



TOWN OF DANVILLE, CALIFORNIA

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2014



## TOWN COUNCIL

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

## TOWN STAFF

Joseph A. Calabrigo, Town Manager  
Elizabeth Hudson, Finance Director/Treasurer  
Lani Ha, Accounting Manager



**TOWN OF DANVILLE, CALIFORNIA**

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**Mike Doyle, Vice Mayor**  
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**Renee Morgan, Councilmember**  
**Karen Stepper, Councilmember**

**TOWN MANAGER**  
**Joseph A. Calabrigo**

**Prepared by the**  
**Department of Finance**

**Elizabeth Hudson, Finance Director/Treasurer**  
**Lani Ha, Accounting Manager**



**Town of Danville**  
**Comprehensive Annual Financial Report**  
**For the Year Ended June 30, 2014**

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*"Small Town Atmosphere  
Outstanding Quality of Life"*

November 19, 2014

Mayor and Town Council  
Town of Danville

Subject: Fiscal Year 2013/14 Comprehensive Annual Financial Report

The Comprehensive Annual Financial Report (CAFR) of the Town of Danville for the fiscal year (FY) ended June 30, 2014, is submitted in compliance with Section 25253 of the Government Code 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 2013/14.

## **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 43,146 residents.

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

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

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

510 LA GONDA WAY, DANVILLE, CALIFORNIA 94526

Administration  
(925) 314-3388

Building  
(925) 314-3330

Engineering & Planning  
(925) 314-3310

Transportation  
(925) 314-3320

Maintenance  
(925) 314-3450

Police  
(925) 314-3700

Parks and Recreation  
(925) 314-3400

Areas of service delivery for the Town include General Government, Police Services, Community Development/IT, Development Services, Maintenance Services and Recreation 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, sewer 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 7 members was appointed to the SA for the purpose of overseeing the dissolution and winding down of the CDA. The \$9.1 million Cooperative Loan from the Town to the former CDA continues to be carried in the financial statements, pending legal clarification. 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, 2014, 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, 2014, \$11,111,504 or 39.5% 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 & 2005; a contingency for unforeseen expenditures; compensated absences/personnel; reward funds to help protect Town property; a reserve for the receivable for the funds loaned to the former CDA; funds for the technology master plan; funds to be used to support disability access and funds for a drought reserve. An additional \$1,700,000 has been designated as a transfer to the CIP General Purpose Fund, \$700,000 to the Park Facilities Fund, \$465,980 for future Public Safety needs and \$121,614 to the Asset Replacement 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<sup>-</sup> or higher.

The total General Fund fund balance of \$27,410,585 represents 157% of total FY 2013/14 General Fund operating expenditures and 93.29% of operating expenditures from all funds. Additionally, the Town has \$29,920,713 of Special Revenue funds, and \$42,625,690 in Capital Projects funds.

The Town's five largest revenue sources account for 82.6% of revenues. These include Property Tax providing 37.8% of revenues; Other Taxes providing 13.7%; Sales Tax providing 11.7%; Special Assessments providing 10.6% and Development Impact Fees providing 8.7% of revenues.

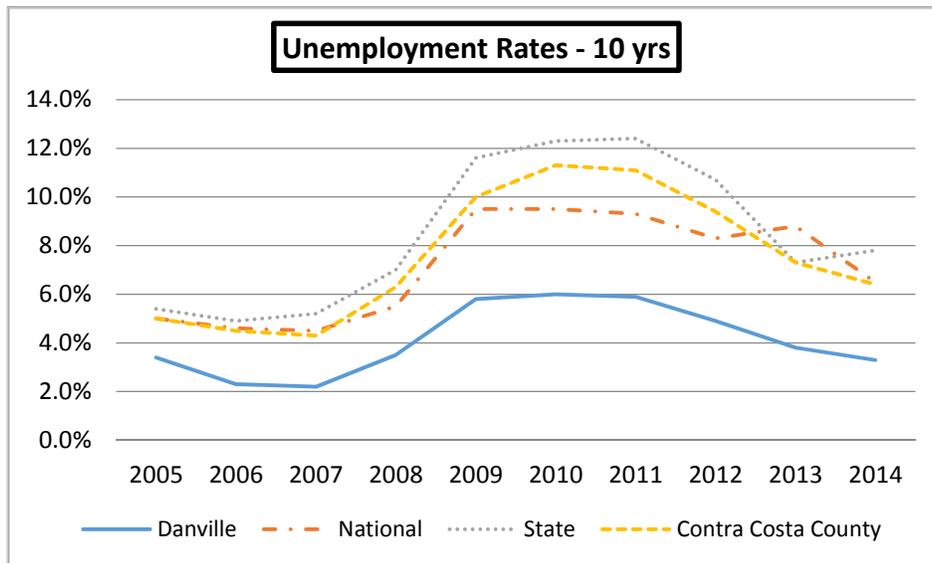
Property Tax increased by \$473,854 (3.9%) as assessed values were increased and median sales price for a single family residential home increased 13.3%.

Other Taxes increased a net of \$883,882 (23.7%), reflecting a return to normal gas tax receipts following last year's correction of taxes distributed to pay the State's debt service. Sales Tax, increased \$46,639 (1.2%), reflecting steady consumer confidence and demand. Special Assessments (LLAD and SPCP assessments) remained essentially flat.

The major increases in Development Fees of \$1,718,981 (142.4.9%), reflects a change in accounting procedures that now reports some revenue items, previously reported as Charges for Services, to more accurately report as Development Fees.

Other revenues with significant declines were: Charges for Services, due to the changed accounting procedure that shifted appropriate revenue items from Charge for Services to Development Fees. The increase in Use of Money and Property revenues reflecting interest earnings net of premiums and discounts that were booked as investments matured, plus unrealized market value adjustments. Earnings and market values reflecting persistent record low market interest rates are projected to continue for the next year or two.

Danville's jobless rate as of June 2014 was 3.3% as compared to the National rate of 6.5%, the State rate of 7.8%, and the Contra Costa County rate of 6.4%. Danville's unemployment rate declined by 13.2% as the National and Contra Costa County's unemployment rates declined by 26.1% and 12.3%, respectively. The State unemployment rate increased by 6.8%.



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 ten years. The annual update of this model, the 2014/15 Operating Budget and Capital Improvement Program, was completed in May 2014 and adopted on June 17, 2014. General Fund revenues are projected to increase an average of 4.2% as the economy continues to slowly strengthen and the housing market remains stable. Special Fund revenues are projected to increase 2.0% as Building and Engineering fees are budgeted to remain robust, offset by lower gas tax receipts.

Looking forward 10 years, General Fund revenues are projected to increase 1.25% in FY 2015/16, 3.25% in FY 2016/17 and an average of 1.37% thereafter. Special Fund revenues are projected to dip slightly (.64%) in FY 2015/16, increase 2% in FY 2016/17 and fluctuate less than 1%, both down and up, through FY 2023/24.

Operating expenditures for the Town were reduced by 3.9% from FY 2013/14 Amended Budget levels for FY 2014/15 by budgeting to reflect the efficiencies the Town has implemented.

The 10 year projection includes cost increases that average 2.28%, 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 ten 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 ability of the Town to continue current service levels, funding of capital projects and street system service levels 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 has included the \$9.1 million dollar loan receivable, from the former CDA, on its balance sheet, these funds will not be appropriated until a final ruling is received from the court.

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 2013/14

Major events took place in the Town during FY 2013/14 that had or will have significant financial effects on the Town in the years to come. The Town:

1. Continued to take steps to fully implement and comply with AB x1 26 and AB 1484 which provided for the dissolution of the former Danville Community Development (Redevelopment) Agency (CDA). In January 2014, the Town filed a lawsuit against the State of California over the State's failure to recognize the Town's Cooperation Agreement with the former CDA as an enforceable obligation under AB x1 26 and AB 1484 and allow for repayment of an \$9.1 million loan balance owed to the Town. In September, the trial court ruled in the Town's favor, a significant step in the Town's ongoing efforts to be reimbursed the funds owed by the former CDA.
2. Completed the installation of solar photovoltaic (solar) systems at the Town Offices, Diablo Vista and Sycamore Valley Parks and the Town Service Center, anticipated to generate over 600 kWh annually and result in an estimated savings of \$245,000 annually for the next 20 years.
3. Completed construction of the \$202,000 Sycamore Creek Trail from Old Orchard Drive east to Sycamore Valley Road.
4. Completed the design and awarded a \$1,629,387 construction contract for the Railroad Avenue Improvement Project from Prospect Avenue to School Street, in coordination with redevelopment of the Danville Hotel site.

5. Completed all utility relocation work required to undertake the North Hartz Avenue Beautification Project from Linda Mesa north to Railroad Avenue and awarded a \$1,846,623 construction contract to complete the project.
6. Completed \$2.9 million in pavement maintenance repairs and major arterial overlays throughout Town.
7. Completed the \$221,800 downtown wayfinding signage project, including fabricating and installing new directional signage throughout the downtown area.
8. 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.
9. Continued implementation of various initiatives identified in Phase II of the \$3.5 million, Five-Year Information Technology Master Plan, including awarding contracts to implement new Document Management, Land Management and Sharepoint software.
10. Facilitated the construction of the final segment of the Interstate 680 Auxiliary Lanes Project between Sycamore Valley Road and Crow Canyon Road, including funding \$3.2 million for closure of a sound wall gap on San Ramon Valley Boulevard, and landscaping improvements along Camino Ramon.
11. Completed construction of the \$1,059,825 Crow Canyon sound wall project to separate the homes within the Crow Canyon Country Club from traffic noise on Crow Canyon Road.
12. Completed acquisition of right of way necessary to widen San Ramon Valley Boulevard to four lines between Jewel Terrace and Ridgeland Circle.
13. Continued with various Transportation programs including: the Street Smarts traffic safety education program, Neighborhood Traffic Management Program and increased participation in Danville's TRAFFIX Student Transportation Program.
14. Continued supporting local retail businesses with programs including the Retail Retention & Promotion Grant Program, marketing and promotion efforts and conducting business development workshops/seminars.
15. Continued work on the i-GATE Municipal Partners program as part of the public-private partnership formed to assist startup companies, in collaboration with the cities of Livermore, Dublin and Pleasanton.
16. Continued the Town's use of online and social media efforts through Facebook and Twitter feeds to share information about Town events, activities, news and public safety alerts.

For Fiscal Year 2014/15

During the upcoming FY 2014/15 the Town will:

1. Complete \$3.0 million in pavement maintenance repairs and major arterial overlays throughout Town.
2. Continue implementation of various initiatives identified in Phase III of the Information Technology Master Plan, including the broadcasting of Town Council meetings on the Internet, unveiling a new mobile website and use of online citizen engagement.
3. Complete construction of the North Hartz Avenue Beautification Project including street lights, sidewalks, street trees, paving and landscaping improvements from Linda Mesa north to Railroad Avenue.
4. Complete construction of the Railroad Avenue Improvement Project from Prospect Avenue to School Street including street lights, sidewalks, bulb outs and decorative crosswalks, street trees, paving and landscaping, in coordination with redevelopment of the Danville Hotel site.
5. Complete \$1,120,000 in design work and construction on four additional bocce ball courts at Sycamore Valley Park.
6. Consider adoption of a new ordinance prohibiting the use of single use plastic carry out bags at all retail and restaurant establishments within the Town.

7. Design and construct Lawrence Road Traffic Safety Improvements between Casablanca Street and Jasmine Way.
8. Continue the ongoing multi-year program to upgrade and replace aging signal controller computers and hardware town-wide.
9. Continue the Street Smarts program supported by over \$1 million in grant funding.
10. Continue supporting local retail businesses with programs including the Retail Retention & Promotion Grant Program, marketing and promotion efforts and conducting business development workshops/seminars
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. Complete the design and 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.

Management of the Town 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 reappropriated ("carried over") as part of the following year's budget.

## Risk Management

The Town is a member of the Municipal Pooling Authority, a consortium of 19 California cities including 17 in Contra Costa County, one in San Mateo County and one in San Joaquin County. The Risk Management Authority is a risk-sharing, self-funded 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 general and auto liability program. Annual premiums are determined using a retrospective method. During FY 2013/14, the Town was liable 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 also pays a proportionate share of individual claim costs in excess of this deductible amount up to a maximum ranging from \$250,000 for auto liability to \$29 million for general liability, for its own and other members' claims. The Town has established in the General Fund \$20,904 in liability to finance anticipated settlement of claims.

The Town is also a member of the Authority's workers' compensation pool. The Town is responsible for the employee's salary for the first three days if the disability is less than 14 days, otherwise the Authority is fully responsible up to \$500,000. 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

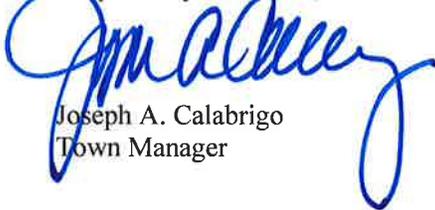
It is the policy of the Town of Danville to have an audit performed annually by an independent certified public accountant. The independent audit of the June 30, 2014 financial statements was performed by Pun & McGeady, LLP. Their opinion is included with the general purpose financial statements.

### Acknowledgments

The preparation and development of this report would not have been possible without the special efforts of the entire Finance Department, and most notably the Accounting Manager, Lani Ha. We would like to take this opportunity to compliment and express our gratitude to all those staff members of the Town and our independent auditing firm who were associated with the preparation of this report.

In closing, without the continued leadership and support of the Town Council, it would not be possible to conduct the financial operations of the Town in the responsible and conservative manner in which they have been managed.

Respectfully submitted,



Joseph A. Calabrigo  
Town Manager

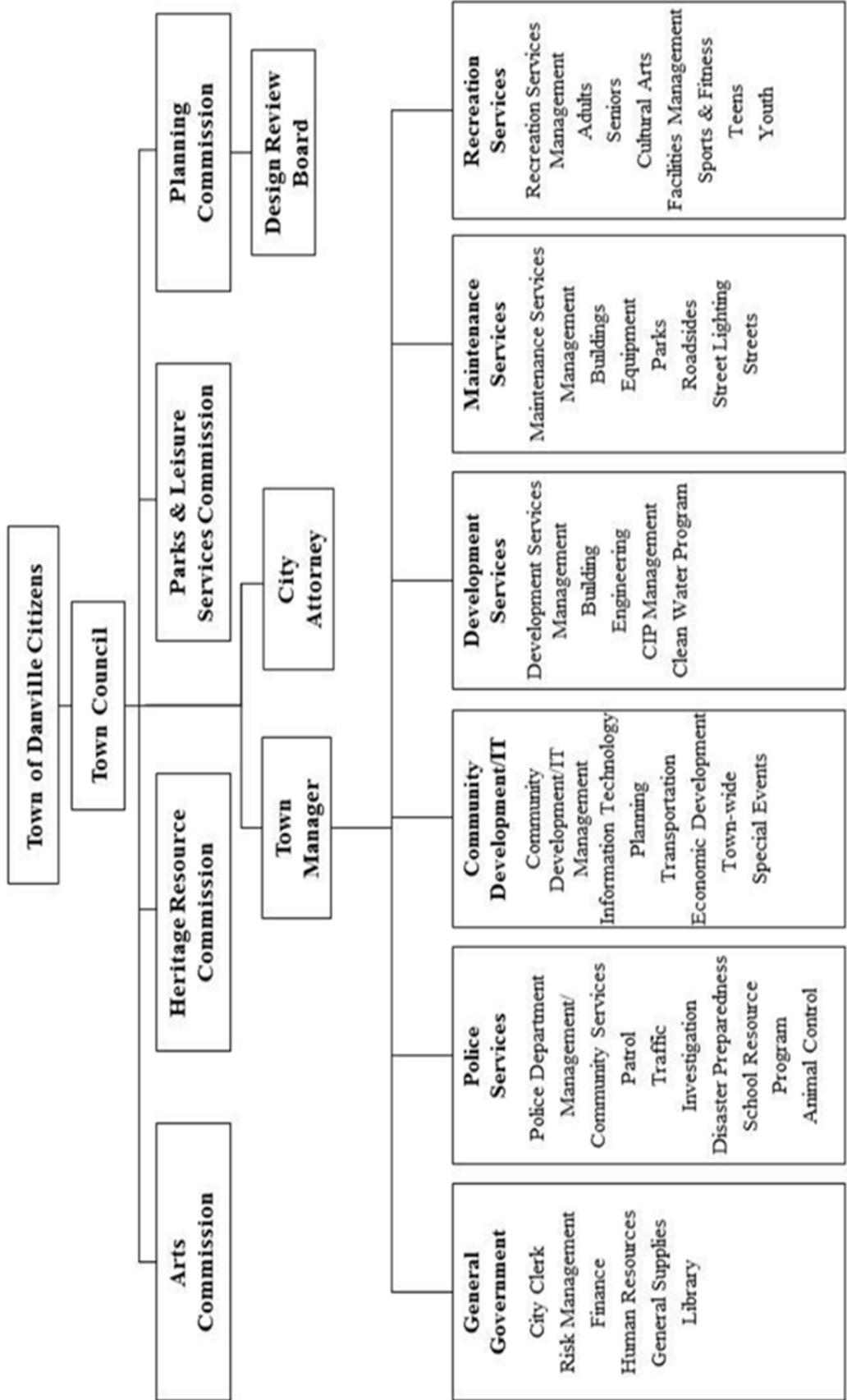


Elizabeth Hudson  
Finance Director/Treasurer



# Town of Danville Organization Chart

## Town of Danville Organizational Chart



# Town of Danville

## Directory of Public Officials

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### TOWN COUNCIL

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

### APPOINTED OFFICIALS

Joseph Calabrigo	Town Manager
Elizabeth Hudson	Finance Director/Treasurer
Robert Ewing	City Attorney
Marie Sunseri	City Clerk
Steve Simpkins	Chief of Police
Steve Lake	Development Services Director/City Engineer
Jed Johnson	Maintenance Service Director
Tai Williams	Community Development Director

**Town of Danville**

**Certificates of Achievement for Excellence in Financial Reporting - GFOA**

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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, 2013**

A handwritten signature in black ink, reading "Jeffrey R. Egan".

Executive Director/CEO

# Town of Danville

## Statement of Purpose

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### **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**





1655 North Main Street  
Suite 355  
Walnut Creek, California 94596

**Phone:** (925) 954-3300  
**Fax:** (925) 954-3350  
[www.pm-llp.com](http://www.pm-llp.com)

## INDEPENDENT AUDITORS' REPORT

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

### Report of 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, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town, as of June 30, 2014, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **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 modified approach for Town street infrastructure capital assets 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, the budgetary comparison schedules, 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 budgetary comparison schedules 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.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2014, 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 perform in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

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Walnut Creek, California  
November 13, 2014

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

**Independent Auditors' Report**

Honorable Mayor and Members of the Town Council  
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, 2014, 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 13, 2014.

**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*.

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

**Purpose of this Report**

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

Handwritten signature in black ink that reads "Paul J. McGeedy LLP". The signature is written in a cursive style with a large initial "P" and "M".

Walnut Creek, California  
November 13, 2014



## 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, 2014. 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, 2014 increased \$5,763,061 or 2.4% from \$240,918,644 to \$246,681,707.
- ◆ Total liabilities were \$13,900,308. Total assets were \$260,582,015. Of this amount \$52,344,762 is classified as unrestricted and, except for the uncertain \$9,092,097 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 \$99,956,988. Of this amount, \$30,730,289 is restricted by external parties; \$59,357,248 is committed for ongoing and future activities; and \$9,519,124 is classified as nonspendable reflecting the uncertainty of receiving 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 \$350,327 has been assigned for ongoing operations.
- ◆ The Town's General Fund fund balance decreased (1.1)% from \$27,728,200 to \$27,410,585. The fund balance includes funds reserved or designated for debt service, future capital projects, ongoing operations, and an operating reserve of \$11,111,504 (39.5% of FY 2014/15 operating expenditures).

Subsequent to the end of the 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 has indicated that it will not abide by the court's ruling. Pending definitive resolution of this issue, the Town has retained \$9,092,097 as a loan receivable on its books and reserved 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 consist 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 position 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 Comprehensive Annual Financial Report (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, transportation and recreation services. Governmental activities are generally supported by taxes and intergovernmental revenues.

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

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

- ***Governmental Funds***—Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial* assets that can readily be converted to cash. The Governmental Fund Statements provide a detailed *short-term view* of the Town's general government operations and the basic services it provides. Governmental 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, 2014 and 2013 were:

**Table 1**  
**Net Position**  
**Governmental Activities**

	<u>2014</u>	<u>2013</u>	<u>Increase (Decrease)</u>
Current and other assets	\$ 105,863,032	\$ 101,366,925	\$ 4,496,107
Capital assets, net	154,718,983	153,940,384	778,599
<b>Total assets</b>	<u>260,582,015</u>	<u>255,307,309</u>	<u>5,274,706</u>
Current liabilities	4,996,899	5,080,935	(84,036)
Long-term liabilities	8,903,409	9,307,730	(404,321)
<b>Total liabilities</b>	<u>13,900,308</u>	<u>14,388,665</u>	<u>(488,357)</u>
Net position:			
Net investment in capital assets	145,858,981	144,710,384	1,148,597
Restricted for:			
Capital projects	22,765,230	22,846,142	(80,912)
Debt service	1,621,083	1,620,818	265
Special projects	24,091,651	25,731,521	(1,639,870)
Unrestricted	52,344,762	46,009,779	6,334,983
<b>Total net position</b>	<u>\$ 246,681,707</u>	<u>\$ 240,918,644</u>	<u>\$ 5,763,063</u>

The Town's Net Positions from Governmental Activities increased 2.4% from \$240,918,644 to \$246,681,707. This increase of \$5,763,063 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 increased \$5,274,706:

- ◆ Current and other assets increased \$4,496,107, reflecting an increase in cash and investments. Capital assets, net of depreciation, increased \$778,599, reflecting expenditures for capital projects during the year.

Total liabilities decreased \$488,357:

- ◆ Current liabilities decreased slightly by a net of \$84,036, due largely to a decrease in unearned revenues and accounts payable, offset by an increase in retention (for capital projects) and deposits held.
- ◆ Non-current liabilities decreased a net of \$404,321, reflecting payment of long-term debt principal of \$395,000 that was paid according to schedule and reflecting a slight reduction of \$9,321 in compensated absences.

Net Position:

- Restricted net position decreased a net of \$1,720,517. Restricted for Capital Projects decreased by \$80,912 as Special Revenue funds were spent for capital projects as budgeted. Debt Service funds increased by \$265

reflecting the net change in annual RPTTF funds received for scheduled debt service payments of the Town's COPs. Special Projects funds decreased by \$1,639,870 as funds were used for operations or appropriated for capital expenditures.

- ◆ Unrestricted net position, which are designated by Council for specific future capital improvements or economic stability, increased by \$6,334,983, reflecting solid revenues and controlled costs and enabling the transfer of \$5.3 million of General Fund funds to Capital Improvement funds for future capital projects. 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**

	<b>2014</b>	<b>2013</b>	<b>Increase (Decrease)</b>
<b>Revenues - Governmental Activities</b>			
Program revenues:			
Charges for services	\$ 9,475,284	\$ 8,902,186	\$ 573,098
Operating grants and contributions	933,466	898,772	34,694
Capital grants and contributions	1,936,672	1,877,029	59,643
Total program revenues	<u>12,345,422</u>	<u>11,677,987</u>	<u>667,435</u>
General revenues:			
Taxes:			
Property	12,716,297	12,242,443	473,854
Sales	3,947,577	3,897,260	50,317
Motor vehicle fees	18,486	22,337	(3,851)
Franchise	2,155,691	2,098,137	57,554
Other	385,044	374,354	10,690
Investment earnings	900,451	251,901	648,550
Miscellaneous	1,514,199	2,210,129	(695,930)
Transfers from Successor Agency	790,542	795,191	(4,649)
Total general revenues	<u>22,428,287</u>	<u>21,891,752</u>	<u>536,535</u>
Extraordinary item	-	1,732,164	(1,732,164)
<b>Total revenues</b>	<u>34,773,709</u>	<u>35,301,903</u>	<u>(528,194)</u>
<b>Expenses - Governmental Activities</b>			
Current:			
Legislative	323,063	353,390	(30,327)
Town manager	646,466	595,129	51,337
Legal services	738,417	709,000	29,417
Police services	7,192,736	7,592,846	(400,110)
Maintenance services and Lighting and landscape	6,136,448	7,803,026	(1,666,578)
Community development services	2,188,796	2,129,453	59,343
Development and Transportation services	5,356,239	8,168,658	(2,812,419)
Administrative services	2,301,375	2,461,355	(159,980)
Parks and recreation services	3,515,394	3,186,439	328,955
Special events program	196,583	174,413	22,170
Debt services:			
Interest expense	415,129	430,191	(15,062)
<b>Total expenses</b>	<u>29,010,646</u>	<u>33,603,900</u>	<u>(4,593,254)</u>
<b>Increase in net position</b>	<u>\$ 5,763,063</u>	<u>\$ 1,698,003</u>	<u>\$ 4,065,060</u>

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

Table 3 presents each program's *net* cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the Town's taxpayers by each of these functions. The net cost of programs decreased by \$4,593,254, reflecting higher revenues and the absence of the clawback payment made in the previous year to the State.

**Table 3**  
**Cost of Services**  
**Governmental Activities**

	<u>2014</u>	<u>2013</u>	<u>Increase (Decrease)</u>
Revenues:			
General revenues	\$ 22,428,287	\$ 21,891,752	\$ 536,535
Extraordinary items	-	1,732,164	(1,732,164)
Total general revenues and extraordinary items	<u>22,428,287</u>	<u>23,623,916</u>	<u>(1,195,629)</u>
Net Expenses:			
Current:			
Legislative	(323,063)	(353,390)	30,327
Town manager	(646,466)	(595,129)	(51,337)
Legal services	(738,417)	(709,000)	(29,417)
Police services	(6,693,219)	(7,006,030)	312,811
Maintenance services and Lighting and landscape	(2,886,121)	(4,781,997)	1,895,876
Community development services	(1,912,347)	(1,206,533)	(705,814)
Development and Transportation services	747,985	(2,831,812)	3,579,797
Administrative services	(2,265,106)	(2,461,355)	196,249
Parks and recreation services	(1,336,758)	(1,376,063)	39,305
Special events program	(196,583)	(174,413)	(22,170)
Debt services:			
Interest expense	(415,129)	(430,191)	15,062
<b>Net Cost of Program Services</b>	<u>\$ 5,763,063</u>	<u>\$ 1,698,003</u>	<u>\$ 4,065,060</u>

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

- ◆ Program revenues increased by \$667,435. An increase of \$573,098 in Charges for Services was largely due to increased activity in both Parks and Recreation and Police Services. Operating Grants increased a net of \$34,694 as grants for Police and Development Services decreased and grants for Transportation Services increased. Capital Grants and Contributions increased a net of \$59,643 as grant funded transportation projects continued.
- ◆ Revenues for General Government were \$1,195,629 lower than the previous year on a net basis. General revenues increased \$536,535 reflecting a \$473,854 increase in property tax revenues and \$50,317 in sales tax revenues and miscellaneous other variances. Higher reported investment earnings reflect a more favorable unrealized market adjustment. Miscellaneous Revenues decreased by a net of \$695,930. There were no Extraordinary Items to report in FY 2013/14. The Extraordinary Item of \$1,732,164 in FY 2012/13 was the transfer of the Low and Moderate housing property to the General Fund per AB 1484.

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: (1) the Town's ongoing revenues cover its operational and capital expenditures; (2) the services provided by the Town are provided in a cost effective manner and (3) 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 \$27,410,585, a net decrease of \$317,615 over last year. Revenues exceeded expenses by \$5,256,109. Total transfers out was \$5,871,275: \$5,298,745 for future capital projects and \$572,530 for additional funding for parks and building maintenance in the Lighting and Landscape Assessment District. Major revenue sources that exceeded budget include property and Transfer Taxes of \$987,112; Sales Taxes of \$61,899; Other Taxes of \$65,181 and Charges for Services of \$108,763. These were offset by reported Use of Money and Property, 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 \$2,421,167. 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 the General Fund.

The Lighting and Landscape Special Revenue Fund increased by \$581,306, 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 \$572,530 for park and building maintenance account for this increase in fund balance.

The Regional Traffic Impact Fees fund balance is reported lower by \$557,286 reflecting the use of funds for planned capital projects. The fund balance in the Capital Improvement Projects Fund increased by a net of \$1,249,135, reflecting a transfer in of \$2,605,184 which offset appropriated capital expenditures in excess of revenues.

The fund balance in the Civic Facilities Capital Projects Fund decreased by \$41,929 as fund balance was utilized to cover budgeted capital expenditures.

The Non-major Special Revenue Funds increased by a net of \$1,544,522, reflecting normal use of these funds for the operational or capital projects to which they are restricted. Non-major Special Revenue funds with material changes include: the Gas Tax Fund which increased by \$147,696, as allocations to cities returned to normal following last year's adjustment by the State to repay its outstanding debt; the Building and Planning Fund which increased by \$536,554 as revenues for new building activity showed continued strength for the fourth year in a row; the Measure J fund which increased by \$270,012 as revenues came in stronger than budgeted and the Donation Fund which increased by \$194,667 reflecting delayed expenditures.

The Non-Major Capital Improvement Funds increased by a net of \$1,778,847, due mostly to an increase of \$593,596 in the Park Facilities Fund, reflecting a General Fund transfer in of \$1,000,000 and an increase of \$1,428,998 in the Technology Fund as future planned General Fund contributions were accelerated into FY2013/14, offset by a decrease of \$233,670 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 \$3,443,360. This is primarily due to very conservative revenue projections, the absence of State raids on local revenues, steady sales tax, and a 6% increase in average local property values. Final expenses for the General Fund at year end were less than budgeted by \$2,421,167. 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 \$2,786,240 to fund future capital projects throughout the Town.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At the end of FY 2014, the Town had a book value of \$154,718,983 invested in a broad range of capital assets, including land, buildings, furniture and equipment, park improvements and infrastructure. (See Tables 4 and 5 below.) This amount represents an increase of \$778,599, net of additions, retirements and depreciation, resulting in a 0.5% increase over last year.

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

Depreciation on capital assets is recognized in the Government-Wide Financial Statements. The Town has elected to use the modified approach for their streets and roads, wherein the value is not depreciated but rather pavement condition and maintenance expenses are tracked. The pavement condition as of June 30, 2014 was 73, an increase from last year's rating of 72. 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 2G to the Financial Statements and in Note 3 of the Required Supplementary Information.

**Table 4**  
**Capital Assets (Net of Accumulated Depreciation)**  
**June 30, 2014**

	Original Cost	Accumulated Depreciation	Book Value
Land	\$ 22,597,152	\$ -	\$ 22,597,152
Buildings and parking lots	21,731,155	(8,784,526)	12,946,629
Park improvements	21,999,710	(19,412,966)	2,586,744
Furniture and equipment	4,736,510	(3,768,611)	967,899
Construction in progress	18,738,663	-	18,738,663
Infrastructure	163,901,964	(67,020,068)	96,881,896
<b>Total</b>	<b>\$ 253,705,154</b>	<b>\$ (98,986,171)</b>	<b>\$ 154,718,983</b>

**Table 5**  
**Capital Assets (Net of Accumulated Depreciation)**  
**June 30, 2014 vs. June 30 2013**

	2014	2013	Increase (Decrease)
Land	\$ 22,597,152	\$ 22,597,152	\$ -
Buildings and parking lots	12,946,629	12,713,555	233,074
Park improvements	2,586,744	2,387,693	199,051
Furniture and equipment	967,899	1,121,074	(153,175)
Construction in progress	18,738,663	17,791,740	946,923
Infrastructure	96,881,896	97,329,170	(447,274)
<b>Total</b>	<b>\$ 154,718,983</b>	<b>\$ 153,940,384</b>	<b>\$ 778,599</b>

The Town's five-year Capital Improvement Plan projects will cost \$20,019,826 through FY 2018/19. No debt financing is required for these projects. Funding will come from current fund balances and projected revenues over the next five years. The most significant projects include town-wide park renovations and enhancements, with an emphasis on Sycamore Valley Park and Osage Park, and infrastructure maintenance including sound walls and \$10,600,000 for pavement management. Additional details can be found in the Town's 2014/15 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 \$9,408,409 in Certificates of Participation (COPs) and Compensated Absences outstanding versus \$9,787,730 last year, a decrease of \$379,321 as shown in Table 6 below.

**Table 6**  
**Outstanding Debt \***  
**June 30, 2014 vs. June 30 2013**

	<u>2014</u>	<u>2013</u>	<u>Increase (Decrease)</u>
2001 & 2005 Certificates of Participation	\$ 8,860,000	\$ 9,230,000	\$ (370,000)
Compensated absences	548,409	557,730	(9,321)
<b>Total</b>	<u>\$ 9,408,409</u>	<u>\$ 9,787,730</u>	<u>\$ (379,321)</u>

\* Payment is funded by the Redevelopment Property Tax Trust Fund.

The \$370,000 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**



**GOVERNMENT-WIDE FINANCIAL STATEMENTS**



**Town of Danville**  
**Statement of Net Position**  
**June 30, 2014**

	Governmental Activities
<b>ASSETS</b>	
<b>Current assets:</b>	
Cash and investments	\$ 61,698,069
Receivables (net of allowances):	
Accounts	2,656,471
Due from Successor Agency of the former Community Development Agency (Note 6)	9,449,050
Interest	254,381
Total receivables	12,359,902
Prepaid items	70,074
<b>Total current assets</b>	74,128,045
<b>Noncurrent assets:</b>	
Restricted cash and investments:	
Held with fiscal agent	1,621,083
Held by the Town	30,113,904
Total restricted cash and investments	31,734,987
Capital assets:	
Nondepreciable	130,668,530
Depreciable, net	24,050,453
Total capital assets	154,718,983
<b>Total noncurrent assets</b>	186,453,970
<b>Total assets</b>	260,582,015
<b>LIABILITIES</b>	
<b>Current liabilities:</b>	
Accounts payable	3,368,470
Retention payable	45,281
Deposit payable	174,319
Interest payable	132,251
Claims liabilities	20,904
Unearned revenue	750,674
Long-term debt - due within one year	505,000
<b>Total current liabilities</b>	4,996,899
<b>Noncurrent liabilities:</b>	
Long-term debt - due in more than one year:	
Certificates of participation	8,465,000
Compensated absences	438,409
<b>Total noncurrent liabilities</b>	8,903,409
<b>Total liabilities</b>	13,900,308
<b>NET POSITION</b>	
Net investment in capital assets	145,858,981
Restricted for:	
Capital projects	22,765,230
Debt service	1,621,083
Special projects and programs	24,091,651
Total restricted	48,477,964
Unrestricted	52,344,762
<b>Total net position</b>	\$ 246,681,707

See accompanying Notes to Basic Financial Statements.

**Town of Danville**  
**Statement of Activities and Changes in Net Position**  
**For the Year Ended June 30, 2014**

Functions/Programs	Expenses	Program Revenues			Governmental Activities	Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		
<b>Governmental activities:</b>						
Current:						
Legislative	\$ 323,063	\$ -	\$ -	\$ -		\$ (323,063)
Town manager	646,466	-	-	-		(646,466)
Legal services	738,417	-	-	-		(738,417)
Police services	7,192,736	499,517	-	-		(6,693,219)
Maintenance services and Lighting and landscape	6,136,448	3,110,836	139,491	-		(2,886,121)
Community development services	2,188,796	276,449	-	-		(1,912,347)
Development and Transportation services	5,356,239	3,409,846	757,706	1,936,672		747,985
Administrative services	2,301,375	-	36,269	-		(2,265,106)
Parks and recreation services	3,515,394	2,178,636	-	-		(1,336,758)
Special events program	196,583	-	-	-		(196,583)
Debt services:						
Interest expense	415,129	-	-	-		(415,129)
<b>Total governmental activities</b>	<b>\$ 29,010,646</b>	<b>\$ 9,475,284</b>	<b>\$ 933,466</b>	<b>\$ 1,936,672</b>		<b>(16,665,224)</b>
<b>General revenues and transfers:</b>						
Taxes:						
Property						12,716,297
Sales						3,947,577
Motor vehicle fees						18,486
Franchise						2,155,691
Other						385,044
Total taxes						19,223,095
Investment earnings						900,451
Miscellaneous						1,514,199
Transfers from Successor Agency (Note 6)						790,542
<b>Total general revenues and transfers</b>						<b>22,428,287</b>
<b>Change in net position</b>						<b>5,763,063</b>
<b>Net position - beginning of year</b>						<b>240,918,644</b>
<b>Net position - end of year</b>						<b>\$ 246,681,707</b>

# Town of Danville

## Governmental Fund Financial Statements

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### **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. Expenditure 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 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, 2014**

	Major Funds								Total Governmental Funds	
	General Fund	Lighting and Landscape		Regional Traffic		Capital		Civic Facilities Capital Projects Fund		Other Governmental Funds
		Special Revenue Fund	Impact Fees Special Revenue Fund	Special Revenue Fund	Improvement Capital Projects Fund	Capital Projects Fund				
<b>ASSETS</b>										
Cash and investments	\$ 20,443,156	\$ 4,389,893	\$ 9,802,210	\$ 24,079,421	\$ 4,186,758	\$ 28,910,535	\$ 91,811,973			
Cash and investments with fiscal agent Receivables (net of allowances):	809,635	-	-	-	-	811,448	1,621,083			
Accounts	1,559,587	9,075	98,701	145,424	-	843,684	2,656,471			
Due from Successor Agency of former CDA	9,092,097	-	-	-	356,953	-	9,449,050			
Interest	110,661	8,818	22,323	50,880	8,664	53,035	254,381			
Prepaid items	70,074	-	-	-	-	-	70,074			
Total assets	\$ 32,085,210	\$ 4,407,786	\$ 9,923,234	\$ 24,275,725	\$ 4,552,375	\$ 30,618,702	\$ 105,863,032			
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>										
<b>LIABILITIES</b>										
Accounts payable	\$ 2,209,653	\$ 231,862	\$ 245,677	\$ 95,532	\$ 12,937	\$ 572,809	\$ 3,368,470			
Retention Payable	-	-	29,019	6,156	180	9,926	45,281			
Deposits payable	174,319	-	-	-	-	-	174,319			
Claims liabilities	20,904	-	-	-	-	-	20,904			
Unearned revenue	723,353	-	-	-	-	27,321	750,674			
Total liabilities	3,128,229	231,862	274,696	101,688	13,117	610,056	4,359,648			
<b>DEFERRED INFLOWS OF RESOURCES</b>										
Unavailable revenue	1,546,396	-	-	-	-	-	1,546,396			
<b>FUND BALANCES</b>										
Nonspendable	9,162,171	-	-	-	356,953	-	9,519,124			
Restricted	809,576	4,175,924	9,648,538	-	-	16,096,251	30,730,289			
Committed	17,088,511	-	-	24,174,037	4,182,305	13,912,395	59,357,248			
Assigned	350,327	-	-	-	-	-	350,327			
Total fund balances	27,410,585	4,175,924	9,648,538	24,174,037	4,539,258	30,008,646	99,956,988			
Total liabilities, deferred inflows of resources and fund balances	\$ 32,085,210	\$ 4,407,786	\$ 9,923,234	\$ 24,275,725	\$ 4,552,375	\$ 30,618,702	\$ 104,316,636			

See accompanying Notes to Basic Financial Statements.

**Town of Danville**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Government-Wide Statement of Net Position**  
**June 30, 2014**

**Total Fund Balances - Total Governmental Funds** \$ 99,956,988

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	130,668,530
Depreciable capital assets, net	24,050,453
Total capital assets	154,718,983

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.

(132,251)

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.

1,546,396

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	(505,000)
Long-term liabilities - due in more than one year:	
- Certificates of participation	(8,465,000)
- Compensated absences payable	(438,409)
Total long-term debt	(9,408,409)

**Net Position of Governmental Activities** \$ 246,681,707

**Town of Danville**  
**Governmental Funds**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Year Ended June 30, 2014**

	Major Funds										Total Governmental Funds	
	Lighting and Landscape		Regional Traffic		Capital Improvement		Civic Facilities Capital Projects		Other Governmental			
	Special Revenue Fund	Impact Fees Special Revenue Fund	Special Revenue Fund	Special Revenue Fund	Capital Projects Fund	Capital Projects Fund	Capital Projects Fund	Capital Projects Fund	Other Governmental Funds	Other Governmental Funds		
<b>REVENUES:</b>												
Property taxes	\$ 12,716,297	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,716,297
Sales taxes	3,943,899	-	-	-	-	-	-	-	-	-	-	3,943,899
Special assessments	-	3,020,071	-	-	-	-	-	-	559,847	-	-	3,579,918
Other taxes	2,081,254	-	-	318,713	-	-	-	-	2,215,796	-	-	4,615,763
Charges for services	1,935,157	-	-	-	-	-	-	-	520,516	-	-	2,455,673
Licenses and permits	385,033	-	-	-	-	-	-	-	-	-	-	385,033
Development fees	-	-	577,895	-	-	-	-	-	2,348,297	-	-	2,926,192
Intergovernmental	7,994	-	(2,751)	59,557	-	-	-	-	116,203	-	-	181,003
Fines and forfeitures	248,965	-	-	-	-	-	-	-	-	-	-	248,965
Use of money and property	990,950	27,221	95,294	176,952	32,330	32,330	32,330	184,547	184,547	184,547	184,547	1,507,294
Miscellaneous	433,892	94,085	-	112,433	-	-	-	419,970	419,970	419,970	419,970	1,060,380
<b>Total revenues</b>	<b>22,743,441</b>	<b>3,141,377</b>	<b>670,438</b>	<b>667,655</b>	<b>32,330</b>	<b>32,330</b>	<b>32,330</b>	<b>6,365,176</b>	<b>6,365,176</b>	<b>6,365,176</b>	<b>6,365,176</b>	<b>33,620,417</b>
<b>EXPENDITURES:</b>												
Legislative	323,167	-	-	-	-	-	-	-	-	-	-	323,167
Town manager	646,777	-	-	-	-	-	-	-	-	-	-	646,777
Legal services	738,521	-	-	-	-	-	-	-	-	-	-	738,521
Police services	6,698,725	-	-	-	-	-	-	282,134	282,134	282,134	282,134	6,980,859
Maintenance services	1,733,160	50,815	-	36,351	8,301	8,301	8,301	718,710	718,710	718,710	718,710	2,547,337
Lighting and landscape	-	3,043,620	-	-	-	-	-	-	-	-	-	3,043,620
Community development services	1,142,947	-	-	-	-	-	-	1,045,987	1,045,987	1,045,987	1,045,987	2,188,934
Development services	744,578	-	452	1,240,936	58,197	58,197	58,197	2,079,089	2,079,089	2,079,089	2,079,089	4,123,252
Transportation services	4,508	-	-	-	-	-	-	603,531	603,531	603,531	603,531	608,039
Administrative services	2,148,145	3,265	9,727	20,390	3,518	3,518	3,518	22,423	22,423	22,423	22,423	2,207,468
Parks and recreation services	3,105,235	10,804	-	25,471	-	-	-	255,032	255,032	255,032	255,032	3,396,542
Special events program	196,583	-	-	-	-	-	-	-	-	-	-	196,583
Capital outlay	4,986	13,746	1,217,545	700,556	4,243	4,243	4,243	441,262	441,262	441,262	441,262	2,382,338
<b>Total expenditures</b>	<b>17,487,332</b>	<b>3,122,250</b>	<b>1,227,724</b>	<b>2,023,704</b>	<b>74,259</b>	<b>74,259</b>	<b>74,259</b>	<b>5,448,168</b>	<b>5,448,168</b>	<b>5,448,168</b>	<b>5,448,168</b>	<b>29,383,437</b>

See accompanying Notes to Basic Financial Statements.

**Town of Danville**  
**Governmental Funds**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)**  
**For the Year Ended June 30, 2014**

	Major Funds							Total Governmental Funds
	Lighting and Landscape Special Revenue Fund	Regional Traffic Impact Fees Special Revenue Fund	Capital Improvement Capital Projects Fund	Civic Facilities Capital Projects Fund	Other Governmental Funds	Capital Improvement Capital Projects Fund	Other Governmental Funds	
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	5,256,109	19,127	(557,286)	(1,356,049)	(41,929)	917,008	4,236,980	
<b>OTHER FINANCING SOURCES (USES):</b>								
Transfers in	297,551	854,216	-	2,605,184	-	2,491,500	6,248,451	
Transfers out	(5,871,275)	(292,037)	-	-	-	(85,139)	(6,248,451)	
<b>Total financing sources (uses)</b>	(5,573,724)	562,179	-	2,605,184	-	2,406,361	-	
<b>NET CHANGE IN FUND BALANCES</b>	(317,615)	581,306	(557,286)	1,249,135	(41,929)	3,323,369	4,236,980	
<b>FUND BALANCES:</b>								
Beginning of year	27,728,200	3,594,618	10,205,824	22,924,902	4,581,187	26,685,277	95,720,008	
End of year	\$ 27,410,585	\$ 4,175,924	\$ 9,648,538	\$ 24,174,037	\$ 4,539,258	\$ 30,008,646	\$ 99,956,988	

**Town of Danville**  
**Reconciliation of the Governmental Fund Statement of Revenues, Expenditures and**  
**Changes in Fund Balances to Government-Wide Statement of Activities and Changes in Net Position**  
**For the Year Ended June 30, 2014**

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<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ 4,236,980</b>
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlay as expenditures. However, in the Government-Wide Statement of Activities the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.	2,382,338
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.	(1,603,739)
Revenues that have not met the revenue recognition criteria in the Fund Financial Statements are recognized as revenue in the Government-Wide Financial Statements.	362,750
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.	9,321
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	370,000
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.	5,413
<b>Change in Net Position of Governmental Activities</b>	<b>\$ 5,763,063</b>

# Town of Danville

## Fiduciary Fund Financial Statements

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### 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, and third party pass-through fees.

#### 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 activities of the Assessment Districts are being accounted for as agency funds.

**Town of Danville**  
**Fiduciary Funds**  
**Statement of Fiduciary Net Position**  
**June 30, 2014**

---

	Successor Agency Trust Fund	Agency Funds
<b>ASSETS</b>		
Cash and investments	\$ 860,670	\$ 1,820,488
Cash and investments with fiscal agents	375,011	333,666
Accounts receivable	102,797	1
Interest receivable	-	1,620
Land held for development	125,000	-
Assets net of transfer from Low Mod to General Fund	2,468,345	-
<b>Total assets</b>	<b>3,931,823</b>	<b>\$ 2,155,775</b>
<b>LIABILITIES</b>		
Accounts payable	9,218	\$ 52,525
Loan payable to Town and Civic Facilities	9,449,050	-
Loan payable	3,100,000	-
Interest payable	287,926	-
Deposits	-	1,306,900
Due to assessment district bondholders	-	796,350
<b>Total liabilities</b>	<b>12,846,194</b>	<b>\$ 2,155,775</b>
<b>NET POSITION</b>		
Unrestricted (deficit)	(8,914,371)	
<b>Total net position</b>	<b>\$ (8,914,371)</b>	

**Town of Danville**  
**Fiduciary Funds**  
**Statement of Changes in Fiduciary Net Position**  
**For the Year Ended June 30, 2014**

---

	<u>Successor Agency Trust Fund</u>
<b>ADDITIONS:</b>	
Property tax receipt	\$ 968,160
Miscellaneous	308,446
<b>Total additions</b>	<u>1,276,606</u>
<b>DEDUCTIONS:</b>	
Amount allocated to general fund for principal payment	465,000
Interest payment	684,630
Interest accrued on Coop Loan Agreement	342,761
Other - Staff expenses & miscellaneous	244,348
<b>Total deduction</b>	<u>1,736,739</u>
<b>Changes in net position</b>	(460,133)
<b>NET POSITION (deficit):</b>	
Beginning of year	<u>(8,454,238)</u>
End of year	<u>\$ (8,914,371)</u>



## **NOTES TO BASIC FINANCIAL STATEMENTS**

**Town of Danville**  
**Index to Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2014**

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**Town of Danville**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2014**

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**Note 1 – Reporting Entity**

The Town of Danville (the “Town”) 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 43,146.

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 staffs of 90.75 employees, as well as 30 County Sheriff’s Department employees under contract with the Town, are responsible for the following Town services:

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

The accompanying financial statements includes 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**

The basic financial statements of the Town have been prepared in conformity with accounting principles generally accepted of the United States of America (“U.S. GAAP”) as applied to governmental agencies. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

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

**Town of Danville**  
**Notes to Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2014**

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

**B. Basis of Accounting and Measurement Focus**

In accordance with GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, the Statement of Net Position/Balance Sheet reports separate sections for Deferred Outflows of Resources, and Deferred Inflows of Resources, when applicable.

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

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

**Government – Wide Financial Statements**

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

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

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

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

Certain eliminations have been made in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated. The following interfund activities have been eliminated:

- Due to/from other funds
- Transfers in/out

**Governmental Fund Financial Statements**

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

**Town of Danville**  
**Notes to Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2014**

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

**B. Basis of Accounting and Measurement Focus (Continued)**

**Governmental Fund Financial Statements (Continued)**

Revenues are recognized as soon as they are both “measurable” and “available”. Revenue are considered to be available when they are collectible within the current period as soon enough thereafter to pay liabilities of the current period. For this purposes, 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 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.

**Town of Danville**  
**Notes to Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2014**

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

**B. Basis of Accounting and Measurement Focus (Continued)**

**Fiduciary Fund Financial Statements**

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

The Town reports the following Private Purpose Trust fund:

**Successor Agency Trust Fund**

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

The Town reports the following Agency fund:

**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, and third party pass-through.

**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 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.

**C. Use of 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.

**Town of Danville**  
**Notes to Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2014**

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

**D. 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.

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.

**E. Cash and Investments with Fiscal Agent**

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

**F. Land Held for Redevelopment**

The Successor Agency holds one parcel of land acquired by the former CDA as part of its primary purpose before dissolution to develop or redevelop Town properties. The property is being held in trust at cost.

**Town of Danville**  
**Notes to Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2014**

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

**G. 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 assets include:

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

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

- ◆ Pavement
- ◆ Curb and gutters
- ◆ Medians
- ◆ 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 and equipment
- ◆ \$3,000 for catch basins
- ◆ \$2,000 for manholes

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

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

**Town of Danville**  
**Notes to Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2014**

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

**G. Capital Assets (Continued)**

The Town elected to use the Modified Approach as defined by GASB Statement No. 34 for infrastructure reporting of its streets, concrete and asphalt pavements. This condition assessment will be performed every three years. Each homogeneous segment of Town-owned street was assigned a physical condition based on potential defects. A Pavement Condition Index (PCI) was assigned to each street segment. The PCI is expressed in a continuous scale from 0 to 100, where 0 is assigned to the least acceptable physical condition and 100 is assigned to segments of street that have the physical characteristics of a new street.

The following conditions were defined:

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

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

For all other infrastructure systems, the Town elected to use the Basic Approach as defined by GASB Statement No. 34. The Town appraised its own infrastructure as of July 1, 2001 and has completed an internal update for June 30, 2014. 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.

**H. 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, the unearned revenue is removed from the combined balance sheet and revenue is recognized.

**Town of Danville**  
**Notes to Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2014**

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

**I. 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 14% and Other Special Revenue Funds of 20%.

**J. Long-Term Debt**

For the government-wide financial statements, long-term obligations are reported as liabilities. Bonds payable are reported net of the applicable bond premium or discount.

For the 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.

**K. Fund Balances**

For 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. Adoption of a resolution by the Town Council is required to commit resources or to rescind the commitment.

*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 Director of Finance to determine and define the amount of assigned fund balances.

*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 general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

**Town of Danville**  
**Notes to Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2014**

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

**L. 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.

**M. Spending Policy**

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 the 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 expenditure 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.

**N. Property Taxes**

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

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

**Town of Danville**  
**Notes to Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2014**

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

**O. Accounting Changes**

GASB has issued Statement No. 65, *Items previously Reported as Assets and Liabilities*. This Statement specifies the items that were previously reported as assets and liabilities that should now be reported as deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. This Statement became effective for periods beginning after December 15, 2012 and did not have a significant impact on the Town's financial statements for the year ended June 30, 2014.

GASB has issued Statement No. 66, *Technical Corrections - 2012 (an amendment of GASB Statements No. 10 and No. 62)*. The requirements of this Statement resolve conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting. This Statement became effective for periods beginning after December 15, 2012 and did not have a significant impact on the Town's financial statements for the year ended June 30, 2014.

**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, 2014:

	Primary Government	Fiduciary	
	Governmental Activities	Fund Financial Statements	Total
Cash and investments	\$ 61,698,069	\$ 2,681,158	\$ 64,379,227
Restricted cash and investment:			
Held by Town	30,113,904	-	30,113,904
Held by fiscal agent	1,621,083	708,677	2,329,760
<b>Total cash and investments</b>	<b>\$ 93,433,056</b>	<b>\$ 3,389,835</b>	<b>\$ 96,822,891</b>

Cash, cash equivalents, and investments, excluding restricted cash and investments held by fiscal agent, consisted of the following at June 30, 2014:

Demand deposits	\$ 1,119,313
Investments:	
U.S. Securities:	
U.S. Treasury	20,538,049
Federal Securities	43,028,750
U.S. Corporate Notes/FDIC:	
G.E. Capital Corp	807,880
Wells Fargo Corp	1,005,838
U.S. Bancorp FDIC Guaranteed Note	1,175,786
Walmart Stores	2,472,190
Google, Inc.	1,030,203
JP Morgan Chase	4,823,955
Local Agency Investment Fund (LAIF)	18,336,821
Money Market Funds	154,346
<b>Total investments</b>	<b>93,373,818</b>
<b>Total cash and investments</b>	<b>\$ 94,493,131</b>

**Town of Danville**  
**Notes to Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2014**

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**Note 3 – Cash and Investments (Continued)**

**A. Demand Deposits**

The carrying amounts of the Town's cash deposits were \$1,119,313 at June 30, 2014. Bank balances as of June 30, 2014, were \$1,099,652 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 17, 2013. The Policy states that the primary investment objective is safety with investments being legally permitted and sufficiently liquid to meet forecasted needs. Maximization of interest earnings is a secondary objective.

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

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

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

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

**Town of Danville**  
**Notes to Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2014**

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**Note 3 – Cash and Investments (Continued)**

**B. Investments (Continued)**

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

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

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

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

Interest earnings	\$ 363,089
Unrealized gain (loss) in changes in fair value of investments	537,362
<b>Total investments earnings</b>	<u><u>\$ 900,451</u></u>

The Town's investment practices are in compliance with California Government Code 53601 et seq., and the Town's Policy. Securities that are purchased and maintain their rating are held to maturity with no exception. Therefore, while GASB Statement No. 31 requires that investments be stated as "fair value" for annual financial reporting purposes, the Town cannot realize either gains or losses in this valuation of the investments.

**C. Risk Disclosures**

Interest Rate Risk

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

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

**Town of Danville**  
**Notes to Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2014**

**Note 3 – Cash and Investments (Continued)**

**C. Risk Disclosures (Continued)**

Interest Rate Risk (Continued)

Specific maturities of investments depend on liquidity needs. At June 30, 2014, the Town's pooled cash and investments had the following maturities:

Investment Type	Fair Value	Maturities (in years)			
		1 year or less	1-2 years	2-3 years	3-4 years
Demand deposits	\$ 1,119,313	\$ 1,119,313	\$ -	\$ -	\$ -
Investments:					
U.S. Securities:					
U.S. Treasury	20,538,049	1,537,927	7,549,747	9,291,891	2,158,484
Federal Securities	43,028,750	9,397,409	9,216,109	18,656,209	5,759,023
U.S. Corporate Notes/FDIC:					
G.E. Capital Corp	807,880	807,880	-	-	-
Wells Fargo Corp	1,005,838	1,005,838	-	-	-
U.S. Bancorp FDIC Guaranteed Note	1,175,786	-	1,175,786	-	-
Walmart Stores	2,472,190	-	2,472,190	-	-
Google, Inc.	1,030,203	-	1,030,203	-	-
JP Morgan Chase	4,823,955	-	-	4,823,955	-
Local Agency Investment Fund (LAIF)	18,336,821	18,336,821	-	-	-
Money Market Funds	154,346	154,346	-	-	-
<b>Total investments</b>	<b>93,373,818</b>	<b>31,240,221</b>	<b>21,444,035</b>	<b>32,772,055</b>	<b>7,917,507</b>
<b>Total cash and investments</b>	<b>\$ 94,493,131</b>	<b>\$ 32,359,534</b>	<b>\$ 21,444,035</b>	<b>\$ 32,772,055</b>	<b>\$ 7,917,507</b>

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, 2014, 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:		
G.E. Capital Corp	A1	AA+
Wells Fargo Corp	A2	A+
U.S. Bancorp FDIC Guaranteed Note	A1	A+
Walmart Stores	Aa2	AA
Google, Inc.	Aa2	AA
JP Morgan Chase	A3	A
Local Agency Investment Fund (LAIF)	Not Rated	Not Rated
Money Market Funds	Aaa	AAA

**Town of Danville**  
**Notes to Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2014**

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**Note 3 – Cash and Investments (Continued)**

**C. Risk Disclosures (Continued)**

*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.

**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, 2014, 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) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) 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, 2014, the Town had \$18,336,821 invested in the LAIF, which had invested 1.86% of the pool investment funds in Structured Notes and Asset-Backed Securities. The LAIF fair value factor of 1.000298750 was used to calculate the fair value of the investments in the LAIF.

**E. Restricted Cash and Investments with Fiscal Agent**

Restricted cash and investments with fiscal agent consists of \$1,621,083 in the governmental-wide financial statement and \$708,677 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, 2014**

**Note 4 – Capital Assets**

**A. Governmental Activities**

Summary of changes in capital assets for the year ended June 30, 2014 was as follows:

	Balance July 1, 2013	Additions	Retirements	Transfers/ Reclassifications	Balance June 30, 2014
<b>Governmental Activities:</b>					
Capital assets, not being depreciated					
Land	\$ 22,597,152	\$ -	\$ -	\$ -	\$ 22,597,152
Construction in progress	17,791,740	2,251,112	-	(1,304,189)	18,738,663
Infrastructure - streets, concrete & asphalt pavements	89,482,715	-	-	(150,000)	89,332,715
Total capital assets not being depreciated	<u>129,871,607</u>	<u>2,251,112</u>	<u>-</u>	<u>(1,454,189)</u>	<u>130,668,530</u>
Capital assets being depreciated					
Buildings and parking lots/street	21,022,520	-	-	708,635	21,731,155
Park improvements	21,499,302	-	-	500,408	21,999,710
Furniture and equipment	4,624,606	131,226	(114,468)	95,146	4,736,510
Infrastructure					
Drainage system	56,685,059	-	-	-	56,685,059
Bridges	11,069,233	-	-	-	11,069,233
Signal system	6,664,957	-	-	150,000	6,814,957
Total capital assets being depreciated	<u>121,565,677</u>	<u>131,226</u>	<u>(114,468)</u>	<u>1,454,189</u>	<u>123,036,624</u>
Accumulated depreciation					
Buildings and parking lots	(8,308,965)	(475,561)	-	-	(8,784,526)
Park improvements	(19,111,609)	(301,357)	-	-	(19,412,966)
Furniture and equipment	(3,503,532)	(379,547)	114,468	-	(3,768,611)
Infrastructure					
Drainage system	(56,044,014)	(23,576)	-	-	(56,067,590)
Bridges	(6,273,655)	(210,374)	-	-	(6,484,029)
Signal system	(4,255,125)	(213,324)	-	-	(4,468,449)
Total accumulated depreciation	<u>(97,496,900)</u>	<u>(1,603,739)</u>	<u>114,468</u>	<u>-</u>	<u>(98,986,171)</u>
Total capital assets, being depreciated, net	<u>24,068,777</u>	<u>(1,472,513)</u>	<u>-</u>	<u>1,454,189</u>	<u>24,050,453</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 153,940,384</u>	<u>\$ 778,599</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 154,718,983</u>

**Town of Danville**  
**Notes to Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2014**

**Note 4 – Capital Assets (Continued)**

**A. Governmental Activities (Continued)**

Depreciation expenses by program for capital assets for the year ended June 30, 2014 were as follows:

Police Services	
Building	\$ 19,251
Furniture & equipment (vehicle)	192,912
Subtotal	212,163
Maintenance Services	
Building	104,182
Parking lots	84,199
Park improvements	296,976
Furniture & equipment (vehicle)	62,626
Subtotal	547,983
Community Development Services	
Building	1,212
Subtotal	1,212
Development Services	
Building	168,103
Furniture & equipment (vehicle)	11,210
Infrastructure - drainage	23,576
Infrastructure - signal	210,374
Subtotal	413,263
Transportation Services	
Furniture & equipment (vehicle)	308
Infrastructure - signal	213,324
Subtotal	213,632
Administrative Services	
Furniture & equipment (vehicle)	95,024
Subtotal	95,024
Parks and Recreation Services	
Building	98,615
Park improvements	800
Furniture & equipment (vehicle)	21,047
Subtotal	120,462
Total depreciation expense	\$ 1,603,739

**B. Fiduciary Fund Financial Statements**

	Balance July 1, 2013	Additions	Retirements	Balance June 30, 2014
<b>Fiduciary Fund Financial Statements:</b>				
Capital assets, not being depreciated				
Land	\$ 2,468,345	\$ -	\$ -	\$ 2,468,345
Total capital assets not being depreciated	2,468,345	-	-	2,468,345
<b>Fiduciary fund capital assets, net</b>	<b>\$ 2,468,345</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,468,345</b>

**Town of Danville**  
**Notes to Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2014**

**Note 5 – Interfund Transactions**

**A. Transfers In/Out**

Transfers in and out for the year ended June 30, 2014, were as follows:

<b>Transfers Out</b>	<b>Transfers In</b>				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	\$ -	\$ 794,591	\$ 2,605,184	\$ 2,471,500	\$ 5,871,275
Lighting & Landscape Special Revenue Fund	292,037	-	-	-	292,037
Non-Major Governmental Fund	5,514	59,625	-	20,000	85,139
<b>Total</b>	<u>\$ 297,551</u>	<u>\$ 854,216</u>	<u>\$ 2,605,184</u>	<u>\$ 2,491,500</u>	<u>\$ 6,248,451</u>

The following are explanations for the transfers in and out:

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

**Town of Danville**  
**Notes to Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2014**

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**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, 2014.

<b>Government-Wide Financial Statements</b>	
Loans Receivable	
Cooperative Agreement	\$ 9,092,097
Civic Facilities	356,953
Total	<u>\$ 9,449,050</u>
Transfers from Successor Agency	<u>\$ 790,542</u>
<b>Funds Financial Statements</b>	
<i>General Fund</i>	
Due from Successor Agency from Former Community Development Agency	\$ 9,092,097
<i>Civic Facilities Capital Projects Fund</i>	
Due from Successor Agency from Former Community Development	<u>356,953</u>
Total	<u>\$ 9,449,050</u>

**A. Successor Agency (SA) Cooperative Agreement Loan Receivable**

The Cooperative Agreement Loan between the Town of Danville and the former Community Development Agency has been found, by the Oversight Board to the Successor Agency to the Former Town of Danville Community Development Agency, to be for legitimate redevelopment purposes and to constitute an enforceable obligation. The enforceability has been questioned by the Department of Finance and is currently being reviewed. Once the Successor Agency has been issued a finding of completion by the Department of Finance, the enforceability could be denied in whole or in part, or the terms of repayment may be modified by H&S Section 34191.4.

Based on the Oversight Board's conclusion, management has reflected the entire receivable as collectible on the Town's financial statements. However, due to the continuing evolution of regulations being issued in the wake of AB 1x 26 (the Dissolution Act), the Town has elected the conservative measure of assigning the full value of the loan, \$9,449,050 against the General Fund Balance for capital projects, without committing to a specific project or expenditure, until such time that a final decision is made.

The payment schedule will be determined based on legal clarifications, laws and available funding. Pursuant to Health and Safety Code Section 34191.4(b), the amount due to the Town under the Cooperation Agreement may be recalculated after the Department of Finance issues a finding of completion to the Successor Agency and the Agreement is approved by the Oversight Board.

**B. Civic Facilities Fund Loans Receivable**

As of June 30, 2014, 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, 2014**

**Note 7 – Unearned Revenue**

Unearned revenue in Government-Wide Financial Statements represents amounts for which revenues have not been earned. At June 30, 2014, unearned revenues in the Government-Wide Financial Statements were as follows:

	Governmental Activities
Business Licenses	\$ 123,710
Recreation Program Registration	503,233
Facility Rental	123,731
Total	\$ 750,674

**Note 8 – Long-Term Obligations**

**A. Governmental Activities**

Summary of changes in long-term obligations for the year ended June 30, 2014 was as follows:

Description	Balance			Balance			Classification	
	July 1, 2013	Additions	Retirements	June 30, 2014	Due Within One Year	Due in More than One Year		
COPs:								
2001 issue	\$ 4,570,000	\$ -	\$ (240,000)	\$ 4,330,000	\$ 255,000	\$ 4,075,000		
2005 issue	4,660,000	-	(130,000)	4,530,000	140,000	4,390,000		
Compensated absences	557,730	522,718	(532,039)	548,409	110,000	438,409		
<b>Total</b>	\$ 9,787,730	\$ 522,718	\$ (902,039)	\$ 9,408,409	\$ 505,000	\$ 8,903,409		

**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. The 2001 COPs 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, 2014**

**Note 8 – Long-Term Obligations (Continued)**

**A. Governmental Activities (Continued)**

The annual debt service requirements for the 2001 COPs outstanding at June 30, 2014 are as follows:

For the Years Ending June 30,	Principal	Interest	Total
2015	\$ 255,000	\$ 201,557	\$ 456,557
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
2020-2024	1,710,000	531,894	2,241,894
2025-2027	1,245,000	95,375	1,340,375
<b>Total</b>	<b>\$ 4,330,000</b>	<b>\$ 1,517,618</b>	<b>\$ 5,847,618</b>

**Certificates of Participation – 2005 Issue**

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

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

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

The annual debt service requirements for the 2005 COPs outstanding at June 30, 2014, are as follows:

For the Years Ending June 30,	Principal	Interest	Total
2015	\$ 140,000	\$ 203,416	\$ 343,416
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
2020-2024	915,000	786,414	1,701,414
2025-2029	1,125,000	562,840	1,687,840
2030-2034	1,415,000	277,268	1,692,268
2035	325,000	15,032	340,032
<b>Total</b>	<b>\$ 4,530,000</b>	<b>\$ 2,600,024</b>	<b>\$ 7,130,024</b>

**Town of Danville**  
**Notes to Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2014**

**Note 8 – Long-Term Obligations (Continued)**

**A. Governmental Activities (Continued)**

**Compensated Absences**

The Town's liability for vested and unpaid compensated absences (accrued vacation and sick pay) has been accrued and amounts to \$548,409 at June 30, 2014. 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, 2014 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	\$ 3,195,000
<b>Total</b>	<b>\$ 3,195,000</b>	<b>\$ -</b>	<b>\$ (95,000)</b>	<b>\$ 3,100,000</b>	<b>\$ 105,000</b>	<b>\$ 2,995,000</b>

**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 semi-annually 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, 2014 are as follows:

	For the Years Ending		
	June 30,	Principal	Interest
2015	\$ 105,000	\$ 255,739	\$ 360,739
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
2020-2024	980,000	845,368	1,825,368
2025-2029	1,470,000	332,351	1,802,351
<b>Total</b>	<b>\$ 3,100,000</b>	<b>\$ 2,355,151</b>	<b>\$ 5,455,151</b>

**Town of Danville**  
**Notes to Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2014**

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**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, 2014 issued by the Authority:

Refunding Revenue Bonds, 2005 Series A (NERIAD)	\$ 815,000
<b>Total Danville Financing Authority Debt</b>	<u><u>\$ 815,000</u></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. This 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. Plan 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, and 10% of the participants' gross pay for employees who contribute less than these amounts 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, 2014, was \$7,380,934. Total employee contributions paid by the Town amounted to \$1,022,276 or 13.85% of covered payroll and of total payroll.

The Plan's assets are invested with Lincoln National Life, a mutual fund company offering participants multiple mutual fund category selections from which to choose. As of June 30, 2014, the Plan had 131 participants and the market value of Plan investments amounted to \$16,384,348.

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, 2014**

**Note 11 – Fund Balance Classification**

At June 30, 2014, 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 Facilities Capital Projects Fund		
<b>Fund Balances:</b>							
<b>Nonspendable</b>							
Due from Successor Agency of Former CDA	\$ 9,092,097	\$ -	\$ -	\$ -	\$ 356,953	\$ -	\$ 9,449,050
Prepaid expenses	70,074	-	-	-	-	-	70,074
<b>Total nonspendable</b>	<u>9,162,171</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>356,953</u>	<u>-</u>	<u>9,519,124</u>
<b>Restricted</b>							
*Special revenue	-	4,175,924	9,648,538	-	-	15,284,803	29,109,265
*Debt services	809,576	-	-	-	-	811,448	1,621,024
<b>Total restricted</b>	<u>809,576</u>	<u>4,175,924</u>	<u>9,648,538</u>	<u>-</u>	<u>-</u>	<u>16,096,251</u>	<u>30,730,289</u>
<b>Committed</b>							
Capital projects	2,692,569	-	-	24,174,037	4,182,305	13,912,395	44,961,306
Operating reserved	11,111,504	-	-	-	-	-	11,111,504
Contingency	756,318	-	-	-	-	-	756,318
Asset replacement	121,614	-	-	-	-	-	121,614
Public safety	465,980	-	-	-	-	-	465,980
Drought	250,000	-	-	-	-	-	250,000
Reward fund	5,000	-	-	-	-	-	5,000
Compensated absences/personnel	1,184,814	-	-	-	-	-	1,184,814
Technology	500,000	-	-	-	-	-	500,000
Business License SB 1186	712	-	-	-	-	-	712
<b>Total committed</b>	<u>17,088,511</u>	<u>-</u>	<u>-</u>	<u>24,174,037</u>	<u>4,182,305</u>	<u>13,912,395</u>	<u>59,357,248</u>
<b>Assigned</b>							
Townwide bonus program	25,499	-	-	-	-	-	25,499
Business Promotion & Strategy Session	4,000	-	-	-	-	-	4,000
Police Services EBRCSA equipment	35,544	-	-	-	-	-	35,544
Police Services equipment repair/warranty	16,000	-	-	-	-	-	16,000
Finance temporary salaries	10,911	-	-	-	-	-	10,911
Finance consulting services	3,307	-	-	-	-	-	3,307
Information Systems software licensing	500	-	-	-	-	-	500
Information Systems consulting services	20,000	-	-	-	-	-	20,000
HR temporary salaries	3,000	-	-	-	-	-	3,000
HR training & employee development	18,008	-	-	-	-	-	18,008
Library expanded hours	39,356	-	-	-	-	-	39,356
ED advertising & marketing	2,661	-	-	-	-	-	2,661
ED consulting services	87,500	-	-	-	-	-	87,500
ED Retail Incentive Program	65,324	-	-	-	-	-	65,324
Equipment Maintenance repairs	18,717	-	-	-	-	-	18,717
<b>Total assigned</b>	<u>350,327</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>350,327</u>
<b>Total fund balance</b>	<u>\$ 27,410,585</u>	<u>\$ 4,175,924</u>	<u>\$ 9,648,538</u>	<u>\$ 24,174,037</u>	<u>\$ 4,539,258</u>	<u>\$ 30,008,646</u>	<u>\$ 99,956,988</u>

**Town of Danville**  
**Notes to Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2014**

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**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. Claims 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 controls the operations of the MPA including selection of management, approval of operating budgets, and 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 \$200,798 for fiscal year 2013/2014 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
2011-2012	\$ 8,428	\$ (1,401)	\$ -	\$ 7,027
2012-2013	7,027	6,152	-	13,179
2013-2014	13,179	7,725	-	20,904

The Town has had no settlements which 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 received a dividend of \$54,321 from the MPA based on results of prior years' activities. The net insurance cost was as follows:

Insurance cost	\$ 255,119
Less: Dividend received	<u>(54,321)</u>
Net insurance cost	<u>\$ 200,798</u>

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

**Town of Danville**  
**Notes to Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2014**

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**Note 12 – Risk Management (Continued)**

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

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

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

**Note 13 – Commitments and Contingencies**

Lawsuits

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

Lease Agreements

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

Annual Appropriations

Under Article XIII B of the California Constitution (the Gann Spending Limitation Initiative), the Town is restricted as to the amount of annual appropriations, and if certain proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller or refunded to the taxpayers through revised tax rates or revised fee schedules. For the fiscal year ended June 30, 2014, the Town's appropriations limit totals \$32,448,140 and the Town's appropriations subject to limitation were \$18,475,306.

2013/14 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**

**Town of Danville**  
**Required Supplementary Information**  
**For the Year Ended June 30, 2014**

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**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, 2014**

**Note 2 – Budgetary Comparison Schedules**

**General Fund**

	Original Budget	Final Budget	Actual	Variance From Final Budget
<b>REVENUES</b>				
Property taxes	\$ 11,729,185	\$ 11,729,185	\$ 12,716,297	\$ 987,112
Sales taxes	3,882,000	3,882,000	3,943,899	61,899
Other taxes	2,016,073	2,016,073	2,081,254	65,181
Charges for services	1,826,394	1,826,394	1,935,157	108,763
Licenses and permits	350,200	350,200	385,033	34,833
Intergovernmental	-	-	7,994	7,994
Fines and forfeitures	230,000	230,000	248,965	18,965
Use of money and property	1,410,889	1,410,889	990,950	(419,939)
Miscellaneous	276,507	276,507	433,892	157,385
<b>Total revenues</b>	<b>21,721,248</b>	<b>21,721,248</b>	<b>22,743,441</b>	<b>1,022,193</b>
<b>EXPENDITURES</b>				
Legislative	387,358	414,536	323,167	91,369
Town manager	699,827	726,127	646,777	79,350
Legal services	705,590	763,507	738,521	24,986
Police services	7,055,812	7,140,932	6,698,725	442,207
Maintenance services	2,088,807	2,272,739	1,733,160	539,579
Community development services	1,087,003	1,432,806	1,142,947	289,859
Development services	774,968	775,117	744,578	30,539
Transportation services	10,050	10,050	4,508	5,542
Administrative services	2,581,577	2,827,649	2,148,145	679,504
Parks and recreation services	3,198,269	3,198,269	3,105,235	93,034
Special events program	271,635	283,094	196,583	86,511
Capital outlay	18,433	63,673	4,986	58,687
<b>Total expenditures</b>	<b>18,879,329</b>	<b>19,908,499</b>	<b>17,487,332</b>	<b>2,421,167</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>2,841,919</b>	<b>1,812,749</b>	<b>5,256,109</b>	<b>3,443,360</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	297,551	297,551
Transfers out	(2,835,728)	(2,835,728)	(5,871,275)	(3,035,547)
<b>Total other financing sources (uses)</b>	<b>(2,835,728)</b>	<b>(2,835,728)</b>	<b>(5,573,724)</b>	<b>(2,737,996)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 6,191</b>	<b>\$ (1,022,979)</b>	<b>(317,615)</b>	<b>\$ 705,364</b>
<b>FUND BALANCE:</b>				
Beginning of year			27,728,200	
End of year			<u>\$ 27,410,585</u>	

**Town of Danville**  
**Required Supplementary Information (Continued)**  
**For the Year Ended June 30, 2014**

**Note 2 – Budgetary Comparison Schedules (Continued)**

***Lighting and Landscape Special Revenue Fund***

	Original Budget	Final Budget	Actual	Variance From Final Budget
<b>REVENUES</b>				
Special assessments	\$ 3,014,644	\$ 3,014,644	\$ 3,020,071	\$ 5,427
Use of money and property	24,592	24,592	27,221	2,629
Miscellaneous	85,000	85,000	94,085	9,085
<b>Total revenues</b>	<u>3,124,236</u>	<u>3,124,236</u>	<u>3,141,377</u>	<u>17,141</u>
<b>EXPENDITURES</b>				
Maintenance services	221,260	329,710	50,815	278,895
Lighting and landscape	3,461,047	3,616,111	3,043,620	572,491
Development services	69,458	139,350	-	139,350
Administrative services	2,611	2,611	3,265	(654)
Parks and recreation services	28,782	74,753	10,804	63,949
Capital outlay	88,618	88,618	13,746	74,872
<b>Total expenditures</b>	<u>3,871,776</u>	<u>4,251,153</u>	<u>3,122,250</u>	<u>1,128,903</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(747,540)</u>	<u>(1,126,917)</u>	<u>19,127</u>	<u>1,146,044</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	814,091	814,091	854,216	40,125
Transfers out	(611,555)	(611,555)	(292,037)	319,518
<b>Total other financing sources (uses)</b>	<u>202,536</u>	<u>202,536</u>	<u>562,179</u>	<u>359,643</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (545,004)</u>	<u>\$ (924,381)</u>	<u>581,306</u>	<u>\$ 1,505,687</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>3,594,618</u>	
End of year			<u>\$ 4,175,924</u>	

**Town of Danville**  
**Required Supplementary Information (Continued)**  
**For the Year Ended June 30, 2014**

**Note 2 – Budgetary Comparison Schedules (Continued)**

***Regional Traffic Impact Fees Special Revenue Fund***

	Original Budget	Final Budget	Actual	Variance From Final Budget
<b>REVENUES:</b>				
Development fees	\$ -	\$ -	\$ 577,895	\$ 577,895
Intergovernmental	1,223,100	1,223,100	(2,751)	(1,225,851)
Use of money and property	(2,958)	(2,958)	95,294	98,252
<b>Total revenues</b>	<b>1,220,142</b>	<b>1,220,142</b>	<b>670,438</b>	<b>(549,704)</b>
<b>EXPENDITURES:</b>				
Development services	1,900,687	1,874,592	452	1,874,140
Administrative services	10,876	10,876	9,727	1,149
Capital outlay	1,653,589	2,629,789	1,217,545	1,412,244
<b>Total expenditures</b>	<b>3,565,152</b>	<b>4,515,257</b>	<b>1,227,724</b>	<b>3,287,533</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(2,345,010)</b>	<b>(3,295,115)</b>	<b>(557,286)</b>	<b>2,737,829</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (2,345,010)</b>	<b>\$ (3,295,115)</b>	<b>(557,286)</b>	<b>\$ 2,737,829</b>
<b>FUND BALANCE:</b>				
Beginning of year			10,205,824	
End of year			<u>\$ 9,648,538</u>	

**Town of Danville**  
**Required Supplementary Information (Continued)**  
**For the Year Ended June 30, 2014**

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**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 system; 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:

<u>Condition</u>	<u>Rating</u>
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, 2014**

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

The Town policy is to achieve a minimum average rating of 70 for all streets, which is a "very good" rating. As of June 30, 2014, the Town's street system was rated at a PCI index of 72 on the average with the detail condition as follows:

<u>Condition</u>	<u>% of Street</u>
Very Good	71%
Good	16
Poor	11
Very Poor	2
	<u>100%</u>

The Town's streets are constantly deteriorating resulting from the 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 \$914,271 of the General Fund monies on street maintenance for the fiscal year ended June 30, 2014. 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			
2003-04	\$ 1,000,000	\$ 985,931	\$ 1,544,220	\$ 2,530,151	75
2004-05	1,000,000	1,274,277	1,674,777	2,949,054	76
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	73

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, 2014, 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**

# Town of Danville

## Non-Major Governmental Funds

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### **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. 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)

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### 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 the 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 implementation of the Town's five-year Technology Master Plan.

**Town of Danville**  
**Non-Major Governmental Funds**  
**Combining Balance Sheet**  
**June 30, 2014**

	Special Revenue				
	PEG	Gas Tax	Building and Planning	Development Engineering	Child Care
<b>ASSETS</b>					
Cash and investments	\$ 339,610	\$ 2,683,165	\$ 2,442,654	\$ 1,631,585	\$ 258,138
Cash and investments with fiscal agent	-	-	-	-	-
Receivables (net of allowances):					
Accounts	23,568	135,826	-	608	-
Interest	831	5,619	-	-	631
<b>Total assets</b>	<b>\$ 364,009</b>	<b>\$ 2,824,610</b>	<b>\$ 2,442,654</b>	<b>\$ 1,632,193</b>	<b>\$ 258,769</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	32	128,828	117,718	77,300	24
Retention Payable	-	-	-	-	-
Unearned revenue	-	-	-	-	-
<b>Total liabilities</b>	<b>32</b>	<b>128,828</b>	<b>117,718</b>	<b>77,300</b>	<b>24</b>
<b>FUND BALANCES:</b>					
Restricted	363,977	2,695,782	2,324,936	1,554,893	258,745
Committed	-	-	-	-	-
<b>Total fund balances</b>	<b>363,977</b>	<b>2,695,782</b>	<b>2,324,936</b>	<b>1,554,893</b>	<b>258,745</b>
<b>Total liabilities and fund balances</b>	<b>\$ 364,009</b>	<b>\$ 2,824,610</b>	<b>\$ 2,442,654</b>	<b>\$ 1,632,193</b>	<b>\$ 258,769</b>

(Continued)

**Town of Danville**  
**Non-Major Governmental Funds**  
**Combining Balance Sheet (Continued)**  
**June 30, 2014**

	Special Revenue				
	SPCP	Measure C/J	Donation and Contributions	General Development Impact Fee	Public Safety
<b>ASSETS</b>					
Cash and investments	\$ 1,825,047	\$ 1,606,159	\$ 275,207	\$ 3,794,594	\$ 342,090
Cash and investments with fiscal agent	-	-	-	-	-
Receivables (net of allowances):					
Accounts	11,346	630,495	-	1,008	13,512
Interest	4,444	3,759	564	8,882	1,060
<b>Total assets</b>	<b>\$ 1,840,837</b>	<b>\$ 2,240,413</b>	<b>\$ 275,771</b>	<b>\$ 3,804,484</b>	<b>\$ 356,662</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	52,328	84,265	33,593	33,536	41
Retention Payable	-	-	-	-	-
Unearned revenue	-	-	-	-	-
<b>Total liabilities</b>	<b>52,328</b>	<b>84,265</b>	<b>33,593</b>	<b>33,536</b>	<b>41</b>
<b>FUND BALANCES:</b>					
Restricted	1,788,509	2,156,148	242,178	3,770,948	356,621
Committed	-	-	-	-	-
<b>Total fund balances</b>	<b>1,788,509</b>	<b>2,156,148</b>	<b>242,178</b>	<b>3,770,948</b>	<b>356,621</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,840,837</b>	<b>\$ 2,240,413</b>	<b>\$ 275,771</b>	<b>\$ 3,804,484</b>	<b>\$ 356,662</b>

(Continued)

**Town of Danville**  
**Non-Major Governmental Funds**  
**Combining Balance Sheet (Continued)**  
**June 30, 2014**

	Special Revenue			Capital Projects	
	Old Town Parking In- Lieu	Sycamore Valley Assessment District	Low and Moderate Income Housing	Asset Replacement General	Asset Replacement Library
<b>ASSETS</b>					
Cash and investments	\$ 529,947	\$ 41,666	\$ 10,556	\$ 3,303,750	\$ 1,181,483
Cash and investments with fiscal agent	-	-	-	-	-
Receivables (net of allowances):					
Accounts	27,321	-	-	-	-
Interest	1,279	93	27	7,463	2,707
<b>Total assets</b>	<b>\$ 558,547</b>	<b>\$ 41,759</b>	<b>\$ 10,583</b>	<b>\$ 3,311,213</b>	<b>\$ 1,184,190</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	49	4	1	7,919	8,417
Retention Payable	-	-	-	-	-
Unearned revenue	27,321	-	-	-	-
<b>Total liabilities</b>	<b>27,370</b>	<b>4</b>	<b>1</b>	<b>7,919</b>	<b>8,417</b>
<b>FUND BALANCES:</b>					
Restricted	531,177	41,755	10,582	-	-
Committed	-	-	-	3,303,294	1,175,773
<b>Total fund balances</b>	<b>531,177</b>	<b>41,755</b>	<b>10,582</b>	<b>3,303,294</b>	<b>1,175,773</b>
<b>Total liabilities and fund balances</b>	<b>\$ 558,547</b>	<b>\$ 41,759</b>	<b>\$ 10,583</b>	<b>\$ 3,311,213</b>	<b>\$ 1,184,190</b>

(Continued)

**Town of Danville**  
**Non-Major Governmental Funds**  
**Combining Balance Sheet (Continued)**  
**June 30, 2014**

	Capital Projects			
	Northeast			Total Other Governmental Funds
	Road			
	Park Facilities	Improvements Special Assessment	Technology Fund	
<b>ASSETS</b>				
Cash and investments	\$ 6,306,900	\$ 304,608	\$ 2,033,376	\$ 28,910,535
Cash and investments with fiscal agent	-	811,448	-	811,448
Receivables (net of allowances):				
Accounts	-	-	-	843,684
Interest	14,779	897	-	53,035
<b>Total assets</b>	<b>\$ 6,321,679</b>	<b>\$ 1,116,953</b>	<b>\$ 2,033,376</b>	<b>\$ 30,618,702</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	11,189	108	17,457	572,809
Retention Payable	9,926	-	-	9,926
Unearned revenue	-	-	-	27,321
<b>Total liabilities</b>	<b>21,115</b>	<b>108</b>	<b>17,457</b>	<b>610,056</b>
<b>FUND BALANCES:</b>				
Restricted	-	-	-	16,096,251
Committed	6,300,564	1,116,845	2,015,919	13,912,395
<b>Total fund balances</b>	<b>6,300,564</b>	<b>1,116,845</b>	<b>2,015,919</b>	<b>30,008,646</b>
<b>Total liabilities and fund balances</b>	<b>\$ 6,321,679</b>	<b>\$ 1,116,953</b>	<b>\$ 2,033,376</b>	<b>\$ 30,618,702</b>

(Concluded)

**Town of Danville**  
**Non-Major Governmental Funds**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Year Ended June 30, 2014**

	Special Revenue				
	PEG	Gas Tax	Building and Planning	Development Engineering	Child Care
<b>REVENUES:</b>					
Special assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes	92,923	1,365,167	-	-	-
Charges for services	-	-	308,263	208,193	-
Development fees	-	-	2,069,072	600	16,570
Intergovernmental	-	-	-	-	-
Use of money and property	2,897	19,907	-	-	2,189
Miscellaneous	-	4,321	14,251	535	-
<b>Total revenues</b>	<b>95,820</b>	<b>1,389,395</b>	<b>2,391,586</b>	<b>209,328</b>	<b>18,759</b>
<b>EXPENDITURES:</b>					
Current:					
Police services	-	-	-	-	-
Maintenance services	-	525,779	-	-	-
Community development services	4,917	104,683	646,635	-	-
Development services	-	9,348	1,208,397	157,735	-
Transportation services	-	546,220	-	-	-
Administrative services	336	2,197	-	-	246
Parks and recreation services	-	-	-	-	-
Capital outlay	36,426	53,472	-	-	-
<b>Total expenditures</b>	<b>41,679</b>	<b>1,241,699</b>	<b>1,855,032</b>	<b>157,735</b>	<b>246</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>54,141</b>	<b>147,696</b>	<b>536,554</b>	<b>51,593</b>	<b>18,513</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	-	-	-	-	-
Transfers out	(20,000)	-	-	-	(600)
<b>Total other financing sources (uses)</b>	<b>(20,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(600)</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>34,141</b>	<b>147,696</b>	<b>536,554</b>	<b>51,593</b>	<b>17,913</b>
<b>FUND BALANCES:</b>					
Beginning of year	329,836	2,548,086	1,788,382	1,503,300	240,832
End of year	<b>\$ 363,977</b>	<b>\$ 2,695,782</b>	<b>\$ 2,324,936</b>	<b>\$ 1,554,893</b>	<b>\$ 258,745</b>

(Continued)

**Town of Danville**  
**Non-Major Governmental Funds**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)**  
**For the Year Ended June 30, 2014**

	Special Revenue				
	SPCP	Measure C/J	Donation and Contributions	General Development Impact Fee	Public Safety
<b>REVENUES:</b>					
Special assessments	\$ 559,847	\$ -	\$ -	\$ -	\$ -
Other taxes	-	757,706	-	-	-
Charges for services	4,060	-	-	-	-
Development fees	-	-	-	215,629	-
Intergovernmental	(23,288)	-	-	-	139,491
Use of money and property	15,053	11,832	2,219	30,874	3,331
Miscellaneous	1,049	22,945	357,619	-	4,400
<b>Total revenues</b>	<b>556,721</b>	<b>792,483</b>	<b>359,838</b>	<b>246,503</b>	<b>147,222</b>
<b>EXPENDITURES:</b>					
Current:					
Police services	-	-	152,234	-	105,391
Maintenance services	64,023	-	593	-	-
Community development services	-	134,589	-	-	-
Development services	396,177	278,578	900	27,954	-
Transportation services	-	57,311	-	-	-
Administrative services	1,612	1,348	800	3,513	90
Parks and recreation services	-	-	-	84,530	-
Capital outlay	(23,288)	50,645	10,644	42,378	6,085
<b>Total expenditures</b>	<b>438,524</b>	<b>522,471</b>	<b>165,171</b>	<b>158,375</b>	<b>111,566</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>118,197</b>	<b>270,012</b>	<b>194,667</b>	<b>88,128</b>	<b>35,656</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>118,197</b>	<b>270,012</b>	<b>194,667</b>	<b>88,128</b>	<b>35,656</b>
<b>FUND BALANCES:</b>					
Beginning of year	1,670,312	1,886,136	47,511	3,682,820	320,965
End of year	\$ 1,788,509	\$ 2,156,148	\$ 242,178	\$ 3,770,948	\$ 356,621

(Continued)

**Town of Danville**  
**Non-Major Governmental Funds**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)**  
**For the Year Ended June 30, 2014**

	Special Revenue			Capital Projects	
	Old Town Parking In- Lieu	Sycamore Valley Assessment District	Low and Moderate Income Housing	Asset Replacement General	Asset Replacement Library
<b>REVENUES:</b>					
Special assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-	-
Charges for services	-	-	-	-	-
Development fees	46,426	-	-	-	-
Intergovernmental	-	-	-	-	-
Use of money and property	4,241	339	23	28,899	10,222
Miscellaneous	-	-	-	2,160	-
<b>Total revenues</b>	<b>50,667</b>	<b>339</b>	<b>23</b>	<b>31,059</b>	<b>10,222</b>
<b>EXPENDITURES:</b>					
Current:					
Police services	-	-	-	24,509	-
Maintenance services	-	-	-	-	6,369
Community development services	-	-	-	92,661	-
Development services	-	-	-	-	-
Transportation services	-	-	-	-	-
Administrative services	480	36	548	3,094	1,094
Parks and recreation services	-	-	-	490	-
Capital outlay	-	-	-	84,350	8,313
<b>Total expenditures</b>	<b>480</b>	<b>36</b>	<b>548</b>	<b>205,104</b>	<b>15,776</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>50,187</b>	<b>303</b>	<b>(525)</b>	<b>(174,045)</b>	<b>(5,554)</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	(59,625)	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(59,625)</b>	<b>-</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>50,187</b>	<b>303</b>	<b>(525)</b>	<b>(233,670)</b>	<b>(5,554)</b>
<b>FUND BALANCES:</b>					
Beginning of year	480,990	41,452	11,107	3,536,964	1,181,327
End of year	<b>\$ 531,177</b>	<b>\$ 41,755</b>	<b>\$ 10,582</b>	<b>\$ 3,303,294</b>	<b>\$ 1,175,773</b>

(Continued)

**Town of Danville**  
**Non-Major Governmental Funds**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)**  
**For the Year Ended June 30, 2014**

	Capital Projects			Total Other Governmental Funds
	Northeast Road Improvements			
	Park Facilities	Special Assessment	Technology Fund	
	-	-	-	
<b>REVENUES:</b>				
Special assessments	\$ -	\$ -	\$ -	\$ 559,847
Other taxes	-	-	-	2,215,796
Charges for services	-	-	-	520,516
Development fees	-	-	-	2,348,297
Intergovernmental	-	-	-	116,203
Use of money and property	50,955	1,566	-	184,547
Miscellaneous	12,690	-	-	419,970
<b>Total revenues</b>	<b>63,645</b>	<b>1,566</b>	<b>-</b>	<b>6,365,176</b>
<b>EXPENDITURES:</b>				
Current:				
Police services	-	-	-	282,134
Maintenance services	121,946	-	-	718,710
Community development services	-	-	62,502	1,045,987
Development services	-	-	-	2,079,089
Transportation services	-	-	-	603,531
Administrative services	5,854	1,175	-	22,423
Parks and recreation services	170,012	-	-	255,032
Capital outlay	172,237	-	-	441,262
<b>Total expenditures</b>	<b>470,049</b>	<b>1,175</b>	<b>62,502</b>	<b>5,448,168</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(406,404)</b>	<b>391</b>	<b>(62,502)</b>	<b>917,008</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	1,000,000	-	1,491,500	2,491,500
Transfers out	-	(4,914)	-	(85,139)
<b>Total other financing sources (uses)</b>	<b>1,000,000</b>	<b>(4,914)</b>	<b>1,491,500</b>	<b>2,406,361</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>593,596</b>	<b>(4,523)</b>	<b>1,428,998</b>	<b>3,323,369</b>
<b>FUND BALANCES:</b>				
Beginning of year	5,706,968	1,121,368	586,921	26,685,277
End of year	<u>\$ 6,300,564</u>	<u>\$ 1,116,845</u>	<u>\$ 2,015,919</u>	<u>\$ 30,008,646</u>

(Concluded)

**Town of Danville**  
**Schedule of Revenues, Expenditures, and Change in Fund Balances – Budget and Actual**  
**PEG Special Revenue Fund**  
**For the Year Ended June 30, 2014**

	Budget		Actual	Variance From Final Budget
	Original	Final		
<b>REVENUES:</b>				
Other taxes	\$ 89,000	\$ 89,000	\$ 92,923	\$ 3,923
Use of money and property	4,096	4,096	2,897	(1,199)
<b>Total revenues</b>	<b>93,096</b>	<b>93,096</b>	<b>95,820</b>	<b>2,724</b>
<b>EXPENDITURES:</b>				
Current:				
Police services	1	9,801	4,917	4,884
Community development services	546	546	336	210
Capital outlay	32,183	36,426	36,426	-
<b>Total expenditures</b>	<b>32,730</b>	<b>46,773</b>	<b>42,015</b>	<b>4,758</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>60,366</b>	<b>46,323</b>	<b>53,805</b>	<b>7,482</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(100,000)	(100,000)	(20,000)	80,000
<b>Total other financing sources (uses)</b>	<b>(100,000)</b>	<b>(100,000)</b>	<b>(20,000)</b>	<b>80,000</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (39,634)</b>	<b>\$ (53,677)</b>	<b>33,805</b>	<b>\$ 87,482</b>
<b>FUND BALANCE:</b>				
Beginning of year			329,836	
End of year			<b>\$ 363,641</b>	

**Town of Danville**  
**Schedule of Revenues, Expenditures, and Change in Fund Balances – Budget and Actual**  
**Gas Tax Special Revenue Fund**  
**For the Year Ended June 30, 2014**

	Budget		Actual	Variance From Final Budget
	Original	Final		
<b>REVENUES:</b>				
Other taxes	\$ 1,269,110	\$ 1,269,110	\$ 1,365,167	\$ 96,057
Use of money and property	30,212	30,212	19,907	(10,305)
Miscellaneous	-	-	4,321	4,321
<b>Total revenues</b>	<b>1,299,322</b>	<b>1,299,322</b>	<b>1,389,395</b>	<b>90,073</b>
<b>EXPENDITURES:</b>				
Current:				
Maintenance services	688,268	737,697	525,779	211,918
Community development services	111,227	111,227	104,683	6,544
Development services	297,580	323,173	9,348	313,825
Transportation services	518,858	608,373	546,220	62,153
Administrative services	3,394	3,394	2,197	1,197
Capital outlay	55,726	55,726	53,472	2,254
<b>Total expenditures</b>	<b>1,675,053</b>	<b>1,839,590</b>	<b>1,241,699</b>	<b>597,891</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(375,731)</b>	<b>(540,268)</b>	<b>147,696</b>	<b>687,964</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(25,593)	(25,593)	-	25,593
<b>Total other financing sources (uses)</b>	<b>(25,593)</b>	<b>(25,593)</b>	<b>-</b>	<b>25,593</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (401,324)</b>	<b>\$ (565,861)</b>	<b>147,696</b>	<b>\$ 713,557</b>
<b>FUND BALANCE:</b>				
Beginning of year			2,548,086	
End of year			<b>\$ 2,695,782</b>	

**Town of Danville**  
**Schedule of Revenues, Expenditures, and Change in Fund Balances – Budget and Actual**  
**Building and Planning Special Revenue Fund**  
**For the Year Ended June 30, 2014**

	Budget		Actual	Variance From Final Budget
	Original	Final		
<b>REVENUES:</b>				
Charges for services	\$ 198,750	\$ 198,750	\$ 308,263	\$ 109,513
Development fees	1,653,500	2,053,500	2,069,072	15,572
Miscellaneous	-	-	14,251	14,251
<b>Total revenues</b>	<u>1,852,250</u>	<u>2,252,250</u>	<u>2,391,586</u>	<u>139,336</u>
<b>EXPENDITURES:</b>				
Current:				
Community development services	690,720	693,946	646,635	47,311
Development services	1,094,648	1,413,851	1,208,397	205,454
Capital outlay	500	500	-	500
<b>Total expenditures</b>	<u>1,785,868</u>	<u>2,108,297</u>	<u>1,855,032</u>	<u>253,265</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>66,382</u>	<u>143,953</u>	<u>536,554</u>	<u>392,601</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 66,382</u>	<u>\$ 143,953</u>	<u>536,554</u>	<u>\$ 392,601</u>
<b>FUND BALANCES:</b>				
Beginning of year			<u>1,788,382</u>	
End of year			<u>\$ 2,324,936</u>	

**Town of Danville**  
**Schedule of Revenues, Expenditures, and Change in Fund Balances – Budget and Actual**  
**Development Engineering Special Revenue Fund**  
**For the Year Ended June 30, 2014**

	Budget		Actual	Variance From Final Budget
	Original	Final		
<b>REVENUES:</b>				
Charges for services	\$ 101,000	\$ 529,038	\$ 208,193	\$ (320,845)
Development fees	500	500	600	100
<b>Total revenues</b>	<u>101,500</u>	<u>529,538</u>	<u>209,328</u>	<u>(320,210)</u>
<b>EXPENDITURES:</b>				
Current:				
Development services	200,474	201,787	157,735	44,052
<b>Total expenditures</b>	<u>200,474</u>	<u>201,787</u>	<u>157,735</u>	<u>44,052</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(98,974)</u>	<u>327,751</u>	<u>51,593</u>	<u>(276,158)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (98,974)</u>	<u>\$ 327,751</u>	<u>51,593</u>	<u>\$ (276,158)</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>1,503,300</u>	
End of year			<u>\$ 1,554,893</u>	

**Town of Danville**  
**Schedule of Revenues, Expenditures, and Change in Fund Balances – Budget and Actual**  
**Child Care Special Revenue Fund**  
**For the Year Ended June 30, 2014**

	Budget		Actual	Variance From Final Budget
	Original	Final		
<b>REVENUES</b>				
Development fees	\$ -	\$ -	\$ 16,570	\$ 16,570
Use of money and property	2,229	2,229	2,189	(40)
<b>Total revenues</b>	<u>2,229</u>	<u>2,229</u>	<u>18,759</u>	<u>16,530</u>
<b>EXPENDITURES</b>				
Current:				
Administrative services	223	223	246	(23)
Parks and recreation services	329,960	191,064	-	191,064
Capital outlay	(191,064)	(191,064)	-	(191,064)
<b>Total expenditures</b>	<u>139,119</u>	<u>223</u>	<u>246</u>	<u>(23)</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(136,890)</u>	<u>2,006</u>	<u>18,513</u>	<u>16,507</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(600)	(600)	(600)	-
<b>Total other financing sources (uses)</b>	<u>(600)</u>	<u>(600)</u>	<u>(600)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (137,490)</u>	<u>\$ 1,406</u>	<u>17,913</u>	<u>\$ 16,507</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>240,832</u>	
End of year			<u>\$ 258,745</u>	

**Town of Danville**  
**Schedule of Revenues, Expenditures, and Change in Fund Balances – Budget and Actual**  
**SPCP Special Revenue Fund**  
**For the Year Ended June 30, 2014**

	Budget		Actual	Variance From Final Budget
	Original	Final		
<b>REVENUES:</b>				
Special assessments	\$ 554,700	\$ 554,700	\$ 559,847	\$ 5,147
Charges for services	800	800	4,060	3,260
Intergovernmental	-	(23,288)	(23,288)	-
Use of money and property	14,569	14,569	15,053	484
Miscellaneous	(190)	(190)	1,049	1,239
<b>Total revenues</b>	<b>569,879</b>	<b>546,591</b>	<b>556,721</b>	<b>10,130</b>
<b>EXPENDITURES:</b>				
Current:				
Maintenance services	249,954	265,954	64,023	201,931
Development services	619,838	905,832	396,177	509,655
Administrative services	1,488	1,488	1,612	(124)
Capital outlay	173,000	124,712	(23,288)	148,000
<b>Total expenditures</b>	<b>1,044,280</b>	<b>1,297,986</b>	<b>438,524</b>	<b>859,462</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(474,401)</b>	<b>(751,395)</b>	<b>118,197</b>	<b>869,592</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(22,000)	(22,000)	-	22,000
<b>Total other financing sources (uses)</b>	<b>(22,000)</b>	<b>(22,000)</b>	<b>-</b>	<b>22,000</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (496,401)</b>	<b>\$ (773,395)</b>	<b>118,197</b>	<b>\$ 891,592</b>
<b>FUND BALANCE:</b>				
Beginning of year			1,670,312	
End of year			<b>\$ 1,788,509</b>	

**Town of Danville**  
**Schedule of Revenues, Expenditures, and Change in Fund Balances – Budget and Actual**  
**Measure C/J Special Revenue Fund**  
**For the Year Ended June 30, 2014**

	Budget		Actual	Variance From Final Budget
	Original	Final		
<b>REVENUES:</b>				
Other taxes	\$ 616,386	\$ 616,386	\$ 757,706	\$ 141,320
Intergovernmental	33,000	33,000	-	(33,000)
Use of money and property	10,315	10,315	11,832	1,517
Miscellaneous	(51,019)	(59,019)	22,945	81,964
<b>Total revenues</b>	<b>608,682</b>	<b>600,682</b>	<b>792,483</b>	<b>191,801</b>
<b>EXPENDITURES:</b>				
Current:				
Maintenance services	355,024	388,099	-	388,099
Community development services	143,002	143,002	134,589	8,413
Development services	1,120,969	1,014,064	278,578	735,486
Transportation services	72,877	72,877	57,311	15,566
Administrative services	1,633	1,633	1,348	285
Capital outlay	292,074	331,379	50,645	280,734
<b>Total expenditures</b>	<b>1,985,579</b>	<b>1,951,054</b>	<b>522,471</b>	<b>1,428,583</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(1,376,897)</b>	<b>(1,350,372)</b>	<b>270,012</b>	<b>1,620,384</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(618,955)	(618,955)	-	618,955
<b>Total other financing sources (uses)</b>	<b>(618,955)</b>	<b>(618,955)</b>	<b>-</b>	<b>618,955</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (1,995,852)</b>	<b>\$ (1,969,327)</b>	<b>270,012</b>	<b>\$ 2,239,339</b>
<b>FUND BALANCE:</b>				
Beginning of year			1,886,136	
End of year			<b>\$ 2,156,148</b>	

**Town of Danville**  
**Schedule of Revenues, Expenditures, and Change in Fund Balances – Budget and Actual**  
**Donations and Contributions Special Revenue Fund**  
**For the Year Ended June 30, 2014**

	Budget		Actual	Variance From Final Budget
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ 2,624	\$ 2,624	\$ 2,219	\$ (405)
Miscellaneous	263,320	263,320	357,619	94,299
<b>Total revenues</b>	<u>265,944</u>	<u>265,944</u>	<u>359,838</u>	<u>93,894</u>
<b>EXPENDITURES:</b>				
Current:				
Police services	150,000	150,000	152,234	(2,234)
Maintenance services	(416)	(416)	593	(1,009)
Development services	-	-	900	(900)
Administrative services	785	785	800	(15)
Capital outlay	19,092	19,092	10,644	8,448
<b>Total expenditures</b>	<u>169,461</u>	<u>169,461</u>	<u>165,171</u>	<u>4,290</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>96,483</u>	<u>96,483</u>	<u>194,667</u>	<u>98,184</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 96,483</u>	<u>\$ 96,483</u>	<u>194,667</u>	<u>\$ 98,184</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>47,511</u>	
End of year			<u>\$ 242,178</u>	

**Town of Danville**  
**Schedule of Revenues, Expenditures, and Change in Fund Balances – Budget and Actual**  
**General Development Impact Fees Special Revenue Fund**  
**For the Year Ended June 30, 2014**

	Budget		Actual	Variance From Final Budget
	Original	Final		
<b>REVENUES:</b>				
Development fees	\$ 212,500	\$ 106,250	\$ 215,629	\$ 109,379
Use of money and property	(18,569)	(18,569)	30,874	49,443
Miscellaneous	(454,548)	(79,810)	-	79,810
<b>Total revenues</b>	<u>(260,617)</u>	<u>7,871</u>	<u>246,503</u>	<u>238,632</u>
<b>EXPENDITURES:</b>				
Current:				
Maintenance services	223,984	311,484	-	311,484
Development services	193,015	171,858	27,954	143,904
Administrative services	3,487	3,487	3,513	(26)
Parks and recreation services	271,100	230,604	84,530	146,074
Capital outlay	3,180,603	1,784,353	42,378	1,741,975
<b>Total expenditures</b>	<u>3,872,189</u>	<u>2,501,786</u>	<u>158,375</u>	<u>2,343,411</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(4,132,806)</u>	<u>(2,493,915)</u>	<u>88,128</u>	<u>2,582,043</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (4,132,806)</u>	<u>\$ (2,493,915)</u>	<u>88,128</u>	<u>\$ 2,582,043</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>3,682,820</u>	
End of year			<u>\$ 3,770,948</u>	

**Town of Danville**  
**Schedule of Revenues, Expenditures, and Change in Fund Balances – Budget and Actual**  
**Public Safety Special Revenue Fund**  
**For the Year Ended June 30, 2014**

	Budget		Actual	Variance From Final Budget
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 120,000	\$ 120,000	\$ 139,491	\$ 19,491
Use of money and property	2,642	2,642	3,331	689
<b>Total revenues</b>	<u>122,642</u>	<u>122,642</u>	<u>147,222</u>	<u>24,580</u>
<b>EXPENDITURES:</b>				
Current:				
Police services	100,237	100,237	105,391	(5,154)
Administrative services	77	77	90	(13)
Capital outlay	-	3,300	6,085	(2,785)
<b>Total expenditures</b>	<u>100,314</u>	<u>103,614</u>	<u>111,566</u>	<u>(7,952)</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>22,328</u>	<u>19,028</u>	<u>35,656</u>	<u>16,628</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 22,328</u>	<u>\$ 19,028</u>	<u>35,656</u>	<u>\$ 16,628</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>320,965</u>	
End of year			<u>\$ 356,621</u>	

**Town of Danville**  
**Schedule of Revenues, Expenditures, and Change in Fund Balances – Budget and Actual**  
**Old Town Parking In-Lieu Special Revenue Fund**  
**For the Year Ended June 30, 2014**

	Budget		Actual	Variance From Final Budget
	Original	Final		
<b>REVENUES:</b>				
Development fees	\$ -	\$ -	\$ 46,426	\$ 46,426
Use of money and property	-	-	4,241	4,241
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>50,667</u>	<u>50,667</u>
<b>EXPENDITURES:</b>				
Current:				
Administrative services	478	478	480	(2)
<b>Total expenditures</b>	<u>478</u>	<u>478</u>	<u>480</u>	<u>(2)</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(478)</u>	<u>(478)</u>	<u>50,187</u>	<u>50,665</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (478)</u>	<u>\$ (478)</u>	<u>50,187</u>	<u>\$ 50,665</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>480,990</u>	
End of year			<u>\$ 531,177</u>	

**Town of Danville**  
**Schedule of Revenues, Expenditures, and Change in Fund Balances – Budget and Actual**  
**Sycamore Valley Assessment District Special Revenue Fund**  
**For the Year Ended June 30, 2014**

	Budget		Actual	Variance From Final Budget
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ (1,394)	\$ (1,394)	\$ 339	\$ 1,733
Miscellaneous	(199)	(199)	-	199
<b>Total revenues</b>	<u>(1,593)</u>	<u>(1,593)</u>	<u>339</u>	<u>1,932</u>
<b>EXPENDITURES:</b>				
Current:				
Development services	(5,391)	(5,391)	-	(5,391)
Administrative services	38	38	36	2
<b>Total expenditures</b>	<u>(5,353)</u>	<u>(5,353)</u>	<u>36</u>	<u>(5,389)</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>3,760</u>	<u>3,760</u>	<u>303</u>	<u>(3,457)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 3,760</u>	<u>\$ 3,760</u>	<u>303</u>	<u>\$ (3,457)</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>41,452</u>	
End of year			<u>\$ 41,755</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, 2014**

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	Budget		Actual	Variance From Final Budget
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ -	\$ -	\$ 23	\$ 23
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>23</u>	<u>23</u>
<b>EXPENDITURES:</b>				
Current:				
Administrative services	-	-	548	(548)
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>548</u>	<u>(548)</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>(525)</u>	<u>(525)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ -</u>	<u>(525)</u>	<u>\$ (525)</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>11,107</u>	
End of year			<u>\$ 10,582</u>	

**Town of Danville**  
**Agency Funds**  
**Combining Statement of Changes in Assets and Liabilities**  
**For the Year Ended June 30, 2014**

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
<b><u>Deposits Fund</u></b>				
<b>ASSETS</b>				
Cash and investments	\$ 1,348,687	\$ 67,889	\$ (196,700)	\$ 1,219,876
Cash and investments with fiscal agents	120,029	19,502	-	139,531
Accounts receivable	52,725	48,959	(101,683)	1
<b>Total assets</b>	<b>\$ 1,521,441</b>	<b>\$ 136,350</b>	<b>\$ (298,383)</b>	<b>\$ 1,359,408</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 216,519	\$ 169,609	\$ (333,620)	\$ 52,508
Deposits	1,304,922	39,161	(37,183)	1,306,900
<b>Total liabilities</b>	<b>\$ 1,521,441</b>	<b>\$ 208,770</b>	<b>\$ (370,803)</b>	<b>\$ 1,359,408</b>
<b><u>Sycamore Valley Special Assessment District</u></b>				
<b>ASSETS</b>				
Cash and investments	\$ 39,136	\$ 372	\$ -	\$ 39,508
Interest receivable	133	-	(27)	106
<b>Total assets</b>	<b>\$ 39,269</b>	<b>\$ 372</b>	<b>\$ (27)</b>	<b>\$ 39,614</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 4	\$ 3	\$ (7)	\$ -
Due to assessment district bondholders	39,265	349	-	39,614
<b>Total liabilities</b>	<b>\$ 39,269</b>	<b>\$ 352</b>	<b>\$ (7)</b>	<b>\$ 39,614</b>
<b><u>Tassajara Ranch Special Assessment District</u></b>				
<b>ASSETS</b>				
Cash and investments	\$ 763,938	\$ -	\$ (716,370)	\$ 47,568
Cash and investments with fiscal agents	39,665	333	(39,998)	-
Interest receivable	2,705	-	(2,572)	133
<b>Total assets</b>	<b>\$ 806,308</b>	<b>\$ 333</b>	<b>\$ (758,940)</b>	<b>\$ 47,701</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 73	\$ -	\$ (70)	\$ 3
Due to assessment district bondholders	806,235	-	(758,537)	47,698
<b>Total liabilities</b>	<b>\$ 806,308</b>	<b>\$ -</b>	<b>\$ (758,607)</b>	<b>\$ 47,701</b>

**Town of Danville**  
**Agency Funds**  
**Combining Statement of Changes in Assets and Liabilities (Continued)**  
**For the Year Ended June 30, 2014**

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
<b><u>Northeast Road Improvement Special Assessment</u></b>				
<b><u>District</u></b>				
<b>ASSETS</b>				
Cash and investments	\$ 510,195	\$ 10,159	\$ (6,818)	\$ 513,536
Cash and investments with fiscal agents	194,113	22	-	194,135
Interest receivable	1,842	-	(461)	1,381
<b>Total assets</b>	<b>\$ 706,150</b>	<b>\$ 10,181</b>	<b>\$ (7,279)</b>	<b>\$ 709,052</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 50	\$ 36	\$ (72)	\$ 14
Due to assessment district bondholders	706,100	10,125	(7,187)	709,038
<b>Total liabilities</b>	<b>\$ 706,150</b>	<b>\$ 10,161</b>	<b>\$ (7,259)</b>	<b>\$ 709,052</b>
<b><u>Total Agency Funds</u></b>				
<b>ASSETS</b>				
Cash and investments	\$ 2,661,956	\$ 78,420	\$ (919,888)	\$ 1,820,488
Cash and investments with fiscal agents	353,807	19,857	(39,998)	333,666
Accounts receivable	52,725	48,959	(101,683)	1
Interest receivable	4,680	-	(3,060)	1,620
<b>Total assets</b>	<b>\$ 3,073,168</b>	<b>\$ 147,236</b>	<b>\$ (1,064,629)</b>	<b>\$ 2,155,775</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 216,646	\$ 169,648	\$ (333,769)	\$ 52,525
Deposits	1,304,922	39,161	(37,183)	1,306,900
Due to assessment district bondholders	1,551,600	10,474	(765,724)	796,350
<b>Total liabilities</b>	<b>\$ 3,073,168</b>	<b>\$ 219,283</b>	<b>\$ (1,136,676)</b>	<b>\$ 2,155,775</b>

## **STATISTICAL SECTION**



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.

<b>CONTENTS</b>	<b>PAGE</b>
Financial Trends .....	<b>96</b>
<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 .....	<b>108</b>
<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 .....	<b>111</b>
<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 .....	<b>119</b>
<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 .....	<b>121</b>
<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				
	2005	2006	2007	2008	2009
<b>Governmental Activities:</b>					
Net investment in capital assets	\$ 131,746,323	\$ 135,385,155	\$ 134,970,375	\$ 136,028,162	\$ 134,654,797
Restricted	32,507,888	33,686,102	70,811,285	42,645,047	46,856,854
Unrestricted	35,689,786	35,745,860	4,601,609	40,224,619	41,148,332
Total Governmental Activities Net Position	<u>\$ 199,943,997</u>	<u>\$ 204,817,117</u>	<u>\$ 210,383,269</u>	<u>\$ 218,897,828</u>	<u>\$ 222,659,983</u>
<b>Primary Government:</b>					
Net investment in capital assets	\$ 131,746,323	\$ 135,385,155	\$ 134,970,375	\$ 136,028,162	\$ 134,654,797
Restricted	32,507,888	33,686,102	70,811,285	42,645,047	46,856,854
Unrestricted	35,689,786	35,745,860	4,601,609	40,224,619	41,148,332
Total Primary Government Net Position	<u>\$ 199,943,997</u>	<u>\$ 204,817,117</u>	<u>\$ 210,383,269</u>	<u>\$ 218,897,828</u>	<u>\$ 222,659,983</u>

Note:

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

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

	Fiscal Year				
	2010	2011	2012	2013	2014
<b>Governmental Activities:</b>					
Net investment in capital assets	\$ 138,586,977	\$ 139,431,946	\$ 142,812,475	\$ 144,710,384	\$ 145,858,981
Restricted	47,655,916	40,454,304	49,692,031	50,198,481	48,477,964
Unrestricted	39,598,060	49,520,377	46,716,135	46,009,779	51,728,377
Total Governmental Activities Net Position	<u>\$ 225,840,953</u>	<u>\$ 229,406,627</u>	<u>\$ 239,220,641</u>	<u>\$ 240,918,644</u>	<u>\$ 246,065,322</u>
<b>Primary Government:</b>					
Net investment in capital assets	\$ 138,586,977	\$ 139,431,946	\$ 142,812,475	\$ 144,710,384	\$ 145,858,981
Restricted	47,655,916	40,454,304	49,692,031	50,198,481	48,477,964
Unrestricted	39,598,060	49,520,377	46,716,135	46,009,779	51,728,377
Total Primary Government Net Position	<u>\$ 225,840,953</u>	<u>\$ 229,406,627</u>	<u>\$ 239,220,641</u>	<u>\$ 240,918,644</u>	<u>\$ 246,065,322</u>

Note:

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

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

	Fiscal Year				
	2005	2006	2007	2008	2009
<b>Expenses</b>					
Governmental activities:					
Legislative	\$ 291,279	\$ 285,205	\$ 364,186	\$ 582,058	\$ 635,513
Town Manager	482,696	510,065	625,027	660,791	734,987
Legal Services	552,669	876,147	611,483	703,250	754,573
Police Services	5,610,986	6,260,045	6,309,466	6,733,441	7,121,673
Maintenance services & lighting & landscape	5,708,511	5,524,302	9,040,315	5,551,024	5,424,528
Community Development Services					
Development Services	5,738,319	6,896,114	8,328,351	9,003,232	11,278,689
Transportation Services	1,948,637	1,806,710	212,968	595,238	*
Administrative Services	1,338,075	1,449,868	1,749,217	1,989,678	1,872,222
Recreation Services	3,163,318	3,121,589	3,558,469	3,656,921	3,533,762
Special Events Program	156,976	200,683	294,845	306,773	301,433
Interest on long-term debt	575,835	870,873	816,725	794,424	771,845
Total governmental activities expenses	<u>25,567,301</u>	<u>27,801,601</u>	<u>31,911,052</u>	<u>30,576,830</u>	<u>32,429,225</u>
Total primary government expenses	<u>\$ 25,567,301</u>	<u>\$ 27,801,601</u>	<u>\$ 31,911,052</u>	<u>\$ 30,576,830</u>	<u>\$ 32,429,225</u>
<b>Program Revenues</b>					
Governmental Activities:					
Charges for Services:					
Legislative	\$ 60	\$ -	\$ -	\$ 203,848	\$ 108,932
Police Services	532,901	492,823	558,670	485,806	376,541
Maintenance Services, Lighting & Landscape	2,960,500	2,973,935	2,976,054	2,988,681	2,983,265
Community Development Services	-	-	-	-	-
Development Services	2,203,297	2,730,485	2,992,420	2,667,418	2,325,689
Transportation Services	-	-	-	-	-
Administrative Services	-	-	-	-	-
Recreation services	1,530,424	1,668,269	1,838,877	1,739,974	1,885,346
Special events program	-	-	-	-	-
Interest on long-term debt	-	-	-	-	-
Operating grants and contributions	1,485,030	1,565,896	2,387,760	1,800,782	2,443,145
Capital grants and contributions	539,027	2,430,979	2,596,770	3,415,575	1,407,730
Total governmental activities program revenues	<u>9,251,239</u>	<u>11,862,387</u>	<u>13,350,551</u>	<u>13,302,084</u>	<u>11,530,648</u>
Total primary government program revenues	<u>\$ 9,251,239</u>	<u>\$ 11,862,387</u>	<u>\$ 13,350,551</u>	<u>\$ 13,302,084</u>	<u>\$ 11,530,648</u>
<b>Net (Expense)/Revenue</b>					
Governmental activities	<u>\$ (16,316,062)</u>	<u>\$ (15,939,214)</u>	<u>\$ (18,560,501)</u>	<u>\$ (17,274,746)</u>	<u>\$ (20,898,577)</u>
Total Primary Government, Net Expenses	<u>\$ (16,316,062)</u>	<u>\$ (15,939,214)</u>	<u>\$ (18,560,501)</u>	<u>\$ (17,274,746)</u>	<u>\$ (20,898,577)</u>

Note:

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

\*Depreciation was netted against program expenditures beginning in 2004.

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

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

	Fiscal Year				
	2010	2011	2012	2013	2014
<b>Expenses</b>					
Governmental activities:					
Legislative	\$ 428,471	\$ 382,811	\$ 329,439	\$ 353,390	\$ 323,063
Town Manager	714,184	759,743	704,594	595,129	646,466
Legal Services	692,775	585,065	638,875	709,000	738,417
Police Services	7,264,962	7,301,762	7,518,544	7,592,846	7,192,736
Maintenance Services & Lighting & Landscape	5,165,178	5,508,781	6,284,672	7,803,026	6,136,448
Community Development Services				2,129,453	2,188,796
Development Services	9,495,734	13,388,097	8,909,136	8,168,658	5,356,239
Transportation Services	*	*	*	*	*
Administrative Services	1,868,912	2,049,307	2,105,205	2,461,355	2,301,375
Recreation Services	3,449,313	3,127,228	3,126,803	3,186,439	3,515,394
Special Events Program	295,161	278,622	246,278	174,413	196,583
Interest on long-term debt	755,747	732,585	367,482	430,191	415,129
Total governmental activities expenses	<u>30,130,437</u>	<u>34,114,001</u>	<u>30,231,028</u>	<u>33,603,900</u>	<u>29,010,646</u>
Total primary government expenses	<u>\$ 30,130,437</u>	<u>\$ 34,114,001</u>	<u>\$ 30,231,028</u>	<u>\$ 33,603,900</u>	<u>\$ 29,010,646</u>
<b>Program Revenues</b>					
Governmental Activities:					
Charges for Services:					
Legislative	\$ 6,061	\$ 6,208	\$ -	\$ -	\$ -
Police Services	312,277	293,550	323,053	312,873	499,517
Maintenance Services, Lighting & Landscape	3,010,264	3,028,247	3,040,340	3,021,029	3,110,836
Community Development Services	-	-	-	309,734	276,449
Development Services	2,005,945	2,757,149	3,028,929	3,448,174	3,409,846
Transportation Services	-	*	*	*	*
Administrative Services	-	-	-	-	-
Recreation services	1,440,828	1,645,913	1,754,367	1,810,376	2,178,636
Special events program	-	-	-	-	-
Interest on long-term debt	-	-	-	-	-
Operating grants and contributions	1,260,187	798,926	804,432	748,772	933,466
Capital grants and contributions	1,807,849	6,728,897	2,492,782	1,877,029	1,936,672
Total governmental activities program revenues	<u>9,843,411</u>	<u>15,258,890</u>	<u>11,443,903</u>	<u>11,527,987</u>	<u>12,345,422</u>
Total primary government program revenues	<u>\$ 9,843,411</u>	<u>\$ 15,258,890</u>	<u>\$ 11,443,903</u>	<u>\$ 11,527,987</u>	<u>\$ 12,345,422</u>
<b>Net (Expense)/Revenue</b>					
Governmental activities	<u>\$ (20,287,026)</u>	<u>\$ (18,855,111)</u>	<u>\$ (18,787,125)</u>	<u>\$ (22,075,913)</u>	<u>\$ (16,665,224)</u>
Total Primary Government, Net Expenses	<u>\$ (20,287,026)</u>	<u>\$ (18,855,111)</u>	<u>\$ (18,787,125)</u>	<u>\$ (22,075,913)</u>	<u>\$ (16,665,224)</u>

\*FY 2008-09 Transportation Services combined with Development Services

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

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

	Fiscal Year				
	2005	2006	2007	2008	2009
Governmental Activities					
Taxes					
Property taxes	\$ 10,921,728	\$ 12,254,821	\$ 13,776,079	\$ 13,922,627	\$ 14,379,374
Sales taxes	3,424,880	3,229,721	3,802,878	3,629,778	3,347,146
Motor Vehicle Fees taxes	484,546	1,033,111	257,141	191,794	147,048
Franchise Taxes	1,231,387	1,340,343	1,484,817	1,630,531	1,702,771
Other taxes	344,130	364,275	368,469	380,800	376,337
Investment earnings	1,555,730	1,746,300	3,887,362	4,854,361	3,883,832
Miscellaneous	1,971,032	843,763	549,907	1,179,414	824,224
Transfers from Successor Agency	-	-	-	-	-
Extraordinary item	-	-	-	-	-
Total governmental activities	<u>\$ 19,933,433</u>	<u>\$ 20,812,334</u>	<u>\$ 24,126,653</u>	<u>\$ 25,789,305</u>	<u>\$ 24,660,732</u>
Total primary government	<u>\$ 19,933,433</u>	<u>\$ 20,812,334</u>	<u>\$ 24,126,653</u>	<u>\$ 25,789,305</u>	<u>\$ 24,660,732</u>

**Change in Net Position**

Governmental activities	<u>\$ 3,617,371</u>	<u>\$ 4,873,120</u>	<u>\$ 5,566,152</u>	<u>\$ 8,514,559</u>	<u>\$ 3,762,155</u>
Total primary government	<u>\$ 3,617,371</u>	<u>\$ 4,873,120</u>	<u>\$ 5,566,152</u>	<u>\$ 8,514,559</u>	<u>\$ 3,762,155</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 not available prior to the implementation of GASB 34 in 2002.

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

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

	<b>Fiscal Year</b>				
	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Governmental Activities					
Taxes					
Property taxes	\$ 13,308,701	\$ 13,283,437	\$ 12,967,656	\$ 12,242,443	\$ 12,716,297
Sales taxes	3,254,413	3,531,936	3,835,342	3,897,260	3,947,577
Motor Vehicle Fees taxes	127,142	199,005	21,557	22,337	18,486
Franchise Taxes	1,812,081	2,039,307	2,067,703	2,098,137	2,155,691
Other taxes	360,149	361,872	366,926	374,354	385,044
Investment earnings	2,632,269	1,399,674	915,317	251,901	900,451
Miscellaneous	1,973,241	1,605,554	1,470,094	2,360,129	1,514,199
Transfers from Successor Agency	-	-	-	795,191	790,542
Extraordinary item	-	-	6,956,544	1,732,164	-
Total governmental activities	<u>\$ 23,467,996</u>	<u>\$ 22,420,785</u>	<u>\$ 28,601,139</u>	<u>\$ 23,773,916</u>	<u>\$ 22,428,287</u>
Total primary government	<u>\$ 23,467,996</u>	<u>\$ 22,420,785</u>	<u>\$ 28,601,139</u>	<u>\$ 23,773,916</u>	<u>\$ 22,428,287</u>

**Change in Net Position**

Governmental activities	<u>\$ 3,180,970</u>	<u>\$ 3,565,674</u>	<u>\$ 9,814,014</u>	<u>\$ 1,698,003</u>	<u>\$ 5,763,063</u>
Total primary government	<u>\$ 3,180,970</u>	<u>\$ 3,565,674</u>	<u>\$ 9,814,014</u>	<u>\$ 1,698,003</u>	<u>\$ 5,763,063</u>

**Town of Danville**  
**Governmental Activities Tax Revenues by Source**  
**Last Ten Fiscal Year**  
**(Accrual Basis of Accounting)**

<b>Fiscal Year</b>	<b>Property Tax (1)</b>	<b>Sales Tax</b>	<b>Community Development Agency Tax Increment (2) (4)</b>	<b>Franchise Tax</b>	<b>Property Transfer Tax</b>	<b>Motor Vehicle Fees Tax</b>	<b>Business License &amp; Other Taxes</b>	<b>Total</b>
2005	\$ 8,851,148	\$ 3,424,880	\$ 1,475,182	\$ 1,231,387	\$ 595,398	\$ 484,546	\$ 344,130	\$ 16,406,671
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

Note:

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



**Town of Danville**  
**Fund Balances of Governmental Fund**  
**Last Ten Fiscal Year**  
**(Modified Accrual Basis of Accounting)**

	Fiscal Year				
	2005	2006	2007	2008	2009
General Fund					
Reserved	\$ 1,319,530	\$ 1,277,490	\$ 954,798	\$ 1,232,380	\$ 2,424,577
Unreserved	9,728,195	8,851,533	11,595,733	12,385,630	13,623,457
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Total General Fund	<u>\$ 11,047,725</u>	<u>\$ 10,129,023</u>	<u>\$ 12,550,531</u>	<u>\$ 13,618,010</u>	<u>\$ 16,048,034</u>
All Other Governmental Funds					
Reserved	\$ 53,232,575	\$ 55,377,015	\$ 25,252,520	\$ 27,108,341	\$ 25,660,317
Unreserved, reported in:					
Special revenue funds					
Restricted	184,014	100,000	3,372,299	4,053,922	1,548,115
Committed	-	-	-	-	-
Debt service fund					
Restricted	-	-	-	792,990	-
Unassigned	-	-	-	-	-
Capital projects funds					
Restricted	4,169,550	4,468,125	34,870,099	37,499,695	44,930,389
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Total all other Governmental Funds	<u>\$ 57,586,139</u>	<u>\$ 59,945,140</u>	<u>\$ 63,494,918</u>	<u>\$ 69,454,948</u>	<u>\$ 72,138,821</u>
Total Governmental Funds	<u>\$ 68,633,864</u>	<u>\$ 70,074,163</u>	<u>\$ 76,045,449</u>	<u>\$ 83,072,958</u>	<u>\$ 88,186,855</u>

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

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

	Fiscal Year				
	2010*	2011	2012	2013	2014
General Fund					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-
Restricted	-	-	809,519	809,536	809,635
Committed	17,481,215	18,334,708	17,697,557	17,670,672	17,118,585
Assigned	578,251	8,327,574	8,430,419	9,247,992	9,482,365
Total General Fund	<u>\$ 18,059,466</u>	<u>\$ 26,662,282</u>	<u>\$ 26,937,495</u>	<u>\$ 27,728,200</u>	<u>\$ 27,410,585</u>
All Other Governmental Funds					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:					
Special revenue funds					
Restricted	29,740,733	30,370,267	28,429,093	27,540,889	28,492,880
Committed	-	-	-	-	-
Debt service fund					
Restricted	2,049,301	1,031,209	808,787	811,282	811,448
Unassigned	-	(8,063,814)	-	-	-
Capital projects funds					
Restricted	746,199	340,851	-	-	356,953
Committed	16,234,896	16,814,633	40,669,255	39,639,637	42,268,737
Assigned	24,420,575	22,804,473	-	-	-
Total all other Governmental Funds	<u>\$ 73,191,704</u>	<u>\$ 63,297,619</u>	<u>\$ 69,907,135</u>	<u>\$ 67,991,808</u>	<u>\$ 71,930,018</u>
Total Governmental Funds	<u>\$ 91,251,170</u>	<u>\$ 89,959,901</u>	<u>\$ 96,844,630</u>	<u>\$ 95,720,008</u>	<u>\$ 99,340,603</u>

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

**Town of Danville**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Year**

	Fiscal Year				
	2005	2006	2007	2008	2009
<b>REVENUES:</b>					
Property Taxes	\$ 10,921,728	\$ 12,254,821	\$ 13,776,079	\$ 13,922,627	\$ 14,379,374
Sales Taxes	3,424,880	3,229,721	3,802,878	3,629,778	3,344,497
Gas & Other Taxes	811,664	3,570,858	2,854,560	4,692,227	4,641,839
Special assessments	3,556,011	795,797	3,486,516	3,490,417	3,532,305
Charges for services	1,697,736	2,045,030	3,907,323	3,663,733	3,284,801
Licenses and permits	1,576,539	1,706,243	371,985	380,800	376,337
Development fees	1,547,193	3,864,025	2,212,899	1,959,336	781,486
Intergovernmental	1,455,970	1,988,713	1,993,731	394,299	277,688
Fines and forfeitures	380,688	361,221	368,213	345,251	245,384
Uses of money and property	2,040,485	2,146,466	4,364,345	5,433,507	4,500,796
Miscellaneous	1,809,415	691,807	332,956	771,837	1,259,085
<b>Total revenues</b>	<b>29,222,309</b>	<b>32,654,702</b>	<b>37,471,485</b>	<b>38,683,812</b>	<b>36,623,592</b>
<b>EXPENDITURES:</b>					
Legislative	290,100	284,585	363,893	399,364	421,925
Town manager	477,399	499,829	622,785	653,779	734,987
Legal services	551,743	875,744	611,080	700,194	745,628
Police services	5,418,506	6,084,618	6,201,595	6,530,636	6,988,287
Maintenance services	2,866,332	2,863,452	876,770	2,246,511	1,933,797
Lighting and landscape	1,567,884	1,573,049	2,832,648	2,811,003	2,825,880
Community Development services					
Development services	3,490,093	3,442,922	8,111,269	5,366,239	8,315,070
Transportation services	352,137	435,182	143,257	1,840,988	628,767
Administrative services	1,368,622	1,472,409	1,679,517	1,741,367	1,844,300
Recreation services	1,976,679	2,325,457	3,464,607	3,187,142	3,447,658
Special events program	156,976	200,683	294,845	344,865	301,433
Capital outlay	5,380,921	10,039,321	5,159,829	4,702,165	2,189,626
Debt service:					
Principal	170,000	325,000	310,000	340,000	355,000
Interest and fiscal charges	577,818	792,152	828,104	792,050	777,337
<b>Total Expenditures</b>	<b>24,645,210</b>	<b>31,214,403</b>	<b>31,500,199</b>	<b>31,656,303</b>	<b>31,509,695</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>4,577,099</b>	<b>1,440,299</b>	<b>5,971,286</b>	<b>7,027,509</b>	<b>5,113,897</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	12,701,407	24,148,807	20,848,721	6,219,243	10,400,042
Transfers out	(12,701,407)	(24,148,807)	(20,848,721)	(6,219,243)	(10,400,042)
Issuance of Debt	5,600,000	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>5,600,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Extraordinary item*</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ 10,177,099</b>	<b>\$ 1,440,299</b>	<b>\$ 5,971,286</b>	<b>\$ 7,027,509</b>	<b>\$ 5,113,897</b>

Debt service as a percentage of noncapital expenditures      4.04%      5.57%      4.52%      4.38%      4.02%

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

**Town of Danville**  
**Changes in Fund Balances of Governmental Funds (Continued)**  
**Last Ten Fiscal Year**

	Fiscal Year				
	2010	2011	2012	2013	2014
<b>REVENUES:</b>					
Property Taxes	\$ 13,308,701	\$ 13,283,437	\$ 12,967,656	\$ 12,242,443	\$ 12,716,297
Sales Taxes	3,250,820	3,531,862	3,835,342	3,897,260	3,943,899
Gas & Other Taxes	3,720,070	3,960,259	3,818,359	3,731,881	3,999,378
Special assessments	3,546,477	3,579,045	3,572,176	3,580,120	3,579,918
Charges for services	2,849,818	3,379,595	3,641,623	4,602,791	2,455,673
Licenses and permits	357,369	360,957	366,886	374,354	385,033
Development fees	398,080	1,101,893	144,416	1,207,211	2,926,192
Intergovernmental	904,088	5,134,660	1,276,852	155,815	181,003
Fines and forfeitures	250,991	219,432	190,982	237,209	248,965
Uses of money and property	3,189,418	1,943,830	1,463,143	870,157	1,507,294
Miscellaneous	1,466,878	1,079,236	1,802,671	972,999	1,060,380
<b>Total revenues</b>	<b>33,242,710</b>	<b>37,574,206</b>	<b>33,080,106</b>	<b>31,872,240</b>	<b>33,004,032</b>
<b>EXPENDITURES:</b>					
Legislative	344,469	342,616	324,724	353,584	323,167
Town manager	709,649	756,556	704,011	595,711	646,777
Legal services	692,775	584,253	638,681	709,194	738,521
Police services	7,090,622	7,128,461	7,300,734	7,374,868	6,980,859
Maintenance services	1,839,102	1,958,607	2,403,824	4,362,329	2,547,337
Lighting and landscape	2,766,842	3,029,522	3,288,256	2,991,535	3,043,620
Community Development services	*	*	*	2,052,585	2,188,934
Development services	6,652,479	10,466,270	6,878,351	6,970,736	4,123,252
Transportation services	505,529	561,278	579,846	565,660	608,039
Administrative services	1,836,358	1,998,345	1,901,419	2,446,641	2,207,468
Recreation services	3,365,026	3,028,964	2,999,044	3,068,488	3,396,542
Special events program	295,161	278,622	246,611	174,413	196,583
Capital outlay	2,943,931	7,592,460	5,763,393	1,342,965	2,382,338
Debt service:					
Principal	375,000	395,000	420,000	-	-
Interest and fiscal charges	761,452	744,521	503,764	-	-
<b>Total Expenditures</b>	<b>30,178,395</b>	<b>38,865,475</b>	<b>33,952,658</b>	<b>33,008,709</b>	<b>29,383,437</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>3,064,315</b>	<b>(1,291,269)</b>	<b>(872,552)</b>	<b>(1,136,469)</b>	<b>3,620,595</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	2,559,375	13,547,919	7,385,966	5,272,109	6,248,451
Transfers out	(2,559,375)	(13,547,919)	(7,385,966)	(5,272,109)	(6,248,451)
Issuance of Debt	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Extraordinary item*</b>	<b>-</b>	<b>-</b>	<b>7,757,281</b>	<b>11,847</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ 3,064,315</b>	<b>\$ (1,291,269)</b>	<b>\$ 6,884,729</b>	<b>\$ (1,124,622)</b>	<b>\$ 3,620,595</b>

Debt service as a percentage of noncapital expenditures      4.35%      3.78%      3.39%      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 Year**  
**(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			
2005	\$7,489,445,422	\$ 38,330,672	\$ 2,479,749	\$ 53,833,716	\$ 168,216,637	\$7,415,872,922	0.10004%
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%

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 Year**  
**(Rate Expressed in Percentage)**

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<b>Fiscal Year</b>	<b>Danville</b>	<b>County Wide</b>	<b>San Ramon Valley Unified School District</b>	<b>Bay Area Rapid Transit (BART)</b>	<b>Miscellaneous</b>	<b>Total Direct &amp; Overlapping Rate</b>
2005	0.10004%	1.00%	0.0517%	0.0000%	0.0099%	1.1616%
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%	0.0211%	0.07827%

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 Year**

<b>Fiscal Year Ended June 30</b>	<b>Collected Within the Fiscal Year of the Levy</b>			<b>Total Collections To Date</b>	
	<b>Total Tax Levied and Collected for Fiscal Year</b>	<b>Percentage of Levy</b>	<b>Delinquent Tax Collections</b>	<b>Collected Amount</b>	<b>Percentage of Levy</b>
2005	\$ 10,326,330	100%	n/a	\$ 10,326,330	100%
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%

**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**  
**Ratio of Outstanding Debt by Type**  
**Last Ten Fiscal Year**

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*			
2005	\$ 11,815,000	\$ -	\$ 3,570,000	\$ -	\$ 18,955,000	0.15%	\$ 82.50
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

**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**  
**Ratio of General Bonded Debt Outstanding**  
**Last Ten Fiscal Year**

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Fiscal Year	Outstanding General Bonded Debt		Less: Amount Available in Debt Svc Fund	Total (net)
	General Obligation Bonds	Tax Allocation Bonds		
2005	\$ -	\$ -	\$ -	\$ -
2006	-	-	-	-
2007	-	-	-	-
2008	-	-	-	-
2009	-	-	-	-
2010	-	-	-	-
2011	-	-	-	-
2012	-	-	-	-
2013	-	-	-	-
2014	-	-	-	-

Note: The Town of Danville does not have any General Bonded debt.

**Town of Danville**  
**Direct and Overlapping Governmental Activities Debt**  
**Current Year**

2013-2014 Assessed Valuation:	\$ 9,810,922,474
Redevelopment Incremental Valuation:	(259,219,945)
Adjusted Assessed Valuation:	\$ 9,551,702,529

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	Total Debt 6/30/14	% Applicable (1)	Town's Share of Debt (6/30/14)
Bay Area Rapid Transit District	\$ 648,275,000	1.866%	\$ 12,096,812
Contra Costa Community College District	343,945,000	6.697%	23,033,997
San Ramon Valley Unified School District	317,448,266	27.152%	86,193,553
East Bay Regional Park District	202,210,000	2.881%	5,825,670
Town of Danville 1915 Act Bonds	815,000	100%	815,000
<b>SUBTOTAL OVERLAPPING TAX AND ASSESSMENT DEBT</b>			<b>\$ 127,965,031</b>
 <u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>			
Contra Costa County General Fund Obligations	\$ 274,600,304	6.671%	\$ 18,318,586
Contra Costa County Pension Obligations	258,500,000	6.671%	17,244,535
Contra Costa County Community College District - COP	700,000	6.697%	46,879
San Ramon Valley Unified School District General Fund Obligations	21,410,000	27.152%	5,813,243
San Ramon Valley Fire Protection District - COP	12,100,000	27.299%	3,303,179
<b>Town of Danville Certificates of Participation (COP)</b>	<b>8,860,000</b>	<b>100%</b>	<b>8,860,000</b>
<b>SUBTOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>			<b>\$ 53,586,423</b>
Less: Contra Costa County obligations supported from revenue funds			(7,253,780)
<b>TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>			<b>\$ 46,332,643</b>
 OVERLAPPING TAX INCREMENT DEBT (Successor Agency)	 \$ 3,100,000	 100%	 \$ 3,100,000
 <b>TOTAL DIRECT DEBT</b>			 <b>8,860,000</b>
<b>TOTAL GROSS OVERLAPPING DEBT</b>			<b>\$ 175,791,455</b>
<b>TOTAL NET OVERLAPPING DEBT</b>			<b>168,537,675</b>
 <b>GRAND TOTAL DIRECT AND OVERLAPPING DEBT</b>			 <b>\$ 184,651,455 (2)</b>
<b>NET COMBINED TOTAL DEBT</b>			<b>\$ 177,397,675</b>

- (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 2013/14 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	1.30%
<b>Total Direct Debt (\$8,860,000)</b>	<b>0.09%</b>
Gross Combined Total Debt	1.88%
Net Combined Total Debt	1.81%

Ratios to Redevelopment Incremental Valuation (\$250,246,396):

<b>Total Overlapping Tax Increment Debt</b>	<b>1.20%</b>
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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 and obligations and capital lease obligations.

Source: California Municipal Statistics, Inc.

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

<b>Employer</b>	<b>2014</b>			<b>2005</b>	
	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total Taxable Assessed Value</b>	<b>Taxable Assessed Value</b>	<b>Percentage of Total Taxable Assessed Value</b>
Reg8 Tassajara Crossing, LLC	\$ 36,558,737	1	0.38%		
Costco Wholesale Corporation	23,215,641	2	0.24%		
Danville Livery & Mercantile	23,522,878	3	0.24%	\$ 37,120,786	0.53%
Rose Garden Associates Danville	20,250,000	4	0.21%		
Alamo Group Iron Horse, LLC	19,981,000	5	0.21%		
Danville Park RE LLC	17,679,967	6	0.18%		0.13%
KB Home South Bay, Inc.	15,874,472	7	0.16%		
Montair Associates, LLC	14,907,234	8	0.15%	11,762,835	0.17%
Rassier Props Danville Medical	14,077,755	9	0.14%		
Diablo Lodge, LLC	13,007,919	10	0.14%		
Regency Centers, LP				31,663,777	0.46%
Iron Horse Plaza, LLC				17,810,089	0.26%
Fostoria Associates, Ltd.				14,045,907	0.20%
Tan DFC LLC				12,492,156	0.18%
Danville-San Ramon Medical				12,386,919	0.18%
Green Valley Lodge Partners				11,266,259	0.16%
Danville Park Investors				9,173,764	0.13%
Crow Canyon Management				8,853,750	0.13%
<b>Totals</b>	<b>\$ 199,075,603</b>		<b>2.05%</b>	<b>\$ 166,576,242</b>	<b>2.53%</b>

Note:

The amounts shown above include assessed value data for both the City 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**

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	Fiscal Year				
	2005	2006	2007	2008	2009
Debt Limit	\$278,095,235	\$300,102,656	\$322,479,688	\$340,491,117	\$351,859,116
Total net debt applicable to limit	-	-	-	-	-
Legal debt margin	<u>\$278,095,235</u>	<u>\$300,102,656</u>	<u>\$322,479,688</u>	<u>\$340,491,117</u>	<u>\$351,859,116</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				
	2010	2011	2012	2013	2014
Debt Limit	\$349,357,579	\$341,994,482	\$341,158,411	\$ 343,524,020	\$343,524,020
Total net debt applicable to limit	-	-	-	-	-
Legal debt margin	<u>\$349,357,579</u>	<u>\$341,994,482</u>	<u>\$341,158,411</u>	<u>\$ 343,524,020</u>	<u>\$343,524,020</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 2014**

Assessed Value	\$ 9,160,640,545
Add back: exempt real property	172,442,279
Total assessed value	<u>\$ 9,333,082,824</u>
Debt Limit (3.75% of assessed value)	\$ 343,524,020
Total net debt applicable to limit	-
Legal Debt Margin	<u>\$ 343,524,020</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	Debt Service		Coverage <sup>2</sup>	Tax	Debt Service		Coverage
	Increment	Principal	Interest		Increment	Principal	Interest	
2005	\$ 1,263,834	\$ 170,000	\$ 282,535	2.79	\$ 314,481	\$ -	\$ 295,283	1.07
2006	1,405,743 <sup>1</sup>	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

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**

<b>Year</b>	<b>Population</b> <sup>1</sup>	<b>Median Household Income</b> <sup>2</sup>	<b>Persons per Household Unit</b> <sup>3</sup>	<b>Per Capita Income</b> <sup>2</sup>	<b>Personal Income (in thousands)</b>	<b>Public School Enrollment</b> <sup>4</sup>	<b>Unemployment Rate</b> <sup>5</sup>
2004	43,243	154,000	2.814	**	**	21,997	2.5%
2005	43,273	159,100	2.801	56,801	2,457,950	22,926	3.4%
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%

**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: SperlingViews; [www.bestplaces.net/economy/city/california/danville](http://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**

<b>Employer</b>	<b>2014</b>			<b>2013</b>		
	<b>Number of Employees <sup>1</sup></b>	<b>Rank</b>	<b>% of Top 10</b>	<b>Number of Employees <sup>1</sup></b>	<b>Rank</b>	<b>% of Top 10</b>
Costco	284	1	23.9%	275	1	22.8%
Keller Williams Realty	212	2	17.9%	189	2	15.7%
J. Rockcliff Realtors	134	3	11.3%	133	3	11.0%
Safeway, Inc.	117	4	9.9%	102	5	8.5%
Crow Canyon Management Corp	84	5	7.1%	110	4	9.1%
Danville Nursing & Rehabilitation Center	81	6	6.8%	74	9	6.1%
Lunardi's Market	73	7	6.1%	*	*	
Alain Pinel Realtors	71	8	6.0%	70	10	5.8%
People & Properties Sotheby's Int'l Realty	67	9	5.6%	80	7	6.6%
Marshalls	64	10	5.4%			
The Peasant and The Pear				95	6	8.0%
Diablo Lodge of Danville				76	8	6.3%
<b>Total Employees:</b>	<b>1,187</b>			<b>1,204</b>		

Note:

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

\*Not ranked in Top 10 Employers in 2011

\*\*Not ranked in Top 10 Employers in 2012

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

Function	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Legislative	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Administration	2.25	2.00	2.75	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Legal	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Police Services*	36.50	34.00	34.00	34.00	34.00	34.00	34.75	35.75	34.75	34.00
Development Services	22.50	22.50	23.25	25.00	25.00	26.75	25.25	25.25	24.25	25.50
Transportation Services	2.75	2.75	4.00	4.50	4.50	3.75	4.50	4.50	4.50	4.25
Community Services										
Maintenance	23.50	23.50	23.50	23.00	23.00	23.00	23.00	23.00	24.00	24.00
Parks and Recreation	14.25	14.25	14.75	15.25	15.25	15.25	15.25	15.50	15.50	15.25
Finance	6.00	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
Support Services	2.00	2.50	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Special Events	1.00	1.75	2.75	2.50	2.50	2.50	1.50	0.25	0.25	0.25
Human Resources	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Total	<u>114.75</u>	<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>

Source: Adopted Town Budgets

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

**Town of Danville**  
**Operating Indicators by Function**  
**Last Ten Fiscal Years**

Function	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Police: <sup>1</sup>										
Arrests	604	N/A	688	468	519	462	745	654	701	574
Traffic violations	3,930	N/A	4,186	4,604	4,923	4,623	4,563	2,109	4,220	6,001
Parking violations				3,980	2,129	1,897	1,700	1,398	2,009	2,373
Public works:										
Street resurfacing (miles)	11.13	4.23	14.30	9.4	15	9	5.72	9.7	24	18.7
Pot holes repaired	282	315	169	161	277	180	134	110	151	160
Parks and recreation:										
Course registration	16,193	17,664	16,607	19,899	20,609	20,238	18,352	17,396	20,101	22,191
Facility rentals	13,128	11,388	12,435	12,804	12,596	13,047	13,401	13,790	13,915	13,894
Picnic rentals	242	356	420	344	338	417	385	505	511	535

Note: <sup>1</sup> Police Statistics are reported end of calendar year

Source: Various Town departments

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

Function	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	13	16	16	15	15	15	16	16	14	12
Public works:										
Street (miles)	144.4	144.6	144.6	144.6	144.6	144.6	144.6	144.6	144.6	144.6
Street lights	3380	3207	3207	3207	3207	3207	3207	3449	1417	1417
Signalized intersections	48	50	51	51	51	51	51	51	51	51
Parks and recreation:										
Parks acreage	312.45	312.45	312.45	312.45	312.45	312.45	312.45	312.50	312.50	312.50
Parks	5	5	5	5	5	5	5	5	5	5
Swimming pools	0	0	0	0	0	0	0	0	0	0
Tennis courts	10	10	10	10	10	0	0	7	10	10
Community centers	1	1	2	3	3	3	3	3	3	3

Source: Various Town departments