

TOWN OF DANVILLE, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2015



TOWN COUNCIL

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



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Karen Stepper, Vice Mayor
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Renee Morgan, 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)

**Town of Danville
Comprehensive Annual Financial Report
For the Year Ended June 30, 2015**

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INTRODUCTORY SECTION



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*"Small Town Atmosphere
Outstanding Quality of Life"*

November 17, 2015

Mayor and Town Council
Town of Danville

Subject: Fiscal Year 2014/15 Comprehensive Annual Financial Report

The Comprehensive Annual Financial Report (CAFR) of the Town of Danville for the fiscal year (FY) ended June 30, 2015, 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 2014/15.

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.

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

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

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

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, 2015, 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, 2015, \$11,111,504 or 38% 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 \$3,028,569 has been designated as a transfer to the Civic Facilities 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 \$27,274,591 represents 139% of total FY 2014/15 General Fund operating expenditures and 91.61% of operating expenditures from all funds. Additionally, the Town has \$22,845,389 of Special Revenue funds, and \$40,244,641 in Capital Projects funds.

The Town's five largest revenue sources account for 80.38% of all Town revenues. These include Property Tax providing 38.41% of revenues; Sales Tax providing 11.53%; Other Taxes providing 11.4%; Special Assessments providing 10.1% and Development Impact Fees providing 8.95% of revenues.

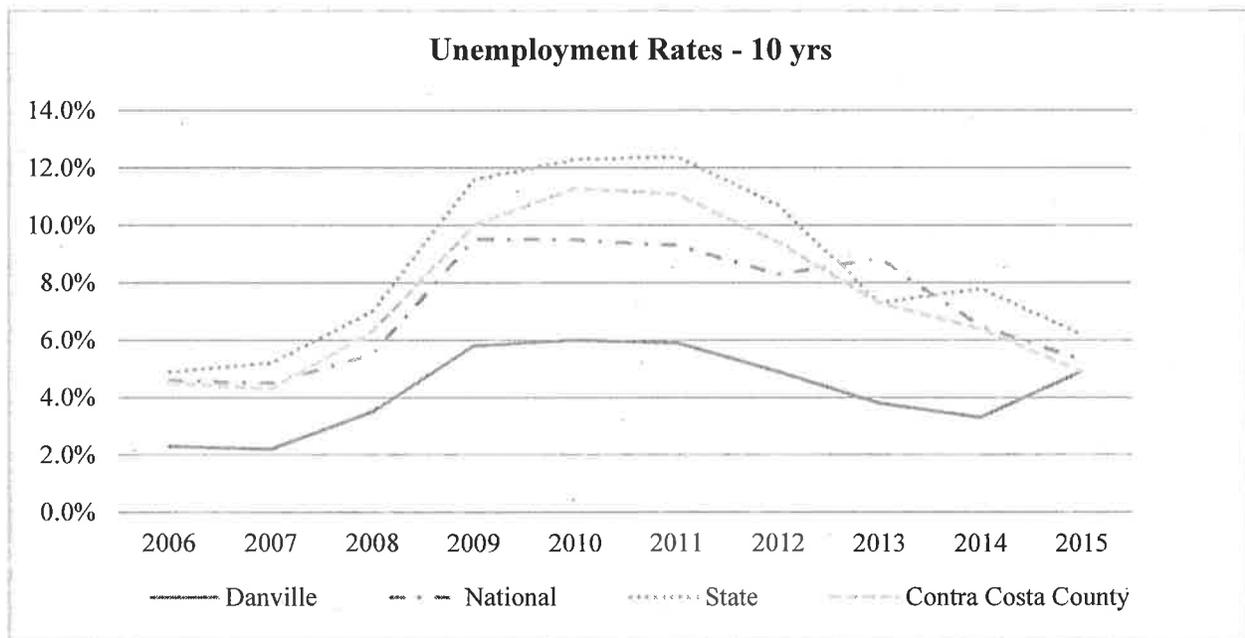
Property Tax increased by \$877,186 (6.8%) as assessed values were increased and the median sales price for a single family residential home increased. Revenue trends from the past four years illustrate a strong growth and recovery in assessed valuation.

Charges for Services increased by \$336,648 (13.71%), reflecting increases in program revenues in Recreation, Arts and Community Services.

Sales Tax, increased \$136,479 (3.46%), reflecting steady consumer confidence and demand. Other Taxes decreased a net of \$581,977 (12.61%), reflecting lower revenues from Gas Tax and Measure J funds; also a receipt of federal grant was recorded in the last fiscal year compared to none this fiscal year. Special Assessments (LLAD and SPCP assessments) remained essentially flat.

The increase in Development Fees of \$240,701 (8.23%), reflects healthy increase in building and permitting activity that the Town has experienced since 2011.

Danville’s jobless rate as of June 2015 was 4.9% as compared to the National rate of 5.3%, the State rate of 6.2%, 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 2015/16 Operating Budget and Capital Improvement Program, was completed in May 2015 and adopted on June 16, 2015. General Fund revenues are projected to increase an average of 6.5% as the economy and housing market continues to strengthen. Special Fund revenues are projected to decrease 2.9%, largely due to the 15.3% decrease in gas tax revenues, a result of reduced fuel demand, lower fuel prices and the State diverting a portion of the funding previously returned to cities to pay State transportation debt service.

Looking forward 10 years, General Fund revenues are projected to increase 1.49% in FY 2016/17, 1.42% in FY 2017/18 and an average of 1.44% thereafter. Special Fund revenues are projected to drop 4.43% in FY 2016/17, drop 2.76% in FY 2017/18 and fluctuate less than 4%, both down and up, through FY 2024/25.

Operating expenditures for the Town were reduced by 2.3% from FY 2015/16 Projected Budget levels for FY 2014/15.

The 10-year projection includes cost increases that average 2.25%, 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.

Two of the four zones in the Lighting and Landscape Assessment District will continue to 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 recovery of the economy and fiscal actions of the State. The dissolution of the Community Development Agency continues to have a major negative impact on the Town by eliminating a major annual funding source for downtown improvements. While the Town will be repaid \$9.1 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 strength.

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 2014/15

Major events took place in the Town during FY 2014/15 that had or will have significant financial effects on the Town in the years to come. The Town:

1. In May 2015, successfully saw the State Department of Finance drop their appeal in the Town's lawsuit against the State, allowing for repayment of a \$9.1 million loan balance owed to the Town by the former Community Development (Redevelopment) Agency.
2. Completed the \$5.28 million North Hartz Avenue Beautification Project and the \$2.2 million Railroad Avenue Improvements Project, intended to help spur redevelopment along the abutting properties.
3. Oversaw the design approvals and coordination of the 37,500 square foot Danville Hotel private redevelopment project.
4. Completed \$2.28 million in pavement maintenance repairs and major arterial overlays throughout Town.
5. Responded to the drought by reducing water usage by 30 percent and implementing water savings measures such as Phase II of the \$391,398 Central Irrigation Project.
6. Continued 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 \$360,848 to the project for right-of-way acquisition.
7. Designed and constructed the \$57,207 Lawrence Road Traffic Safety Improvements Project between Casablanca Street and Jasmine Way.
8. 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.
9. Acquired property at the corner of Rose Street and Linda Mesa Avenue for \$2.73 million in anticipation of a new municipal parking lot and surface parking facility of 81-97 spaces to meet the parking needs of downtown.
10. Installed new concrete pathway and re-sodded the large dog park at Hap Magee Ranch Park for \$37,337.
11. Resurfaced tennis courts and repaired pathways at Oak Hill Park for \$29,394.
12. Continued 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.

13. Continued development of the Comprehensive Economic Development Plan focused on four key areas: fiscal drivers, small and home-based businesses, economic development and marketing, and placemaking.
14. Achieved 89% 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.
15. 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.
16. Adopted a new ordinance, effective July 1, 2016, prohibiting the use of single use plastic carry out bags at all retail and restaurant establishments within the Town.
17. Implemented new recreation management and registration software.
18. Approved residential and commercial property owners' ability to participate in four Property-Assessed Clean Energy (PACE) programs.
19. Continued the Town's use of online and social media efforts through the Danville Today Newsletter, Facebook, Twitter, Nixle, Periscope and LinkedIn to share information about Town events, activities, news, employment opportunities and public safety alerts.

For Fiscal Year 2015/16

During the upcoming FY 2015/16 the Town will:

1. Construct a new municipal parking lot at the corner of Rose Street and Linda Mesa Avenue, including 81-97 spaces to meet the parking needs of downtown.
2. Complete \$3.0 million in pavement maintenance repairs and major arterial overlays throughout Town.
3. Complete the \$450,000 Traffic Signal Controller Upgrade Project to replace aging equipment, hardware and cabinets.
4. Implement \$225,000 in upgrades to the Danville Library, including new HVAC units, lounge chairs and restroom remodel.
5. Complete right-of-way acquisition for the developer-funded San Ramon Valley Boulevard Widening Project, scheduled to be completed in summer 2016, at a cost of \$400,000.
6. Complete implementation of the \$3.5 million, Five-Year Information Technology Master Plan, including Document Management, Land Management and Disaster Recovery implementation.

7. Complete \$1.1 million in design work and construction on four additional bocce ball courts at Sycamore Valley Park.
8. Consider adoption of an updated ordinance restricting smoking in multifamily housing units.
9. Continue supporting local retail businesses with programs including the Retail Retention & Promotion Grant Program, marketing and promotion efforts and conducting business development workshops/seminars.
10. Continue work on the Parks, Recreation and Arts Strategic Plan Update.
11. Complete design and begin construction design on Phase 2 of the \$6.5 million pavement resurfacing of Camino Tassajara and Crow Canyon Roads using federal funds from the SAFETEA-LU Grant Program.
12. Install \$701,007 in new artificial turf at Diablo Vista Park.
13. Prepare for a wet El Niño winter by clearing ditches, culverts, creeks and storm drains and providing outreach to the community.
14. Begin construction of the \$1.45 million renovation and replacement of the children's play area, water feature and group picnic area at Osage Station Park.

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 2014/15, 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 2014/15, 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 \$8,914 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, 2015 financial statements was performed by Pun & McGeady, 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

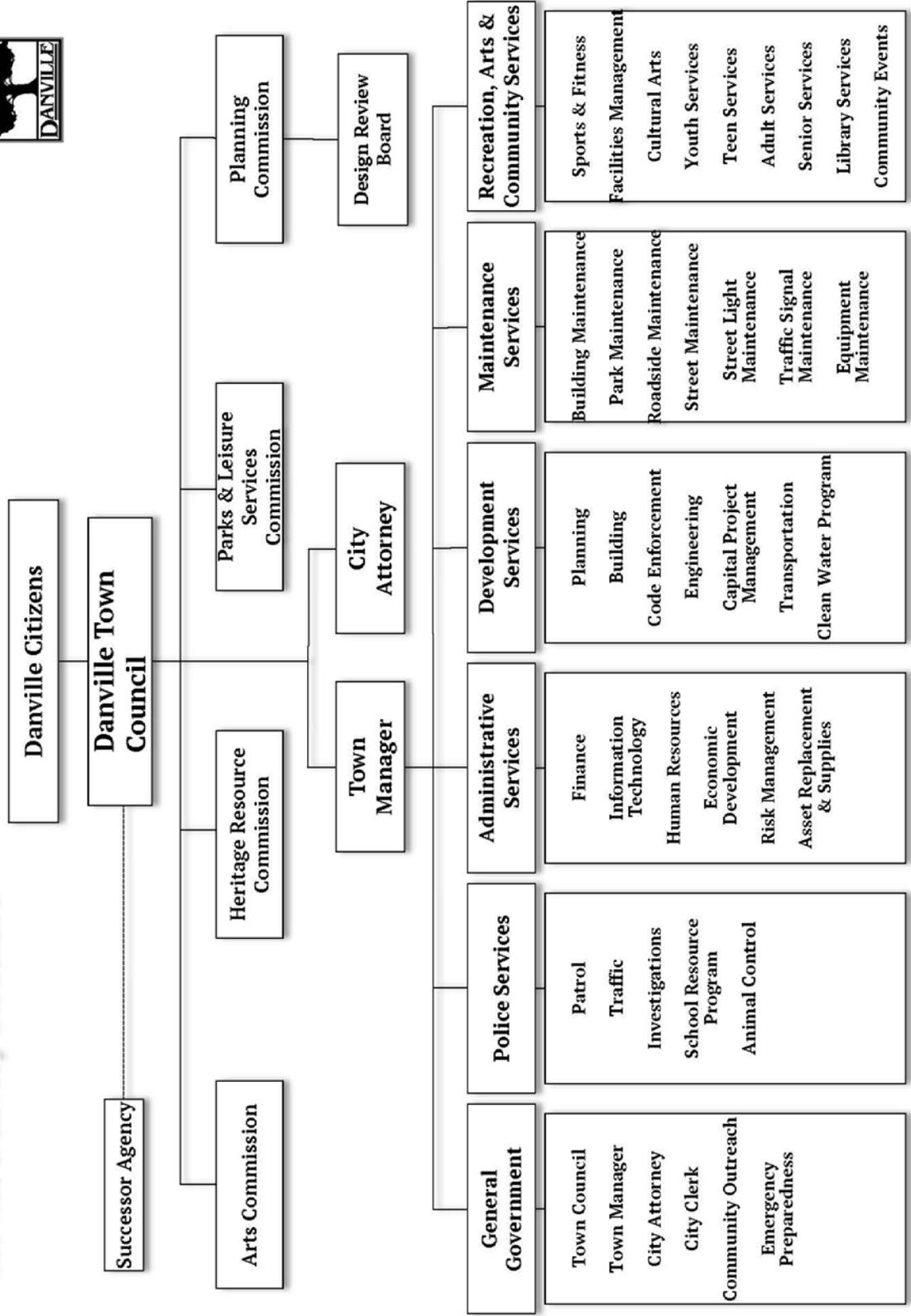


Town of Danville

Organizational Chart



Service Delivery Structure



Town of Danville

Directory of Public Officials

TOWN COUNCIL

Mike Doyle	Mayor
Karen Stepper	Vice Mayor
Newell Arnerich	Councilmember
Renee Morgan	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, 2014

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



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1655 North Main Street
Suite 355
Walnut Creek, California 94956

Phone: (925) 954-3300
Fax: (925) 954-3350
www.pm-llp.com

INDEPENDENT AUDITORS' REPORT

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

Report on 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, 2015, 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 of Danville, as of June 30, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the Modified Approach for Town Street Infrastructure Capital Assets on pages 7–14 and 67–74 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, schedules of revenues, expenditures, and change in fund balance-budget and actual, 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 and the schedules of revenues, expenditures, and change in fund balance-budget and actual, 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 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 10, 2015, 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.

Handwritten signature in black ink that reads "Paul J. McGeady LLP". The signature is written in a cursive, flowing style.

Walnut Creek, California
November 10, 2015



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1655 North Main Street
Suite 355
Walnut Creek, California 94956

Phone: (925) 954-3300
Fax: (925) 954-3350
www.pm-llp.com

**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, 2015, 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 10, 2015.

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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Rick Mc Geady LLP". The signature is written in a cursive, slightly slanted style.

Walnut Creek, California
November 10, 2015



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, 2015. 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, 2015 decreased \$(3,359,979) or (1.4)% from \$246,681,707 to \$243,321,728.
- Total liabilities were \$15,026,550. Total assets were \$258,348,278. Of this amount \$48,182,320 is classified as unrestricted and, with the future receipt of \$9,379,811 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 \$92,548,402. Of this amount \$23,655,107 is restricted by external parties, \$56,955,377 is committed for ongoing and future activities and \$9,448,396 is classified as nonspendable, reflecting the future receiving of the loan proceeds from the cooperative agreement to the former Community Development Agency plus funds that are unavailable until the sale of the Hartz Avenue property, and \$2,489,522 has been assigned for ongoing operations.
- The Town's General Fund fund balance decreased (0.5)% from \$27,410,585 to \$27,274,591. The fund balance includes funds reserved or designated for debt service, future capital projects, ongoing operations, and an operating reserve of \$11,111,504 (38% of FY 2015/16 operating expenditures).

Subsequent to the end of the last fiscal year, the Sacramento County Superior Court issued a ruling on September 5, 2014, concluding that the reentered Cooperative Agreement between the Successor Agency and the Town of Danville was an enforceable obligation. The State appealed the Superior Court decision afterward, and in May 2015, the State dismissed its appeal, and at the same time, the Department of Finance accepted the Agreement as an enforceable obligation. The Town has decided to retain \$9,022,858 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 Successor Agency Trust Fund.

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

Governmental Activities: All of the Town's basic services are considered to be governmental activities, including general government, police, maintenance, development, administration 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 fund information helps 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, 2015 and 2014 were:

Table 1
Net Position
Governmental Activities

	2015	2014	Increase (Decrease)
Current and other assets	\$ 100,185,314	\$ 105,863,032	\$ (5,677,718)
Capital assets, net	158,162,964	154,718,983	3,443,981
Total assets	258,348,278	260,582,015	(2,233,737)
Current liabilities	6,517,749	4,996,899	1,520,850
Long-term liabilities	8,508,801	8,903,409	(394,608)
Total liabilities	15,026,550	13,900,308	1,126,242
Net position:			
Net investment in capital assets	149,697,964	145,858,981	3,838,983
Restricted for:			
Capital projects	23,041,520	22,765,230	276,290
Debt service	1,623,229	1,621,083	2,146
Special projects	20,776,695	24,091,651	(3,314,956)
Unrestricted	48,182,320	52,344,762	(4,162,442)
Total net position	\$ 243,321,728	\$ 246,681,707	\$ (3,359,979)

The Town's Net Positions from Governmental Activities decreased (1.4)% from \$246,681,707 to \$243,321,728. This decrease of \$(3,359,979) 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, and extraordinary items, and total assets are presented in the Statement of Activities and Changes in Net Position.

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

Total assets decreased \$2,233,737:

- Current and other assets decreased \$5,677,718, reflecting a decrease in cash and investments. Capital assets, net of depreciation, increased \$3,443,981, reflecting expenditures for capital projects during the year.

Total liabilities increased \$1,126,242:

- Current liabilities increased by a net of \$1,520,850, due largely to an increase in deferred revenue and accounts payable, also an increase in retention (for capital projects) and a slight increase in deposit payable.
- Non-current liabilities decreased a net of \$394,608 reflecting payment of long-term debt principal of \$410,000 that was paid according to schedule, a slight increase in compensated absences.

Net Position:

- Restricted net assets increased a net of \$(3,036,520). Restricted for Capital Projects increased by \$276,290 as Special Revenue funds were spent for capital projects as budgeted. Debt Service funds increased by \$2,146 reflecting the net change in annual RPTTF funds received for scheduled debt service payments of the Town's COPs. Special Projects funds decreased by \$(3,314,956) as funds were used for operations or appropriated for capital expenditures.
- Unrestricted net position, which are designated by Council for specific future capital improvements or economic stability, decreased by \$(4,162,442), reflecting solid revenues and controlled costs, which enabled the transfer of \$5.9 million of General Fund funds to be transferred to Capital Improvement funds for future capital projects and LLAD funds for its operating expenses. Capital improvements include park improvements, road maintenance, traffic control measures and general Town improvements.

Government Activities

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

**Table 2
Revenues and Expenses
Governmental Activities**

	2015	2014	Increase (Decrease)
Revenues - Governmental Activities			
Program revenues:			
Charges for services	\$ 10,092,936	\$ 9,475,284	\$ 617,652
Operating grants and contributions	1,110,167	933,466	176,701
Capital grants and contributions	1,676,661	1,936,672	(260,011)
Total program revenues	<u>12,879,764</u>	<u>12,345,422</u>	<u>534,342</u>
General revenues:			
Taxes:			
Property	13,593,483	12,716,297	877,186
Sales	4,098,412	3,947,577	150,835
Motor vehicle	17,857	18,486	(629)
Franchise	2,215,165	2,155,691	59,474
Other	391,856	385,044	6,812
Investment earnings	636,474	900,451	(263,977)
Miscellaneous	1,559,647	1,514,199	45,448
Reimbursement from Successor Agency	769,972	790,541	(20,569)
Total general revenues	<u>23,282,866</u>	<u>22,428,286</u>	<u>854,580</u>
Total revenues	<u>36,162,630</u>	<u>34,773,708</u>	<u>1,388,922</u>
Expenses - Governmental Activities			
Current:			
General government	1,527,466	1,707,946	(180,480)
Police services	8,565,667	7,851,608	714,059
Maintenance services and Lighting and landscape	7,589,476	6,136,447	1,453,029
Development services	14,348,084	6,119,198	8,228,886
Administrative services	3,244,813	3,068,340	176,473
Recreation, arts, & community services	3,877,829	3,711,977	165,852
Debt services:			
Interest expense	369,274	415,129	(45,855)
Total expenses	<u>39,522,609</u>	<u>29,010,645</u>	<u>10,511,964</u>
Changes in Net Position	<u>\$ (3,359,979)</u>	<u>\$ 5,763,063</u>	<u>\$ (9,123,042)</u>

Variations 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 \$9,123,042 reflecting mostly by a one-time pass-through payment to CCTA for capital project per agreement.

Table 3
Cost of Services
Governmental Activities

	<u>2015</u>	<u>2014</u>	<u>Increase (Decrease)</u>
Revenues:			
General revenues	\$ 23,282,866	\$ 22,428,287	\$ 854,579
Total general revenues and extraordinary items	<u>23,282,866</u>	<u>22,428,287</u>	<u>854,579</u>
Net Expenses:			
Current:			
General government	(1,527,466)	(1,707,946)	180,480
Police services	(7,858,120)	(7,352,091)	(506,029)
Maintenance services and Lighting and landscape	(4,556,092)	(2,886,121)	(1,669,971)
Development services	(7,642,361)	261,475	(7,903,836)
Administrative services	(3,244,813)	(3,032,071)	(212,742)
Recreation, arts, & community services	(1,444,719)	(1,533,341)	88,622
Debt services:			
Interest expense	(369,274)	(415,129)	45,855
Net Cost of Program Services	<u>\$ (3,359,979)</u>	<u>\$ 5,763,063</u>	<u>\$ (9,123,042)</u>

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

- Program revenues increased by \$ 534,342. An increase of \$617,652 in Charges for Services was largely due to increased activity in both the Parks and Recreation area and Police Services. Operating Grants increased a net of \$176,701 as grants for Police and Development Services increased. Capital Grants and Contributions increased a net of \$(260,011) as grant funded for capital projects continued.
- Revenues for General Government were \$ \$854,580 higher than the previous year on a net basis. General revenues increased \$854,580 reflecting The \$877,186 increase in property tax revenues, \$150,835 in sales tax revenues, \$59,474 increase in franchise tax, offset by decrease in investment earnings of \$263,977 (taking into account realized loss in market value).

With the exception of the one-time payment to the CCTA as a pass-through in the Development Services, 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 a cost effective manner and the Town is efficient in recovering the cost of these services with program revenues from user fees and other contributions. See the Statement of Activities for further detail on program revenues and general revenues.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

At year-end, the fund balance for the Town's General Fund was \$27,274,591 a net decrease of \$(135,994) over last year. Revenues exceeded expenses by \$5,489,614, and transfers out of \$(5,923,161) were made for future capital projects (\$5,142,679) and additional funding for parks and building maintenance in the Lighting and Landscape Assessment District (\$780,482). Major revenue sources that exceeded budget include property and transfer taxes of \$971,841, sales taxes of \$143,588, Other taxes of \$90,373 and Charges for Services of \$263,290. These were offset by reported Investment earning, which reflects 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 \$1,967,815. 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, and General Fund.

The Lighting and Landscape Special Revenue Fund increased by \$498,250, 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 \$780,482 for park and building maintenance account for this increase in fund balance.

The Regional Traffic Impact Fees fund balance is reported lower by \$(6,383,619) reflecting the one-time payment to CCTA as a pass-through for capital projects that will be managed by the CCTA per agreement. The fund balance in the Capital Improvement Projects Fund increased by a net of \$870,089, reflecting a transfer in of \$3,821,065, helping to offset appropriated capital expenditures in excess of revenues.

The fund balance in the Civic Facilities Capital Projects Fund decreased by \$(3,251,836) as fund balance was utilized to cover budgeted capital expenditures.

The Non-major Special Revenue Funds increased by a net of \$993,826, 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 increased by \$98,334, as less expenditures were incurred in this fund; the PEG Fund increased by \$98,066 as no expenditures was budgeted for this fund; the Building and Planning Fund increased by \$771,868 as revenues for new building activity showed continued strength for the fifth year in a row; the SPCP Fund increased by \$148,269 due to more revenues and less expenditures; and offset by the Measure J fund decreased by \$169,781 as one time revenues was received in the last fiscal year.

The Non-Major Capital Improvement Funds, increased by a net of \$698 due to an increase of \$63,189 in the Park Facilities Fund due to a General Fund transfer in of \$700,000 less expenditures; and an increase of \$140,513 in the Technology Fund from General Fund contributions, offset by a decrease of \$197,699 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 \$3,739,146. 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 \$1,967,815. 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 \$3,033,569 to fund future capital projects throughout the Town.

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, 2015 was 74, an increase from 72 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 1E to the Financial Statements and in Note 3 of the Required Supplementary Information.

Table 4
Capital Assets (Net of Accumulated Depreciation)
June 30, 2015

	Original Cost	Accumulated Depreciation	Book Value
Land	\$ 22,597,152	\$ -	\$ 22,597,152
Buildings and parking lots	22,393,649	(9,280,339)	13,113,310
Park improvements	22,111,292	(19,735,442)	2,375,850
Furniture and equipment	4,934,958	(3,972,933)	962,025
Construction in progress	22,489,296	-	22,489,296
Infrastructure	164,084,963	(67,459,632)	96,625,331
Total	\$ 258,611,310	\$ (100,448,346)	\$ 158,162,964

Table 5
Capital Assets (Net of Accumulated Depreciation)
June 30, 2015 vs. June 30 2014

	2015	2014	Increase (Decrease)
Land	\$ 22,597,152	\$ 22,597,152	\$ -
Buildings and parking lots	13,113,310	12,946,629	166,681
Park improvements	2,375,850	2,586,744	(210,894)
Furniture and equipment	962,025	967,899	(5,874)
Construction in progress	22,489,296	18,738,663	3,750,633
Infrastructure	96,625,331	96,881,896	(256,565)
Total	\$ 158,162,964	\$ 154,718,983	\$ 3,443,981

The Town's five-year Capital Improvement Plan projects will cost \$21,180,350 through FY 2019/20. 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 Station Park and infrastructure maintenance including sound walls and \$10,600,000 for pavement management. Additional details can be found in the Town's 2015/16 Operating Budget and Capital Improvement Program document available at [www.danville.ca.gov/Council and Government/Departments/Finance/](http://www.danville.ca.gov/Council_and_Government/Departments/Finance/).

Debt

At year end, the Town had \$9,028,801 in Certificates of Participation (COPs) and Compensated Absences outstanding versus \$9,408,409 last year, a decrease of \$379,608 as shown in Table 6 below.

Table 6
Outstanding Debt *
June 30, 2015 vs. June 30 2014

	<u>2015</u>	<u>2014</u>	<u>Increase (Decrease)</u>
2001 & 2005 Certificates of Participation	\$ 8,465,000	\$ 8,860,000	\$ (395,000)
Compensated absences	563,801	548,409	15,392
Total	<u>\$ 9,028,801</u>	<u>\$ 9,408,409</u>	<u>\$ (379,608)</u>

The \$395,000 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

BASIC FINANCIAL STATEMENTS



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GOVERNMENT-WIDE FINANCIAL STATEMENTS



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Town of Danville
Statement of Net Position
June 30, 2015

	Governmental Activities
ASSETS	
Current assets:	
Cash and investments	\$ 61,023,117
Receivables (net of allowances):	
Accounts	2,608,528
Due from Successor Agency of the former Community Development Agency (Note 6)	9,379,811
Interest	211,002
Total receivables	12,199,341
Prepaid items	68,585
Total current assets	73,291,043
Noncurrent assets:	
Restricted cash and investments:	
Held with fiscal agent	1,623,229
Held by the Town	25,271,042
Total restricted cash and investments	26,894,271
Capital assets:	
Nondepreciable	134,419,163
Depreciable, net	23,743,801
Total capital assets	158,162,964
Total noncurrent assets	185,057,235
Total assets	258,348,278
LIABILITIES	
Current liabilities:	
Accounts payable	4,496,648
Retention payable	241,407
Deposit payable	215,394
Interest payable	126,553
Claims liabilities	8,914
Unearned revenue	908,833
Long-term debt - due within one year	520,000
Total current liabilities	6,517,749
Noncurrent liabilities:	
Long-term debt - due in more than one year:	
Certificates of participation	8,055,000
Compensated absences	453,801
Total noncurrent liabilities	8,508,801
Total liabilities	15,026,550
NET POSITION	
Net investment in capital assets	149,697,964
Restricted for:	
Capital projects	23,041,520
Debt service	1,623,229
Special projects and programs	20,776,695
Total restricted	45,441,444
Unrestricted	48,182,320
Total net position	\$ 243,321,728

See Accompanying Notes to Basic Financial Statements.

Town of Danville
Statement of Activities and Change in Net Position
For the Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues		Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions		
Governmental activities:					
Current:					
General government	\$ 1,527,466	\$ -	\$ -	\$ -	\$ (1,527,466)
Police services	8,565,667	429,625	277,922	-	(7,858,120)
Maintenance services and Lighting and landscape	7,589,476	3,033,384	-	-	(4,556,092)
Development services	14,348,084	4,196,817	832,245	1,676,661	(7,642,361)
Administrative services	3,244,813	-	-	-	(3,244,813)
Recreation, arts, & community services	3,877,829	2,433,110	-	-	(1,444,719)
Debt services:					
Interest expense	369,274	-	-	-	(369,274)
Total governmental activities	\$ 39,522,609	\$ 10,092,936	\$ 1,110,167	\$ 1,676,661	(26,642,845)
General revenues and transfers:					
Taxes:					
Property					13,593,483
Sales					4,098,412
Motor vehicle					17,857
Franchise					2,215,165
Other					391,856
Total taxes					20,316,773
Investment earnings					636,474
Miscellaneous					1,559,647
Reimbursement from Successor Agency (Note 6)					769,972
Total general revenues and transfers					23,282,866
Change in net position					(3,359,979)
Net position - beginning of year					246,681,707
Net position - end of year					\$ 243,321,728

FUND FINANCIAL STATEMENTS



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GOVERNMENTAL FUND FINANCIAL STATEMENTS



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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, 2015**

	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	\$ 21,276,006	\$ 4,921,064	\$ 3,251,705	\$ 25,349,046	\$ 860,388
Cash and investments with fiscal agent	809,718	-	-	-	-
Receivables (net of allowances):					
Accounts	1,736,082	8,583	16,510	620,500	83,597
Due from Successor Agency of former CDA	9,022,858	-	-	-	356,953
Interest	97,380	8,501	6,621	47,025	2,054
Prepaid items	68,585	-	-	-	-
Total assets	<u>\$ 33,010,629</u>	<u>\$ 4,938,148</u>	<u>\$ 3,274,836</u>	<u>\$ 26,016,571</u>	<u>\$ 1,302,992</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 2,837,181	\$ 263,974	\$ 9,917	\$ 758,003	\$ 15,390
Retention Payable	-	-	-	214,442	180
Deposits payable	215,394	-	-	-	-
Claims liabilities	8,914	-	-	-	-
Unearned revenue	908,833	-	-	-	-
Total liabilities	<u>3,970,322</u>	<u>263,974</u>	<u>9,917</u>	<u>972,445</u>	<u>15,570</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	1,765,716	-	-	-	-
FUND BALANCES					
Nonspendable	9,091,443	-	-	-	356,953
Restricted	809,718	2,490,393	3,264,919	-	-
Committed	17,067,689	-	-	25,044,126	930,469
Assigned	305,741	2,183,781	-	-	-
Total fund balances	<u>27,274,591</u>	<u>4,674,174</u>	<u>3,264,919</u>	<u>25,044,126</u>	<u>1,287,422</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 33,010,629</u>	<u>\$ 4,938,148</u>	<u>\$ 3,274,836</u>	<u>\$ 26,016,571</u>	<u>\$ 1,302,992</u>

**Town of Danville
Governmental Funds
Balance Sheet (Continued)
June 30, 2015**

	Other Governmental Funds	Total Governmental Funds
ASSETS		
Cash and investments	\$ 30,635,950	\$ 86,294,159
Cash and investments with fiscal agent	813,511	1,623,229
Receivables (net of allowances):		
Accounts	143,256	2,608,528
Due from Successor Agency of former CDA	-	9,379,811
Interest	49,421	211,002
Prepaid items	-	68,585
Total assets	\$ 31,642,138	\$ 100,185,314
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
LIABILITIES		
Accounts payable	\$ 612,183	\$ 4,496,648
Retention Payable	26,785	241,407
Deposits payable	-	215,394
Claims liabilities	-	8,914
Unearned revenue	-	908,833
Total liabilities	638,968	5,871,196
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue	-	1,765,716
FUND BALANCES		
Nonspendable	-	9,448,396
Restricted	17,090,077	23,655,107
Committed	13,913,093	56,955,377
Assigned	-	2,489,522
Total fund balances	31,003,170	92,548,402
Total liabilities, deferred inflows of resources and fund balances	\$ 31,642,138	\$ 100,185,314

Town of Danville
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2015

Total Fund Balances - Total Governmental Funds	\$ 92,548,402
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	134,419,163
Depreciable capital assets, net	23,743,801
Total capital assets	158,162,964
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.	
	(126,553)
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.	
	1,765,716
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	(520,000)
Long-term liabilities - due in more than one year:	
- Certificates of participation	(8,055,000)
- Compensated absences payable	(453,801)
Total long-term debt	(9,028,801)
Net Position of Governmental Activities	\$ 243,321,728



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Town of Danville
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2015

	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	\$ 13,593,483	\$ -	\$ -	\$ -	\$ -
Sales taxes	4,080,378	-	-	-	-
Special assessments	-	3,025,099	-	-	-
Other taxes	2,138,914	-	-	-	-
Charges for services	2,081,890	-	-	-	-
Licenses and permits	391,856	-	-	-	-
Development fees	-	-	534,920	-	-
Intergovernmental	93,138	-	49,490	239,055	-
Fines and forfeitures	242,325	-	-	-	-
Use of money and property	947,700	40,735	17,917	211,207	(26,835)
Miscellaneous	372,349	86,070	16,565	716,106	-
Total revenues	23,942,033	3,151,904	618,892	1,166,368	(26,835)
EXPENDITURES:					
Current:					
General government	1,526,324	-	-	-	-
Police services	8,061,311	-	-	-	-
Maintenance services	1,792,635	26,619	-	532,501	425,789
Lighting and landscape	-	3,105,346	-	-	-
Development services	944,084	-	7,219,871	2,026,646	77,145
Administrative services	2,710,169	3,704	3,848	23,302	1,901
Recreation, arts, & community services	3,405,099	9,961	-	38,698	-
Capital outlay	12,797	76,467	(221,208)	1,496,197	2,720,166
Total expenditures	18,452,419	3,222,097	7,002,511	4,117,344	3,225,001
REVENUES OVER (UNDER) EXPENDITURES	5,489,614	(70,193)	(6,383,619)	(2,950,976)	(3,251,836)
OTHER FINANCING SOURCES (USES):					
Transfers in	297,553	860,482	-	3,821,065	-
Transfers out	(5,923,161)	(292,039)	-	-	-
Total financing sources (uses)	(5,625,608)	568,443	-	3,821,065	-
NET CHANGE IN FUND BALANCES	(135,994)	498,250	(6,383,619)	870,089	(3,251,836)
FUND BALANCES:					
Beginning of year	27,410,585	4,175,924	9,648,538	24,174,037	4,539,258
End of year	\$ 27,274,591	\$ 4,674,174	\$ 3,264,919	\$ 25,044,126	\$ 1,287,422

Town of Danville
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
For the Year Ended June 30, 2015

	Other Governmental Funds	Total Governmental Funds
REVENUES:		
Property taxes	\$ -	\$ 13,593,483
Sales taxes	-	4,080,378
Special assessments	549,471	3,574,570
Other taxes	1,894,852	4,033,766
Charges for services	710,431	2,792,321
Licenses and permits	-	391,856
Development fees	2,631,973	3,166,893
Intergovernmental	165,664	547,347
Fines and forfeitures	-	242,325
Use of money and property	189,215	1,379,939
Miscellaneous	398,690	1,589,780
Total revenues	<u>6,540,296</u>	<u>35,392,658</u>
EXPENDITURES:		
Current:		
General government	-	1,526,324
Police services	294,749	8,356,060
Maintenance services	951,097	3,728,641
Lighting and landscape	-	3,105,346
Development services	3,829,491	14,097,237
Administrative services	619,360	3,362,284
Recreation, arts, & community services	69,575	3,523,333
Capital outlay	1,017,600	5,102,019
Total expenditures	<u>6,781,872</u>	<u>42,801,244</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(241,576)</u>	<u>(7,408,586)</u>
OTHER FINANCING SOURCES (USES):		
Transfers in	1,321,614	6,300,714
Transfers out	(85,514)	(6,300,714)
Total financing sources (uses)	<u>1,236,100</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	994,524	(7,408,586)
FUND BALANCES:		
Beginning of year	<u>30,008,646</u>	<u>99,956,988</u>
End of year	<u>\$ 31,003,170</u>	<u>\$ 92,548,402</u>

Town of Danville
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and
Changes in Fund Balances to the Government Wide Statement of Activities
For the Year Ended June 30, 2015

Net Change in Fund Balances - Total Governmental Funds \$ (7,408,586)

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. 5,102,019

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. (1,658,041)

Revenues that have not met the revenue recognition criteria in the Fund Financial Statements are recognized as revenue in the Government-Wide Financial Statements. 219,323

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. (15,392)

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 395,000

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. 5,698

Change in Net Position of Governmental Activities \$ (3,359,979)

FIDUCIARY FUND FINANCIAL STATEMENTS



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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 Funds
Statement of Fiduciary Net Position
June 30, 2015

	Successor Agency Trust Fund	Agency Funds
ASSETS		
Cash and investments	\$ 735,012	\$ 1,749,846
Cash and investments with fiscal agents	375,048	339,352
Accounts receivable	197,419	-
Interest receivable	-	1,151
Land held for development	125,000	-
Land, net of transfer from Low Mod to General Fund	2,468,345	-
Total assets	3,900,824	\$ 2,090,349
LIABILITIES		
Accounts payable	-	\$ 39,172
Loan payable to Town and Civic Facilities	9,379,811	-
Loan payable	2,995,000	-
Interest payable	792,865	-
Deposits	-	1,387,839
Due to assessment district bondholders	-	663,338
Total liabilities	13,167,676	\$ 2,090,349
NET POSITION		
Unrestricted (deficit)	(9,266,852)	
Total net position	\$ (9,266,852)	

Town of Danville
Fiduciary Funds
Statement of Change in Fiduciary Net Position
For the Year Ended June 30, 2015

	<u>Successor Agency Trust Fund</u>
ADDITIONS:	
Property tax receipt	\$ 1,095,488
Miscellaneous	250,367
Total additions	<u>1,345,855</u>
DEDUCTIONS:	
Amount allocated to general fund for principal payment	500,000
Interest payment	660,711
Interest accrued on Coop Loan Agreement	330,761
Other - Staff expenses & miscellaneous	206,864
Total deduction	<u>1,698,336</u>
Changes in net position	(352,481)
NET POSITION (deficit):	
Beginning of year	<u>(8,914,371)</u>
End of year	<u>\$ (9,266,852)</u>

Town of Danville
Index to Notes to Basic Financial Statements
For the Year Ended June 30, 2015

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Town of Danville
Notes to Basic Financial Statements
For the Year Ended June 30, 2015

Note 1 – Reporting Entity

The Town of Danville is a largely residential community located in the San Ramon Valley area of Contra Costa County, California. The Town was incorporated as a municipal corporation in 1982, and encompasses eighteen square miles with a population of 43,691.

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, is 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 general accepted of the United States of America ("U.S. GAAP") as applied to governmental agencies. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The accounts of the Town are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Town of Danville
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

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

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, 2015

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, 2015

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

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.

Town of Danville
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 2 – Summary of Significant Accounting Policies (Continued)

B. Cash and Investments

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.

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 is being held in trust at cost.

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

Town of Danville
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 2 – Summary of Significant Accounting Policies (Continued)

E. Capital Assets (Continued)

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

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.

Town of Danville
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 2 – Summary of Significant Accounting Policies (Continued)

E. Capital Assets (Continued)

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.

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 66%; Building and Planning Special Revenue Fund of 17% and Other Special Revenue Funds of 17%.

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.

Town of Danville
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 2 – Summary of Significant Accounting Policies (Continued)

I. Fund Balances

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.

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.

Town of Danville
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 2 – Summary of Significant Accounting Policies (Continued)

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.

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

M. Accounting Changes

GASB has issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*). This Statement establishes standards for measuring and recognizing liabilities, deferred outflow of resources, deferred inflows of resources, and expense/expenditures for pension plans. This Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. This statement became effective for periods beginning after June 15, 2014 and did not have a significant impact on the Town’s financial statements for the year ended June 30, 2015.

GASB has issued Statement No. 69, *Government Combinations and Disposals of Government Operation*. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term government combinations includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. This statement became effective for periods beginning after December 15, 2013 and did not have a significant impact on the Town’s financial statements for the year ended June 30, 2015.

Town of Danville
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 2 – Summary of Significant Accounting Policies (Continued)

M. Accounting Changes

GASB has issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. This statement establishes standards relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. This statement became effective for periods beginning after June 15, 2014 and did not have a significant impact on the Town's financial statements for the year ended June 30, 2015.

N. 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.

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, 2015:

	Primary Government	Fiduciary	
	Governmental	Fund Financial	
	Activities	Statements	Total
Cash and investments	\$ 61,023,117	\$ 2,484,858	\$ 63,507,975
Restricted cash and investment:			
Held by Town	25,271,042	-	25,271,042
Held by fiscal agent	1,623,229	714,400	2,337,629
Total cash and investments	\$ 87,917,388	\$ 3,199,258	\$ 91,116,646

Town of Danville
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 3 – Cash and Investments (Continued)

Cash, cash equivalents, and investments, excluding restricted cash and investments held by fiscal agent, consisted of the following at June 30, 2015:

Investment Type	Fair Value
Demand deposits	\$ 2,486,852
Investments:	
U.S. Securities:	
U.S. Treasury	18,974,675
Federal Securities	46,286,527
U.S. Corporate Notes/FDIC:	
Berkshire Hathaway Note	1,218,724
G.E. Capital Corp	877,545
Google, Inc.	1,014,923
IBM Corp.	1,014,367
JP Morgan Chase	663,163
Microsoft	1,316,091
Proctor & Gamble Co.	1,168,838
U.S. Bancorp FDIC Guaranteed Note	1,151,481
Walmart Stores	1,121,871
Wells Fargo Corp	848,405
3M Co.	705,737
Local Agency Investment Fund (LAIF)	9,868,088
Money Market Funds	61,536
Total investments	86,291,971
Total cash and investments	\$ 88,778,823

A. Demand Deposits

The carrying amounts of the Town's cash deposits were \$2,486,852 at June 30, 2015. Bank balances as of June 30, 2015, were \$2,462,965 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 16, 2014. 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.

Town of Danville
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 3 – Cash and Investments (Continued)

B. Investments (Continued)

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

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

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

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

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

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

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

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	\$ 681,453
Unrealized gain (loss) in changes in fair value of investments	(44,979)
Total investments earnings	\$ 636,474

Town of Danville
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 3 – Cash and Investments (Continued)

B. Investments (Continued)

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:

<u>Maturity</u>	<u>Maximum Investment</u>
Up to six months	25%
Six months to five years	75%

Specific maturities of investments depend on liquidity needs. At June 30, 2015, the Town's pooled cash and investments had the following maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturities (in years)</u>				
		<u>1 year or less</u>	<u>1-2 years</u>	<u>2-3 years</u>	<u>3-4 years</u>	<u>4-5 years</u>
Demand deposits	\$ 2,486,852	\$ 2,486,852	\$ -	\$ -	\$ -	\$ -
Investments:						
U.S. Securities:						
U.S. Treasury	18,974,675	7,489,831	9,299,141	2,185,703	-	-
Federal Securities	46,286,527	9,189,750	18,595,673	10,202,730	4,341,198	3,957,176
U.S. Corporate Notes/FDIC:						
Berkshire Hathaway Note	1,218,724	-	1,218,724	-	-	-
G.E. Capital Corp	877,545	-	-	877,545	-	-
Google, Inc.	1,014,923	1,014,923	-	-	-	-
IBM Corp.	1,014,367	-	1,014,367	-	-	-
JP Morgan Chase	663,163	-	663,163	-	-	-
Microsoft	1,316,091	1,316,091	-	-	-	-
Proctor & Gamble Co.	1,168,838	-	1,168,838	-	-	-
U.S. Bancorp FDIC Guaranteed Note	1,151,481	1,151,481	-	-	-	-
Walmart Stores	1,121,871	1,121,871	-	-	-	-
Wells Fargo Corp	848,405	-	-	848,405	-	-
3M Co.	705,737	-	705,737	-	-	-
Local Agency Investment Fund (LAIF)	9,868,088	9,868,088	-	-	-	-
Money Market Funds	61,536	61,536	-	-	-	-
Total investments	86,291,971	31,213,571	32,665,643	14,114,383	4,341,198	3,957,176
Total cash and investments	\$ 88,778,823	\$ 33,700,423	\$ 32,665,643	\$ 14,114,383	\$ 4,341,198	\$ 3,957,176

Town of Danville
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

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, 2015, 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:		
Berkshire Hathaway Note	Aa2	AA
G.E. Capital Corp	A1	AA+
Google, Inc.	Aa2	AA
IBM Corp.	Aa3	AA-
JP Morgan Chase	A3	A
Microsoft	Aaa	AAA
Proctor & Gamble Co.	Aa3	AA-
U.S. Bancorp FDIC Guaranteed Note	A1	A+
Walmart Stores	Aa2	AA
Wells Fargo Corp	A2	A+
3M Co.	Aa3	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, 2015

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, 2015, 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, 2015, the Town had \$9,868,088 invested in the LAIF, which had invested 2.08% of the pool investment funds in Structured Notes and Asset-Backed Securities. The LAIF fair value factor of 1.000375979 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 \$1,623,229 in the Governmental-wide Financial Statement and \$714,400 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, 2015

Note 4 – Capital Assets

A. Governmental Activities

Summary of changes in capital assets for the year ended June 30, 2015 was as follows:

	Balance July 1, 2014	Additions	Retirements	Transfers/ Reclassifications	Transfer to Contra Costa County Transportation Authority	Balance June 30, 2015
Governmental Activities:						
Capital assets, not being depreciated						
Land	\$ 22,597,152	\$ -	\$ -	\$ -	\$ -	\$ 22,597,152
Construction in progress	18,738,663	5,307,708	-	(957,075)	(600,000)	22,489,296
Infrastructure - streets, concrete & asphalt pavements	89,332,715	-	-	-	-	89,332,715
Total capital assets not being depreciated	<u>130,668,530</u>	<u>5,307,708</u>	<u>-</u>	<u>(957,075)</u>	<u>(600,000)</u>	<u>134,419,163</u>
Capital assets being depreciated						
Buildings and parking lots/street	21,731,155	-	-	662,494	-	22,393,649
Park improvements	21,999,710	-	-	111,582	-	22,111,292
Furniture and equipment	4,736,510	394,314	(195,866)	-	-	4,934,958
Infrastructure						
Drainage system	56,685,059	-	-	-	-	56,685,059
Bridges	11,069,233	-	-	-	-	11,069,233
Signal system	6,814,957	-	-	182,999	-	6,997,956
Total capital assets being depreciated	<u>123,036,624</u>	<u>394,314</u>	<u>(195,866)</u>	<u>957,075</u>	<u>-</u>	<u>124,192,147</u>
Accumulated depreciation						
Buildings and parking lots	(8,784,526)	(495,813)	-	-	-	(9,280,339)
Park improvements	(19,412,966)	(322,476)	-	-	-	(19,735,442)
Furniture and equipment	(3,768,611)	(400,188)	195,866	-	-	(3,972,933)
Infrastructure						
Drainage system	(56,067,590)	(23,576)	-	-	-	(56,091,166)
Bridges	(6,484,029)	(210,827)	-	-	-	(6,694,856)
Signal system	(4,468,449)	(205,161)	-	-	-	(4,673,610)
Total accumulated depreciation	<u>(98,986,171)</u>	<u>(1,658,041)</u>	<u>195,866</u>	<u>-</u>	<u>-</u>	<u>(100,448,346)</u>
Total capital assets, being depreciated, net	<u>24,050,453</u>	<u>(1,263,727)</u>	<u>-</u>	<u>957,075</u>	<u>-</u>	<u>23,743,801</u>
Governmental activities capital assets, net	<u>\$ 154,718,983</u>	<u>\$ 4,043,981</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (600,000)</u>	<u>\$ 158,162,964</u>

Town of Danville
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 4 – Capital Assets (Continued)

A. Governmental Activities (Continued)

Depreciation expenses by program for capital assets for the year ended June 30, 2015, were as follows:

Police Services	
Building	\$ 19,250
Furniture & equipment (vehicle)	190,060
Subtotal	209,310
Maintenance Services	
Building	273,548
Parking lots	87,118
Park improvements	321,675
Furniture & equipment (vehicle)	68,738
Subtotal	751,079
Development Services	
Furniture & equipment (vehicle)	17,615
Infrastructure - drainage	23,576
Infrastructure - signal	205,161
Subtotal	246,352
Transportation Services	
Furniture & equipment (vehicle)	82
Infrastructure - signal	210,827
Subtotal	210,909
Administrative Services	
Furniture & equipment (vehicle)	99,475
Subtotal	99,475
Parks and Recreation Services	
Building	115,895
Park improvements	800
Furniture & equipment (vehicle)	24,221
Subtotal	140,916
Total depreciation expense	\$ 1,658,041

B. Fiduciary Fund Financial Statements

Summary of changes in capital assets for the year ended June 30, 2015 was as follows:

	Balance July 1, 2014	Additions	Retirements	Balance June 30, 2015
Fiduciary Fund Financial Statements:				
Capital assets, not being depreciated				
Land	\$ 2,468,345	\$ -	\$ -	\$ 2,468,345
Total capital assets not being depreciated	2,468,345	-	-	2,468,345
Fiduciary fund capital assets, net	\$ 2,468,345	\$ -	\$ -	\$ 2,468,345

Town of Danville
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 5 – Interfund Transactions

A. Transfers In / Out

Transfers in/out for the year ended June 30, 2015, were as follows:

Transfers Out	Transfers In				Total
	General Fund (1)(4)	Lighting Landscape Special Revenue Fund (2)	Capital Improvement Capital Projects Fund (2)(5)	Non-Major Governmental Fund (3)(6)	
General Fund	\$ -	\$ 780,482	\$ 3,821,065	\$ 1,321,614	\$ 5,923,161
Lighting & Landscape Special Revenue Fund	292,039	-	-	-	292,039
Non-Major Governmental Fund	5,514	80,000	-	-	85,514
Total	\$ 297,553	\$ 860,482	\$ 3,821,065	\$ 1,321,614	\$ 6,300,714

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 Funds were to fund various capital projects.
- (3) Transfers in to the Non-Major Governmental Fund 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) Transfers in to the Lighting and Landscape Fund from the Non-Major Fund were for various capital projects.

Town of Danville
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 6 – Loans Receivable from Successor Agency of 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, 2015:

Government-Wide Financial Statements

Loans Receivable	
Cooperative Agreement	\$ 9,022,858
Civic Facilities	356,953
Total	<u>\$ 9,379,811</u>
Transfers from Successor Agency	<u>\$ 769,972</u>

Funds Financial Statements

General Fund

Due from Successor Agency from Former Community Development Agency	\$ 9,022,858
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Civic Facilities Capital Projects Fund

Due from Successor Agency from Former Community Development	356,953
Total	<u>\$ 9,379,811</u>

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 was 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 a 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.

B. Civic Facilities Fund Loan Receivable

As of June 30, 2015, the Civic Facilities Fund is due \$356,953 from the Successor Agency Trust Fund for part of the payment made by the former CDA to acquire land on Hartz Avenue that was eventually transferred to the Successor Agency Trust Fund.

Town of Danville
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 7 – Unearned Revenue

Unearned revenue in Government-Wide Financial Statements represents amounts for which revenues have not been earned. At June 30, 2015, unearned revenues in the Government-Wide Financial Statements were as follows:

	Governmental Activities
Business Licenses	\$ 198,629
Recreation Program Registration	709,704
Facility Rental	500
Total	\$ 908,833

Note 8 – Long-term Obligations

A. Governmental Activities

Summary of changes in long-term obligations for the year ended June 30, 2015 was as follows:

Description	Balance			Classification		
	July 1, 2014	Additions	Retirements	Balance June 30, 2015	Due Within One Year	Due in More than One Year
COPs:						
2001 issue	\$ 4,330,000	\$ -	\$ (255,000)	\$ 4,075,000	\$ 265,000	\$ 3,810,000
2005 issue	4,530,000	-	(140,000)	4,390,000	145,000	4,245,000
Compensated absences	548,409	567,919	(552,527)	563,801	110,000	453,801
Total	\$ 9,408,409	\$ 567,919	\$ (947,527)	\$ 9,028,801	\$ 520,000	\$ 8,508,801

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.

Town of Danville
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 8 – Long-term Obligations (Continued)

A. Governmental Activities (Continued)

Certificates of Participation – 2001 Issue (Continued)

The annual debt service requirements for the 2001 COPs outstanding at June 30, 2015 are as follows:

For the Years Ending June 30,	Principal	Interest	Total
2016	\$ 265,000	\$ 190,440	\$ 455,440
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
2021-2025	1,795,000	445,469	2,240,469
2026-2027	850,000	43,000	893,000
Total	\$ 4,075,000	\$ 1,316,061	\$ 5,391,061

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.

Town of Danville
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 8 – Long-term Obligations (Continued)

A. Governmental Activities (Continued)

Certificates of Participation – 2005 Issue (Continued)

The annual debt service requirements for the 2005 COPs outstanding at June 30, 2015, are as follows:

For the Years Ending June 30,	Principal	Interest	Total
2016	\$ 145,000	\$ 197,816	\$ 342,816
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
2021-2025	950,000	746,308	1,696,308
2026-2030	1,180,000	511,066	1,691,066
2031-2035	1,480,000	211,824	1,691,824
Total	\$ 4,390,000	\$ 2,396,808	\$ 6,786,808

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, 2015. It is estimated that \$110,000 will be needed to cover employees who leave employment within one year.

B. Fiduciary Fund Financial Statements

Summary of changes in long-term obligations for the year ended June 30, 2015 was as follows:

Description	Balance July 1, 2013	Additions	Retirements	Balance June 30, 2014	Classification	
					Due Within One Year	Due in More than One Year
Loans payable	\$ 3,100,000	\$ -	\$ (105,000)	\$ 2,995,000	\$ 120,000	\$ 2,875,000
Total	\$ 3,100,000	\$ -	\$ (105,000)	\$ 2,995,000	\$ 120,000	\$ 2,875,000

Town of Danville
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 8 – Long-term Obligations (Continued)

B. Fiduciary Fund Financial Statements (Continued)

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, 2015 are as follows:

For the Years Ending			
June 30,	Principal	Interest	Total
2016	\$ 120,000	\$ 246,570	\$ 366,570
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
2021-2025	1,065,000	759,374	1,824,374
2026-2029	1,220,000	218,026	1,438,026
Total	\$ 2,995,000	\$ 2,099,412	\$ 5,094,412

Town of Danville
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

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 at June 30, 2015 issued by the Authority:

Refunding Revenue Bonds, 2005 Series A (NERIAD)	\$ 415,000
Total Danville Financing Authority Debt	<u>\$ 415,000</u>

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.

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, 2015, was \$7,823,609. Total employee contributions paid by the Town amounted to \$1,093,851 or 13.98% 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, 2015, the Plan had 137 participants and the market value of the Plan amounted to \$16,983,184.

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

Town of Danville
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 11 - Fund Balance Classification

At June 30, 2015, fund balances are classified as follows:

	Major Funds					Non-Major Governmental Funds	Total
	General Fund	Lighting and Landscape Fund	Regional Traffic Impact Fee Special Revenue Fund	Capital Improvement Project Fund	Civic Capital Projects Fund		
Fund Balances:							
Nonspendable							
Due from Successor Agency of Former CDA	\$ 9,022,858	\$ -	\$ -	\$ -	\$ 356,953	\$ -	\$ 9,379,811
Prepaid expenses	68,585	-	-	-	-	-	68,585
Total nonspendable	<u>9,091,443</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>356,953</u>	<u>-</u>	<u>9,448,396</u>
Restricted							
*Special revenue	-	2,490,393	3,264,919	-	-	16,276,566	22,031,878
*Debt services	809,718	-	-	-	-	813,511	1,623,229
Total restricted	<u>809,718</u>	<u>2,490,393</u>	<u>3,264,919</u>	<u>-</u>	<u>-</u>	<u>17,090,077</u>	<u>23,655,107</u>
Committed							
Capital projects	3,273,723	-	-	25,044,126	930,469	13,913,093	43,161,411
Operating reserved	11,111,504	-	-	-	-	-	11,111,504
Contingency	756,318	-	-	-	-	-	756,318
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	4,825	-	-	-	-	-	4,825
Total committed	<u>17,067,689</u>	<u>-</u>	<u>-</u>	<u>25,044,126</u>	<u>930,469</u>	<u>13,913,093</u>	<u>56,955,377</u>
Assigned							
Townwide bonus program	25,498	-	-	-	-	-	25,498
Business Promotion & Strategy Session	4,942	-	-	-	-	-	4,942
Police Services EBRCSA equipment	35,544	-	-	-	-	-	35,544
Police Services patrol/investigation equipment	8,500	-	-	-	-	-	8,500
Police Services patrol furniture	5,000	-	-	-	-	-	5,000
Finance temporary salaries	25,000	-	-	-	-	-	25,000
Human Resources temporary salaries	15,000	-	-	-	-	-	15,000
Human Resources claims	10,000	-	-	-	-	-	10,000
Information Systems consultants	89,550	-	-	-	-	-	89,550
ED advertising & marketing	2,661	-	-	-	-	-	2,661
ED consulting services	22,500	-	-	-	-	-	22,500
ED Retail Incentive Program	42,830	-	-	-	-	-	42,830
Equipment Maintenance repairs	18,716	-	-	-	-	-	18,716
Lighting and landscape	-	2,183,781	-	-	-	-	2,183,781
Total assigned	<u>305,741</u>	<u>2,183,781</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,489,522</u>
Total fund balance	<u>\$ 27,274,591</u>	<u>\$ 4,674,174</u>	<u>\$ 3,264,919</u>	<u>\$ 25,044,126</u>	<u>\$ 1,287,422</u>	<u>\$ 31,003,170</u>	<u>\$ 92,548,402</u>

Town of Danville
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

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 MPS, 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 2014/15 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
2012-2013	\$ 7,027	\$ 6,152	\$ -	\$ 13,179
2013-2014	13,179	7,725	-	20,904
2014-2015	20,904	(11,990)	-	8,914

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	\$ 199,906
Less: Dividend received	-
Net insurance cost	\$ 199,906

Town of Danville
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 12 – Risk Management (Continued)

The latest MPA's audited condensed financial information as of and for the year ended June 30, 2014, are as follows:

Total assets	<u>\$ 49,286,380</u>
Total liabilities	<u>\$ 40,255,198</u>
Total net position	<u>\$ 9,031,182</u>
Total revenues	<u>\$ 18,849,755</u>
Total expenses	<u>\$ 19,822,648</u>
Revenues over expenses	<u>\$ (972,893)</u>

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

Note 13 – Commitment 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, 2015, the Town's appropriations limit totals \$32,690,770 and the Town's appropriations subject to limitation were \$19,477,876.

Town of Danville
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 13 – Commitment and Contingencies (Continued)

2014/15 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.

REQUIRED SUPPLEMENTARY INFORMATION



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Town of Danville
Required Supplementary Information
For the Year Ended June 30, 2015

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, 2015

Note 2 – Budgetary Comparison Schedules

General Fund

	Original Budget	Final Budget	Actual	Variance From Final Budget
REVENUES:				
Property taxes	\$ 12,621,642	\$ 12,621,642	\$ 13,593,483	\$ 971,841
Sales taxes	3,936,790	3,936,790	4,080,378	143,588
Other taxes	2,048,541	2,048,541	2,138,914	90,373
Charges for services	1,818,600	1,818,600	2,081,890	263,290
Licenses and permits	360,399	360,399	391,856	31,457
Intergovernmental	-	-	93,138	93,138
Fines and forfeitures	227,860	227,860	242,325	14,465
Use of money and property	1,021,241	1,021,241	947,700	(73,541)
Miscellaneous	135,629	135,629	372,349	236,720
Total revenues	22,170,702	22,170,702	23,942,033	1,771,331
EXPENDITURES:				
Current:				
General government	1,587,689	1,637,356	1,526,324	111,032
Police services	8,473,270	8,595,869	8,061,311	534,558
Maintenance services	2,164,953	2,259,880	1,792,635	467,245
Development services	950,283	952,868	944,084	8,784
Administrative services	2,956,979	3,322,276	2,710,169	612,107
Recreation, arts, & community services	3,559,223	3,601,613	3,405,099	196,514
Capital outlay	14,320	50,372	12,797	37,575
Total expenditures	19,706,717	20,420,234	18,452,419	1,967,815
REVENUES OVER (UNDER) EXPENDITURES	2,463,985	1,750,468	5,489,614	3,739,146
OTHER FINANCING SOURCES (USES):				
Transfers in	1,237,553	1,237,553	297,553	(940,000)
Transfers out	(2,901,547)	(2,901,547)	(5,923,161)	(3,021,614)
Total other financing sources (uses)	(1,663,994)	(1,663,994)	(5,625,608)	(3,961,614)
NET CHANGE IN FUND BALANCE	\$ 799,991	\$ 86,474	(135,994)	\$ (222,468)
FUND BALANCE:				
Beginning of year			27,410,585	
End of year			<u>\$ 27,274,591</u>	

Town of Danville
Required Supplementary Information (Continued)
For the Year Ended June 30, 2015

Note 2 – Budgetary 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	\$ 3,025,099	\$ 4,904
Use of money and property	25,151	25,151	40,735	15,584
Miscellaneous	85,000	85,000	86,070	1,070
Total revenues	3,130,346	3,130,346	3,151,904	21,558
EXPENDITURES:				
Current:				
Maintenance services	304,001	480,395	26,619	453,776
Lighting and landscape	3,499,604	3,686,180	3,105,346	580,834
Development services	289,350	359,350	-	359,350
Administrative services	2,664	2,664	3,704	(1,040)
Recreation, arts, & community services	63,949	63,949	9,961	53,988
Capital outlay	162,135	87,598	76,467	11,131
Total expenditures	4,321,703	4,680,136	3,222,097	1,458,039
REVENUES OVER (UNDER) EXPENDITURES	(1,191,357)	(1,549,790)	(70,193)	1,479,597
OTHER FINANCING SOURCES (USES)				
Transfers in	860,482	860,482	860,482	-
Transfers out	(655,980)	(655,980)	(292,039)	363,941
Total other financing sources (uses)	204,502	204,502	568,443	363,941
NET CHANGE IN FUND BALANCE	\$ (986,855)	\$ (1,345,288)	498,250	\$ 1,843,538
FUND BALANCE:				
Beginning of year			4,175,924	
End of year			\$ 4,674,174	

Town of Danville
Required Supplementary Information (Continued)
For the Year Ended June 30, 2015

Note 2 – Budgetary Comparison Schedules (Continued)

Regional Traffic Impact Fees Special Revenue Fund

	Original Budget	Final Budget	Actual	Variance From Final Budget
REVENUES:				
Development fees	\$ -	\$ -	\$ 534,920	\$ 534,920
Intergovernmental	1,225,851	1,225,851	49,490	(1,176,361)
Use of money and property	(2,958)	(2,958)	17,917	20,875
Miscellaneous	1,310	1,310	16,565	15,255
Total revenues	1,224,203	1,224,203	618,892	(605,311)
EXPENDITURES:				
Current:				
Development services	1,874,140	2,568,479	7,219,871	(4,651,392)
Administrative services	11,408	11,408	3,848	7,560
Capital outlay	1,712,244	7,207,244	(221,208)	7,428,452
Total expenditures	3,597,792	9,787,131	7,002,511	2,784,620
REVENUES OVER (UNDER) EXPENDITURES	(2,373,589)	(8,562,928)	(6,383,619)	2,179,309
NET CHANGE IN FUND BALANCE	\$ (2,373,589)	\$ (8,562,928)	(6,383,619)	\$ 2,179,309
FUND BALANCE:				
Beginning of year			9,648,538	
End of year			<u>\$ 3,264,919</u>	

Town of Danville
Required Supplementary Information (Continued)
For the Year Ended June 30, 2015

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 March 2013, 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 February 2011. 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, 2015

Note 3 - Modified Approach for Town Street Infrastructure Capital Assets

The Town's policy is to achieve a minimum average rating of 65-70 for all streets, which is a "very good" rating. As of June 30, 2015, the Town's street system was rated at a PCI index of 74 on the average with the detail condition as follows:

Street Condition	% of Street
Very Good (PCI 70-100)	73%
Good (PCI 50-69)	18
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 repair. The Town expended \$3,219,853 of the General Fund monies on street maintenance for the fiscal year ended June 30, 2015. 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 2015 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 repair small but costly pavement areas needing complete replacement.

Fiscal Year	General Fund		Other Funds Actual	Total Actual	PCI Rating
	Final Budget	Actual			
2005-06	\$ 1,000,000	\$ 1,082,589	\$ 2,067,767	\$ 3,150,356	75
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

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, 2015, approximately 29% 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 \$8,700,000 for all streets.

SUPPLEMENTARY INFORMATION



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NON-MAJOR GOVERNMENTAL FUND



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Town of Danville

Non-Major Governmental Funds

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 Funds (Continued)

SPECIAL REVENUE FUNDS (Continued)

Old Town Parking In-Lieu Fund

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

Sycamore Valley Assessment District Fund

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

CAPITAL PROJECTS FUNDS

Asset Replacement General Fund

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

Asset Replacement Library Fund

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

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, 2015

	Special Revenue				
	PEG	Gas Tax	Building and Planning	Development Engineering	Child Care
ASSETS					
Cash and investments	\$ 437,644	\$ 2,871,422	\$ 3,224,378	\$ 1,641,643	\$ 276,390
Cash and investments with fiscal agent	-	-	-	-	-
Receivables (net of allowances):					
Accounts	23,526	5,074	-	8,896	-
Interest	949	5,070	-	-	591
Total assets	\$ 462,119	\$ 2,881,566	\$ 3,224,378	\$ 1,650,539	\$ 276,981
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	76	87,450	127,574	71,752	47
Retention Payable	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	76	87,450	127,574	71,752	47
FUND BALANCES:					
Restricted	462,043	2,794,116	3,096,804	1,578,787	276,934
Committed	-	-	-	-	-
Total fund balances	462,043	2,794,116	3,096,804	1,578,787	276,934
Total liabilities and fund balances	\$ 462,119	\$ 2,881,566	\$ 3,224,378	\$ 1,650,539	\$ 276,981

(Continued)

Town of Danville
Non-Major Governmental Funds
Combining Balance Sheet (Continued)
June 30, 2015

	Special Revenue				
	SPCP	Measure C/J	Donation and Contributions	General Development Impact Fee	Public Safety
ASSETS					
Cash and investments	\$ 1,955,426	\$ 1,950,237	\$ 284,315	\$ 3,756,857	\$ 309,368
Cash and investments with fiscal agent	-	-	-	-	-
Receivables (net of allowances):					
Accounts	11,246	81,877	-	1,008	11,021
Interest	4,169	4,058	507	7,646	843
Total assets	\$ 1,970,841	\$ 2,036,172	\$ 284,822	\$ 3,765,511	\$ 321,232
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	34,063	49,805	35,774	1,099	25,793
Retention Payable	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	34,063	49,805	35,774	1,099	25,793
FUND BALANCES:					
Restricted	1,936,778	1,986,367	249,048	3,764,412	295,439
Committed	-	-	-	-	-
Total fund balances	1,936,778	1,986,367	249,048	3,764,412	295,439
Total liabilities and fund balances	\$ 1,970,841	\$ 2,036,172	\$ 284,822	\$ 3,765,511	\$ 321,232

(Continued)

Town of Danville
Non-Major Governmental Funds
Combining Balance Sheet (Continued)
June 30, 2015

	Special Revenue			Capital Projects	
	Old Town Parking In- Lieu	Sycamore Valley Assessment District	Low and Moderate Income Housing	Asset Replacement General	Asset Replacement Library
ASSETS					
Cash and investments	\$ 596,601	\$ 40,965	\$ 9,912	\$ 3,160,224	\$ 1,167,100
Cash and investments with fiscal agent	-	-	-	-	-
Receivables (net of allowances):					
Accounts	-	-	608	-	-
Interest	1,266	81	25	6,311	2,321
Total assets	\$ 597,867	\$ 41,046	\$ 10,545	\$ 3,166,535	\$ 1,169,421
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	101	6	2	60,940	185
Retention Payable	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	101	6	2	60,940	185
FUND BALANCES:					
Restricted	597,766	41,040	10,543	-	-
Committed	-	-	-	3,105,595	1,169,236
Total fund balances	597,766	41,040	10,543	3,105,595	1,169,236
Total liabilities and fund balances	\$ 597,867	\$ 41,046	\$ 10,545	\$ 3,166,535	\$ 1,169,421

(Continued)

Town of Danville
Non-Major Governmental Funds
Combining Balance Sheet (Continued)
June 30, 2015

	Capital Projects			Total Other Governmental Funds
	Park Facilities	Northeast Road Improvements Special Assessment	Technology Fund	
ASSETS				
Cash and investments	\$ 6,411,358	\$ 302,320	\$ 2,239,790	\$ 30,635,950
Cash and investments with fiscal agent	-	813,511	-	813,511
Receivables (net of allowances):				
Accounts	-	-	-	143,256
Interest	13,128	2,456	-	49,421
Total assets	\$ 6,424,486	\$ 1,118,287	\$ 2,239,790	\$ 31,642,138
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	33,948	210	83,358	612,183
Retention Payable	26,785	-	-	26,785
Unearned revenue	-	-	-	-
Total liabilities	60,733	210	83,358	638,968
FUND BALANCES:				
Restricted	-	-	-	17,090,077
Committed	6,363,753	1,118,077	2,156,432	13,913,093
Total fund balances	6,363,753	1,118,077	2,156,432	31,003,170
Total liabilities and fund balances	\$ 6,424,486	\$ 1,118,287	\$ 2,239,790	\$ 31,642,138

(Concluded)

Town of Danville
Non-Major Governmental Funds
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2015

	PEG	Gas Tax	Building and Planning	Development Engineering	Child Care
REVENUES:					
Special assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes	94,108	1,103,400	-	-	-
Charges for services	-	-	386,696	321,175	-
Development fees	-	-	2,343,903	495	16,080
Intergovernmental	-	-	-	-	-
Use of money and property	4,351	26,021	-	-	2,972
Miscellaneous	-	611	5,000	-	-
Total revenues	98,459	1,130,032	2,735,599	321,670	19,052
EXPENDITURES:					
Current:					
Police services	-	-	-	-	-
Maintenance services	-	546,252	-	-	-
Development services	-	485,509	1,900,694	-	-
Administrative services	393	-	-	297,776	-
Recreation, Arts & Community Services	-	-	-	-	263
Capital outlay	-	(63)	63,037	-	-
Total expenditures	393	1,031,698	1,963,731	297,776	263
REVENUES OVER (UNDER) EXPENDITURES	98,066	98,334	771,868	23,894	18,789
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	(600)
Total other financing sources (uses)	-	-	-	-	(600)
NET CHANGE IN FUND BALANCES	98,066	98,334	771,868	23,894	18,189
FUND BALANCES:					
Beginning of year	363,977	2,695,782	2,324,936	1,554,893	258,745
End of year	\$ 462,043	\$ 2,794,116	\$ 3,096,804	\$ 1,578,787	\$ 276,934

(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, 2015

	Special Revenue				
	SPCP	Measure C/J	Donation and Contributions	General Development Impact Fee	Public Safety
REVENUES:					
Special assessments	\$ 549,471	\$ -	\$ -	\$ -	\$ -
Other taxes	-	697,344	-	-	-
Charges for services	2,560	-	-	-	-
Development fees	-	-	-	209,807	-
Intergovernmental	-	37,742	-	-	127,922
Use of money and property	20,158	20,103	3,073	28,124	3,958
Miscellaneous	100	204,132	158,667	-	5,938
Total revenues	572,289	959,321	161,740	237,931	137,818
EXPENDITURES:					
Current:					
Police services	-	-	151,125	-	132,831
Maintenance services	13,249	229,225	1,185	136,484	-
Development services	408,994	729,991	-	6,495	32
Administrative services	1,777	151,179	1,348	3,591	296
Recreation, Arts & Community Services	-	-	-	39,696	-
Capital outlay	-	18,707	1,212	58,201	65,841
Total expenditures	424,020	1,129,102	154,870	244,467	199,000
REVENUES OVER (UNDER) EXPENDITURES	148,269	(169,781)	6,870	(6,536)	(61,182)
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
NET CHANGE IN FUND BALANCES	148,269	(169,781)	6,870	(6,536)	(61,182)
FUND BALANCES:					
Beginning of year	1,788,509	2,156,148	242,178	3,770,948	356,621
End of year	\$ 1,936,778	\$ 1,986,367	\$ 249,048	\$ 3,764,412	\$ 295,439

(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, 2015

	Special Revenue			Capital Projects	
	Old Town Parking In- Lieu	Sycamore Valley Assessment District	Low and Moderate Income Housing	Asset Replacement General	Asset Replacement Library
REVENUES:					
Special assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-	-
Charges for services	-	-	-	-	-
Development fees	61,688	-	-	-	-
Intergovernmental	-	-	-	-	-
Use of money and property	5,458	(674)	123	14,830	8,612
Miscellaneous	-	-	608	24,109	-
Total revenues	67,146	(674)	731	38,939	8,612
EXPENDITURES:					
Current:					
Police services	-	-	-	10,793	-
Maintenance services	-	-	-	-	14,071
Development services	-	-	-	-	-
Administrative services	557	41	770	91,226	1,078
Recreation, Arts & Community Services	-	-	-	-	-
Capital outlay	-	-	-	176,233	-
Total expenditures	557	41	770	278,252	15,149
REVENUES OVER (UNDER) EXPENDITURES	66,589	(715)	(39)	(239,313)	(6,537)
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	121,614	-
Transfers out	-	-	-	(80,000)	-
Total other financing sources (uses)	-	-	-	41,614	-
NET CHANGE IN FUND BALANCES	66,589	(715)	(39)	(197,699)	(6,537)
FUND BALANCES:					
Beginning of year	531,177	41,755	10,582	3,303,294	1,175,773
End of year	\$ 597,766	\$ 41,040	\$ 10,543	\$ 3,105,595	\$ 1,169,236

(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, 2015

	Capital Projects			Total Other Governmental Funds
	Park Facilities	Northeast Road Improvements Special Assessment	Technology Fund	
REVENUES:				
Special assessments	\$ -	\$ -	\$ -	\$ 549,471
Other taxes	-	-	-	1,894,852
Charges for services	-	-	-	710,431
Development fees	-	-	-	2,631,973
Intergovernmental	-	-	-	165,664
Use of money and property	44,710	7,396	-	189,215
Miscellaneous	(475)	-	-	398,690
Total revenues	44,235	7,396	-	6,540,296
EXPENDITURES:				
Current:				
Police services	-	-	-	294,749
Maintenance services	10,631	-	-	951,097
Development services	-	-	-	3,531,715
Administrative services	6,367	1,250	359,487	917,136
Recreation, Arts & Community Services	29,616	-	-	69,575
Capital outlay	634,432	-	-	1,017,600
Total expenditures	681,046	1,250	359,487	6,781,872
REVENUES OVER (UNDER) EXPENDITURES	(636,811)	6,146	(359,487)	(241,576)
OTHER FINANCING SOURCES (USES):				
Transfers in	700,000	-	500,000	1,321,614
Transfers out	-	(4,914)	-	(85,514)
Total other financing sources (uses)	700,000	(4,914)	500,000	1,236,100
NET CHANGE IN FUND BALANCES	63,189	1,232	140,513	994,524
FUND BALANCES:				
Beginning of year	6,300,564	1,116,845	2,015,919	30,008,646
End of year	\$ 6,363,753	\$ 1,118,077	\$ 2,156,432	\$ 31,003,170

(Concluded)

Town of Danville
Schedule of Revenues, Expenditures, and Change in Fund Balance
PEG Special Revenue Fund
For the Year Ended June 30, 2015

	Budget		Actual	Variance From Final Budget
	Original	Final		
REVENUES:				
Other taxes	\$ 89,000	\$ 89,000	\$ 94,108	\$ 5,108
Use of money and property	4,096	4,096	4,351	255
Total revenues	93,096	93,096	98,459	5,363
EXPENDITURES:				
Current:				
Administrative services	557	557	393	164
Recreation, Arts & Community Services	1	1	-	1
Total expenditures	558	558	393	165
REVENUES OVER (UNDER) EXPENDITURES	92,538	92,538	98,066	5,528
OTHER FINANCING SOURCES (USES):				
Transfers out	(100,000)	(100,000)	-	100,000
Total other financing sources (uses)	(100,000)	(100,000)	-	100,000
NET CHANGE IN FUND BALANCE	\$ (7,462)	\$ (7,462)	98,066	\$ 105,528
FUND BALANCE:				
Beginning of year			363,977	
End of year			\$ 462,043	

Town of Danville
Schedule of Revenues, Expenditures, and Change in Fund Balance
Gas Tax Special Revenue Fund
For the Year Ended June 30, 2015

	Budget		Actual	Variance From Final Budget
	Original	Final		
REVENUES:				
Other taxes	\$ 1,095,773	\$ 1,095,773	\$ 1,103,400	\$ 7,627
Use of money and property	30,915	30,915	26,021	(4,894)
Miscellaneous	-	-	611	611
Total revenues	<u>1,126,688</u>	<u>1,126,688</u>	<u>1,130,032</u>	<u>3,344</u>
EXPENDITURES:				
Current:				
Police services	-	-	-	-
Maintenance services	703,484	730,215	546,252	183,963
Development services	816,296	848,310	485,509	362,801
Administrative services	-	-	-	-
Recreation, Arts & Community Services	-	-	-	-
Capital outlay	1,500	1,500	(63)	1,563
Total expenditures	<u>1,521,280</u>	<u>1,580,025</u>	<u>1,031,698</u>	<u>548,327</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(394,592)</u>	<u>(453,337)</u>	<u>98,334</u>	<u>551,671</u>
NET CHANGE IN FUND BALANCE	<u>\$ (394,592)</u>	<u>\$ (453,337)</u>	<u>98,334</u>	<u>\$ 551,671</u>
FUND BALANCE:				
Beginning of year			<u>2,695,782</u>	
End of year			<u>\$ 2,794,116</u>	

Town of Danville
Schedule of Revenues, Expenditures, and Change in Fund Balance
Building and Planning Special Revenue Fund
For the Year Ended June 30, 2015

	Budget		Actual	Variance From Final Budget
	Original	Final		
REVENUES :				
Charges for services	\$ 395,720	\$ 395,720	\$ 386,696	\$ (9,024)
Development fees	2,058,900	2,058,900	2,343,903	285,003
Miscellaneous	-	-	5,000	5,000
Total revenues	<u>2,454,620</u>	<u>2,454,620</u>	<u>2,735,599</u>	<u>280,979</u>
EXPENDITURES :				
Current:				
Development services	2,068,147	2,080,932	1,900,694	180,238
Capital outlay	62,500	62,500	63,037	(537)
Total expenditures	<u>2,130,647</u>	<u>2,143,432</u>	<u>1,963,731</u>	<u>179,701</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>323,973</u>	<u>311,188</u>	<u>771,868</u>	<u>460,680</u>
NET CHANGE IN FUND BALANCE	<u>\$ 323,973</u>	<u>\$ 311,188</u>	<u>771,868</u>	<u>\$ 460,680</u>
FUND BALANCE:				
Beginning of year			<u>2,324,936</u>	
End of year			<u>\$ 3,096,804</u>	

Town of Danville
Schedule of Revenues, Expenditures, and Change in Fund Balance
Development Engineering Special Revenue Fund
For the Year Ended June 30, 2015

	Budget		Actual	Variance From Final Budget
	Original	Final		
REVENUES:				
Charges for services	\$ 203,000	\$ 203,000	\$ 321,175	\$ 118,175
Development fees	500	500	495	(5)
Total revenues	<u>203,500</u>	<u>203,500</u>	<u>321,670</u>	<u>118,170</u>
EXPENDITURES:				
Current:				
Development services	337,853	341,466	297,776	43,690
Total expenditures	<u>337,853</u>	<u>341,466</u>	<u>297,776</u>	<u>43,690</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(134,353)</u>	<u>(137,966)</u>	<u>23,894</u>	<u>161,860</u>
NET CHANGE IN FUND BALANCE	<u>\$ (134,353)</u>	<u>\$ (137,966)</u>	<u>23,894</u>	<u>\$ 161,860</u>
FUND BALANCE:				
Beginning of year			<u>1,554,893</u>	
End of year			<u>\$ 1,578,787</u>	

Town of Danville
Schedule of Revenues, Expenditures, and Change in Fund Balance
Child Care Special Revenue Fund
For the Year Ended June 30, 2015

	Budget		Actual	Variance From Final Budget
	Original	Final		
REVENUES				
Development fees	\$ -	\$ -	\$ 16,080	\$ 16,080
Use of money and property	2,280	2,280	2,972	692
Total revenues	2,280	2,280	19,052	16,772
EXPENDITURES				
Current:				
Police services	-	-	-	-
Maintenance services	-	-	-	-
Development services	-	-	-	-
Administrative services	-	-	-	-
Recreation, Arts & Community Services	191,291	191,291	263	191,028
Capital outlay	(191,064)	(191,064)	-	(191,064)
Total expenditures	227	227	263	(36)
REVENUES OVER (UNDER) EXPENDITURES	2,053	2,053	18,789	16,736
OTHER FINANCING SOURCES (USES)				
Transfers out	(600)	(600)	(600)	-
Total other financing sources (uses)	(600)	(600)	(600)	-
NET CHANGE IN FUND BALANCE	\$ 1,453	\$ 1,453	18,189	\$ 16,736
FUND BALANCE:				
Beginning of year			258,745	
End of year			<u>\$ 276,934</u>	

Town of Danville
Schedule of Revenues, Expenditures, and Change in Fund Balance
SPCP Special Revenue Fund
For the Year Ended June 30, 2015

	Budget		Actual	Variance From Final Budget
	Original	Final		
REVENUES :				
Special assessments	\$ 562,560	\$ 562,560	\$ 549,471	\$ (13,089)
Charges for services	1,000	1,000	2,560	1,560
Intergovernmental	11,000	11,000	-	(11,000)
Use of money and property	14,914	14,914	20,158	5,244
Miscellaneous	(190)	(190)	100	290
Total revenues	589,284	589,284	572,289	(16,995)
EXPENDITURES :				
Current:				
Maintenance services	201,931	201,931	13,249	188,682
Development services	617,399	815,138	408,994	406,144
Administrative services	1,518	1,518	1,777	(259)
Capital outlay	148,000	14,800	-	14,800
Total expenditures	968,848	1,033,387	424,020	609,367
REVENUES OVER (UNDER) EXPENDITURES	(379,564)	(444,103)	148,269	592,372
OTHER FINANCING SOURCES (USES):				
Transfers out	(6,771)	(6,771)	-	6,771
Total other financing sources (uses)	(6,771)	(6,771)	-	6,771
NET CHANGE IN FUND BALANCE	\$ (386,335)	\$ (450,874)	148,269	\$ 599,143
FUND BALANCE:				
Beginning of year			1,788,509	
End of year			\$ 1,936,778	

Town of Danville
Schedule of Revenues, Expenditures, and Change in Fund Balance
Measure C/J Special Revenue Fund
For the Year Ended June 30, 2015

	Budget		Actual	Variance From Final Budget
	Original	Final		
REVENUES:				
Other taxes	\$ 652,160	\$ 652,160	\$ 697,344	\$ 45,184
Intergovernmental	70,035	70,035	37,742	(32,293)
Use of money and property	10,711	10,711	20,103	9,392
Miscellaneous	(59,019)	(67,019)	204,132	271,151
Total revenues	<u>673,887</u>	<u>665,887</u>	<u>959,321</u>	<u>293,434</u>
EXPENDITURES:				
Current:				
Maintenance services	388,099	422,828	229,225	193,603
Development services	834,213	1,268,942	729,991	538,951
Administrative services	151,179	151,179	151,179	-
Capital outlay	280,734	151,459	18,707	132,752
Total expenditures	<u>1,654,225</u>	<u>1,994,408</u>	<u>1,129,102</u>	<u>865,306</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(980,338)</u>	<u>(1,328,521)</u>	<u>(169,781)</u>	<u>1,158,740</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>\$ (1,499,111)</u>	<u>\$ (1,847,294)</u>	<u>(169,781)</u>	<u>\$ 1,677,513</u>
FUND BALANCE:				
Beginning of year			<u>2,156,148</u>	
End of year			<u>\$ 1,986,367</u>	

Town of Danville
Schedule of Revenues, Expenditures, and Change in Fund Balance
Donations and Contributions Special Revenue Fund
For the Year Ended June 30, 2015

	Budget		Actual	Variance From Final Budget
	Original	Final		
REVENUES:				
Use of money and property	\$ 2,683	\$ 2,683	\$ 3,073	\$ 390
Miscellaneous	63,320	149,584	158,667	9,083
Total revenues	66,003	152,267	161,740	9,473
EXPENDITURES:				
Current:				
Police services	150,000	150,000	151,125	(1,125)
Maintenance services	(416)	(416)	1,185	(1,601)
Administrative services	800	800	1,348	(548)
Capital outlay	8,448	1,213	1,212	1
Total expenditures	158,832	151,597	154,870	(3,273)
REVENUES OVER (UNDER) EXPENDITURES	(92,829)	670	6,870	6,200
NET CHANGE IN FUND BALANCE	\$ (92,829)	\$ 670	6,870	\$ 6,200
FUND BALANCE:				
Beginning of year			242,178	
End of year			\$ 249,048	

Town of Danville
Schedule of Revenues, Expenditures, and Change in Fund Balance
General Development Impact Fees Special Revenue Fund
For the Year Ended June 30, 2015

	Budget		Actual	Variance From Final Budget
	Original	Final		
REVENUES :				
Development fees	\$ 106,250	\$ 157,275	\$ 209,807	\$ 52,532
Use of money and property	(18,569)	(18,569)	28,124	46,693
Miscellaneous	(79,810)	(79,810)	-	79,810
Total revenues	<u>7,871</u>	<u>58,896</u>	<u>237,931</u>	<u>179,035</u>
EXPENDITURES :				
Current:				
Police services	-	-	-	-
Maintenance services	398,984	748,984	136,484	612,500
Development services	143,906	190,939	6,495	184,444
Administrative services	3,668	3,668	3,591	77
Recreation, Arts & Community Services	146,074	207,380	39,696	167,684
Capital outlay	1,742,726	1,793,001	58,201	1,734,800
Total expenditures	<u>2,435,358</u>	<u>2,943,972</u>	<u>244,467</u>	<u>2,699,505</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(2,427,487)</u>	<u>(2,885,076)</u>	<u>(6,536)</u>	<u>2,878,540</u>
NET CHANGE IN FUND BALANCE	<u>\$ (2,427,487)</u>	<u>\$ (2,885,076)</u>	<u>(6,536)</u>	<u>\$ 2,878,540</u>
FUND BALANCE:				
Beginning of year			<u>3,770,948</u>	
End of year			<u>\$ 3,764,412</u>	

Town of Danville
Schedule of Revenues, Expenditures, and Change in Fund Balance
Public Safety Special Revenue Fund
For the Year Ended June 30, 2015

	Budget		Actual	Variance From Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 120,000	\$ 120,000	\$ 127,922	\$ 7,922
Use of money and property	2,642	2,642	3,958	1,316
Total revenues	<u>122,642</u>	<u>122,642</u>	<u>137,818</u>	<u>15,176</u>
EXPENDITURES:				
Current:				
Police services	100,000	100,000	132,831	(32,831)
Development services	31	31	32	(1)
Administrative services	290	290	296	(6)
Capital outlay	66,000	66,000	65,841	159
Total expenditures	<u>166,321</u>	<u>166,321</u>	<u>199,000</u>	<u>(32,679)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(43,679)</u>	<u>(43,679)</u>	<u>(61,182)</u>	<u>(17,503)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (43,679)</u>	<u>\$ (43,679)</u>	<u>(61,182)</u>	<u>\$ (17,503)</u>
FUND BALANCE:				
Beginning of year			<u>356,621</u>	
End of year			<u>\$ 295,439</u>	

Town of Danville
Schedule of Revenues, Expenditures, and Change in Fund Balance
Old Town Parking In-Lieu Special Revenue Fund
For the Year Ended June 30, 2015

	Budget		Actual	Variance From Final Budget
	Original	Final		
REVENUES:				
Development fees	\$ -	\$ -	\$ 61,688	\$ 61,688
Use of money and property	-	-	5,458	5,458
Total revenues	-	-	67,146	67,146
EXPENDITURES:				
Current:				
Administrative services	563	563	557	6
Total expenditures	563	563	557	6
REVENUES OVER (UNDER) EXPENDITURES	(563)	(563)	66,589	67,152
NET CHANGE IN FUND BALANCE	\$ (563)	\$ (563)	66,589	\$ 67,152
FUND BALANCE:				
Beginning of year			531,177	
End of year			<u>\$ 597,766</u>	

Town of Danville
Schedule of Revenues, Expenditures, and Change in Fund Balance
Sycamore Valley Assessment District Special Revenue Fund
For the Year Ended June 30, 2015

	Budget		Actual	Variance From Final Budget
	Original	Final		
REVENUES:				
Use of money and property	\$ (1,394)	\$ (1,394)	\$ (674)	\$ 720
Miscellaneous	(199)	(199)	-	199
Total revenues	<u>(1,593)</u>	<u>(1,593)</u>	<u>(674)</u>	<u>919</u>
EXPENDITURES:				
Current:				
Development services	(5,931)	(5,391)	-	(5,391)
Administrative services	44	44	41	3
Total expenditures	<u>(5,887)</u>	<u>(5,347)</u>	<u>41</u>	<u>(5,388)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>4,294</u>	<u>3,754</u>	<u>(715)</u>	<u>(4,469)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 4,294</u>	<u>\$ 3,754</u>	<u>(715)</u>	<u>\$ (4,469)</u>
FUND BALANCE:				
Beginning of year			<u>41,755</u>	
End of year			<u>\$ 41,040</u>	

Town of Danville
Schedule of Revenues, Expenditures, and Change in Fund Balance – Budget and Actual
Low and Moderate Income Housing Special Revenue Fund
For the Year Ended June 30, 2015

	Budget		Actual	Variance From Final Budget
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 123	\$ 123
Miscellaneous	-	-	608	608
Total revenues	<u>-</u>	<u>-</u>	<u>731</u>	<u>731</u>
EXPENDITURES:				
Current:				
Administrative services	-	-	770	(770)
Total expenditures	<u>-</u>	<u>-</u>	<u>770</u>	<u>(770)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>(39)</u>	<u>(39)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>(39)</u>	<u>\$ (39)</u>
FUND BALANCE:				
Beginning of year			<u>10,582</u>	
End of year			<u>\$ 10,543</u>	

Town of Danville
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the Year Ended June 30, 2015

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
<u>Deposits Fund</u>				
ASSETS				
Cash and investments	\$ 1,219,876	\$ 313,495	\$ (251,969)	\$ 1,281,402
Cash and investments with fiscal agents	139,531	5,710	-	145,241
Accounts receivable	1	-	(1)	-
Total assets	\$ 1,359,408	\$ 319,205	\$ (251,970)	\$ 1,426,643
LIABILITIES				
Accounts payable	\$ 52,508	\$ 166,027	\$ (179,731)	\$ 38,804
Deposits	1,306,900	298,920	(217,981)	1,387,839
Total liabilities	\$ 1,359,408	\$ 464,947	\$ (397,712)	\$ 1,426,643
<u>Sycamore Valley Special Assessment District</u>				
ASSETS				
Cash and investments	\$ 39,508	\$ 500	\$ (13)	\$ 39,995
Interest receivable	106	94	(106)	94
Total assets	\$ 39,614	\$ 594	\$ (119)	\$ 40,089
LIABILITIES				
Accounts payable	\$ -	\$ 5	\$ (5)	\$ -
Due to assessment district bondholders	39,614	475	-	40,089
Total liabilities	\$ 39,614	\$ 480	\$ (5)	\$ 40,089
<u>Tassajara Ranch Special Assessment District</u>				
ASSETS				
Cash and investments	\$ 47,568	\$ 552	\$ (15,369)	\$ 32,751
Interest receivable	133	81	(133)	81
Total assets	\$ 47,701	\$ 633	\$ (15,502)	\$ 32,832
LIABILITIES				
Accounts payable	\$ 3	\$ 104	\$ (106)	\$ 1
Due to assessment district bondholders	47,698	2,471	(17,338)	32,831
Total liabilities	\$ 47,701	\$ 2,575	\$ (17,444)	\$ 32,832

Town of Danville
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the Year Ended June 30, 2015

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
<u>Northeast Road Improvement Special Assessment</u>				
<u>District</u>				
ASSETS				
Cash and investments	\$ 513,536	\$ 326,073	\$ (443,911)	\$ 395,698
Cash and investments with fiscal agents	194,135	6	(30)	194,111
Interest receivable	1,381	930	(1,335)	976
Total assets	\$ 709,052	\$ 327,009	\$ (445,276)	\$ 590,785
LIABILITIES				
Accounts payable	\$ 14	\$ 10,198	\$ (9,845)	\$ 367
Due to assessment district bondholders	709,038	4,783	(123,403)	590,418
Total liabilities	\$ 709,052	\$ 14,981	\$ (133,248)	\$ 590,785
<u>Total Agency Funds</u>				
ASSETS				
Cash and investments	\$ 1,820,488	\$ 640,620	\$ (711,262)	\$ 1,749,846
Cash and investments with fiscal agents	333,666	5,716	(30)	339,352
Accounts receivable	1	-	(1)	-
Interest receivable	1,620	1,105	(1,574)	1,151
Total assets	\$ 2,155,775	\$ 647,441	\$ (712,867)	\$ 2,090,349
LIABILITIES				
Accounts payable	\$ 52,525	\$ 176,334	\$ (189,687)	\$ 39,172
Deposits	1,306,900	298,920	(217,981)	1,387,839
Due to assessment district bondholders	796,350	7,729	(140,741)	663,338
Total liabilities	\$ 2,155,775	\$ 482,983	\$ (548,409)	\$ 2,090,349



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STATISTICAL SECTION



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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.....	108
<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.....	119
<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.....	122
<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.....	128
<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.....	130
<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>	

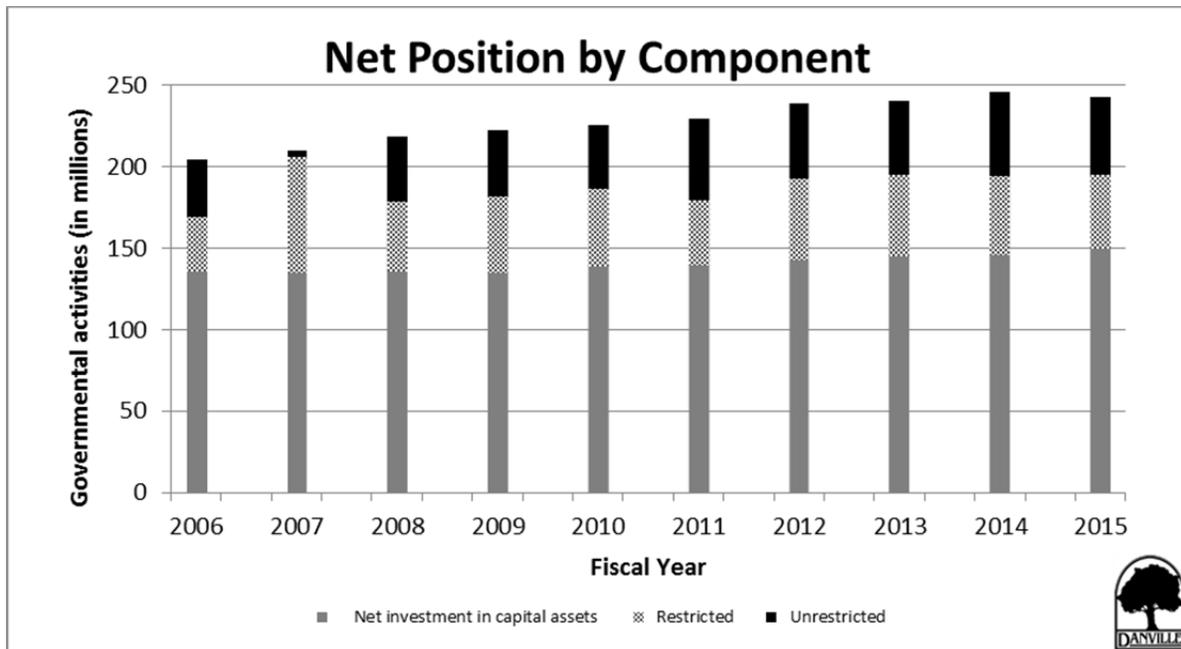
Town of Danville
Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year				
	2006	2007	2008	2009	2010
Governmental Activities:					
Net investment in capital assets	\$ 135,385,155	\$ 134,970,375	\$ 136,028,162	\$ 134,654,797	\$ 138,586,977
Restricted	33,686,102	70,811,285	42,645,047	46,856,854	47,655,916
Unrestricted	<u>35,745,860</u>	<u>4,601,609</u>	<u>40,224,619</u>	<u>41,148,332</u>	<u>39,598,060</u>
Total Governmental Activities Net Position	<u>\$ 204,817,117</u>	<u>\$ 210,383,269</u>	<u>\$ 218,897,828</u>	<u>\$ 222,659,983</u>	<u>\$ 225,840,953</u>
 Primary Government:					
Net investment in capital assets	\$ 135,385,155	\$ 134,970,375	\$ 136,028,162	\$ 134,654,797	\$ 138,586,977
Restricted	33,686,102	70,811,285	42,645,047	46,856,854	47,655,916
Unrestricted	<u>35,745,860</u>	<u>4,601,609</u>	<u>40,224,619</u>	<u>41,148,332</u>	<u>39,598,060</u>
Total Primary Governmental Net Position	<u>\$ 204,817,117</u>	<u>\$ 210,383,269</u>	<u>\$ 218,897,828</u>	<u>\$ 222,659,983</u>	<u>\$ 225,840,953</u>

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

	Fiscal Year				
	2011	2012	2013	2014	2015
Governmental Activities:					
Net investment in capital assets	\$ 139,431,946	\$ 142,812,475	\$ 144,710,384	\$ 145,858,981	\$ 149,697,964
Restricted	40,454,304	49,692,031	50,198,481	48,477,964	45,441,444
Unrestricted	49,520,377	46,716,135	46,009,779	51,728,377	48,182,320
Total Governmental Activities Net Position	\$ 229,406,627	\$ 239,220,641	\$ 240,918,644	\$ 246,065,322	\$ 243,321,728
Primary Government:					
Net investment in capital assets	\$ 139,431,946	\$ 142,812,475	\$ 144,710,384	\$ 145,858,981	\$ 149,697,964
Restricted	40,454,304	49,692,031	50,198,481	48,477,964	45,441,444
Unrestricted	49,520,377	46,716,135	46,009,779	51,728,377	48,182,320
Total Primary Governmental Net Position	\$ 229,406,627	\$ 239,220,641	\$ 240,918,644	\$ 246,065,322	\$ 243,321,728

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				
	2006	2007	2008	2009	2010
Expenditures					
Governmental activities:					
General Government	\$ 1,671,417	\$ 1,600,696	\$ 1,946,099	\$ 2,125,073	\$ 1,835,430
Police Services	6,260,045	6,309,466	6,733,441	7,121,673	7,264,962
Maintenance Services & Lighting & Landscape	5,524,302	9,040,315	5,551,024	5,424,528	5,165,178
Development Services	8,702,824	8,541,319	9,598,470	11,278,689	9,495,734
Administrative Services	1,449,868	1,749,217	1,989,678	1,872,222	1,868,912
Recreation Services	3,322,272	3,853,314	3,963,694	3,835,195	3,744,474
Interest on long-term debt	870,873	816,725	794,424	771,845	755,747
Total governmental activities expenses	<u>27,801,601</u>	<u>31,911,052</u>	<u>30,576,830</u>	<u>32,429,225</u>	<u>30,130,437</u>
Total primary government expenses	<u>\$ 27,801,601</u>	<u>\$ 31,911,052</u>	<u>\$ 30,576,830</u>	<u>\$ 32,429,225</u>	<u>\$ 30,130,437</u>
Program Revenues					
Governmental Activities:					
Charges for Services:					
General Government	\$ -	\$ -	\$ 203,848	\$ 108,932	\$ 6,061
Police Services	492,823	558,670	485,806	376,541	312,277
Maintenance Services, Lighting & Landscape	2,973,935	2,976,054	2,988,681	2,983,265	3,010,264
Development Services	2,730,485	2,992,420	2,667,418	2,325,689	2,005,945
Administrative Services	-	-	-	-	-
Recreation, Arts & Community Services	1,668,269	1,838,877	1,739,974	1,885,346	1,440,828
Interest on long-term debt	-	-	-	-	-
Operating grants and contributions	1,565,896	2,387,760	1,800,782	2,443,145	1,260,187
Capital grants and contributions	2,430,979	2,596,770	3,415,575	1,407,730	1,807,849
Total governmental activities program revenues	<u>\$ 11,862,387</u>	<u>\$ 13,350,551</u>	<u>\$ 13,302,084</u>	<u>\$ 11,530,648</u>	<u>\$ 9,843,411</u>
Total primary government program revenues	<u>\$ 11,862,387</u>	<u>\$ 13,350,551</u>	<u>\$ 13,302,084</u>	<u>\$ 11,530,648</u>	<u>\$ 9,843,411</u>
Net (Expenditures)/Revenue					
Governmental activities	<u>\$ (15,939,214)</u>	<u>\$ (18,560,501)</u>	<u>\$ (17,274,746)</u>	<u>\$ (20,898,577)</u>	<u>\$ (20,287,026)</u>
Total Primary Government, Net Expenses	<u>\$ (15,939,214)</u>	<u>\$ (18,560,501)</u>	<u>\$ (17,274,746)</u>	<u>\$ (20,898,577)</u>	<u>\$ (20,287,026)</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 (Continued)
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year				
	2011	2012	2013	2014	2015
Expenditures					
Governmental activities:					
General Government	\$ 1,727,619	\$ 1,672,908	\$ 1,657,519	\$ 1,707,946	\$ 1,527,466
Police Services	7,301,762	7,518,544	7,592,846	7,192,736	8,565,667
Maintenance Services & Lighting & Landscape	5,508,781	6,284,672	7,803,026	6,136,448	7,589,476
Development Services	13,388,097	8,909,136	10,298,111	7,545,035	14,348,084
Administrative Services	2,049,307	2,105,205	2,461,355	2,301,375	3,244,813
Recreation Services	3,405,850	3,373,081	3,360,852	3,711,977	3,877,829
Interest on long-term debt	732,585	367,482	430,191	415,129	369,274
Total governmental activities expenses	<u>34,114,001</u>	<u>30,231,028</u>	<u>33,603,900</u>	<u>29,010,646</u>	<u>39,522,609</u>
Total primary government expenses	<u>\$ 34,114,001</u>	<u>\$ 30,231,028</u>	<u>\$ 33,603,900</u>	<u>\$ 29,010,646</u>	<u>\$ 39,522,609</u>
Program Revenues					
Governmental Activities:					
Charges for Services:					
General Government	\$ 6,208	\$ -	\$ -	\$ -	\$ -
Police Services	293,550	323,053	312,873	499,517	429,625
Maintenance Services, Lighting & Landscape	3,028,247	3,040,340	3,021,029	3,110,836	3,033,384
Development Services	2,757,149	3,028,929	3,757,908	3,686,295	4,196,817
Administrative Services	-	-	-	-	-
Recreation, Arts & Community Services	1,645,913	1,754,367	1,810,376	2,178,636	2,433,110
Interest on long-term debt	-	-	-	-	-
Operating grants and contributions	798,926	804,432	748,772	933,466	1,110,167
Capital grants and contributions	6,728,897	2,492,782	1,877,029	1,936,672	1,676,661
Total governmental activities program revenues	<u>\$ 15,258,890</u>	<u>\$ 11,443,903</u>	<u>\$ 11,527,987</u>	<u>\$ 12,345,422</u>	<u>\$ 12,879,764</u>
Total primary government program revenues	<u>\$ 15,258,890</u>	<u>\$ 11,443,903</u>	<u>\$ 11,527,987</u>	<u>\$ 12,345,422</u>	<u>\$ 12,879,764</u>
Net (Expense)/Revenue					
Governmental activities	<u>\$ (18,855,111)</u>	<u>\$ (18,787,125)</u>	<u>\$ (22,075,913)</u>	<u>\$ (16,665,224)</u>	<u>\$ (26,642,845)</u>
Total Primary Government, Net Expenses	<u>\$ (18,855,111)</u>	<u>\$ (18,787,125)</u>	<u>\$ (22,075,913)</u>	<u>\$ (16,665,224)</u>	<u>\$ (26,642,845)</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 on Net Position (Continued)
Last Ten Fiscal Years
(Accrual Basis of Accounting)

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

	Fiscal Year				
	2006	2007	2008	2009	2010
Governmental Activities					
Taxes					
Property taxes	\$ 12,254,821	\$ 13,776,079	\$ 13,922,627	\$ 14,379,374	\$ 13,308,701
Sales taxes	3,229,721	3,802,878	3,629,778	3,347,146	3,254,413
Motor Vehicle taxes	1,033,111	257,141	191,794	147,048	127,142
Franchise Taxes	1,340,343	1,484,817	1,630,531	1,702,771	1,812,081
Other taxes	364,275	368,469	380,800	376,337	360,149
Investment earnings	1,746,300	3,887,362	4,854,361	3,883,832	2,632,269
Miscellaneous	843,763	549,907	1,179,414	824,224	1,973,241
Transfers from Successor Agency					
Extraordinary item	-	-	-	-	-
Total governmental activities	<u>\$ 20,812,334</u>	<u>\$ 24,126,653</u>	<u>\$ 25,789,305</u>	<u>\$ 24,660,732</u>	<u>\$ 23,467,996</u>
Total primary government	<u>\$ 20,812,334</u>	<u>\$ 24,126,653</u>	<u>\$ 25,789,305</u>	<u>\$ 24,660,732</u>	<u>\$ 23,467,996</u>

Change in Net Position

Governmental activities	<u>\$ 4,873,120</u>	<u>\$ 5,566,152</u>	<u>\$ 8,514,559</u>	<u>\$ 3,762,155</u>	<u>\$ 3,180,970</u>
Total primary government	<u>\$ 4,873,120</u>	<u>\$ 5,566,152</u>	<u>\$ 8,514,559</u>	<u>\$ 3,762,155</u>	<u>\$ 3,180,970</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 on Net Position (Continued)
Last Ten Fiscal Years
(Accrual Basis of Accounting)

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

	Fiscal Year				
	2011	2012	2013	2014	2015
Governmental Activities					
Taxes					
Property taxes	\$ 13,283,437	\$ 12,967,656	\$ 12,242,443	\$ 12,716,297	\$ 13,593,483
Sales taxes	3,531,936	3,835,342	3,897,260	3,947,577	4,098,412
Motor Vehicle taxes	199,005	21,557	22,337	18,486	17,857
Franchise Taxes	2,039,307	2,067,703	2,098,137	2,155,691	2,215,165
Other Taxes	361,872	366,926	374,354	385,044	391,856
Investment earnings	1,399,674	915,317	251,901	900,451	636,474
Miscellaneous	1,605,554	1,470,094	2,360,129	1,514,199	1,559,647
Transfers from Successor Agency			795,191	790,542	769,972
Extraordinary item	-	6,956,544	1,732,164	-	-
Total governmental activities	<u>\$ 22,420,785</u>	<u>\$ 28,601,139</u>	<u>\$ 23,773,916</u>	<u>\$ 22,428,287</u>	<u>\$ 23,282,866</u>
Total primary government	<u>\$ 22,420,785</u>	<u>\$ 28,601,139</u>	<u>\$ 23,773,916</u>	<u>\$ 22,428,287</u>	<u>\$ 23,282,866</u>

Change in Net Position

Governmental activities	<u>\$ 3,565,674</u>	<u>\$ 9,814,014</u>	<u>\$ 1,698,003</u>	<u>\$ 5,763,063</u>	<u>\$ (3,359,979)</u>
Total primary government	<u>\$ 3,565,674</u>	<u>\$ 9,814,014</u>	<u>\$ 1,698,003</u>	<u>\$ 5,763,063</u>	<u>\$ (3,359,979)</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
2006	\$ 9,882,929	\$ 3,229,721	\$ 1,785,313	\$ 1,340,343	\$ 586,579	\$ 1,033,111	\$ 364,275	\$ 18,222,271
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

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 xl 26 on January 31, 2012.

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

	Fiscal Year				
	2006	2007	2008	2009	2010*
General Fund					
Reserved	\$ 1,277,490	\$ 954,798	\$ 1,232,380	\$ 2,424,577	\$ -
Unreserved	8,851,533	11,595,733	12,385,630	13,623,457	-
Restricted	-				-
Committed	-				17,481,215
Assigned	-				578,251
Total General Fund	<u>\$ 10,129,023</u>	<u>\$ 12,550,531</u>	<u>\$ 13,618,010</u>	<u>\$ 16,048,034</u>	<u>\$ 18,059,466</u>
All Other Governmental Funds					
Reserved	\$ 55,377,015	\$ 25,252,520	\$ 27,108,341	\$ 25,660,317	\$ -
Unreserved, reported in:					
Special revenue funds					
Restricted	100,000	3,372,299	4,053,922	1,548,115	29,740,733
Committed	-	-	-	-	-
Debt service fund					
Restricted	-	-	792,990	-	2,049,301
Unassigned	-	-	-	-	-
Capital projects funds					
Restricted	4,468,125	34,870,099	37,499,695	44,930,389	746,199
Committed	-	-	-	-	16,234,896
Assigned	-	-	-	-	24,420,575
Total all other Governmental Funds	<u>\$ 59,945,140</u>	<u>\$ 63,494,918</u>	<u>\$ 69,454,948</u>	<u>\$ 72,138,821</u>	<u>\$ 73,191,704</u>
Total Governmental Funds	<u><u>\$ 70,074,163</u></u>	<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>

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 Government Funds (Continued)
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year				
	2011	2012	2013	2014	2015
General Fund					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-
Restricted	-	809,519	809,536	809,635	809,718
Committed	18,334,708	17,697,557	17,670,672	17,118,585	17,067,689
Assigned	8,327,574	8,430,419	9,247,992	9,482,365	9,397,184
Total General Fund	<u>\$ 26,662,282</u>	<u>\$ 26,937,495</u>	<u>\$ 27,728,200</u>	<u>\$ 27,410,585</u>	<u>\$ 27,274,591</u>
All Other Governmental Funds					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:					
Special revenue funds					
Restricted	30,370,267	28,429,093	27,540,889	28,492,880	24,215,659
Committed	-	-	-	-	-
Debt service fund					
Restricted	1,031,209	808,787	811,282	811,448	813,511
Unassigned	(8,063,814)	-	-	-	-
Capital projects funds					
Restricted	340,851	-	-	356,953	356,953
Committed	16,814,633	40,669,255	39,639,637	42,268,737	39,887,688
Assigned	22,804,473	-	-	-	-
Total all other Governmental Funds	<u>\$ 63,297,619</u>	<u>\$ 69,907,135</u>	<u>\$ 67,991,808</u>	<u>\$ 71,930,018</u>	<u>\$ 65,273,811</u>
Total Governmental Funds	<u>\$ 89,959,901</u>	<u>\$ 96,844,630</u>	<u>\$ 95,720,008</u>	<u>\$ 99,340,603</u>	<u>\$ 92,548,402</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 Government Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year				
	2006	2007	2008	2009	2010
REVENUES:					
Property Taxes	\$ 12,254,821	\$ 13,776,079	\$ 13,922,627	\$ 14,379,374	\$ 13,308,701
Sales Taxes	3,229,721	3,802,878	3,629,778	3,344,497	3,250,820
Gas & Other Taxes	3,570,858	2,854,560	4,692,227	4,641,839	3,720,070
Special assessments	795,797	3,486,516	3,490,417	3,532,305	3,546,477
Charges for services	2,045,030	3,907,323	3,663,733	3,284,801	2,849,818
Licenses and permits	1,706,243	371,985	380,800	376,337	357,369
Development fees	3,864,025	2,212,899	1,959,336	781,486	398,080
Intergovernmental	1,988,713	1,993,731	394,299	277,688	904,088
Fines and forfeitures	361,221	368,213	345,251	245,384	250,991
Uses of money and property	2,146,466	4,364,345	5,433,507	4,500,796	3,189,418
Miscellaneous	691,807	332,956	771,837	1,259,085	1,466,878
Total Revenues	\$ 32,654,702	\$ 37,471,485	\$ 38,683,812	\$ 36,623,592	\$ 33,242,710
EXPENDITURES:					
General Government	\$ 1,660,158	\$ 1,597,758	\$ 1,753,337	\$ 1,902,540	\$ 1,746,893
Police services	6,084,618	6,201,595	6,530,636	6,988,287	7,090,622
Maintenance services	2,863,452	876,770	2,246,511	1,933,797	1,839,102
Lighting and landscape	1,573,049	2,832,648	2,811,003	2,825,880	2,766,842
Development services	3,878,104	8,254,526	7,207,227	8,943,837	7,158,008
Administrative services	1,472,409	1,679,517	1,741,367	1,844,300	1,836,358
Recreation, Arts & Community services	2,526,140	3,759,452	3,532,007	3,749,091	3,660,187
Capital outlay	10,039,321	5,159,829	4,702,165	2,189,626	2,943,931
Debt service:					
Principal	325,000	310,000	340,000	355,000	375,000
Interest and fiscal charges	792,152	828,104	792,050	777,337	761,452
Total Expenditures	\$ 31,214,403	\$ 31,500,199	\$ 31,656,303	\$ 31,509,695	\$ 30,178,395
REVENUES OVER (UNDER) EXPENDITURES	1,440,299	5,971,286	7,027,509	5,113,897	3,064,315
OTHER FINANCING SOURCES (USES):					
Transfers in	24,148,807	20,848,721	6,219,243	10,400,042	2,559,375
Transfers out	(24,148,807)	(20,848,721)	(6,219,243)	(10,400,042)	(2,559,375)
Total other financing sources (uses)	-	-	-	-	-
NET CHANGE IN FUND BALANCES	\$ 1,440,299	\$ 5,971,286	\$ 7,027,509	\$ 5,113,897	\$ 3,064,315

Debt service as a percentage of noncapital exps 5.57% 4.52% 4.38% 4.02% 4.35%

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

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

	Fiscal Year				
	2011	2012	2013	2014	2015
REVENUES:					
Property Taxes	\$ 13,283,437	\$ 12,967,656	\$ 12,242,443	\$ 12,716,297	\$ 13,593,483
Sales Taxes	3,531,862	3,835,342	3,897,260	3,943,899	4,080,378
Gas & Other Taxes	3,960,259	3,818,359	3,731,881	3,999,378	4,033,766
Special assessments	3,579,045	3,572,176	3,580,120	3,579,918	3,574,570
Charges for services	3,379,595	3,641,623	4,602,791	2,455,673	2,792,321
Licenses and permits	360,957	366,886	374,354	385,033	391,856
Development fees	1,101,893	144,416	1,207,211	2,926,192	3,166,893
Intergovernmental	5,134,660	1,276,852	155,815	181,003	547,347
Fines and forfeitures	219,432	190,982	237,209	248,965	242,325
Uses of money and property	1,943,830	1,463,143	870,157	1,507,294	1,379,939
Miscellaneous	1,079,236	1,802,671	972,999	1,060,380	1,589,780
Total Revenues	\$ 37,574,206	\$ 33,080,106	\$ 31,872,240	\$ 33,004,032	\$ 35,392,658
EXPENDITURES:					
General Government	\$ 1,683,425	\$ 1,667,416	\$ 1,658,489	\$ 1,708,465	\$ 1,526,324
Police services	7,128,461	7,300,734	7,374,868	6,980,859	8,356,060
Maintenance services	1,958,607	2,403,824	4,362,329	2,547,337	3,728,641
Lighting and landscape	3,029,522	3,288,256	2,991,535	3,043,620	3,105,346
Development services	11,027,548	7,458,197	9,588,981	6,920,225	14,097,237
Administrative services	1,998,345	1,901,419	2,446,641	2,207,468	3,362,284
Recreation, Arts & Community services	3,307,586	3,245,655	3,242,901	3,593,125	3,523,333
Capital outlay	7,592,460	5,763,393	1,342,965	2,382,338	5,102,019
Debt service:					
Principal	395,000	420,000	-	-	-
Interest and fiscal charges	744,521	503,764	-	-	-
Total Expenditures	\$ 38,865,475	\$ 33,952,658	\$ 33,008,709	\$ 29,383,437	\$ 42,801,244
REVENUES OVER (UNDER) EXPENDITURES	(1,291,269)	(872,552)	(1,136,469)	3,620,595	(7,408,586)
OTHER FINANCING SOURCES (USES):					
Transfers in	13,547,919	7,385,966	5,272,109	6,248,451	6,300,714
Transfers out	(13,547,919)	(7,385,966)	(5,272,109)	(6,248,451)	(6,300,714)
Total other financing sources (uses)	-	-	-	-	-
NET CHANGE IN FUND BALANCES	\$ (1,291,269)	\$ 6,884,729	\$ (1,124,622)	\$ 3,620,595	\$ (7,408,586)
Debt service as a percentage of noncapital expe	3.78%	3.39%	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			
2006	\$ 8,075,785,929	\$ 38,593,926	\$ 2,820,001	\$ 50,110,947	\$ 164,573,298	\$ 8,002,737,505	0.10176%
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%

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
2006	0.10176%	1.00%	0.0514%	0.0048%	0.0104%	1.1684%
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%

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
2006	\$ 11,668,242	100%	n/a	\$ 11,668,242	100%
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%

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*			
2006	\$ 11,505,000	\$ -	\$ 3,555,000	\$ -	\$ 18,615,000	0.14%	\$ 82.57
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

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

2014-2015 Assessed Valuation:	\$	10,523,728,217		
Redevelopment Incremental Valuation	\$	10,523,728,217		
Adjusted Assessed Valuation:				
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>				
		Total Debt		Town's Share of
		6/30/15	% Applicable (1)	Debt (6/30/15)
Bay Area Rapid Transit District	\$	630,795,000	1.877%	\$ 11,840,022
Contra Costa Community College District		455,860,000	6.584%	30,013,822
San Ramon Valley Unified School District		433,123,284	26.960%	116,770,037
East Bay Regional Park District		176,790,000	2.881%	5,093,320
Town of Danville 1915 Act Bonds		415,000	100%	415,000
SUBTOTAL OVERLAPPING TAX AND ASSESSMENT DEBT				\$ 164,132,202
<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>				
Contra Costa County General Fund Obligations	\$	252,508,977	6.558%	\$ 16,559,539
Contra Costa County Pension Obligations		236,920,000	6.558%	15,537,214
Contra Costa County Community College District - COP		615,000	6.584%	40,492
San Ramon Valley Unified School District General Fund Obligations		19,795,000	26.960%	5,336,732
San Ramon Valley Fire Protection District - COP		14,616,000	27.103%	3,961,374
Town of Danville Certificates of Participation (COP)		8,465,000	100%	8,465,000
SUBTOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT				\$ 49,900,352
Less: Contra Costa County obligations supported from revenue funds				(6,476,451)
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT				\$ 43,423,901
OVERLAPPING TAX INCREMENT DEBT (Successor Agency)	\$	2,995,000	100%	\$ 2,995,000
TOTAL DIRECT DEBT				8,465,000
TOTAL GROSS OVERLAPPING DEBT				\$ 208,562,554
TOTAL NET OVERLAPPING DEBT				202,086,103
GRAND TOTAL DIRECT AND OVERLAPPING DEBT				\$ 217,027,554 (2)
NET COMBINED TOTAL DEBT				\$ 210,551,103

- (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	1.56%
Total Direct Debt (\$8,860,000)	0.08%
Gross Combined Total Debt	2.06%
Net Combined Total Debt	2.00%

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

Total Overlapping Tax Increment Debt	1.09%
---------------------------------------------	--------------

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	2015			2006	
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Percentage of Total Taxable Assessed Value
Danville Livery & Mercantile	\$ 41,808,358	1		\$ 38,020,992	0.48%
Reg8 Tassajara Crossing, LLC	36,724,712	2	0.38%		
KB Home South Bay, Inc.	29,074,991	3			
Costco Wholesale Corporation	23,321,038	4	0.24%		
Rose Garden Associates Danville	21,333,000	5			
Alamo Group Iron Horse, LLC	19,981,000	6	0.24%		
Danville Park RE LLC	17,760,233	7			
Rassier Properties Danville Medical Ctr.	15,300,000	8			
Montair Associates, LLC	14,974,907	9		13,168,513	0.16%
JKDSQ, LLC	13,084,644	10			
Regency Centers, LP				32,297,051	0.40%
GS Associate Joint Venture				20,100,000	0.25%
Iron Horse Plaza, LLC				18,166,289	0.23%
Fostoria Associates, Ltd.				15,182,821	0.19%
Tan DFC LLC				12,150,000	0.15%
Danville Senior Living, LLC				11,596,278	0.14%
Green Valley Lodge Partners				11,491,582	0.14%
Danville Park Investors				9,357,239	0.12%
Totals	\$233,362,883		0.86%	\$181,530,765	2.26%

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				
	2006	2007	2008	2009	2010
Debt Limit	\$ 300,102,656	\$ 322,479,688	\$ 340,491,117	\$ 351,859,116	\$ 349,357,579
Total net debt applicable to limit	-	-	-	-	-
Legal debt margin	<u>\$ 300,102,656</u>	<u>\$ 322,479,688</u>	<u>\$ 340,491,117</u>	<u>\$ 351,859,116</u>	<u>\$ 349,357,579</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				
	2011	2012	2013	2014	2015
Debt Limit	\$ 341,994,482	\$ 341,158,411	\$ 343,524,020	\$ 365,089,765	\$ 391,883,453
Total net debt applicable to limit	-	-			
Legal debt margin	<u>\$ 341,994,482</u>	<u>\$ 341,158,411</u>	<u>\$ 343,524,020</u>	<u>\$ 365,089,765</u>	<u>\$ 391,883,453</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 2015

Assessed Value	10,450,225,417
Add back: exempt real property	<u>169,288,561</u>
Total assessed value	<u>\$ 10,619,513,978</u>
Debt Limit (3.75% of assessed value)	391,883,453
Total net debt applicable to limit	<u>-</u>
Legal Debt Margin	<u>\$ 391,883,453</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 ²	Tax Increment	Debt Service		Coverage
		Principal	Interest			Principal	Interest	
2006	1,405,743 ¹	310,000	497,331	1.74	379,570	15,000	294,821	1.23
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

Note:

1. Additional debt issued in 2005 with payments due in 2006
2. 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
2006	43,052	166,835	2.803	59,520	2,562,455	23,815	2.7%
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%

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. U.S. Department of Commerce Census, Bureau of Economic Analysis for FYE 2000-2004
 For FYE 2005-2009, actual 2005 median household income was \$168,400. FYE 2006 and 2007 were projected at a growth rate of .8%.
 For FY 2011: Sperling Views; 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	2015			2014		
	Number of Employees ¹	Rank	% of Top 10	Number of Employees ¹	Rank	% of Top 10
Costco	349	1	37.1%	284	1	30.2%
Safeway, Inc.	121	2	12.9%	117	4	12.4%
Marshalls	71	3	7.5%	64	10	6.8%
Alain Pinel Realtors	70	4	7.4%	71	8	7.5%
Bay Sotheby's International Realty	69	5	7.3%	67	9	7.1%
Trader Joe's	66	6	7.0%	*	*	
DNJ Property Mngmt. Services, Inc.	57	7	6.1%	*	*	*
Lucky Supermarkets	50	8	5.3%	*	*	*
Better Homes & Gardens Real Estate						
Mason McDuffie	44	9	4.7%	*	*	*
Chow Foodbar Danville	44	10	4.7%	*	*	*
Keller Williams Realty				212	2	22.5%
J. Rockcliff Realtors				134	3	14.2%
Crow Canyon Management Corp				84	5	8.9%
Danville Nursing & Rehabilitation Center				81	6	8.6%
Lunardi's Market				73	7	7.8%
Total Employees:	941			1,187		

Note:

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

*Not ranked in Top 10 Employers in 2014

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

Function	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Legislative	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Administration	2.00	2.75	4.00	4.00	4.00	4.00	4.00	4.00	4.00	6.75
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	34.00	34.75	35.75	34.75	34.00	36.75
Development Services	22.50	23.25	25.00	25.00	26.75	25.25	25.25	24.25	25.50	25.50
Transportation Services	2.75	4.00	4.50	4.50	3.75	4.50	4.50	4.50	4.25	4.25
Community Services										
Maintenance	23.50	23.50	23.00	23.00	23.00	23.00	23.00	24.00	24.00	29.00
Recreation, Arts & Community Services	14.25	14.75	15.25	15.25	15.25	15.25	15.50	15.50	15.25	37.75
Finance	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.25
Support Services	2.50	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	4.50
Community Events*	1.75	2.75	2.50	2.50	2.50	1.50	0.25	0.25	0.25	0.50
Human Resources	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Total	<u>112.75</u>	<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>

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>2006</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>
Police: ¹										
Arrests	N/A	688	468	519	462	745	654	701	574	618
Traffic violations	N/A	4,186	4,604	4,923	4,623	4,563	2,109	4,220	6,001	5,345
Parking violations			3,980	2,129	1,897	1,700	1,398	2,009	2,373	1,619
Public works:										
Street resurfacing (miles)	4.23	14.30	9.4	15	9	5.72	9.7	24	18.7	14.2
Pot holes repaired	315	169	161	277	180	134	110	151	160	111
Parks and recreation:										
Course registration	17,664	16,607	19,899	20,609	20,238	18,352	17,396	20,101	22,191	17,176
Facility rentals/permits ²	11,388	12,435	12,804	12,596	13,047	13,401	13,790	13,915	13,894	816
Picnic rentals	356	420	344	338	417	385	505	511	535	460

Note: 1 Police Statistics are reported end of calendar year

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 Asset Statistics by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	16	16	15	15	15	16	16	14	12	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	3,207	3,449	1,417	1,417	1,417
Signalized intersections	50	51	51	51	51	51	51	51	51	52
Parks and recreation:										
Parks acreage	312.45	312.45	312.45	312.45	312.45	312.45	312.50	312.50	312.50	312.50
Parks	5	5	5	5	5	5	5	5	5	5
Tennis courts	10	10	10	10	-	-	7	10	10	10
Community centers	1	2	3	3	3	3	3	3	3	3

Source: Various Town departments