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CITY OF NAPA CALIFORNIA COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2015

CITY OF NAPA, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Prepared by:

Finance Department, City of Napa
March, 2016



Government Finance Officers Association

Certificate of
Achievement
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Reporting

Presented to

**City of Napa
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

**CITY OF NAPA, CALIFORNIA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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SECTION 1

INTRODUCTORY SECTION



CITY OF
NAPA



March 31, 2016

To the Honorable Mayor, Members of the City Council and Citizens of the City of Napa:

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of Napa for the fiscal year ended June 30, 2015. This report is published in accordance with local ordinance and state law requirements that financial statements be presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

Management is responsible for the completeness and reliability of the information contained in this report, based on a comprehensive framework of internal control that has been established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The City of Napa's financial statements have been audited by Vavrinek, Trine, Day & Co. (VTD), LLP, Certified Public Accountants, a public accounting firm fully licensed and qualified to perform audits of State and local governments within the State of California. VTD has issued an unmodified opinion on the City of Napa's financial statements for the fiscal year ended June 30, 2015. The independent auditor's report is presented as the first component of the financial section of the audit.

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

Profile of the Government

The City of Napa was founded in 1847 and incorporated in 1872. The City is located in the northern part of California, about 50 miles north of San Francisco and is the largest city in Napa County. California State Highway 29 runs through Napa, connecting it to Vallejo and the East Bay Area to the south and the Napa Wine Country to the north. California State Highway 12 runs to the south of the City, connecting it to Fairfield and Interstate 80 to the east and Sonoma and US-101 to the west. The Napa River traverses the City on its journey to the San Pablo Bay. The City of Napa currently occupies 18.1 square miles, 17.8 square miles of which is land and 0.3 square miles of which (1.69%) is water. The City serves a population of approximately 80,000 residents and receives property taxes levied on real and personal property located within its boundaries.

The City of Napa operates under the Council-Manager form of government. Policy-making and legislative authority are vested in a City Council consisting of a Mayor and four Council members all elected at large. All four Council members are elected to four-year overlapping terms. The Mayor, who sits on the Council, is elected directly by the people and serves a term of four years. The City Council is responsible for, among other duties, passing ordinances, adopting the budget, appointing committees and hiring the City Manager, City Attorney and City Clerk. The City Manager serves as the administrative head of the City of Napa government and is responsible for carrying out the policies and ordinances of the City Council and all management functions of the City, including the budget, delivery of services, hiring all department directors and implementation of capital projects.

The City of Napa provides a wide range of municipal services including police and fire protection; recreational activities; community and economic development; street improvement and maintenance services; parks maintenance; water; materials diversion; general administrative and support services.

The biennial budget serves as the foundation of the City of Napa's financial planning and control. All departments of the City are required to submit requests for appropriations to the City Manager by April 1. The City Manager uses these requests as the starting point for developing a proposed 2-year budget. The City Manager then presents the proposed budget to the City Council for review prior to June 30. The City Council is required to hold public hearings on the proposed budget and to adopt a final budget by no later than June 30, the close of the City's fiscal year. Throughout each fiscal year (typically during its quarterly financial reports), the City Council reviews the budget and makes adjustments as needed.

The budget is prepared by fund and department. Department managers may make transfers of appropriations within a department, with the exception of personnel related budgets, which require City Manager approval. The level of budgetary control, the level at which expenditures cannot legally exceed the appropriated amount, is established at the department level. Expenditures above the appropriated amount require special approval by the City Council.

Local Economy

The City of Napa benefits from a diverse revenue base shared among Property taxes (30% of General Fund revenues), Sales Taxes (17% of General Fund revenues) and Transient Occupancy Taxes (17% of General Fund revenues). The City is a world renowned wine region, and has developed into a strong destination community.

In fiscal 2015, the City experienced a 6.0 earthquake at 3:20 a.m. on August 24, 2014. On August 26, 2014, the City Council adopted Resolution R2014-146 ratifying the local emergency proclamation issued by the City Manager, and providing for emergency powers, functions and duties of the City, including the use of emergency reserve funds to cover costs associated with the response and recovery efforts of staff immediately following the earthquake. Later that same day, the Governor of California declared a state of emergency for the South Napa Earthquake, and on September 11, 2014 a presidential declaration was made authorizing Public Assistance for local government structures and infrastructure damaged by the earthquake. Federal Emergency Management Agency (FEMA) provides supplemental assistance for State and local government recovery expenses, and the Federal share



is 75% of the eligible costs. The state share is 75% of the non-federal share, which equals 18.75%. The City of Napa's cost share is 6.25%.

Even considering the impact caused by the earthquake, which forced some hotel properties to take rooms off-line for a time to complete repairs, the City of Napa still experienced a slight growth in transient occupancy tax receipts. There are over 2,400 lodging rooms in the City, with over 200 more approved or in the entitlement process.

Retail sales increased approximately \$1.0 million or 6.5% over fiscal 2014 with the latest sales tax report ending December, 2015, showing the highest revenue received in a single-quarter since 2007. Restaurants and food sales continue to lead all categories, followed by department stores, auto sales and service stations, and slow but steady gains in building materials.

Another sign of fiscal strength is the rise in employment. The unemployment rate in the City of Napa dropped from 5.4% in July 2014 to 4.5% in December 2015.

In fiscal 2015, the total fund balances in the General Fund decreased by \$3.5 million, which included a transfer of \$3.3 million to the Capital Projects Reserve, and funding of some non-reimbursable earthquake activities.

Long-Term Financial Planning

The City updates a Long Term Financial Plan (LTFP) on an annual basis to provide a forward look at the City's General Fund operating revenues and expenditures. Its purpose is to identify financial trends, shortfalls, opportunities and issues so the City can proactively address them. It does so by projecting the future fiscal results of continuing the City's current service levels and policies. The LTFP lays the foundation for the budget, aiding both the City Manager and City Council in establishing priorities and allocating resources appropriately.

Acknowledgements

The preparation of this report would not have been possible without the hard work and dedication of the entire Finance Department staff, as well as many other departments' personnel who made substantial contributions to the completion of this report. We would also like to express our appreciation to the Mayor and City Council for their unfailing support for maintaining the highest standards of professionalism in the financial management of the City of Napa.



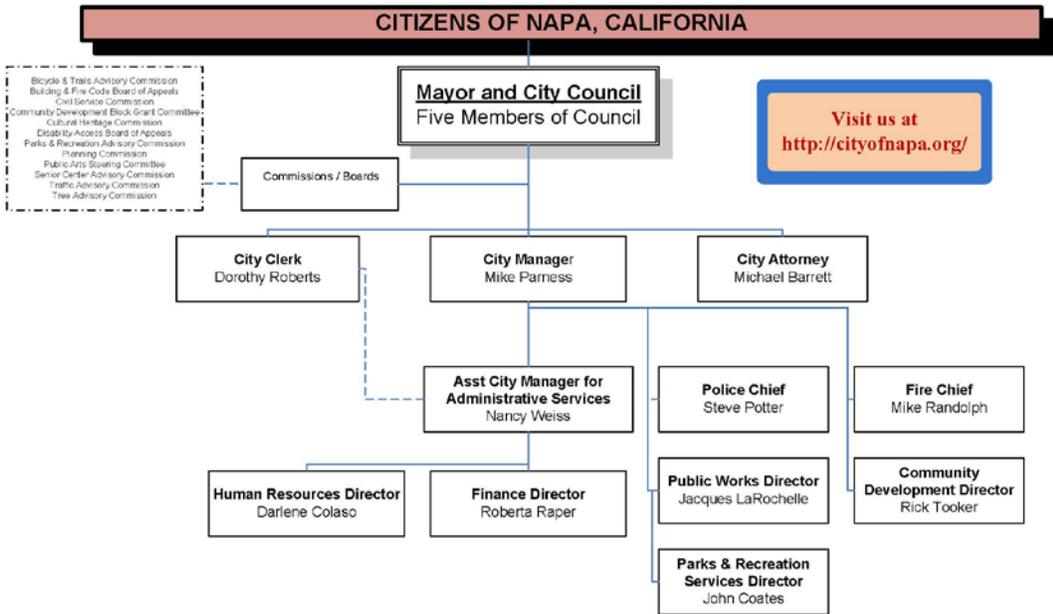
Mike Parness
City Manager



Roberta Raper
Finance Director

CITY OF NAPA

ORGANIZATIONAL CHART





COMPREHENSIVE ANNUAL FINANCIAL REPORT June 30, 2015

Mission Statement

“Preserve and promote the unique quality of life that is Napa”

CITY COUNCIL

Jill Techel, Mayor
Mary Luros, Vice-Mayor
Peter Mott, Council Member
Juliana Inman, Council Member
Scott Sedgley, Council Member

CITY STAFF

Mike Parness, City Manager
Nancy Weiss, Assistant City Manager
Michael Barrett, City Attorney
Roberta Raper, Finance Director
Dorothy Roberts, City Clerk
Darlene Colaso, Human Resources Director
Steve Potter, Police Chief
Mike Randolph, Fire Chief
Rick Tooker, Community Development Director
Jacques LaRochelle, Public Works Director
John Coates, Parks and Recreation Services Director

SECTION 2

FINANCIAL SECTION





VAVRINEK, TRINE, DAY
& COMPANY, LLP
Certified Public Accountants

VALUE THE DIFFERENCE

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council
of City of Napa
Napa, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Napa, California (City), as of and for the year ended June 30, 2015 and the related notes to the financial statements, which collectively comprise the City'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.

Auditors' 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 of 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 City'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 City'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, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Napa, California, as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, the Development Fee Special Revenue Fund and the Home Program Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*, effective July 1, 2014. Our opinions are not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules of net pension liability and related ratios, pension contributions, and other post employment benefits funding progress, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements. The introductory section, combining and individual non-major fund financial statements and schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual non-major fund financial statements and 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 non-major fund financial statements and schedules 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 March 31, 2016, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Vavrinek, Trine, Day & Co., LLP.

Pleasanton, California
March 31, 2016

CITY OF NAPA

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) UNAUDITED

INTRODUCTION

This narrative is presented to provide readers of this *Comprehensive Annual Financial Report* with an overview and analysis of the financial activities of the City of Napa for the fiscal year ended June 30, 2015.

OVERVIEW OF THE FINANCIAL STATEMENTS

This report is presented in the following sections:

- 1) This introductory commentary, *Management's Discussion and Analysis*
- 2) Financial Statements, including:
 - a. Government-wide financial statements
 - b. Fund financial statements
 - c. Notes to the Financial Statements
- 3) Supplemental Information
 - a. Non-major governmental funds
 - b. Internal service funds
 - c. Agency funds

The Financial Statements

The *Financial Statements* are comprised of the *Government-wide Financial Statements* and the *Fund Financial Statements*. These two sets of financial statements provide two different perspectives of the City's financial activities and financial position.

The *Government-wide Financial Statements* provide a long-term view of the City's activities as a whole. *The Statement of Net Position* provides information about financial position, including capital assets and long-term liabilities on the full accrual basis, similar to that used by commercial enterprises. *The Statement of Activities* provides information about the City's revenues and expenses, also on the full accrual basis, with the emphasis on measuring the net revenues or expenses of City programs. Information is presented both in total and separately for governmental activities, which are generally tax and grant supported and business-type activities which are typically supported by user fees.

The *Fund Financial Statements* report the City's operations in more detail than the government-wide statements. The City, like other state and local governments, uses fund accounting to ensure and demonstrate finance-related legal compliance. All of the funds of the City can be divided into three categories: *governmental funds*, *proprietary funds* and *fiduciary funds*:

- *Governmental funds* account for most of the City's basic services and focus primarily on short-term activities by measuring current revenues and expenditures and excluding capital assets and long-term obligations. The City maintains several individual governmental funds organized according to their type (special revenue and capital projects). Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General Fund, Development Fees Fund, Home Program, and City Capital Projects, which

are considered to be major funds. Data from the remaining non-major governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements beginning on page 76.

- *Proprietary funds* are generally used to account for services for which the City charges customers – either outside customers, or internal departments or programs of the City. Proprietary funds provide the same type of information as shown in the government-wide financial statements, only in more detail. The City maintains the following two types of proprietary funds:
 - *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for the water utility, materials diversion (solid waste & recycling) and housing activities. All of the proprietary funds are major funds.
 - *Internal service funds* are used to report activities that provide supplies and services for certain City programs and activities. The City uses internal service funds to account for fleet services, central stores inventory, information technology equipment maintenance and replacement, post-employment benefits for current and past employees, and insurance programs on a cost-reimbursement basis. Because these services predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements. The internal service funds are combined into a single, aggregated presentation in the proprietary funds financial statement. Individual fund data for the internal service funds is provided in the form of combining statements beginning on page 93.
- *Fiduciary funds* are used to report assets held in a trust or agency capacity for others. The City currently has two fiduciary funds; the Payroll fund to hold employee payroll deductions withheld and monies collected from retirees for their share of health insurance premiums, held in an agency capacity, and the Private Purpose Trust Fund used to account for resources held for the benefit of winding down the activities of the former Redevelopment Agency. These fiduciary funds cannot be used to support the City's programs and therefore is not reflected in the government-wide financial statements.

FINANCIAL HIGHLIGHTS

The City provides services to the citizens of Napa by leveraging property, sales, and other taxes with user fees and federal, state, and local grants to finance its operations. The City's sales and transient occupancy tax revenues increased in fiscal 2015 as tourism activity continued to strengthen.

The governmental activities total assets increased by \$7.1 million (to \$477.6 million), while business-type activities total assets decreased by \$2.2 million (to \$174.8 million). The increase in the government activities funds was due to increased cash and investment from a strong economy. The reduction of assets for business type activities was related to expenditures in support of planned capital activity by the enterprise funds, most notably the covered composting project currently in construction undertaken by the Materials Diversion (Recycling) Utility Fund. Additionally, the Water Utility operating revenues were impacted by state mandated water conservation measures. (\$2.3 million).

Deferred outflows of resources increased by \$11.4 million resulting from the City's implementation of GASB 68.

Overall, the City increased liabilities in fiscal 2015 by \$123.3 million (from \$73.8 million to \$197.1 million). Long-term liability, which includes the impact from the implementation of GASB Statement No. 68, realized a net impact of \$112.5 million of long term liability in Governmental activities and \$10.3 million in Business type activities.

Deferred inflows were also impacted by the implementation of GASB 68, increasing by \$17.8 million in Governmental activities and \$1.8 million in Business-type activities.

Overall, the City's net position decreased by \$126.6 million, with the largest impact resulting from GASB 68.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The total net position of the City as of June 30, 2014 and 2015 are summarized in Table 1 below and are followed by a discussion of the balances by category.

Table 1
Summary of Net Position

	Governmental Activities		Business-type Activities		Total	
	June 30, 2014	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014	June 30, 2015
Assets:						
Cash and investments	\$ 80,106,053	\$ 92,505,777	\$ 36,483,713	\$ 33,676,354	\$ 116,589,766	\$ 126,182,131
Receivables and other assets	24,546,117	26,124,088	18,256,323	17,704,473	42,802,440	43,828,561
Capital assets	365,825,882	359,002,016	122,232,012	123,430,711	488,057,894	482,432,727
Assets	470,478,052	477,631,881	176,972,048	174,811,538	647,450,100	652,443,419
Deferred Outflows of Resources						
Deferred outflows	-	10,329,300	-	1,030,670	-	11,359,970
Deferred Inflows	-	10,329,300	-	1,030,670	-	11,359,970
Liabilities:						
Long-term liabilities	6,442,053	118,918,453	49,199,458	59,485,872	55,641,511	178,404,325
Other liabilities	10,327,957	10,876,692	7,787,048	7,766,396	18,115,005	18,643,088
Liabilities	16,770,010	129,795,145	56,986,506	67,252,268	73,756,516	197,047,413
Deferred Inflows of Resources						
Deferred inflows	673,196	18,527,345	-	1,821,532	673,196	20,348,877
Deferred Inflows	673,196	18,527,345	-	1,821,532	673,196	20,348,877
Net position:						
Net investment in capital assets	365,825,882	357,559,249	72,262,131	75,160,311	438,088,013	432,719,560
Restricted	37,699,419	37,847,661	534,084	169,308	38,233,503	38,016,969
Unrestricted	49,509,545	(55,768,219)	47,189,327	31,438,789	96,698,872	(24,329,430)
Total net position	\$ 453,034,846	\$ 339,638,691	\$ 119,985,542	\$ 106,768,408	\$ 573,020,388	\$ 446,407,099

Cash and investments - The City's cash and investment portfolio increased by \$9.6 million to \$126.2 million during the year due to increased cash and investments in Governmental activities from a strong economy, most notably property taxes, sales taxes and other licenses and permits. The reduction in Business type activities cash is a net impact of decreased revenue from water conservation efforts and planned capital expenditures in support of the Materials Diversion (Recycling) efforts. The cash balance comprises \$71.8 million held in investments; \$48.1 million held in the Local Agency Investment Fund (LAIF), and the cash in banks or on hand totaled \$10.7 million.

Receivables and other assets - The City's receivables and other assets increased by \$1.0 million to \$43.8 million. Governmental Activities comprised \$1.5 million of the increase as work continues on earthquake repairs. The decrease in Business-type Activities of \$0.5 million is related to reduced Accounts receivables in the Solid Waste Enterprise Fund.

Capital assets - The City's capital assets decreased by \$5.6 million during the year to \$482.4 million. The decrease is primarily due to depreciation (\$18.1 million) offset by the addition of new capital activity, most notably the Covered Composting project (\$3.6 million); New Skate Park (\$0.9 million); California Blvd. Widening (\$0.8 million) and Laurel Manor Rehabilitation (\$0.6 million).

Deferred Outflow of Resources - The City's deferred outflow of resources (\$10.3 million in Governmental activities and \$1.0 million in Business-type activities) is the result of GASB 68 and the inclusion of the unfunded pension liability in the financial statement presentation.

Long-term liabilities - The long-term liabilities of \$178.4 million includes the Pension obligation as required by GASB 68, in addition to the City's revenue bonds issued for water, as well as other various smaller notes and leases. Finally, we continue the reduction of long-term debt in both governmental activities and business-type activities through the absence of new debt issues in the current year and timely payment on outstanding issues.

Other Liabilities - The City's other liabilities increased by \$0.5 million to total \$18.6 million. This increase is the net result of increases in the governmental funds in Accounts payable and accrued liabilities and deposits payable, offset by a reduction in advances to other funds.

Deferred Inflow of Resources - The City's deferred inflow of resources (\$18.5 million in Governmental activities and \$1.8 million in Business-type activities) is also significantly related to GASB 68 and the inclusion of the unfunded pension liability in the financial statement presentation.

Net position - The City's total net position decreased by \$126.6 million during the fiscal year to \$446.4 million. The Governmental Activities net position balance of \$339.6 million includes \$357.7 million of net investment in capital assets, \$37.8 million restricted funds available for capital projects and other programs, and a remaining deficit balance of \$55.8 million available for future needs. This deficit was caused by the inclusion of the pension liability of \$122 million, per GASB 68. The City's Business-type Activities reported a net position of \$106.8 million, which includes \$75.2 million of net investment in capital assets, \$0.5 million in restricted housing programs, and \$31.1 million available for future needs including capital projects.

Government-wide Activities

The changes in the City's government-wide net position as of June 30, 2015 result from its activities during the fiscal year. The City's government-wide activities for the current and prior fiscal years are summarized in Table 2 below.

Table 2
Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	June 30, 2014	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014	June 30, 2015
Revenues:						
Program revenues:						
Charges for services	\$ 23,791,121	\$ 24,341,937	\$ 53,742,909	\$ 50,609,891	\$ 77,534,030	\$ 74,951,828
Operating grants and contributions	2,329,284	1,948,170	10,542,922	11,539,293	12,872,206	13,487,463
Capital grants and contributions	12,765,052	2,292,958	728,950	2,449,830	13,494,002	4,742,788
General revenues:						
Property, sales, and other taxes	59,609,220	61,948,101			59,609,220	61,948,101
Other	530,723	686,013	364,248	172,283	894,971	858,296
Total revenues	99,025,401	91,217,178	65,379,029	64,771,297	164,404,430	155,988,475
Expenses:						
Governmental activities:						
General government	10,614,404	21,312,351			10,614,404	21,312,351
Public safety	36,763,956	38,299,417			36,763,956	38,299,417
Public works	27,222,869	17,369,631			27,222,869	17,369,631
Park and recreation	7,269,371	7,598,281			7,269,371	7,598,281
Community Development	6,246,380	7,969,662			6,246,380	7,969,662
Business-type activities:						
Water			23,800,760	25,698,750	23,800,760	25,698,750
Garbage			21,077,686	22,562,943	21,077,686	22,562,943
Golf course						
Housing			12,168,969	12,570,664	12,168,969	12,570,664
Total expenses	88,116,980	92,549,342	57,047,415	60,832,357	145,164,395	153,381,699
Excess before extraordinary items and transfers	10,908,421	(1,332,163)	8,331,614	3,938,940	19,240,035	2,606,777
Extraordinary/ Special Items	3,415,090	2,173,091			3,415,090	2,173,091
Transfers	4,298,895	4,303,764	(4,298,895)	(4,303,764)		
Changes in net position	18,622,406	5,144,691	4,032,719	(364,824)	22,655,125	4,779,868
Net Position - Beginning as restated (see Note 19)	434,412,440	334,494,000	115,952,823	107,133,232	550,365,263	441,627,232
Net Position - Ending	\$ 453,034,846	\$ 339,638,691	\$ 119,985,542	\$ 106,768,408	\$ 573,020,388	\$ 446,407,099

The City's net position (governmental activities) decreased to \$339.6 million during the year, as measured on the accrual basis of accounting. Overall, revenues decreased 9.2% (\$8.4 million), with \$7.8 million of the reduction in

Governmental activities (most notably capital grants), and \$0.6 million in the Business-type activities (most notably charges for services). Charges for Services decreased by 3.1 million in total, with \$2.3 million related to reduced water sales from the state mandated water conservation efforts. Operating and Capital grants and contributions were down from fiscal 2014, which is a function of capital project activity funded by grants. General revenues (Property, sales and other taxes) and other revenues increased by \$2.5 million as evidence of a strong economy in the Napa Valley. Business type activities experienced a reduction of \$3.1 million, primarily due to the water conservation mandate issued throughout the state of California. Operating grants increased by \$1.0 million while capital grants increased by \$1.7 million. The capital grants were provided by FEMA and CalOES to help support repairs to the water system caused by the August 2014 South Napa earthquake.

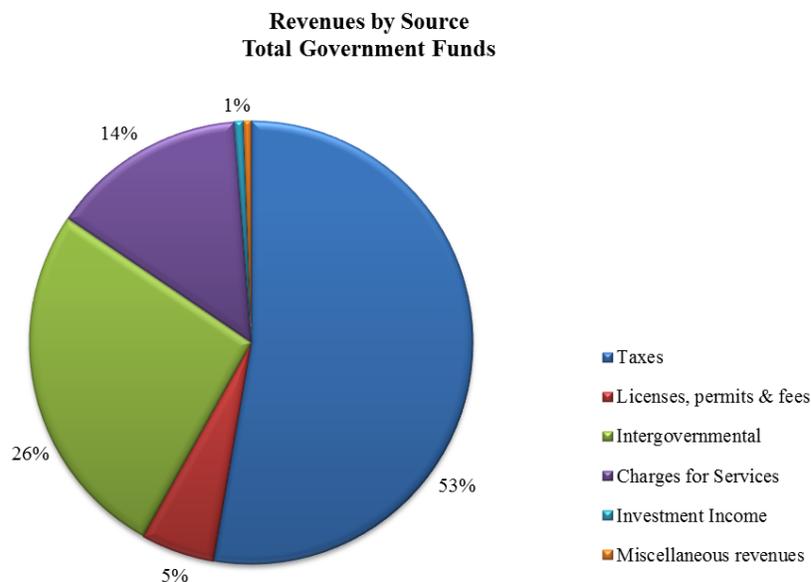
City expenses increased by \$8.2 million overall, with Governmental activities expenses accounting for \$4.4 million of the increase. The earthquake recovery is responsible for a significant portion of this expenditure – approximately \$4 million. The Water Utility fund was also significantly impacted by the earthquake, and the increased expenditures of \$1.9 million in the water fund are reflective of those repairs. As previously noted, a portion of the repairs made to City owned buildings and infrastructure will be reimbursed by FEMA and CalOES. Please note the adjustment of the beginning net position of the Governmental Activities - and Business-type activities – resulting from the implementation of GASB 68. *See Note 19 for further discussion of these adjustments.*

FINANCIAL ANALYSIS OF THE CITY’S FUNDS

In addition to the accrual-basis government-wide statements described above, the City also maintains financial records at the fund level for budgetary control. Individual funds are generally established to track the resources and operating results for the general fund and specific, restricted programs. The results for governmental funds below differ from the results reported above in the government-wide statements since the focus here is on current, available resources. The following are financial highlights from the City’s most significant funds:

Governmental Funds

General Fund - The City’s General Fund initially budgeted revenues at \$68.2 million, adjusted to \$75.7 million, due to strong tax receipts and intergovernmental revenues. The City of Napa realized \$76.4 million (101% of budget), an increase of \$5.2 million (approximately 7%) from the previous year. This increase is attributed to a strong economy, as additional revenues were received, most notably in property tax, sales tax, licenses and permits and charges for services categories.



General Fund expenditures were originally budgeted at \$68.4 million, increasing to \$77.9 million (excluding transfers) through council approved resolutions. The most significant adjustment was related to a \$4 million adjustment to the General Services budget to provide for earthquake response and repairs. The city spent \$72.0 million (93% of budget). Fiscal 2015 expenditures increased over the prior year by \$7.4 million (approximately 11

percent). The General Services (non-departmental) department contains the earthquake recovery budget and efforts – which accounts for \$4.3 million of the increased expenditure. Additionally, Public safety increased by 4.7% (\$1.7 million) due to fewer officer vacancies when compared to fiscal 2014, while the remaining departmental increases; Public Works (\$0.7 million), Finance (\$0.5 million), Parks & Recreation (\$0.4 million), and Community Development (\$0.3 million), reflect a significant effort in fiscal 2015 to conduct studies (e.g. development impact fee studies, parking master plan, etc.) that had been delayed due to the recession.

**Total Revenues & Expenditures
Government Funds
(in millions)**



	General Fund	Development Fees Fund	Home Program Fund	City Capital Projects Fund	Other Governmental Funds
■ Revenues (in million \$)	\$76.34	\$2.50	\$1.18	\$1.16	\$6.96
■ Expenditures (in million \$)	\$72.00	\$0.43	\$0.76	\$5.55	\$8.19

Development Fees Fund - The sources of revenue for this fund are the various development impact fees collected from developers which are used for the installation or expansion of related infrastructure and affordable housing. Fiscal 2015 revenues were \$2.5 million, approximately 14% under the budget. Due to the unpredictable nature of development fees, fiscal 2015 revenues reflected an increase of \$0.4 million from the prior year due to increased new development activity over the prior year. Development Fees fund expenditures, budgeted at \$0.47 million, came in behind projections at \$0.43 million. The delayed expenditures will occur in a future fiscal year as the various projects move through to completion. The internal transfer out to capital projects was also under budget, (\$6.9 million budget, \$1.7 million actual) due to delayed expenditures of ongoing capital improvement projects.

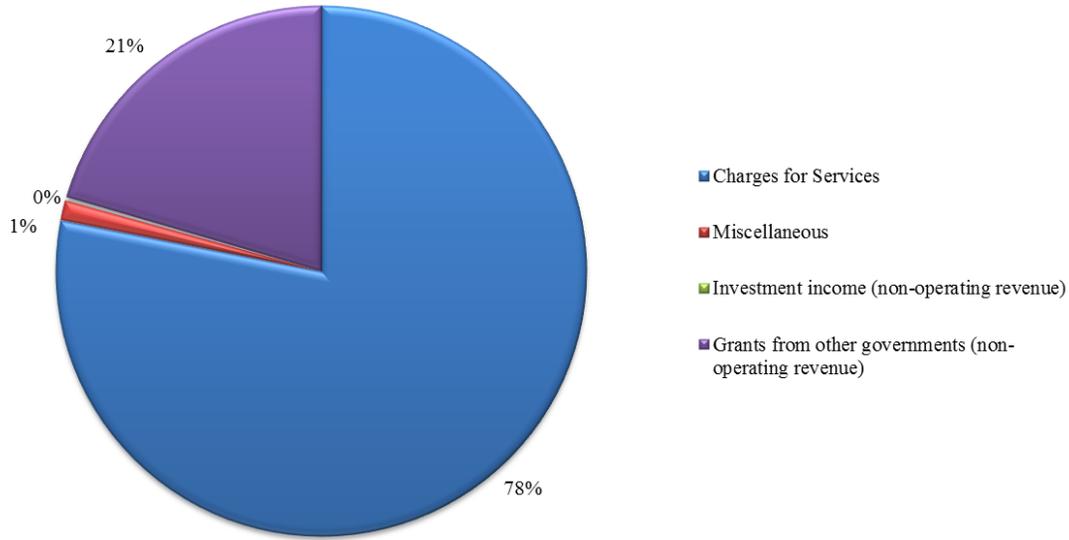
HOME Fund – This fund accounts for Federal grants received under the HOME Investment Partnership Program that is administered by the State of California and program income received from the repayment of previous loans. These funds are used to provide down payment assistance to low-income first-time homebuyers.

City Capital Projects Fund - The City’s capital program saw a decline in expenditures of nearly 55% due to the cyclical construction activity of capital projects. In total, \$5.6 million in capital outlay was expended during fiscal 2015. In addition to the revenues received (capital grants), transfers of \$13.2 million from the various special revenue funds and general fund provided funding for the capital activity. All resources in this fund are restricted or committed for specific capital improvement programs.

Enterprise Funds

Water Utility Fund – This fund is a fully self-supported enterprise providing water service to the City and adjacent areas. Charges for water and connection fees have consistently been set appropriately to cover both operating and planned maintenance, replacement and expansion costs. The fund issued bonds in 2007 to expand the Jamieson Canyon Treatment Facility. Construction began in 2008, and was completed in fiscal 2011. Net position (unrestricted) includes reserves for capital replacement (\$0.4 million) and water supply (\$1.2 million) as well as an emergency reserve for the water utility (\$1.1 million). Unrestricted net position of the fund decreased by \$10.2 million over fiscal 2014 due to implementation of GASB 68 and reduced water sales due to the state-wide conservation mandate.

**Revenues by Source
Enterprise Funds**



Materials Diversion Fund - The materials diversion fund is also a fully self-supported enterprise which provides for local solid waste operations and operation of the materials diversion facility. Of the fund's \$22.6 million in operating expenses, \$2.7 million was for tipping fees. Net position (unrestricted) includes reserves for rate stabilization (\$1.4 million) and operating reserve of \$3.3 million. Total net position of this fund decreased \$2.0 million over fiscal 2014 due to implementation of GASB 68.

Housing (Enterprise) Fund - The Housing Authority administers Federal funds including Section 8 Housing Vouchers, Mainstream Vouchers, and Continuum of Care funds within Napa. The Housing fund net position was stable in fiscal 2015.

**Total Revenue & Expenses
Enterprise Funds
(in millions)**



CAPITAL ASSETS

As of June 30, 2015, the City had invested \$482.4 million in capital assets, net of accumulated depreciation; a decrease of 1.2% from the prior year. The \$6.8 million decrease in governmental activities capital assets is the net result of ongoing projects offset by \$13.4 million in depreciation. Additionally, construction in progress decreased in fiscal 2015, from an effort to close projects out to their appropriate asset group. Business-type activities realized an increase of \$1.2 million total which is the net impact of continuing work on approximately 19 construction projects; offset by \$4.7 million in depreciation. A summary of the City's capital assets net of depreciation at June 30, 2014 and 2015 is presented in Table 3. Additional information on Capital Assets can be found in Note 7.

Table 3
Capital Assets, net of accumulated depreciation

	Governmental Activities		Business-type Activities		Total	
	June 30, 2014	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014	June 30, 2015
Capital assets not subject to depreciation:						
Land	\$ 25,121,713	\$ 25,121,713	\$ 5,283,681	\$ 5,283,681	\$ 30,405,394	\$ 30,405,394
Construction in progress	116,890,669	97,976,876	8,411,384	8,534,192	125,302,053	106,511,068
Other capital assets:						
Building and improvements	10,514,837	14,400,395	60,618,863	58,264,074	71,133,701	72,664,469
Equipment	519,863	4,823,500	2,308,157	2,154,000	2,828,019	6,977,500
Vehicles and rentals	6,878,145	6,541,223			6,878,145	6,541,223
Infrastructure:						
Transmission and distribution systems			45,609,929	49,194,764	45,609,929	49,194,764
Bridges	17,936,353	17,562,131			17,936,353	17,562,131
Roads	170,374,176	169,317,770			170,374,176	169,317,770
Curb/gutter/sidewalks	6,967,339	9,093,767			6,967,339	9,093,767
Traffic signals	3,290,786	4,274,087			3,290,786	4,274,087
Stormwater	3,738,855	3,765,246			3,738,855	3,765,246
Park improvements	2,282,485	4,882,056			2,282,485	4,882,056
Underground utilities	53,672	52,053			53,672	52,053
Street Lights	1,165,191	1,129,999			1,165,191	1,129,999
Water Rights	91,800	61,200			91,800	61,200
Total Capital Assets, net	<u>\$ 365,825,884</u>	<u>\$ 359,002,016</u>	<u>\$ 122,232,014</u>	<u>\$ 123,430,711</u>	<u>\$ 488,057,898</u>	<u>\$ 482,432,727</u>

DEBT ADMINISTRATION

The City uses a variety of indebtedness to finance various capital acquisitions and improvements. At June 30, 2015, the City's long-term debt outstanding was \$50.2 million. In fiscal 2015, the City fully paid the capital lease obligation, as well as entering into a loan arrangement with the California Energy Commission for the retrofitting of city street lights with energy efficient LED lights.

The following table provides a schedule of the City's long-term debt obligations at June 30, 2014 and 2015.

Table 4
Long Term Debt

	Governmental Activities		Business-type Activities		Total	
	June 30, 2014	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014	June 30, 2015
Water revenue bonds			\$ 44,460,957	\$ 43,140,673	\$ 44,460,957	\$ 43,140,673
Solid Waste revenue bonds						
Notes payable		\$ 1,442,767	6,043,008	5,599,244	6,043,008	7,042,011
Capital lease obligations	\$ 44,112				44,112	
Total Long Term Debt	<u>\$ 44,112</u>	<u>\$ 1,442,767</u>	<u>\$ 50,503,965</u>	<u>\$ 48,739,917</u>	<u>\$ 50,548,077</u>	<u>\$ 50,182,684</u>

Additional information on Long Term Debt can be found in Note 8.

ECONOMIC OUTLOOK

The City of Napa was founded in 1847. For the past 30 to 40 years, the City of Napa has been in transition. The City that was once known for its tanneries, prune processing and State hospital is now more known for its hospitality, fine food, and luxury hotels. While yesterday's jobs came largely in heavy industrial pursuits at Kaiser Steel, Basalt Rock, Napa Pipe and Mare Island Shipyard, today's workforce is mostly white collar and the economy is increasingly based on tourism. The City of Napa has a population of just over 80,000 and accounts for 54 percent of the population and jobs within Napa County. The median household income within the City of Napa is \$74,123 (U.S. Census Bureau). During fiscal 2015, the City experienced continued growth in all of its top three revenue sources: property tax, sales tax, and transient occupancy taxes.

Although Napa's top three revenue sources (property tax, sales tax, transient occupancy tax) have fully recovered from the economic downturn, we must continue to be cautious as both national and global markets continue to be erratic. In fiscal 2015, the City of Napa continued its "strategic recovery" of services and will continue to explore alternatives for cost and operational efficiencies. Numerous cost saving measures have been implemented including employee concessions to help offset the impact of continued increases in healthcare and retirement costs for the City's workforce. The economic outlook for the City of Napa is positive and will be closely monitored to ensure that the City retains its position of fiscal stability.

CONTACTING THE CITY

These *Basic Financial Statements* are intended to provide citizens, taxpayers, investors, and creditors with a general overview of the City's finances. Questions about this report should be directed to the Finance Department at 955 School Street, Napa, California. The mailing address is Post Office Box 660, Napa, California, 94559-0660.



GOVERNMENT WIDE FINANCIAL STATEMENTS

CITY OF NAPA
STATEMENT OF NET POSITION
JUNE 30, 2015

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments (Note 3)	92,505,777	\$ 33,037,529	\$ 125,543,306
Restricted cash and investments (Note 3)		638,825	638,825
Receivables			
Accounts	8,398,405	6,622,338	15,020,743
Federal, state and other governments	2,947,517	704,691	3,652,208
Interest receivable	5,523	2,343	7,866
Service Concession Arrangement (Note 20)	657,946		657,946
Loans receivable (Note 5)	13,595,636	10,221,173	23,816,809
Prepaid items	253,110	153,928	407,038
Inventory	265,951		265,951
Capital assets (Note 7)			
Nondepreciable	123,098,589	13,817,873	136,916,462
Depreciable, net	235,903,427	109,612,838	345,516,265
Total Assets	<u>477,631,881</u>	<u>174,811,538</u>	<u>652,443,419</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	10,329,300	1,030,670	11,359,970
Total Deferred Outflows of Resources	<u>10,329,300</u>	<u>1,030,670</u>	<u>11,359,970</u>
LIABILITIES			
Accounts payable and accrued liabilities	5,700,885	4,777,131	10,478,016
Interest payable		371,602	371,602
Deposits payable			
Due within one year	2,244,091	575,023	2,819,114
Due in more than one year		85,747	85,747
Unearned revenue	505,666	147,834	653,500
Net OPEB obligation, due in more than one year (Note 12)	1,121,324		1,121,324
Net pension liability (Note 11)	109,987,808	12,059,545	122,047,353
Compensated absences (Note 1)			
Due within one year	40,205	141,258	181,463
Due in more than one year	2,690,399	354,211	3,044,610
Claims payable (Note 13)			
Due within one year	2,278,400		2,278,400
Due in more than one year	3,783,600		3,783,600
Long-term debt (Note 8)			
Due within one year	107,445	1,753,548	1,860,993
Due in more than one year	1,335,322	46,986,369	48,321,691
Total Liabilities	<u>129,795,145</u>	<u>67,252,268</u>	<u>197,047,413</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	17,869,399	1,821,532	19,690,931
Deferred inflows related to Service Concession	657,946		657,946
Total Deferred Inflows of Resources	<u>18,527,345</u>	<u>1,821,532</u>	<u>20,348,877</u>
NET POSITION (Note 10)			
Net investment in capital assets	357,559,249	75,160,311	432,719,560
Restricted for:			
Capital projects	33,393,166		33,393,166
Housing grant programs	4,454,495	169,308	4,623,803
Unrestricted	(55,768,219)	31,438,789	(24,329,430)
Total Net Position	<u>\$ 339,638,691</u>	<u>\$ 106,768,408</u>	<u>\$ 446,407,099</u>

See accompanying notes to financial statements

CITY OF NAPA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
General government	\$ 21,312,351	\$ 6,300,349	\$ 107,904	\$ 718,558	\$ (14,185,540)		\$ (14,185,540)
Public safety	38,299,417	5,155,374	872,121		(32,271,922)		(32,271,922)
Public works	17,369,631	5,041,521	1,891	1,135,061	(11,191,158)		(11,191,158)
Parks and recreation	7,598,281	2,669,837			(4,928,443)		(4,928,443)
Community development	7,969,662	5,174,856	966,253	439,339	(1,389,214)		(1,389,214)
Total Governmental Activities	92,549,342	24,341,937	1,948,170	2,292,958	(63,966,277)		(63,966,277)
Business-type Activities:							
Water Utility	25,698,750	24,945,963		2,449,830		\$ 1,697,043	1,697,043
Materials Diversion	22,562,943	24,248,868	32,694			1,718,619	1,718,619
Housing	12,570,664	1,415,060	11,506,599			350,995	350,995
Total Business-type Activities	60,832,357	50,609,891	11,539,293	2,449,830		3,766,657	3,766,657
Total	\$ 153,381,699	\$74,951,828	\$ 13,487,463	\$ 4,742,788	(63,966,277)	3,766,657	(60,199,620)
General revenues:							
Taxes							
Property					27,914,681		27,914,681
Franchises					1,980,893		1,980,893
Sales taxes					16,183,811		16,183,811
Transient occupancy					15,868,715		15,868,715
Investment earnings					686,013	172,283	858,296
Extraordinary Items							
Transfer from Successor Agency for Capital Projects (Note 17)					2,173,091		2,173,091
Transfers (Note 4)					4,303,764	(4,303,764)	(0)
Total general revenues, special items, extraordinary items, and transfers					69,110,968	(4,131,481)	64,979,488
Change in Net Position					5,144,691	(364,824)	4,779,868
Net Position-Beginning, as restated (Note 19)					334,494,000	107,133,232	441,627,232
Net Position-Ending					\$ 339,638,691	\$106,768,408	\$ 446,407,099

See accompanying notes to financial statements



GOVERNMENTAL FUNDS FINANCIAL STATEMENTS

FUND FINANCIAL STATEMENTS

In the Fund Financial Statements only individual major funds are presented, while non-major funds are combined in a single column. Major funds are defined generally as having significant activities or balances in the current year.

The funds described below were determined to be Major Funds by the City for fiscal 2015. Individual non-major funds may be found in the Supplemental section.

GENERAL FUND

The General Fund is the general operating fund of the City. It is used to account for all financial resources except those that are required to be accounted for in another fund. The general fund is always a major fund.

DEVELOPMENT FEES SPECIAL REVENUE FUND

The Development Fees Special Revenue Fund accounts for development fees levied by the City on new construction. State Law and City ordinance restricts these revenues for use in construction, major maintenance, and debt service for park, street, drainage, and public safety facilities.

HOME PROGRAM

The City has been awarded grants under the State of California Federal Home Investment Partnership Program (HOME) for administration of the following activities: ownership rehabilitation, rental rehabilitation augmenting the Community Development Block Grant Rehabilitation Program, a silent second down payment assistance program; and a rental assistance program.

CITY CAPITAL PROJECTS FUND

The City Capital Projects Fund accounts for the City's current construction projects, including streets, park and recreation facilities, and other major City projects. The primary sources of funds include City-levied development fees, the state gas tax, and federal and state grants.

CITY OF NAPA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

	General	Development Fees	Home Program	City Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments (Note 3)	\$ 18,672,309	\$ 18,816,927	\$ 610,053	\$ 23,340,457	\$ 18,268,369	\$ 79,708,115
Receivables, net:						
Accounts	6,851,050	3,499		60	327,836	7,182,445
Federal, state and other governments	945,312			1,196,415	69,019	2,210,746
Interest receivable	1,537	1,483	48		1,445	4,513
Loans receivable (Note 5)	1,200,000		7,048,868		5,346,768	13,595,636
Due from other funds (Note 4)	697,871					697,871
Prepaid items	38,377					38,377
Inventory	1,699					1,699
Advances from other funds (Note 4)	482,850	183,600		675,000		1,341,450
Total Assets	\$ 28,891,005	\$ 19,005,509	\$ 7,658,969	\$ 25,211,932	\$ 24,013,437	\$ 104,780,852
LIABILITIES						
Accounts payable and accrued liabilities	\$ 4,012,116		\$ 1,954	\$ 918,160	\$ 501,994	\$ 5,434,224
Vacation and sick leave accrual (Note 1)	14,973					14,973
Deposits payable	1,821,349	\$ 358,013			64,729	2,244,091
Current portion of Long Term Debt (Note 8)	107,445					107,445
Due to other funds (Note 4)					374,282	374,282
Unearned revenue	491,416				14,250	505,666
Advances to other funds (Note 4)					1,341,450	1,341,450
Total Liabilities	6,447,299	358,013	1,954	918,160	2,296,705	10,022,131
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - loans	1,200,000		7,048,869		5,353,407	13,602,276
Unavailable revenue - capital grants				103,878		103,878
Total Deferred Inflows of Resources	1,200,000		7,048,869	103,878	5,353,407	13,706,154
FUND BALANCES (Note 10)						
Nonspendable	522,926	183,600		675,000		1,381,526
Restricted	28,328	18,463,896	608,146	270,173	6,543,002	25,913,546
Committed	500,000			23,244,723	8,229,261	31,973,983
Assigned	13,968,154				3,312,830	17,280,984
Unassigned	6,224,297				(1,721,768)	4,502,530
Total Fund Balances	21,243,706	18,647,496	608,146	24,189,895	16,363,325	81,052,569
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 28,891,005	\$ 19,005,509	\$ 7,658,969	\$ 25,211,932	\$ 24,013,437	\$ 104,780,852

See accompanying notes to financial statements

CITY OF NAPA
Reconciliation of the
GOVERNMENTAL FUNDS -- BALANCE SHEET
to the
GOVERNMENT WIDE STATEMENT OF NET POSITION
JUNE 30, 2015

Fund balances, as reported on the Governmental Funds Balance Sheet		\$ 81,052,569
<p>Amounts reported for Governmental Activities on the Statement of Net Position are different from those reported on the Governmental Funds Balance sheet because of the following:</p>		
Capital assets:		
Capital assets used in Governmental Activities are not current assets or financial resources and therefore are not reported in the Governmental Funds.		352,223,059
Non-current revenues:		
Revenues which are unavailable on the Governmental Fund Balance Sheets because they are not currently available are recognized as revenue on the Statement of Activities.		
Loans and Grants	13,770,516	
Golf Service Concession Agreement	<u>657,946</u>	
		14,428,462
Deferred Outflows		
Deferred outflows related to pensions are only reported in the Statement of Net Position		
Deferred outflows related to pensions		10,160,367
Internal Service Fund net position:		
Internal service funds are not governmental funds. However, they are used by management to charge the costs of certain centralized activities, such as insurance, stores, and vehicle maintenance to individual governmental funds. The net position of the Internal Service Funds are therefore included as Governmental Activities on the Statement of Net Position.		12,021,031
Long-term liabilities:		
The liabilities below are not due and payable in the current period and therefore are not reported on the Governmental Funds Balance Sheet:		
Compensated absences	(2,671,519)	
Net Pension Obligation	(108,011,172)	
Notes payable	<u>(1,335,322)</u>	
		(112,018,013)
Deferred inflows of resources:		
Deferred revenue related to Golf Service Concession Arrangement	(657,946)	
Deferred revenue related to employee services	<u>(17,570,838)</u>	
		<u>(18,228,784)</u>
Net position of Governmental Activities, as reported on the Statement of Net Position		<u>\$339,638,691</u>

See accompanying notes to financial statements

CITY OF NAPA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2015

	General	Development Fees	Home Program	City Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	\$ 46,222,146				\$ 638,786	\$ 46,860,932
Licenses, permits and fees	4,765,649					4,765,649
Intergovernmental	18,850,617		\$ 324,509	\$ 1,047,684	3,121,393	23,344,203
Charges for services	6,157,592	\$ 1,993,605	854,061	9,859	3,014,469	12,029,586
Investment income	272,576	188,087	5,192		166,258	632,113
Miscellaneous revenues	67,116	315,991		100,000	20,400	503,507
Total Revenues	76,335,696	2,497,683	1,183,762	1,157,543	6,961,306	88,135,990
EXPENDITURES						
Current:						
General government						
City Council	306,517					306,517
City Clerk	828,703					828,703
City Manager	1,173,936					1,173,936
Finance	5,203,204					5,203,204
City Attorney	867,304					867,304
Human Resources	1,034,066					1,034,066
General Services	6,212,732	47,364				6,260,096
Public safety						
Police	23,090,475				650,131	23,740,606
Fire	14,559,791	541				14,560,332
Public works	7,590,141	6,607			78,131	7,674,879
Parks and recreation	7,272,716	3,776			288,294	7,564,786
Community development	3,689,386	58,448	757,432		3,470,734	7,976,000
Capital outlay	67,255			5,546,106	3,654,025	9,267,386
Debt service:						
Principal	107,445	315,991			50,000	473,436
Interest and fiscal charges					3,000	3,000
Total Expenditures	72,003,671	432,727	757,432	5,546,106	8,194,315	86,934,251
Excess (Deficiency) of Revenues over (under) Expenditures	4,332,025	2,064,956	426,330	(4,388,563)	(1,233,009)	1,201,739
OTHER FINANCING SOURCES (USES)						
Transfers in (Note 4)	3,355,451			13,227,016	4,654,526	21,236,993
Transfers out (Note 4)	(11,132,225)	(1,689,112)	(2,413)		(3,339,642)	(16,163,392)
Proceeds from the sale of capital assets	301			547,408	224,246	771,955
Total Other Financing Sources (Uses)	(7,776,473)	(1,689,112)	(2,413)	13,774,424	1,539,130	5,845,556
EXTRAORDINARY ITEMS (Note 17)						
Assets / Liabilities transferred to City by by Successor Agency				2,173,091		2,173,091
Net Change in Fund Balances	(3,444,448)	375,844	423,917	11,558,952	306,121	9,220,386
Beginning Fund Balances	24,688,154	18,271,654	184,228	12,630,943	16,057,204	71,832,183
Ending Fund Balances	\$ 21,243,706	\$ 18,647,496	\$ 608,146	\$ 24,189,895	\$ 16,363,325	\$ 81,052,569

See accompanying notes to financial statements

CITY OF NAPA
Reconciliation of the
GOVERNMENTAL FUNDS STATEMENT
OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
to the
GOVERNMENT WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

Net change in fund balances, as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance	\$ 9,220,386
<p>Amounts reported for Governmental Activities on the Statement of Activities are different from those reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance because of the following:</p>	
<p>Capital asset transactions:</p>	
Governmental Funds report capital outlays as expenditures. However, on the Statement of Activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.	
Capitalized expenditures are added back to net position	5,739,598
Depreciation expense is deducted from net position (Depreciation expense is net of internal service fund depreciation of \$1,118,196 which has already been allocated to service funds)	(12,237,497)
	(6,497,899)
<p>Accrual of non-current revenues and expenditures:</p>	
The amounts below included in the Statement of Activities do not provide or (require) the use of current financial resources and therefore are not reported as revenue or expenditures in governmental funds (net change)	
Unavailable revenue	1,016,528
Change in pension expense (actuarially determined)	1,011,668
Vacation and sick leave payable	(168,581)
	1,859,615
<p>Special Items</p>	
The amounts below included in the Statement of Activities do not provide or (require) the use of long term special items and therefore are not reported as revenue or expenditures in governmental funds (net change)	
Long-Term portion of California Energy Commission Loan	(1,335,322)
<p>Internal service fund activities:</p>	
Internal Service Funds are used by management to allocate the costs of certain centralized activities, such as self-insurance, central stores, and vehicle maintenance, to individual funds and programs. Because these funds serve mostly governmental activities, their net revenue (expense) is reported with governmental activities on the Statement of Activities.	
	1,897,911
Change in Net Position of Governmental Activities, as reported on the Statement of Activities	\$ 5,144,691

See accompanying notes to financial statements

CITY OF NAPA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final Budget		
Beginning Fund Balance			\$ 24,688,154	
Revenues:				
Taxes	\$ 42,527,004	\$ 45,833,000	46,222,146	\$ 389,146
Licenses, permits and fees	4,291,000	4,391,000	4,765,649	374,649
Intergovernmental	16,119,903	19,677,844	18,850,617	(827,227)
Charges for services	5,046,125	5,575,147	6,157,592	582,445
Investment income	190,000	172,500	272,576	100,076
Miscellaneous revenues	1,000	1,750	67,116	65,366
Total Revenues	<u>68,175,032</u>	<u>75,651,241</u>	<u>76,335,696</u>	<u>684,455</u>
Expenditures:				
Current:				
General government				
City Council	327,384	337,863	306,517	31,346
City Clerk	795,431	920,615	828,703	91,912
City Manager	1,184,375	1,315,952	1,173,936	142,016
Finance	5,327,753	5,640,435	5,203,204	437,231
City Attorney	977,629	1,062,634	867,304	195,330
Human Resources	1,130,360	1,146,041	1,034,066	111,975
General Services	3,630,877	7,982,686	6,212,732	1,769,954
Public safety				
Police	23,015,799	24,110,816	23,090,475	1,020,341
Fire	13,588,802	14,750,433	14,559,791	190,642
Public works	7,680,881	8,739,608	7,697,586	1,042,022
Parks and recreation	7,303,100	7,286,325	7,272,716	13,609
Community Development	3,336,365	4,459,633	3,689,386	770,247
Capital outlay	63,100	175,628	67,255	108,373
Total Expenditures	<u>68,361,856</u>	<u>77,928,669</u>	<u>72,003,671</u>	<u>5,924,998</u>
Other Financing Sources (Uses):				
Transfers in	3,355,572	3,355,572	3,355,451	(121)
Transfers (out)	(1,986,973)	(7,924,907)	(11,132,225)	(3,207,318)
Proceeds from the sale of capital assets			301	301
Total Other Financing Sources (Uses)	<u>1,368,599</u>	<u>(4,569,335)</u>	<u>(7,776,473)</u>	<u>(3,207,439)</u>
Net Change in Fund Balances	<u>\$ 1,181,775</u>	<u>\$ (6,846,763)</u>	<u>(3,444,448)</u>	<u>\$ 3,402,014</u>
Ending Fund Balance			<u>\$ 21,243,706</u>	

See accompanying notes to financial statements

CITY OF NAPA
DEVELOPMENT FEES SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final Budget</u>		
Beginning Fund Balance			<u>\$ 18,271,654</u>	
Revenues:				
Charges for services	\$ 202,203	\$ 2,254,600	1,993,605	\$ (260,995)
Investment income	237,885	247,885	188,087	(59,798)
Principal payments received	<u>30,600</u>	<u>402,285</u>	<u>315,991</u>	<u>(86,294)</u>
Total Revenues	<u>470,688</u>	<u>2,904,770</u>	<u>2,497,683</u>	<u>(407,087)</u>
Expenditures:				
Current:				
General government				
General Services			47,364	(47,364)
Public safety				
Fire			541	(541)
Parks and recreation	30,000	8,143	3,776	4,367
Public works			6,607	(6,607)
Community Development	10,000	90,000	58,448	31,552
Debt service				
Principal		<u>371,685</u>	<u>315,991</u>	<u>55,694</u>
Total Expenditures	<u>40,000</u>	<u>469,828</u>	<u>432,727</u>	<u>37,101</u>
Other Financing Sources (Uses):				
Transfers in	93,858			
Transfers (out)	<u>(1,569,297)</u>	<u>(6,903,001)</u>	<u>(1,689,112)</u>	<u>5,213,889</u>
Total Other Financing Sources (Uses)	<u>(1,475,439)</u>	<u>(6,903,001)</u>	<u>(1,689,112)</u>	<u>5,213,889</u>
Net Change in Fund Balances	<u>\$ (1,044,751)</u>	<u>\$ (4,468,059)</u>	<u>375,844</u>	<u>\$ 4,769,701</u>
Ending Fund Balance			<u>\$ 18,647,496</u>	

See accompanying notes to financial statements

CITY OF NAPA
HOME PROGRAM SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final Budget		
Beginning Fund Balance			\$ 184,228	
Revenues:				
Intergovernmental	\$ 241,066	\$ 494,480	324,509	\$ (169,971)
Charges for services	35,000	35,000	854,061	819,061
Investment income	1,000	1,000	5,192	4,192
Total Revenues	<u>277,066</u>	<u>530,480</u>	<u>1,183,762</u>	<u>653,282</u>
Expenditures:				
Current:				
Community Development	<u>274,653</u>	<u>499,658</u>	<u>757,432</u>	<u>(257,774)</u>
Total Expenditures	<u>274,653</u>	<u>499,658</u>	<u>757,432</u>	<u>(257,774)</u>
Other Financing Sources (Uses):				
Transfers (out)	<u>(2,413)</u>	<u>(2,413)</u>	<u>(2,413)</u>	
Total Other Financing Sources (Uses)	<u>(2,413)</u>	<u>(2,413)</u>	<u>(2,413)</u>	
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ 28,409</u>	<u>423,917</u>	<u>\$ 911,056</u>
Ending Fund Balance			<u>\$ 608,146</u>	

See accompanying notes to financial statements



PROPRIETARY FUNDS FINANCIAL STATEMENTS

MAJOR PROPRIETARY FUNDS

Proprietary funds account for City operations financed and operated in a manner similar to a private business enterprise. The intent of the City is that the cost of providing goods and services be financed primarily through user charges.

Internal Service funds are used to account for the financing of goods or services provided by one department to other departments of the City on a cost reimbursement basis. The Combining Statement for the Internal Service Funds can be found on page 94.

WATER UTILITY FUND

The Water Utility Fund supports the operation, maintenance and improvement of the municipal water system serving the City and adjacent areas. The City provides an uninterrupted supply of high-quality and low-cost water to the community for consumption and fire protection.

MATERIALS DIVERSION UTILITY FUND

The Materials Diversion Utility Fund is responsible for the collection, processing, public education and long-term planning related to solid waste materials generated in the City of Napa.

HOUSING FUND

The Housing Fund accounts for activities of the Housing Authority which provides and administers affordable housing programs and services to qualified residents. The Housing Authority administers Federal funds including Section 8 Housing Vouchers county-wide; Mainstream Vouchers county-wide; Continuum of Care Funds; the Local Housing Fund; the Operating Reserve Fund and the Management of Housing Authority owned properties.

CITY OF NAPA
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2015

	Business-type Activities - Enterprise Funds				Governmental Activities- Internal Service Funds
	Water Utility	Materials Diversion Utility	Housing	Totals	
ASSETS					
Current Assets:					
Cash and investments (Note 3)	\$ 20,444,897	\$ 7,792,262	\$ 4,800,370	\$ 33,037,529	\$ 12,797,662
Receivables, net:					
Accounts	4,451,771	2,096,348	74,219	6,622,338	1,215,960
Federal, state and other governments	634,855	10,882	58,954	704,691	736,771
Interest receivable	1,421	615	307	2,343	1,010
Prepaid items	153,928			153,928	214,733
Inventory (Note 1)					264,252
Total Current Assets	25,686,872	9,900,107	4,933,850	40,520,829	15,230,388
Noncurrent Assets:					
Restricted cash and investments (Note 3)	469,517		169,308	638,825	
Loans receivable (Note 5)	691,036		9,530,137	10,221,173	
Capital assets (Note 7)					
Nondepreciable	2,176,699	7,618,987	4,022,187	13,817,873	112,694
Depreciable, net	102,458,196	5,876,818	1,277,824	109,612,838	6,666,273
Total Noncurrent Assets	105,795,448	13,495,805	14,999,456	134,290,709	6,778,967
TOTAL ASSETS	131,482,320	23,395,912	19,933,306	174,811,538	22,009,355
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows related to pension	903,312	109,842	17,516	1,030,670	168,934
LIABILITIES					
Current Liabilities:					
Accounts payable and accrued liabilities	2,536,816	2,088,108	152,207	4,777,131	331,037
Compensated absences (Note 1)	108,701	6,600	25,957	141,258	25,232
Claims payable (Note 13)					2,278,400
Accrued interest	370,481		1,121	371,602	
Deposits payable	263,737	281,088	30,198	575,023	
Unearned revenue	147,834			147,834	
Due to other funds (Note 4)					323,589
Long-term debt (Note 8)					
Revenue bonds	1,295,000			1,295,000	
Notes payable	382,552		75,996	458,548	
Total Current Liabilities	5,105,121	2,375,796	285,479	7,766,396	2,958,258
Long-term Liabilities:					
Compensated absences (Note 1)	287,229	39,363	27,619	354,211	18,880
Deposits payable			85,747	85,747	
Claims payable (Note 13)					3,783,600
Net pension obligation	10,569,371	1,285,230	204,944	12,059,545	1,976,636
Net OPEB obligation (Note 12)					1,121,324
Long-term debt net of current portion (Note 8)					
Revenue bonds, net of unamortized premiums	41,845,673			41,845,673	
Notes payable	3,749,570		1,391,126	5,140,696	
Total Long-term Liabilities	56,451,843	1,324,593	1,709,436	59,485,872	6,900,440
TOTAL LIABILITIES	61,556,964	3,700,389	1,994,915	67,252,268	9,858,698
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to pensions	1,596,449	194,127	30,956	1,821,532	298,560
NET POSITION (NOTE 10)					
Net investment in capital assets	57,831,617	13,495,805	3,832,889	75,160,311	6,778,967
Restricted for Debt Service	469,517			469,517	
Restricted for Housing Grant Programs			169,308	169,308	
Unrestricted	10,931,085	6,115,433	13,922,754	30,969,272	5,242,064
Total net position (deficit)	\$ 69,232,219	\$ 19,611,238	\$ 17,924,951	\$ 106,768,408	\$ 12,021,031

See accompanying notes to financial statements

CITY OF NAPA
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN FUND NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2015

	Business-type Activities - Enterprise Funds				Governmental Activities- Internal Service Funds
	Water Utility	Materials Diversion Utility	Housing	Totals	
OPERATING REVENUES					
Intergovernmental Revenue					\$ 2,790
Charges for services	\$24,244,619	\$24,189,520	\$ 1,415,060	\$ 49,849,199	11,576,154
Miscellaneous	701,344	59,348		760,692	
Total Operating Revenues	24,945,963	24,248,868	1,415,060	50,609,891	11,578,944
OPERATING EXPENSES					
Cost of goods sold					645,556
Housing assistance			10,306,339	10,306,339	
General administrative			931,240	931,240	
Employee services and benefits	6,530,837	847,537	1,158,634	8,537,008	1,100,874
Materials and services	12,723,327	21,449,868		34,173,195	2,142,404
Insurance premiums			2,474	2,474	4,044,577
Depreciation and Amortization	4,269,954	265,327	108,383	4,643,664	1,118,196
Total Operating Expenses	23,524,118	22,562,732	12,507,070	58,593,920	9,051,607
Operating Income (Loss)	1,421,845	1,686,136	(11,092,010)	(7,984,029)	2,527,337
NON-OPERATING REVENUES (EXPENSES)					
Investment income	168,334	(2,508)	6,454	172,280	99,225
Grants from other governments	1,800,535	32,694	11,506,599	13,339,828	
Interest expense and fiscal charges	(2,174,503)	(211)	(63,849)	(2,238,563)	
Total Nonoperating Revenues (Expenses)	(205,634)	29,975	11,449,204	11,273,545	99,225
Income (Loss) Before Capital Contributions, Sale of Capital Assets and Transfers	1,216,211	1,716,111	357,194	3,289,516	2,626,562
Connection fees and capital grants	649,295			649,295	
Gain from sales of capital assets	129			129	41,185
Transfers in (Note 4)					41,525
Transfers (out) (Note 4)	(1,879,110)	(2,313,949)	(110,705)	(4,303,764)	(811,361)
Change in Net Position	(13,475)	(597,838)	246,489	(364,824)	1,897,911
Beginning Net Position as restated (Note 19)	69,245,694	20,209,076	17,678,462	107,133,232	10,123,120
Ending Net Position	\$69,232,219	\$19,611,238	\$17,924,951	\$ 106,768,408	\$ 12,021,031

See accompanying notes to financial statements

CITY OF NAPA
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2015

	Business-type Activities-Enterprise Funds				Governmental Activities- Internal Service Funds
	Water Utility	Materials Diversion Utility	Housing	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 26,584,482	\$ 25,292,131	\$ 1,409,838	\$ 53,286,451	\$ 10,398,824
Payments to suppliers	(13,093,894)	(21,329,271)	(11,369,577)	(45,792,742)	(2,698,976)
Loan collections			(371,182)	(371,182)	
Payments to or on behalf of employees	(7,800,000)	(1,056,809)	(1,170,338)	(10,027,147)	(5,261,625)
Net cash provided (used) by Operating Activities	<u>5,690,588</u>	<u>2,906,051</u>	<u>(11,501,259)</u>	<u>(2,904,620)</u>	<u>2,438,223</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Operating grants received	1,800,535	32,694	11,502,714	13,335,943	
Interfund receipt (payment)	195,527			195,527	38
Transfers in					41,525
Transfers (out)	(1,879,110)	(2,313,949)	(110,705)	(4,303,764)	(811,361)
Net cash provided (used) by Noncapital Financing Activities	<u>116,952</u>	<u>(2,281,255)</u>	<u>11,392,009</u>	<u>9,227,706</u>	<u>(769,798)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Connection fees and capital grants	649,295			649,295	
Acquisition of capital assets	(1,452,850)	(3,743,008)	(638,844)	(5,834,702)	(792,226)
Proceeds from sales of capital assets	129			129	41,185
Principal payments on capital debt	(1,692,293)		(75,616)	(1,767,909)	(44,112)
Interest paid on capital debt	(2,185,950)	(211)	(63,849)	(2,250,010)	
Net cash provided (used) by Capital and Related Financing Activities	<u>(4,681,669)</u>	<u>(3,743,219)</u>	<u>(778,309)</u>	<u>(9,203,197)</u>	<u>(795,153)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received (paid)	50,737	15,565	6,450	72,752	116,559
Net cash provided (used) by Investing Activities	<u>50,737</u>	<u>15,565</u>	<u>6,450</u>	<u>72,752</u>	<u>116,559</u>
Net Increase (Decrease) in cash and cash equivalents	1,176,608	(3,102,858)	(881,109)	(2,807,359)	989,831
Cash and cash equivalents at beginning of period	<u>19,737,806</u>	<u>10,895,120</u>	<u>5,850,787</u>	<u>36,483,713</u>	<u>11,807,831</u>
Cash and cash equivalents at end of period	<u>\$ 20,914,414</u>	<u>\$ 7,792,262</u>	<u>\$ 4,969,678</u>	<u>\$ 33,676,354</u>	<u>\$ 12,797,662</u>
Reconciliation of Operating Income (Loss) to Cash Flows from Operating Activities:					
Operating income (loss)	\$1,421,845	\$1,686,136	(\$11,092,010)	(\$7,984,029)	\$2,527,337
Adjustments to reconcile operating income to cash flows from operating activities:					
Depreciation	4,269,954	265,327	108,383	4,643,664	1,118,196
Change in assets, deferred outflow, liabilities and deferred inflows:					
Receivables, net - (increase)/decrease	(954)	788,912	(412,319)	375,639	(1,180,120)
Prepaid items & inventory - (increase)/decrease	(27,248)			(27,248)	
Deferred Outflows of Resources - (increase)/decrease	(1,321,239)	(212,404)	(11,754)	(1,545,397)	(298,873)
Other Assets - (increase)/decrease					(106,316)
Accounts payable and other accrued expenses	(343,319)	120,597	(140,737)	(363,459)	(125,900)
Net OPEB Obligation - increase / (decrease)					(123,705)
Deposits payable - increase/(decrease)	43,024	60,224	17,706	120,954	
Deferred inflow - increase/(decrease)	1,596,449	194,127	18,212	1,808,788	298,560
Claims payable - increase/(decrease)					321,200
Vacation and sick leave payable - increase/(decrease)	52,076	3,132	11,260	66,468	7,844
Cash Flows from Operating Activities	<u>\$ 5,690,588</u>	<u>\$ 2,906,051</u>	<u>\$ (11,501,259)</u>	<u>\$ (2,904,620)</u>	<u>\$ 2,438,223</u>

See accompanying notes to financial statements



FIDUCIARY FUNDS FINANCIAL STATEMENTS

FIDUCIARY FUNDS

These funds are used to account for assets held by the City as an agent for individuals, private organizations, and other governments. The financial activities of these funds are excluded from the City-wide financial statements, but are presented in separate Fiduciary Fund financial statements.

The Combining Statement for the Fiduciary Funds can be found on page 106.

AGENCY FUND

Payroll Fund

To account for the collection and payment of all payroll deductions made from the City employees and for monies collected from retirees to reimburse the City for their share of their health insurance premiums.

PRIVATE PURPOSE TRUST FUND

Successor Agency to the Napa Community Redevelopment Agency

To account for the activities of the Successor Agency to the Napa Community Redevelopment Agency, established as a result of the dissolution of the Redevelopment Agency February 1, 2012.

CITY OF NAPA
 FIDUCIARY FUNDS
 STATEMENT OF FIDUCIARY NET POSITION
 JUNE 30, 2015

	Successor Agency Trust Funds	Agency Funds
ASSETS		
Cash and investments (Note 3)		\$ 33,894
Restricted cash and investments (Note 3)	\$ 4,434,973	
Accounts receivable		6,484
Interest receivable	261	
Capital Assets (Note 16)		
Land	35,480	
Depreciable	82,638	
Less: Accumulated depreciation	(78,845)	
Total Assets	4,474,507	\$ 40,378
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflow - Loss on Refunding	200,336	
Total Deferred Outflows of Resources	200,336	
LIABILITIES		
Accounts payable	8,042	\$ 40,378
Accrued interest payable	131,174	
Long-term debt (Note 16)		
Due within one year	2,390,625	
Due in more than one year	10,266,891	
Total Liabilities	12,796,732	\$ 40,378
NET POSITION (DEFICIT)		
Held in Trust	\$ (8,121,889)	

See accompanying notes to financial statements

CITY OF NAPA
STATEMENT OF CHANGES IN FIDUCIARY FUNDS NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015

	Successor Agency Trust Funds
ADDITIONS:	
Intergovernmental revenue	\$ 2,265,696
Charges for services	41,667
Investment income	66,966
Total Additions	2,374,329
DEDUCTIONS:	
Community development	142,978
Depreciation	603
Debt service:	
Interest and fiscal charges	655,353
Total Deductions	798,934
EXCESS (DEFICIENCY) OF ADDITIONS OVER DEDUCTIONS	1,575,395
EXTRAORDINARY ITEMS (Note 17)	
Assets transferred to the City	(2,173,091)
CHANGE IN NET POSITION	(597,696)
BEGINNING NET POSITION (DEFICIT)	(7,524,193)
ENDING NET POSITION (DEFICIT)	\$ (8,121,889)

See accompanying notes to financial statements



NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF NAPA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
--

A. Reporting Entity

The City of Napa, California (the City) was incorporated on March 23, 1872, under the laws of the State of California. The City's Charter was filed on October 27, 1914. The City operates under a council-manager form of government. As required by generally accepted accounting principles, these financial statements present the City of Napa and its component units. The following component units are included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

Blended component units, although legally separate entities are, in substance, part of the City's operations and so data from these units are combined with that of the City.

The Housing Authority of the City of Napa (the Housing Authority) was established on May 8, 1942. On July 7, 1969, the City Council declared itself to be the Board of Commissioners of the Housing Authority in accordance with Section 34920 of the Health and Safety Code of the State of California. The City of Napa has operational responsibility for the component unit.

The Parking Authority of the City of Napa (the Parking Authority) was established pursuant to the Streets and Highways Code of the State of California. The City Council established the Parking Authority on April 27, 1970 and designated itself as the governing body. The primary purpose of the Authority is to acquire, maintain and operate off-street parking facilities within the City. The Parking Authority reported no financial transactions during the year ended June 30, 2015.

The City of Napa Public Facilities Financing Authority (the Financing Authority) was established in April, 1985 as a tax exempt public benefit corporation with the power to purchase, lease, assign, encumber or otherwise dispose of any real or personal property. The primary purpose of the Financing Authority is to render financial assistance to the City by financing the purchase or construction of public facilities. The City Council is the governing body of the Financing Authority. The Financing Authority reported no financial transactions during the year ended June 30, 2015.

CITY OF NAPA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation

These *Financial Statements* are prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental agencies. The Government Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the U.S.A.

The City's financial position and results of operations are presented from two perspectives in the following two sets of financial statements:

Government-wide Statements include the *Statement of Net Position* and the *Statement of Activities*, and report the financial activities of the overall City using an economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred regardless of when the related cash flows take place. Eliminations have been made to minimize the double counting of internal activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The *Statement of Activities* presents a comparison between direct expenses and program revenues for each function of the City. Direct expenses are those that are specifically associated with a program or function. Certain indirect costs are included in program expenses reported for individual functions and activities. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) operating grants and contributions that are restricted to meeting the operational needs of a particular program, and (c) capital fees, grants and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues are presented as general revenues.

The City may pay for its programs with a combination of cost-reimbursement grants, categorical block grants, and general revenues. Thus, both restricted and unrestricted resources may be available to finance program expenditures. The City's policy is to first apply restricted grant resources to such programs, followed by general revenues if necessary.

Fund Financial Statements: The fund financial statements provide information about the City's funds, including fiduciary funds and blended component units. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each of which is displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

CITY OF NAPA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)
--

C. Major Funds

GASB Statement 34 defines major funds and requires that the City's major governmental and business-type funds be identified and presented separately in the fund financial statements. All other funds, called non-major funds, are combined and reported in a single column, regardless of their fund-type.

Major funds are defined as funds whose revenues, expenditures/expenses, assets, or liabilities (including deferred inflows and deferred outflows, but excluding extraordinary items) are at least 10 percent of corresponding totals for all governmental or enterprise funds and at least 5 percent of the aggregate amount for all governmental and enterprise funds. The General Fund is always a major fund. The City may select other funds it believes should be presented as major funds.

The City reported the following major governmental funds in the accompanying financial statements:

The **General Fund** is the general operating fund of the City. It is used to account for all financial resources except those that are required to be accounted for in another fund.

The **Development Fees Special Revenue Fund** accounts for development fees levied by the City on new construction. City ordinance restricts these revenues for use in construction, major maintenance, and debt service for park, street, drainage, and public safety facilities.

Home Program Fund - The City has been awarded grants under the State of California Federal Home Investment Partnership Program (HOME) for administration of the following activities: ownership rehabilitation, rental rehabilitation augmenting the Community Development Block Grant Rehabilitation Program, a silent second down payment assistance program; and a rental assistance program.

The **City Capital Projects Fund** accounts for the City's current construction projects, including streets, park and recreation facilities, and other major city projects. The primary sources of funds include city-levied development fees, the state gas tax, and federal and state grants.

The City reports all its enterprise funds as major funds in the accompanying financial statements:

The **Water Utility Fund** accounts for the operations and management of the City's water system.

The **Material Diversion Utility Fund** accounts for administration of the City's garbage franchise, including tipping fees, a rate stabilization fund, and other specialized services. The fund does not report the financial position or activities of the City's franchise operator.

The **Housing Fund** accounts for the operations of the Housing Authority.

CITY OF NAPA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City also reports the following fund types:

Internal Service Funds – These funds account for GASB 45 post-employment benefits expense and liabilities, workers' compensation and general liability coverage, management information system maintenance and replacement, equipment maintenance and replacement, and central stores inventory; all of which are provided to other departments on a cost-reimbursement basis.

The City also reports the following fiduciary fund types:

Trust Fund – This fund accounts for assets held by the City in trust for The Successor Agency to the Napa Community Redevelopment Agency Private Purpose Trust Fund which accounts for the collections and disbursements of the Successor Agency to the Napa Community Redevelopment Agency's approved payments (ROPS) and reimbursements.

Agency Funds – This fund accounts for assets held by the City for the employees' flexible spending account. This fund is custodial in nature and does not involve measurement of the results of operations.

D. Basis of Accounting

Governmental Funds are used to report the majority of the City's programs. These funds are reported in the *Fund Financial Statements* on the modified accrual basis of accounting, with a focus on current financial resources. This basis differs from the accrual basis of accounting used to report the government-wide financial statements and the business-type fund financial statements.

Revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Revenues susceptible to accrual include taxes, intergovernmental revenues, charges for services and interest revenue. Non-exchange transactions, in which the City gives or receives value without directly receiving or giving equal value in exchange, include taxes, grants, entitlements, and donations. Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

In the *Fund Financial Statements*, unearned revenues arise when resources are received by the government before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for unearned revenue is removed from the combined balance sheet and revenue is recognized.

Expenditures are recorded when the related fund liability is incurred, except for un-matured interest, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources. Governmental capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of governmental long-term debt and acquisitions under capital leases are reported as other financing sources.

CITY OF NAPA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)
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Proprietary Funds of the City are reported on the accrual basis of accounting in the Fund Financial Statements.

E. Cash and Investments

The City maintains a cash and investment pool, which includes unrestricted cash balances and authorized investments for all funds. Investments are carried at fair value. The fair value of pooled investments is determined annually and is based on current market prices. The fair value of the funds' position in the pool is the same as the value of the pool shares. The method used to determine the value of a fund's equity withdrawn is based on the book value of the fund's percentage participation at the date of such withdrawal. In the event that a certain fund overdraws its share of pooled cash, a short-term inter-fund loan transaction is recorded to offset the overdraft.

For purposes of the statement of cash flows, cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments.

Cash and investments restricted by various long-term debt bond covenants are reported as restricted assets in the debt service or enterprise funds.

F. Tax Revenue

The County is permitted by State Law (Proposition 13) to levy taxes at 1% of the full market value of the property (at the time of purchase) and can increase the assessed property valuation by no more than 2% per year. Napa County levies property taxes limited to \$1 per \$100 of assessed valuation for county, cities, schools and special districts' operating expenditures. This property tax levy is distributed to the different governmental agencies under the State-mandated alternate method of apportioning taxes (commonly referred to as the "Teeter Plan") whereby all local agencies with historical tax delinquency rates less than 3%, including cities, receive from the County 100% of their respective shares of the amount of ad valorem taxes levied, without regard to the actual collection of taxes levied. This method was placed in effect by the City and Napa County in the 1993 – 1994 tax year and remains in effect until the County Board of Supervisors orders its discontinuance.

City property tax revenues are recognized when levied to the extent that the measurable and available criteria have been met. Property taxes become an enforceable lien on property as of March 1; taxes are levied on July 1; taxes are payable in two installments on November 1 and February 1; taxes become delinquent on December 10 and April 10. The County bills and collects the property taxes and remits them to the City.

G. Inventories

Inventory in the proprietary funds is stated at the lower of its weighted average cost or market value. Inventory in the Internal Service Funds consists of spare parts and supplies.

CITY OF NAPA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Prepaid Expenses / Items

Payments made to vendors for services that will benefit period beyond June 30, are recorded as prepaid items, and in governmental fund financial statements are offset equally by nonspendable fund balance, which indicates that they are not in spendable form.

I. Capital Assets

Capital assets, which include land, buildings, improvements, equipment, and infrastructure (e.g. roads, bridges, sidewalks, and similar items), are reported on the government-wide *Statement of Net Position*. Capital assets used in enterprise and internal service funds are also reported on those *Fund Financial Statements*. Since the governmental funds report only current, available resources on their *Fund Financial Statements*, capital outlay in those funds is reported as expenditure and not as an asset on the balance sheet.

Capital assets are recorded at cost. Donated assets are recorded at their estimated fair value at the date of donation. Fixed assets acquired under capital leases are recorded at the net present value of the future minimum lease payments.

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

Depreciation on recorded capital assets is expensed on the straight line method over the following estimated useful lives:

Asset Classification	Years
Buildings and improvements	15 – 60
Vehicles and equipment	3 – 7
Roads	20 – 40
Bridges	75
Curbs/gutters/sidewalks	30 – 50
Traffic signals	40
Park improvements	20 – 30
Transmission and distribution systems	20 – 60
Street lights	30 - 40
Underground utilities	30 - 40
Stormwater	30 - 40

CITY OF NAPA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Compensated Absences

City employees may accumulate earned but unused vacation (up to a certain amount) and sick pay benefits. In the proprietary funds, vacation and vested sick leave pay is accrued when incurred and reported as a fund liability. In the governmental funds, leave pay for terminated employees is reported as expenditure and a current fund liability. The full value of non-current accrued leave liabilities, for all funds, is reported on the government-wide Statement of Net Position.

	Governmental Activities	Business-type Activities	Total
Beginning balance	\$ 2,542,787	\$ 429,001	\$ 2,971,788
Additions	347,991	82,604	430,595
Payments	(160,174)	(16,136)	(176,310)
Ending balance	\$ 2,730,604	\$ 495,469	\$ 3,226,073
Current portion	\$ 40,205	\$ 141,258	\$ 181,463

K. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City of Napa's California Public Employee's Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

L. Use of Estimates

The accompanying basic financial statements have been prepared in accordance with generally accepted accounting principles. This requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

M. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position or balance sheet will, when applicable, report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position or fund balance that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City reports deferred outflows related to pensions, resulting from the implementation of GASB 68 and the payment of pension contributions after the measurement date. (*See Note 11 for further discussion*)

In addition to liabilities, the statement of financial position or balance sheet will, when applicable, report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position or fund balance that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue)

CITY OF NAPA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

until that time. The City has two items that qualify for reporting in this category: 1) deferred inflows related to the Service Concession Arrangement on the municipal golf course, and 2) deferred inflows related to pensions as a result of the implementation of GASB 68 and certain pension related items. (See Note 11 for further discussion)

N. Implementation of New GASB Pronouncements

In fiscal year 2014-2015, the City implemented new accounting standards in order to conform to the following Governmental Accounting Standards Board (GASB) Statements:

GASB Statement No. 68 – In June 2012 GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not covered by the scope of this Statement.

GASB Statement No. 69 – In January 2013, GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*. The objective of this Statement is to improve accounting and financial reporting by State and local governments for government combinations and disposals of government operations. The Statement provides authoritative guidance on a variety of government combinations including mergers, acquisitions, and transfers of operations. This statement did not have a material impact.

GASB Statement No. 71 – In November 2013, GASB issued Statement No 71, *Pension Transition For Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68. The issue related to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

The City is currently evaluating the potential impact on its financial statements of the following Governmental Accounting Standards Board Statements:

GASB Statement No. 72 – In February 2015, GASB issued Statement No 72, *Fair Value Measurement and Application*. This statement requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. These disclosures should be organized by type of asset or liability reported at fair value. It also requires additional disclosures regarding investments in certain entities that calculate net asset value per share (or its equivalent). The requirements of this statement are effective for financial statements for periods beginning after June 15, 2015. The City has not yet determined its effect on the financial statements.

CITY OF NAPA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GASB Statement No. 73 – In June 2015, GASB issued Statement No 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The provisions in statement 73 are effective for fiscal years beginning after June 15, 2015 – except those provisions that address employers and governmental non-employer contributing entities for pensions that are not within the scope of Statement 68, which are effective for fiscal years beginning after June 15, 2016. The City has not yet determined its effect on the financial statements.

GASB Statement No. 74 – In June 2015, GASB issued Statement No 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. Statement No. 74 replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, statement 43, and statement No. 50, *Pension Disclosures*. The provisions in statement 74 are effective for fiscal years beginning after June 15, 2016. The City has not yet determined its effect on the financial statements.

GASB Statement No. 75 – In June 2015, GASB issued Statement No 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Statement No. 75 establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain non-employer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities. The provisions in statement 75 are effective for fiscal years beginning after June 15, 2017. The City has not yet determined its effect on the financial statements.

GASB Statement No. 76 – In June 2015, GASB issued Statement No 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this statement is to identify in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (GAAP). This statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. This statement is effective for reporting periods beginning after June 15, 2015. The City has not yet determined its effect on the financial statements.

GASB Statement No. 77 – In August 2015, GASB issued Statement No 77, *Tax Abatement Disclosures*. The objective of this statement is to provide financial statement users with essential information about the nature and magnitude of the reduction in tax revenues through tax abatement programs. This statement is effective for reporting periods beginning after December 15, 2015. The City has not yet determined its effect on the financial statements.

NOTE 2 – BUDGETARY INFORMATION

The City biennially adopts an annual budget. Debt service fund budgets are adopted when the authorization of the debt issuance is authorized. All annual appropriations lapse at fiscal year-end, unless special approval is granted by the Finance Director and City Manager for carry over to the subsequent year.

CITY OF NAPA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

NOTE 2 – BUDGETARY INFORMATION (Continued)

Budgets are also adopted and controlled for the proprietary funds. Budget comparisons for these funds are not legally mandated and thus are not presented in these financial statements.

In approximately February of every other year, all City departments submit requests for appropriations to the City Manager so that a budget may be prepared. In May, the proposed budget is presented to the City Council for review. The Council holds public hearings and a final budget is prepared and adopted on or before June 30.

The budget is prepared at the fund, program and department levels. The City's department heads may make transfers of appropriations within a department. The City Manager is authorized to make transfers between the departments. All other adjustments or changes require City Council approval. The legal level of budgetary control is the fund level. Budget amounts shown in these financial statements include all supplemental appropriations made during the year. Supplemental appropriations during the year ended June 30, 2015, were not significant relative to the budget as a whole.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as assigned, committed or restricted fund balance and do not constitute expenditures or liabilities because they will be re-appropriated and honored during the subsequent year.

NOTE 3 – CASH AND INVESTMENTS

The City maintains a cash and investment pool, which includes cash balances and authorized investments of all funds. This pooled cash is invested in an effort to enhance interest earnings while minimizing exposure to risk. The pooled interest earned is allocated to the funds based on cash and investment balances in these funds at the end of each monthly accounting period.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments were stated at fair value.

City portfolio value fluctuates in an inverse relationship to any change in interest rates. Accordingly, if interest rates have risen, the portfolio value will have declined. If interest rates have fallen, the portfolio value will have risen. In accordance with GASB Statement No. 31, the portfolio for year-end reporting purposes is treated as if it were all sold. Therefore, fund balance must reflect the portfolio's change in value. These portfolio value changes are unrealized unless sold. The City's practice is to buy and hold investments until their maturity dates.

A. Deposits

The California Government Code requires California banks and savings and loans to secure the City'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 City's name.

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

CITY OF NAPA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

NOTE 3 – CASH AND INVESTMENTS (Continued)

The City follows the practice of pooling cash and investments of all funds, except for funds required to be held by fiscal agents under the provisions of bond indentures. Interest income from cash and investments with fiscal agents is credited directly to the related fund.

Cash and investments as of June 30, 2015, are classified in the accompanying financial statements as follows:

Cash and investments - Governmental and Business-type activities	\$ 125,543,306
Restricted cash and investments	638,825
Total City cash and investments	126,182,131
Cash and investments available for operations in	
Fiduciary Funds	33,894
Restricted cash and investments in	
Fiduciary Funds	4,434,973
Total cash and investments	\$ 130,650,998

B. Investments Authorized by the California Government Code and Investment Policy

The table below identifies the investment types authorized under the provisions of the City's investment policy, and in accordance with the California Government Code. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the City.

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum in Portfolio	Maximum Investment In One Issuer
U.S. Treasury Bonds, Notes and Bills	5 Years	N/A	None	None
U.S. Government Agency and U.S. Government-Sponsored Enterprise Obligations	5 Years	N/A	None	None
State of California or other Local Agency Treasury Notes or Bonds	5 Years	N/A	None	5%
Bankers' Acceptances	180 Days	A-1, P-1	30%	Lesser of \$2,000,000 or 5%
Certificate of Deposit (Time Deposit)	2 years	None	None	\$500,000
Negotiable Certificates of Deposit	2 Years	A	30%	\$1,000,000
Commercial Paper	270 Days	A	25%	5%
Medium-Term Notes	5 Years	A	30%	5%
State of California Local Agency Investment Fund (LAIF Pool)	Upon Demand	N/A	\$50,000,000	N/A
Repurchase Agreements	30 Days	N/A	20%	20%
Money Market Mutual Funds	N/A	AAA	20%	10%
California Asset Management Program	N/A	N/A	None	None

C. Investments Authorized by Debt Agreements

Investments of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy.

CITY OF NAPA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

NOTE 3 – CASH AND INVESTMENTS (Continued)

The table below identifies the investment types that are authorized for investments held by bond trustee and the City.

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality
United States Government Agency Obligations	5 years	N/A
Federal Securities	5 years	N/A
Bankers' Acceptances	30 days to 1 year	A-1
Commercial Paper	270 days	A-1+
Repurchase Agreements	None to 30 days	A-1
Local Agency Investment Fund	n/a	Not rated
Money Market Funds	n/a	AAA-m
Investment Agreements	None	None to AA
Prefunded Municipal Obligations	None	None to AAA

D. Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to change in market interest rates. The City manages its exposure to interest rate risk by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments as of June 30, 2015, by maturity:

Type of Investments	Less Than One Year	One to Three Years	Three to Five Years	Total
Local Agency Investment Fund	\$ 48,081,428			\$ 48,081,428
Certificate of Deposit	3,002,374	\$ 2,505,223		5,507,597
U.S. Treasury Notes	700,530	3,930,935	\$ 16,860,118	21,491,582
Supra-National Agency Bond / Note		424,623		424,623
Corporate Notes		14,607,191	6,225,212	20,832,402
Money Market Funds (U.S. Securities)	191,465			191,465
Federal Agency Securities	30,793	20,339,549	3,043,427	23,413,768
Total Investments	\$ 52,006,590	\$ 41,807,520	\$ 26,128,756	119,942,866
<i>Cash in banks and on hand</i>				<u>10,708,132</u>
Total Cash and Investments				<u>\$ 130,650,998</u>

CITY OF NAPA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

NOTE 3 – CASH AND INVESTMENTS (Continued)

E. Disclosures Relating to Credit Risk

Credit risk is measured by the assignment of a rating by Standard & Poor’s Financial Services LLC, a nationally recognized statistical rating organization. Presented below is the actual rating as June 30, 2015, for each investment type.

Investment Type	AAA/AAAm	AA+/AA/AA-	A+/A/A-/A1/A1+	Total
Certificates of Deposit		\$ 1,001,579	\$ 4,506,018	\$ 5,507,597
U.S. Treasury Notes		21,491,581		21,491,581
Supra-National Agency Bond / Note	\$ 424,623			424,623
Corporate Notes	1,638,679	9,808,696	9,385,027	20,832,402
Money Market Funds	191,465			191,465
Federal Agency Securities		23,413,769		23,413,769
Total	\$ 2,254,767	\$ 55,715,626	\$ 13,891,046	71,861,438
<i>Not Rated:</i>				
Local Agency Investment Fund				48,081,428
Cash in banks and on hand				10,708,132
Total Cash and Investments				\$ 130,650,998

F. Investments in Local Agency Investment Funds

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City’s investments with LAIF at June 30, 2015, include a portion of the pool funds invested in Structured Notes and Asset-Backed Securities. These investments include the following:

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

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

I. Concentration of Credit Risk

Investments in the securities of any individual issuer, other than U. S. Treasury securities, mutual funds, and external investment fund that represent 5% or more of total entity investments are as follows at June 30, 2015:

Issuer	Investment Type	Reported Amount
Federal National Mortgage Association	Federal Agency Securities	\$ 13,767,221
Federal Home Loan Mortgage Corporation	Federal Agency Securities	7,005,633

CITY OF NAPA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

NOTE 4 – INTERFUND TRANSACTIONS

A. Transfers

Transfers report the contribution of resources from one fund to another. The following is a summary of transfers for the year ended June 30, 2015:

Transfers In (fund receiving transfer):					
Governmental Funds					
Transfers Out: (fund making transfer)	General Fund	City Capital Projects Fund	Non Major Governmental Fund	Internal Service Funds	TOTALS
Governmental Funds:					
General Fund		\$ 10,190,023 [C]	\$ 942,202 [B]		\$ 11,132,225
Non-Major Governmental Funds	\$ 213,160 [A]	1,348,199 [C]	1,778,283 [B]		3,339,642
Development Fees Fund	319 [A]	1,688,793 [C]			1,689,112
Internal Service Funds	811,361 [A]				811,361
Home Program Fund	2,413 [A]				2,413
Governmental Funds total	1,027,253	13,227,016	2,720,485	-	16,974,754
Proprietary Funds:					
Water Utility Fund	1,737,585 [A]		100,000 [C]	41,525 [C]	1,879,110
Materials Diversion Utility Fund	479,908 [A]		1,834,041 [C]		2,313,949
Housing Fund	110,705 [A]				110,705
Proprietary Funds total	2,328,198	-	1,934,041	41,525	4,303,764
Totals:	\$ 3,355,451	\$ 13,227,016	\$ 4,654,526	\$ 41,525	\$ 21,278,518

[A] To Fund Citywide Overhead
[B] To Fund Operations
[C] To Fund Capital Outlay

CITY OF NAPA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

NOTE 4 – INTERFUND TRANSACTIONS (Continued)

B. Interfund Balances

Interfund balances are loans between funds to provide either short-term cash flow or funding for longer-term projects. The following is a summary of interfund balances as of June 30, 2015:

Lending Fund:	Borrowing Fund:	Amount
Due to/from other funds:		
General Fund	Central Stores Fund	\$ 323,589
General Fund	Golf Course Fund	374,282
		\$ 697,871
Advances to/from other funds:		
Development Fees Fund	Golf Course Fund	\$ 183,600 [A]
General Fund	Golf Course Fund	482,850 [B]
City Capital Projects Fund	Golf Course Fund	675,000 [B]
		\$ 1,341,450

[A] Quadrant Development Fee advance used to fund Golf Course water irrigation surcharge

[B] To fund capital improvements at the City's golf course

C. Internal Balances

Internal balances are presented only in the Government-wide statements. They represent the net interfund receivables and payables remaining after the elimination of all such balances within governmental and business-type activities.

CITY OF NAPA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

NOTE 5 – LOANS RECEIVABLE

The City has extended long-term loans to support affordable housing and economic development. All loans are secured by real estate. Since some of these loans are secured by trust deeds which are subordinated to other debt on the associated projects or are only repayable from residual cash receipts on the projects, collectability of some of the outstanding balances may be not be realized. As a result, a portion of the outstanding balances of the loans has been offset by a valuation allowance. These long-term loans receivable consisted of the following at June 30, 2015:

	Term (Years)	Rate %	Outstanding Balance at June 30, 2015
General Fund			
Napa Valley Opera House	15	4%	\$ 1,200,000
Home Program:			
First time homebuyers down payment assistance	20-30	3%	6,271,535
The Reserve at Napa	30	3%	874,000
Whistlestop	30	3%	939,632
CDBG Housing Rehabilitation Program	20	2-10%	2,177,802
20% Low- and Moderate Income Housing:			
Mayacamas Village Associates	30	4%	485,767
Parkwood Project	40	0%	74,896
Silverado Creek Apartments	45	3.5%	3,082,983
Pecan Court Project	40	4%	735,067
Schoolhouse Project	40	0%	591,166
First time homebuyers down payment assistance	20-30	3%	608,200
Jefferson Street Senior Housing (NVCH)	40-41/60	0-3.5%	300,000
Napa Garden Court	55	4%	1,540,000
Oak Creek Terrace	55	3%	370,174
Rohlffs Concordia Manor	55	1%	701,109
Rohlffs Manor III	55	3%	250,000
Local Housing Fund:			
- Pioneer Village	various	7%	96,000
- Charter Oaks	25	3.5%	1,269
RDA Supplemental - Bain, Thomas	0	0%	125,100
Housing and Inclusionary Fund :			
Magnolia Park	55	3.5%	300,000
Jefferson Street Housing (NVCH) - City	60	0%	514,431
Napa Garden Court Associates	5	3%	230,000
County of Napa	55	0%	500,000
Oak Creek Terrace	55	3%	1,037,646
Saratoga Downs	10	2%	256,000
Cal Home Grant	5	3%	1,142,419
Laurel Manor			
Whistle Stop Town homes	35	3.5%	44,000
Magnolia Park	55	3.5%	221,125
Water Loan			
Sucessor Agency to the Redevelopment Agency	9	Applicable	634,375
Private Purpose Trust Fund		LAIF rate	
American Canyon	7	4%	50,000
Totals, before interest and valuation allowance			25,354,696
Accured Interest			2,965,458
Valuation allowance			(4,503,345)
Net			<u>\$ 23,816,809</u>

CITY OF NAPA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

NOTE 6 – LAND HELD FOR REDEVELOPMENT

The City sold the remnant parcel that had been held for redevelopment in December 2014. Residual funds were returned to the Traffic fund consistent with the original investment. As of June 30, 2015, the balance of land being held for future development amounted to \$0.

NOTE 7 – CAPITAL ASSETS

A. Additions and Retirements

Governmental activities capital assets activity for the year ended June 30, 2015, was as follows:

	Balance at June 30, 2014	Additions	Retirements	Transfers	Balance at June 30, 2015
Governmental Activities					
Capital assets not being depreciated:					
Land	\$ 25,121,713				\$ 25,121,713
Construction in progress	116,890,669	\$ 6,261,136	\$ (2,031,857)	\$ (23,143,072)	97,976,876
Total capital assets not being depreciated	<u>142,012,382</u>	<u>6,261,136</u>	<u>(2,031,857)</u>	<u>(23,143,072)</u>	<u>123,098,589</u>
Capital assets being depreciated:					
Building and improvements	31,054,132	26,886	(162)	4,525,848	35,606,704
Equipment	7,004,051	447,502	(9,205)	3,922,795	11,365,143
Vehicles and rentals	16,164,627	780,145	(787,751)		16,157,021
Bridges	28,066,680				28,066,680
Roads	407,320,995	983,575	(1)	8,398,328	416,702,896
Curb/gutter/sidewalks	8,098,563	18,967	(562)	2,310,487	10,427,456
Traffic Signals	4,261,512	32,572	(3,228)	1,060,495	5,351,351
Stormwater	4,480,236			139,231	4,619,467
Park Improvements	4,508,858	29,596		2,785,888	7,324,342
Underground Utilities	64,761				64,761
Street Lights	1,407,671				1,407,671
Water Rights	306,000				306,000
Total capital assets being depreciated	<u>512,738,086</u>	<u>2,319,243</u>	<u>(800,909)</u>	<u>23,143,072</u>	<u>537,399,492</u>
Less accumulated depreciation for:					
Building and improvements	(20,539,295)	(667,015)			(21,206,310)
Equipment	(6,484,187)	(64,980)		7,523	(6,541,644)
Vehicles and rentals	(9,286,482)	(1,106,008)		776,701	(9,615,790)
Bridges	(10,130,327)	(374,222)			(10,504,549)
Roads	(236,946,820)	(10,438,308)			(247,385,128)
Curb/gutter/sidewalks	(1,131,224)	(202,466)			(1,333,690)
Traffic Signals	(970,726)	(106,539)			(1,077,265)
Stormwater	(741,381)	(112,841)			(854,222)
Park Improvements	(2,226,373)	(215,915)			(2,442,288)
Underground Utilities	(11,089)	(1,619)			(12,708)
Street Lights	(242,480)	(35,192)			(277,672)
Water Rights	(214,200)	(30,600)			(244,800)
Total accumulated depreciation	<u>(288,924,584)</u>	<u>(13,355,705)</u>		<u>784,224</u>	<u>(301,496,066)</u>
Net capital assets being depreciated	<u>223,813,502</u>	<u>(11,036,463)</u>	<u>(800,909)</u>	<u>23,927,296</u>	<u>235,903,427</u>
Governmental activities capital assets, net	<u>\$ 365,825,884</u>	<u>\$ (4,775,327)</u>	<u>\$ (2,832,765)</u>	<u>\$ 784,224</u>	<u>\$ 359,002,016</u>

CITY OF NAPA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

NOTE 7 – CAPITAL ASSETS (Continued)

Business-type activities capital assets activity for the year ended June 30, 2015, was as follows:

	Balance 6/30/2014	Transfers	Additions	Retirements	Balance at 6/30/2015
<i>Business-type Activities</i>					
Capital assets not being depreciated:					
Land and improvements	\$ 5,283,681				\$ 5,283,681
Construction in progress	8,411,383	\$ (4,808,730)	\$ 4,931,539		8,534,192
Total capital assets not being depreciated	13,695,064	(4,808,730)	4,931,539		13,817,873
Capital assets being depreciated:					
Building and improvements	83,812,538	308,919	369,810		84,491,267
Equipment	4,923,247		34,177		4,957,424
Transmission and distribution	91,800,738	4,499,811	576,087		96,876,636
Total capital assets being depreciated	180,536,523	4,808,730	980,074		186,325,327
Less accumulated depreciation for:					
Building and improvements	(23,193,675)		(3,033,519)		(26,227,194)
Equipment	(2,615,089)		(188,335)		(2,803,424)
Transmission and distribution	(46,190,809)		(1,491,063)		(47,681,872)
Total accumulated depreciation	(71,999,573)		(4,712,917)		(76,712,490)
Net capital assets being depreciated	108,536,950	4,808,730	(3,732,842)		109,612,838
Business-type activities capital assets, net	\$ 122,232,014	\$	\$ 1,198,697	\$	\$ 123,430,711

B. Depreciation Allocation

Depreciation expense is charged to functions and programs on the government-wide *Statement of Activities* based on their usage of the related assets. The amounts allocated to each function or program is as follows:

<u>Governmental activities</u>		<u>Business-type activities</u>	
General Government	\$ 11,877,700	Water Utility	\$ 4,339,207
Public Safety	228,703	Materials Diversion	265,327
Public Works	15,233	Housing	108,383
Parks and recreation	115,873		
Internal service funds	1,118,196		
Total	\$ 13,355,705		\$ 4,712,917

CITY OF NAPA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

NOTE 8 – LONG-TERM DEBT

A. Current Year Transactions and Balances

The following table summarizes the changes in the City’s long-term debt and other non-current liabilities during the year ended June 30, 2015:

	Original Issue Amount	Balance 6/30/2014	Additions	Retirements	Balance 6/30/2015	Current Portion
Governmental Activity Debt:						
Fleet Capital Fund Capital Lease, 3.5%, 2/1/15	\$ 328,846	\$ 44,112		\$ (44,112)		
California Energy Commission (LED Streetlights)	1,442,767		\$ 1,442,767		\$ 1,442,767	\$ 107,445
Total Governmental Activities Debt		\$ 44,112		\$ (44,112)	\$ 1,442,767	\$ 107,445
Business-type Activity Debt:						
Revenue Bonds						
2007 Water Revenue Bonds						
4-5%, due 5/1/2035	47,350,000	\$ 42,880,000		\$ (1,245,000)	\$ 41,635,000	\$ 1,295,000
Plus Unamortized Premium on Bond		1,580,957		(75,284)	1,505,673	
Total revenue bonds		44,460,957		(1,320,284)	43,140,673	1,295,000
Water Fund Note Payable - Alston Park Tank						
2.6%, due 4/1/2023	3,080,000	1,529,255		(162,980)	1,366,275	167,177
Seminary Street, 5.5%, due 7/31/2027	1,244,000	850,740	3,861	(46,731)	807,870	46,517
Umpqua Bank Notes Payable - Solar Panel						
4.37%, due 7/01/2025	1,400,000	935,223		(67,294)	867,930	70,308
State of CA-Dept of Water Resources Notes Payable						
Imola Avenue reservoir tank						
2.4%, due 9/30/2026	2,976,131	2,039,653		(141,735)	1,897,918	145,067
CDBG Laurel Manor Rehab Loan, 2.04% due 1/01/2034	700,000	688,136		(28,885)	659,250	29,479
Total Business-type Activity Debt		\$ 50,503,964	\$ 3,861	\$ (1,767,909)	\$ 48,739,917	\$ 1,753,548

B. Fleet Capital Lease

The City entered into a lease agreement in fiscal year 2009-10 for an asphalt paver. The lease agreement qualified as a capital lease for accounting purposes, and, therefore was recorded at the present value of future minimum monthly lease payments as of the inception date. The lease was fully paid in fiscal year 2015. The leased asset has a capitalized cost of \$241,150 and accumulated depreciation of \$83,506.

C. California Energy Commission Loan

The City received a **State Loan** of \$1.4 million at an interest rate of 1.0%, to be repaid in semi-annual payments over 12 years. The note proceeds were applied towards upgrading the street lights to energy efficient LED streetlights. The replacement of the streetlights was completed in October 2014 and disbursement received by the City in December 2014. Loan repayments will begin in December 2015.

D. Water Fund Obligations

In April 2007, the City issued **Series 2007 Water Revenue Bonds** for the principal amount of \$47,350,000. The proceeds of the sale of the bond were used to provide funding to finance improvements to the City’s water system. In addition the bond proceeds will go toward funding a reserve account for the bonds as well as paying the costs of issuance. Bonds bear interest payable bi-annually on May 1 and November 1 of each year commencing on November 1, 2007 until maturity in May 2035. Debt service is secured by a pledge of net revenues of the City’s Water System.

CITY OF NAPA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

NOTE 8 – LONG-TERM DEBT (Continued)

The pledge of future Water System Revenues ends upon repayment of the \$43.2 million in remaining debt service which is scheduled to occur in 2035. For fiscal year 2015, Water Fund Operating Revenues amounted to \$24.9 million and operating expenses (including operating expenses, but not depreciation and amortization) amounted to \$19.0 million. Net Revenues available for debt service amounted to \$5.9 million which represented coverage of 1.8 over the \$3.3 million in debt service.

The City received a **State Loan** of \$3.08 million at an interest rate of 2.6%, to be repaid in semi-annual payments over 20 years. The note proceeds were applied towards building and installing a 4 million gallon tank and a pump station. The construction of the tank was completed in May 2002 and loan repayments began in April 2003.

Umpqua Bank Notes Payable – In August 2005, the Water Enterprise Fund borrowed \$1,400,000 from Umpqua bank for purchase and installation of a solar energy system for the City. The note carries an interest rate of 4.37% and payable semi annually through July 1, 2025.

State of California-Department of Water Resources Notes Payable – In May 2005, the State California- Department of Water Resources agreed to partially finance the construction of the water reservoir tank at Imola Avenue. Under the agreement, the City borrowed \$2,976,131 for the project in April 2006. The interest rate is 2.4% and installments are payable semiannually through September 2026.

E. Housing Authority Note Payable

Seminary Street – In September 1998, the City of Napa Housing Authority borrowed \$714,000 from a local bank to finance the acquisition of a commercial office building to house the Authority and another tenant. During the year ended June 30, 2003, additional bank credit was extended to finance major renovations to the building for a net increase of \$530,000. The loan was converted to permanent financing with a monthly amortization schedule through 2027.

Laurel Manor Rehabilitation Loan – In November 2012, the City of Napa Housing Authority borrowed \$700,000, payable over 20 years, from the City of Napa to help finance \$2.7 million in improvements to the Laurel Manor senior housing complex.

CITY OF NAPA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

NOTE 8 – LONG-TERM DEBT (Continued)

F. Debt Service Requirements

The City's annual debt service requirements through maturity are as follows:

Fiscal year ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2016	\$ 107,445	\$ 21,054	\$ 1,753,548	\$ 2,182,218
2017	115,433	13,066	1,833,335	2,102,681
2018	116,590	11,909	1,913,268	2,019,748
2019	117,759	10,740	1,998,797	1,932,968
2020	118,914	9,585	2,089,711	6,471,434
2021-2024	487,789	26,208	8,961,866	6,471,434
2025-2028	378,837	6,660	9,373,812	4,880,409
2029-2032			10,263,506	3,102,108
2033-2036			9,046,397	913,635
Total	\$ 1,442,767	\$ 99,222	47,234,239	\$ 30,076,636
Net of unamortized premiums			1,505,673	
Net long-term debt			\$ 48,739,912	

NOTE 9 – DEBT WITH NO CITY COMMITMENT

A. Mortgage Revenue Bonds

The Housing Authority has issued the following mortgage revenue bonds to provide funds for the construction and permanent financing of multi-family housing projects. Twenty percent of units developed will be held and made available for occupancy by persons of low income. The bonds are secured by the land and housing projects. The bonds do not constitute or create a debt or pledge of the general credit or taxing power of the City and, accordingly, they are not recorded in the accompanying financial statements.

Year of Issue	Project	Original Principal	Maturity Date	Principal at June 30, 2015
Housing Authority				
1999	Silverado Creek A	\$ 3,125,000	June 1, 2031	\$ 2,319,175
2001	Vintage at Napa	7,500,000	June 15, 2034	5,635,000
2001	The Reserve at Napa	6,000,000	August 1, 2031	4,827,027
2001	Charter Oaks Apartments	4,215,000	August 1, 2018	3,220,705
2004	Magnolia Park Series 2004A	4,500,000	December 1, 2035	1,107,128
	Total	\$ 25,340,000		\$ 17,109,035

CITY OF NAPA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

NOTE 10 – NET POSITION AND FUND BALANCES

A. Net Position

Net position is the excess of the City's assets and deferred outflows over all its liabilities and deferred inflow. Net position is divided into three captions on the Statement of Net Position. These captions apply only to net position, which is determined at the Government-wide level and proprietary funds and are described below:

Net Investment in Capital Assets, describes the portion of net position which is represented by the current net book value of the City's capital assets, less the outstanding balance of any debt issued to finance these assets.

Restricted describes the portion of net position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the City cannot unilaterally alter. These principally include bond proceeds received for use on capital projects, debt service requirements, and special revenue programs subject to limitations defined regulations and laws underlying such programs.

Unrestricted describes the portion of net position which is not restricted as to use.

B. Fund Balance

Governmental fund balances represent the net position of each fund.

The City's fund balances are classified based on spending constraints imposed on the use of resources. For programs with multiple funding sources, the City prioritizes and expends funds in the following order: Restricted, Committed, Assigned, and Unassigned. If the expenditures incurred are *NOT* for the purpose for which the funds were originally committed or assigned, unassigned fund balance shall be reduced first, followed by assigned, and then committed. Each category in the following hierarchy is ranked according to the degree of spending constraint:

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

Restricted fund balances have external restrictions imposed by creditors, grantors, contributors, laws, regulations, or enabling legislation which requires the resources to be used only for a specific purpose.

Committed fund balances have constraints imposed by formal action (i.e. resolution) of the City Council which may be altered only by the same formal action of the City Council.

CITY OF NAPA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

NOTE 10 – NET POSITION AND FUND BALANCES (Continued)

Assigned fund balances are amounts constrained by the City’s intent to be used for a specific purpose, but are neither restricted nor committed. The Finance Director is designated the authority by the Council adopted Fiscal Policy to “assign” amounts to be used for specific purposes.

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

Detailed classifications of the City’s Fund Balances, as of June 30, 2015, follow:

	General	Development Fees	Home Program	City Capital Projects	Other Governmental Funds	Total
Nonspendables:						
Items not in spendable form:						
Prepaid Expenses	\$ 38,377					\$ 38,377
Advances due from other funds (Note 4)	482,850	\$ 183,600		\$ 675,000		1,341,450
Inventory	1,699					1,699
Total Nonspendable Fund Balances	522,926	183,600		675,000		1,381,526
Restricted for:						
Grants			\$ 608,146		\$ 223,633	831,779
PEG Reserve	15,285					15,285
Tourism Improvement District					224,679	224,679
SBI 186 Reserve	13,043					13,043
Red Light Camera					831,581	831,581
Designated Projects and Programs		18,463,896				18,463,896
Federal Urban Aide				270,173		270,173
Assessment Districts					4,615,589	4,615,589
Gas Tax					647,521	647,521
Total Restricted Fund Balances	28,328	18,463,896	608,146	270,173	6,543,002	25,913,546
Committed to:						
Housing Grant Match	500,000					500,000
Parking					3,887,926	3,887,926
Capital Projects				20,516,777		20,516,777
Building Reserve				2,516,039		2,516,039
Corp Yard Expansion				30,636		30,636
Low Flow Channel				181,270		181,270
Low Income Housing					4,341,334	4,341,334
Total Committed Fund Balances	500,000			23,244,723	8,229,261	31,973,983
Assigned to:						
Earthquake / Flood events	10,418,555					10,418,555
Public Safety Overstaffing	200,000					200,000
FY2014-15 Closure Days	149,702					149,702
Non Recurring Projects	3,199,897					3,199,897
Parking Security & Maintenance					938,933	938,933
Street Resurfacing Program					1,901,475	1,901,475
Sidewalk Replacement Program					472,422	472,422
Total Assigned Fund Balances	13,968,154				3,312,830	17,280,984
Unassigned:						
General fund	2,003,384					2,003,384
Contingency Reserve	500,000					500,000
Operating Reserve	3,720,913					3,720,913
Other governmental fund deficit residuals					(1,721,768)	(1,721,768)
Total Unassigned Fund Balances	6,224,297				(1,721,768)	4,502,530
Total Fund Balances	\$ 21,243,706	\$ 18,647,496	\$ 608,146	\$ 24,189,895	\$ 16,363,325	\$ 81,052,569

CITY OF NAPA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

NOTE 10 – NET POSITION AND FUND BALANCES (Continued)

C. Encumbrances

The City uses an encumbrance system as an extension of normal budgetary accounting for governmental funds. Under this system, purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to encumber that portion of applicable appropriations. Encumbrances outstanding at year-end are recorded as restricted, committed or assigned fund balance, depending on the classification of the resources to be used to liquidate the encumbrance, since they do not constitute expenditures or liabilities. Unexpended appropriations lapse at year-end and must be reappropriated in the following year unless carried forward in accordance with the City’s policy. Encumbrances outstanding in governmental funds as of June 30, 2015, were as listed below:

Governmental Funds

General	\$	7,254,136
Other Governmental Funds		2,489,144
Total	\$	9,743,281

D. Deficit Net Position and Fund Balance

As of June 30, 2015, the Golf Course Special Revenue Fund and Central Stores Internal Service Fund had fund/net position deficits amounting to \$1,721,767 and \$238,876 respectively. The deficits will be eliminated with future revenue.

E. Excess of Expenditures over Appropriations

1. Expenditures exceeded appropriations by \$3,207,318 in Transfers (out) of the General Fund due to an authorized transfer to replenish the Emergency (Earthquake and Flood) reserve to fund near term expenditures resulting from the August 24th 2015 South Napa Earthquake. The special items line item is related to the recording of the California Energy Commission loan for the conversion of street lights to energy efficient LED lights.
2. Expenditures exceeded appropriations by \$47,364 in the General Services Department of the Development Fees Fund to fund near term repairs and replacement of damage to City facilities by the public for cases pending resolution / insurance reimbursement.
3. Expenditures exceeded appropriations by \$257,774 in the Community Development Department of the HOME Program Fund made available by loan repayments received (Charges for Services) in fiscal 2015.
4. Expenditures exceeded appropriations by \$221,420 in the Community Development Department of the Assessment District fund due to increased pass-through payments from the downtown parking assessment on business license receipts. These expenditures were offset in total by increased Charges for Services revenue.
5. Expenditures exceeded appropriations by \$1,000 in interest and fiscal charges in the Traffic Fund due from interest on an outstanding loan.
6. Additionally, banking fees (Services - offset by interest earnings) are now being allocated to each fund in relation to their average daily cash balance, which created slight over expenditures in the following funds: Development Fees Fund (\$541), Development Fees Fund (\$6,607); Traffic Fund (\$742); and the Parking Fund (\$2,196).

CITY OF NAPA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

NOTE 11 – EMPLOYEE RETIREMENT SYSTEM

As of June 30, 2015 the City of Napa had a net pension liability, deferred inflow and deferred outflows as follows:

	<u>Miscellaneous</u>	<u>Safety</u>	<u>TOTAL</u>
Net Pension Liability	\$ 64,526,982	\$ 57,520,371	\$ 122,047,353
Deferred Inflow	(9,746,466)	(9,944,465)	(19,690,931)
Deferred Outflow	5,514,800	5,845,170	11,359,970

A. Plan Description

The City of Napa’s defined benefit pension plan, the City of Napa Retirement System, provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to all qualified permanent and probationary employees and their beneficiaries eligible to participate in either the Safety (Police, Fire) or Miscellaneous (all other) plan. It is part of the Public Agency portion of the California Public Employees Retirement System (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions, as well as other requirements, is established by State statutes within the Public Employee’s Retirement Law. The City of Napa selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local resolutions. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information. Copies of the CalPERS’ annual financial report may be obtained from CalPERS Executive Office at 400 P Street, Sacramento, CA 95814 or on the CalPERS website at www.calpers.ca.gov.

Assembly Bill (AB) 340 pension reform created the Public Employees’ Pension Reform Act (PEPRA) that implemented new benefit formulas and final compensation period, as well as new contribution requirements for new employees hired on or after January 1, 2013 who meet the definition of new member under PEPRA.

The table below provides information on the benefit formula, final compensation period and the employer and member contribution rates effective January 1, 2013 for any safety and miscellaneous employees that meet the definition of a new member under PEPRA.

Benefit Formula	Safety 2.7% at Age 57	Miscellaneous 2% at Age 62
Final Compensation Period	3 year highest compensation	3 year highest compensation
Employer Contribution Rate as a percentage of payroll	34.278% of reportable compensation	23.122% of reportable compensation
Member Contribution Rate as a percentage of payroll	11.25% of reportable compensation	6.25% of reportable compensation

CITY OF NAPA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

NOTE 11 – EMPLOYEE RETIREMENT SYSTEM (Continued)

B. Benefits Provided

CalPERS provides service retirement and disability benefits, annual costs of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. A classic CalPERS member or Public Employees’ Pension Reform Act of 2013 (PEPRA) Safety member becomes eligible for service retirement upon attainment of age 50 with at least 5 years of credited service (total service across all CalPERS employers, and with certain other Retirement Systems with which CalPERS has reciprocity agreements). PEPRA miscellaneous members become eligible for service retirement upon attainment of age 52 with at least 5 years of service. All members are eligible for non-duty disability benefits after 5 years of credited service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan will be annually adjusted on a compound basis by 2 percent and will begin the second calendar year after the year of retirement.

The Plans’ provisions and benefits in effect at June 30, 2015, are summarized as follows:

	Miscellaneous		
	Classic Members (prior to 12/21/2012)	Tier 2 (between 12/21/2012 and 1/1/2013)	PEPRA (on or after January 1, 2013)
Hire date			
Benefit formula	2.7% @ 55	2% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 55	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	2% to 2.7%	1.092% to 2.418%	1.0% to 2.5%
Required employee contribution rates	8%	7%	6.25%
Required employer contribution rates	24.33%	24.33%	24.327%

	Safety - Police		
	Classic Members (prior to 1/7/2012)	Tier 2 (between 1/7/2012 and 1/1/2013)	PEPRA (on or after January 1, 2013)
Hire date			
Benefit formula	3% @ 50	3% @ 55	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50	50 - 55	50 - 57
Monthly benefits, as a % of eligible compensation	3%	2.4% to 3.0%	2.0% to 2.7%
Required employee contribution rates	9%	9%	11.25%
Required employer contribution rates	37.23%	37.23%	37.226%

	Safety - Fire		
	Classic Members (prior to 8/11/2012)	Tier 2 (between 8/11/2012 and 1/1/2013)	PEPRA (on or after January 1, 2013)
Hire date			
Benefit formula	3% @ 50	3% @ 55	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50	50 - 55	50 - 57
Monthly benefits, as a % of eligible compensation	3%	2.4% to 3.0%	2.0% to 2.7%
Required employee contribution rates	9%	9%	11.25%
Required employer contribution rates	37.23%	37.23%	37.226%

CITY OF NAPA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

NOTE 11 – EMPLOYEE RETIREMENT SYSTEM (Continued)

C. Employees Covered

At June 30, 2015 the following employees were covered by the benefit terms for each Plan:

	Miscellaneous	Safety
Inactive employees or beneficiaries currently receiving benefits	371	185
Inactive employees entitled to but not yet receiving benefits	214	48
Active employees	295	121
Total	880	354

D. Funding Policy

Active Classic and Tier 2 plan members in the City of Napa Retirement System are required to contribute 8% for miscellaneous employees or 9% for public safety employees of their annual covered salary. Active PEPRA plan members are required to contribute 50% of the total normal cost as actuarially calculated by CalPERS. The City of Napa is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for the year ended June 30, 2015 was 24.327% for miscellaneous employees and 37.226% for public safety employees. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

E. Annual Pension Expense

For the year ended June 30, 2015, the City’s annual pension expense was \$11,359,970. The required contribution for that year was determined as part of the June 30, 2013, actuarial valuation completed annually in accordance with Section 20814(c) of the California Public Employee Retirement Law using the entry age normal cost method for miscellaneous and safety employees with the contributions determined as a percent of pay, as amended in November, 2002 for a change in the safety plan benefit formula.

Initial unfunded liabilities are amortized over a closed period that depends on the plan’s date of entry into CalPERS. Subsequent plan amendments are amortized as a level percentage of pay over a closed 20-year period. Gains and losses that occur in the operation of the plan are amortized over a 30-year period with Direct Rate Smoothing with a 5-year ramp up / ramp down. If the plan’s accrued liability exceeds the actuarial value of plan assets, then the amortization payment on the total unfunded liability may not be lower than the payment calculated over a 30 year amortization period.

F. Net Pension Liability

The City of Napa’s net pension liability for each Plan is measured as the total pension liability, less the pension plan’s fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2014, using an annual actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

CITY OF NAPA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

NOTE 11 – EMPLOYEE RETIREMENT SYSTEM (Continued)

Actuarial Assumptions – The total pension liabilities in the June 30, 2013 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous	Safety
Valuation Date	30-Jun-13	30-Jun-13
Measurement Date	30-Jun-14	30-Jun-14
Actuarial Cost Method	Entry age Normal cost method	
Actuarial Assumptions:		
- Discount Rate	7.50%	7.50%
- Inflation	2.75%	2.75%
- Payroll Growth	3.00%	3.00%
- Projected Salary Increase (1)	3.3% - 14.2%	3.3% - 10.9%
- Investment Rate of Return (2)	7.50%	7.50%
- Mortality (3)	Derived using CalPERS Membership Data for all Funds	

(1) Annual increases vary by category, entry age, and duration of service

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

(3) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report. (www.calpers.ca.gov)

All other actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website (www.calpers.ca.gov) under Forms and Publications.

Discount Rate – The discount rate used to measure the total pension liability was 7.5% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.5% percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.5% percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.5% percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CITY OF NAPA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

NOTE 11 – EMPLOYEE RETIREMENT SYSTEM (Continued)

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as they have changed our methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1-10 (a)	Real Return Years 11+ (b)
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	12.0%	6.83%	6.95%
Real Estate	11.0%	4.50%	5.13%
Infrastructure and Foresland	3.0%	4.50%	5.09%
Liquidity	2.0%	-0.55%	-1.05%
Total	100.0%		

(a) An expected inflation of 2.5% used for this period.
(b) An expected inflation of 3.0% used for this period.

CITY OF NAPA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

NOTE 11 – EMPLOYEE RETIREMENT SYSTEM (Continued)

G. Changes in Net Pension Liability

The changes in the Net Pension Liability for each Plan follows:

Miscellaneous Plan:	Increase / (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at June 30, 2014	\$ 197,578,112	\$ 123,436,750	\$ 74,141,362
Changes in the Year			
- Service cost	4,179,121		4,179,121
- Interest on the total pension liability	14,604,950		14,604,950
- Contribution - employer		5,372,508	(5,372,508)
- Contribution - employee (paid by employer)		1,730,126	(1,730,126)
- Net investment income		21,295,817	(21,295,817)
- Benefit payments, including refunds of employee contributions	(9,870,003)	(9,870,003)	
Net changes	<u>8,914,068</u>	<u>18,528,448</u>	<u>(9,614,380)</u>
Balance at June 30, 2015	<u>\$ 206,492,180</u>	<u>\$ 141,965,198</u>	<u>\$ 64,526,982</u>
Safety Plan	Increase / (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at June 30, 2014	\$ 193,498,490	\$ 125,762,845	\$ 67,735,645
Changes in the Year			
- Service cost	4,089,713		4,089,713
- Interest on the total pension liability	14,300,336		14,300,336
- Contribution - employer		5,112,297	(5,112,297)
- Contribution - employee (paid by employer)		1,753,345	(1,753,345)
- Net investment income		21,739,681	(21,739,681)
- Benefit payments, including refunds of employee contributions	(9,744,388)	(9,744,388)	
Net changes	<u>8,645,661</u>	<u>18,860,935</u>	<u>(10,215,274)</u>
Balance at June 30, 2015	<u>\$ 202,144,151</u>	<u>\$ 144,623,780</u>	<u>\$ 57,520,371</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the City of Napa for each Plan, calculated using the discount rate for each Plan, as well as what Napa’s net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	<u>Miscellaneous</u>	<u>Safety</u>
1% Decrease	6.50%	6.50%
Net Pension Liability	90,352,301	82,727,634
Current Discount Rate	7.50%	7.50%
Net Pension Liability	64,526,982	57,520,371
1% Increase	8.50%	8.50%
Net Pension Liability	42,967,950	36,486,691

CITY OF NAPA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

NOTE 11 – EMPLOYEE RETIREMENT SYSTEM (Continued)

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

H. Pension Expenses and Deferred Outflows / Inflows of Resources Related to Pensions

For the year ended June 30, 2015, the City of Napa recognized pension expense of \$10,484,805. At June 30, 2015 Napa reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Miscellaneous Plan		Safety Plan		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 5,514,800		\$ 5,845,170		\$ 11,359,970	
Net differences between projected and actual earnings on plan investments		\$ (9,746,466)		\$ (9,944,465)		\$ (19,690,931)
TOTAL	\$ 5,514,800	\$ (9,746,466)	\$ 5,845,170	\$ (9,944,465)	\$ 11,359,970	\$ (19,690,931)

\$11,359,970 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year ended June 30	<u>Miscellaneous</u> Deferred outflows/(inflows) of resources	<u>Safety</u> Deferred outflows/(inflows) of resources	<u>TOTAL</u> Deferred outflows/(inflows) of resources
	2016	\$ (2,436,616)	\$ (2,486,116)
2017	(2,436,616)	(2,486,116)	(4,922,732)
2018	(2,436,616)	(2,486,116)	(4,922,732)
2019	(2,436,618)	(2,486,117)	(4,922,735)
	<u>\$ (9,746,466)</u>	<u>\$ (9,944,465)</u>	<u>\$ (19,690,931)</u>

I. Defined Contribution Plans

The City also provides defined contribution retirement benefits through IRS section 401(a) and 457 plans. The plans are administered by the International City Management Association Retirement Corporation and Nationwide Retirement Solutions. Plan provisions and contribution requirements are established and may be amended by City Council through negotiation with employee associations. The City contributes from \$50 to \$300 per month to its non-safety and management employees, depending upon employee group. In addition, the City contributes \$1,000 to \$1,250 for City executives. During the year ended June 30, 2015, the City fully funded its required contributions of \$300,428 to these plans.

CITY OF NAPA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

NOTE 11 – EMPLOYEE RETIREMENT SYSTEM (Continued)

J. Other Retirement Systems

The Omnibus Budget Reconciliation Act of 1990 (OBRA) mandates that public sector employees who are not members of their employer's existing retirement system as of January 1, 1992, be covered by either Social Security or an alternative plan. The City contracts with the Public Agency Retirement Systems (PARS), to maintain a defined contribution plan that covers part time, seasonal and temporary employees. Employer liabilities are limited to the amount of current contributions.

Under PARS, employees contribute 5.0% and the City contributes 2.5% of the employee's salary each pay period. For the fiscal year ended June 30, 2015, total contribution of \$15,777 were based on a total amount of covered compensation of \$631,080.

NOTE 12 – OTHER POST-EMPLOYMENT BENEFITS

During fiscal year 2008, the City implemented the provisions of Governmental Accounting Standards Board Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. This Statement establishes uniform financial reporting standards for employers providing postemployment benefits (OPEB). A summary of the eligibility requirements and benefits are shown below by bargaining unit:

CITY OF NAPA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

NOTE 12 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

UNIT	AMP & Exempt AMP	NCEA & Exempt NCEA	NPOA	NCFA	NPOA MID	NCFO	Exempt-Exces	Elected
■ Medical Plan	City Plan	City Plan	PEMHCA	City Plan	PEMHCA	City Plan	City Plan	City Plan
Tier 1 - Choice of Sick Leave Conversion to Retiree Single Party Health reimbursement or Supplemental Benefit except NPOA MID Life time single party medical								
■ Eligibility/DOH	N/A	<7/1/1983	Combined age + years of service as of 7-1-12 >=61	<8/1/1982 and opt out of HRA	Hired between 7/1/84 & 7/1/87; NPOA-Mid member <7/1/07	N/A	N/A	N/A
active ee eligible	N/A	2	8	1	1	N/A	N/A	N/A
Maximum hours	N/A	no cap	180 months	no cap	N/A	N/A	N/A	N/A
Retiree Medical Trust	N/A	N/A	Yes	N/A	N/A	N/A	N/A	N/A
Banked Credit	N/A	N/A	Not enrolled in PEMHCA, convert hrs to credit at single party Kaiser rate, credit banked for future use	N/A	N/A	N/A	N/A	N/A
■ Sick Leave Conversion for reimbursement	N/A	<ul style="list-style-type: none"> •One time irrevocable choice at retirement •Convert 8 hours unused sick leave to one month single party medical premium or to CalPERS service time •No surviving spouse benefit for City Plan, if in PEMHCA then PEMHCA min for surviving spouse •Sick leave accrual - 96 hour/year •Caps for medical premiums are indicated below. (Note: premiums include Medicare Part B premium) 			N/A	N/A	N/A	N/A
Tier 2 - Choice of Sick Leave Conversion to Retiree Single Party Health reimbursement or Supplemental Benefit								
■ Eligibility/DOH	N/A	N/A	N/A	opt out of HRA	Hired >=7-1-84 and member of Management Unit as of 6-30-11	N/A	N/A	N/A
active ee eligible				4	2			
Maximum hours				180 months	180 months			
■ Sick Leave Conversion for reimbursement				<ul style="list-style-type: none"> •One time irrevocable choice at retirement •Convert 8 hours unused sick leave to one month single party medical premium or to CalPERS service time •No surviving spouse benefit for City Plan, if in PEMHCA then PEMHCA min for surviving •Sick leave accrual - 96 hour/year •Caps for medical premiums are indicated below. (Note: premiums include Medicare Part B premium) 				
Tier 3 - Choice of Sick Leave Conversion to Retiree Single Party Health reimbursement and Retiree Medical Trust								
■ Eligibility/DOH	N/A	N/A	N/A	N/A	Member of NPOA as of 6-30-12 and promoted from NPOA into the Management unit on or after 6-1-13	N/A	N/A	N/A
active ee eligible					1			
Maximum hours					180 months			
Retiree Medical Trust					Yes			
■ Sick Leave Conversion for reimbursement					Same as Sick Leave Conversion for reimbursement in Tier 2.			
Tier 4 - Supplemental Benefit								
■ Age & years of service	50 & 10	50 & 15 (10 years if hired after 1-1-2013)	50	50	50 & 10	50 & 10	50 & 10	50 & 8
■ Supplemental Benefit	<ul style="list-style-type: none"> •\$274/month •EE lifetime •No increase after retirement 	<ul style="list-style-type: none"> •\$244/month •EE lifetime •No increase after retirement 			<ul style="list-style-type: none"> •\$237/month •EE lifetime •No increase after retirement 	<ul style="list-style-type: none"> •\$246/month •EE lifetime •No increase after retirement •Vacation bal deposited into HRA •SL balance converted to HRA @50% of hourly rate 	<ul style="list-style-type: none"> •\$347/month •EE lifetime •No increase after retirement 	<ul style="list-style-type: none"> •\$347/month •EE lifetime •No increase after retirement
	•S/L conversion to CalPERS	•S/L conversion to CalPERS	•S/L conversion to CalPERS	•SL balance converted to HRA @50% of hourly rate	•S/L conversion to CalPERS	•S/L conversion to HRA @50% of hourly rate	•S/L conversion to CalPERS	
■ Cap (Tier 1)	• Single retiree Kaiser premium	• Single retiree Kaiser premium	Actual premium	Actual premium	• Single retiree Kaiser premium	N/A	N/A	N/A
■ Cap (Tiers 2 & 3)	N/A	N/A	N/A	Actual premium	Actual premium	N/A	N/A	N/A
■ Life Insurance (DOH<7/1/84)	• \$2,500	• \$2,500	N/A	• \$2,500	N/A	N/A	N/A	N/A
active ee eligible	Up to age 70	Up to age 70		Up to age 70				
■ Dental & Vision	None	None	None	None	None	None	None	None
■ Portable	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

CITY OF NAPA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

NOTE 12 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

Funding Policy and Actuarial Assumptions

The City's policy is to fund these benefits on a pre-funded basis. The annual required contribution (ARC) was determined as part of a December 31, 2009, actuarial valuation using the entry age normal actuarial cost method, and updated June 30, 2011 and June 30, 2013. This is a projected benefit cost method, which takes into account those benefits that are expected to be earned in the future as well as those already accrued. The actuarial assumptions included (a) 7.25% investment rate of return, (b) 3.25% projected annual salary increase, and (c) 3.00% of general inflation increase, (d) a 28 year fixed (closed) period for June 30, 2011 UAAL (24 years remaining on June 30, 2015), and (e) a healthcare trend of declining annual increases ranging from 7.50% for all plans after 2015 grading down over 6 years to 5.0% thereafter. The actuarial methods and assumptions used include techniques that smooth the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Actuarial calculations reflect a long-term perspective and actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to revision at least biannually as results are compared to past expectations and new estimates are made about the future. The City's OPEB unfunded actuarial accrued liability amounted to \$9,943,000 as of June 30, 2013, and is being amortized as a level percentage of projected payrolls over the remaining 24.5 year amortization period.

Generally accepted accounting principles permit assets to be treated as OPEB assets and deducted from the Actuarial Accrued Liability when such assets are placed in an irrevocable trust or equivalent arrangement. During the fiscal year ended June 30, 2015, the City contributed \$735,104 to current year premiums and pre-funded \$1,053,705 to CERBT Trust. As a result, the City has calculated and recorded the Net OPEB Obligation, representing the difference between the ARC, amortization and contributions, as presented below:

	Retiree Health Benefit Internal Service Fund Government Activities
Annual required contribution (ARC)	\$ 960,000
Amortization on the Net OPEB Liability	(119,000)
Interest on the Net OPEB Liability	89,000
Annual OPEB Cost	930,000
Contributions made:	
City portion of current year premiums paid	(735,104)
Reimbursement from CERBT Trust current year	735,104
Contribution to CERBT Trust	(1,053,705)
Total Contributions	(1,053,705)
Increase (decrease) in Net OPEB Obligation	(123,705)
Net OPEB Obligation at June 30, 2014	1,245,029
Net OPEB Obligation at June 30, 2015	\$ 1,121,324

CITY OF NAPA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

NOTE 12 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

The City's annual required contributions and actual contributions for the years ended June 30, 2015, and the preceding two years were set forth below (in thousands):

Fiscal Year	Annual OPEB Cost	Annual Contribution	Percentage of AOC Contributed	Net OPEB Obligation
6/30/2013	\$ 1,124,000	\$ 1,065,187	95%	\$ 1,407,216
6/30/2014	903,000	1,065,187	118%	1,245,029
6/30/2015	930,000	1,053,705	113%	1,121,324

The Schedule of Funding Progress presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Trend data from the actuarial studies is presented below:

Actuarial Valuation Date	Actuarial Value of Assets (A)	Entry Age Actuarial Accrued Liability (B)	Overfunded (Underfunded) Actuarial Accrued Liability (A-B)	Funded Ratio (A/B)	Covered Payroll (C)	Overfunded (Underfunded) Actuarial Liability as Percentage of Covered Payroll [(A-B)/C]
6/30/2013	\$ 2,918,000	\$ 12,861,000	\$ (9,943,000)	22.69%	\$ 34,801,000	-28.57%

NOTE 13 – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. The City has established a limited risk management program for these types of risks. Premiums are paid into the internal service fund by all other funds and are available to pay claims, claim reserves and administrative costs of the program.

Under this program the City is completely self-insured for unemployment insurance and is self-insured for workers' compensation and general liability insurance claims up to \$300,000 per occurrence and \$150,000 per occurrence, respectively. Claims in excess of these amounts are insured through CSAC Excess Insurance Authority up to the statutory limit and \$25,000,000, respectively. This coverage represents an increase from that of the prior year. There were no settlements that exceeded coverage for each of the past three fiscal years. In addition the City has also put in place an insurance policy covering them from earthquake and limited flood disasters in the amount of \$40,000,000 per occurrence, with a deductible of 15%.

The City has retained an independent actuary to perform an analysis of the City's potential liability for the City's self-insured portions of the general liability and workers' compensation programs. The amount recorded as a liability is the specific reserves for individual known claims or lawsuits not covered under the general liability or the workers' compensation insurance program and estimates for incurred but not reported claims. The actuarial analysis uses a rate of 5% for general liability and workers' compensation to discount future investment earnings. Claims liability has been recorded at an 80% confidence level.

CITY OF NAPA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

NOTE 13 – RISK MANAGEMENT (Continued)

Below is a reconciliation of changes in the aggregate liabilities for claims for the fiscal years beginning and ending June 30, 2014 and 2015:

	2015	2014
Claims liability - beginning	\$ 5,740,880	\$ 5,520,000
Changes in estimates for claims in prior years	1,968,025	1,268,339
Payments on claims	(1,646,905)	(1,047,459)
Claims liability - ending	\$ 6,062,000	\$ 5,740,880
Current portion	\$ 2,278,400	\$ 1,818,440

NOTE 14 – JOINT POWERS AGREEMENT

On March 16, 1993, the City of Vallejo and the County of Napa formed the South Napa Waste Management Authority (the “Authority”), a separate legal entity, for the purpose of collectively managing the waste disposal needs of the communities they represent. The City of Napa resolved to join the Authority on March 18, 1993. In August, 1993, the City of Napa officially became a member of the Authority. The Authority has purchased the American Canyon Landfill site and accepted responsibility for its closure. State and federal laws and regulations require the Authority to place a final cover on this landfill site and to perform certain maintenance and monitoring functions at the site for 30 years after closure.

The City has no ongoing financial interest in the Authority. Closure and related costs will be paid through tipping fees assessed by the Authority at its Waste Transfer Facility. This Transfer Facility serves the waste disposal needs of the communities represented by the Authority. The tipping fees are paid by the citizens of these communities through rate assessments for waste pickup and disposal.

Financial information related to the Authority can be obtained from the South Napa Waste Management Authority located in Napa, California.

NOTE 15 – CONTINGENT LIABILITIES

The City is involved in several claims and lawsuits. In the opinion of the City’s management, it is unlikely that these claims and lawsuits will have a material adverse effect on the accompanying financial statements.

The City has received federal and state grants for specific purposes that are subject to reviews by the grantor agencies. Such reviews could lead to requests for reimbursements to the grantor agency for expenditures disallowed under the terms of the grant. The amount, if any, of expenditures that may be disallowed by the granting agencies cannot be determined at this time, although City management expects such amounts, if any, to be immaterial.

The City has a number of material construction contracts that are in process or are set to go into production. The total of these contracts as of June 30, 2015, is \$4,419,884.

CITY OF NAPA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

NOTE 15 – CONTINGENT LIABILITIES (Continued)

North Bay Aqueduct - The City has a water supply contract with the Napa County Flood Control and Water Conservation District (NCFCWCD) that is linked to a master contract between the NCFCWCD and the State of California Department of Water Resources (DWR). Under these contracts, the State of California built the North Bay Aqueduct and peripheral infrastructure and allocated the costs to the benefiting municipalities. The contract calls for an annual payment that includes capital and operating components as well as a charge for water that varies widely each year based on the amount of consumption which is a function of climate, availability of other water supplies and pumping. The contract is non-cancelable and expires in the year 2035.

The components of the payments are as follows:

1. *Capital Cost Component* contains the conservation and transportation capital cost components for the use of the infrastructure and water rights and related debt obligation.
2. *Conservation and transportation minimum Operation, Maintenance, Power & Replacement (OMP&R) components.* Additionally, there is an obligation to pay an OMP&R component is based on the water entitlement, which is not dependent on the quantity of water actually delivered.
3. *Transportation variable OMP&R component* is dependent upon the quantities of water actually delivered to the City.
4. *Delta Water Charge* is split into two components; (a) a capital piece for the initial conservation facilities, and (b) a minimum OMP&R component.
 - a. The capital cost component of the Delta Water Charge became applicable in 2013, and is paid in two semi-annual installments due January 1 and July 1 of each year. These payments are used to fund the initial conservation facilities and are partially offset by a rate management credit provided to agencies (including NCFCWCD) who have executed the Monterey Amendment which focuses on water shortage issues.
 - b. The minimum OMP&R component of the Delta Water Charge is paid monthly in 12 equal installments.

The total estimated obligation of the City of Napa over the next five years and thereafter, are presented in the table below:

Calendar Year	Estimated Total Payment
2016	\$ 6,914,175
2017	7,130,589
2018	7,353,776
2019	7,583,949
2020	7,821,327
2021-2025	40,330,672
2026-2030	41,593,022
2031-2035	42,894,884

CITY OF NAPA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

NOTE 16 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES

The Successor Agency to the Napa Community Redevelopment Agency was established as a result of the dissolution of the Redevelopment Agency February 1, 2012.

A. Cash and Investments

The Successor Agency pools cash from all sources and all funds with the City so that it can be invested at the maximum yield, consistent with safety and liquidity, while individual funds can make expenditures at any time. The details of the City’s investment pool can be found in Note 3 – Cash and Investments.

Restricted cash and investments may be used only for capital projects by the Successor Agency.

The Successor Agency’s cash and investments are classified in the financial statements, based on whether or not their use is restricted under the terms of debt instruments or agreements.

B. Capital Assets

The Successor Agency transferred all its public domain (infrastructure) capital assets, which include landscape, storm, street, and traffic systems to the City of Napa pursuant to the Long Range Property Management Plan approval from Department of Finance on March 20, 2014.

(a) Capital Asset Additions, Retirements, and Balances

	Balance at June 30, 2014	Additions	Balance at June 30, 2015
Capital assets not being depreciated:			
Land	\$ 35,480	\$ -	\$ 35,480
Total capital assets not being depreciated	35,480	-	35,480
Capital assets being depreciated:			
Building and improvements	75,400	-	75,400
Furniture and equipment	7,238		7,238
Total capital assets being depreciated	82,638	-	82,638
Less accumulated depreciation for:			
Building and improvements	(75,400)	-	(75,400)
Furniture and equipment	(2,842)	(603)	(3,445)
Total accumulated depreciation	(78,242)	(603)	(78,845)
Net capital assets being depreciated	4,396	(603)	3,793
Net, Capital Assets, Trust Fund	\$ 39,876	\$ (603)	\$ 39,273

CITY OF NAPA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

NOTE 16 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES (Continued)

C. Long-Term Debt

The Successor Agency assumed the long-term debt of the Redevelopment Agency as of February 2012.

(a) Current Year Transactions and Balances

The Successor Agency's debt issues and transactions are summarized below and discussed in detail thereafter.

	Original Issue Amount	Balance 6/30/2014	Additions	Retirements	Balance 6/30/2015	Current Portion
Trust Fund:						
Successor Agency (Redevelopment) Tax Allocation Bonds						
2003A Parkway Plaza Redevelopment Project, 2.3-4.8%, due 9/1/2019	\$ 22,715,000	\$ 11,470,000		\$ (11,470,000)		
2003B Parkway Plaza Redevelopment Project, 3.1-5.8%, due 9/1/2019	2,475,000	1,155,000		(170,000)	\$ 985,000	\$ 175,000
2003B Refunding Parkway Plaza Redevelopment Project, 3.1-5.8%, due 9/1/2019	2,050,000	950,000		(950,000)		
2015A Tax Allocation Refunding Bond Redevelopment Project, 3.1-5.8%, due 9/1/2019	8,145,000		\$ 8,145,000		8,145,000	
2015B Tax Allocation Refunding Bond Redevelopment Project, 3.1-5.8%, due 9/1/2019	2,270,000		2,270,000		2,270,000	2,125,000
Total Tax Allocation Bonds	37,655,000	13,575,000	10,415,000	(12,590,000)	11,400,000	2,300,000
Notes & Loans						
Water Fund for Drainage Improvements Project, LAIF Interest %, due 2024	735,063	735,063		(100,688)	634,375	90,625
Total Debt	38,390,063	14,310,063	10,415,000	(12,690,688)	12,034,375	2,390,625
Premiums / (discounts)			623,141		623,141	
Total debt net of Premiums / (discounts)	\$ 38,390,063	\$ 14,310,063	\$ 11,038,141	\$ (12,690,688)	\$ 12,657,516	\$ 2,390,625

(b) Redevelopment Tax Allocation Bonds

In August, 2003, the Agency issued \$27 million in tax allocation bonds including: Series A Bonds were issued to provide \$12 million for redevelopment projects, \$2 million for a debt reserve fund and \$9 million to refund then outstanding 1993 Bonds. The 1993 Bonds were subsequently redeemed in full. Series B and C Bonds were issued to provide \$2.1 million for affordable housing projects and \$1.8 million for the refunding of the Housing Authority's 1999 revenue bonds. These bonds were secured by the Agency's 20% low & moderate housing set-aside of tax increment revenues. Upon dissolution of the Agency, the Successor Agency assumed this debt, which will be paid from distributions from the Redevelopment Property Tax Trust Fund.

With the dissolution of the Redevelopment Agency discussed above, Tax Increment is no longer distributed, and instead the Successor Agency receives payments from the County's Redevelopment Property Tax Trust Fund (RPTTF) that are to be used to fund debt service on the Bonds, with no distinction between housing and non-housing revenues. In addition, under the provisions of the laws dissolving the Napa Community Redevelopment Agency, the Successor Agency only receives the funds necessary to fulfill its approved obligations.

CITY OF NAPA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

NOTE 16 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES (Continued)

At June 30, 2015, future debt service requirement for the Redevelopment Tax Allocation Bonds were as follows:

Fiscal year ending June 30	Principal	Interest	Total
2016	\$ 2,300,000	\$ 256,043	\$ 2,556,043
2017	2,380,000	338,225	2,718,225
2018	2,230,000	264,350	2,494,350
2019	2,315,000	171,950	2,486,950
2020	2,175,000	75,000	2,250,000
Total	<u>\$ 11,400,000</u>	<u>\$ 1,105,568</u>	<u>\$ 12,505,568</u>

D. State Approval of Enforceable Obligations

The Successor Agency prepares a Recognized Obligation Payment Schedule (ROPS) semi-annually that contains all proposed expenditures for the subsequent six-month period. The ROPS is subject to the review and approval of the Oversight Board as well as the State Department of Finance. Although the State Department of Finance may not question items included on the ROPS in one period, they may question the same items in a future period and disallow associated activities. The amount, if any, of current obligations that may be denied by the State Department of Finance cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

NOTE 17 – EXTRAORDINARY ITEMS

A. Public Projects Funding Agreement

On September 17, 2013, the Successor Agency appropriated the remaining \$3.4 million in proceeds from the 2003 Parkway Plaza Tax Allocation Bonds for priority capital projects approved by the Oversight Board of the Successor Agency to the former Napa Community Redevelopment Agency. A transfer of \$1,220,333 was completed in fiscal 2014 per the approved ROPS. The final transfer of \$2,173,091 was completed in fiscal 2015 per the approved ROPS.

	Balance June 30, 2014	Transfer from Successor Agency Private Purpose Trust	Balance June 30, 2015
Government Activities			
Public Projects Funding Agreement	\$ 1,220,333	\$ 2,173,091	\$ 3,393,424
Total Public Projects Funding Agreement	<u>\$ 1,220,333</u>	<u>\$ 2,173,091</u>	<u>\$ 3,393,424</u>

NOTE 18 – SUBSEQUENT EVENTS

On December 15, 2015 the City of Napa City Council adopted a resolution authorizing the issuance and sale of refunding water revenue bonds for the purpose of refinancing the costs of acquiring and constructing water system improvement projects to realize a cash flow savings. Bonds were sold in January 2016.

CITY OF NAPA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

NOTE 19 – PRIOR PERIOD ADJUSTMENT

Due to the City's implementation of GASB 68 and GASB 71 related to pensions, the City had a restatement of net position as of July 1, 2014 to recognize the net pension liability and deferred outflows of resources (as of July 1 2013) in the amount of \$12,852,311 in the business-type activities (as shown below) and \$118,539,891 in the governmental activities. The July 1, 2014 restatements of net positions, at both the fund level and the government-wide level are presented as follows:

	Fund Financial Statements		
	Business-type Activities	Business-type Activities Materials	Business-type Activities
	Water Utility	Diversion Utility	Housing
	\$	\$	\$
Net position at July 1, 2014, as previously stated	80,509,870	21,578,795	17,896,877
Prior period adjustment:			
Recognize Net Pension Liability	(12,144,185)	(1,476,726)	(235,481)
Recognize Deferred Outflow of Resources (2013/14 contributions)	880,008	107,008	17,066
Net position at July 1 2014 as restated	\$ 69,245,693	\$ 20,209,077	\$ 17,678,462

	Government-Wide Level	
	Governmental Activities	Business-type Activities
	\$	\$
Net position at July 1, 2014, as previously stated	453,034,846	119,985,542
Prior period adjustment:		
Recognize Net Pension Liability	(128,020,615)	(13,856,392)
Recognize Deferred Outflow of Resources (2013/14 contributions)	9,480,723	1,004,082
Net position at July 1 2014 as restated	\$ 334,494,954	\$ 107,133,232

NOTE 20 – PUBLIC-PRIVATE SERVICE CONCESSION ARRANGEMENT – CITY GOLF COURSE

At the end of the year ended June 30, 2013, the City entered into an agreement with Napa Golf Course, LLC under which the company will operate and collect user fees from the Napa Municipal Golf Course for the next ten (10) years. The company will pay the City of Napa installment payments over the course of the arrangement; the present value of these installment payments is estimated to be \$657,946. The company will also pay the City a percentage of the revenues it earns from the operation of the golf course (percentage rent based on tiers set forth in the agreement). The company is required to operate and maintain the golf course in accordance with the Agreement. The City plans to use the proceeds from the installment payments to offset the deficit net position of the golf course fund, with any additional revenues to be used to fund golf course improvements. The City reports the golf course and related equipment as a capital asset with a carrying amount of \$712,682 at June 30, 2015, and reports a receivable and deferred inflow of resources in the amount of \$657,946 at June 30, 2015, pursuant to the service concession arrangement.



REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION

**Miscellaneous and Safety Plans
Agent Multiple-Employer Defined Benefit Pension Plan
As of June 30, 2015
Last 10 years***

Schedule of Changes in the Net Pension Liability and Related Ratios

Measurement Date	Miscellaneous June 30, 2014	Safety June 30, 2014
Total Pension Liability		
Service Cost	\$ 4,179,121	\$ 4,089,713
Interest on total pension liability	14,604,950	14,300,336
Benefit payments, including refunds of employee contributions	(9,870,003)	(9,744,388)
Net change in total pension liability	8,914,068	8,645,661
Total Pension Liability - beginning	197,578,112	193,498,490
Total Pension Liability - ending (a)	\$ 206,492,180	\$ 202,144,151
Plan fiduciary net position		
Contributions - employer	\$ 5,372,508	\$ 5,112,297
Contributions - employee	1,730,126	1,753,345
Net investment income	21,295,817	21,739,681
Benefit payments	(9,870,003)	(9,744,388)
Net change in fiduciary net position - beginning	18,528,448	18,860,935
Plan fiduciary net position - beginning	123,436,750	125,762,845
Plan fiduciary net position - ending (b)	\$ 141,965,198	\$ 144,623,780
 Net pension liability - ending (a) - (b)	 \$ 64,526,982	 \$ 57,520,371
 Plan fiduciary net position as a percentage of the total pension liability	 68.75%	 71.54%
 Covered employee payroll	 22,195,380	 14,428,768
 Net pension liability as a percentage of covered employee payroll	 290.72%	 398.65%

* Fiscal year 2014/15 was the 1st year of implementation, therefore only one year is shown.

REQUIRED SUPPLEMENTARY INFORMATION (Continued)

**Miscellaneous and Safety Plans
Schedule of Contributions
As of June 30, 2015
Last 10 years***

	Miscellaneous	Safety
Actuarially determined contributions	\$ 5,372,508	\$ 5,112,297
Contributions in relation to the actuarially determined contribution	(5,372,508)	(5,112,297)
Contribution deficiency (excess)	\$ -	\$ -
Covered employee payroll (from current year)	\$ 22,669,463	\$ 15,757,671
Contributions as a percentage of covered-employee payroll	23.70%	32.44%

* Fiscal year 2014/15 was the 1st year of implementation, therefore only one year is shown.

Notes to Schedule

	Miscellaneous	Safety
Valuation Date	30-Jun-13	30-Jun-13
Measurement Date	30-Jun-14	30-Jun-14
Actuarial Cost Method	Entry age Normal cost method	
Actuarial Assumptions:		
- Discount Rate	7.50%	7.50%
- Inflation	2.75%	2.75%
- Payroll Growth	3.00%	3.00%
- Projected Salary Increase (1)	3.3% - 14.2%	3.3% - 10.9%
- Investment Rate of Return (2)	7.50%	7.50%
- Mortality (3)	Derived using CalPERS Membership Data for all Funds	

(1) Annual increases vary by category, entry age, and duration of service

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

(3) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report. (www.calpers.ca.gov)

REQUIRED SUPPLEMENTARY INFORMATION (Continued)

Schedule of Funding Progress for Other Post Employment Benefits (OPEB)

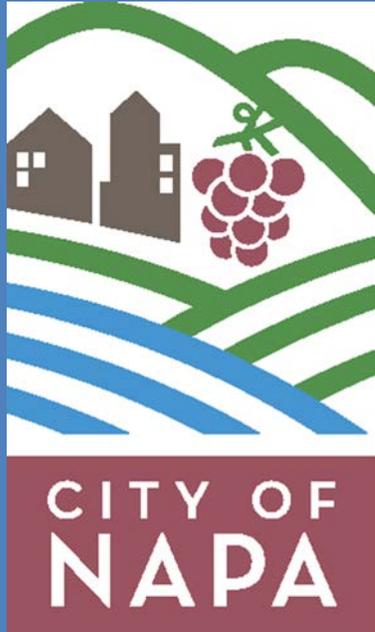
Retiree Health Plan Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (A)	Entry Age Actuarial Accrued Liability (B)	(Underfunded) Actuarial Accrued Liability (A-B)	Funded Ratio (A/B)	Covered Payroll (C)	(Underfunded) Actuarial Liability as Percentage of Covered Payroll [(A-B)/C]
12/31/2009		\$ 10,922,000	\$ (10,922,000)	0.00%	\$ 34,927,000	-31.27%
6/30/2011	\$ 2,231,000	12,917,000	(10,686,000)	17.27%	32,613,000	-32.77%
6/30/2013	2,918,000	12,861,000	(9,943,000)	22.69%	34,801,000	-28.57%

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

Note 1: This information is intended to help users assess the City's Public Safety and Miscellaneous Retirement Plans and the City's OPEB plan status on a going-concern basis, and make comparisons with other employers. When possible, it presents multi-year trend information about whether the actuarial value of the plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits over time.

Note 2: The information presented relates to the City's Public Safety and Miscellaneous Retirement Plans and the City OPEB plan only.



OTHER SUPPLEMENTARY INFORMATION

CITY OF NAPA
 CAPITAL PROJECTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final Budget		
Beginning Fund Balance			\$ 12,630,943	
Revenues:				
Intergovernmental		\$ 4,611,230	1,047,684	\$ (3,563,546)
Charges for services		38,454	9,859	(28,595)
Miscellaneous revenues		100,000	100,000	
Total Revenues		4,749,684	1,157,543	(3,592,141)
Expenditures:				
Current:				
Capital outlay	\$ 5,782,156	23,699,057	5,546,106	18,152,951
Total Expenditures	5,782,156	23,699,057	5,546,106	18,152,951
Other Financing Sources (Uses):				
Transfers in	2,952,089	16,284,803	13,227,016	3,057,787
Proceeds from the sale of capital assets			547,408	
Total Other Financing Sources (Uses)	2,952,089	16,284,803	13,774,424	3,057,787
Extraordinary Item				
Bond proceed transfer from Successor Agency		2,367,758	2,173,091	194,667
Total Other Financing Sources (Uses)		2,367,758	2,173,091	194,667
Net Change in Fund Balances	\$ (2,830,067)	\$ (296,812)	11,558,952	\$ (18,492,638)
Ending Fund Balance			\$ 24,189,895	

See accompanying notes to financial statements

NON-MAJOR GOVERNMENTAL FUNDS

All funds not defined as major funds for the Fund Financial Statements are consolidated in one column entitled "Other Governmental Funds". These non-major funds are identified and included in this supplemental section and includes all the City's Special Revenue Funds and several distinct Capital Project Funds.

The Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Assessment Districts

Tourism Improvement District (TID)

Community Development Block Grant

Traffic

Parking

Cal Home Grant

Public Safety Programs

Parks & Recreation Trust

Public Infrastructure Program

Housing Inclusionary Program

Golf Fund

The Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds).

Street Resurfacing

Sidewalk Program

CITY OF NAPA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2015

SPECIAL REVENUE FUNDS							
	Assessment Districts	Tourism Improvement District	Community Development Block Grant	Traffic	Parking	CAL Home Grant	Public Safety Programs
ASSETS							
Cash and investments	\$4,717,653	\$ 166,847	\$ 38,090	\$1,414,585	\$4,856,490	\$ 65,318	\$ 26,394
Receivables:							
Accounts receivable	12,816	135,340	51,172	86,782	12,160		
Federal, state and other			69,019				
Interest receivable	370	13	9	112	384	5	1
Loans receivable			1,961,026			960,508	
Total Assets	<u>\$4,730,839</u>	<u>\$ 302,200</u>	<u>\$ 2,119,316</u>	<u>\$1,501,479</u>	<u>\$4,869,034</u>	<u>\$1,025,831</u>	<u>\$ 26,395</u>
LIABILITIES							
Accounts payable and accrued liabilities	\$ 69,637	\$ 77,521	\$ 45,127	\$ 22,377	\$ 42,064	\$ 4,116	
Deposits payable	54,620				109		
Due to other funds							
Unearned Revenue							
Advances from other funds							
Total Liabilities	<u>124,257</u>	<u>77,521</u>	<u>45,127</u>	<u>22,377</u>	<u>42,173</u>	<u>4,116</u>	
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue - Charges for Services							
Unavailable revenue - Housing			1,961,026			960,507	
Total Deferred Inflows			<u>1,961,026</u>			<u>960,507</u>	
Fund balances (Deficit):							
Restricted	4,606,582	224,679	113,163	1,479,102	3,887,926	61,208	\$ 26,395
Committed							
Assigned					938,935		
Unassigned							
Total Fund Balances (Deficit)	<u>4,606,582</u>	<u>224,679</u>	<u>113,163</u>	<u>1,479,102</u>	<u>4,826,861</u>	<u>61,208</u>	<u>26,395</u>
Total Liabilities and Deferred Inflows of Resources and Fund Balances	<u>\$4,730,839</u>	<u>\$ 302,200</u>	<u>\$ 2,119,316</u>	<u>\$1,501,479</u>	<u>\$4,869,034</u>	<u>\$1,025,831</u>	<u>\$ 26,395</u>

CITY OF NAPA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2015

	SPECIAL REVENUE FUNDS			CAPITAL PROJECT FUNDS			Total Nonmajor Governmental Funds
	Parks & Recreation Trust Programs	Public Infrastructure Program	Housing Inclusionary Program	Golf Fund	Street Resurfacing	Sidewalk Program	
ASSETS							
Cash and investments	\$ 22,868	\$ 9,004	\$ 4,342,477		\$ 2,061,701	\$ 546,942	\$ 18,268,369
Receivables:							
Accounts receivable			6,640	\$ 19,632	3,294		327,836
Federal, state and other							69,019
Interest receivable		1	343		163	44	1,445
Loans receivable			2,425,234				5,346,768
Total Assets	<u>\$ 22,868</u>	<u>\$ 9,005</u>	<u>\$ 6,774,694</u>	<u>\$ 19,632</u>	<u>\$ 2,065,158</u>	<u>\$ 546,986</u>	<u>\$ 24,013,437</u>
LIABILITIES							
Accounts payable and accrued liabilities			\$ 1,488	\$ 1,417	\$ 163,683	\$ 74,564	\$ 501,994
Deposits payable				10,000			64,729
Due to other funds				374,282			374,282
Unearned Revenue				14,250			14,250
Advances from other funds				1,341,450			1,341,450
Total Liabilities			1,488	1,741,399	163,683	74,564	2,296,705
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue - Charges for Services							
Unavailable revenue - Housing			2,431,874				5,353,407
Total Deferred Inflows			2,431,874				5,353,407
Fund balances (Deficit):							
Restricted	\$ 22,868	\$ 9,005	4,341,332				14,772,260
Committed							
Assigned					1,901,475	472,422	3,312,832
Unassigned				(1,721,767)			(1,721,767)
Total Fund Balances (Deficit)	<u>22,868</u>	<u>9,005</u>	<u>4,341,332</u>	<u>(1,721,767)</u>	<u>1,901,475</u>	<u>472,422</u>	<u>16,363,325</u>
Total Liabilities and Deferred Inflows of Resources and Fund Balances	<u>\$ 22,868</u>	<u>\$ 9,005</u>	<u>\$ 6,774,694</u>	<u>\$ 19,632</u>	<u>\$ 2,065,158</u>	<u>\$ 546,986</u>	<u>\$ 24,013,437</u>

CITY OF NAPA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2015

	SPECIAL REVENUE FUNDS						
	Assessment Districts	Tourism Improvement District	Community Development Block Grant	Traffic	Parking	CAL Home Grant	Public Safety Programs
REVENUES							
Taxes		\$ 638,786					
Intergovernmental			\$ 973,005	\$ 2,148,388			
Charges for services	\$ 1,434,160		175,831	346,894	\$ 517,941	\$ 83,063	
Investment income	49,627	1,329		19,406	43,496	1,175	\$ 244
Miscellaneous revenues							1,000
Total Revenues	1,483,787	640,115	1,148,836	2,514,688	561,437	84,238	1,244
EXPENDITURES							
Current:							
Public safety							
Police				375,691	273,423		1,017
Public works	77,389			742			
Parks and recreation	98,510				179,857		
Community Development	558,006	593,646	702,191		2,196	226,909	
Capital outlay							
Debt service:							
Principal repayment				50,000			
Interest and fiscal charges				3,000			
Total Expenditures	733,905	593,646	702,191	429,433	455,476	226,909	1,017
Excess (Deficiency) of Revenues over (under) Expenditures	749,882	46,469	446,645	2,085,255	105,961	(142,671)	227
OTHER FINANCING SOURCES (USES)							
Transfers in					226,131		
Transfers (out)	(801,633)	(8,535)	(375,246)	(2,131,712)	(17,516)		
Proceeds from sale of cap assets				224,246			
Total Other Financing Sources (Uses)	(801,633)	(8,535)	(375,246)	(1,907,466)	208,615		
Net Change in Fund Balances	(51,751)	37,934	71,399	177,789	314,576	(142,671)	227
Beginning Fund Balances (Deficit)	4,658,333	186,745	41,764	1,301,313	4,512,285	203,879	26,168
Ending Fund Balances (Deficit)	\$ 4,606,582	\$ 224,679	\$ 113,163	\$ 1,479,102	\$ 4,826,861	\$ 61,208	\$ 26,395

CITY OF NAPA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2015

	SPECIAL REVENUE FUNDS				CAPITAL PROJECT FUNDS		Total Nonmajor Governmental Funds
	Parks & Recreation Trust Programs	Public Infrastructure Program	Housing Inclusionary Program	Golf Fund	Street Resurfacing	Sidewalk Program	
REVENUES							
Taxes							\$ 638,786
Intergovernmental							3,121,393
Charges for services		\$ 9,000	\$ 439,198	\$ 8,382			3,014,469
Investment income	\$ 257	5	40,600	(8,855)	\$ 13,600	\$ 5,374	166,258
Miscellaneous revenues	19,400						20,400
Total Revenues	19,657	9,005	479,798	(473)	13,600	5,374	6,961,306
EXPENDITURES							
Current:							
Public safety							
Police							650,131
Public works							78,131
Parks and recreation	9,897			30			288,294
Community Development			1,387,786				3,470,734
Capital outlay					2,579,831	\$ 1,074,194	3,654,025
Debt service:							
Principal repayment							50,000
Interest and fiscal charges							3,000
Total Expenditures	9,897		1,387,786	30	2,579,831	1,074,194	8,194,315
Excess (Deficiency) of Revenues over (under) Expenditures	9,760	9,005	(907,988)	(503)	(2,566,231)	(1,068,820)	(1,233,009)
OTHER FINANCING SOURCES (USES)							
Transfers in					3,150,901	1,277,494	4,654,526
Transfers (out)			(5,000)				(3,339,642)
Proceeds from sale of cap assets							224,246
Total Other Financing Sources (Uses)			(5,000)		3,150,901	1,277,494	1,539,130
Net Change in Fund Balances	9,760	9,005	(912,988)	(503)	584,670	208,674	306,121
Beginning Fund Balances (Deficit)	13,108		5,254,320	(1,721,264)	1,316,805	263,748	16,057,204
Ending Fund Balances (Deficit)	\$ 22,868	\$ 9,005	\$ 4,341,332	\$(1,721,767)	\$ 1,901,475	\$ 472,422	\$ 16,363,325

CITY OF NAPA
ASSESSMENT DISTRICTS
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final Budget		
Beginning Fund Balance			\$ 4,658,333	
Revenues:				
Charges for services	\$ 962,890	\$ 1,184,890	1,434,160	\$ 249,270
Investment income	53,461	53,461	49,627	(3,834)
Total Revenues	1,016,351	1,238,351	1,483,787	245,436
Expenditures:				
Current:				
Public works	244,009	244,009	77,389	166,620
Parks and recreation	166,263	165,252	98,510	66,742
Community Development	135,586	336,586	558,006	(221,420)
Total Expenditures	545,858	745,847	733,905	11,942
Other Financing Sources (Uses):				
Transfers (out)	(225,883)	(1,068,224)	(801,633)	266,591
Total Other Financing Sources (Uses)	(225,883)	(1,068,224)	(801,633)	266,591
Net Change in Fund Balances	\$ 244,610	\$ (575,720)	(51,751)	\$ 523,969
Ending Fund Balance			\$ 4,606,582	

CITY OF NAPA
 TOURISM IMPROVEMENT DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final Budget		
Beginning Fund Balance			\$ 186,745	
Revenues:				
Taxes	\$ 547,960	\$ 601,350	638,786	\$ 37,436
Investment income	1,000	1,000	1,329	329
Total Revenues	<u>548,960</u>	<u>602,350</u>	<u>640,115</u>	<u>37,765</u>
Expenditures:				
Current:				
Community Development	506,465	602,964	593,646	9,318
Total Expenditures	<u>506,465</u>	<u>602,964</u>	<u>593,646</u>	<u>9,318</u>
Other Financing Sources (Uses):				
Transfers (out)	(8,535)	(8,535)	(8,535)	
Total Other Financing Sources (Uses)	<u>(8,535)</u>	<u>(8,535)</u>	<u>(8,535)</u>	
Net Change in Fund Balances	<u>\$ 33,960</u>	<u>\$ (9,149)</u>	<u>37,934</u>	<u>\$ 47,083</u>
Ending Fund Balance			<u>\$ 224,679</u>	

CITY OF NAPA
COMMUNITY DEVELOPMENT BLOCK GRANT
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final Budget		
Beginning Fund Balance			\$ 41,764	
Revenues:				
Intergovernmental	\$ 616,484	\$ 1,554,529	973,005	\$ (581,524)
Charges for services	63,316	63,316	175,831	112,515
Total Revenues	<u>679,800</u>	<u>1,617,845</u>	<u>1,148,836</u>	<u>(469,009)</u>
Expenditures:				
Current:				
Community Development	499,869	771,518	702,191	69,327
Total Expenditures	<u>499,869</u>	<u>771,518</u>	<u>702,191</u>	<u>69,327</u>
Other Financing Sources (Uses):				
Transfers (out)	<u>(204,121)</u>	<u>(810,991)</u>	<u>(375,246)</u>	<u>435,745</u>
Total Other Financing Sources (Uses)	<u>(204,121)</u>	<u>(810,991)</u>	<u>(375,246)</u>	<u>435,745</u>
Net Change in Fund Balances	<u>\$ (24,190)</u>	<u>\$ 35,336</u>	<u>71,399</u>	<u>\$ 36,063</u>
Ending Fund Balance			<u>\$ 113,163</u>	

CITY OF NAPA
TRAFFIC FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final Budget		
Beginning Fund Balance			\$ 1,301,313	
Revenues:				
Intergovernmental	\$ 2,216,684	\$ 2,244,671	2,148,388	\$ (96,283)
Charges for services	369,744	369,744	346,894	(22,850)
Investment income	30,000	30,000	19,406	(10,594)
Miscellaneous revenues	14,000	14,000		(14,000)
Total Revenues	<u>2,630,428</u>	<u>2,658,415</u>	<u>2,514,688</u>	<u>(143,727)</u>
Expenditures:				
Current:				
Public safety				
Police	375,744	375,744	375,691	53
Public works			742	(742)
Debt Service				
Principal repayment	50,000	50,000	50,000	
Interest and fiscal charges	2,000	2,000	3,000	(1,000)
Total Expenditures	<u>427,744</u>	<u>427,744</u>	<u>429,433</u>	<u>(1,689)</u>
Other Financing Sources (Uses):				
Transfers in				
Transfers (out)	(1,864,711)	(2,388,576)	(2,131,712)	256,864
Proceeds from the sale of capital assets			224,246	224,246
Total Other Financing Sources (Uses)	<u>(1,864,711)</u>	<u>(2,388,576)</u>	<u>(1,907,466)</u>	<u>481,110</u>
Net Change in Fund Balances	<u>\$ 337,973</u>	<u>\$ (157,905)</u>	<u>177,789</u>	<u>\$ 335,694</u>
Ending Fund Balance			<u>\$ 1,479,102</u>	

CITY OF NAPA
PARKING FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final Budget		
Beginning Fund Balance			\$ 4,512,285	
Revenues:				
Intergovernmental				
Charges for services	\$ 478,000	\$ 478,000	517,941	\$ 39,941
Investment income	73,700	73,700	43,496	(30,204)
Total Revenues	<u>551,700</u>	<u>551,700</u>	<u>561,437</u>	<u>9,737</u>
Expenditures:				
Current:				
Police	330,879	330,879	273,423	57,456
Parks and recreation	213,709	213,709	179,857	33,852
Community Development			2,196	(2,196)
Total Expenditures	<u>544,588</u>	<u>544,588</u>	<u>455,476</u>	<u>89,112</u>
Other Financing Sources (Uses):				
Transfers in	162,682	162,682	226,131	63,449.00
Transfers (out)	(17,516)	(17,516)	(17,516)	
Total Other Financing Sources (Uses)	<u>145,166</u>	<u>145,166</u>	<u>208,615</u>	<u>63,449</u>
Net Change in Fund Balances	<u>\$ 152,278</u>	<u>\$ 152,278</u>	<u>314,576</u>	<u>\$ 162,298</u>
Ending Fund Balance			<u>\$ 4,826,861</u>	

CITY OF NAPA
CAL HOME GRANT
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final Budget		
Beginning Fund Balance			\$ 203,879	
Revenues:				
Intergovernmental		\$ 1,230,980		\$ (1,230,980)
Charges for services		83,063	83,063	
Investment income	\$ 500	1,573	1,175	(398)
Total Revenues	500	1,315,616	84,238	(1,231,378)
Expenditures:				
Current:				
Community Development	22,000	1,060,173	226,909	833,264
Total Expenditures	22,000	1,060,173	226,909	833,264
Net Change in Fund Balances	\$ (21,500)	\$ 255,443	(142,671)	\$ (398,114)
Ending Fund Balance			\$ 61,208	

CITY OF NAPA
PUBLIC SAFETY PROGRAMS
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final Budget		
Beginning Fund Balance			\$ 26,168	
Revenues:				
Investment income	\$ 250	\$ 250	244	\$ (6)
Miscellaneous revenues	1,000	1,000	1,000	
Total Revenues	<u>1,250</u>	<u>1,250</u>	<u>1,244</u>	<u>(6)</u>
Expenditures:				
Current:				
Police	5,000	5,000	1,017	3,983
Total Expenditures	<u>5,000</u>	<u>5,000</u>	<u>1,017</u>	<u>3,983</u>
Net Change in Fund Balances	<u>\$ (3,750)</u>	<u>\$ (3,750)</u>	<u>227</u>	<u>\$ 3,977</u>
Ending Fund Balance			<u>\$ 26,395</u>	

CITY OF NAPA
PARKS & RECREATION TRUST PROGRAMS
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final Budget		
Beginning Fund Balance			\$ 13,108	
Revenues:				
Investment income			257	\$ 257
Miscellaneous revenues		\$ 19,400	19,400	
Total Revenues		19,400	19,657	257
Expenditures:				
Current:				
Parks and recreation		31,784	9,897	21,887
Total Expenditures		31,784	9,897	21,887
Net Change in Fund Balances	\$	\$ (12,384)	9,760	\$ 22,144
Ending Fund Balance			\$ 22,868	

CITY OF NAPA
PUBLIC INFRASTRUCTURE PROGRAM
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final Budget		
Beginning Fund Balance			\$	
Revenues:				
Charges for services			9,000	\$ 9,000
Investment income			5	5
Total Revenues			9,005	9,005
Expenditures:				
Current:				
Public Works				
Total Expenditures				
Net Change in Fund Balances	\$	\$	9,005	\$ 9,005
Ending Fund Balance			\$ 9,005	

CITY OF NAPA
HOUSING INCLUSIONARY PROGRAM
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final Budget		
Beginning Fund Balance			\$ 5,254,320	
Revenues:				
Charges for services		\$ 380,000	439,198	\$ 59,198
Investment income	\$ 12,017	12,017	40,600	28,583
Total Revenues	12,017	392,017	479,798	87,781
Expenditures:				
Current:				
Community Development	173,932	3,845,576	1,387,786	2,457,790
Total Expenditures	173,932	3,845,576	1,387,786	2,457,790
Other Financing Sources (Uses):				
Transfers in				
Transfers (out)	(2,063)	(5,000)	(5,000)	
Total Other Financing Sources (Uses)	(2,063)	(5,000)	(5,000)	
Net Change in Fund Balances	\$ (163,978)	\$ (3,458,559)	(912,988)	\$ 2,545,571
Ending Fund Balance			\$ 4,341,332	

CITY OF NAPA
GOLF FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final Budget		
Beginning Fund Balance			\$ (1,721,264)	
Revenues:				
Charges for services			8,382	\$ 8,382
Investment income			(8,855)	(8,855)
Miscellaneous revenues	\$ 2,000	\$ 2,000		(2,000)
Total Revenues	<u>2,000</u>	<u>2,000</u>	<u>(473)</u>	<u>(2,473)</u>
Expenditures:				
Parks and recreation	30	2,030	30	2,000
Total Expenditures	<u>30</u>	<u>2,030</u>	<u>30</u>	<u>2,000</u>
Net Change in Fund Balances	<u>\$ 1,970</u>	<u>\$ (30)</u>	<u>(503)</u>	<u>\$ (473)</u>
Ending Fund Balance			<u>\$ (1,721,767)</u>	

CITY OF NAPA
STREET RESURFACING PROGRAM
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final Budget		
Beginning Fund Balance			\$ 1,316,805	
Revenues:				
Investment Income			13,600	\$ (13,600)
Total Revenues			13,600	
Expenditures:				
Capital outlay	\$ 2,925,901	\$ 4,452,462	2,579,831	1,872,631
Total Expenditures	2,925,901	4,452,462	2,579,831	1,872,631
Other Financing Sources (Uses):				
Transfers in	2,925,901	3,150,901	3,150,901	
Total Other Financing Sources (Uses)	2,925,901	3,150,901	3,150,901	
Net Change in Fund Balances	\$	\$ (1,301,561)	584,670	\$ 1,872,631
Ending Fund Balance			\$ 1,901,475	

CITY OF NAPA
 SIDEWALK REPLACEMENT PROGRAM
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final Budget		
Beginning Fund Balance			\$ 263,748	
Revenues:				
Investment Income			5,374	\$ 5,374
Total Revenues			5,374	5,374
Expenditures:				
Current:				
Capital outlay	\$ 1,467,948	\$ 1,731,696	1,074,194	657,502
Total Expenditures	1,467,948	1,731,696	1,074,194	657,502
Other Financing Sources (Uses):				
Transfers in	1,467,948	1,407,234	1,277,494	129,740
Total Other Financing Sources (Uses)	1,467,948	1,407,234	1,277,494	129,740
Net Change in Fund Balances	\$	\$ (324,462)	208,674	\$ 792,616
Ending Fund Balance			\$ 472,422	

INTERNAL SERVICE FUNDS

The Internal Service Funds are used to account for the financing of goods or services provided by one department to other departments of the City on a cost reimbursement basis.

The concept of major funds does not extend to internal service funds. For the Statement of Activities, the net revenues and expenses of each internal service fund are eliminated by netting them against the operations of the City departments that generated them. The remaining balance sheet items are consolidated with these same funds in the Statement of Net Position. However, internal service funds are still presented separately in the Fund Financial Statements.

Risk Management Fund

The Risk Management Fund is an internal service fund established to account for resources and uses related to the City's self-insurance program. The City's self-insurance retention amounts are \$150,000 for general liability claims, \$300,000 for Workers' Compensation claims and 100% of Unemployment Claims. The risk management function is funded by charges to the various City departments.

Central Stores Fund

The Central Stores facility was established to manage inventory for the City's Water, Streets, Electrical, Parks, Building and Facilities Maintenance Divisions, as well as emergency (disaster preparedness) and general office operations. Materials used frequently by City departments or required for emergency repair are ordered and centrally stocked in the warehouse facility located at the Corporation Yard. Consolidation of various departments' usage allows effective cost control and effective quantity control. Staff works together to reduce inventory through effective techniques such as just-in-time delivery, vendor-managed inventory and establishment of correct minimum and maximum stock quantities. Central Stores also handles in-bound and out-bound freight as needed.

Fleet Fund

The Fleet Management Fund provides full-service, lifetime management of the vehicles and equipment used by all City operations. This begins with specification development and replacement scheduling, transitioning to in-service preparation, then performing regular repairs and scheduled maintenance and inspections. Also included in Fleet services are regulatory compliance, fuel data capture, decommissioning, and ultimately the disposal of said assets. The Fleet Management Division also administers the two City motor pools.

Information Technology Replacement Fund

The Information Technology (IT) Replacement Fund provides for the replacement of IT and telephone infrastructure throughout General Fund departments as necessary to maintain staff productivity.

Post-Employment Benefit Fund

The Post-Employment Benefits Fund is established to collect contributions from the General Fund and proprietary funds to cover the cost of retiree benefits for current and past employees. Expenditures from this fund includes payments for current retirees' benefits earned in prior years and contributions to an irrevocable trust to provide resources from which future retiree benefits will be paid.

CITY OF NAPA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2015

	Risk Management	Central Stores	Fleet	Information Technology Replacement	Post Employment Benefit	Total
ASSETS						
Current Assets:						
Cash and investments	\$ 7,787,571		\$ 4,180,677	\$ 8,248	\$ 821,166	\$ 12,797,662
Accounts receivable	1,189,375		26,531		54	1,215,960
Federal, state and other governments			1,667		735,104	736,771
Interest receivable	615		330		65	1,010
Prepaid items	168,692		46,041			214,733
Inventory		\$ 264,252				264,252
Total Current Assets	9,146,253	264,252	4,255,246	8,248	1,556,389	15,230,388
Capital Assets:						
Nondepreciable			112,694			112,694
Depreciable, net		38,154	6,628,119			6,666,273
Total Assets	9,146,253	302,406	10,996,059	8,248	1,556,389	22,009,355
DEFERRED OUTFLOWS						
Deferred outflows related to pension	26,126	16,565	126,243			168,934
Total deferred outflows of resources	26,126	16,565	126,243			168,934
LIABILITIES						
Current Liabilities:						
Accounts payable and accrued liabilities	67,353	4,468	277,991	16	(18,791)	331,037
Compensated absences	7,732	6,696	10,804			25,232
Claims payable	2,278,400					2,278,400
Due to other funds		323,589				323,589
Total Current Liabilities	2,353,485	334,753	288,795	16	(18,791)	2,958,258
Long-Term Obligations:						
Net OPEB Obligation					1,121,324	1,121,324
Net Pension Obligation	305,691	193,819	1,477,126			1,976,636
Compensated absences			18,880			18,880
Claims payable	3,783,600					3,783,600
Total Long-Term Obligations	4,089,291	193,819	1,496,006		1,121,324	6,900,440
Total Liabilities	6,442,776	528,572	1,784,801	16	1,102,533	9,858,698
Deferred Inflow						
Deferred Inflow related to Pensions	46,173	29,275	223,112			298,560
Total Deferred Inflows	46,173	29,275	223,112			298,560
NET POSITION						
Net investment in capital assets		38,154	6,740,813			6,778,967
Unrestricted	2,683,430	(277,030)	2,373,576	8,232	453,856	5,242,064
Total Net Position (Deficit)	\$ 2,683,430	\$ (238,876)	\$ 9,114,389	\$ 8,232	\$ 453,856	\$ 12,021,031

CITY OF NAPA
INTERNAL SERVICE FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015

	Risk Management	Central Stores	Fleet	Information Technology Replacement	Post Employment Benefit	Total
OPERATING REVENUES						
Intergovernmental Revenue			\$ 2,790			\$ 2,790
Charges for services	\$ 5,611,421	\$ 936,784	3,700,179	\$ 167,600	\$ 1,160,170	11,576,154
Total Operating Revenues	<u>5,611,421</u>	<u>936,784</u>	<u>3,702,969</u>	<u>167,600</u>	<u>1,160,170</u>	<u>11,578,944</u>
OPERATING EXPENSES						
Cost of goods sold		645,556				645,556
Employee services and benefits	216,503	112,682	771,689			1,100,874
Materials and services	644,292	13,913	1,313,817	170,382		2,142,404
Insurance premiums and claims	3,069,975				974,602	4,044,577
Depreciation		4,487	1,113,709			1,118,196
Total Operating Expenses	<u>3,930,770</u>	<u>776,638</u>	<u>3,199,215</u>	<u>170,382</u>	<u>974,602</u>	<u>9,051,607</u>
Operating Income (Loss)	<u>1,680,651</u>	<u>160,146</u>	<u>503,754</u>	<u>(2,782)</u>	<u>185,568</u>	<u>2,527,337</u>
NONOPERATING REVENUES (EXPENSES)						
Investment income	68,634	(4,255)	34,569	(265)	542	99,225
Total Nonoperating Revenues (Expenses)	<u>68,634</u>	<u>(4,255)</u>	<u>34,569</u>	<u>(265)</u>	<u>542</u>	<u>99,225</u>
Income (loss) before transfers	<u>1,749,285</u>	<u>155,891</u>	<u>538,323</u>	<u>(3,047)</u>	<u>186,110</u>	<u>2,626,562</u>
TRANSFERS						
Transfers in			41,525			41,525
Transfers (out)	(475,048)	(168,932)	(167,381)			(811,361)
OTHER FINANCING SOURCES						
Sale of Capital Assets			41,185			41,185
Change in Net Position	1,274,237	(13,041)	453,652	(3,047)	186,110	1,897,911
Beginning Net Position (Deficits), as restated (Note 19)	<u>1,409,193</u>	<u>(225,835)</u>	<u>8,660,737</u>	<u>11,279</u>	<u>267,746</u>	<u>10,123,120</u>
Ending Net Position (Deficits)	<u>\$ 2,683,430</u>	<u>\$ (238,876)</u>	<u>\$ 9,114,389</u>	<u>\$ 8,232</u>	<u>\$ 453,856</u>	<u>\$ 12,021,031</u>

CITY OF NAPA
INTERNAL SERVICE FUNDS
COMBINING STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015

	Risk Management	Central Stores	Fleet	Information Technology Replacement	OPEB	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	\$ 4,446,707	\$ 936,784	\$ 3,718,241	\$ 167,600	\$ 1,129,492	\$ 10,398,824
Payments to suppliers	(646,228)	(650,977)	(1,235,779)	(170,503)	4,511	(2,698,976)
Payments to / or on behalf of employees	(3,285,385)	(112,658)	(765,275)		(1,098,307)	(5,261,625)
Net cash provided (used) by Operating Activities	<u>515,094</u>	<u>173,149</u>	<u>1,717,187</u>	<u>(2,903)</u>	<u>35,696</u>	<u>2,438,223</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers in			41,525			41,525
Transfers out	(475,048)	(168,932)	(167,381)			(811,361)
Interfund receipts (payments)		38				38
Net cash provided (used) by Noncapital Financing Activities	<u>(475,048)</u>	<u>(168,894)</u>	<u>(125,856)</u>			<u>(769,798)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Sale of capital assets			41,185			41,185
Principal payments on capital debt			(44,112)			(44,112)
Acquisition of capital assets			(792,226)			(792,226)
Net cash provided (used) by Capital and Related Financing Activities			<u>(795,153)</u>			<u>(795,153)</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest	80,822	(4,255)	39,720	(205)	477	116,559
Net cash provided (used) by Investing Activities	<u>80,822</u>	<u>(4,255)</u>	<u>39,720</u>	<u>(205)</u>	<u>477</u>	<u>116,559</u>
Net Cash Increase (Decrease) in cash and cash equivalents	120,868		835,898	(3,108)	36,173	989,831
Cash and cash equivalents at beginning of period	<u>7,666,703</u>		<u>3,344,779</u>	<u>11,356</u>	<u>784,993</u>	<u>11,807,831</u>
Cash and cash equivalents at end of period	<u>\$ 7,787,571</u>	<u>\$ -</u>	<u>\$ 4,180,677</u>	<u>\$ 8,248</u>	<u>\$ 821,166</u>	<u>\$ 12,797,662</u>
Reconciliation of operating income (loss) to net cash flows from operating activities:						
Operating income (loss)	1,680,651	160,146	503,754	(2,782)	185,568	2,527,337
Adjustments to reconcile operating income to net cash flows from operating activities:						
Depreciation		4,487	1,113,709			1,118,196
Change in assets and liabilities:						
Receivables, net (increase)/decrease	(1,164,714)		15,272		(30,678)	(1,180,120)
Deferred Outflow (increase)/decrease	(46,221)	(29,307)	(223,345)			(298,873)
Other assets (Increase)/decrease	(68,184)	7,909	(46,041.0)			(106,316)
Accounts payable and other accrued expenses increase/(decrease)	(254,952)	583	124,079	(121)	4,511	(125,900)
Net OPEB Obligation increase/(decrease)					(123,705)	(123,705)
Deferred Inflow increase/(decrease)	46,173	29,275	223,112			298,560
Claims payable increase/(decrease)	321,200					321,200
Vacation and sick leave payable increase/(decrease)	1,141	56	6,647			7,844
Net cash provided (used) by Operating Activities	<u>\$ 515,094</u>	<u>\$ 173,149</u>	<u>\$ 1,717,187</u>	<u>\$ (2,903)</u>	<u>\$ 35,696</u>	<u>\$ 2,438,223</u>

AGENCY FUNDS

These funds are used to account for assets held by the city as an agent for individuals, private organizations, and other governments. The financial activities of these funds are excluded from the City-wide financial statements, but are presented in separate Fiduciary Fund financial statements.

Agency Funds

Payroll Fund

To account for the collection and payment of all payroll deductions made from the City employees and for monies collected from retirees to reimburse the City for their share of their health insurance premiums.

CITY OF NAPA
 AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2015

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
PAYROLL				
Assets				
Cash and investments	\$ 14,613	\$ 33,264,790	\$ (33,245,508)	\$ 33,895
Accounts receivable	6,976	15,985	(16,478)	6,483
Loan receivable	4,061	362	(4,423)	
Total Assets	<u>\$ 25,650</u>	<u>\$ 33,281,137</u>	<u>\$ (33,266,409)</u>	<u>\$ 40,378</u>
Liabilities				
Accounts payable	<u>\$ 25,650</u>	<u>\$ 33,281,137</u>	<u>\$ (33,266,409)</u>	<u>\$ 40,378</u>
TOTAL AGENCY FUNDS				
Assets				
Cash and investments	\$ 14,613	\$ 33,264,790	\$ (33,245,508)	\$ 33,895
Accounts receivable	6,976	15,985	(16,478)	6,483
Loan receivable	4,061	362	(4,423)	
Total Assets	<u>\$ 25,650</u>	<u>\$ 33,281,137</u>	<u>\$ (33,266,409)</u>	<u>\$ 40,378</u>
Liabilities				
Accounts payable	<u>25,650</u>	<u>33,281,137</u>	<u>(33,266,409)</u>	<u>40,378</u>
Total Liabilities	<u>\$ 25,650</u>	<u>\$ 33,281,137</u>	<u>\$ (33,266,409)</u>	<u>\$ 40,378</u>

SECTION 3

STATISTICAL SECTION



STATISTICAL SECTION

This part of the City'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 City's overall financial health.

Contents:

Financial Trends Information

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity Information

These schedules contain trend information to help the reader understand the City's most significant local revenue source, property taxes.

Debt Capacity Information

These schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

City of Napa - Financial Trends Information
Net Position by Component
Last Ten Fiscal Years
(Accrual basis accounting, in thousands)

	2006	2007	2008	2009	2010
Governmental Activities					
Net investment in capital assets	\$ 70,998	\$ 334,182	\$ 337,798	\$ 348,410	\$ 332,285
Restricted	43,799	50,670	52,663	39,645	38,113
Unrestricted	4,463	2,715			37,658
Total governmental activities net position	\$ 119,260	\$ 387,568	\$ 390,461	\$ 388,055	\$ 408,056
Business-type Activities					
Net investment in capital assets	\$ 48,654	\$ 57,118	\$ 61,909	\$ 67,094	\$ 70,797
Restricted				9,523	1,187
Unrestricted	26,596	24,915	39,155	26,294	29,400
Total business-type activities net position	\$ 75,250	\$ 82,033	\$ 101,064	\$ 102,910	\$ 101,384
Primary Government					
Net investment in capital assets	\$ 119,652	\$ 391,300	\$ 399,707	\$ 415,504	\$ 403,082
Restricted	43,799	50,670	52,663	49,168	39,299
Unrestricted	31,059	27,630	39,155	26,294	67,059
Total primary government activities net position	\$ 194,510	\$ 469,601	\$ 491,525	\$ 490,965	\$ 509,440

Source: City of Napa - Audited Financials

City of Napa - Financial Trends Information
Net Position by Component
Last Ten Fiscal Years
(Accrual basis accounting, in thousands)

	2011	2012	2013	2014	2015
Governmental Activities					
Net investment in capital assets	\$ 338,198	\$ 356,311	\$ 356,406	\$ 365,826	\$ 357,559
Restricted	33,576	34,398	38,205	37,699	37,848
Unrestricted	49,287	47,907	40,475	49,510	(55,768)
Total governmental activities net position	\$ 421,061	\$ 438,616	\$ 435,086	\$ 453,035	\$ 339,639
Business-type Activities					
Net investment in capital assets	\$ 60,887	\$ 62,435	\$ 63,898	\$ 72,262	\$ 75,160
Restricted		1,077	799	534	169
Unrestricted	46,648	42,933	45,474	47,189	31,439
Total business-type activities net position	\$ 107,535	\$ 106,445	\$ 110,172	\$ 119,986	\$ 106,768
Primary Government					
Net investment in capital assets	\$ 399,085	\$ 418,746	\$ 420,304	\$ 438,088	\$ 432,720
Restricted	33,576	35,475	39,004	38,234	38,017
Unrestricted	95,935	90,840	85,948	96,699	(24,329)
Total primary government activities net position	\$ 528,596	\$ 545,061	\$ 545,257	\$ 573,020	\$ 446,407

Source: City of Napa - Audited Financials

City of Napa - Financial Trends Information
Changes in Net Position
Last Ten Fiscal Years
(Accrual basis accounting, in thousands)

	2006	2007	2008	2009	2010
Expenses					
Governmental activities					
General Government	\$ 14,224	\$ 15,527	\$ 18,376	\$ 22,803	\$ 20,261
Public Safety	26,880	32,219	27,477	34,179	34,152
Public Works	9,313	4,597	18,605	16,496	20,185
Parks & Recreation	5,983	6,185	5,197	4,903	8,569
Community Development					238
Redevelopment	15,696	13,207	1,841	1,171	1,418
Interest on long term debt	1,335	1,123	1,124	1,056	1,058
Total Governmental activities expenses	<u>\$ 73,432</u>	<u>\$ 72,857</u>	<u>\$ 72,621</u>	<u>\$ 80,607</u>	<u>\$ 85,880</u>
Business-type activities					
Water	\$ 14,779	\$ 15,722	\$ 18,563	\$ 19,976	\$ 21,423
Materials Diversion	12,823	16,701	18,173	18,851	19,776
Golf	1,562	1,656	1,760	1,746	1,768
Housing	400	411	11,230	10,602	11,187
Total business-type activities expenses	<u>29,563</u>	<u>34,490</u>	<u>49,725</u>	<u>51,175</u>	<u>54,154</u>
Total Primary government expenses	<u>\$ 102,995</u>	<u>\$ 107,346</u>	<u>\$ 122,346</u>	<u>\$ 131,782</u>	<u>\$ 140,034</u>

Source: City of Napa Audited Financial Statements

City of Napa - Financial Trends Information
Changes in Net Position
Last Ten Fiscal Years
(Accrual basis accounting, in thousands)

	2006	2007	2008	2009	2010
Program Revenues					
Governmental activities					
Charges for Services					
General Government	\$ 5,139	\$ 5,246	\$ 4,700	\$ 4,658	\$ 2,106
Public Safety	2,120	2,815	2,561	2,919	3,784
Public Works	1,480	3,052	3,027	410	2,503
Parks & Recreation	2,695	2,803	1,917	1,216	1,481
Community Development					
Redevelopment					179
Operating grants and contributions	14,550	14,465	5,931	5,246	4,827
Capital grants and contributions	9,674	7,249	17,857	9,535	13,006
Total governmental activities program revenues	\$ 35,658	\$ 35,629	\$ 35,992	\$ 23,985	\$ 27,885
Business type activities					
Charges for Services					
Water	\$ 16,571	\$ 19,659	\$ 21,111	\$ 19,721	\$ 19,386
Materials Diversion	13,474	18,971	21,290	20,848	21,726
Golf	1,364	1,755	1,757	1,673	1,495
Housing	150	156	520	540	1,322
Operating grants and contributions	774	491	10,644	10,086	10,376
Capital grants and contributions	2,209	1,018	1,015	71	334
Total business-type activities program revenues	34,542	42,050	56,337	52,939	54,639
Total Primary government revenues	\$ 70,200	\$ 77,680	\$ 92,329	\$ 76,923	\$ 82,524
Net (expense)/revenue					
Governmental activities	\$ (37,773)	\$ (37,227)	\$ (36,629)	\$ (56,623)	\$ (57,995)
Business-type activities	4,979	7,560	6,612	1,764	485
Total Primary government net expense	\$ (32,794)	\$ (29,667)	\$ (30,017)	\$ (54,859)	\$ (57,510)

Source: City of Napa-Audited Financial Statements

City of Napa - Financial Trends Information
Changes in Net Position
Last Ten Fiscal Years
(Accrual basis accounting, in thousands)

	2006	2007	2008	2009	2010
General Revenues and other changes in net position					
Governmental activities					
Taxes					
Property taxes	\$ 15,003	\$ 15,852	\$ 23,317	\$ 23,059	\$ 23,326
Property tax increment	3,167	3,487	4,538	4,975	6,278
Franchise taxes	1,439	1,377	1,423	1,561	1,610
Sales taxes	8,837	12,914	9,648	8,637	11,559
Transient Occupancy	6,249	7,779	8,725	8,175	8,256
Motor vehicle license fees	7,201	5,936	3,406	3,533	221
Business license	2,650	3,038	3,145	2,938	2,508
Investment earnings	1,672	3,266	4,436	3,030	1,369
Miscellaneous	1,269	918	2,590	2,331	
Transfers	1,671	2,443	1,353	2,694	2,729
Total governmental activities	\$ 49,157	\$ 57,010	\$ 62,581	\$ 60,933	\$ 57,857
Business -type activities					
Investment earnings	570	1,666	4,136	2,777	717
Miscellaneous	65				
Transfers	(1,671)	(2,443)	(1,353)	(2,694)	(2,729)
Total business-type activities	(1,036)	(777)	2,782	83	(2,012)
Total primary government	\$ 83,780	\$ 91,862	\$ 101,356	\$ 85,000	\$ 83,731
<i>Special Items (Transfer to Successor Agency Trust)</i>					
<i>Extraordinary Items - Governmental activities</i>					
<i>Extraordinary Items - Business-type activities</i>					
Change in Net Position					
Governmental activities	\$ 11,384	\$ 19,783	\$ 25,952	\$ 4,310	\$ (138)
Business-type activities	3,943	6,783	9,394	1,847	(1,527)
Total primary government	\$ 15,327	\$ 26,566	\$ 35,347	\$ 6,156	\$ (1,664)

Source: City of Napa-Audited Financial Statements

** In fiscal 2014 and
Charges for Services

City of Napa - Financial Trends Information
Changes in Net Position
Last Ten Fiscal Years
(Accrual basis accounting, in thousands)

	2011	2012	2013	2014	2015
Expenses					
Governmental activities					
General Government	\$ 16,605	\$ 19,664	\$ 19,452	\$ 10,614	\$ 21,312
Public Safety	29,081	32,266	34,946	36,764	38,299
Public Works	20,431	18,201	22,914	27,223	17,370
Parks & Recreation	7,241	6,734	6,765	7,269	7,598
Community Development	1,119	492	3,418	6,246	7,970
Redevelopment	1,363	580			
Interest on long term debt	986	937			
Total Governmental activities expenses	\$ 76,826	\$ 78,874	\$ 87,494	\$ 88,117	\$ 92,549
Business-type activities					
Water	\$ 19,494	\$ 21,627	\$ 21,173	\$ 23,801	\$ 25,699
Materials Diversion	19,747	20,505	21,277	21,078	22,563
Golf	1,778	1,783	1,459		
Housing	11,368	13,626	13,291	12,169	12,571
Total business-type activities expenses	52,387	57,542	57,200	57,047	60,832
Total Primary government expenses	\$ 129,213	\$ 136,416	\$ 144,695	\$ 145,164	\$ 153,382

Source: City of Napa Audited Financial Statements

City of Napa - Financial Trends Information
Changes in Net Position
Last Ten Fiscal Years
(Accrual basis accounting, in thousands)

	2011	2012	2013	2014	2015
Program Revenues					
Governmental activities					
Charges for Services					
General Government	\$ 2,975	\$ 1,876	\$ 3,230	\$ 10,156	\$ 6,300
Public Safety	4,076	2,953	4,722	4,487	5,155
Public Works	1,953	418	2,352	4,558	5,042
Parks & Recreation	1,470	1,257	1,966	1,659	2,670
Community Development			2,579	2,930	5,175
Redevelopment	20	1			
Operating grants and contributions	4,776	5,152	2,448	2,329	1,948
Capital grants and contributions	9,322	5,785	2,116	12,765	2,293
Total governmental activities program revenues	\$ 24,593	\$ 17,444	\$ 19,413	\$ 38,885	\$ 28,583
Business type activities					
Charges for Services					
Water	\$ 19,422	\$ 22,166	\$ 25,454	\$ 28,510	\$ 24,946
Materials Diversion	23,285	24,609	24,461	24,117	24,249
Golf	1,394	1,580	1,260		
Housing	5,167	1,163	1,160	1,116	1,415
Operating grants and contributions	11,611	10,221	11,501	10,543	11,539
Capital grants and contributions	322	352	462	729	2,450
Total business-type activities program revenues	61,201	60,092	64,298	65,015	64,599
Total Primary government revenues	\$ 85,794	\$ 77,536	\$ 83,711	\$ 103,900	\$ 93,182
Net (expense)/revenue					
Governmental activities	\$ (52,233)	\$ (61,430)	\$ (68,081)	\$ (49,232)	\$ (63,966)
Business-type activities	8,814	2,551	7,097	7,967	3,767
Total Primary government net expense	\$ (43,419)	\$ (58,880)	\$ (60,984)	\$ (41,264)	\$ (60,200)

Source: City of Napa-Audited Financial Statements

City of Napa - Financial Trends Information
Changes in Net Position
Last Ten Fiscal Years
(Accrual basis accounting, in thousands)

	2011	2012	2013	2014	2015
General Revenues and other changes in net position					
Governmental activities					
Taxes					
Property taxes	\$ 27,452	\$ 25,399	\$ 25,419	\$ 26,785	\$ 27,915
Property tax increment	6,235	3,057			
Franchise taxes	1,685	1,748	1,818	1,871	1,981
Sales taxes	12,192	13,019	14,267	15,150	16,184
Transient Occupancy	9,872	11,817	14,032	15,803	15,869
Motor vehicle license fees	358	39	40	**	**
Business license	2,572	2,661	2,766	**	**
Investment earnings	1,368	849	93	531	686
Miscellaneous					
Transfers	3,504	4,178	4,128	4,299	4,304
Total governmental activities	\$ 65,238	\$ 62,767	\$ 62,562	\$ 64,439	\$ 66,938
Business -type activities					
Investment earnings	841	537	11	364	172
Miscellaneous					
Transfers	(3,504)	(4,178)	(4,128)	(4,299)	(4,304)
Total business-type activities	(2,663)	(3,641)	(4,117)	(3,935)	(4,131)
Total primary government	\$ 62,575	\$ 59,126	\$ 58,445	\$ 60,504	\$ 62,806
<i>Special Items (Transfer to Successor Agency Trust)</i>		\$ 16,327			\$ -
<i>Extraordinary Items - Governmental activities</i>			\$ 3,995	\$ 3,415	\$ 2,173
<i>Extraordinary Items - Business-type activities</i>			747		
Change in Net Position					
Governmental activities	\$ 13,005	\$ 17,664	\$ (1,524)	\$ 18,622	\$ 5,145
Business-type activities	6,152	(1,090)	3,727	4,033	(365)
Total primary government	\$ 19,157	\$ 16,574	\$ 2,203	\$ 22,655	\$ 4,780

Source: City of Napa-Audited Financial Statements

2015 Business License and Motor Vehicles Fees are included in General Government

City of Napa - Financial Trends Information
Changes in Fund Balances, Government Funds
Last Ten Fiscal Years

(Modified accrual basis accounting, in thousands)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Taxes	\$ 27,332	\$ 30,067	\$ 40,035	\$ 39,635	\$ 39,471	\$ 43,717	\$ 42,483	\$ 41,269	\$ 44,459	\$ 46,861
Licenses and permits	8,223	12,083	10,483	6,318	3,477	3,618	4,084	3,945	4,198	4,766
Intergovernmental	37,854	38,111	22,141	18,544	29,404	24,550	21,551	23,394	26,268	23,344
Charges for services	4,673	5,043	6,003	5,671	8,937	9,297	9,226	11,711	12,238	12,030
Investment earnings	1,784	3,029	4,110	2,739	1,155	1,003	726	93	531	632
Loan repayments	596	907	715	269	-	-	-	155	-	-
Miscellaneous	516	911	1,709	672	172	466	777	124	514	504
Total Revenues	80,979	90,151	85,196	73,847	82,616	82,652	78,846	80,692	88,208	88,136
Expenditures										
General government	14,094	15,364	18,595	23,178	17,610	16,588	16,538	12,691	-	-
City Council									279	307
City Clerk									623	829
City Manager									1,213	1,174
Finance									4,697	5,203
City Attorney									876	867
Human Resources									1,071	1,034
General Services									2,234	6,260
Public safety	27,238	28,618	30,557	33,202	34,781	33,268	34,009	34,946	-	-
Police									22,911	23,741
Fire									13,755	14,560
Public Works	8,458	6,094	6,494	6,840	8,871	6,752	6,773	7,257	7,252	7,675
Parks & Recreation	5,790	5,828	5,000	4,526	8,101	6,813	6,580	6,765	7,269	7,565
Community Development					238	392	3,849	3,418	6,246	7,976
Housing	12,109	12,152	1,574	1,088	-	-	-	-	-	-
Redevelopment	4,694	1,447	996	473	935	974	-	-	-	-
County Fees and pass-through				67	211	116	124	-	-	-
Capital Outlay	12,355	14,846	11,029	20,795	17,395	15,663	10,793	15,657	16,469	9,267
Debt Service										
Principal	865	1,020	1,210	1,240	1,535	3,365	1,730	-	328	473
Interest and fiscal charges	1,105	1,081	1,088	1,019	1,025	1,216	801	-	5	3
Total Expenditures	86,709	86,451	76,542	92,429	90,704	85,147	81,197	80,733	85,228	86,934
Excess of revenues over/(under) expenditures	(5,730)	3,700	8,654	(18,583)	(8,088)	(2,495)	(2,351)	(42)	2,980	1,202
Other financing sources (uses)										
Transfer in	8,290	14,382	16,904	18,748	15,385	30,927	11,822	22,210	17,369	21,237
Transfer out	(6,419)	(11,738)	(18,059)	(17,064)	(12,607)	(27,185)	(7,280)	(17,274)	(13,224)	(16,163)
Debt Proceeds										
Payments to refunded bond escrow agent										
Sale of capital assets Total other financing Sources (uses)					221			4		772
Special Items										-
Total Other Financing Sources	1,871	2,643	(1,154)	1,683	2,999	3,743	4,542	4,940	4,145	5,846
Change in Accounting Method	407									
Extraordinary Items (Transfer to/from Successor Agency Trust)							(1,199)		1,220	2,173
Net Change in fund balances	\$ (3,452)	\$ 6,344	\$ 7,499	\$ (16,899)	\$ (5,089)	\$ 1,248	\$ 991	\$ 4,899	\$ 8,345	\$ 9,220
Debt service as a percentage of non-capital expenditures	1%	1%	2%	2%	2%	5%	3%	0%	0%	1%

Source: City of Napa -Audited Financial Statements

City of Napa - Revenue Capacity
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(in millions)

<u>Fiscal Year</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Total Taxable Assessed Value</u>	<u>Net Increase / (Decrease) Amount</u>	<u>Net Increase %</u>	<u>Direct Tax Rate</u>
2006	\$ 6,823	\$ 203	\$ 7,027	\$ 756	11%	0.015%
2007	7,607	215	7,822	796	10%	0.015%
2008	8,369	242	8,611	789	9%	0.015%
2009	8,702	251	8,954	343	4%	0.015%
2010	8,455	256	8,711	(242)	-3%	0.015%
2011	8,382	259	8,641	(70)	-1%	0.015%
2012	8,414	251	8,665	23	0%	0.015%
2013	8,509	254	8,763	98	1%	0.015%
2014	8,970	248	9,219	456	5%	0.015%
2015	9,542	247	9,788	570	6%	0.015%

Source: Napa County Auditor Controller's Office <http://www.countyofnapa.org/Pages/DepartmentContent.aspx?id=4294973814>

**City of Napa - Revenue Capacity
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>County</u>	<u>City</u>	<u>Education</u>	<u>Lake Park Maintenance District</u>	<u>River Park Maintenance District</u>	<u>Total</u>
2005/06	1.0000%	0.0150%	0.0703%	0.1125%	0.1688%	1.3666%
2006/07	1.0000%	0.0150%	0.0590%	0.1125%	0.1688%	1.3553%
2007/08	1.0000%	0.0150%	0.0875%	0.1125%	0.1688%	1.3838%
2008/09	1.0000%	0.0150%	0.0807%	0.1125%	0.1688%	1.3770%
2009/10	1.0000%	0.0150%	0.0986%	0.1125%	0.1688%	1.3949%
2010/11	1.0000%	0.0150%	0.0779%	0.1125%	0.1688%	1.3742%
2011/12	1.0000%	0.0150%	0.0973%	0.1125%	0.1688%	1.3936%
2012/13	1.0000%	0.0150%	0.0904%	0.1125%	0.1688%	1.3867%
2013/14	1.0000%	0.0150%	0.0986%	0.1125%	0.1688%	1.3949%
2014/15	1.0000%	0.0150%	0.0954%	0.1125%	0.1688%	1.3917%

Source: Napa County Auditor Controller's Office <http://www.countyofnapa.org/Pages/DepartmentContent.aspx?id=4294973814>

**City of Napa - Revenue Capacity
Principal Property Taxpayers
Current Year and Nine Years Ago**

		2015			2006		
		<u>Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Assessed Valuation</u>	<u>Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Assessed Valuation</u>
<u>Taxpayer</u>	<u>Type of Business</u>						
Kaiser Foundation Hospitals	Hospital	\$ 270,490,811	1	2.76%			
Meritage Resort LLC	Hotels	92,854,818	2	0.95%			
Inland American Lodging Napa Solano LLC	Hotels	73,372,381	3	0.75%			
IA Lodging Napa First LLC	Hotels	68,733,238	4	0.70%			
South Napa Fee LLC		51,486,446	5	0.53%			
Hawthorn Village Limited Partnership	Apartments	54,931,686	6	0.56%			
Shell Owners Association West	Timeshares	41,420,180	7	0.42%			
Chelsea Financing Partnership LP	Real Estate	45,445,695	8	0.46%			
First Napa Acquisition LLC	Apartments	39,237,859	9	0.40%			
Napa ES Hotel LLC	Hotels	23,020,136	10	0.24%			

Source: Napa County Auditor Controller's Office
1 Information for 2006 is not readily available.

**City of Napa - Revenue Capacity
Property Tax Levies and Collections
Last Ten Fiscal Years**

<u>Fiscal Year ended June</u> <u>30</u>	<u>Total Tax Levy for</u> <u>Fiscal Year²</u>	<u>Collected within the Fiscal Year</u> <u>of the Levy</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>
2006	\$ -	\$ -	100%
2007	-	-	100%
2008	-	-	100%
2009	-	-	100%
2010	-	-	100%
2011	14,378,036	14,378,036	100%
2012	¹ 14,922,304	14,922,304	100%
2013	15,207,190	15,207,190	100%
2014	15,334,229	15,334,229	100%
2015	16,558,128	16,558,128	100%

Source: Napa County Auditor Controller's Office

¹ Information prior to fiscal year 2010 is not readily available.

² Levy does not include ERAF or RDA pass through.

**City of Napa - Debt Capacity
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years**

<u>Governmental Activities</u>				
<u>Fiscal Year</u> <u>Ended June</u> <u>30</u>	<u>General</u> <u>Obligation</u> <u>Bonds</u>	<u>Redevelopment</u> <u>Bonds</u> ¹	<u>Capital</u> <u>Leases</u>	<u>Total</u> <u>Governmental</u> <u>Activities</u>
2006	\$ -	\$ 25,640,000	\$ -	\$ 25,640,000
2007		24,620,000		24,620,000
2008		23,410,000	121,664	23,531,664
2009		22,170,000	157,688	22,327,688
2010		20,635,000	432,534	21,067,534
2011		19,020,000	329,190	19,349,190
2012			240,944	240,944
2013			106,236	106,236
2014			44,112	44,112
2015			1,442,767	1,442,767

¹ Redevelopment Bonds were previously classified as governmental. With the dissolution of Redevelopment in fiscal year 2012 they are now presented under a separate fiduciary fund.

**City of Napa - Debt Capacity
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years**

Business Type Activities

<u>Fiscal Year</u> <u>Ended June</u> <u>30</u>	<u>Water</u> <u>Revenue</u> <u>Bonds</u>	<u>Solid Waste</u> <u>Revenue Bonds</u>	<u>Loans & Notes</u> <u>Payable</u>	<u>Total</u> <u>Business Type</u> <u>Activities</u>	<u>Total</u> <u>Primary</u> <u>Government</u>	<u>Percentage</u> <u>of Personal</u> <u>Income</u>	<u>Debt</u> <u>Per</u> <u>Capita</u>
2006	\$ -	\$ 6,545,000	\$ 3,859,374	\$ 10,404,374	\$ 36,044,374	0.99%	483
2007		6,200,000	7,964,758	14,164,758	38,784,758	1.03%	519
2008	47,350,000	5,840,000	7,611,029	60,801,029	84,332,693	2.20%	1,122
2009	47,350,000	5,465,000	7,263,293	60,078,293	82,405,981	2.23%	1,083
2010	47,350,000	5,075,000	6,904,816	59,329,816	80,397,350	2.14%	1,046
2011	46,300,000	4,665,000	6,535,107	57,500,107	76,849,297	1.95%	999
2012	45,205,000	4,235,000	6,154,139	55,594,139	55,835,083	1.31%	720
2013	44,065,000	3,785,000	5,760,697	53,610,697	53,716,933	1.22%	690
2014	42,880,000		7,623,965	50,503,965	50,548,077	1.14%	645
2015	43,140,673		5,599,244	48,739,917	50,182,684	1.16%	635

**City of Napa - Debt Capacity
Direct and Overlapping Debt
As of June 30, 2015**

City Assessed Valuation \$ 9,787,994,372

	Total Debt at June 30, 2015	Percentage Applicable¹	Estimated Share of Overlapping Debt
<u>Direct and Overlapping Tax and Assessment Debt</u>			
Napa Joint Community College District	\$ 124,133,911	31.047%	\$ 38,539,855
Napa Valley Unified School District	263,110,000	46.587%	122,575,056
California Statewide Development Authority 1915 Act Bonds	2,229,739	100.000%	2,229,739
Total Direct and Overlapping Tax and Assessment Debt			\$ 163,344,650
<u>Overlapping General Fund Obligation Debt</u>			
Napa County Certificates of Participation	\$ 30,235,000	31.324%	\$ 9,470,811
Napa County Board of Education Certificates of Participation	2,830,000	31.324%	886,469
Total Overlapping General Fund Obligation Debt			\$ 10,357,281
<u>Overlapping Tax Increment Debt (Successor Agency)</u>			
Successor Agency to the Napa City Redevelopment Authority	\$ 11,400,000	100.000%	\$ 11,400,000
<i>Total Direct Debt</i>			
<i>Total Overlapping Debt</i>			\$ 185,101,931
Total Direct and Overlapping Debt ²			\$ 185,101,931

Source: California Municipal Statistics, Inc

¹ Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that if within the boundaries of the city divided by the district's total taxable assessed value.

² Excludes tax and revenue anticipation notes, revenue, mortgage revenue and non-bonded capital lease obligations.

**City of Napa - Debt Capacity
Legal Debt Margin Information
Last Ten Fiscal Years**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Assessed valuation	\$ 7,026,578,770	\$ 7,822,180,558	\$ 8,610,881,711	\$ 8,953,549,785	\$ 8,711,134,526
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed valuation	1,756,644,693	1,955,545,140	2,152,720,428	2,238,387,446	2,177,783,632
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	\$ 263,496,704	\$ 293,331,771	\$ 322,908,064	\$ 335,758,117	\$ 326,667,545
Total net debt applicable to limit: General obligation bonds	-	-	-	-	-
Legal debt margin	\$ 263,496,704	\$ 293,331,771	\$ 322,908,064	\$ 335,758,117	\$ 326,667,545
Total debt applicable to the limit as percentage of debt limit	0.0%	0.0%	0.0%	0.0%	0.0%
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Assessed valuation	\$ 8,641,413,264	\$ 8,664,660,774	\$ 8,762,995,441	\$ 9,218,760,715	\$ 9,787,994,372
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed valuation	2,160,353,316	2,166,165,194	2,190,748,860	2,304,690,179	2,446,998,593
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	\$ 324,052,997	\$ 324,924,779	\$ 328,612,329	\$ 345,703,527	\$ 367,049,789
Total net debt applicable to limit: General obligation bonds	-	-	-	-	-
Legal debt margin	\$ 324,052,997	\$ 324,924,779	\$ 328,612,329	\$ 345,703,527	\$ 367,049,789
Total debt applicable to the limit as percentage of debt limit	0.0%	0.0%	0.0%	0.0%	0.0%

City of Napa - Debt Capacity
Pledged Revenue Coverage
Last Ten Fiscal Years

Water								
Debt Service								
<u>Fiscal Year Ended</u>	<u>Gross Water</u>		<u>Net Available</u>					<u>City System</u>
<u>June 30</u>	<u>Revenues</u>	<u>Less Expenses</u>	<u>Revenues</u>	<u>Principal</u>	<u>Interest</u>	<u>Notes Payable</u>		<u>Coverage</u>
2006	\$ 18,117,923	\$ 10,241,233	\$ 7,876,690	\$ 1,160,000	\$ 240,266	\$ 192,096		4.95
2007	19,659,303	10,649,138	9,010,165	1,225,000	199,666	302,392		5.22
2008	21,111,182	12,610,256	8,500,926	1,270,000	2,487,730	382,464		2.05
2009	19,721,108	13,972,193	5,748,915	1,320,000	2,352,124	391,537		1.41
2010	19,385,902	15,789,037	3,596,865	1,365,000	2,300,644	391,537		0.89
2011	19,422,077	14,022,037	5,400,040	1,050,000	2,246,044	391,537		1.46
2012	22,160,235	15,389,343	6,770,892	1,095,000	2,204,044	391,537		1.83
2013	25,454,220	15,452,198	10,002,022	1,140,000	2,160,244	391,537		2.71
2014	28,510,172	14,339,154	14,171,018	1,541,062	5,313,787	391,537		1.96
2015	24,945,963	19,254,164	5,691,799	1,245,000	2,052,894	391,537		1.54

Solid Waste Revenue Bonds								
Debt Service								
<u>Fiscal Year Ended</u>	<u>Gross Solid Waste</u>		<u>Net Available</u>					<u>City System</u>
<u>June 30</u>	<u>Revenues</u>	<u>Less Expenses</u>	<u>Revenues</u>	<u>Principal</u>	<u>Interest</u>	<u>Notes Payable</u>		<u>Coverage</u>
2006	13,482,083	12,191,639	1,290,444	335,000	342,926			1.90
2007	18,970,522	16,080,291	2,890,231	345,000	329,972			4.28
2008	21,290,455	17,546,499	3,743,956	360,000	316,542			5.53
2009	20,848,145	18,227,150	2,620,995	375,000	302,540			3.87
2010	15,567,913	14,105,116	1,462,797	390,000	285,529			2.17
2011	15,986,299	13,015,485	2,970,813	410,000	265,289			4.40
2012	16,538,005	14,061,154	2,476,851	430,000	244,037			3.67
2013	24,461,038	20,763,495	3,697,543	450,000	221,773			5.50
2014	24,117,179	20,464,194	3,652,985	3,552,784	278,931			0.95
2015	24,248,868	22,297,405	1,951,463	-	-			

City of Napa - Demographic and Economic Information
Demographic and Economic Information
Last Ten Fiscal Years

<u>Year</u>	<u>Population</u>	<u>Personal Income</u> <u>(in thousands)</u>	<u>Per Capita</u> <u>Income</u>	<u>School</u> <u>Enrollment</u>	<u>Unemployment</u> <u>Rate</u>
2006	74,620	\$ 3,630,860	\$ 48,658	19,908	3.9%
2007	74,688	3,777,047	50,571	20,087	4.0%
2008	75,186	3,831,479	50,960	20,108	5.1%
2009	76,090	3,696,376	48,579	20,370	8.6%
2010	76,856	3,756,337	48,875	20,520	9.7%
2011	76,915	3,937,587	51,194	20,582	9.1%
2012	77,513	4,271,199	55,103	20,593	7.8%
2013	77,881	4,410,713	56,634	20,725	6.3%
2014	78,358	4,437,727	56,634	20,868	5.4%
2015	78,971	4,311,501	54,596	21,002	4.4%

(1) California Department of Finance offers multiple statistics for City of Napa population. These numbers come from "E-4 Population and Housing Estimates for Cities, Counties and the State, 2001-2010." and "E-1 Current Population Estimates".

(2) Source: US Department of Commerce, Bureau of Economic Analysis. Per capita income represented is for 2014 Napa County. 2015 per capita income is not yet available.

(3) California Department of Education, Educational Demographics Unit (District and School Enrollment by Grade)

(4) United States Department of Labor, Bureau of Labor Statistics. Unemployment rate presented is for Napa County. 2015 unemployment rate is an average of January 2015 through November 2015.

City of Napa - Demographic and Economic Information
Principal Employers
Current Year and Nine Years Ago

Employer	2014		2005 ¹	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
Napa Valley Unified School District	1,900	5.16%	2,000	2.97%
Queen of the Valley Medical Center	1,365	3.71%	1,400	2.08%
County of Napa	1,248	3.39%	1,289	1.91%
City of Napa	458	1.24%		
Target ²	292	0.79%		
Napa Valley College	290	0.79%	525	0.78%
Walmart Supercenter	275	0.75%		
Kohl's Department Store	200	0.54%		
Meritage Resort and Spa	190	0.52%		
Kaiser Permanente	180	0.49%		
Marriott-Napa Valley	165	0.45%		
Coldwell Banker Brokers of the Valley	159	0.43%		
Aldea Children & Family Services	150	0.41%		
Regulus Integrated Solutions	150	0.41%		
The Meadows of Napa Valley Assisted Living	150	0.41%		
Whole Foods	150	0.41%		

Source: Economic Development Division of the City of Napa and United States Census Bureau.

¹ Information prior to 2013 is not readily available.

² Includes two retail locations.

City of Napa - Demographic and Economic Information
Full Time Equivalent City Government Employees by Function / Program
Last Ten Fiscal Years

Function/Program	2006 ¹	2007	2008	2009	2010	2011	2012	2013	2014	2015
<i>Governmental Activities</i>										
General Government	57.00	49.45	58.62	59.27	62.88	57.62	57.35	54.88	56.43	57.06
Public Safety										
Police	122.00	131.89	134.76	137.85	132.79	126.28	125.18	128.53	130.03	132.42
Fire	66.00	68.12	70.74	70.56	70.93	65.36	65.57	65.60	67.84	69.01
Public Works	53.00	57.50	59.96	61.18	64.22	59.22	58.70	63.70	65.38	72.58
Parks and recreation	43.00	70.30	73.75	72.00	69.04	57.89	59.12	59.41	69.59	63.38
Community development and Housing	34.00	41.98	39.11	43.48	42.11	38.71	38.98	37.71	35.29	38.36
<i>Business type Activities</i>										
Water Utility	47.00	50.23	50.50	52.50	54.57	52.57	53.23	54.17	55.66	59.23
Materials Diversion Utility	5.00	6.20	6.75	6.66	6.44	6.36	7.26	6.26	7.00	7.38
TOTAL	427.00	475.67	494.19	503.50	502.98	464.01	465.39	470.26	487.22	499.42

Source: Budget Document, City of Napa

¹ Excludes Part Time

**Operating Indicators by Function/Program
Last Ten Fiscal Years**

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Police										
Physical arrests	-	-	3,728	3,923	4,602	4,170	3,752	3,505	3,205	3,440
Parking violations	8,787	9,597	9,501	8,512	8,159	6,497	6,551	6,408	7,683	8,683
Traffic violations	-	-	5,687	6,007	6,099	4,715	3,054	3,332	3,078	3,668
Fire										
Number of calls answered	6,159	6,553	6,976	6,807	7,002	6,953	6,941	7,197	7,646	7,897
Inspections	632	634	560	1,555	1,296	1,496	1,425	1,425	1,464	1,379
Highways and streets										
Street resurfacing (miles)	-	-	-	-	10	9.15	8.25	8.95	8.97	8.8
Potholes repairs	-	-	-	1,182	653	294	211	326	300	358
Materials Diversion Utility										
Refuse collected (tons/day)	126	122	108	103	98	98	94	92	90	-
Recyclables collected (tons/day)	44	70	69	71	64	68	60	64	64	-
Culture and recreation										
Athletic field permits issued	46	26	25	21	29	37	30	25	10	17
Water										
New connections	-	-	-	127	618	-	-	326	-	-
Water Main breaks	-	-	123	98	59	99	64	93	63	-
Average daily consumption (per thousand gallons)	14.02	13.39	14.98	15.33	14.94	13.14	13.35	13.79	14.27	-

Source: City of Napa

¹ Information prior to 2014 is not readily available.

City of Napa - Operating Information
Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Police										
Physical arrests	-	3,728	3,923	4,602	4,170	3,752	3,505	3,205	3,440	3,803
Parking violations	9,597	9,501	8,512	8,159	6,497	6,551	6,408	7,683	8,683	2,953
Traffic violations	-	5,687	6,007	6,099	4,715	3,054	3,332	3,078	3,668	4,835
Fire										
Number of calls answered	6,553	6,976	6,807	7,002	6,953	6,941	7,197	7,646	7,897	8,969
Inspections	634	560	1,555	1,296	1,496	1,425	1,425	1,464	1,379	1,401
Highways and streets										
Street resurfacing (miles)	-	-	-	10	9.15	8.25	8.95	8.97	8.8	6.0
Potholes repairs	-	-	1,182	653	294	211	326	300	358	383
Materials Diversion Utility										
Refuse collected (tons/day)	122	108	103	98	98	94	92	90	94	89
Recyclables collected (tons/day)	70	69	71	64	68	60	64	64	72	76
Culture and recreation										
Athletic field permits issued	26	25	21	29	37	30	25	10	17	18
Water										
New connections	-	-	127	618	-	-	326	-	238	98
Water Main breaks ¹	-	123	98	59	99	64	93	63	38	272
Average daily consumption (per thousand gallons)	13.39	14.98	15.33	14.94	13.14	13.35	13.79	14.27	14.12	12.27

Source: City of Napa

¹ 233 of the 272 water main breaks in 2015 were related to the August 24, 2014 South Napa Earthquake