TOWN OF WINDSOR

FINANCIAL STATEMENTS

JUNE 30, 2014

TOWN OF WINDSOR
TABLE OF CONTENTS
For the Fiscal Year Ended June 30, 2014

FINANCIAL SECTION

Independent Auditor's Report 1
Management's Discussion and Analysis 4
Basic Financial Statements:
Government-wide Financial Statements:
Statement of Net Position 15
Statement of Activities 16
Fund Financial Statements:
Governmental Funds:
Balance Sheet 18
Reconciliation of the Governmental Funds – Balance Sheet to the Statement of Net Position 21
Statement of Revenues, Expenditures, and Changes in Fund Balances 22
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities 25
Proprietary Funds:
Statement of Net Position 26
Statement of Revenues, Expenses, and Change in Fund Net Position 27
Statement of Cash Flows 28
Fiduciary Funds:
Statement of Net Position 30
Statement of Changes in Net Position 31
Notes to Basic Financial Statements 33
Required Supplementary Information:
Schedule of Funding Progress for Other Post Employment Benefits (OPEB) 73
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund 74
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Major Special Revenue Fund 75
Other Supplemental Information:
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Capital Replacement Fund 77
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Debt Service Fund 78

TOWN OF WINDSOR
TABLE OF CONTENTS
For the Fiscal Year Ended June 30, 2014

FINANCIAL SECTION (Continued)

Other Supplemental Information: (Continued)

Combining and Individual Fund Statements and Schedules:

General Funds:

Description of General Funds 79

Combining Balance Sheet 80

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance 82

Nonmajor Governmental Funds:

Description of Nonmajor Funds 84

Combining Balance Sheet 86

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances 92

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual 98

Proprietary Funds:

Description of Proprietary Funds 109

Combining Statement of Net Position – Water Reclamation 110

Combining Statement of Revenues, Expenses, and Change in Net Position – Water Reclamation 111

Combining Statement of Cash Flows – Water Reclamation 112

Combining Statement of Net Position – Water 114

Combining Statement of Revenues, Expenses, and Change in Net Position – Water 115

Combining Statement of Cash Flows – Water 116

Fiduciary Funds

Description of Fiduciary Funds 118

Private-Purpose Trust Funds:

Combining Statement of Net Position 119

Combining Statement of Changes in Net Position 121

Agency Funds:

Combining Statement of Assets and Liabilities 122

MOSS, LEVY & HARTZHEIM LLP
CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS
RONALD A LEVY, CPA
CRAIG A HARTZHEIM, CPA
HADLEY Y HUI, CPA
ALEXANDER C HOM, CPA
ADAM V GUISE, CPA
TRAVIS J HOLE, CPA

COMMERCIAL ACCOUNTING & TAX SERVICES
433 N. CAMDEN DR. SUITE 730
BEVERLY HILLS, CA 90210
TEL: 310.273.2745
FAX: 310.670.1689
www.mlhcpas.com

GOVERNMENTAL AUDIT SERVICES
5800 E. HANNUM, SUITE E
CULVER CITY, CA 90230
TEL: 310.670.2745
FAX: 310.670.1689
www.mlhcpas.com

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members
of the Town Council of the Town of Windsor
Town of Windsor, 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 Town of Windsor (Town), California, as of and for the fiscal year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

OFFICES: BEVERLY HILLS · CULVER CITY · SANTA MARIA

MEMBER AMERICAN INSTITUTE OF C.P.A.'S · CALIFORNIA SOCIETY OF MUNICIPAL FINANCE OFFICERS · CALIFORNIA ASSOCIATION OF SCHOOL BUSINESS OFFICIALS

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 Town, as of June 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof, for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principles

As discussed in Note 1 to the basic financial statements effective July 1, 2013, the Town of Windsor adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*, Statement No. 66, *Technical Correction-2012*, Statement No. 67, *Financial Reporting for Pension Plans*, and Statement No. 70, *Accounting and Financial Reporting for Non-exchange Financial Guarantees*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 13, the Schedule of Funding Progress of Other Postemployment Benefits, the Budgetary Comparison Schedules of the General Fund and major special revenue fund on pages 73 through 75 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

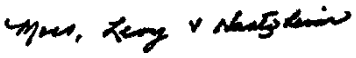
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The Budgetary Comparison Schedules for the Nonmajor Governmental Funds, the Combining Financial Statements for the Nonmajor Governmental Funds, General Fund, Proprietary Funds, Private-Purpose Trust Funds, and Agency Funds, are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The Budgetary Comparison Schedules for the Nonmajor Governmental Funds, the Combining Financial Statements for the Nonmajor Governmental Funds, General Fund, Proprietary Funds, Private-Purpose Trust Funds, and Agency Funds 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2015, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.



Moss, Levy & Hartzheim, LLP
Culver City, California
January 26, 2015

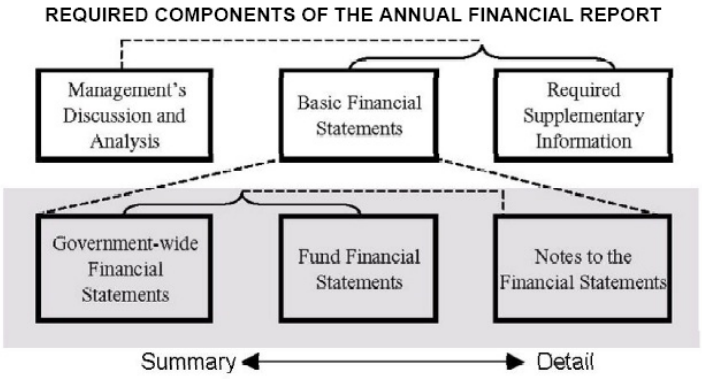
As management of the Town of Windsor (the "Town"), we offer readers of the Town's basic financial statements this narrative overview and analysis of the financial activities of the Town as of and for the fiscal year ended June 30, 2014. We encourage readers to consider the information presented here in conjunction with the accompanying Independent Auditor's Report, the basic financial statements, and the accompanying notes to the financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by $256,845,436 (net position). Of this amount, $51,666,057 (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net position decreased by $2,911,619 due to a decrease of $2,319,582 from the year's operations and a decrease of $592,037 as a result of the prior period adjustments.
- At the close of this fiscal year, the Town's governmental funds reported total ending fund balances of $30,203,430, a decrease of $101,993 after expenditures for capital projects, offset by an increase of $56,512 as a result from prior period adjustments. $10,472,930 or 35% of the ending fund balances are available for spending at the Town's discretion (unassigned fund balance).
- The Town's total long-term liabilities decreased by $2,555,847, or 10%, during the fiscal year.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains required supplementary information in addition to the basic financial statements themselves.



Government-wide financial statements - The government-wide financial statements are comprised of the Statement of Net Position and Statement of Activities. These two statements are designed to provide readers with a broad overview of the Town's finances utilizing the full accrual method of accounting, in a manner similar to a private-sector business. Under the full accrual method of accounting, transactions are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, assets, liabilities, revenues and expenses are reported in these statements for some items that will only result in cash flows in future fiscal periods (e.g. uncollected revenues and accrued but unpaid interest expense).

The Statement of Net Position presents information on all of the Town's assets and liabilities, including capital assets and long-term liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town as a whole is improving or deteriorating.

The Statement of Activities presents information showing how the Town's net position changed during the most recent fiscal year. Functional activities are highlighted in this statement, whereby direct and indirect functional costs are shown net of related program revenue. This statement shows the extent to which the various functions depend on general taxes and non-program revenues for support.

The government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include general government, public safety, public works, community development and recreation, parks, streets and roads, drainage and housing. The business-type activities of the Town include the water and water reclamation (sewer) operations.

The government-wide financial statements include the Town itself, but also the Windsor Public Financing Authority, and the Windsor Water District. Although these entities are legally separate, they function for all practical purposes as a part of the Town, and therefore have been included as blended component units as an integral part of the primary government.

Fund financial statements - The fund financial statements focus on current available resources and are organized and operated on the basis of funds, each of which is defined as a fiscal and accounting entity with a self-balancing set of accounts established for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental funds financial statements utilize the modified accrual method of accounting, which focuses on near-term inflow and outflow of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Town's near-term financial requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains twenty-three individual governmental funds. 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, Capital Replacement Fund, Debt Service Fund, and Housing Fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of supplementary combining statements.

The Town adopts an annual appropriated budget for all governmental and proprietary funds. Budgetary comparison statements for the General Fund and all major special revenue funds are required and included in the basic financial statements.

Proprietary funds: The Town maintains one type of proprietary fund: Enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses its enterprise funds to account for its water and water reclamation (sewer) operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary funds' financial statements provide separate information for all of the enterprise funds, which are considered to be major funds of the Town.

Fiduciary funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs.

Notes to the financial statements: The notes provide additional information that is essential to a full understanding of the government-wide and fund financial statements.

Other supplementary information: In addition to the basic financial statements and accompanying notes, this report also presents combining statements referred to earlier in connection with nonmajor governmental funds and the fiduciary funds.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following table reflects the condensed net position for both governmental and business-type activities.

NET POSITION

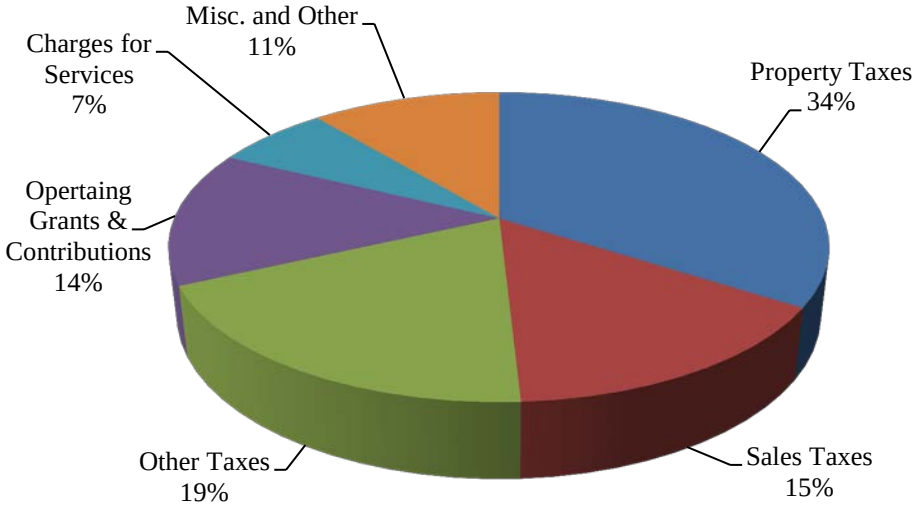
JUNE 30, 2014 AND 2013

	Governmental Activities		Business-type Activities		Total Government	
ASSETS	2014	2013	2014	2013	2014	2013
Current and other assets	$ 37,433,231	$ 38,310,202	$ 27,106,492	$ 28,054,326	$ 64,539,723	$ 66,364,528
Capital assets	139,272,483	142,548,490	78,525,633	79,978,926	217,798,116	222,527,416
Total assets	176,705,714	180,858,692	105,632,125	108,033,252	282,337,839	288,891,944
DEFERRED OUTFLOWS OF RESOURCES						
Deferred loss on refunding	185,466	-	233,094	-	418,560	-
LIABILITIES						
Current liabilities	3,244,162	2,979,964	2,648,236	3,580,513	5,892,398	6,560,477
Long-term liabilities	8,667,507	10,388,843	11,351,058	12,185,569	20,018,565	22,574,412
Total liabilities	11,911,669	13,368,807	13,999,294	15,766,082	25,910,963	29,134,889
NET POSITION						
Net investment in capital assets	130,234,029	131,597,190	66,663,976	67,157,134	196,898,005	198,754,324
Restricted	8,281,374	-	-	-	8,281,374	-
Unrestricted	26,464,108	35,892,695	25,201,949	25,110,036	51,666,057	61,002,731
Total net position	$ 164,979,511	$ 167,489,885	$ 91,865,925	$ 92,267,170	$ 256,845,436	$ 259,757,055

By far the largest portion of the Town's net position (77%) reflects its investment in capital assets (e.g. land, buildings, utility plant, machinery, equipment, vehicles, and infrastructure), net of any related outstanding debt used to acquire those assets. The Town uses these assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

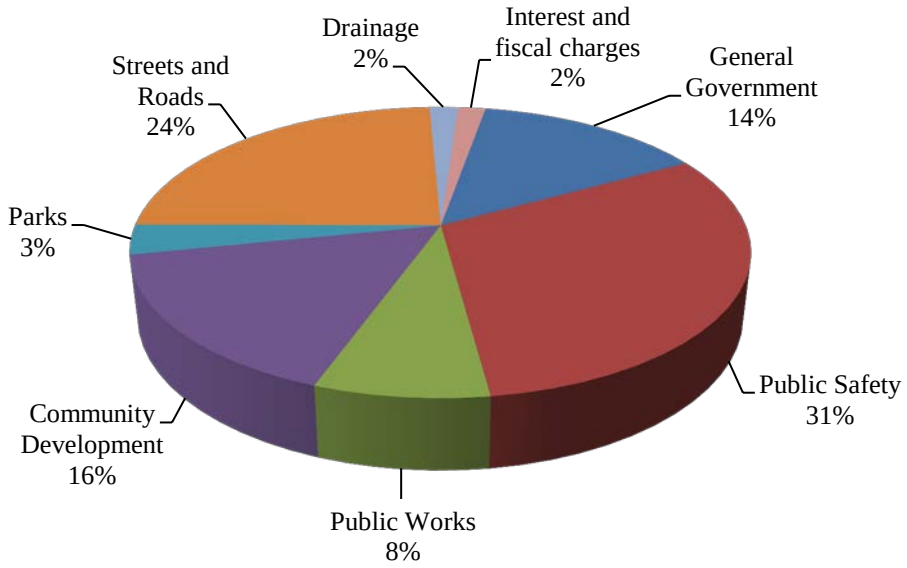
Governmental activities: Significant revenues of the governmental activities are taxes (68%), which include property taxes, sales taxes, and other taxes. Program revenues are 21% of the total revenues of the governmental activities, which include charges for services, operating contributions and grants, and capital contributions and grants. Tax revenues decreased by 4% due to a decrease in other tax revenue.

REVENUES BY SOURCE - GOVERNMENTAL ACTIVITIES
FOR FISCAL YEAR ENDED JUNE 30, 2014

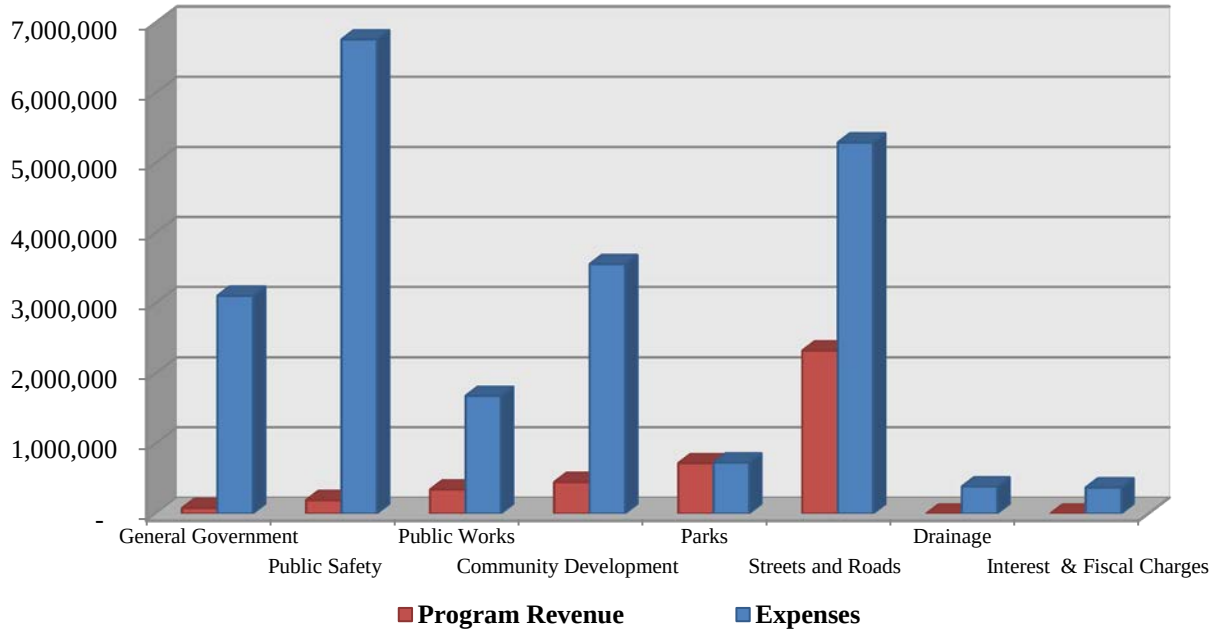


As for expenses, public safety expenses are the most significant (31%) of all governmental activities expenses, followed by streets and roads (24%), community development (16%), general government (14%), public works (8%), parks (3%) and various other programs (4%). Included in these amounts is depreciation expense, which is 19% of the total expenses for governmental activities.

EXPENSES BY FUNCTION/PROGRAM - GOVERNMENTAL ACTIVITIES
FOR FISCAL YEAR ENDED JUNE 30, 2014



COMPARISON OF EXPENSES AND PROGRAM REVENUES - GOVERNMENTAL ACTIVITIES
FOR FISCAL YEAR ENDED JUNE 30, 2014
(in dollars)



Business-type activities: For the fiscal year ended June 30, 2014, business-type activities decreased the Town's net position by $178,977. Key elements of this change are as follows:

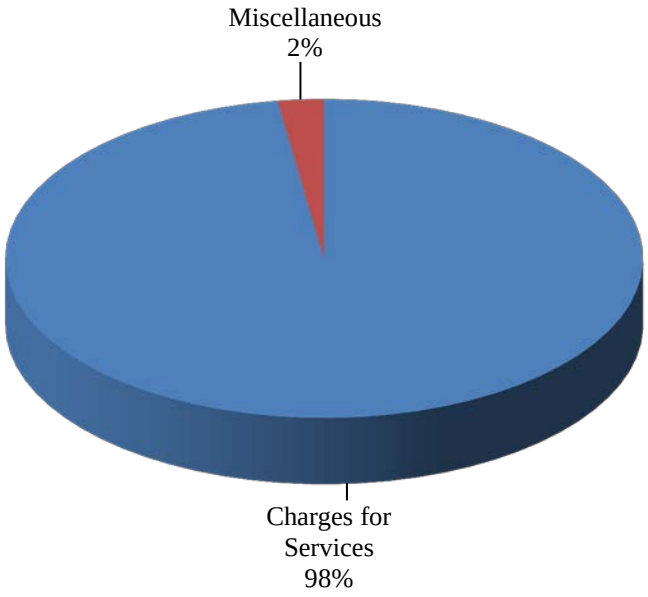
Charges for services decreased by $49,382 primarily due to reduction in water usage as a result of the water shortage (conservation).

Capital grants and contributions decreased by $302,851 as no grant funds were received.

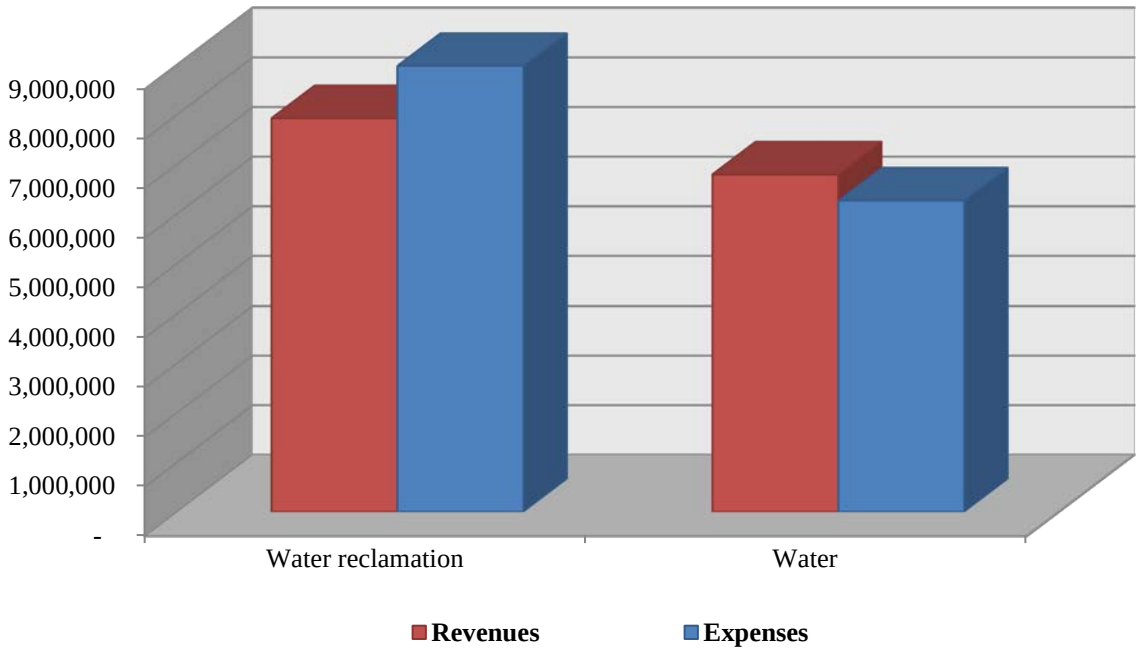
Operating expenses decreased by $2,765,310 primarily due to a delay in the sludge removal efforts and the write off of bad debt from the prior fiscal year. Other factors decreasing operating expenses include reduction in supplies, repairs, insurance and contractual services for biosolid removal.

Unrestricted investment earnings increased by $25,070 primarily due to the market recovery and increasing rates of return.

REVENUES BY SOURCE - BUSINESS-TYPE ACTIVITIES
FOR FISCAL YEAR ENDED JUNE 30, 2014



COMPARISON OF EXPENSES AND REVENUES - BUSINESS-TYPE ACTIVITIES
FOR FISCAL YEAR ENDED JUNE 30, 2014
(in dollars)



FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

Governmental Funds - The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of June 30, 2014, the Town's governmental funds reported total ending fund balance of $30,203,430, a decrease of $45,481 from the prior fiscal year. Total cash, restricted cash and investments increased by $568,246. Approximately 35% of the total ending fund balances constituted unassigned fund balances, which are considered available for appropriation. The remaining fund balance is shown as nonspendable, restricted, committed, or assigned, depending on the constraints of each fund. $145,266 is considered nonspendable since it consists of prepaid items and inventory, $3,230,071 is restricted for specific purposes as described in Note 12, $4,000,000 is committed for capital replacement, and $12,356,269 is assigned for specific purposes as described in Note 12.

Governmental fund revenues were $1,404,027 higher than the prior fiscal year, and expenditures decreased by $3,323,833. Property tax and sales tax accounted for a significant portion of the increase in revenues. A reduction of the investment in capital expenditures accounted for most of the decreases in expenditures.

Proprietary Funds - The Town's proprietary funds financial statements provide the same type of information found in the government-wide financial statements, but in more detail.

The Water Utility's net position increased $466,979 in the 2013-14 fiscal year. This increase was primarily due to decrease in salaries, operating expenses, materials, maintenance and contractual services.

The Water Reclamation Utility's net position decreased $868,224 in the current fiscal year which was primarily due to an increase in operational expenses, materials, supplies and contractual services.

TOWN FISCAL HIGHLIGHTS

RDA Loan Write-off – Pursuant to HSC section 34191.4 (b), loan agreements entered into between the former redevelopment agencies and sponsoring entities may be deemed enforceable if the Agency has received a Finding of Completion, the Agency's Oversight Board approves the loan as an enforceable obligation and the Agency's Oversight Board makes a finding that the loan was for legitimate redevelopment purposes.

In fiscal year 2014, the Town determined that a long term advance due from the former Redevelopment Agency (Successor Agency) to the General Fund totaling $400,000 was not an "enforceable obligation" as provided by the State of California. As a result, the long-term advance was written-off.

CAPITAL ASSETS

Capital assets - The Town's investment in capital assets for its governmental and business-type activities at June 30, 2014, amounted to $217,798,116 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, equipment, vehicles, infrastructure, and construction in progress. Depreciation expense for the fiscal year totaled $7,685,013.

CAPITAL ASSETS
(net of accumulated depreciation)

	Governmental Activities		Business-type Activities	
	2014	2013	2014	2013
Land	$ 32,310,417	$ 32,310,417	$ 6,893,707	$ 6,893,707
Rights of way	407	407	-	-
Construction in Progress	470,680	139,886	298,337	2,943,610
Buildings	4,733,123	4,879,045	-	-
Improvements other than buildings	6,953,123	7,531,819	-	-
Equipment and machinery	204,614	262,068	344,134	354,989
Infrastructure	94,146,113	97,229,280	70,782,771	69,670,934
Vehicles	454,006	195,568	206,684	115,686
Total	$ 139,272,483	$ 142,548,490	$ 78,525,633	$ 79,978,926

Additional information on the Town's capital assets can be found in Note 6 of the notes to the financial statements.

DEBT ADMINISTRATION

Long-term liabilities - The Town's outstanding long-term liabilities, including bonds, loans payable, compensated absences and OPEB totaled $22,067,002 at June 30, 2014. Of this total $9,775,578, or 44%, was in governmental activities and $12,291,424, or 56%, was in business-type activities. The Town's outstanding long-term liabilities decreased by $2,571,767, or 10%, in fiscal year 2014.

LONG-TERM LIABILITIES

	Governmental Activities		Business-type Activities	
	2014	2013	2014	2013
General obligation bonds	$ -	$ -	$ 31,000	$ 38,000
Revenue bonds	9,223,920	10,915,016	7,342,591	7,769,421
Notes and loans payable	-	-	4,721,160	5,203,791
Net OPEB Obligation	268,000	226,000		-
Compensated absences	283,658	252,643	196,673	233,898
Total	$ 9,775,578	$ 11,393,659	$ 12,291,424	$ 13,245,110

Additional information on the Town's long-term liabilities can be found in Note 7 of the notes to the financial statements.

GENERAL FUND BUDGETARY HIGHLIGHTS

There was a $1,354,788 increase in general fund appropriations between the original budget and the final amended budget for the fiscal year ended June 30, 2014. Additional budget figures are shown on page 76 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In considering the Town budget for the fiscal year 2014-15, the Town Council and management were conservative as to the projected growth of revenues and expenditures. The Town's principle revenues including sales tax, property tax and development-related fees are expected to begin a slow recovery through 2015. Low growth rates and continued uncertainty is being referred to as the "new norm". With continued uncertainty, staff will continue to monitor actual revenues in all funds to adjust current spending plans as necessary to maintain a balance budget.

REQUESTS FOR INFORMATION

This financial report is designed to provide general overview for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Administrative Services Director, Town of Windsor, P.O. Box 100, Windsor, CA 95492-0100.

THIS PAGE INTENTIONALLY LEFT BLANK

TOWN OF WINDSOR
Statement of Net Position
June 30, 2014

	Governmental Activities	Business-type Activities	Total
ASSETS:			
Cash and investments	$ 29,925,118	$ 24,922,481	$ 54,847,599
Accounts receivable	1,406,288	2,997,355	4,403,643
Interest receivable	12,109	9,918	22,027
Notes receivable, net	5,051,303		5,051,303
Internal balances	893,147	(893,147)	
Prepaid expenses	22,615	15,593	38,208
Inventory	122,651	54,292	176,943
Capital assets			
Non depreciable capital assets	32,781,504	7,192,044	39,973,548
Depreciable capital assets, net of accumulated depreciatio	106,490,979	71,333,589	177,824,568
TOTAL ASSETS	176,705,714	105,632,125	282,337,839
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred loss on refunding of debt	185,466	233,094	418,560
TOTAL DEFERRED OUTFLOWS OF RESOURCES	185,466	233,094	418,560
LIABILITIES:			
Accounts payable	1,520,926	1,207,593	2,728,519
Accrued liabilities	196,260	173,285	369,545
Accrued interest payable	81,316	146,255	227,571
Deposits payable	337,589	180,737	518,326
Accrued compensated absences			
Due within one year	33,975		33,975
Due in more than one year	249,683	196,673	446,356
Long-term liabilities			
Due within one year	1,074,096	940,366	2,014,462
Due in more than one year	8,149,824	11,154,385	19,304,209
Net OPEB obligation	268,000		268,000
TOTAL LIABILITIES	11,911,669	13,999,294	25,910,963
NET POSITION			
Net investment in capital assets	130,234,029	66,663,976	196,898,005
Restricted	8,281,374		8,281,374
Unrestricted	26,464,108	25,201,949	51,666,057
TOTAL NET POSITION	$ 164,979,511	$ 91,865,925	$ 256,845,436

The accompanying notes are an integral part of these basic financial statements.

TOWN OF WINDSOR
Statement of Activities
For the Fiscal Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Grants and Contributions: Operating	Program Revenues: Grants and Contributions: Capital
Governmental Activities:				
General government	$ 3,106,998	$ 4,312	$ 74,025	$ -
Public safety	6,763,995	69,851	122,355	
Public works	1,678,749	76,364		267,532
Community development	3,597,095	449,355	123	
Parks	729,778	714,921		4,081
Streets and roads	5,251,813	4,574	1,108,314	1,210,558
Drainage	386,716			
Housing	213			
Interest and fiscal charges	374,170			
TOTAL GOVERNMENTAL ACTIVITIES	21,889,527	1,319,377	1,304,817	1,482,171
Business-type Activities:				
Water reclamation	8,979,662	7,925,325		
Water	6,267,529	6,791,323		
TOTAL BUSINESS-TYPE ACTIVITIES	15,247,191	14,716,648		
TOTAL GOVERNMENT	$ 37,136,718	$ 16,036,025	$ 1,304,817	$ 1,482,171

General Revenues:
Taxes:
Property taxes
Sales and use taxes
Other taxes
Motor vehicle in-lieu tax
Unrestricted investment earnings
Contribution from trust fund for debt service
Miscellaneous
Gain on sale of capital assets
Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position, July 1, 2013

Prior Period Adjustments

Net Position, July 1, 2013, restated

Net Position, June 30, 2014

The accompanying notes are an integral part of these basic financial statements.

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	**Business-type Activities**	**Totals**
$ (3,028,661)	$ -	$ (3,028,661)
(6,571,789)		(6,571,789)
(1,334,853)		(1,334,853)
(3,147,617)		(3,147,617)
(10,776)		(10,776)
(2,928,367)		(2,928,367)
(386,716)		(386,716)
(213)		(213)
(374,170)		(374,170)
(17,783,162)		(17,783,162)
	(1,054,337)	(1,054,337)
	523,794	523,794
	(530,543)	(530,543)
(17,783,162)	(530,543)	(18,313,705)
6,729,474	1,133	6,730,607
2,973,991		2,973,991
3,741,384		3,741,384
11,511		11,511
720,119	97,611	817,730
965,921		965,921
461,445	284,304	745,749
7,230		7,230
31,482	(31,482)	
15,642,557	351,566	15,994,123
(2,140,605)	(178,977)	(2,319,582)
167,489,885	92,267,170	259,757,055
(369,769)	(222,268)	(592,037)
167,120,116	92,044,902	259,165,018
$ 164,979,511	$ 91,865,925	$ 256,845,436

TOWN OF WINDSOR
Balance Sheet
Governmental Funds
June 30, 2014

	General Fund	Housing Fund	Capital Replacement Fund	Debt Service Fund
ASSETS:				
Cash and investments	$ 11,297,010	$ 384,186	$ 8,575,224	$ 1,965,677
Accounts receivable	1,122,695		7,230	
Interest receivable	5,164		3,130	717
Due from other funds	265		1,149,013	
Prepaid expenses	21,509			1,106
Inventory	51,239			
Notes receivable		5,051,303		
TOTAL ASSETS	$ 12,497,882	$ 5,435,489	$ 9,734,597	$ 1,967,500
LIABILITIES:				
Accounts payable	$ 1,159,256	$ -	$ 51,287	$ -
Accrued liabilities	137,213			
Unearned revenue				
Deposits payable	333,302			
Due to other funds				
TOTAL LIABILITIES	1,629,771		51,287	
DEFERRED INFLOWS OF RESOURCES:				
Unearned revenue - accounts receivable	61,125			
Unearned revenue - notes receivable		5,051,303		
TOTAL DEFERRED INFLOWS OF RESOURCES	61,125	5,051,303		
FUND BALANCES:				
Nonspendable	72,748			1,106
Restricted	99,037	384,186		845,889
Committed			4,000,000	
Assigned	100,000		5,683,310	1,120,505
Unassigned	10,535,201			
TOTAL FUND BALANCES	10,806,986	384,186	9,683,310	1,967,500
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 12,497,882	$ 5,435,489	$ 9,734,597	$ 1,967,500

The accompanying notes are an integral part of these basic financial statements.

Other Governmental Funds	Totals
$ 7,703,021	$ 29,925,118
276,363	1,406,288
3,098	12,109
	1,149,278
	22,615
71,412	122,651
	5,051,303
$ 8,053,894	$ 37,689,362
$ 310,383	$ 1,520,926
59,047	196,260
62,598	62,598
4,287	337,589
256,131	256,131
692,446	2,373,504
	61,125
	5,051,303
	5,112,428
71,412	145,266
1,900,959	3,230,071
	4,000,000
5,451,348	12,355,163
(62,271)	10,472,930
7,361,448	30,203,430
$ 8,053,894	$ 37,689,362

THIS PAGE INTENTIONALLY LEFT BLANK

TOWN OF WINDSOR
Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
June 30, 2014

TOTAL FUND BALANCES - TOTAL GOVERNMENTAL FUNDS		$ 30,203,430
Amounts reported for Governmental Activities in the Statement of Net Position are different from those reported in the governmental funds because of the following:		
Capital assets used in Governmental Activities are not current resources and, therefore, are not reported in the governmental funds.		
Capital assets	$ 203,578,142	
Less: accumulated depreciation	(64,305,659)	139,272,483
Certain notes receivable, accounts receivable, and interest receivable are not available to pay for current period expenditures and, therefore are offset by unearned revenue in the governmental funds.		5,175,026
Loss on the refunding of debt is not a current resource and, therefore, is not reported in the governmental funds' balance sheet due to its long-term nature.		185,466
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds' balance sheet:		
Lease revenue bonds, net of discount	(9,223,920)	
Net OPEB obligation	(268,000)	
Compensated absences	(283,658)	(9,775,578)
Accrued interest payable on long-term liabilities has not been reported in the governmental funds.		(81,316)
Net Position of Governmental Activities		$ 164,979,511

The accompanying notes are an integral part of these basic financial statements.

TOWN OF WINDSOR
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2014

	General Fund	Housing Fund	Capital Replacement Fund	Debt Service Fund
REVENUES:				
Property taxes	$ 6,725,124	$ -	$ -	$ -
Sales taxes	3,026,839			
Other taxes	2,764,300			
Licenses, permits, and fees	565,542			
Fines and forfeitures	46,898			
Rental income	103,636			
Use of money and property	298,167		113,569	3,135
Intergovernmental	111,077			
Charges for services	648,127			
Other revenues	409,141	7,099	7,230	965,921
TOTAL REVENUES	14,698,851	7,099	120,799	969,056
EXPENDITURES:				
Current:				
General administration	2,908,384		17,201	5,273
Public safety	6,173,842			
Public works	983,124			
Community development	2,084,531			
Streets and roads				
Drainage				
Housing				
Capital outlay	489,279		304,928	
Debt service:				
Principal				1,696,100
Interest				360,501
TOTAL EXPENDITURES	12,639,160		322,129	2,061,874
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,059,691	7,099	(201,330)	(1,092,818)
OTHER FINANCING SOURCES (USES):				
Transfers in	136,776		300,000	243,221
Transfers out	(981,386)			
TOTAL OTHER FINANCING SOURCES (USES)	(844,610)		300,000	243,221
NET CHANGE IN FUND BALANCES	1,215,081	7,099	98,670	(849,597)
FUND BALANCES, JULY 1, 2013	9,591,905	377,087	9,584,640	2,817,097
PRIOR PERIOD ADJUSTMENTS				
FUND BALANCES, JULY 1, 2013, RESTATED	9,591,905	377,087	9,584,640	2,817,097
FUND BALANCES, JUNE 30, 2014	$ 10,806,986	$ 384,186	$ 9,683,310	$ 1,967,500

The accompanying notes are an integral part of these basic financial statements.

Other Governmental Funds	Total
$ 4,350	$ 6,729,474
	3,026,839
	2,764,300
	565,542
	46,898
	103,636
249,973	664,844
2,775,728	2,886,805
1,211,301	1,859,428
52,304	1,441,695
4,293,656	20,089,461
45,277	2,976,135
357,759	6,531,601
307,367	1,290,491
1,463,810	3,548,341
2,393,153	2,393,153
386,716	386,716
213	213
245,478	1,039,685
	1,696,100
	360,501
5,199,773	20,222,936
(906,117)	(133,475)
565,174	1,245,171
(232,303)	(1,213,689)
332,871	31,482
(573,246)	(101,993)
7,878,182	30,248,911
56,512	56,512
7,934,694	30,305,423
$ 7,361,448	$ 30,203,430

THIS PAGE INTENTIONALLY LEFT BLANK

TOWN OF WINDSOR
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2014

The schedule below reconciles the Net Changes in Fund Balances reported on the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances, which measure only changes in current assets and current liabilities on the modified accrual basis, with the Change in Net Position of Governmental Activities reported in the Statement of Activities, which is prepared on the full accrual basis.

Net change in fund balances		$ (101,993)
Amounts reported for governmental activities in the Statement of Activities are different because of the following:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is capitalized and allocated over their estimated lives and reported as depreciation expense.		
Capital outlay expenditures are therefore added back to fund balances	$ 1,039,685	
Depreciation expense not reported in governmental funds	(4,315,692)	(3,276,007)
Certain receivables are offset by unearned revenue in the governmental funds because they are not available to pay for current period expenditures. This amount represents the amount by which prior year unearned revenue exceeded current year.		(372,021)
The amounts below included in the Statement of Activities do not provide (require) the use of current financial resources and, therefore, are not reported as revenues or expenditures in governmental funds (net change):		
Lease revenue bonds payable - principal payment	1,696,100	
Deferred loss on refunding of debt, amortization	(25,248)	
Discount on lease revenue bonds, amortization	(5,004)	
Interest payable	16,583	
Net OPEB obligation	(42,000)	
Compensated absences	(31,015)	1,609,416
Change in net position of governmental activities		$ (2,140,605)

The accompanying notes are an integral part of these basic financial statements.

TOWN OF WINDSOR
Statement of Net Position
Proprietary Funds
June 30, 2014

	Business-type Activities - Enterprise Funds		
	Water Reclamation	Water	Totals
ASSETS:			
Current Assets			
Cash and investments	$ 11,468,577	$ 13,453,904	$ 24,922,481
Accounts receivable	1,514,705	1,482,650	2,997,355
Interest receivable	5,034	4,884	9,918
Prepaid expenses	7,986	7,607	15,593
Inventory	384	53,908	54,292
Total Current Assets	12,996,686	15,002,953	27,999,639
Non-Current Assets			
Capital assets, net of accumulated depreciation	55,888,994	22,636,639	78,525,633
Total Non-Current Assets	55,888,994	22,636,639	78,525,633
TOTAL ASSETS	68,885,680	37,639,592	106,525,272
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred loss on refunding of debt	116,708	116,386	233,094
Total Deferred Outflows of Resources	116,708	116,386	233,094
LIABILITIES:			
Current Liabilities			
Accounts payable	520,398	687,195	1,207,593
Accrued liabilities	91,811	81,474	173,285
Accrued interest payable	111,720	34,535	146,255
Deposits payable	85,288	95,449	180,737
Due to other funds	446,991	446,156	893,147
Long-term liabilities - current portion	696,822	243,544	940,366
Total Currrent Liabilities	1,953,030	1,588,353	3,541,383
Non-Current Liabilities			
Compensated absences	96,563	100,110	196,673
Loans payable	3,705,656	518,970	4,224,626
Bonds payable	3,472,830	3,456,929	6,929,759
Total Non-Current Liabilities	7,275,049	4,076,009	11,351,058
TOTAL LIABILITIES	9,228,079	5,664,362	14,892,441
NET POSITION:			
Net investment in capital assets	48,130,394	18,533,582	66,663,976
Unrestricted	11,643,915	13,558,034	25,201,949
TOTAL NET POSITION	$ 59,774,309	$ 32,091,616	$ 91,865,925

The accompanying notes are an integral part of these basic financial statements.

TOWN OF WINDSOR
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Fiscal Year Ended 30, 2014

	Business-type Activities - Enterprise Funds		
	Water Reclamation	Water	Total
OPERATING REVENUES:			
Charges for services, net of refunds	$ 7,732,137	$ 6,495,206	$ 14,227,343
Other revenue	193,188	296,117	489,305
TOTAL OPERATING REVENUES	7,925,325	6,791,323	14,716,648
OPERATING EXPENSES:			
Salaries and benefits	2,846,593	2,412,328	5,258,921
Materials, supplies, and operational expenses	1,402,035	2,097,066	3,499,101
Repairs and maintenance	236,995	90,918	327,913
Insurance	39,665	39,665	79,330
Contractual services	1,402,978	44,769	1,447,747
Taxes and licenses	45,800	9,983	55,783
Utilities	538,917	278,286	817,203
Depreciation	2,213,920	1,155,401	3,369,321
TOTAL OPERATING EXPENSES	8,726,903	6,128,416	14,855,319
OPERATING INCOME (LOSS)	(801,578)	662,907	(138,671)
NON-OPERATING INCOME (EXPENSE):			
Amortization expense	(4,325)	(4,245)	(8,570)
Rental income	284,304		284,304
Interest income	26,044	71,567	97,611
Interest expense	(248,434)	(134,868)	(383,302)
Property taxes	1,920	(787)	1,133
TOTAL NON-OPERATING INCOME (EXPENSE)	59,509	(68,333)	(8,824)
INCOME (LOSS) BEFORE TRANSFERS	(742,069)	594,574	(147,495)
TRANSFERS:			
Transfers in	2,322,680	939,391	3,262,071
Transfers out	(2,337,701)	(955,852)	(3,293,553)
TOTAL TRANSFERS	(15,021)	(16,461)	(31,482)
Change in Net Position	(757,090)	578,113	(178,977)
Net Position, July 1, 2013	60,642,533	31,624,637	92,267,170
Prior Period Adjustments	(111,134)	(111,134)	(222,268)
Net Position, July 1, 2013, Restated	60,531,399	31,513,503	92,044,902
Net Position, June 30, 2014	$ 59,774,309	$ 32,091,616	$ 91,865,925

The accompanying notes are an integral part of these basic financial statements.

TOWN OF WINDSOR
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2014

	Business-type Activities - Enterprise Funds		
	Water Reclamation	Water	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	$ 8,009,679	$ 6,979,072	$ 14,988,751
Cash paid to suppliers	(4,895,385)	(2,336,142)	(7,231,527)
Cash paid to employees	(2,856,171)	(2,465,889)	(5,322,060)
NET CASH PROVIDED BY OPERATING ACTIVITIES	258,123	2,177,041	2,435,164
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Property taxes	1,920	(787)	1,133
Transfers to other funds	(15,021)	(16,461)	(31,482)
Repayment on interfund activity	(28,194)	(23,613)	(51,807)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	(41,295)	(40,861)	(82,156)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(1,385,216)	(660,070)	(2,045,286)
Principal paid on capital debt	(671,671)	(222,960)	(894,631)
Interest paid on capital debt	(257,496)	(136,084)	(393,580)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(2,314,383)	(1,019,114)	(3,333,497)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase/disposal of investments	(3,449,544)	(1,498,365)	(4,947,909)
Rental income	284,304		284,304
Interest received	8,194	17,578	25,772
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(3,157,046)	(1,480,787)	(4,637,833)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(5,254,601)	(363,721)	(5,618,322)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FISCAL YEAR	9,891,296	9,821,523	19,712,819
CASH AND CASH EQUIVALENTS AT THE END OF THE FISCAL YEAR	$ 4,636,695	$ 9,457,802	$ 14,094,497
RECONCILATION OF CASH AND CASH EQUIVALENTS:			
Cash and investments	$ 11,468,577	$ 13,453,904	$ 24,922,481
Less: investments that do not meet the definition of cash equivalents	(6,831,882)	(3,996,102)	(10,827,984)
TOTAL CASH AND CASH EQUIVALENTS	$ 4,636,695	$ 9,457,802	$ 14,094,497

(Continued)

The accompanying notes are an integral part of these basic financial statements.

TOWN OF WINDSOR
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2014
(Continued)

	Business type Activities - Enterprise Funds		
	Water Reclamation	Water	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	$ (801,578)	$ 662,907	$ (138,671)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation expense	2,213,920	1,155,401	3,369,321
Changes in assets and liabilities:			
Decrease in accounts receivable	67,755	160,989	228,744
(Increase) in prepaid expenses	(1,090)	(711)	(1,801)
Decrease in inventory	2,314	4,726	7,040
Increase (decrease) in accounts payable	(1,230,219)	220,530	(1,009,689)
Increase in deposits payable	16,599	26,760	43,359
Increase (decrease) in accrued liabilities	10,188	(36,102)	(25,914)
Decrease in compensated absences	(19,766)	(17,459)	(37,225)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 258,123	$ 2,177,041	$ 2,435,164

The accompanying notes are an integral part of these basic financial statements.

TOWN OF WINDSOR
Statement of Net Position
Fiduciary Funds
June 30, 2014

	Successor Agency Private - Purpose Trust Funds	Agency Funds
ASSETS:		
Cash and cash equivalents	$ 1,390,450	$ 705,192
Restricted cash and cash equivalents	143,500	
Interest receivable	527	258
Prepaid items	1,640	
TOTAL ASSETS	1,536,117	$ 705,450
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred loss on refunding of debt	118,923	
TOTAL DEFERRED OUTFLOWS OF RESOURCES	118,923	
LIABILITIES:		
Accounts payable	572	$ 5,035
Accrued liabilities	5,313	
Deposit payable		680,784
Interest payable	288,828	
Long-term liabilities:		
Due within one year	356,580	
Due in more than one year	4,845,039	
Due to special assessment districts		19,631
TOTAL LIABILITIES	5,496,332	$ 705,450
TOTAL NET POSITION (DEFICIT)	$ (3,841,292)	

The accompanying notes are an integral part of these basic financial statements.

TOWN OF WINDSOR
Statement of Changes in Net Position
Fiduciary Funds-Private Purpose Trust Funds
Successor Agency
For the Fiscal Year Ended June 30, 2014

	Successor Agency Private-Purpose Trust Funds
Additions:	
Property taxes	$ 788,794
Investment earnings	13,815
Loan write-off	400,000
Total additions	1,202,609
Deductions:	
Interest expense	217,989
Community development	210,309
Amortization	15,117
Contributions to Town of Windsor for debt service	965,921
Total deductions	1,409,336
Change in net position	(206,727)
Net Position (Deficit) - July 1, 2013	(3,419,218)
Prior Period Adjustments	(215,347)
Net Position (Deficit) - July 1, 2013, restated	(3,634,565)
Net Position (Deficit) - June 30, 2014	$ (3,841,292)

The accompanying notes are an integral part of these basic financial statements.

THIS PAGE INTENTIONALLY LEFT BLANK

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Windsor was incorporated on July 1, 1992, as a general law Town. The Town is primarily a residential community located in Sonoma County. The Town provides the following services: public safety, parks, streets and highways, water and water reclamation, culture-recreation, public improvements, planning and zoning, and general administration services. The Town operates under the Council-Manager form of government, with five elected Town Council members, who, in turn, elects one of its members to serve as the Mayor.

A. The Reporting Entity

The accompanying basic financial statements present the financial activity of the Town along with the financial activities of its blended component units, which are entities for which the Town is financially accountable. Together these entities comprise the primary government for reporting purposes. Although they are separate legal entities, *blended* component units are in substance part of the Town's operations and are reported as an integral part of the Town's financial statements. The Town's component units, which are described below, are all blended.

The Windsor Public Financing Authority (the "Authority") was established in accordance with the provisions of the laws of the State of California. The Authority was created for the purpose of providing financing for public capital improvements for the Town and the Agency through the acquisition by the Authority of such public capital improvements and/or the purchase by the Authority of local obligations. The Authority has the power to issue bonds and to pay the costs of any public capital improvements. The Authority is controlled by the Town and has the same governing body as the Town, which also performs all accounting and administrative functions for the Authority. The financial activities of the Authority are included in the Debt Service Fund.

The Windsor Water District (the "District") is a separate entity whose purpose is to provide water and sewer (water reclamation) services within the Town. The District is controlled by the Town and has the same governing body as the Town, which also performs all accounting and administrative functions for the District. The financial activities of the District are included in the Proprietary Funds.

B. Basis of Presentation

The Town's basic financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States of America.

These standards require that the financial statements described below be presented:

Government-wide Financial Statements:

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include the activities of the overall Town government except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. The statements distinguish between governmental and business-type activities of the Town. The Town's net position is reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position. The Town first utilizes restricted resources to finance qualifying activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients for goods or services offered by the programs, (b) grants and contributions that are restricted to meeting the operational needs of a particular program, and (c) grants and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements:

The fund financial statements provide information about the Town's funds, including fiduciary funds and blended component units. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues and expenditure/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories with each major fund displayed in a separate column. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

a. Total assets, liabilities, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

All remaining governmental funds are aggregated and reported as nonmajor funds in a single column, regardless of their fund type.

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund: The general fund is be used to account for and report all financial resources not accounted for and reported in another fund.

Special Revenue: Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The term *proceeds of specific revenue sources* establishes that one or more specific restricted or committed revenues is the foundation for a special revenue fund.

Capital Projects Fund: Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

Fund Financial Statements: (Continued)

Debt Service Fund: Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Debt service funds should be used to report resources if legally mandated. Financial resources that are being accumulated for principal and interest maturing in future years also should be reported in debt service funds.

Proprietary Funds

Enterprise Funds – Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.

Fiduciary Funds (not included in government-wide statements)

Agency Funds – Agency funds are clearing type funds for the collection of taxes or deposits held in trust, on behalf of individuals, private organizations and other governments. The funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Private-Purpose Trust Funds – Private-purpose trust funds are used to report all trust arrangements (other than pension and investment trust funds) under which principal and income benefit individuals, private organizations, or other governments.

Major Funds

The Town reported the following major governmental and proprietary funds in the accompanying financial statements:

General Fund – This is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Housing Fund – This special revenue fund is used to account for housing assets transferred from the former Redevelopment Agency.

Capital Replacement Fund – This capital projects fund is used to account for costs associated with the replacement of Town equipment.

Debt Service Fund – This debt service fund is used to account for the debt service activities related to the Town.

Water Reclamation – This enterprise fund accounts for the operation and maintenance of the Town's wastewater collection system, the wastewater treatment facility, and the recycled waste disposal and distribution system.

Water Fund – This enterprise fund accounts for the operation and maintenance of the Town's water distribution system.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

The Town also reports the following fund types, which as noted above, are not included in the government-wide financial statements:

Agency Funds – These funds are used to report resources held by the Town in a purely custodial capacity, which involves only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

Private Purpose Trust Funds – The Town also maintains private–purpose trust funds for the Successor Agency to the former Windsor Redevelopment Agency. Private-purpose trust funds include a Statement of Net Position and a Statement of Changes in Net Position.

C. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item "b" below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

a. All governmental funds are accounted for using a "current financial resources" measurement focus. With this measurement focus, only current assets and current liabilities generally are included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

b. All proprietary funds utilize an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and all liabilities (whether current or noncurrent) associated with the operation of these funds are reported. Proprietary fund equity is classified as net position.

c. Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them. Private-purpose trust funds do report a statement of changes in net position, and are accounted for using the economic resources measurement focus.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset is used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Town defines available to be within 60 days of fiscal year-end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due. Governmental capital asset acquisitions are reported as expenditures in governmental funds. Proceeds for governmental long-term debt and acquisitions under capital leases are reported as other financing sources.

Those revenues susceptible to accrual include taxes, intergovernmental revenues, interest and charges for services. Certain indirect costs are included in program expenses reported for individual functions and activities.

Grant revenues are recognized in the fiscal year in which all eligibility requirements are met. Under the terms of grant agreements, the Town may fund certain programs with a combination of cost-reimbursement grants, categorical block grants, and general revenues. Thus, both restricted and unrestricted net positions are available to finance program expenditures. The Town's policy is to first apply restricted grant resources to such programs, followed by general revenues if necessary.

The Town follows Statements and Interpretations of the Financial Accounting Standards Board and its predecessors that were issued on or before November 30, 1989, in accounting for its business-type activities, which do not conflict with Governmental Accounting Standards Board Pronouncements.

All proprietary funds and fiduciary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset is used. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal operations. The principal operating revenues of the Water and Water Reclamation enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Property Taxes

The County of Sonoma levies, bills, and collects property taxes and special assessments for the Town. Property taxes levied are recorded as revenue when received in the fiscal year or levy, due to the adoption of the "alternate method of property tax distribution", known as the Teeter Plan, by the Town and the County of Sonoma. The Teeter Plan authorizes the Auditor/Controller of the County of Sonoma to allocate 100% of the secured property taxes billed, but not yet paid. The County of Sonoma remitted tax monies to the Town in three installments as follows:

50% remitted in December
45% remitted in April
5% remitted in June

Tax collections are the responsibility of the County Tax Collector. Taxes and assessments on secured and utility rolls which constitute a lien against the property, may be paid in two installments; the first is due November 1 of the fiscal year and is delinquent if not paid by December 10; and the second is due on March 1 of the fiscal year and is delinquent if not paid by April 10. Unsecured personal property taxes do no constitute a lien against real property unless the tax becomes delinquent. Payment must be made in one installment, which is delinquent if not paid by August 31 of the fiscal year. Significant penalties are imposed by the County for late payment.

Property valuations are established by the Assessor of the County of Sonoma for the secured and unsecured property tax rolls. Under the provisions of Article XIIIA of the State Constitution, properties are assessed at 100% of purchase price or value in 1978, whichever is later. From this base assessment, subsequent annual increases in valuation are limited to a maximum of two percent. However, increases to full value are allowed for property improvements or upon change in ownership. Personal property is excluded from these limitations, and is subject to annual reappraisal.

Tax levy dates are attached annually on January 1 preceding the fiscal year for which the taxes are levied. The fiscal year begins July 1 and ends June 30 of the following year. Taxes are levied on both real and unsecured personal property, as it exists at that time. Liens against real estate, as well as the tax on personal property, are not relieved by subsequent renewal or change in ownership.

E. Cash and Investments

The Town pools the cash of all funds, except for monies deposited with fiscal agents in accordance with related bond indentures. The cash and investments balance in each fund represents that fund's equity share of the Town's cash and investment pool. As the Town places no restrictions on the deposit or withdrawal of a particular fund's equity in the pool, the pool operates like a demand deposit account for the participating funds.

Interest income earned on pooled cash and investments is allocated monthly to the various funds based on month-end balances and is adjusted at fiscal year-end. Interest income on restricted cash and investments with fiscal agents is credited directly to the related fund.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Cash and Investments (Continued)

The Town's investments are carried at fair value. The fair value of equity and debt securities is determined based on sales prices or bid-and-asked quotations from SEC-registered securities exchanges or NASDAQ dealers. LAIF and the Sonoma County Investment Pool determine the fair value of their portfolio quarterly and report a factor to the Town; the Town applies that factor to convert its share of LAIF and the Sonoma County Investment Pool from amortized cost to fair value. This amount is included in cash and cash equivalents in the balance sheet of the governmental funds. Changes in fair value are allocated to each participating fund.

For purposes of the statement of cash flows, the Town has defined cash and cash equivalents to be change and petty cash funds and equity in the Town's cash and investment pool.

F. Accounts and Interest Receivable

In the government-wide statements, receivables consist of all revenues earned at fiscal year-end and not yet received. Receivables are recorded in the financial statements net of any allowance for doubtful accounts if applicable, and estimated refunds due. Major receivable balances for the governmental activities include sales and use taxes, franchise taxes, grants, police fines and other fees. Business-type activities report utilities account receivables and interest earnings as their major receivables.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax, franchise tax, and grants and other similar intergovernmental revenues since they are usually both measurable and available. Nonexchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual basis, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available. Proprietary fund material receivables consist of all revenues earned at fiscal year-end and not yet received. Utility accounts receivable and interest earnings compose the majority of proprietary fund receivables.

G. Prepaid Expenses and Inventory

Inventory is valued at the lower of cost or market using the first-in, first-out ("FIFO") method. The cost is recorded as an expenditure/expense in the funds at the time individual inventory items are purchased rather than when consumed. Inventory in the enterprise funds consist principally of materials and supplies for utility operations. Inventory in the General Fund consists of materials and supplies.

Major payments to vendors that reflect costs applicable to future accounting periods are recorded as prepaid items in both government-wide and fund financial statements.

H. Capital Assets

The accounting treatment over property, plant and equipment depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Capital Assets (Continued)

Government-wide Statements

In the government-wide financial statements, capital assets with a historical cost over $5,000 and an estimated useful life in excess of one year are accounted for as capital assets. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. Estimated historical cost was used to value the majority of the assets.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	50 years
Improvements other than buildings	10-25 years
Infrastructure	30-100 years
Utility systems	5-50 years
Vehicles	4-10 years
Computer equipment	3-5 years
Other equipment and furnishings	5-20 years

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

I. Accumulated Compensated Absences

Compensated absences comprise unused vacation leave and compensatory time off, which are accrued as earned. Employees may accumulate earned vacation up to 160 hours. Additional accrual requires the Town Manager's approval. Employees may accumulate sick leave without limits. The Town's liability for compensated absences is recorded in the government-wide Statement of Net Position for governmental funds and the Statement of Net Position for proprietary funds as appropriate. A liability is calculated for all the costs of compensated absences based upon benefits earned by employees in the current period for which there is a probability of payment at termination. The salary and related payroll costs are those in effect at June 30, 2014. Accumulated unpaid vacation and sick pay are accrued when earned. At retirement, management personnel have the option of receiving 20 percent of their accumulated sick leave as a lump sum payment or 100 percent as additional service credit. Upon termination, 20 percent of the accumulated sick leave may only be taken as a lump sum payment. Other employees may apply their accumulated sick leave as additional service credit at retirement.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Long-Term Liabilities

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term liabilities, and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Initial issue bond premiums and discounts, are deferred and amortized over the life of the bonds using the straight-line method. The difference between the reacquisition price of refunding bonds and the net carrying amount of refunded debt (deferred amount on refunding) is amortized over the shorter of the lives of the refunding debt or remaining life of the refunded debt. Amortization of bond premiums or discounts and deferred amounts on refunding is included in interest expense.

In the fund financial statements, governmental fund types recognize bond premiums, discounts, and issuance costs during the period issued. The face amount of debt issued is reported as other financing sources. Premiums received are reported as other financing sources, while discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

K. Interfund Transactions

The following is a description of the three basic types of interfund transactions made during the fiscal year and the related accounting policies:

1. Interfund services provided and used - transactions for services rendered or facilities provided. These transactions are recorded as revenues in the receiving fund and expenditures in the disbursing fund.

2. Reimbursements (expenditure transfers) - transactions to reimburse a fund for specific expenditures incurred for the benefit of another fund. These transactions are recorded as expenditures in the disbursing fund and a reduction of expenditures in the receiving fund.

3. Transfers - all other interfund transactions which allocate resources from one fund to another fund. These transactions are recorded as transfers in and out.

Transactions between funds of the Town are recorded as interfund transfers. The unpaid balances at fiscal year end, as a result of such transactions, are shown as either “due to/from other funds” (e.g., current portion of interfund loans) or “advances to/from funds” (e.g., noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances.”

K. Equity Classifications

Government-wide Statements

Net position is the excess of all of the Town's assets and deferred outflows of resources over all of its liabilities and deferred inflows of resources, regardless of fund. Net position is divided into three categories under GASB Statement No. 34. These categories apply only to net position, which is determined at the Government-wide and proprietary fund level, and are described below:

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Interfund Transactions

1. *Net investment in capital assets* - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

2. *Restricted net position* - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

3. *Unrestricted net position* - All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

Fund Statements

The accounts of the Town are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The minimum number of funds is maintained consistent with legal and managerial expectations.

In the fund financial statements, fund balances are in classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of resources reported in the governmental funds. Fund balances are classified in the following categories:

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

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

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

4. *Assigned* – Assigned fund balances encompassed the portion of net fund resources reflecting the government's intended use of resources. Assignment of resources can be done by the highest level of decision making or by a committee or official designated for the purpose.

5. *Unassigned* – This category is for any balances that have no restrictions placed upon them.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. General Budget Policies

The biennial budget adopted by the Town Council provides for the general operation of the Town. It includes proposed expenditures and the means of financing them. The Town Council approves total budgeted appropriations and any amendments to appropriations throughout the fiscal year. The appropriated budget covers all Town expenditures. Actual expenditures may not exceed budgeted appropriations at the fund level, which is the legal level of budgetary control. The Town Manager is authorized to transfer budgeted amounts between departments within any fund; however, the Town Council must approve any revisions that alter the total expenditures of any fund.

N. Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

O. New Pronouncements

The Town has implemented the requirements of Governmental Accounting Standards Board (GASB) Statement Nos. 65, 66, 67, and 70 during the fiscal year ended June 30, 2014.

Governmental Accounting Standards Board Statement No. 65

For the fiscal year ended June 30, 2014, the Town implemented Governmental Accounting Standards Board (GASB) Statement No. 65, "Items Previously Reported as Assets and Liabilities." This Statement is effective for periods beginning after December 15, 2012. The objective of this Statement is to establish accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. Implementation of GASB Statement No. 65 had an impact on the Town's financial statements for the fiscal year ended June 30, 2014 by requiring the removal of unamortized debt issuance costs from the Statement of Net Position and adding deferred inflows and outflows of resources (see Note 4).

Governmental Accounting Standards Board Statement No. 66

For the fiscal year ended June 30, 2014, the Town implemented Governmental Accounting Standards Board (GASB) Statement No. 66, "Technical Correction - 2012." This Statement is effective for periods beginning after December 15, 2012. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions," and GASB Statement No. 62 "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements." Since the release of these Statements, questions have arisen concerning differences between the provisions in Statement No. 54 and Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, regarding the reporting of risk financing activities. Questions also have arisen about differences between Statement No. 62 and Statements No. 13, *Accounting for Operating Leases with Scheduled Rent Increases*, regarding the reporting of certain operating lease transactions, and No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Equity Transfers of Assets and Future Revenues*, concerning the reporting of the acquisition of a loan or a group of loans and the recognition of servicing fees related to mortgage loans that are sold. Implementation of the GASB Statement No. 66 did not have an impact on the Town's financial statements for the fiscal year ended June 30, 2014.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. New Pronouncements (Continued)

Governmental Accounting Standards Board Statement No. 67

For the fiscal year ended June 30, 2014, the Town implemented Governmental Accounting Standards Board (GASB) Statement No. 67, "Financial Reporting for Pension Plans." This Statement is effective for periods beginning after June 15, 2013. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement replaces the requirements of Statements No. 25, "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans" and No. 50 "Pension Disclosures" as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements No. 25 and No. 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions. Implementation of the GASB Statement No. 67 did not have an impact on the Town's financial statements for the fiscal year ended June 30, 2014.

Governmental Accounting Standards Board Statement No. 70

For the fiscal year ended June 30, 2014, the Town implemented Governmental Accounting Standards Board (GASB) Statement No. 70, "Accounting and Financial Reporting for Non-exchange Financial Guarantees." This Statement is effective for periods beginning after June 15, 2013. The objective of this Statement is to improve the recognition, measurement, and disclosure guidance for state and local governments that have extended or received financial guarantees that are non-exchange transactions. Implementation of the GASB Statement No. 70 did not have an impact on the Town's financial statements for the fiscal year ended June 30, 2014.

P. Deferred Outflows and Inflows of Resources

Pursuant to GASB Statement No. 65 the Town recognizes deferred outflows of resources. A deferred outflow of resources is defined as a consumption of fund balance or net position by the government that is applicable to a future reporting period. Refer to Note 4 for a detailed listing of the deferred outflows of resources that the Town has recognized.

Pursuant to GASB Statement No. 65 the Town recognizes deferred inflows of resources. A deferred inflow of resources is defined as an acquisition of fund balance or net position by the government that is applicable to a future reporting period. Refer to Note 4 for a detailed listing of the deferred inflows of resources that the Town has recognized.

NOTE 2: CASH, CASH EQUIVALENTS, AND INVESTMENTS

Cash, cash equivalents, and investments as of June 30, 2014 were classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and investments	$ 54,847,599
Statement of Fiduciary Net Position:	
Cash and investments	2,095,642
Restricted cash and investments	143,500
Total Cash and Investments	$ 57,086,741

Cash and investments held by the Town at June 30, 2014 consisted of the following:

Investments	$ 56,234,040
Cash in banks	850,626
Petty cash	2,075
Total Cash and Investments	$ 57,086,741

Authorized Investments of the Town

The table below identifies the investment types that are authorized by the Town's investment policy. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the Town, rather than the general provisions of the California Government Code or the Town's investment policy.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligations	5 years	None	None
U.S. Government Agency Issues	5 years	50%	15%
Banker's Acceptances	180 days	25%	5%
Commercial Paper	180 days	15%	5%
Negotiable Certificates of Deposit	5 years	30%	5%
Repurchase Agreements	90 days	75%	None
Medium Term Notes/Corporate Bonds	5 years	30%	None
Money Market Funds	N/A	None	None
County Pooled Investment Funds	N/A	75%	None
Local Agency Investment Fund	N/A	75%	$50 million

Investments Authorized by Debt Agreements

Investment of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the Town's investment policy. The following table identifies the investment types that are authorized by bond trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

NOTE 2: CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
State or Local Government Obligation	None	None	None
U.S. Treasury Obligations	None	None	None
U.S. Government Agency Issues	None	None	None
Banker's Acceptances	1 year	None	None
Commercial Paper	None	None	None
Repurchase Agreements	30 days	None	None
Investment Contracts	None	None	None
Money Market Funds	N/A	None	None
Certificates of Deposit	None	None	None

Disclosure 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 changes in market interest rates. One of the ways that the Town's interest rate risk is mitigated is 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 Town's investments (including investments held by bond trustee) to market rate fluctuations is provided by the following table that shows the distribution of the Town's investments and cash equivalents by maturity as of June 30, 2014:

		Remaining Maturity (in Months)				
Investment Type	Totals	12 Months Or Less	13 to 24 Months	25-36 Months	37-48 Months	More Than 48 Months
State Invesment Pool	$ 19,012,482	$ 19,012,482	$ -	$ -	$ -	$ -
County of Sonoma Pool	9,959,856	9,959,856				
Money Market Funds	1,293,573				1,293,573	
United States Treasury Obligations	1,014,060		1,014,060			
Federal Home Credit Bank	7,075,636			3,098,976	3,976,660	
Federal Home Loan Bank	2,964,570				2,964,570	
Fannie Mae	6,942,580		1,995,200		4,947,380	
Freddie Mac	3,970,060				3,970,060	
Corporate Bonds	3,011,830	3,011,830				
Held by bond trustees:						
Money Market Funds	989,393	989,393				
Total	$ 56,234,040	$ 32,973,561	$ 3,009,260	$ 3,098,976	$ 17,152,243	$ -

NOTE 2: CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

The Town has no investments (including investments held by bond trustees) that are highly sensitive to interest rate fluctuations.

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the investment policy, or debt agreements, and the actual rating as of the fiscal year for each investment type.

				Rating as of Fiscal Year End			
Investment Type	Amount	Minimum Legal Rating	Exempt From Disclosure	AAA	AA	A	Not Rated
State Invesment Pool	$ 19,012,482	N/A	$ -	$ -	$ -	$ -	$ 19,012,482
County of Sonoma Pool	9,959,856	N/A					9,959,856
Money Market Funds	1,293,573	N/A		1,293,573			
United States Treasury Obligations	1,014,060	N/A	1,014,060				
Federal Home Credit Bank	7,075,636	N/A		7,075,636			
Federal Home Loan Bank	2,964,570	N/A		2,964,570			
Fannie Mae	6,942,580	N/A		6,942,580			
Freddie Mac	3,970,060	N/A		3,970,060			
Corporate Bonds	3,011,830	N/A			3,011,830		
Held by bond trustees:							
Money Market Funds	989,393	N/A		989,393			
Total	$ 56,234,040		$ 1,014,060	$ 23,235,812	$ 3,011,830	$ -	$ 28,972,338

Concentration of Credit Risk

The investment policy of the Town contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of the Town's investments were as follows:

Issue	Investment Type	Amount
Federal Home Credit Bank	U.S. Agency Securities	$ 7,075,636
Federal Home Loan Bank	U.S. Agency Securities	2,964,570
Fannie Mae	U.S. Agency Securities	6,942,580
Freddie Mac	U.S. Agency Securities	3,970,060

NOTE 2: CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the Town investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the government unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure the Town's deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. The Town places its cash and cash equivalents with a high quality financial institution. Balances may, from time to time, exceed FDIC insurance limits. The Town has never experienced any losses related to these balances. Non-interest bearing balances are fully insured up to $250,000 per depositor at each financial institution, and the Town's noninterest bearing cash balances may again exceed federally insured limits.

Investment in State and County Investment Pool

The Town is a voluntary participant in the County of Sonoma Investment Fund and Local Agency Investment Fund ("LAIF") that is regulated by the California Government Code under the oversight of the Treasurers of the County of Sonoma and Treasurer of the State of California. The fair value of the Town's investment in these pools are reported in the accompanying financial statements at amounts based upon the Town's pro-rata share of the fair value provided by the County of Sonoma and LAIF for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County and LAIF, which are recorded on an amortized cost basis.

Allocation of Interest Income Among Funds

Interest income from pooled investments is allocated to those funds which are required by law or administrative action to receive interest. Interest is allocated monthly based on the ending cash balances of the previous month in each fund receiving interest.

NOTE 3: NOTES AND LOANS RECEIVABLE

These notes and loans receivable, including interest, were comprised of the following at June 30, 2014:

Forest Winds Apartments	$	567,657
Winter Creek Village Apartments		1,060,409
Vinecrest		1,045,758
Windsor Redwoods		2,652,479
Twin Oaks		125,000
Manzanita Self-help		750,000
		6,201,303
Allowance for doubtful accounts		(1,150,000)
Total	$	5,051,303

NOTE 3: NOTES AND LOANS RECEIVABLE (CONTINUED)

A. Forest Winds Apartments Note Receivable

In March 1992, the Sonoma County Community Development Commission entered into an agreement to loan $340,000 to Burbank Housing Development Corporation ("Burbank"), a nonprofit public benefit corporation, for property acquisition and development costs of an affordable housing project in the Town of Windsor. This note accrues 3% simple interest for 30 years with all principal and interest payments deferred for the life of the loan. Accrued interest, which was included in the loan balance at June 30, 2014, totaled $227,657.

B. Winter Creek Village Apartments Note Receivable

In January 2003, various loans were granted to the Burbank Housing Development Corporation for the Winter Creek Village Apartment Project. The total loan amount of $1,085,000 was for property acquisition and development costs, fees, and permits for an affordable housing project in the Town of Windsor. This note accrues at 3% simple interest for 40 years with all principal and interest payments deferred for the life of the loan. Accrued interest, which was included in the loan balance of $1,060,409 at June 30, 2014, totaled $131,740.

C. Vinecrest Note Receivable

In January 1997, the former Agency made payments to the Burbank Housing Development Corporation for the development costs of an affordable housing project (Vinecrest Housing Project) totaling $688,000. The loan accrues interest at 3% simple interest for 40 years with all principal and interest payments deferred for the life of the loan. Accrued interest, which was included in the loan balance of $1,045,758 at June 30, 2014, totaled $357,758.

D. Windsor Redwoods Receivable

In March 2010, the former Agency entered into loan agreements totaling $2,252,479 with Windsor Redwoods, L.P. (a project of the Burbank Housing Development Corporation) to assist in the development of a 65-unit multi-family housing development for low and very low income households, in which all outstanding principal, and interest if any, is due 55 years from the date of the loans.

In addition, the Town entered into a promissory note in the amount of $400,000 with Windsor Redwoods, for the purpose of providing Windsor Redwoods funds to pay $400,000 of the $1,000,000 development impact fees owed to the Town for the project.

All outstanding principal, and interest if any, is due 55 years from the date of the loans, or, in the case of the $400,000 promissory note, 55 years from the date the Windsor Redwoods obtains permanent financing for the project. The loans do not accrue interest, except in the event of default, as defined in the agreements. Annual payments are due in an amount equal to 75% of the residual receipts, as defined in the loan agreements. Such annual payments are due in arrears, commencing November 1, 2012. The Town has recorded an allowance for doubtful accounts of $400,000 related to these loans.

NOTE 3: NOTES AND LOANS RECEIVABLE (CONTINUED)

E. Twin Oaks Notes Receivable

In July 2002, the former Agency sold three town-homes aggregating $691,500 to three different individuals. Two of the properties were repurchased in the 2005-2006 fiscal year and the notes were dissolved leaving one note outstanding for $50,000. In December 2005, the former Agency sold one of the properties with a balance of $75,000 in the form of a note, and in August 2008, the former Agency sold the remaining property with a balance of $50,000. Upon the future sale of the property, the Town will receive the principal amount of the notes plus a share of the property's appreciation. The appreciation is equal to the percentage amount that the note represents as a portion of the original sales price. The July 2002 outstanding note was deemed uncollectible and written-off in fiscal year 2012.

F. Manzanita Self-Help

In October 2009, the former Agency entered into an agreement with Burbank to assist in the development of a 22-unit self-help housing project (Manzanita), whereby the former Agency agreed to loan Burbank up to $4.6 million. Burbank had agreed to sell the units to lower income households because of certain California Housing Finance Agency Residential Development Loan Program ("RDLP") funds provided to Burbank by the former Agency. The RDLP funds related to the Manzanita project totaling $2,725,458 were repaid by Burbank in fiscal year 2012.

In addition to making the RDLP funds available, in December 2011 the former Agency invested a total of $750,000 into the development of the 22 units ($34,091 per unit). The agreement places resale controls on the units to require payment of any excess proceeds of sale, as defined, to the former Agency (now the Town, as it has assumed the housing activities of the former Agency). The agreement also provides the Town an option to purchase the unit at a restricted price, as defined. If the owner of the unit has owned the unit for seven years, the owner may sell the unit at any unrestricted price and pay the Town an "investment return", as defined in the agreement. As any return to the Town is contingent on the resale of the units, the $750,000 has been fully reserved for as of June 30, 2014.

NOTE 4: DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

Accounting gains or losses resulting from advance refunding of long-term debt is deferred in accordance with GASB Statement No. 23 and No. 65. Deferred amounts on bond refundings are amortized over the shorter of the life of the new debt or refunded debt. The deferred loss on refunding balance at June 30, 2014 was $185,466 on the Statement of Net Position for governmental activities. The deferred loss on refunding balance at June 30, 2014 was $233,094 on the Statement of Net Position for business-type activities. $116,708 was related to the Water Reclamation Fund's Bonds and $116,708 was related to the Water Fund's Bonds. The deferred loss on refunding balance on the Statement of Net Position for fiduciary funds was $118, 923.

At June 30, 2014, components of deferred inflows of resources - unearned revenue reported in the fund financial statements were as follows:

General Fund:		
Sales tax revenue accrued but not available	$	61,125
Housing Special Revenue Fund:		
Notes receivable (balance may be forgiven)		5,051,303
Total unearned revenue	$	5,112,428

NOTE 5: INTERFUND TRANSACTIONS

Transfers between funds during the fiscal year ended June 30, 2014 were as follows:

Transfer from	Transfer to	Description of transfer	Amount
Major Governmental Funds:			
General Fund	Lighting & Landscaping Assessment	Cover fund balance deficit	$ 550,771
General Fund	Capital Replacement	Funding for capital replacement	300,000
General Fund	Water Reclamation Operating	Debt payment	65,308
General Fund	Water Operating	Debt payment	65,307
		Total Transfers from Major Governmental Funds	981,386
Nonmajor Governmental Funds:			
Lighting & Landscaping Assessment #2	Lighting & Landscaping Assessment	Park component expense	14,403
Public Facilities	Debt Service	Bond payment	139,531
Public Facilities	Water Operating	Debt payment	39,184
Public Facilities	Water Reclamation Operating	Debt payment	39,185
		Total Transfers from Non-Major Governmental Funds	232,303
		Total Governmental Interfund Transfers	1,213,689
Proprietary Funds:			
Water Reclamation Operating	General Fund	Facility cost sharing	67,669
Water Reclamation Operating	Debt Service	Bond payment	51,845
Water Reclamation Operating	Water Reclamation Capital Replacement	Funding for capital replacement	1,600,000
Water Reclamation Capital	Water Reclamation Operating	Funding for capital projects	618,187
Water Operating	General Fund	Facility cost sharing	69,107
Water Operating	Debt Service	Bond payment	51,845
Water Operating	Water Capital Replacement	Funding for capital replacement	750,000
Water Capital	Water Operating	Funding for capital project	84,900
		Total Transfers from Proprietary Funds	3,293,553
		Total Interfund Transfers	$ 4,507,242

The Successor Agency Debt Service Private Purpose Trust Fund also contributed $965,921 to the Town's Debt Service Fund for the purpose of funding debt payments.

NOTE 5: INTERFUND TRANSACTIONS (CONTINUED)

Long-term advances from the Town of Windsor to the Successor Agency

The Town had advances from the former Redevelopment Agency (Successor Agency) totaling $400,000 as of the beginning of the fiscal year. The advances have a 0% interest rate. The repayment of such advances shall be subordinate to all other obligations of indebtedness incurred by the Agency. The outstanding balance on the advances at June 30, 2014 was $0. During 2014, the Town forgave the long-term advance from the Successor Agency of $400,000 as such advance was deemed no longer collectible.

NOTE 6: CAPITAL ASSETS

Governmental activities:

	Balance July 1, 2013	Increases	Decreases	Balance June 30, 2014
Capital assets not being depreciated:				
Land	$ 32,310,417	$ -	$ -	$ 32,310,417
Rights of way	407			407
Construction in progress	139,888	330,792		470,680
	32,450,712	330,792		32,781,504
Depreciable capital assets:				
Buildings	7,312,498			7,312,498
Improvements other than buildings	14,845,095			14,845,095
Equipment and machinery	787,403			787,403
Infrastructure	146,471,935	391,362		146,863,297
Vehicles	736,329	317,531	(65,515)	988,345
Total	170,153,260	708,893	(65,515)	170,796,638
Less: accumulated depreciation for				
Buildings	(2,433,453)	(145,922)		(2,579,375)
Improvements other than buildings	(7,313,275)	(578,697)		(7,891,972)
Equipment and machinery	(525,335)	(57,454)		(582,789)
Infrastructure	(49,242,658)	(3,474,526)		(52,717,184)
Vehicles	(540,761)	(59,093)	65,515	(534,339)
Total	(60,055,482)	(4,315,692)	65,515	(64,305,659)
Depreciable capital assets, net	110,097,778	(3,606,799)		106,490,979
Total capital assets, net	$ 142,548,490	$ (3,276,007)	$ -	$ 139,272,483

Depreciation was charged to functions based on their usage of the related assets as follows:

Governmental Activities:

Public safety	$ 112,609
Public works	729,778
Community development and recreation	195,887
Parks	48,754
Streets and roads	2,858,660
Housing	370,004
Total governmental activities depreciation expense	$ 4,315,692

NOTE 6: CAPITAL ASSETS (CONTINUED)

Business-type activities:

	Balance July 1, 2013	Increases	Decreases	Transfers	Prior Period Adjustments	Balance June 30, 2014
Water Reclamation Fund:						
Capital assets not being depreciated:						
Land	$ 6,265,121	$ -	$ -		$ -	$ 6,265,121
Construction in progress	2,306,272	97,115		(2,089,368)	(64,629)	249,390
	8,571,393	97,115		(2,089,368)	(64,629)	6,514,511
Depreciable capital assets:						
Infrastructure (utility system)	77,114,669	1,264,285		2,089,368		80,468,322
Equipment and machinery	2,927,383					2,927,383
Vehicles	805,926	23,816				829,742
Total	80,847,978	1,288,101		2,089,368		84,225,447
Less: accumulated depreciation for:						
Infrastructure (utility system)	(29,163,530)	(2,161,978)				(31,325,508)
Equipment and machinery	(2,727,548)	(29,044)				(2,756,592)
Vehicles	(745,966)	(22,898)				(768,864)
Total	(32,637,044)	(2,213,920)				(34,850,964)
Depreciable capital assets, net	48,210,934	(925,819)		2,089,368		49,374,483
Total capital assets, net	$ 56,782,327	$ (828,704)	$ -	$ -	$ (64,629)	$ 55,888,994

	Balance July 1, 2013	Increases	Decreases	Transfers	Prior Period Adjustments	Balance June 30, 2014
Water Fund:						
Capital assets not being depreciated:						
Land	$ 628,586	$ -	$ -	$ -	$ -	$ 628,586
Construction in progress	637,339	41,985		(565,748)	(64,629)	48,947
	1,265,925	41,985		(565,748)	(64,629)	677,533
Depreciable capital assets:						
Infrastructure (utility system)	38,503,012	473,019		565,748		39,541,779
Equipment and machinery	755,646	44,169				799,815
Vehicles	703,825	100,897				804,722
Total	39,962,483	618,085		565,748		41,146,316
Less: accumulated depreciation for:						
Infrastructure (utility system)	(16,783,218)	(1,118,604)				(17,901,822)
Equipment and machinery	(600,491)	(25,981)				(626,472)
Vehicles	(648,100)	(10,816)				(658,916)
Total	(18,031,809)	(1,155,401)				(19,187,210)
Depreciable capital assets, net	21,930,674	(537,316)		565,748		21,959,106
Total capital assets, net	$ 23,196,599	$ (495,331)	$ -	$ -	$ (64,629)	$ 22,636,639

NOTE 6: CAPITAL ASSETS (CONTINUED)

Business-type activities: (Continued)

Depreciation was charged to functions/programs of the Town's business-type activities follows:

Water Fund	$ 1,155,401
Water Reclamation Fund	2,213,920
Total business-type activities depreciation expense	$ 3,369,321

NOTE 7: LONG-TERM LIABILITIES

The following is a summary of changes in the Town's long-term liabilities for the fiscal year ended June 30, 2014:

	Balance, July 1, 2013	Additions	Retirements	Balance, June 30, 2014	Due in One year
Governmental Activities					
Compensated absences	$ 252,643	$ 31,015	$ -	$ 283,658	$ 33,975
Net OPEB obligation	226,000	60,000	18,000	268,000	
Revenue bonds	10,951,300		1,696,100	9,255,200	1,079,100
Discount	(36,284)		(5,004)	(31,280)	(5,004)
Total Governmental Activities	$ 11,393,659	$ 91,015	$ 1,709,096	$ 9,775,578	$ 1,108,071

	Balance, July 1, 2013	Additions	Retirements	Balance, June 30, 2014	Due in One year
Business-type Activities					
Water Fund:					
Compensated absences	$ 117,569	$ -	$ 17,459	$ 100,110	$ -
Revenue bonds	3,790,000		198,450	3,591,550	207,500
Premium on revenue bonds	94,711		10,915	83,796	10,915
SDWSRF loan payable	568,607		24,510	544,097	25,129
Total Water Fund	$ 4,570,887	$ -	$ 251,334	$ 4,319,553	$ 243,544
Water Reclamation Fund:					
Compensated absences	$ 116,329	$ -	$ 19,766	$ 96,563	$ -
Revenue bonds	3,790,000		206,550	3,583,450	207,500
Premium on revenue bonds	94,710		10,915	83,795	10,915
State Revolving Fund	4,635,184		458,121	4,177,063	471,407
General obligation bonds	38,000		7,000	31,000	7,000
Total Water Reclamation Fund	8,674,223		702,352	7,971,871	696,822
Total Business-type Activities	$ 13,245,110	$ -	$ 953,686	$ 12,291,424	$ 940,366

NOTE 7: LONG-TERM LIABILITIES (CONTINUED)

A description of the long-term liabilities related to governmental activities at June 30, 2014 follows:

A. Governmental Activities

Lease Revenue Bonds

On October 1, 1994, the Financing Authority issued $6,555,000 in Lease Revenue Bonds - Series 1994C to finance the acquisition of a site for the Town's offices and the construction and installation of improvements on that site (Windsor Civic Center). Interest on the 1994 Lease Revenue Bonds is payable on April 1 and October 1 of each year through October 1, 2024 beginning April, 1995. Principal is payable on October 1 of each year through October 1, 2024, beginning October 1, 1995.

In May of 2001, the 1994 Lease Revenue Bonds were advance refunded by the issuance of $6,785,000 of Series 2001A Lease Revenue Bonds. The advance refunding met the requirements of an in-substance debt defeasance, and the 1994 bonds were removed from the Town's long-term liabilities portfolio. The 2001A Lease Revenue Bonds are secured by the same collateral as the 1994 Lease Revenue Bonds. Bond principal is due October 1 of each year beginning October 2001 and the bonds mature on October 1, 2024. Interest is payable on April 1 and Oct 1 of each year. Interest on the bond varies between 3.2 and 5.4 percent with a final maturity in 2024.

In March of 2012, the Series 2001A Lease Revenue Bonds were advance refunded by the issuance of $4,823,400 of Series 2012A Lease Revenue Bonds. The advance refunding met the requirements of an in-substance debt defeasance, and the Series 2001A bonds were removed from the Town's long-term liabilities portfolio. The 2012A Lease Revenue Bonds are secured by the same collateral as the Series 2001A Lease Revenue Bonds. Bond principal is due April 1 and October 1 of each year beginning October 2012 and the bonds mature on October 1, 2024. Interest is payable on April 1 and Oct 1 of each year. Interest on the bond is 2.38 percent with a final maturity in 2024. The outstanding principal balance of the bonds at June 30, 2014 was $4,140,200

On August 14, 2008, the Agency issued $8,400,000 of Lease Revenue Bonds (Series 2008) to (1) finance a new fire station and related facilities, (2) fund the Reserve fund requirement, (3) fund a deposit to the Interest fund representing capitalized interest on the bonds through April 1, 2011, and (4) to pay the costs of issuance relating to the bonds. The bonds were issued pursuant to a trust agreement by and between the Windsor Joint Powers Authority. The bonds were issued at a discount of $6,730, and issuance costs were $152,650. Principal is payable on October 1 each year through 2020, beginning in 2008. Interest is payable on October 1 and April 1 of each year through April 2020. The bonds are secured by a pledge of revenues which consist of base rental payments paid by or for the benefit of the Town and received by the Authority pursuant to a Facility Lease. The outstanding principal balance of the 2008 bonds at June 30, 2014 was $5,115,000.

NOTE 7: LONG-TERM LIABILITIES (CONTINUED)

Governmental Activities Long-Term Liabilities Bond Amortization:

2012 A Lease Revenue Bonds

Fiscal Year Ended	Principal	Interest	Total
2015	$ 354,100	$ 96,442	$ 450,542
2016	361,700	87,970	449,670
2017	368,500	79,321	447,821
2018	379,600	70,485	450,085
2019	384,900	61,420	446,320
2020-2024	2,071,000	164,004	2,235,004
2025	220,400	2,622	223,022
	$ 4,140,200	$ 562,264	$ 4,702,464

2008 Lease Revenue Bonds

Fiscal Year Ended	Principal	Interest	Total
2015	$ 725,000	$ 212,228	$ 937,228
2016	755,000	181,118	936,118
2017	785,000	147,238	932,238
2018	820,000	111,928	931,928
2019	200,000	89,263	289,263
2020-2021	1,830,000	85,563	1,915,563
	$ 5,115,000	$ 827,338	$ 5,942,338

Total Governmental Activities

Fiscal Year Ended	Principal	Interest	Total
2015	$ 1,079,100	$ 308,670	$ 1,387,770
2016	1,116,700	269,088	1,385,788
2017	1,153,500	226,559	1,380,059
2018	1,199,600	182,413	1,382,013
2019	584,900	150,683	735,583
2020-2024	3,901,000	249,567	4,150,567
2025	220,400	2,622	223,022
	$ 9,255,200	$ 1,389,602	$ 10,644,802

NOTE 7: LONG-TERM LIABILITIES (CONTINUED)

B. Business-type Activities

General Obligation Bonds

Three issues of general obligation bonds (Sewer bonds) have been issued by the Windsor Water District. These bonds were issued in 1971 (2 issues) and in 1978, have an annual interest rate of 5%.

The Water Reclamation Enterprise Fund receives property tax revenues to service the general obligation bonds. The outstanding principal balance of the general obligation bonds at June 30, 2014 was $31,000.

Revenue Bonds

On June 11, 2002, the Town of Windsor and the Windsor Water District issued, through the California Statewide Communities Development Authority, $10,290,000 of Water and Wastewater Revenue Bonds Series 2002B. The bonds are due in installments beginning October 1, 2003 and ending October 1, 2027. The bonds carry interest rates ranging from 4.00% to 5.25% and interest is due and payable in semi- annual installments on October 1 and April 1. After paying issuance costs, the funds were deposited with a trustee and were used to finance a new Water and Wastewater Corporation Yard.

In March of 2012, the Series 2002B Revenue Bonds were advance refunded by the issuance of $7,580,000 of Series 2012D Revenue Bonds. The advance refunding met the requirements of an in-substance debt defeasance, and the Series 2002B bonds were removed from the Town's long-term liabilities portfolio. The 2012D Revenue Bonds are secured by the same collateral as the Series 2002B Lease Revenue Bonds. Bond principal is due April 1 and October 1 of each year beginning October 2012 and the bonds mature on October 1, 2027. Interest is payable on April 1 and Oct 1 of each year. Interest on the bond is 2.38 percent with a final maturity in 2027. The outstanding principal balance of the bonds at June 30, 2014 was $7,175,000.

State Revolving Fund Loan

On September 15, 1999, the Town contracted with the State Water Resources Control Board ("SWRCB") to borrow $8,777,801 from the State Revolving Fund (SRF) Loan Program. The loan was issued to help finance stages 2 and 3 of the Wastewater Treatment and Expansion project and is recorded in the Town's Water Reclamation Fund. Interest, which accrues at 2.0% per annum and principal, is payable in annual installments beginning in 2002 and continuing each year thereafter for 20 years.

Through the SRF program, the Town draws funds on the loan on a reimbursement basis. The Town reserves the right to use another source of funding, and therefore, it is not obligated to repay the SWRCB until reimbursement requests are approved and the funds have been received. The Town was only reimbursed for expenses directly or indirectly incurred as stated in the contract with SWRCB. As of June 30, 2014, the outstanding principal balance of the loan was $4,177,063

NOTE 7: LONG-TERM LIABILITIES (CONTINUED)

B. Business-type Activities (Continued)

Safe Drinking Water State Revolving Fund (SDWSRF) Loan Payable

In July 2009, the Town was awarded funding under the Safe Drinking Water State Revolving Fund ("SDWSRF") and the American Recovery and Reinvestment Act. The purpose of the funding is to assist in financing construction of a project which will enable the Town to meet safe drinking water standards. The total amount of the loan was $1,154,888. Pursuant to the funding agreement, the State agreed to provide additional subsidization in the form of forgiveness of principal of 50%. The outstanding balance as of June 30, 2014 was $544,097. The term of the loan is 20 years and the loan accrues interest at 2.5017%. Payments are due each March 1 and September 1.

Business-type Long-Term Liabilities Amortization:

General Obligation Bonds

Fiscal Year Ended	Principal	Interest	Total
2015	$ 7,000	$ 1,550	$ 8,550
2016	8,000	1,200	9,200
2017	8,000	800	8,800
2018	8,000	400	8,400
	$ 31,000	$ 3,950	$ 34,950

2012D Revenue Bonds

Fiscal Year Ended	Principal	Interest	Total
2015	$ 415,000	$ 235,826	$ 650,826
2016	420,000	225,376	645,376
2017	435,000	212,550	647,550
2018	450,000	197,024	647,024
2019	465,000	178,725	643,725
2020-2024	2,585,000	642,250	3,227,250
2025-2028	2,405,000	169,187	2,574,187
	$ 7,175,000	$ 1,860,938	$ 9,035,938

State Revolving Fund Loan

Fiscal Year Ended	Principal	Interest	Total
2015	$ 471,407	$ 121,135	$ 592,542
2016	485,078	107,464	592,542
2017	499,145	93,397	592,542
2018	513,620	78,922	592,542
2019	528,515	64,026	592,541
2020-2022	1,679,298	98,328	1,777,626
	$ 4,177,063	$ 563,272	$ 4,740,335

NOTE 7: LONG-TERM LIABILITIES (CONTINUED)

B. Business-type Activities (Continued)

Business-type Long-Term Liabilities Bond/Loan Amortization: (Continued)

SDWSRF Loan Payable

Fiscal Year Ended	Principal	Interest	Total
2015	$ 25,129	$ 13,455	$ 38,584
2016	25,760	12,823	38,583
2017	26,409	12,174	38,583
2018	27,073	11,510	38,583
2019	27,755	10,828	38,583
2020-2024	149,614	43,302	192,916
2025-2029	169,417	23,499	192,916
2030-2032	92,940	3,517	96,457
	$ 544,097	$ 131,108	$ 675,205

Total Business-type Activities

Fiscal Year Ended	Principal	Interest	Total
2015	$ 918,536	$ 371,966	$ 1,290,502
2016	938,838	346,863	1,285,701
2017	968,554	318,921	1,287,475
2018	998,693	287,856	1,286,549
2019	1,052,270	257,529	1,309,799
2020-2024	4,413,912	783,880	5,197,792
2025-2029	2,574,417	192,686	2,767,103
2030-2032	92,940	3,517	96,457
	$ 11,958,160	$ 2,563,218	$ 14,521,378

NOTE 8: SPECIAL ASSESSMENT DISTRICTS

On September 29, 2004, the Town of Windsor issued $5,210,000 of Limited Obligation Improvement Bonds for the Mitchell/Shiloh/Conde Assessment District. These bonds have been issued pursuant to the provisions of the Improvement Bond Acts of 1915. The bonds are issued and secured by the unpaid special assessments levied on parcels within the District. The proceeds are to be used to finance a portion of the cost and expense of roadway improvements and related appurtenant work. Neither the full faith and credit nor the taxing power of the Town is pledged to the payment of the bonds. Consequently, the Town has no liability to advance funds to pay bond principals and interest. As of June 30, 2014, the outstanding principal amount of the bonds was $ 4,025,000. The bonds mature in September 2034.

NOTE 9: OPERATING LEASES

The Town has commitments to lease certain office equipment. The total rent expense for the fiscal year ended June 30, 2014 was approximately $28,025. Future minimum rental commitments for equipment operating leases as of June 30, 2014 are as follows:

Fiscal Year Ending June 30,	Amount
2015	$ 24,216
2016	15,000
2017	14,776
2018	1,598
Total	$ 55,590

NOTE 10: TOWN EMPLOYEES RETIREMENT PLAN (DEFINED BENEFIT PENSION PLAN)

Plan Description

The Town of Windsor contributes to the California Public Employees Retirement System ("PERS"), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for the participating public entities within the State of California. Copies of PERS' annual financial report may be obtained from their executive office: 400 P Street, Sacramento, CA 95814.

Funding Policy

Participants are required to contribute 7.0% of their annual covered salary which is paid for by the Town. The Town is required to contribute an actuarially determined rate calculated as a percentage of covered payroll. The employer contribution rate for the fiscal year ended June 30, 2014 was 13.14% and was based on a lump sum prepayment to PERS for miscellaneous employees. Benefit provisions and all other requirements are established by State statute and Town contracts with employee bargaining groups.

Annual Pension Cost

For the fiscal year ended June 30, 2014, the Town's annual pension cost (employer contribution) of $716,294 for miscellaneous employees was equal to the Town's required and actual contributions. The required contribution was determined as part of the June 30, 2011, actuarial valuation using the entry age normal actuarial cost method.

The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses), (b) projected annual salary increases that vary by duration of service, and (c) 3.00% per year cost-of- living adjustments. Both (a) and (b) included an inflation component of 2.75%. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a four-year period (smoothed market value). The PERS unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. PERS has combined the prior service unfunded liability and current service unfunded liability into a single initial unfunded liability.

NOTE 10: TOWN EMPLOYEES RETIREMENT PLAN (DEFINED BENEFIT PENSION PLAN) (CONTINUED)

Three Year Trend Information for PERS

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2012	$ 967,697	100%	$ -
2013	948,477	100%	
2014	716,294	100%	

In addition, the Town paid off its side fund of $1,813,795 during the fiscal year ended June 30, 2013.

NOTE 11: OTHER POST EMPLOYMENT BENEFITS (OPEB)

This note includes the information required by GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions.*

Description of the Plan

The Town sponsors and administers a single-employer health care plan for its employees. The plan includes healthcare coverage to long-service retirees and their spouses. At retirement, Town employees can elect Blue Cross or Kaiser medical coverage through the Town at their own expense. Retiree medical benefits continue to their surviving spouse if the retiree covers the spouse, and the spouse continues to pay the premium. In addition, the Town provides healthcare benefits to two former Water District board members as other post-employment benefits ("OPEB") under two different arrangements. One agreement provides for payment of the retiree's premium under the Town's plan up to $350 per month. The second arrangement pays Medicare B premiums for the retiree and spouse up to a total of $350 per month.

For the year fiscal ended June 30, 2014, the Town had 13 retired employees. The Town currently has 85 active employees who may become eligible to retire and receive benefits in the future. Eligibility requirements include service retirement (50 and 5 years CalPERS service) or disability retirement directly from the Town under CalPERS, and ten years of Town service.

Actuarial valuations for an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to continuous revision as actual results are compared to past expectations and new estimates about the future are formulated. Although the valuation results are based on the values which the Town's actuarial consultant believes are reasonable assumptions, the valuation results reflect a long-term perspective and, as such, are merely an estimate of what future costs may actually be. Deviations in any of several factors, such as future interest rates, medical cost inflation, Medicare coverage, and changes in marital status, could result in actual costs being less or greater than estimated.

NOTE 11: OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, will present multi-year trend information that shows whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. The Town is required to update the valuation every three years. Because 2009 was the year of implementation of GASB Statement No. 45 and the Town elected to apply the statement prospectively, only two years are presented in the schedule at this time. In future years, required trend data will be presented.

Funding Policy

Other than the two former Water District board members mentioned above, the Town does not provide funding for retirees; retirees are provided the option to obtain Blue Cross or Kaiser health insurance through the Town's current policy at their own expense. This is referred to as an "implicit subsidy." With an implicit subsidy, participating retirees pay lower rates than actual costs. The difference is made up from active employee premiums. There is no implied subsidy after age 65 as all retirees are assumed eligible for Medicare. As of June 30, 2014, the Town is currently funding the benefits on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation

For the fiscal year ended June 30, 2014, the Town's annual cost for the healthcare plan was $60,000. The Town's annual OPEB cost contributed to the plan and the net OPEB obligation for the fiscal year ended June 30, 2014 were as follows:

Annual required contribution	
Service cost	$ 41,000
30-year amortization of unfunded liability	29,000
Interest on net OPEB obligation	9,000
Amortization of net OPEB obligation	(19,000)
Total annual required contribution	60,000
Employer contributions	(18,000)
Net OPEB obligation at July 1, 2013	226,000
Net OPEB obligation at June 30, 2014	$ 268,000

Fiscal Year Ended	Annual Pension Cost	Annual Employer Contribution	Percentage Contributed	Net OPEB Obligation
6/30/2012	$ 99,169	$ 23,000	23%	$ 193,000
6/30/2013	56,000	23,000	41%	226,000
6/30/2014	60,000	18,000	30%	268,000

Actuarial Methods and Assumptions

Calculations of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

NOTE 11: OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Actuarial Methods and Assumptions (Continued)

In the 2012 actuarial valuation, the entry age normal cost method was used. The initial UAAL was amortized as a level percent of payroll over a closed 27-year period, with gains/losses and assumption changes over closed 15 year periods. Age-based claim costs were developed separately for Blue Cross and Kaiser. The actuarial assumptions included a 4.0% discount rate, a 3.25% merit increase, and a 3.0% inflation rate. Predictive retirement age was 59.4 and benefits were calculated at 2% at 55. Mortality, withdrawal, and disability were based on a CalPERS 1997-2007 experience study.

NOTE 12: NET POSITION/FUND BALANCE

GASB Statement No. 63 adds the concept of net position, which is measured on the full accrual basis, to the concept of Fund Balance, which is measured on the modified accrual basis.

Net position is divided into three captions under GASB Statements No. 34 and 63. These captions apply only to Net position as determined at the government-wide, proprietary, and fiduciary fund level, 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 debt service requirements, capital projects, and revenues restricted for specific purposes.

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

When both restricted and unrestricted net position are available, restricted resources are depleted first before the unrestricted resources are used.

At June 30, 2014, the Town had recorded restricted net position in the governmental activities and business-type activities as follows:

	Governmental Activities
Restricted for:	
Asset forfeiture	$ 33,302
Strong motion impact	6,275
Tree removal	50,724
Pool Creek	8,736
Housing	5,435,489
Debt service	845,889
Streets and roads	1,320,452
Rate stabilization	43,991
Lighting and landscape	89,986
1982 benefit assessment	182,099
Abandoned vehicle abatement	79,647
Public education	184,784
Total Restricted	$ 8,281,374

NOTE 12: NET POSITION/FUND BALANCE (CONTINUED)

The Town has adopted the provisions of GASB Statement No. 54, *Fund Balance and Governmental Fund Type Definitions*. GASB 54 establishes Fund Balance classifications based largely upon the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The Governmental Fund statements conform to these classifications.

The Fund Financial Statements consist of Nonspendable, Restricted, Committed, Assigned, and Unassigned amounts as described below:

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

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

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

Assigned: Assigned fund balances encompass the portion of net fund resources reflecting the government's intended use of resources. Assignment of resources can be done by the highest level of decision making or by a committee or official designated for that purpose. The Town Council has the authority to assign funds and can do so through the budgetary process.

Unassigned: This category is for any balances that have no restrictions placed upon them.

Spending Policy

The Town's policy is to spend restricted fund balances first, before spending unrestricted fund balances, for expenditures incurred for purposes for which both restricted and unrestricted fund balances are available. The Town does not have a formal policy for its use of unrestricted fund balance amounts. The Town will reduce committed amounts first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Minimum Fund Balance Policy

According to the Town Council's fiscal management policy, the required minimum general fund balance is equal to 25% of annual expenditures and transfers out. At June 30, 2014, required minimum fund balance amount is $3,405,045, and is included in the unassigned fund balance of $10,635,569.

Investment Earnings

Investment earnings follow the classification of the revenues invested.

NOTE 12: NET POSITION/FUND BALANCE (CONTINUED)

Fund balances classifications at June 30, 2014 were:

Fund Balances	General Fund	Housing Fund	Capital Replacement Fund	Debt Service Fund	Other Governmental Funds	Total
Nonspendable:						
Prepaid expenses	$ 21,509	$ -	$ -	$ 1,106	$ -	$ 22,615
Inventory	51,239				71,412	122,651
Total Nonspendable	72,748			1,106	71,412	145,266
Restricted for:						
1982 Benefits Assessment District					182,099	182,099
Asset forfeiture	33,302					33,302
Strong motion	6,275					6,275
Tree removal mitigation	50,724					50,724
Pool creek maintenance	8,736					8,736
Housing		384,186				384,186
Gas tax					907,348	907,348
Mobile home rent stabilization					43,991	43,991
Lighting and landscaping					89,986	89,986
Transportation					413,104	413,104
Abandoned vehicle abatement					79,647	79,647
Debt service				845,889		845,889
Public education					184,784	184,784
Total Restricted	99,037	384,186		845,889	1,900,959	3,230,071
Committed for:						
PAYS program			4,000,000			4,000,000
Total Committed			4,000,000			4,000,000
Assigned for:						
Future development	100,000					100,000
Capital replacement			5,683,310			5,683,310
Public facilities					557,276	557,276
Park development					705,771	705,771
Traffic mitigation					481,005	481,005
Drainage mitigation					3,562,697	3,562,697
Fire mitigation					144,599	144,599
Debt service				1,120,505		1,120,505
Total Assigned	100,000		5,683,310	1,120,505	5,451,348	12,355,163
Unassigned	10,535,201				(62,271)	10,472,930
Total Fund Balances	$ 10,806,986	$ 384,186	$ 9,683,310	$ 1,967,500	$ 7,361,448	$ 30,203,430

NOTE 13: SUCCESSOR AGENCY TRUST FOR ASSETS AND LIABILITIES OF FORMER REDEVELOPMENT AGENCY

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 ("the Bill") that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the Town of Windsor that previously had reported a redevelopment agency within the reporting entity of the Town as a blended component unit.

The Bill provides that upon dissolution of a redevelopment agency, either the Town or other unit of local government will agree to serve as the "successor agency" to hold the assets units they are distributed to other units of state and local government.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence as the date of the dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

Successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

The Bill directs that State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the state Controller is required to order the available assets to be transferred to the public body designated as the successor agency by the Bill.

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012.

Certain assets, primarily loans receivable, have been retained by the Town, as it has taken over the housing functions of the former Agency. All remaining assets and liabilities have been transferred to the Successor Agency of the former Agency. The Successor Agency is reported in the Town's financial statements as a fiduciary private-purpose trust fund.

NOTE 14: SUCCESSOR AGENCY

A. Long-term debt of the Successor Agency as of June 30, 2014, consisted of the following:

	Balance, July 1, 2013	Additions	Retirements	Balance, June 30, 2014	Due in One year
Fiduciary Activities					
Tax allocation bonds	$ 4,340,000	$ -	$ 405,000	$ 3,935,000	$ 360,000
Discount on tax allocation bonds	(36,801)		(3,420)	(33,381)	(3,420)
CAL HFA Loans Payable	1,300,000			1,300,000	
Total Fiduciary Activities	$ 5,603,199	$ -	$ 401,580	$ 5,201,619	$ 356,580

NOTE 14: SUCCESSOR AGENCY (CONTINUED)

A. Long-term debt of the Successor Agency as of June 30, 2014, consisted of the following: (Continued)

Tax Allocation Bonds - Series 1998

On December 3, 1998 the former Agency issued $4,480,000 of Tax Allocation bonds (Series 1998) to (1) finance acquisition and construction of a downtown park project in the Town of Windsor, (2) establish a reserve fund for the bonds, (3) capitalize a portion of the interest on the bonds, and (4) pay the cost of issuing the bonds. The bonds were issued at a discount of $34,213 and issuance costs were $195,180. Interest on the 1998 bonds is payable on September 1 and March 1 of each year through September 1, 2024, beginning on September 1, 2000. Interest rates on the bonds vary between 3.50 and 4.875 percent. The bonds are secured by a first pledge of and a lien on all of the pledged tax revenues. On January 31, 2012, this bond was transferred to the Successor Agency and is included in fiduciary activities as of June 30, 2012. The outstanding principal balance of the 1998 bonds at June 30, 2014 was $785,000.

Tax Allocation Bonds - Series 2004

On October 7, 2004, the former Agency issued $5,020,000 of Tax Allocation Bonds (Series 2004) to (1) finance acquisition and construction of certain activities in the project area, (2) refund the Agency's 1994 Tax Allocation Bonds in the amount of $3,925,000, and (3) pay the cost of issuing the bonds. The bonds were issued at a discount of $41,534, and issuance costs were $159,518. Principal is payable on September 1 each year through 2024, beginning in 2005. Interest is payable on September 1 and March 1 of each year through September 2024. Interest rates on the bonds vary between 2.00 and 4.60 percent. The bonds are secured by a first pledge of and a lien on all the pledged tax revenues. On January 31, 2012, this bond was transferred to the Successor Agency and is included in fiduciary activities as of June 30, 2012. The outstanding principal balance of the 2004 bonds at June 30, 2014 was $3,150,000.

CAL HFA Loans Payable

In January 2007, the Agency entered into a loan agreement with the California Housing Finance Agency (“Cal HFA”) for $1,300,000. Interest payable on the loan is 3.5% simple per annum and only charged on the loan amount disbursed. On January 31, 2012, this bond was transferred to the Successor Agency. As of June 30, 2012, the outstanding amount of the loan payable was $1,300,000. Payment is deferred for the term of the loan which expires February 2017.

NOTE 14: SUCCESSOR AGENCY (CONTINUED)

A. Long-term debt of the Successor Agency as of June 30, 2014, consisted of the following: (Continued)

Long-Term Liabilities Bond Amortization:

1998 Tax Allocation Bonds

Fiscal Year Ended	Principal	Interest	Total
2015	$ 125,000	$ 34,762	$ 159,762
2016	125,000	28,762	153,762
2017	135,000	22,522	157,522
2018	140,000	15,922	155,922
2019	150,000	8,962	158,962
2020-2024	90,000	16,577	106,577
2025	20,000	488	20,488
	$ 785,000	$ 127,995	$ 912,995

2004 Tax Allocation Bonds

Fiscal Year Ended	Principal	Interest	Total
2015	$ 235,000	$ 127,839	$ 362,839
2016	245,000	119,375	364,375
2017	250,000	110,278	360,278
2018	260,000	100,585	360,585
2019	270,000	90,315	360,315
2020-2024	1,540,000	258,525	1,798,525
2025	350,000	7,875	357,875
	$ 3,150,000	$ 814,792	$ 3,964,792

Total

Fiscal Year Ended	Principal	Interest	Total
2015	$ 360,000	$ 162,601	$ 522,601
2016	370,000	148,137	518,137
2017	385,000	132,800	517,800
2018	400,000	116,507	516,507
2019	420,000	99,277	519,277
2020-2024	1,630,000	275,102	1,905,102
2025	370,000	8,363	378,363
	$ 3,935,000	$ 942,787	$ 4,877,787

B. Deferred Outflows of Resources

Accounting gains or losses resulting from advance refunding of long-term debt is deferred in accordance with GASB Statement No. 23 and No. 65. Deferred amounts on bond refundings are amortized over the shorter of the life of the new debt or refunded debt. The deferred loss on refunding balance on the Statement of Net Position for fiduciary funds was $118,923 at June 30, 2014.

NOTE 14: SUCCESSOR AGENCY (CONTINUED)

C. Transfers in/out

During the fiscal year ended June 30, 2014, the Capital Assets Private Purpose Trust Fund transferred $1,633,281 to the Debt Service Private Purpose Trust Fund for debt service.

NOTE 15: RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town is a member of the Redwood Empire Municipal Insurance Fund ("REMIF"). REMIF provides insurance coverage for general liability, property, and workers' compensation claims under the terms of a joint-powers agreement with the Town and several other governmental municipalities. REMIF is governed by a Board of Directors consisting of representatives from the original seven agencies, plus two alternative agency voting members. Windsor is not currently a voting member.

REMIF is self-insured up to $500,000 per general liability and $25,000 per property claim and has purchased excess of loss insurance policies providing coverage above the self-insurance limit to a maximum of $40,000,000. REMIF is self-insured up to $1,000,000 per workers' compensation claim and has purchased a commercial policy providing statutory benefits in excess of the self-insured limit. The Town has a $5,000 - $10,000 deductible per claim for general liability, property and workers' compensation cases. When the deductible is met, the fund becomes responsible for payment of the excess claim.

As of the report date, the financial information for REMIF for the fiscal year ended June 30, 2014 was not available. Audited condensed financial information for REMIF for the fiscal year ended June 30, 2013 was as follows:

Total Assets	$	18,509,517
Total Liabilities		15,282,603
Net Position	$	3,226,914
Total Revenues	$	8,840,189
Total Expenses		10,792,515
Change in Net Position	$	(1,952,326)

The Town maintains its general liability, property, and workers' compensation insurance costs in the Risk Management Fund, an internal service fund. Payments for insurance claims were recorded as expenditures in the funds in which the liabilities were incurred. In accordance with Governmental Accounting Standards Board Statement No. 10, if the third party administrator, Redwood Empire Municipal Insurance Fund, does not insure the loss occurrence then the Town shall accrue a loss, if probable and reasonably estimable. As of June 30, 2014, the Town has no uninsured occurrences. The Town has not used an actuary in determining the liability reserve if needed. Because the actual claim liabilities depend on such complex factors and inflation and changes in legal doctrines and damage awards, the process used in computing claim liabilities does not necessarily result in an exact amount. Claims are evaluated periodically to take into account recently settled claims, the frequency of claims and other economic and social factors.

NOTE 16: DEFICIT FUND BALANCES

As of June 30, 2014, the Community Development Block Grant Fund had a deficit fund balance of $62,271. This deficit will be financed through future revenues to the fund.

NOTE 17: CONTINGENCIES AND COMMITMENTS

The Town participates in certain federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

The Town is involved in several pending lawsuits of a nature common to many similar jurisdictions. Town management estimates that potential claims against the Town, not covered by insurance, will not have a material adverse effect on the financial statements of the Town.

Proposition 218, which was approved by the voters in November 1996, regulates the Town's ability to impose, increase and extend taxes, assessments, and fees. Any new, increased, or extended taxes, assessments, and fees subject to the provisions of Proposition 218 require voter approval before they can be implemented. Additionally, Proposition 218 provides that these taxes, assessments, and fees are subject to the voter initiative process and may be rescinded in the future by the voters. Therefore, the Town's ability to finance the services for which the taxes, assessments, and fees were imposed may be significantly impaired.

NOTE 18: SUBSEQUENT EVENTS

The Town has evaluated subsequent events from June 30, 2014 through January 26, 2015, the date the accompanying financial statements were available to be issued, and does not believe there are any material subsequent events to report.

NOTE 19: PRIOR PERIOD ADJUSTMENTS

A prior period adjustment of ($369,769) was made on the statement of activities for governmental activities, for an understatement of accounts receivable of $56,512, and an overstatement of deferred charges of ($426,281), in the prior fiscal year.

A prior period adjustment of ($222,268) was made on the statement of activities for business-type activities, for an overstatement of deferred charges of ($93,010), and an overstatement of construction in progress of ($129,258) in the prior fiscal year.

A prior period adjustment of $56,512 was made on the statement of revenues, expenditures, and changes in fund balances for an understatement of accounts receivable in the Gas Tax Fund in the prior fiscal year.

A prior period adjustment of ($111,134) was made on the statement of revenues, expenditures and changes in net position for an overstatement of deferred charges of ($46,505) and an overstatement of construction in progress of ($64,629) in the Water Fund in the prior fiscal year.

A prior period adjustment of ($111,134) was made on the statement of revenues, expenditures and changes in net position for an overstatement of deferred charges of ($46,505) and an overstatement of construction in progress of ($64,629) in the Water Reclamation Fund in the prior fiscal year.

NOTE 19: PRIOR PERIOD ADJUSTMENTS (CONTINUED)

A prior period adjustment of ($382,768) was made on the statement of changes in fiduciary net position-private purpose trust funds for an overstatement of deferred charges of ($345,967) and an overstatement of discounts on bond issues of ($36,801) in the Successor Agency Capital Assets Fund in the prior fiscal year.

A prior period adjustment of $167,421 was made on the statement of changes in fiduciary net position-private purpose trust funds for an understatement of deferred charges of $130,620 and an understatement of discounts on bond issues of $36,801 in the Successor Agency Debt Service Fund in the prior fiscal year.

All deferred issuance costs (charges) prior period adjustments were a result of the implementation of GASB Statement No. 65.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF WINDSOR
REQUIRED SUPPLEMENTARY

SCHEDULE OF FUNDING PROGRESS FOR OTHER POST EMPLOYMENT BENEFITS (OPEB)

Actuarial Valuation Date	Actuarial Normal Accrued Liability	Actuarial Value of Assets	Unfunded Actuarial Accrued Liability (Excess Assets)	Funded Status	Annual Covered Payroll	UAAL* as a % of Covered Payroll
6/30/2009	$ 446,000	$ -	$ 446,000	0%	$ 6,817,000	7%
6/30/2012	507,000		507,000	0%	3,474,000	8%

TOWN OF WINDSOR
Combining Schedule of Revenues, Expenditures,
and Changes in Fund Balances
Budget and Actual - General Fund and Major Special Revenue Fund
For the Fiscal Year Ended June 30, 2014

	General Fund			
	Budget Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Property taxes	$ 6,128,482	$ 6,128,482	$ 6,725,124	$ 596,642
Sales taxes	2,668,185	2,668,185	3,026,839	358,654
Other taxes	2,564,229	2,578,129	2,764,300	186,171
Licenses, permits, and fees	448,581	394,081	565,542	171,461
Fines and forfeitures	13,900	54,500	46,898	(7,602)
Rental income	71,556	71,555	103,636	32,081
Use of money and property	75,000	75,000	298,167	223,167
Intergovernmental	115,000	115,000	111,077	(3,923)
Charges for services	632,900	632,900	648,127	15,227
Other revenues	319,411	319,411	409,141	89,730
TOTAL REVENUES	13,037,244	13,037,243	14,698,851	1,661,608
EXPENDITURES:				
General administration	1,509,308	3,457,103	2,908,384	548,719
Public safety	6,346,685	6,346,685	6,173,842	172,843
Public works	1,149,218	1,342,233	983,124	359,109
Community development	3,692,383	2,275,909	2,084,531	191,378
Capital outlay	1,694,500	2,324,952	489,279	1,835,673
TOTAL EXPENDITURES	14,392,094	15,746,882	12,639,160	3,107,722
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,354,850)	(2,709,639)	2,059,691	4,769,330
OTHER FINANCING SOURCES (USES):				
Transfers in	136,776	136,776	136,776	
Transfers out	(1,503,513)	(1,535,513)	(981,386)	554,127
TOTAL OTHER FINANCING SOURCES (USES)	(1,366,737)	(1,398,737)	(844,610)	554,127
NET CHANGE IN FUND BALANCES	(2,721,587)	(4,108,376)	1,215,081	5,323,457
FUND BALANCES, JULY 1, 2013	9,591,905	9,591,905	9,591,905	
FUND BALANCES, JUNE 30, 2014	$ 6,870,318	$ 5,483,529	$ 10,806,986	$ 5,323,457

Housing Fund			
Budget Amounts			Variance with Final Budget Positive (Negative)
Original	Final	Actual	
$ -	$ -	$ -	$ -
20	20		(20)
		7,099	7,099
20	20	7,099	7,079
20	20	7,099	7,079
20	20	7,099	7,079
377,087	377,087	377,087	
$ 377,107	$ 377,107	$ 384,186	$ 7,079

SUPPLEMENTARY INFORMATION

TOWN OF WINDSOR
Schedule of Revenues, Expenditures,
and Changes in Fund Balances
Budget and Actual - Capital Replacement Fund
For the Fiscal Year Ended June 30, 2014

	Capital Replacement Fund			
	Budget Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Use of money & property	$ 41,810	$ 221,146	$ 113,569	$ (107,577)
Other revenues	193,336	14,000	7,230	(6,770)
TOTAL REVENUES	235,146	235,146	120,799	(114,347)
EXPENDITURES:				
General administration		1,788,615	17,201	1,771,414
Capital outlay	1,118,825	417,487	304,928	112,559
TOTAL EXPENDITURES	1,118,825	2,206,102	322,129	1,883,973
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(883,679)	(1,970,956)	(201,330)	1,769,626
OTHER FINANCING SOURCES (USES):				
Transfers in	300,000	300,000	300,000	
Transfers out	(878,115)			
TOTAL OTHER FINANCING SOURCES (USES)	(578,115)	300,000	300,000	
NET CHANGE IN FUND BALANCES	(1,461,794)	(1,670,956)	98,670	1,769,626
FUND BALANCES, JULY 1, 2013	9,584,640	9,584,640	9,584,640	
FUND BALANCES, JUNE 30, 2014	$ 8,122,846	$ 7,944,846	$ 9,683,310	$ 1,738,464

TOWN OF WINDSOR
Schedule of Revenues, Expenditures,
and Changes in Fund Balances
Budget and Actual - Debt Service Fund
For the Fiscal Year Ended June 30, 2014

	Debt Service Fund			
	Budget Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Use of money & property	$ 16,000	$ 16,000	$ 3,135	$ (12,865)
Other revenues	1,405,748	965,921	965,921	
TOTAL REVENUES	1,421,748	981,921	969,056	(12,865)
EXPENDITURES:				
General administration	5,000	5,000	5,273	(273)
Debt Service:				
Principal	1,041,100	1,696,100	1,696,100	
Interest	375,648	375,648	360,501	15,147
TOTAL EXPENDITURES	1,421,748	2,076,748	2,061,874	14,874
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES		(1,094,827)	(1,092,818)	2,009
OTHER FINANCING SOURCES (USES):				
Transfers in	1,209,142	1,209,142	243,221	(965,921)
TOTAL OTHER FINANCING SOURCES (USES)	1,209,142	1,209,142	243,221	(965,921)
NET CHANGE IN FUND BALANCES	1,209,142	114,315	(849,597)	(963,912)
FUND BALANCES, JULY 1, 2013	2,817,097	2,817,097	2,817,097	
FUND BALANCES, JUNE 30, 2014	$ 4,026,239	$ 2,931,412	$ 1,967,500	$ (963,912)

GENERAL FUNDS

The following funds are reported in total on the Governmental Fund Financial Statements under the column General Funds.

GENERAL FUNDS

General Fund
This fund is used to account for revenues for the Town's general use.

Asset Forfeiture Fund
This fund is used to account for asset forfeiture revenue received from other government entities.

Strong Motion Fund
This fund is used to account for building permits for seismic education and data utilization.

Grant Special Revenue Fund (Police Grants)
This fund is used to account for grant special revenue and investment income for the Town.

Tree Removal Mitigation Fund
This fund is used to account for developer fees for maintenance and replacement of trees.

Pool Creek Maintenance Fund
This fund is used to account for funds established for the maintenance of Pool Creek at the Greens subdivision.

TOWN OF WINDSOR
Combining Balance Sheet
General Funds
June 30, 2014

	General Fund	Asset Forfeiture Fund	Strong Motion Fund
ASSETS:			
Cash and investments	$ 10,964,912	$ 33,290	$ 6,655
Accounts receivable	1,122,693		2
Interest receivable	5,045	12	
Due from other funds	265		
Prepaid expenses	21,509		
Inventory	51,239		
TOTAL ASSETS	$ 12,165,663	$ 33,302	$ 6,657
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Accounts payable	$ 1,158,874	$ -	$ 382
Accured liabilities	137,213		
Unearned revenue	61,125		
Deposits payable	100,502		
TOTAL LIABILITIES	1,457,714		382
FUND BALANCES:			
Nonspendable	72,748		
Restricted		33,302	6,275
Assigned	100,000		
Unassigned	10,535,201		
TOTAL FUND BALANCES	10,707,949	33,302	6,275
TOTAL LIABILITIES AND FUND BALANCES	$ 12,165,663	$ 33,302	$ 6,657

Tree Removal Mitigation Fund	Pool Creek Maintenance Fund	Total General Funds
$ 283,421	$ 8,732	$ 11,297,010
		1,122,695
103	4	5,164
		265
		21,509
		51,239
$ 283,524	$ 8,736	$ 12,497,882
$ -	$ -	$ 1,159,256
		137,213
		61,125
232,800		333,302
232,800		1,690,896
		72,748
50,724	8,736	99,037
		100,000
		10,535,201
50,724	8,736	10,806,986
$ 283,524	$ 8,736	$ 12,497,882

TOWN OF WINDSOR
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
General Funds
For the Fiscal Year Ended June 30, 2014

	General Fund	Asset Forfeiture Fund	Strong Motion Fund
REVENUES:			
Property taxes	$ 6,725,124	$ -	$ -
Sales taxes	3,026,839		
Other taxes	2,764,300		
Licenses, permits and fees	565,542		
Fines and forfeitures	46,898		
Rental Income	103,636		
Investment earnings	297,813	23	(31)
Intergovernmental	110,954		123
Charges for services	648,127		
Other revenue	409,141		
TOTAL REVENUES	14,698,374	23	92
EXPENDITURES:			
General administration	2,905,442	2,942	
Public safety	6,173,842		
Public works	983,124		
Community development	2,084,531		
Capital outlay	489,279		
TOTAL EXPENDITURES	12,636,218	2,942	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,062,156	(2,919)	92
OTHER FINANCING SOURCES (USES):			
Transfers in	136,776		
Transfers out	(981,386)		
TOTAL OTHER FINANCING SOURCES (USES)	(844,610)		
NET CHANGES IN FUND BALANCES	1,217,546	(2,919)	92
FUND BALANCES, JULY 1, 2013	9,490,403	36,221	6,183
FUND BALANCES, JUNE 30, 2014	$ 10,707,949 #	$ 33,302	$ 6,275

Tree Removal Mitigation Fund	Pool Creek Maintenance Fund	Total General Funds
$ -	$ -	$ 6,725,124
		3,026,839
		2,764,300
		565,542
		46,898
		103,636
300	62	298,167
		111,077
		648,127
		409,141
300	62	14,698,851
		2,908,384
		6,173,842
		983,124
		2,084,531
		489,279
		12,639,160
300	62	2,059,691
		136,776
		(981,386)
		(844,610)
300	62	1,215,081
50,424	8,674	9,591,905
$ 50,724	$ 8,736	$ 10,806,986

NON-MAJOR GOVERNMENTAL FUNDS

The following funds are reported in total on the Governmental Fund Financial Statements under the column Other Governmental Funds.

SPECIAL REVENUE FUNDS

Gas Tax Fund
This fund is used to account for State revenue received pursuant to Street and Highway Code Sections 2103, 2105, 2106, 2107, and 2107.5 to fund maintenance and construction of streets and roads not funded through another source.

Transportation Grant Fund
This fund is used to track grant funds from various sources for transportation, pedestrian and bicycle improvements. Matching participation funds may come from a variety of sources including the General Fund, Gas Tax, and Measure M.

Transportation Development Act Fund
This fund is used to account for the Town's contribution to Sonoma County Transit including local services, bus stop improvements, and other projects.

Mobile Home Rent Stabilization Fund
This fund is used to account for park owner fees for administration of the Mobile Home Rent Stabilization Ordinance.

Lighting and Landscaping Assessment Fund
This fund is used to account for assessment fees to repair and maintain lighting and landscaping including Shadetree Oak-Tree and Senior Center maintenance.

Lighting and Landscaping Assessment Fund No.2
This fund is used to account for assessment fees to operate and maintain lighting and landscaping for the Shiloh Oaks development and a new general park supplemental zone.

1982 Benefits Assessment District Fund
This fund is used to account for costs associated with the operation and maintenance of the storm drain and flood control facilities (Airport Creek) constructed with the Shiloh Oaks development.

Abandoned Vehicle Abatement Fund
This fund is used to account for the fees related to the removal and disposal of abandoned, wrecked, dismantled, or inoperative vehicles.

Public Education and Government Grant Fund
This fund is used to account for cable subscription fees funded in order to provide public, educational, and government access to the Town.

Community Development Block Grant Fund
This fund is used to account for federal revenue from the Community Development Block Grant.

Public Facilities Fund
This fund is used to account for public facilities impact fees for acquisition, development, and enhancement of Town facilities.

Traffic Mitigation Fund - This fund is used to account for developer fees for the construction and implementation of improvements to the transportation system sufficient to accommodate the traffic volumes generated from new development.

CAPITAL PROJECT FUNDS

Park Development
This fund is used to account for developer fees for the acquisition, development, and enhancement of neighborhood and community park and recreation facilities.

Drainage Mitigation
This fund is used to account for the construction of drainage facilities to mitigate cumulative drainage impacts arising from new developments.

Fire Mitigation
This fund is used to account for the fire impact fees which were established to mitigate the impact caused by future development in the Town.

TOWN OF WINDSOR
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2014

	Gas Tax Fund	Transportation Grant Fund	Transportation Development Act Fund
ASSETS:			
Cash and investments	$ 1,011,148	$ 320,692	$ -
Accounts receivable	95,669	125,436	
Interest receivable	371	118	
Inventory	71,412		
TOTAL ASSETS	$ 1,178,600	$ 446,246	$ -
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Accounts payable	$ 95,010	$ 33,142	$ -
Accrued liabilities	19,204		
Unearned revenue			
Deposit payable			
Due to other funds	85,626		
TOTAL LIABILITIES	199,840	33,142	
FUND BALANCES:			
Nonspendable	71,412		
Restricted	907,348	413,104	
Assigned			
Unassigned			
TOTAL FUND BALANCES (DEFICIT)	978,760	413,104	
TOTAL LIABILITIES AND FUND BALANCES	$ 1,178,600	$ 446,246	$ -

Mobile Home Rent Stabilization Fund	Lighting and Landscape Assessment Fund	Lighting and Landscape Assessment #2 Fund	1982 Benefits Assessment District Fund
$ 44,103	$ 249,840	$ 18,261	$ 182,026
	26,505	52	
16	361	16	73
$ 44,119	$ 276,706	$ 18,329	$ 182,099
$ 128	$ 62,014	$ 2,481	$ -
	27,489	558	
	110,759	1,748	
128	200,262	4,787	
43,991	76,444	13,542	182,099
43,991	76,444	13,542	182,099
$ 44,119	$ 276,706	$ 18,329	$ 182,099

(Continued)

TOWN OF WINDSOR
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2014
(Continued)

	Abandoned Vehicle Abatement Program Fund	Public Education and Government Grant Fund
ASSETS:		
Cash and investments	$ 76,126	$ 166,253
Accounts receivable	3,766	21,342
Interest receivable	28	60
Inventory		
TOTAL ASSETS	$ 79,920	$ 187,655
LIABILITIES AND FUND BALANCES		
LIABILITIES:		
Accounts payable	$ 273	$ 1,489
Accrued liabilities		617
Deferred revenue		
Deposit payable		
Due to other funds		765
TOTAL LIABILITIES	273	2,871
FUND BALANCES:		
Nonspendable		
Restricted	79,647	184,784
Assigned		
Unassigned		
TOTAL FUND BALANCES (DEFICIT)	79,647	184,784
TOTAL LIABILITIES AND FUND BALANCES	$ 79,920	$ 187,655

Community Development Block Grant Fund	Public Facilities Fund	Traffic Mitigation Fund	Park Development Fund
$ -	$ 557,073	$ 513,152	$ 738,101
3,593			
	203	625	270
$ 3,593	$ 557,276	$ 513,777	$ 738,371
$ -	$ -	$ 8,969	$ 24,278
		7,556	1,560
62,598			
3,001			1,286
265		16,247	5,476
65,864		32,772	32,600
	557,276	481,005	705,771
(62,271)			
(62,271)	557,276	481,005	705,771
$ 3,593	$ 557,276	$ 513,777	$ 738,371

(Continued)

THIS PAGE INTENTIONALLY LEFT BLANK

TOWN OF WINDSOR
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2014
(Continued)

	Drainage Mitigation Fund	Fire Mitigation Fund	Total Nonmajor Governmental Funds
ASSETS:			
Cash and investments	$ 3,681,700	$ 144,546	$ 7,703,021
Accounts receivable			276,363
Interest receivable	904	53	3,098
Inventory			71,412
TOTAL ASSETS	$ 3,682,604	$ 144,599	$ 8,053,894
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Accounts payable	$ 82,599	$ -	$ 310,383
Accrued liabilities	2,063		59,047
Deferred revenue			62,598
Deposit payable			4,287
Due to other funds	35,245		256,131
TOTAL LIABILITIES	119,907		692,446
FUND BALANCES:			
Nonspendable			71,412
Restricted			1,900,959
Assigned	3,562,697	144,599	5,451,348
Unassigned			(62,271)
TOTAL FUND BALANCES (DEFICIT)	3,562,697	144,599	7,361,448
TOTAL LIABILITIES AND FUND BALANCES	$ 3,682,604	$ 144,599	$ 8,053,894

TOWN OF WINDSOR
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2014

	Gas Tax Fund	Transportation Grant Fund	Transportation Development Act Fund
REVENUES:			
Property taxes	$ -	$ -	$ -
Use of money and property	(325)	118	
Intergovernmental	856,781	807,187	1,022,204
Charges for services			
Other revenue	44,848		
TOTAL REVENUES	901,304	807,305	1,022,204
EXPENDITURES:			
Current:			
General administration			
Public safety			
Public works			
Community development			
Streets and roads	910,554	122,474	1,022,204
Drainage			
Housing			
Capital outlay	6,021	178,719	
TOTAL EXPENDITURES	916,575	301,193	1,022,204
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(15,271)	506,112	
OTHER FINANCING SOURCES (USES):			
Transfers in			
Transfers out			
TOTAL OTHER FINANCING SOURCES (USES)			
NET CHANGES IN FUND BALANCES	(15,271)	506,112	
FUND BALANCES (DEFICIT), JULY 1, 2013	937,519	(93,008)	
PRIOR PERIOD ADJUSTMENTS	56,512		
FUND BALANCES (DEFICIT), JULY 1, 2013, RESTATED	994,031	(93,008)	
FUND BALANCES (DEFICIT), JUNE 30, 2014	$ 978,760	$ 413,104	$ -

Mobile Home Rent Stabilization Fund	Lighting and Landscape Assessment Fund	Lighting and Landscape Assessment #2 Fund	1982 Benefits Assessment District Fund
$ -	$ 4,350	$ -	$ -
159	110,774	2,057	1,858
	871,114	35,545	37,110
	3,200		
159	989,438	37,602	38,968
	307,367		
	1,386,984	35,946	
			26,855
213			
213	1,694,351	35,946	26,855
(54)	(704,913)	1,656	12,113
	565,174		
		(14,403)	
	565,174	(14,403)	
(54)	(139,739)	(12,747)	12,113
44,045	216,183	26,289	169,986
44,045	216,183	26,289	169,986
$ 43,991	$ 76,444	$ 13,542	$ 182,099

TOWN OF WINDSOR
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2014
(Continued)

	Abandoned Vehicle Abatement Program Fund	Public Education and Government Grant Fund
REVENUES:		
Property taxes	$ -	$ -
Use of money and property	82	409
Intergovernmental	17,639	67,787
Charges for services		
Other revenue		3,995
TOTAL REVENUES	17,721	72,191
EXPENDITURES:		
Current:		
General administration		45,277
Public safety	1,657	
Public works		
Community development		
Streets and Roads		
Drainage		
Housing		
Capital outlay		
TOTAL EXPENDITURES	1,657	45,277
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	16,064	26,914
OTHER FINANCING SOURCES (USES):		
Transfers in		
Transfers out		
TOTAL OTHER FINANCING SOURCES (USES)		
NET CHANGES IN FUND BALANCES	16,064	26,914
FUND BALANCES (DEFICIT), JULY 1, 2013	63,583	157,870
PRIOR PERIOD ADJUSTMENTS		
FUND BALANCES (DEFICIT), JULY 1, 2013, RESTATED	63,583	157,870
FUND BALANCES (DEFICIT), JUNE 30, 2014	$ 79,647	$ 184,784

Community Development Block Grant	Public Facilities Fund	Traffic Mitigation Fund	Park Development Fund
$ -	$ -	$ -	$ -
	4,069	20,544	347
4,130			
	39,847	140,774	55,908
4,130	43,916	161,318	56,255
			40,880
		311,066	
4,130		10,082	28,446
4,130		321,148	69,326
	43,916	(159,830)	(13,071)
	(217,900)		
	(217,900)		
	(173,984)	(159,830)	(13,071)
(62,271)	731,260	640,835	718,842
(62,271)	731,260	640,835	718,842
$ (62,271)	$ 557,276	$ 481,005	$ 705,771

THIS PAGE INTENTIONALLY LEFT BLANK

TOWN OF WINDSOR
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2014
(Continued)

	Drainage Mitigation Fund	Fire Mitigation Fund	Total Nonmajor Governmental Funds
REVENUES:			
Property taxes	$ -	$ -	$ 4,350
Use of money and property	109,661	220	249,973
Intergovernmental			2,775,728
Charges for services	26,131	4,872	1,211,301
Other revenue	261		52,304
	136,053	5,092	4,293,656
EXPENDITURES:			
Current:			
General administration			45,277
Public safety		356,102	357,759
Public works			307,367
Community development			1,463,810
Streets and Roads			2,393,153
Drainage	386,716		386,716
Housing			213
Capital outlay	18,080		245,478
	404,796	356,102	5,199,773
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(268,743)	(351,010)	(906,117)
OTHER FINANCING SOURCES (USES):			
Transfers in			565,174
Transfers out			(232,303)
TOTAL OTHER FINANCING SOURCES (USES)			332,871
NET CHANGES IN FUND BALANCES	(268,743)	(351,010)	(573,246)
FUND BALANCES (DEFICIT), JULY 1, 2013	3,831,440	495,609	7,878,182
PRIOR PERIOD ADJUSTMENTS			56,512
FUND BALANCES (DEFICIT), JULY 1, 2013, RESTATED	3,831,440	495,609	7,934,694
FUND BALANCES (DEFICIT), JUNE 30, 2014	$ 3,562,697	$ 144,599	$ 7,361,448

TOWN OF WINDSOR
Combining Schedule of Revenues, Expenditures,
and Changes in Fund Balances
Budget and Actual - Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2014

	Gas Tax Fund		
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:			
Property tax	$ -	$ -	$ -
Use of money and property	4,855	(325)	(5,180)
Intergovernmental	790,581	856,781	66,200
Charges for Services			
Other revenue		44,848	44,848
TOTAL REVENUES	795,436	901,304	105,868
EXPENDITURES:			
Current:			
General administration			
Public safety			
Public works			
Community development			
Streets and roads	916,706	910,554	6,152
Drainage			
Housing			
Capital outlay		6,021	(6,021)
TOTAL EXPENDITURES	916,706	916,575	131
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(121,270)	(15,271)	105,999
OTHER FINANCING SOURCES (USES):			
Transfers in			
Transfers out			
TOTAL OTHER FINANCING SOURCES (USES) SOURCES (USES)			
NET CHANGE IN FUND BALANCES	(121,270)	(15,271)	105,999
FUND BALANCES (DEFICITS), JULY 1, 2013	937,519	937,519	
PRIOR PERIOD ADJUSTMENTS		56,512	56,512
FUND BALANCES (DEFICITS), JULY 1, 2013, RESTATED	937,519	994,031	56,512
FUND BALANCES (DEFICITS), JUNE 30, 2014	$ 816,249	$ 978,760	$ 162,511

Transportation Grant Fund			Transportation Development Act Fund		
Final Budget	Actual	Variance with Final Budget Positive (Negative)	Final Budget	Actual	Variance with Final Budget Positive (Negative)
$ -	$ -	$ -	$ -	$ -	$ -
	118	118			
1,241,086	807,187	(433,899)	1,022,204	1,022,204	
1,241,086	807,305	(433,781)	1,022,204	1,022,204	
	122,474	(122,474)	1,022,204	1,022,204	
1,780,117	178,719	1,601,398			
1,780,117	301,193	1,478,924	1,022,204	1,022,204	
(539,031)	506,112	1,045,143			
(539,031)	506,112	1,045,143			
(93,008)	(93,008)				
(93,008)	(93,008)				
$ (632,039)	$ 413,104	$ 1,045,143	$ -	$ -	$ -

(Continued)

TOWN OF WINDSOR
Combining Schedule of Revenues, Expenditures,
and Changes in Fund Balances
Budget and Actual - Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2014
(Continued)

	Mobile Home Rent Stabilization Fund		
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:			
Property tax	$ -	$ -	$ -
Use of money and property	222	159	(63)
Intergovernmental			
Charges for services	13,512		(13,512)
Other revenue			
TOTAL REVENUES	13,734	159	(13,575)
EXPENDITURES:			
Current:			
General administration	3,500		3,500
Public safety			
Public works			
Community development			
Streets and roads			
Drainage			
Housing		213	(213)
Capital outlay			
TOTAL EXPENDITURES	3,500	213	3,287
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	10,234	(54)	(10,288)
OTHER FINANCING SOURCES (USES):			
Transfers in			
Transfers out			
TOTAL OTHER FINANCING SOURCES (USES)			
NET CHANGE IN FUND BALANCES	10,234	(54)	(10,288)
FUND BALANCES (DEFICITS), JULY 1, 2013	44,045	44,045	
PRIOR PERIOD ADJUSTMENTS			
FUND BALANCES (DEFICITS), JULY 1, 2013, RESTATED	44,045	44,045	
FUND BALANCES (DEFICITS), JUNE 30, 2014	$ 54,279	$ 43,991	$ (10,288)

Lighting and Landscaping Assessment District Fund			Lighting and Landscaping Assessment District Fund #2		
Final Budget	Actual	Variance with Final Budget Positive (Negative)	Final Budget	Actual	Variance with Final Budget Positive (Negative)
$ 1,350	$ 4,350	$ 3,000	$ -	$ -	$ -
1,199	110,774	109,575		2,057	2,057
871,695	871,114	(581)	42,391	35,545	(6,846)
1,072,898	3,200	(1,069,698)			
1,947,142	989,438	(957,704)	42,391	37,602	(4,789)
386,865	307,367	79,498			
1,659,612	1,386,984	272,628	46,488	35,946	10,542
2,046,477	1,694,351	352,126	46,488	35,946	10,542
(99,335)	(704,913)	(605,578)	(4,097)	1,656	5,753
	565,174	565,174		(14,403)	(14,403)
	565,174	565,174		(14,403)	(14,403)
(99,335)	(139,739)	(40,404)	(4,097)	(12,747)	(8,650)
216,183	216,183		26,289	26,289	
216,183	216,183		26,289	26,289	
$ 116,848	$ 76,444	$ (40,404)	$ 22,192	$ 13,542	$ (8,650)

(Continued)

TOWN OF WINDSOR
Combining Schedule of Revenues, Expenditures,
and Changes in Fund Balances
Budget and Actual - Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2014
(Continued)

	1982 Benefit Assessment District Fund		
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:			
Property tax	$ -	$ -	$ -
Use of money and property		1,858	1,858
Intergovernmental			
Charges for services	44,559	37,110	(7,449)
Other revenue			
TOTAL REVENUES	44,559	38,968	(5,591)
EXPENDITURES:			
Current:			
General administration			
Public safety			
Public works			
Community development			
Streets and roads	33,026	26,855	6,171
Drainage			
Housing			
Capital outlay			
TOTAL EXPENDITURES	33,026	26,855	6,171
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	11,533	12,113	580
OTHER FINANCING SOURCES (USES):			
Transfers in			
Transfers out			
TOTAL OTHER FINANCING SOURCES (USES)			
NET CHANGE IN FUND BALANCES	11,533	12,113	580
FUND BALANCES (DEFICITS), JULY 1, 2013	169,986	169,986	
PRIOR PERIOD ADJUSTMENTS			
FUND BALANCES (DEFICITS), JULY 1, 2013, RESTATED	169,986	169,986	
FUND BALANCES (DEFICITS), JUNE 30, 2014	$ 181,519	$ 182,099	$ 580

Abandoned Vehicle Abatement Program Fund			Community Development Block Grant Fund		
Final Budget	Actual	Variance with Final Budget Positive (Negative)	Final Budget	Actual	Variance with Final Budget Positive (Negative)
$ -	$ -	$ -	$ -	$ -	$ -
305	82	(223)			
	17,639	17,639	162,162	4,130	(158,032)
2,000		(2,000)			
2,305	17,721	15,416	162,162	4,130	(158,032)
17,968	1,657	16,311			
			162,162	4,130	158,032
17,968	1,657	16,311	162,162	4,130	158,032
(15,663)	16,064	31,727			
(15,663)	16,064	31,727			
63,583	63,583		(62,271)	(62,271)	
63,583	63,583		(62,271)	(62,271)	
$ 47,920	$ 79,647	$ 31,727	$ (62,271)	$ (62,271)	$ -

(Continued)

TOWN OF WINDSOR
Combining Schedule of Revenues, Expenditures,
and Changes in Fund Balances
Budget and Actual - Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2014
(Continued)

	Public, Education and Government Grant Fund		
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:			
Property tax	$ -	$ -	$ -
Use of money and property	785	409	(376)
Intergovernmental	71,433	67,787	(3,646)
Charges for services			
Other revenue		3,995	3,995
TOTAL REVENUES	72,218	72,191	(27)
EXPENDITURES:			
Current:			
General administration	65,620	45,277	20,343
Public safety			
Public works			
Community development			
Streets and roads			
Drainage			
Housing			
Capital outlay			
TOTAL EXPENDITURES	65,620	45,277	20,343
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	6,598	26,914	20,316
OTHER FINANCING SOURCES (USES):			
Transfers in			
Transfers out			
TOTAL OTHER FINANCING SOURCES (USES)			
NET CHANGE IN FUND BALANCES	6,598	26,914	20,316
FUND BALANCES (DEFICITS), JULY 1, 2013	157,870	157,870	
PRIOR PERIOD ADJUSTMENTS			
FUND BALANCES (DEFICITS), JULY 1, 2013, RESTATED	157,870	157,870	
FUND BALANCES (DEFICITS), JUNE 30, 2014	$ 164,468	$ 184,784	$ 20,316

Public Facilities Fund			Traffic Mitigation Fund		
Final Budget	Actual	Variance with Final Budget Positive (Negative)	Final Budget	Actual	Variance with Final Budget Positive (Negative)
$ -	$ -	$ -	$ -	$ -	$ -
2,393	4,069	1,676	3,178	20,544	17,366
75,000	39,847	(35,153)	280,000	140,774	(139,226)
77,393	43,916	(33,477)	283,178	161,318	(121,860)
			326,733	311,066	15,667
				10,082	(10,082)
			326,733	321,148	5,585
77,393	43,916	(33,477)	(43,555)	(159,830)	(116,275)
(217,900)	(217,900)				
(217,900)	(217,900)				
(140,507)	(173,984)	(33,477)	(43,555)	(159,830)	(116,275)
731,260	731,260		640,835	640,835	
731,260	731,260		640,835	640,835	
$ 590,753	$ 557,276	$ (33,477)	$ 597,280	$ 481,005	$ (116,275)

(Continued)

TOWN OF WINDSOR
Combining Schedule of Revenues, Expenditures,
and Changes in Fund Balances
Budget and Actual - Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2014
(Continued)

	Park Development Fund		
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:			
Property tax	$ -	$ -	$ -
Use of money and property	3,714	347	(3,367)
Intergovernmental			
Charges for services		55,908	55,908
Other revenue			
TOTAL REVENUES	3,714	56,255	52,541
EXPENDITURES:			
Current:			
General administration			
Public safety			
Public works			
Community development	163,211	40,880	122,331
Streets and roads			
Drainage			
Housing			
Capital outlay	38,914	28,446	10,468
TOTAL EXPENDITURES	202,125	69,326	132,799
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(198,411)	(13,071)	185,340
OTHER FINANCING SOURCES (USES):			
Transfers in			
Transfers out			
TOTAL OTHER FINANCING SOURCES (USES)			
NET CHANGE IN FUND BALANCES	(198,411)	(13,071)	185,340
FUND BALANCES (DEFICITS), JULY 1, 2013	718,842	718,842	
PRIOR PERIOD ADJUSTMENTS			
FUND BALANCES (DEFICITS), JULY 1, 2013, RESTATED	718,842	718,842	
FUND BALANCES (DEFICITS), JUNE 30, 2014	$ 520,431	$ 705,771	$ 185,340

Drainage Mitigation Fund			Fire Mitigation Fund		
Final Budget	Actual	Variance with Final Budget Positive (Negative)	Final Budget	Actual	Variance with Final Budget Positive (Negative)
$ -	$ -	$ -	$ -	$ -	$ -
18,883	109,661	90,778	2,424	220	(2,204)
136,000	26,131	(109,869)	10,000	4,872	(5,128)
	261	261			
154,883	136,053	(18,830)	12,424	5,092	(7,332)
			450,000	356,102	93,898
694,400	386,716	307,684			
	18,080	(18,080)			
694,400	404,796	289,604		356,102	(356,102)
(539,517)	(268,743)	270,774	12,424	(351,010)	(363,434)
(539,517)	(268,743)	270,774	12,424	(351,010)	(363,434)
3,831,440	3,831,440		495,609	495,609	
3,831,440	3,831,440		495,609	495,609	
$ 3,291,923	$ 3,562,697	$ 270,774	$ 508,033	$ 144,599	$ (363,434)

(Continued)

TOWN OF WINDSOR
Combining Schedule of Revenues, Expenditures,
and Changes in Fund Balances
Budget and Actual - Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2014
(Continued)

	Total Nonmajor Governmental Funds		
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:			
Property tax	$ 1,350	$ 4,350	$ 3,000
Use of money and property	37,958	249,973	212,015
Intergovernmental	3,287,466	2,775,728	(511,738)
Charges for services	1,475,157	1,211,301	(263,856)
Other revenue	1,072,898	52,304	(1,020,594)
TOTAL REVENUES	5,874,829	4,293,656	(1,581,173)
EXPENDITURES:			
Current:			
General administration	69,120	45,277	23,843
Public safety	467,968	357,759	110,209
Public works	386,865	307,367	79,498
Community development	1,869,311	1,463,810	405,501
Streets and roads	2,298,669	2,393,153	(94,484)
Drainage	694,400	386,716	307,684
Housing		213	(213)
Capital outlay	1,981,193	245,478	1,735,715
TOTAL EXPENDITURES	7,767,526	5,199,773	2,567,753
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,892,697)	(906,117)	986,580
OTHER FINANCING SOURCES (USES):			
Transfers in	565,174	565,174	
Transfers out	(217,900)	(232,303)	(14,403)
TOTAL OTHER FINANCING SOURCES (USES)	347,274	332,871	(14,403)
NET CHANGE IN FUND BALANCES	(1,545,423)	(573,246)	972,177
FUND BALANCES (DEFICITS), JULY 1, 2013	7,878,182	7,878,182	
PRIOR PERIOD ADJUSTMENTS		56,512	56,512
FUND BALANCES (DEFICITS), JULY 1, 2013, RESTATED	7,878,182	7,934,694	56,512
FUND BALANCES (DEFICITS), JUNE 30, 2014	$ 6,332,759	$ 7,361,448	$ 1,028,689

PROPRIETARY FUNDS

The specific proprietary funds used by the Town are as follows:

Water Reclamation Fund
This fund accounts for the operation and maintenance of the Town's wastewater collection system, the wastewater treatment facility, and the recycled waste disposal and distribution system.

Water Fund
This fund accounts for the operation and maintenance of the Town's water distribution system.

TOWN OF WINDSOR
Combining Statement of Net Position
Proprietary Funds
June 30, 2014

	Water Reclamation			
	Operating	Capital Replacement	Capital	Total
ASSETS:				
Current Assets				
Cash and investments	$ 8,037,864	$ 3,430,713	$ -	$ 11,468,577
Accounts receivable	1,514,684		21	1,514,705
Interest receivable	2,935	2,099		5,034
Prepaid expenses	7,986			7,986
Inventory	384			384
Due from other funds		2,317,101		2,317,101
TOTAL CURRENT ASSETS	9,563,853	5,749,913	21	15,313,787
Non-Current Assets				
Capital assets, net of accumulated depreciation	55,888,994			55,888,994
TOTAL NON-CURRENT ASSETS	55,888,994			55,888,994
TOTAL ASSETS	65,452,847	5,749,913	21	71,202,781
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred loss on refunding of debt	116,708			116,708
TOTAL DEFERRED OUTFLOWS OF RESOURCES	116,708			116,708
LIABILITIES:				
Current Liabilities				
Accounts payable	509,289	10,900	209	520,398
Accrued liabilities	89,148	2,663		91,811
Accrued interest payable	729		110,991	111,720
Deposits payable	85,288			85,288
Due to other funds	429,598	17,393	2,317,101	2,764,092
Long-term liabilities - current portion	22,065		674,757	696,822
TOTAL CURRENT LIABILITIES	1,136,117	30,956	3,103,058	4,270,131
Non-Current Liabilities				
Compensated absences	93,726	2,837		96,563
Loans payable			3,705,656	3,705,656
Bonds payable	160,430		3,312,400	3,472,830
TOTAL NON-CURRENT LIABILITIES	254,156	2,837	7,018,056	7,275,049
TOTAL LIABILITIES	1,390,273	33,793	10,121,114	11,545,180
NET POSITION:				
Net investment in capital assets	55,823,207		(7,692,813)	48,130,394
Unrestricted	8,356,075	5,716,120	(2,428,280)	11,643,915
TOTAL NET POSITION (DEFICIT)	$ 64,179,282	$ 5,716,120	$ (10,121,093)	$ 59,774,309

TOWN OF WINDSOR
Combining Statement of Revenues, Expenditures, and Changes in Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2014

	Water Reclamation			
	Operating	Capital Replacement	Capital	Total
OPERATING REVENUES				
Charges for services, net of refunds	$ 7,620,767	$ -	$ 111,370	$ 7,732,137
Other revenue	193,132		56	193,188
TOTAL OPERATING REVENUE	7,813,899		111,426	7,925,325
OPERATING EXPENSES				
Salaries and benefits	2,736,341	110,252		2,846,593
Materials, supplies, and operational expenses	1,375,035	27,000		1,402,035
Repairs and maintenance	236,995			236,995
Insurance	39,665			39,665
Contractual services	1,402,978			1,402,978
Taxes and licenses	45,800			45,800
Utilities	538,917			538,917
Depreciation	2,213,920			2,213,920
TOTAL OPERATING EXPENSES	8,589,651	137,252		8,726,903
OPERATING INCOME (LOSS)	(775,752)	(137,252)	111,426	(801,578)
NON-OPERATING REVENUES (EXPENSES)				
Amortization expense	(4,325)			(4,325)
Rental income	254,562		29,742	284,304
Interest income	(5,665)	(9,160)	40,869	26,044
Interest expense	(248,434)			(248,434)
Property taxes	1,920			1,920
TOTAL NON-OPERATING REVENUE (EXPENSES)	(1,942)	(9,160)	70,611	59,509
INCOME (LOSS) BEFORE TRANSFERS	(777,694)	(146,412)	182,037	(742,069)
TRANSFERS				
Transfers in	722,680	1,600,000		2,322,680
Transfer out	(504,019)	(1,215,495)	(618,187)	(2,337,701)
TOTAL TRANSFERS	218,661	384,505	(618,187)	(15,021)
Changes in Net Postion	(559,033)	238,093	(436,150)	(757,090)
Total Net Position (Deficit) - July 1, 2013	64,849,449	5,478,027	(9,684,943)	60,642,533
Prior Period Adjustments	(111,134)			(111,134)
Net Position (Deficit) - July 1, 2013, restated	64,738,315	5,478,027	(9,684,943)	60,531,399
Total Net Position (Deficit) - June 30, 2014	$ 64,179,282	$ 5,716,120	$(10,121,093)	$ 59,774,309

TOWN OF WINDSOR
Combining Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2014

	Water Reclamation			
	Operating	Capital Replacement	Capital	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	$ 7,860,753	$ -	$ 148,926	$ 8,009,679
Cash paid to suppliers	(3,634,207)	(30,486)	(1,230,692)	(4,895,385)
Cash paid to employees	(2,744,278)	(111,893)		(2,856,171)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	1,482,268	(142,379)	(1,081,766)	258,123
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Property taxes	1,920			1,920
Transfers (to) from other funds	218,661	384,505	(618,187)	(15,021)
Repayment on interfund activity	(26,812)	(2,318,483)	2,317,101	(28,194)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	193,769	(1,933,978)	1,698,914	(41,295)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(1,385,216)			(1,385,216)
Principal paid on capital debt	(15,100)		(656,571)	(671,671)
Interest paid on capital debt	(248,484)		(9,012)	(257,496)
NET CASH PROVIDED (USED BY) CAPITAL AND RELATED FINANCING ACTIVITIES	(1,648,800)		(665,583)	(2,314,383)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchase/disposal of investments	(750,000)	(2,699,544)		(3,449,544)
Rental income	254,562		29,742	284,304
Interest receveid	(11,628)	1,129	18,693	8,194
NET CASH PROVIDED (USED BY) INVESTING ACTIVITIES	(507,066)	(2,698,415)	48,435	(3,157,046)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(479,829)	(4,774,772)		(5,254,601)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FISCAL YEAR	4,451,536	5,439,760		9,891,296
CASH AND CASH EQUIVALENTS AT THE END OF THE FISCAL YEAR	$ 3,971,707	$ 664,988	$ -	$ 4,636,695
RECONCILATION OF CASH AND CASH EQUIVALENTS:				
Cash and investments	$ 8,037,864	$ 3,430,713	$ -	$11,468,577
Less: investments that do not meet the definition of cash equivalents	(4,066,157)	(2,765,725)		(6,831,882)
TOTAL CASH AND CASH EQUIVALENTS	$ 3,971,707	$ 664,988	$ -	$ 4,636,695

TOWN OF WINDSOR
Combining Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2014
(Continued)

	Water Reclamation			
	Operating	Capital Replacement	Capital	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	$ (775,752)	$ (137,252)	$ 111,426	$ (801,578)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation expense	2,213,920			2,213,920
Changes in assets and liabilities:				
Decrease in accounts receivable	30,255		37,500	67,755
(Increase) in prepaid expenses	(1,090)			(1,090)
Decrease in inventory	2,314			2,314
Increase (decrease) in accounts payable	3,959	(3,486)	(1,230,692)	(1,230,219)
Increase in deposits payable	16,599			16,599
Increase (decrease) in accrued liabilities	11,180	(992)		10,188
Decrease in compensated absences	(19,117)	(649)		(19,766)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ 1,482,268	$ (142,379)	$(1,081,766)	$ 258,123

TOWN OF WINDSOR
Combining Statement of Net Position
Proprietary Funds
June 30, 2014

	Water			
	Operating	Capital Replacement	Capital	Total
ASSETS:				
Current Assets				
Cash and investments	$ 5,411,072	$ 3,431,528	$ 4,611,304	$ 13,453,904
Accounts receivable	1,482,650			1,482,650
Interest receivable	1,947	1,253	1,684	4,884
Prepaid expenses	7,607			7,607
Inventory	53,908			53,908
Total Current Assets	6,957,184	3,432,781	4,612,988	15,002,953
Non-Current Assets				
Capital assets, net of accumulated depreciation	22,636,639			22,636,639
Total Non-Current Assets	22,636,639			22,636,639
TOTAL ASSETS	29,593,823	3,432,781	4,612,988	37,639,592
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred loss on refunding of debt	116,386			116,386
TOTAL DEFERRED OUTFLOWS OF RESOURCES	116,386			116,386
LIABILITIES:				
Current Liabilities				
Accounts payable	317,095	366,893	3,207	687,195
Accrued liabilities	79,626	716	1,132	81,474
Accrued interest payable	600	2,269	31,666	34,535
Deposits payable	77,937	16,474	1,038	95,449
Due to other funds	429,969	7,828	8,359	446,156
Long-term liabilities - current portion	15,066	12,564	215,914	243,544
Total Currrent Liabilities	920,293	406,744	261,316	1,588,353
Non-Current Liabilities				
Compensated absences	98,620	423	1,067	100,110
Loans payable		259,485	259,485	518,970
Bonds payable	144,529		3,312,400	3,456,929
Total Non-Current Liabilities	243,149	259,908	3,572,952	4,076,009
TOTAL LIABILITIES	1,163,442	666,652	3,834,268	5,664,362
NET POSITION:				
Net investment in capital assets	22,593,430	(272,049)	(3,787,799)	18,533,582
Unrestricted	5,953,337	3,038,178	4,566,519	13,558,034
TOTAL NET POSITION	$ 28,546,767	$ 2,766,129	$ 778,720	$ 32,091,616

TOWN OF WINDSOR
Combining Statement of Revenues, Expenditures, and Changes in Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2014

	Water			
	Operating	Capital Replacement	Capital	Total
OPERATING REVENUES:				
Charges for services, net of refunds	$ 6,319,003	$ -	$ 176,203	$ 6,495,206
Other revenue	296,111		6	296,117
TOTAL OPERATING REVENUE	6,615,114		176,209	6,791,323
OPERATING EXPENSES:				
Salaries and benefits	2,323,059	45,982	43,287	2,412,328
Materials, supplies, and operational expenses	2,049,379	9,621	38,066	2,097,066
Repairs and maintenance	74,140	16,778		90,918
Insurance	39,665			39,665
Contractual services	44,769			44,769
Taxes and licenses	9,983			9,983
Utilities	278,286			278,286
Depreciation	1,155,401			1,155,401
TOTAL OPERATING EXPENSES	5,974,682	72,381	81,353	6,128,416
OPERATING INCOME (LOSS)	640,432	(72,381)	94,856	662,907
NON-OPERATING REVENUES (EXPENSES):				
Amortization expense	(4,245)			(4,245)
Interest income	15,183	3,526	52,858	71,567
Interest expense	(134,868)			(134,868)
Property taxes	(787)			(787)
TOTAL NON-OPERATING REVENUE (EXPENSES)	(124,717)	3,526	52,858	(68,333)
INCOME (LOSS) BEFORE TRANSFERS	515,715	(68,855)	147,714	594,574
TRANSFERS				
Transfers in	189,391	750,000		939,391
Transfer out	(343,215)	(488,694)	(123,943)	(955,852)
TOTAL TRANSFERS	(153,824)	261,306	(123,943)	(16,461)
Changes in Net Position	361,891	192,451	23,771	578,113
Total Net Position - July 1, 2013	28,296,010	2,573,678	754,949	31,624,637
Prior Period Adjustments	(111,134)			(111,134)
Net Position - July 1, 2013, restated	28,184,876	2,573,678	754,949	31,513,503
Total Net Position - June 30, 2014	$ 28,546,767	$ 2,766,129	$ 778,720	$ 32,091,616

TOWN OF WINDSOR
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2014

	Water			
	Operating	Capital Replacement	Capital	Total
CASH FLOW FROM OPERATING ACTIVITIES:				
Cash received from customers	$6,785,351	$ 16,474	$ 177,247	$ 6,979,072
Cash paid to suppliers	(2,618,987)	322,387	(39,542)	(2,336,142)
Cash paid to employees	(2,338,670)	(82,773)	(44,446)	(2,465,889)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	1,827,694	256,088	93,259	2,177,041
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Property taxes	(787)			(787)
Transfers (to) from other funds	(153,824)	261,306	(123,943)	(16,461)
Repayment on interfund activity	(22,956)	(657)		(23,613)
NET CASH PROVIDED (USED) BY CAPITAL FINANCING ACTIVITIES	(177,567)	260,649	(123,943)	(40,861)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(660,070)			(660,070)
Principal paid on capital debt		(12,255)	(210,705)	(222,960)
Interest paid on capital debt	(134,888)	(102)	(1,094)	(136,084)
NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	(794,958)	(12,357)	(211,799)	(1,019,114)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchase/diposal of investments		(1,498,365)		(1,498,365)
Interest received	287	2,759	14,532	17,578
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	287	(1,495,606)	14,532	(1,480,787)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	855,456	(991,226)	(227,951)	(363,721)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FISCAL YEAR	2,123,956	2,858,502	4,839,065	9,821,523
CASH AND CASH EQUIVALENTS AT THE END OF THE FISCAL YEAR	$2,979,412	$1,867,276	$4,611,114	$ 9,457,802
RECONCILATION OF CASH AND CASH EQUIVALENTS:				
Cash and investments	$5,411,072	$3,431,528	$4,611,304	$13,453,904
Less: investments that do not meet the definition of cash equivalents	(2,431,660)	(1,564,252)	(190)	(3,996,102)
TOTAL CASH AND CASH EQUIVALENTS	$2,979,412	$1,867,276	$4,611,114	$ 9,457,802

TOWN OF WINDSOR
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2014
(Continued)

	Water			
	Operating	Capital Replacement	Capital	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	$ 640,432	$ (72,381)	$ 94,856	$ 662,907
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation expense	1,155,401			1,155,401
Changes in assets and liabilities:				
Decrease in accounts receivable	160,989			160,989
(Increase) in prepaid expenses	(711)			(711)
Decrease in inventory	4,726			4,726
Increase (decrease) in accounts payable	(126,780)	348,786	(1,476)	220,530
Increase in deposits payable	9,248	16,474	1,038	26,760
Increase (decrease) in accrued liabilities	266	(35,689)	(679)	(36,102)
Decrease in compensated absences	(15,877)	(1,102)	(480)	(17,459)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ 1,827,694	$ 256,088	$ 93,259	$ 2,177,041

FIDUCIARY FUNDS

Agency Funds

Agency funds are fiduciary funds which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The specific agency funds used by the Town are shown below:

Bonita Roble Trust Fund
This fund is used to account for a deposit from a developer for interest to finance ongoing maintenance of Landscape Parcel "A".

Brooks Special Assessment District Fund
This fund is used to account for property assessment monies held by the County as trustee for the Town for payment of annual arbitrage calculations and fiscal agent fees for the Brooks Special Assessment District.

In-Lieu Agency Fund
This fund is used to account for fees paid by developers in lieu of construction of improvements.

Performance Bond Fund
This fund is used to account for performance bonds held by the Town.

Golf Course Fund
This fund is used to account for capital improvements of facilities related to the Windsor Golf Course.

Miscellaneous Fund
This fund is used to account for contributions by interested groups for special work such as EIRs.

Private-Purpose Trust Funds

Private-purpose trust funds are fiduciary funds which are used to report all trust arrangements (other than pension and investment trust funds) under which principal and income benefit individuals, private organizations, or other governments. The specific private-purpose trust funds used by the Town are related to the Successor Agency of the former Windsor Redevelopment Agency:

RDA Capital Assets Fund
This fund is used to account for the dissolution of the former Windsor Redevelopment Agency.

RDA Debt Service Fund
This fund is used to account for bonds and loans payable transferred from the former Agency.

TOWN OF WINDSOR
Combining Statement of Net Position
Private Purpose Trust Funds
Successor Agency
June 30, 2014

	Capital Assets	Debt Service	Total
ASSETS:			
Cash and investments	$ 1,374,159	$ 16,291	$ 1,390,450
Restricted cash and cash equivalents	143,500		143,500
Interest receivable	527		527
Prepaid items	1,640		1,640
TOTAL ASSETS	1,519,826	16,291	1,536,117
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred loss on refunding of debt		118,923	118,923
TOTAL DEFERRED OUTFLOWS OF RESOURCES		118,923	118,923
LIABILITIES:			
Accounts payable	365	207	572
Accrued liabilities	5,313		5,313
Interest payable		288,828	288,828
Long-term liabilities:			
Due within one year		356,580	356,580
Due in more than one year		4,845,039	4,845,039
TOTAL LIABILITIES	5,678	5,490,654	5,496,332
NET POSITION (DEFICIT):			
Held in trust for other governments	1,514,148	(5,355,440)	(3,841,292)
TOTAL NET POSITION (DEFICIT)	$ 1,514,148	$ (5,355,440)	$ (3,841,292)

THIS PAGE INTENTIONALLY LEFT BLANK

TOWN OF WINDSOR
Statement of Changes in Fiduciary Net Position
Private Purpose Trust Funds
Successor Agency
For the Fiscal Year Ended June 30, 2014

	Capital Assets	Debt Service	Total
Additions:			
Property taxes	$ 788,794	$ -	$ 788,794
Investment earnings	13,811	4	13,815
Loan write-off	400,000		400,000
Transfers in		1,633,281	1,633,281
Total additions	1,202,605	1,633,285	2,835,890
Deductions:			
Interest expense		217,989	217,989
Community development	210,309		210,309
Amortization		15,117	15,117
Contributions to Town of Windsor for debt service		965,921	965,921
Transfers out	1,633,281		1,633,281
Total deductions	1,843,590	1,199,027	3,042,617
Change in net position	(640,985)	434,258	(206,727)
Net Position (Deficit) - July 1, 2013	2,537,901	(5,957,119)	(3,419,218)
Prior Period Adjustments	(382,768)	167,421	(215,347)
Net Position (Deficit) - July 1, 2013, restated	2,155,133	(5,789,698)	(3,634,565)
Net Position (Deficit) - June 30, 2014	$ 1,514,148	$ (5,355,440)	$ (3,841,292)

TOWN OF WINDSOR
Combining Statement of Assets and Liabilities
Agency Funds
June 30, 2014

	Bonita Roble Trust Fund	Brooks Special Assessment Construction Fund
ASSETS:		
Cash and investments	$ 15,483	$ 906
Interest receivable	6	
TOTAL ASSETS	$ 15,489	$ 906
LIABILITIES:		
Accounts payable	$ -	$ -
Deposits payable	15,489	
Due to special assessment districts		906
TOTAL LIABILITIES	$ 15,489	$ 906

In-Lieu Agency Fund	Performance Bond Fund	Golf Course Fund	Miscellaneous Fund	Total
$ 207,935	$ 257,411	$ 14,866	$ 208,591	$ 705,192
76	94	5	77	258
$ 208,011	$ 257,505	$ 14,871	$ 208,668	$ 705,450
$ -	$ -	$ -	$ 5,035	$ 5,035
191,336	257,505	14,871	201,583	680,784
16,675			2,050	19,631
$ 208,011	$ 257,505	$ 14,871	$ 208,668	$ 705,450