>	<u>953,959</u>	<u>969,578</u>	<u>15,619</u>
EXPENDITURES:				
Current:				
Maintenance services	865,031	865,031	738,490	126,541
Development services	532,826	614,895	263,780	351,115
Administrative services	5,212	5,212	4,133	1,079
Capital outlay	1,500	1,500	-	1,500
Total expenditures	<u>1,404,569</u>	<u>1,486,638</u>	<u>1,006,403</u>	<u>480,235</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(450,610)</u>	<u>(532,679)</u>	<u>(36,825)</u>	<u>495,854</u>
NET CHANGE IN FUND BALANCE	<u>\$ (450,610)</u>	<u>\$ (532,679)</u>	<u>(36,825)</u>	<u>\$ 495,854</u>
FUND BALANCE:				
Beginning of year			2,794,116	
End of year			<u>\$ 2,757,291</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, 2016

	Budgeted			Variance From
	Original	Final	Actual	Final Budget
REVENUES:				
Charges for services	\$ 378,220	\$ 453,766	\$ 501,345	\$ 47,579
Development fees	2,170,036	2,570,036	2,500,790	(69,246)
Total revenues	<u>2,548,256</u>	<u>3,023,802</u>	<u>3,002,135</u>	<u>(21,667)</u>
EXPENDITURES:				
Current:				
Development services	2,005,284	2,409,331	2,251,281	158,050
Capital outlay	66,500	66,500	57,753	8,747
Total expenditures	<u>2,071,784</u>	<u>2,475,831</u>	<u>2,309,034</u>	<u>166,797</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>476,472</u>	<u>547,971</u>	<u>693,101</u>	<u>145,130</u>
NET CHANGE IN FUND BALANCE	<u>\$ 476,472</u>	<u>\$ 547,971</u>	<u>693,101</u>	<u>\$ 145,130</u>
FUND BALANCE:				
Beginning of year			<u>3,096,804</u>	
End of year			<u>\$ 3,789,905</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, 2016

	Budgeted			Variance From
	Original	Final	Actual	Final Budget
REVENUES:				
Charges for services	\$ 134,977	\$ 134,977	\$ 264,158	\$ 129,181
Development fees	500	500	1,508	1,008
Total revenues	<u>135,477</u>	<u>135,477</u>	<u>265,705</u>	<u>130,228</u>
EXPENDITURES:				
Current:				
Development services	<u>356,139</u>	<u>363,902</u>	<u>291,714</u>	<u>72,188</u>
Total expenditures	<u>356,139</u>	<u>363,902</u>	<u>291,714</u>	<u>72,188</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(220,662)</u>	<u>(228,425)</u>	<u>(26,009)</u>	<u>202,416</u>
NET CHANGE IN FUND BALANCE	<u>\$ (220,662)</u>	<u>\$ (228,425)</u>	<u>(26,009)</u>	<u>\$ 202,416</u>
FUND BALANCE:				
Beginning of year			<u>1,578,787</u>	
End of year			<u>\$ 1,552,778</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, 2016

	Budgeted			Variance From
	Original	Final	Actual	Final Budget
REVENUES				
Development fees	\$ -	\$ -	\$ 5,622	\$ 5,622
Use of money and property	2,079	2,079	1,636	(443)
Total revenues	<u>2,079</u>	<u>2,079</u>	<u>7,258</u>	<u>5,179</u>
EXPENDITURES				
Current:				
Administrative services	227	227	273	(46)
Recreation, Arts & Community Services	191,064	191,064	-	191,064
Capital outlay	(191,064)	(191,064)	-	(191,064)
Total expenditures	<u>227</u>	<u>227</u>	<u>273</u>	<u>(46)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>1,852</u>	<u>1,852</u>	<u>6,985</u>	<u>5,133</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(600)	(600)	(600)	-
Total other financing sources (uses)	<u>(600)</u>	<u>(600)</u>	<u>(600)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ 1,252</u>	<u>\$ 1,252</u>	<u>6,385</u>	<u>\$ 5,133</u>
FUND BALANCE:				
Beginning of year			<u>276,934</u>	
End of year			<u>\$ 283,319</u>	

Town of Danville
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
SPCP Special Revenue Fund
For the Year Ended June 30, 2016

	Budgeted			Variance From
	Original	Final	Actual	Final Budget
REVENUES:				
Special assessments	\$ 562,154	\$ 562,154	\$ 562,736	\$ 582
Charges for services	1,010	1,010	1,492	482
Intergovernmental	11,000	22,000	23,056	1,056
Use of money and property	13,550	13,550	10,344	(3,206)
Miscellaneous	(190)	(190)	-	190
Total revenues	<u>587,524</u>	<u>598,524</u>	<u>597,628</u>	<u>(896)</u>
EXPENDITURES:				
Current:				
Maintenance services	188,682	188,682	22,137	166,545
Development services	618,558	828,728	460,896	367,832
Administrative services	1,518	1,518	1,853	(335)
Recreation, Arts & Community Services	12,771	12,771	-	12,771
Capital outlay	148,000	148,000	-	148,000
Total expenditures	<u>969,529</u>	<u>1,179,699</u>	<u>484,886</u>	<u>694,813</u>
NET CHANGE IN FUND BALANCE	<u>\$ (382,005)</u>	<u>\$ (581,175)</u>	112,742	<u>\$ 693,917</u>
FUND BALANCE:				
Beginning of year			1,936,778	
End of year			<u>\$ 2,049,520</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, 2016

	Budgeted			Variance From
	Original	Final	Actual	Final Budget
REVENUES:				
Other taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	722,661	722,661	731,369	8,708
Use of money and property	9,143	9,143	10,017	874
Miscellaneous	(67,019)	(67,019)	34,734	101,753
Total revenues	<u>664,785</u>	<u>664,785</u>	<u>776,120</u>	<u>111,335</u>
EXPENDITURES:				
Current:				
Maintenance services	193,603	213,603	-	213,603
Development services	1,039,016	1,075,876	439,417	636,459
Administrative services	164,556	164,556	189,513	(24,957)
Capital outlay	132,752	114,252	995	113,257
Total expenditures	<u>1,529,927</u>	<u>1,568,287</u>	<u>629,925</u>	<u>938,362</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(865,142)</u>	<u>(903,502)</u>	<u>146,195</u>	<u>1,049,697</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(518,773)	(518,773)	-	518,773
Total other financing sources (uses)	<u>(518,773)</u>	<u>(518,773)</u>	<u>-</u>	<u>518,773</u>
NET CHANGE IN FUND BALANCE	<u>\$ (1,383,915)</u>	<u>\$ (1,422,275)</u>	<u>146,195</u>	<u>\$ 1,568,470</u>
FUND BALANCE:				
Beginning of year			<u>1,986,367</u>	
End of year			<u>\$ 2,132,562</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, 2016

	Budgeted			Variance From
	Original	Final	Actual	Final Budget
REVENUES:				
Use of money and property	\$ 2,446	\$ 2,446	\$ 906	\$ (1,540)
Miscellaneous	53,344	53,344	61,102	7,758
Total revenues	<u>55,790</u>	<u>55,790</u>	<u>62,008</u>	<u>6,218</u>
EXPENDITURES:				
Current:				
Police services	50,000	50,000	51,752	(1,752)
Maintenance services	2,584	2,584	2,633	(49)
Administrative services	800	800	687	113
Capital outlay	1	1	-	1
Total expenditures	<u>53,385</u>	<u>53,385</u>	<u>55,072</u>	<u>(1,687)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>2,405</u>	<u>2,405</u>	<u>6,936</u>	<u>4,531</u>
NET CHANGE IN FUND BALANCE	<u>\$ 2,405</u>	<u>\$ 2,405</u>	<u>6,936</u>	<u>\$ 4,531</u>
FUND BALANCE:				
Beginning of year			<u>249,048</u>	
End of year			<u>\$ 255,984</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, 2016

	Budgeted			Variance From
	Original	Final	Actual	Final Budget
REVENUES:				
Development fees	\$ -	\$ -	\$ 113,208	\$ 113,208
Intergovernmental	157,275	157,275	-	(157,275)
Use of money and property	(18,569)	(18,569)	44,524	63,093
Miscellaneous	(79,810)	(79,810)	-	79,810
Total revenues	<u>58,896</u>	<u>58,896</u>	<u>157,732</u>	<u>98,836</u>
EXPENDITURES:				
Current:				
Police services	-	-	-	-
Maintenance services	612,500	700,000	11,200	688,800
Development services	185,442	265,442	25,003	240,439
Administrative services	3,668	3,668	3,664	4
Recreation, Arts & Community Services	167,684	246,684	28,956	217,728
Capital outlay	1,734,800	1,734,800	777,763	957,037
Total expenditures	<u>2,704,094</u>	<u>2,950,594</u>	<u>846,586</u>	<u>2,104,008</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(2,645,198)</u>	<u>(2,891,698)</u>	<u>(688,854)</u>	<u>2,202,844</u>
NET CHANGE IN FUND BALANCE	<u>\$ (2,645,198)</u>	<u>\$ (2,891,698)</u>	<u>(688,854)</u>	<u>\$ 2,202,844</u>
FUND BALANCE:				
Beginning of year			3,764,412	
End of year			<u>\$ 3,075,558</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, 2016

	Budgeted			Variance From
	Original	Final	Actual	Final Budget
REVENUES:				
Intergovernmental	\$ 119,000	\$ 119,000	\$ 135,569	\$ 16,569
Use of money and property	2,465	2,465	1,812	(653)
Total revenues	<u>121,465</u>	<u>121,465</u>	<u>137,916</u>	<u>16,451</u>
EXPENDITURES:				
Current:				
Police services	120,000	178,052	173,840	4,212
Administrative services	321	321	339	(18)
Total expenditures	<u>120,321</u>	<u>178,373</u>	<u>174,179</u>	<u>4,194</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>1,144</u>	<u>(56,908)</u>	<u>(36,263)</u>	<u>20,645</u>
NET CHANGE IN FUND BALANCE	<u>\$ 1,144</u>	<u>\$ (56,908)</u>	<u>(36,263)</u>	<u>\$ 20,645</u>
FUND BALANCE:				
Beginning of year			<u>295,439</u>	
End of year			<u>\$ 259,176</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, 2016

	Budgeted		Actual	Variance From Final Budget
	Original	Final		
REVENUES:				
Development fees	\$ -	\$ -	\$ 374,519	\$ 374,519
Use of money and property	-	-	4,463	4,463
Total revenues	-	-	378,982	378,982
EXPENDITURES:				
Current:				
Administrative services	563	563	663	(100)
Total expenditures	563	563	663	(100)
REVENUES OVER (UNDER) EXPENDITURES	(563)	(563)	378,319	378,882
NET CHANGE IN FUND BALANCE	<u>\$ (563)</u>	<u>\$ (563)</u>	378,319	<u>\$ 378,882</u>
FUND BALANCE:				
Beginning of year			597,766	
End of year			<u>\$ 976,085</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, 2016

	Budgeted			Variance From
	Original	Final	Actual	Final Budget
REVENUES:				
Use of money and property	\$ (1,394)	\$ (1,394)	\$ 2,791	\$ 4,185
Miscellaneous	(199)	(199)	39,759	39,958
Total revenues	<u>(1,593)</u>	<u>(1,593)</u>	<u>42,550</u>	<u>44,143</u>
EXPENDITURES:				
Current:				
Development services	(5,391)	(5,391)	-	(5,391)
Administrative services	44	44	81	(37)
Recreation, Arts & Community Services	-	-	-	-
Capital outlay	39,759	39,759	39,759	-
Total expenditures	<u>34,412</u>	<u>34,412</u>	<u>39,840</u>	<u>(5,428)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(36,005)</u>	<u>(36,005)</u>	<u>2,710</u>	<u>38,715</u>
NET CHANGE IN FUND BALANCE	<u>\$ (36,005)</u>	<u>\$ (36,005)</u>	<u>2,710</u>	<u>\$ 38,715</u>
FUND BALANCE:				
Beginning of year			<u>41,040</u>	
End of year			<u>\$ 43,750</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, 2016

	Budgeted			Variance From
	Original	Final	Actual	Final Budget
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 4,176	\$ 4,176
Miscellaneous	-	-	135,000	135,000
Total revenues	-	-	139,176	139,176
EXPENDITURES:				
Current:				
Administrative services	-	560	1,216	(656)
Total expenditures	-	560	1,216	(656)
REVENUES OVER (UNDER) EXPENDITURES	-	(560)	137,960	138,520
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	973,800	973,800
Total other financing sources (uses)	-	-	973,800	973,800
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ (560)</u>	1,111,760	<u>\$ 1,112,320</u>
FUND BALANCE:				
Beginning of year			10,543	
End of year			<u>\$ 1,122,303</u>	

Town of Danville
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
Tassajara Ranch Assessment District Special Revenue Fund
For the Year Ended June 30, 2016

	Budgeted			Variance From
	Original	Final	Actual	Final Budget
REVENUES:				
Use of money and property	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	-	32,816	32,816
Total revenues	-	-	32,816	32,816
EXPENDITURES:				
Current:				
Police services	-	-	-	-
Maintenance services	-	-	-	-
Development services	-	34,391	-	34,391
Administrative services	-	-	-	-
Recreation, Arts & Community Services	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	-	34,391	-	34,391
REVENUES OVER (UNDER) EXPENDITURES	-	(34,391)	32,816	67,207
NET CHANGE IN FUND BALANCE	\$ -	\$ (34,391)	32,816	\$ 67,207
FUND BALANCE:				
Beginning of year			-	
End of year			\$ 32,816	

Town of Danville
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the Year Ended June 30, 2016

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
<u>Deposits Fund</u>				
ASSETS				
Cash and investments	\$ 1,281,402	\$ 228,414	\$ (297,757)	\$ 1,212,059
Cash and investments with fiscal agents	145,241	-	(899)	144,342
Accounts receivable	-	-	-	-
Total assets	\$ 1,426,643	\$ 228,414	\$ (298,656)	\$ 1,356,401
LIABILITIES				
Accounts payable	\$ 38,804	\$ 260,602	\$ (234,472)	\$ 64,934
Deposits	1,387,839	231,358	(327,730)	1,291,467
Total liabilities	\$ 1,426,643	\$ 491,960	\$ (562,202)	\$ 1,356,401
<u>Sycamore Valley Special Assessment District</u>				
ASSETS				
Cash and investments	\$ 39,995	\$ 5,988	\$ (45,633)	\$ 350
Interest receivable	94	1	(108)	(13)
Total assets	\$ 40,089	\$ 5,989	\$ (45,741)	\$ 337
LIABILITIES				
Accounts payable	\$ 1	\$ 2	\$ (3)	\$ -
Due to assessment district bondholders	40,088	487	(40,238)	337
Total liabilities	\$ 40,089	\$ 489	\$ (40,241)	\$ 337
<u>Tassajara Ranch Special Assessment District</u>				
ASSETS				
Cash and investments	\$ 32,751	\$ 227	\$ (32,833)	\$ 145
Interest receivable	81	57	(81)	57
Total assets	\$ 32,832	\$ 284	\$ (32,914)	\$ 202
LIABILITIES				
Accounts payable	\$ 1	\$ 4	\$ (4)	\$ 1
Due to assessment district bondholders	32,831	281	(32,911)	201
Total liabilities	\$ 32,832	\$ 285	\$ (32,915)	\$ 202

Town of Danville
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the Year Ended June 30, 2016

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
<u>Northeast Road Improvement Special Assessment</u>				
<u>District</u>				
ASSETS				
Cash and investments	\$ 395,698	\$ 17,960	\$ (441,300)	\$ (27,642)
Cash and investments with fiscal agents	194,111	7,495	(7,477)	194,129
Interest receivable	976	235	(1,211)	-
Total assets	\$ 590,785	\$ 25,690	\$ (449,988)	\$ 166,487
LIABILITIES				
Accounts payable	\$ 367	\$ 1,262	\$ (1,629)	\$ -
Due to assessment district bondholders	590,418	-	(423,931)	166,487
Total liabilities	\$ 590,785	\$ 1,262	\$ (425,560)	\$ 166,487
<u>Total Agency Funds</u>				
ASSETS				
Cash and investments	\$ 1,749,846	\$ 252,589	\$ (817,523)	\$ 1,184,912
Cash and investments with fiscal agents	339,352	7,495	(8,376)	338,471
Accounts receivable	-	-	-	-
Interest receivable	1,151	293	(1,400)	44
Total assets	\$ 2,090,349	\$ 260,377	\$ (827,299)	\$ 1,523,427
LIABILITIES				
Accounts payable	\$ 39,173	\$ 261,870	\$ (236,108)	\$ 64,935
Deposits	1,387,839	231,358	(327,730)	1,291,467
Due to assessment district bondholders	663,337	768	(497,080)	167,025
Total liabilities	\$ 2,090,349	\$ 493,996	\$ (1,060,918)	\$ 1,523,427

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.

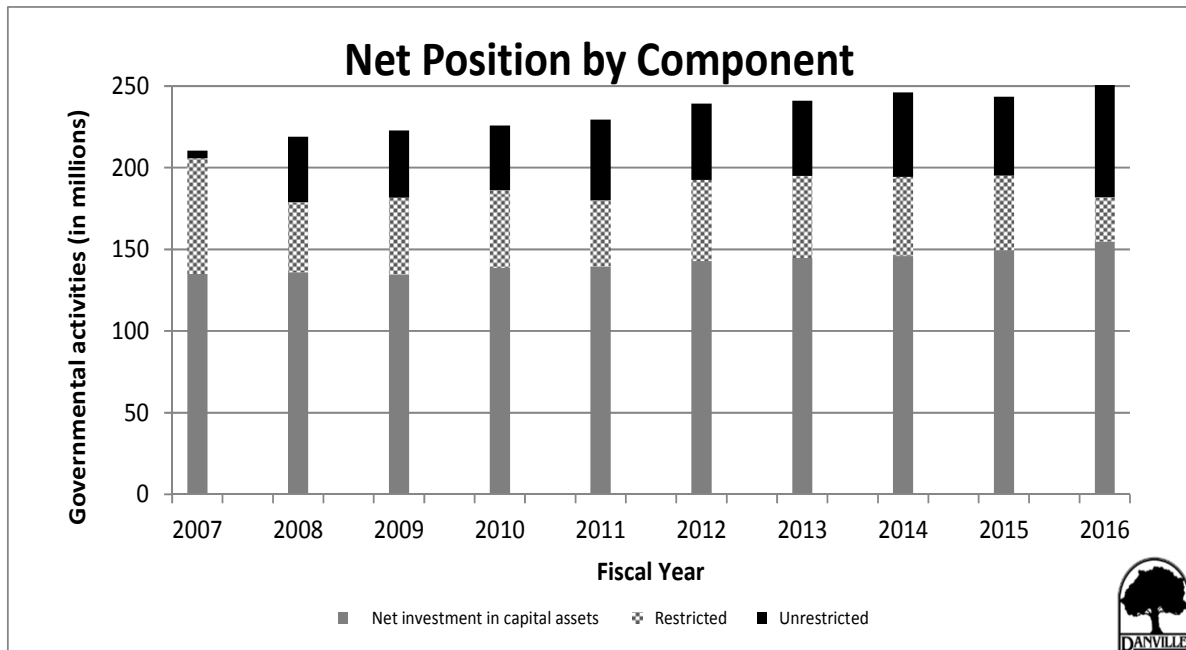
CONTENTS	PAGE
Financial Trends.....	112
<i>These schedules contain trend information to help the reader understand how the Town of Danville’s financial performance and well-being have changed over time.</i>	
Revenue Capacity.....	123
<i>These schedules contain information to help the reader assess the Town of Danville’s most significant local revenue source, the property tax.</i>	
Debt Capacity.....	126
<i>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.</i>	
Demographic and Economic Information	132
<i>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.</i>	
Operating Information.....	134
<i>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.</i>	

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

	Fiscal Year				
	2007	2008	2009	2010	2011
Governmental Activities:					
Net investment in capital assets	\$ 134,970,375	\$ 136,028,162	\$ 134,654,797	\$ 138,586,977	\$ 139,431,946
Restricted	70,811,285	42,645,047	46,856,854	47,655,916	40,454,304
Unrestricted	4,601,609	40,224,619	41,148,332	39,598,060	49,520,377
Total Governmental Activities Net Position	<u>\$ 210,383,269</u>	<u>\$ 218,897,828</u>	<u>\$ 222,659,983</u>	<u>\$ 225,840,953</u>	<u>\$ 229,406,627</u>
Primary Government:					
Net investment in capital assets	\$ 134,970,375	\$ 136,028,162	\$ 134,654,797	\$ 138,586,977	\$ 139,431,946
Restricted	70,811,285	42,645,047	46,856,854	47,655,916	40,454,304
Unrestricted	4,601,609	40,224,619	41,148,332	39,598,060	49,520,377
Total Primary Governmental Net Position	<u>\$ 210,383,269</u>	<u>\$ 218,897,828</u>	<u>\$ 222,659,983</u>	<u>\$ 225,840,953</u>	<u>\$ 229,406,627</u>

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

	Fiscal Year				
	2012	2013	2014	2015	2016
Governmental Activities:					
Net investment in capital assets	\$142,812,475	\$144,710,384	\$145,858,981	\$149,697,964	\$154,909,051
Restricted	49,692,031	50,198,481	48,477,964	45,441,444	26,812,236
Unrestricted	46,716,135	46,009,779	51,728,377	48,215,194	68,822,679
Total Governmental Activities Net Position	<u>\$239,220,641</u>	<u>\$240,918,644</u>	<u>\$246,065,322</u>	<u>\$243,354,602</u>	<u>\$250,543,966</u>
Primary Government:					
Net investment in capital assets	\$142,812,475	\$144,710,384	\$145,858,981	\$149,697,964	\$154,909,051
Restricted	49,692,031	50,198,481	48,477,964	23,655,107	26,812,236
Unrestricted	46,716,135	46,009,779	51,728,377	69,968,657	68,822,679
Total Primary Governmental Net Position	<u>\$239,220,641</u>	<u>\$240,918,644</u>	<u>\$246,065,322</u>	<u>\$243,321,728</u>	<u>\$250,543,966</u>



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				
	2007	2008	2009	2010	2011
Expenditures					
Governmental activities:					
General Government	\$ 1,600,696	\$ 1,946,099	\$ 2,125,073	\$ 1,835,430	\$ 1,727,619
Police Services	6,309,466	6,733,441	7,121,673	7,264,962	7,301,762
Maintenance Services & Lighting & Landscape	9,040,315	5,551,024	5,424,528	5,165,178	5,508,781
Development Services	8,541,319	9,598,470	11,278,689	9,495,734	13,388,097
Administrative Services	1,749,217	1,989,678	1,872,222	1,868,912	2,049,307
Recreation Services	3,853,314	3,963,694	3,835,195	3,744,474	3,405,850
Interest on long-term debt	816,725	794,424	771,845	755,747	732,585
Total governmental activities expenses	31,911,052	30,576,830	32,429,225	30,130,437	34,114,001
Total primary government expenses	<u>\$ 31,911,052</u>	<u>\$ 30,576,830</u>	<u>\$ 32,429,225</u>	<u>\$ 30,130,437</u>	<u>\$ 34,114,001</u>
Program Revenues					
Governmental Activities:					
Charges for Services:					
General Government	\$ -	\$ 203,848	\$ 108,932	\$ 6,061	\$ 6,208
Police Services	558,670	485,806	376,541	312,277	293,550
Maintenance Services, Lighting & Landscape	2,976,054	2,988,681	2,983,265	3,010,264	3,028,247
Development Services	2,992,420	2,667,418	2,325,689	2,005,945	2,757,149
Administrative Services	-	-	-	-	-
Recreation, Arts & Community Services	1,838,877	1,739,974	1,885,346	1,440,828	1,645,913
Interest on long-term debt	-	-	-	-	-
Operating grants and contributions	2,387,760	1,800,782	2,443,145	1,260,187	798,926
Capital grants and contributions	2,596,770	3,415,575	1,407,730	1,807,849	6,728,897
Total governmental activities program revenues	<u>\$ 13,350,551</u>	<u>\$ 13,302,084</u>	<u>\$ 11,530,648</u>	<u>\$ 9,843,411</u>	<u>\$ 15,258,890</u>
Total primary government program revenues	<u>\$ 13,350,551</u>	<u>\$ 13,302,084</u>	<u>\$ 11,530,648</u>	<u>\$ 9,843,411</u>	<u>\$ 15,258,890</u>
Net (Expenditures)/Revenue					
Governmental activities	<u>\$ (18,560,501)</u>	<u>\$ (17,274,746)</u>	<u>\$ (20,898,577)</u>	<u>\$ (20,287,026)</u>	<u>\$ (18,855,111)</u>
Total Primary Government, Net Expenses	<u>\$ (18,560,501)</u>	<u>\$ (17,274,746)</u>	<u>\$ (20,898,577)</u>	<u>\$ (20,287,026)</u>	<u>\$ (18,855,111)</u>

Note:

(1) Depreciation was netted against program expenditures beginning in 2004.

(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

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

	Fiscal Year				
	2012	2013	2014	2015	2016
Expenditures					
Governmental activities:					
General Government	\$ 1,672,908	\$ 1,657,519	\$ 1,707,946	\$ 1,527,466	\$ 1,592,763
Police Services	7,518,544	7,592,846	7,192,736	8,565,667	8,914,297
Maintenance Services & Lighting & Landscape	6,284,672	7,803,026	6,136,448	7,589,476	8,262,373
Development Services	8,909,136	10,298,111	7,545,035	14,348,084	5,233,296
Administrative Services	2,105,205	2,461,355	2,301,375	3,244,813	4,080,262
Recreation Services	3,373,081	3,360,852	3,711,977	3,877,829	3,847,434
Interest on long-term debt	367,482	430,191	415,129	369,274	364,866
Total governmental activities expenses	30,231,028	33,603,900	29,010,646	39,522,609	32,295,291
Total primary government expenses	<u>\$ 30,231,028</u>	<u>\$ 33,603,900</u>	<u>\$ 29,010,646</u>	<u>\$ 39,522,609</u>	<u>\$ 32,295,291</u>
Program Revenues					
Governmental Activities:					
Charges for Services:					
General Government	\$ -	\$ -	\$ -	\$ -	\$ 10
Police Services	323,053	312,873	499,517	429,625	424,470
Maintenance Services, Lighting & Landscape	3,040,340	3,021,029	3,110,836	3,033,384	3,036,737
Development Services	3,028,929	3,757,908	3,686,295	4,196,817	4,285,454
Administrative Services	-	-	-	-	35,186
Recreation, Arts & Community Services	1,754,367	1,810,376	2,178,636	2,433,110	2,079,801
Interest on long-term debt	-	-	-	-	-
Operating grants and contributions	804,432	748,772	933,466	1,110,167	950,437
Capital grants and contributions	2,492,782	1,877,029	1,936,672	1,676,661	1,276,567
Total governmental activities program revenues	<u>\$ 11,443,903</u>	<u>\$ 11,527,987</u>	<u>\$ 12,345,422</u>	<u>\$ 12,879,764</u>	<u>\$ 12,088,662</u>
Total primary government program revenues	<u>\$ 11,443,903</u>	<u>\$ 11,527,987</u>	<u>\$ 12,345,422</u>	<u>\$ 12,879,764</u>	<u>\$ 12,088,662</u>
Net (Expense)/Revenue					
Governmental activities	<u>\$ (18,787,125)</u>	<u>\$ (22,075,913)</u>	<u>\$ (16,665,224)</u>	<u>\$ (26,642,845)</u>	<u>\$ (20,206,629)</u>
Total Primary Government, Net Expenses	<u>\$ (18,787,125)</u>	<u>\$ (22,075,913)</u>	<u>\$ (16,665,224)</u>	<u>\$ (26,642,845)</u>	<u>\$ (20,206,629)</u>

Note:

(1) Depreciation was netted against program expenditures beginning in 2004.

(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				
	2007	2008	2009	2010	2011
Governmental Activities					
Taxes					
Property taxes	\$ 13,776,079	\$ 13,922,627	\$ 14,379,374	\$ 13,308,701	\$ 13,283,437
Sales taxes	3,802,878	3,629,778	3,347,146	3,254,413	3,531,936
Motor Vehicle taxes	257,141	191,794	147,048	127,142	199,005
Franchise Taxes	1,484,817	1,630,531	1,702,771	1,812,081	2,039,307
Other taxes	368,469	380,800	376,337	360,149	361,872
Investment earnings	3,887,362	4,854,361	3,883,832	2,632,269	1,399,674
Miscellaneous	549,907	1,179,414	824,224	1,973,241	1,605,554
Transfers from Successor Agency	-	-	-	-	-
Extraordinary/Special item	-	-	-	-	-
Total governmental activities	<u>\$ 24,126,653</u>	<u>\$ 25,789,305</u>	<u>\$ 24,660,732</u>	<u>\$ 23,467,996</u>	<u>\$ 22,420,785</u>
Total primary government	<u>\$ 24,126,653</u>	<u>\$ 25,789,305</u>	<u>\$ 24,660,732</u>	<u>\$ 23,467,996</u>	<u>\$ 22,420,785</u>

Change in Net Position

Governmental activities	<u>\$ 5,566,152</u>	<u>\$ 8,514,559</u>	<u>\$ 3,762,155</u>	<u>\$ 3,180,970</u>	<u>\$ 3,565,674</u>
Total primary government	<u>\$ 5,566,152</u>	<u>\$ 8,514,559</u>	<u>\$ 3,762,155</u>	<u>\$ 3,180,970</u>	<u>\$ 3,565,674</u>

Note:

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

*Depreciation was netted against program expenditures beginning 2004.

Accrual basis of accounting was not available prior to the implementation of GASB 34 in 2002

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				
	2012	2013	2014	2015	2016
Governmental Activities					
Taxes					
Property taxes	\$ 12,967,656	\$ 12,242,443	\$ 12,716,297	\$ 13,593,483	\$ 14,153,561
Sales taxes	3,835,342	3,897,260	3,947,577	4,098,412	4,569,470
Motor Vehicle taxes	21,557	22,337	18,486	17,857	17,629
Franchise Taxes	2,067,703	2,098,137	2,155,691	2,215,165	2,299,491
Other Taxes	366,926	374,354	385,044	391,856	404,744
Investment earnings	915,317	251,901	900,451	636,474	1,265,876
Miscellaneous	1,470,094	2,360,129	1,514,199	1,559,647	741,674
Transfers from Successor Agency	-	795,191	790,542	769,972	780,818
Extraordinary/Special item	6,956,544	1,732,164	-	-	3,195,604
Total governmental activities	<u>\$ 28,601,139</u>	<u>\$ 23,773,916</u>	<u>\$ 22,428,287</u>	<u>\$ 23,282,866</u>	<u>\$ 27,428,867</u>
Total primary government	<u>\$ 28,601,139</u>	<u>\$ 23,773,916</u>	<u>\$ 22,428,287</u>	<u>\$ 23,282,866</u>	<u>\$ 27,428,867</u>

Change in Net Position

Governmental activities	<u>\$ 9,814,014</u>	<u>\$ 1,698,003</u>	<u>\$ 5,763,063</u>	<u>\$ (3,359,979)</u>	<u>\$ 7,222,238</u>
Total primary government	<u>\$ 9,814,014</u>	<u>\$ 1,698,003</u>	<u>\$ 5,763,063</u>	<u>\$ (3,359,979)</u>	<u>\$ 7,222,238</u>

Note:

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

*Depreciation was netted against program expenditures beginning 2004.

Accrual basis of accounting was not available prior to the implementation of GASB 34 in 2002

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
2007	\$11,277,238	\$ 3,802,878	\$ 2,032,218	\$ 1,484,817	\$ 466,623	\$ 257,141	\$ 368,469	\$19,689,384
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

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				
	2007	2008	2009	2010*	2011
General Fund					
Reserved	\$ 954,798	\$ 1,232,380	\$ 2,424,577	\$ -	\$ -
Unreserved	11,595,733	12,385,630	13,623,457	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	17,481,215	18,334,708
Assigned	-	-	-	578,251	8,327,574
Total General Fund	<u>\$ 12,550,531</u>	<u>\$ 13,618,010</u>	<u>\$ 16,048,034</u>	<u>\$ 18,059,466</u>	<u>\$ 26,662,282</u>
All Other Governmental Funds					
Reserved	\$ 25,252,520	\$ 27,108,341	\$ 25,660,317	\$ -	\$ -
Unreserved, reported in:					
Special revenue funds					
Restricted	3,372,299	4,053,922	1,548,115	29,740,733	30,370,267
Debt service fund					
Restricted	-	792,990	-	2,049,301	1,031,209
Unassigned	-	-	-	-	(8,063,814)
Capital projects funds					
Restricted	34,870,099	37,499,695	44,930,389	746,199	340,851
Committed	-	-	-	16,234,896	16,814,633
Assigned	-	-	-	24,420,575	22,804,473
Total all other Governmental Funds	<u>\$ 63,494,918</u>	<u>\$ 69,454,948</u>	<u>\$ 72,138,821</u>	<u>\$ 73,191,704</u>	<u>\$ 63,297,619</u>
Total Governmental Funds	<u><u>\$ 76,045,449</u></u>	<u><u>\$ 83,072,958</u></u>	<u><u>\$ 88,186,855</u></u>	<u><u>\$ 91,251,170</u></u>	<u><u>\$ 89,959,901</u></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				
	2012	2013	2014	2015	2016
General Fund					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-
Restricted	809,519	809,536	809,635	809,718	809,504
Committed	17,697,557	17,670,672	17,118,585	17,067,689	18,374,622
Assigned	8,430,419	9,247,992	9,482,365	9,397,184	10,772,830
Total General Fund	<u>\$ 26,937,495</u>	<u>\$ 27,728,200</u>	<u>\$ 27,410,585</u>	<u>\$ 27,274,591</u>	<u>\$ 29,956,956</u>
 All Other Governmental Funds					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:					
Special revenue funds					
Restricted	28,429,093	27,540,889	28,492,880	24,215,659	25,998,323
Debt service fund					
Restricted	808,787	811,282	811,448	813,511	813,913
Unassigned	-	-	-	-	-
Capital projects funds					
Restricted	-	-	356,953	356,953	-
Committed	40,669,255	39,639,637	42,268,737	39,887,688	38,430,064
Assigned	-	-	-	-	-
Total all other Governmental Funds	<u>\$ 69,907,135</u>	<u>\$ 67,991,808</u>	<u>\$ 71,930,018</u>	<u>\$ 65,273,811</u>	<u>\$ 65,242,300</u>
 Total Governmental Funds	<u><u>\$ 96,844,630</u></u>	<u><u>\$ 95,720,008</u></u>	<u><u>\$ 99,340,603</u></u>	<u><u>\$ 92,548,402</u></u>	<u><u>\$ 95,199,256</u></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				
	2007	2008	2009	2010	2011
REVENUES:					
Property Taxes	\$ 13,776,079	\$ 13,922,627	\$ 14,379,374	\$ 13,308,701	\$ 13,283,437
Sales Taxes	3,802,878	3,629,778	3,344,497	3,250,820	3,531,862
Gas & Other Taxes	2,854,560	4,692,227	4,641,839	3,720,070	3,960,259
Special assessments	3,486,516	3,490,417	3,532,305	3,546,477	3,579,045
Charges for services	3,907,323	3,663,733	3,284,801	2,849,818	3,379,595
Licenses and permits	371,985	380,800	376,337	357,369	360,957
Development fees	2,212,899	1,959,336	781,486	398,080	1,101,893
Intergovernmental	1,993,731	394,299	277,688	904,088	5,134,660
Fines and forfeitures	368,213	345,251	245,384	250,991	219,432
Uses of money and property	4,364,345	5,433,507	4,500,796	3,189,418	1,943,830
Miscellaneous	332,956	771,837	1,259,085	1,466,878	1,079,236
Total Revenues	\$ 37,471,485	\$ 38,683,812	\$ 36,623,592	\$ 33,242,710	\$ 37,574,206
EXPENDITURES:					
General Government	\$ 1,597,758	\$ 1,753,337	\$ 1,902,540	\$ 1,746,893	\$ 1,683,425
Police services	6,201,595	6,530,636	6,988,287	7,090,622	7,128,461
Maintenance services	876,770	2,246,511	1,933,797	1,839,102	1,958,607
Lighting and landscape	2,832,648	2,811,003	2,825,880	2,766,842	3,029,522
Development services	8,254,526	7,207,227	8,943,837	7,158,008	11,027,548
Administrative services	1,679,517	1,741,367	1,844,300	1,836,358	1,998,345
Recreation, Arts & Community services	3,759,452	3,532,007	3,749,091	3,660,187	3,307,586
Capital outlay	5,159,829	4,702,165	2,189,626	2,943,931	7,592,460
Debt service:					
Principal	310,000	340,000	355,000	375,000	395,000
Interest and fiscal charges	828,104	792,050	777,337	761,452	744,521
Total Expenditures	\$ 31,500,199	\$ 31,656,303	\$ 31,509,695	\$ 30,178,395	\$ 38,865,475
REVENUES OVER (UNDER) EXPENDITURES	5,971,286	7,027,509	5,113,897	3,064,315	(1,291,269)
OTHER FINANCING SOURCES (USES):					
Transfers in	20,848,721	6,219,243	10,400,042	2,559,375	13,547,919
Transfers out	(20,848,721)	(6,219,243)	(10,400,042)	(2,559,375)	(13,547,919)
Total other financing sources (uses)	-	-	-	-	-
Extraordinary/Special item*	-	-	-	-	-
NET CHANGE IN FUND BALANCES	\$ 5,971,286	\$ 7,027,509	\$ 5,113,897	\$ 3,064,315	\$ (1,291,269)
Debt service as a percentage of noncapital expe	4.52%	4.38%	4.02%	4.35%	3.78%

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
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year				
	2012	2013	2014	2015	2016
REVENUES:					
Property Taxes	\$ 12,967,656	\$ 12,242,443	\$ 12,716,297	\$ 13,593,483	\$ 14,153,561
Sales Taxes	3,835,342	3,897,260	3,943,899	4,080,378	4,558,712
Gas & Other Taxes	3,818,359	3,731,881	3,999,378	4,033,766	3,270,354
Special assessments	3,572,176	3,580,120	3,579,918	3,574,570	3,590,353
Charges for services	3,641,623	4,602,791	2,455,673	2,792,321	2,752,180
Licenses and permits	366,886	374,354	385,033	391,856	404,744
Development fees	144,416	1,207,211	2,926,192	3,166,893	3,705,128
Intergovernmental	1,276,852	155,815	181,003	547,347	1,026,474
Fines and forfeitures	190,982	237,209	248,965	242,325	267,732
Uses of money and property	1,463,143	870,157	1,507,294	1,379,939	2,024,361
Miscellaneous	1,802,671	972,999	1,060,380	1,589,780	1,155,013
Total Revenues	\$ 33,080,106	\$ 31,872,240	\$ 33,004,032	\$ 35,392,658	\$ 36,908,612
EXPENDITURES:					
General Government	\$ 1,667,416	\$ 1,658,489	\$ 1,708,465	\$ 1,526,324	\$ 1,591,047
Police services	7,300,734	7,374,868	6,980,859	8,356,060	8,691,261
Maintenance services	2,403,824	4,362,329	2,547,337	3,728,641	4,381,322
Lighting and landscape	3,288,256	2,991,535	3,043,620	3,105,346	3,127,403
Development services	7,458,197	9,588,981	6,920,225	14,097,237	4,986,759
Administrative services	1,901,419	2,446,641	2,207,468	3,362,284	4,000,431
Recreation, Arts & Community services	3,245,655	3,242,901	3,593,125	3,523,333	3,467,371
Capital outlay	5,763,393	1,342,965	2,382,338	5,102,019	6,466,296
Debt service:					
Principal	420,000	-	-	-	-
Interest and fiscal charges	503,764	-	-	-	-
Total Expenditures	\$ 33,952,658	\$ 33,008,709	\$ 29,383,437	\$ 42,801,244	\$ 36,711,890
REVENUES OVER (UNDER) EXPENDITURES	(872,552)	(1,136,469)	3,620,595	(7,408,586)	196,722
OTHER FINANCING SOURCES (USES):					
Transfers in	7,385,966	5,272,109	6,248,451	6,300,714	8,710,450
Transfers out	(7,385,966)	(5,272,109)	(6,248,451)	(6,300,714)	(8,710,450)
Total other financing sources (uses)	-	-	-	-	-
Extraordinary/Special item*	7,757,281	11,847	-	-	3,195,604
NET CHANGE IN FUND BALANCES	\$ 6,884,729	\$ (1,124,622)	\$ 3,620,595	\$ (7,408,586)	\$ 3,392,326
Debt service as a percentage of noncapital expe	3.39%	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			
2007	\$ 8,667,009,162	\$ 38,587,992	\$ 3,276,105	\$ 51,281,144	\$ 160,696,062	\$ 8,599,458,341	0.10195%
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	0.07827%
2016	11,904,105,603	47,645,411	3,290,428	43,296,151	172,930,520	11,825,407,073	0.07758%

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	San Ramon Valley Unified School District	Bay Area Rapid Transit (BART)	Miscellaneous	Total Direct & Overlapping Rate
2007	0.10195%	1.00%	0.0533%	0.0050%	0.0128%	1.1731%
2008	0.10258%	1.00%	0.0517%	0.0076%	0.0188%	1.1807%
2009	0.10432%	1.00%	0.0519%	0.0090%	0.0166%	1.1818%
2010	0.10515%	1.00%	0.0587%	0.0057%	0.0234%	1.1930%
2011	0.10367%	1.00%	0.0641%	0.0031%	0.0217%	1.1926%
2012	0.10319%	1.00%	0.0664%	0.0041%	0.0214%	1.1951%
2013	0.10323%	1.00%	0.0705%	0.0043%	0.0138%	1.1918%
2014	0.07827%	1.00%	0.0696%	0.0075%	0.0121%	0.07827%
2015	0.07829%	1.00%	0.0651%	0.0045%	0.0125%	0.07829%
2016	0.07758%	1.00%	0.0624%	0.0026%	0.0125%	0.07758%

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
2007	\$ 13,309,456	100%	n/a	\$ 13,309,456	100%
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%

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 Allocation Bond	Taxable Revenue Bonds Loan Payable	Other*			
2007	\$ 11,215,000	\$ -	\$ 3,535,000	\$ -	\$ 18,285,000	0.14%	\$ 82.98
2008	10,910,000	-	3,500,000	-	17,910,000	**	82.10
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	**	205.35
2016	8,055,000	-	-	-	8,055,000	**	187.92

Note:

*Bank notes for child care facilities and capital leases.

**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

2015-2016 Assessed Valuation:	\$ 11,229,408,872
Redevelopment Incremental Valuation	\$ 11,229,408,872
Adjusted Assessed Valuation:	

	Total Debt 6/30/16	% Applicable (1)	Town's Share of Debt (6/30/16)
OVERLAPPING TAX AND ASSESSMENT DEBT:			
Bay Area Rapid Transit District	\$ 527,065,000	1.865%	\$ 9,829,762
Contra Costa Community College District	432,135,000	6.540%	28,261,629
San Ramon Valley Unified School District	423,148,953	26.731%	113,111,947
East Bay Regional Park District	149,945,000	2.857%	4,283,929
SUBTOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 155,487,267
DIRECT AND OVERLAPPING GENERAL FUND DEBT:			
Contra Costa County General Fund Obligations	\$ 253,715,570	6.515%	\$ 16,529,569
Contra Costa County Pension Obligations	212,765,000	6.515%	13,861,640
Contra Costa County Community College District - COP	525,000	6.540%	34,335
San Ramon Valley Unified School District General Fund Obligations	31,424,082	26.731%	8,399,971
San Ramon Valley Fire Protection District - COP	13,826,000	26.872%	3,715,323
Town of Danville Certificates of Participation (COP)	8,055,000	100%	8,055,000
SUBTOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$ 50,595,839
Less: Contra Costa County obligations supported from revenue funds			(4,471,963)
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$ 46,123,876
 OVERLAPPING TAX INCREMENT DEBT (Successor Agency)	 \$ 2,875,000	 100%	 \$ 2,875,000
 TOTAL DIRECT DEBT			 8,055,000
TOTAL GROSS OVERLAPPING DEBT			\$ 200,903,106
TOTAL NET OVERLAPPING DEBT			196,431,143
 GRAND TOTAL DIRECT AND OVERLAPPING DEBT			 \$ 208,958,106 (2)
NET COMBINED TOTAL DEBT			\$ 204,486,143

- (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 2014/15 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	1.38%
Total Direct Debt (\$8,860,000)	0.07%
Gross Combined Total Debt	1.86%
Net Combined Total Debt	1.82%

Ratios to Redevelopment Incremental Valuation (\$275,269,282):

Total Overlapping Tax Increment Debt	0.96%
---	--------------

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 anticipation 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	2016			2007	
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Percentage of Total Taxable Assessed Value
Danville Livery & Mercantile	\$ 43,209,289	1	0.39%	\$ 38,759,882	0.45%
Reg8 Tassajara Crossing, LLC	37,458,470	2	0.34%		
Costco Wholesale Corporation	23,786,990	3	0.21%		
Rose Garden Associates Danville, LLC	23,770,000	4	0.21%		
ROIC California, LLC	21,091,000	5	0.19%		
Danville Park RE LLC	18,115,082	6	0.16%		
Rassier Properties Danville Medical Ctr.	15,605,691	7	0.14%		
Montair Associates, LLC	15,274,101	8	0.14%	13,432,898	0.16%
JKDSQ, LLC	13,346,073	9	0.12%		
Diablo Lodge, LLC	13,328,051	10	0.12%		
Regency Centers, LP				32,942,989	0.38%
Iron Horse Plaza, LLC				18,529,613	0.22%
Danville Office Partners, LLC				9,096,786	0.11%
Marilyn A. Dreyfuss Trust				7,302,718	0.08%
Mark Attarha				6,172,311	0.07%
Song C. Yun				5,806,070	0.07%
Red Dog, LLC				5,780,922	0.07%
Oak Court Properties, LLC				5,442,563	0.06%
Totals	\$224,984,747		2.02%	\$143,266,752	1.67%

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				
	2007	2008	2009	2010	2011
Debt Limit	\$ 322,479,688	\$ 340,491,117	\$ 351,859,116	\$ 349,357,579	\$ 341,994,482
Total net debt applicable to limit	-	-	-	-	-
Legal debt margin	<u>\$ 322,479,688</u>	<u>\$ 340,491,117</u>	<u>\$ 351,859,116</u>	<u>\$ 349,357,579</u>	<u>\$ 341,994,482</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				
	2012	2013	2014	2015	2016
Debt Limit	\$ 341,158,411	\$ 343,524,020	\$ 365,089,765	\$ 391,883,453	\$ 443,452,765
Total net debt applicable to limit	-				
Legal debt margin	<u>\$ 341,158,411</u>	<u>\$ 343,524,020</u>	<u>\$ 365,089,765</u>	<u>\$ 391,883,453</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 2016

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	<u>-</u>
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	
2007	\$ 1,625,773	\$ 290,000	\$ 511,039	2.03	\$ 406,443	\$ 20,000	\$ 293,745	1.30
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	0.00	-	95,000	263,889	0.00
2015	-	395,000	404,973	0.00	-	105,000	255,739	0.00
2016	-	410,000	388,256	0.00	-	120,000	246,570	0.00

Note:

1. Fund balance used to cover debt service

Information presented according to GASB34 which was implemented in 2002

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
2007	42,601	172,214	2.803	61,439	2,617,363	24,706	2.2%
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	**	2.79	**	**	31,954	4.1%
2016	42,865	**	2.97	**	**	32,255	3.9%

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	2016			2015		
	Number of Employees ¹	Rank	% of Top 10	Number of Employees ¹	Rank	% of Top 10
Costco	349	1	22.8%	349	1	22.8%
Keller Williams Realty	335	2	21.9%	*	*	*
Pacific Gas & Electric	168	3	11.0%	*	*	*
J. Rockcliff Realtors	139	4	9.1%	*	*	*
Safeway, Inc.	121	5	7.9%	121	9	7.9%
Danville Nursing & Rehabilitation Center	116	6	7.6%	*	*	*
Emeritus at Diablo Lodge	81	7	5.3%	*	*	*
Alameda Mortgage Corp.	76	8	5.0%	*	*	*
Lunardi's Market	72	9	4.7%	*	*	*
Crow Canyon Management Corp.	71	10	4.6%	*	*	*
Marshalls of Danville				71	2	4.6%
Alain Pinel Realtors				70	3	4.6%
Bay Sotheby's International Realty				69	5	4.5%
Trader Joe's				66	6	4.3%
DNJ Property Mngmt. Services, Inc.				57	7	3.7%
Lucky Supermarkets				50	8	3.3%
Better Homes & Gardens Real Estate				44	9	2.9%
Chow Foodbar Danville				44	10	2.9%
Total Employees:	<u>1,528</u>			<u>941</u>		

Note:

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

*Not ranked in Top 10 Employers in 2015

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

Function	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Legislative	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Administration	2.75	4.00	4.00	4.00	4.00	4.00	4.00	4.00	6.75	6.50
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	34.00	34.75	35.75	34.75	34.00	36.75	37.75
Development Services	23.25	25.00	25.00	26.75	25.25	25.25	24.25	25.50	25.50	29.75
Transportation Services	4.00	4.50	4.50	3.75	4.50	4.50	4.50	4.25	4.25	3.25
Community Services										
Maintenance	23.50	23.00	23.00	23.00	23.00	23.00	24.00	24.00	29.00	31.00
Recreation, Arts & Community Services	14.75	15.25	15.25	15.25	15.25	15.50	15.50	15.25	37.75	37.75
Finance	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.25	5.25
Support Services	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	4.50	4.50
Community Events*	2.75	2.50	2.50	2.50	1.50	0.25	0.25	0.25	0.50	0.50
Human Resources	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.50
Total	<u>117.50</u>	<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>

Source: Adopted Town Budgets

* includes 30 County contract sworn officers in FY 2013/14

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

<u>Function</u>	<u>Fiscal Year</u>									
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Police: ¹										
Arrests	688	468	519	462	745	654	701	574	618	515
Traffic violations	4,186	4,604	4,923	4,623	4,563	2,109	4,220	6,001	5,345	3,875
Parking violations		3,980	2,129	1,897	1,700	1,398	2,009	2,373	1,619	1,625
Public works:										
Street resurfacing (miles)	14.30	9.4	15	9	5.72	9.7	24	18.7	14.2	24
Pot holes repaired	169	161	277	180	134	110	151	160	111	181
Parks and recreation:										
Course registration	16,607	19,899	20,609	20,238	18,352	17,396	20,101	22,191	17,176	18,147
Facility rentals/permits ²	12,435	12,804	12,596	13,047	13,401	13,790	13,915	13,894	816	716
Picnic rentals	420	344	338	417	385	505	511	535	460	241

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

<u>Function</u>	<u>Fiscal Year</u>									
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	16	15	15	15	16	16	14	12	13	13
Public works:										
Street (miles)	144.60	144.60	144.60	144.60	144.60	144.60	144.60	144.60	144.60	144.60
Street lights	3,207	3,207	3,207	3,207	3,207	3,449	1,417	1,417	1,417	1,417
Signalized intersections	51	51	51	51	51	51	51	51	52	52
Parks and recreation:										
Parks acreage	312.45	312.45	312.45	312.45	312.45	312.50	312.50	312.50	312.50	312.50
Parks	5	5	5	5	5	5	5	5	5	5
Tennis courts	10	10	10	-	-	7	10	10	10	10
Community centers	2	3	3	3	3	3	3	3	3	3

Source: Various Town departments