TOWN OF WINDSOR

ANNUAL FINANCIAL REPORT

JUNE 30, 2016

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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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, 2016, 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, 2015, the Town adopted Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Applications*. 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 Management's Discussion and Analysis, Budgetary Comparison Schedules for the General and Major Special Revenue Funds, Schedule of Funding Progress for Other Postemployment Benefits, Schedule of the Town's Proportionate Share of the Net Pension Liability, and Schedule of Pension Contributions on pages 4 through 13, 76, 77, and 79 through 81 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.

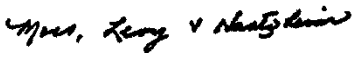
Other Information

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 Major Capital Replacement Fund, Major Debt Service Fund, and 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 Major Capital Replacement Fund, Major Debt Service Fund, and 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 June 26, 2017, 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
June 26, 2017

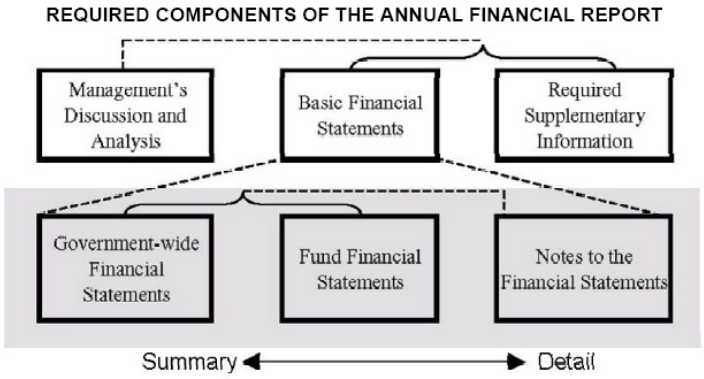
As management of the Town of Windsor (the "Town"), we offer readers of the Town's basic financial statements this narrative overview and analysis of the financial activities of the Town as of and for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented here 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 $247,591,279 (net position). Of this amount, $38,181,687 (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 $3,354,634 due to the fiscal year's operations.
- At the close of this fiscal year, the Town's governmental funds reported total ending fund balances of $27,693,334, a decrease of $3,092,124. $9,644,655 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 $1,573,829, or 6%, during the fiscal year. A decrease of $2,073,939 is the result of bond amortization, offset by an increase of $313,711 of pension liability and other post employee benefits, and the remaining increase of $186,399 was normal debt service and the change in compensated absences.

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 non-major 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; the 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 non-major governmental funds and the agency funds.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

NET POSITION

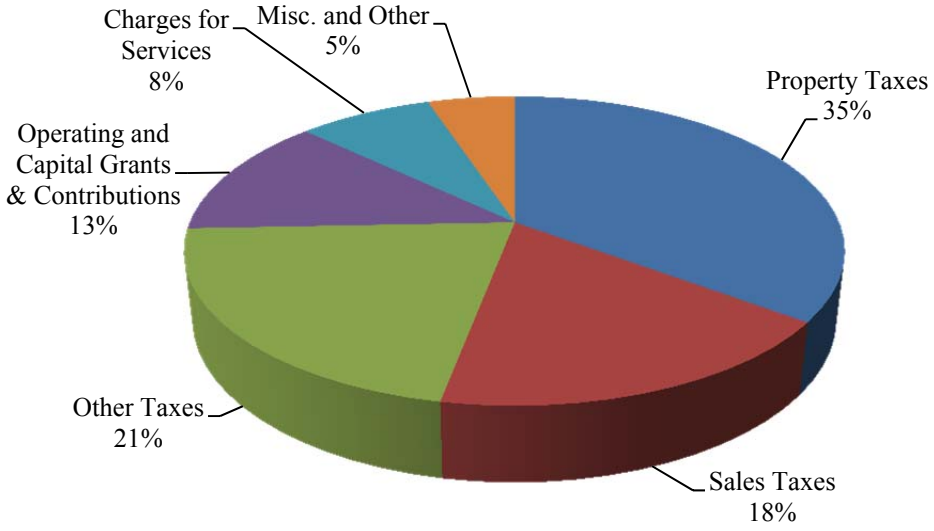
JUNE 30, 2016 AND 2015

	Governmental Activities		Business-type Activities		Total Government	
ASSETS	2016	2015	2016	2015	2016	2015
Current and other assets	$ 37,044,589	$ 39,026,007	$ 28,775,978	$ 27,998,690	$ 65,820,567	$ 67,024,697
Capital assets	136,602,152	137,473,570	73,392,803	76,004,082	209,994,955	213,477,652
Total assets	173,646,741	176,499,577	102,168,781	104,002,772	275,815,522	280,502,349
DEFERRED OUTFLOWS OF RESOURCES						
Pension	453,053	337,291	466,280	393,874	919,333	731,165
Deferred loss	183,366	212,929	202,694	202,694	386,060	415,623
Total deferred outflows of resources	636,419	550,220	668,974	596,568	1,305,393	1,146,788
LIABILITIES						
Current liabilities	3,746,263	3,675,543	1,188,231	2,120,785	4,934,494	5,796,328
Long-term liabilities	10,022,315	9,604,205	13,425,969	13,430,262	23,448,284	23,034,467
Total liabilities	13,768,578	13,279,748	14,614,200	15,551,047	28,382,778	28,830,795
DEFERRED INFLOWS OF RESOURCES						
Pension	565,179	863,764	581,679	1,008,665	1,146,858	1,872,429
Total deferred inflows of resources	565,179	863,764	581,679	1,008,665	1,146,858	1,872,429
NET POSITION						
Net investment in capital assets	130,280,877	130,191,145	63,395,949	65,052,390	193,676,826	195,243,535
Restricted	15,732,766	14,978,193			15,732,766	14,978,193
Unrestricted	13,935,760	17,736,947	24,245,927	22,987,238	38,181,687	40,724,185
Total net position	$ 159,949,403	$ 162,906,285	$ 87,641,876	$ 88,039,628	$ 247,591,279	$ 250,945,913

By far the largest portion of the Town's net position (78%) 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.

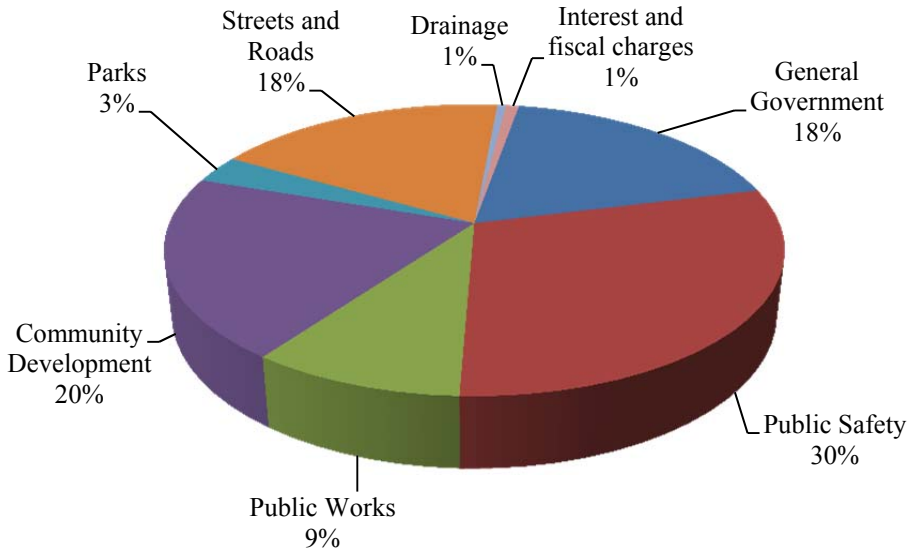
Governmental activities: Significant revenues of the governmental activities are taxes (74%), which include property taxes, sales taxes, and transient occupancy tax. Program revenues are 21% of the total revenues of the governmental activities, which include charges for services, operating contributions and grants, and capital contributions and grants. Tax revenues increased by $407,759 or 3%, mostly due to an increase in sales tax revenue.

REVENUES BY SOURCE - GOVERNMENTAL ACTIVITIES
FOR FISCAL YEAR ENDED JUNE 30, 2016

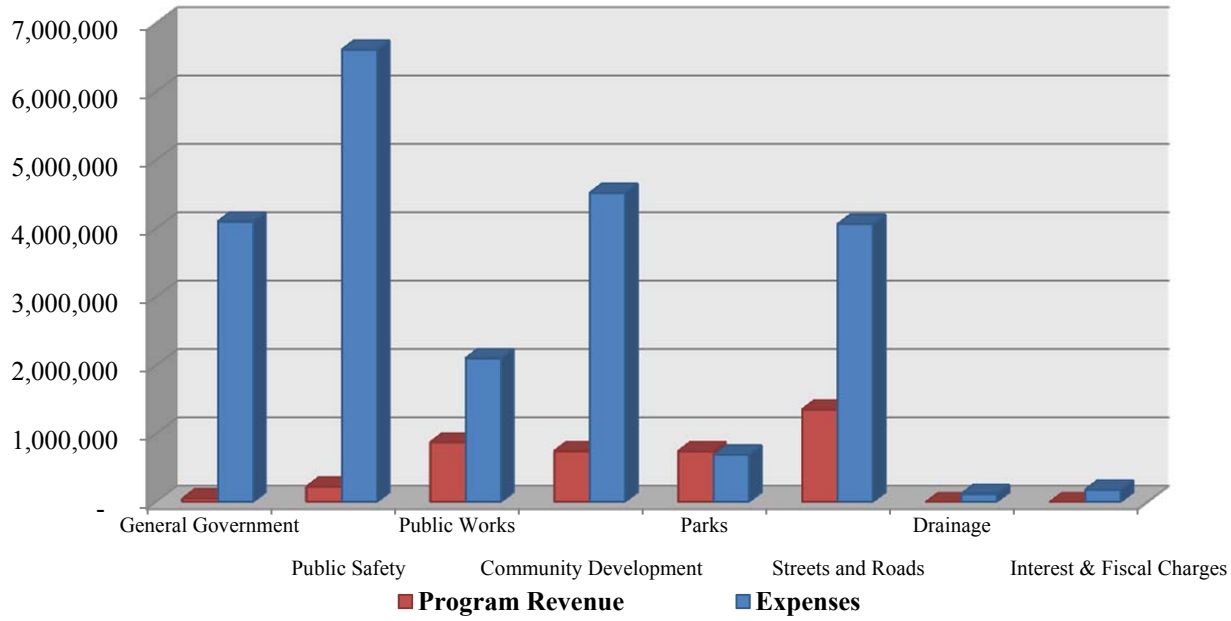


As for expenses, public safety expenses are the most significant (30%) of all governmental activities expenses, followed by community development (20%), streets and roads (18%) and general government (18%), public works (9%), parks (3%) and various other programs (2%). Included in these amounts is depreciation expense, which is 19% of the total expenses for governmental activities.

EXPENSES BY FUNCTION/PROGRAM - GOVERNMENTAL ACTIVITIES
FOR FISCAL YEAR ENDED JUNE 30, 2016



COMPARISON OF EXPENSES AND PROGRAM REVENUES - GOVERNMENTAL ACTIVITIES
FOR FISCAL YEAR ENDED JUNE 30, 2016
(in dollars)



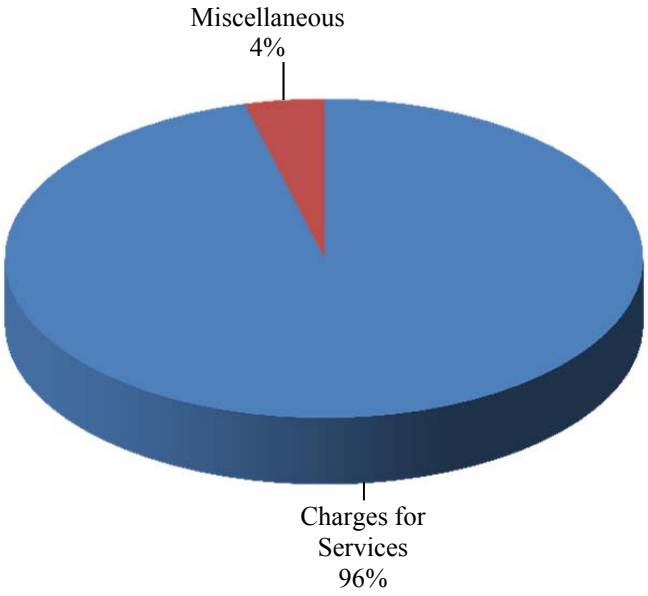
Business-type activities: For the fiscal year ended June 30, 2016, business-type activities decreased the Town's net position by $397,752. Key elements of this change are as follows:

Charges for services decreased by $442,104 primarily due to lower water consumption due to drought conservation efforts by residents.

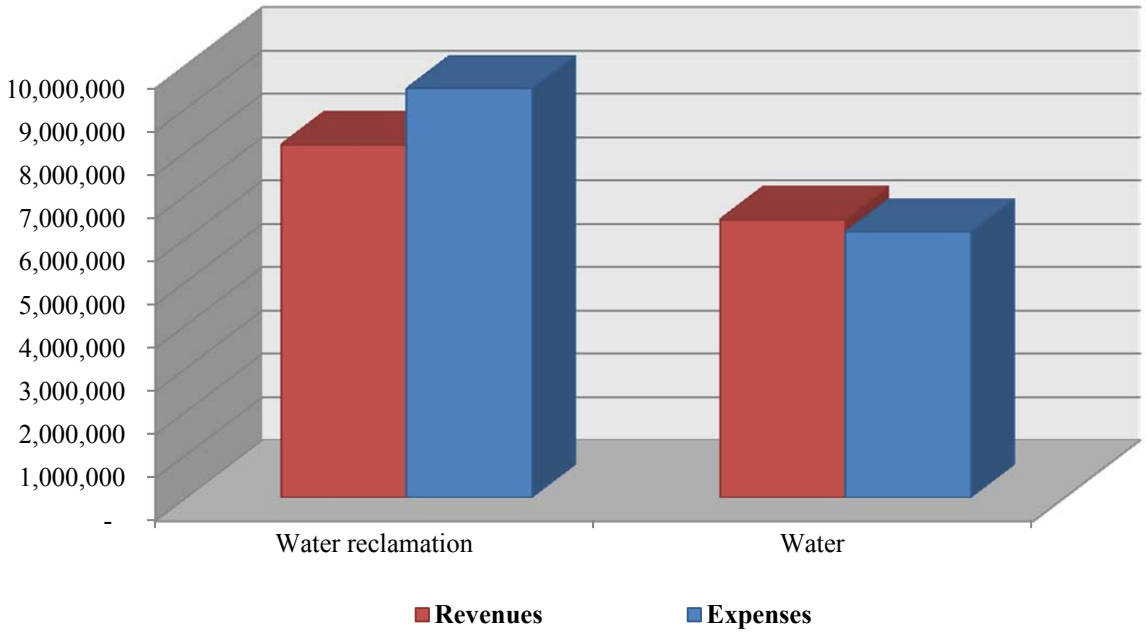
Operating expenses decreased by $73,971 due to decreases in salaries and wages along with materials, supplies and other operating expenses.

Unrestricted investment earnings increased by $113,848 primarily due to the market recovery and increasing rates of return.

REVENUES BY SOURCE - BUSINESS-TYPE ACTIVITIES
FOR FISCAL YEAR ENDED JUNE 30, 2016



COMPARISON OF EXPENSES AND REVENUES - BUSINESS-TYPE ACTIVITIES
FOR FISCAL YEAR ENDED JUNE 30, 2016
(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, unreserved 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, 2016, the Town's governmental funds reported total ending fund balance of $27,693,334, a decrease of $3,092,124 from the prior fiscal year. Total cash, restricted cash and investments decreased by $1,427,274. Approximately 35% of the total ending fund balances constituted unassigned fund balances, which are considered available for appropriation. The remaining fund balance is either non-spendable, restricted, committed, or assigned. The majority of the fund balance (64%), is assigned for various functions, such as drainage mitigation, debt service, and capital replacement.

Governmental fund revenues were $3,686,675 lower than the prior fiscal year, and expenditures increased by $368,985. Operating and capital grants and contributions accounted for a significant portion ($3,233,280) of the decrease in revenues. A decrease of the investment in streets and road expenditures ($1,080,290) accounted for most of the decrease in expenditures, offset by small increases in public safety, general government activities, drainage, and principal debt service.

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 $465,708 in fiscal year 2015-16. This increase was primarily due to a decrease in salaries and operating expenses.

The Water Reclamation Utility's net position decreased $863,460 in the current fiscal year which was primarily due to an increase in operating expense.

TOWN FISCAL HIGHLIGHTS

Property Taxes - There was a slight decrease in revenue from property taxes in fiscal year 2015-16. Despite the median home price in Windsor increasing to record highs, inventory has been scarce which means no new assessments based on new rising home prices.

Operating and Capital Grants and Contributions - The Town’s grants and contributions revenue decreased by $3,233,280 from the previous fiscal year 2014-15. The decrease was due to less available grants as the economic environment recovers. The decrease is significant and dropped the Town’s Operating and Capital Grants and Contributions revenue from 25% of total revenue to 13% in fiscal year 2015-16.

CAPITAL ASSETS

Capital assets - The Town's investment in capital assets for its governmental and business-type activities at June 30, 2016, amounted to $209,994,955 (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 $7,816,493.

CAPITAL ASSETS

(net of accumulated depreciation)

	Governmental Activities		Business-type Activities	
	2016	2015	2016	2015
Land	$ 32,310,417	$ 32,310,417	$ 6,893,707	$ 6,893,707
Rights of way	407	407		
Construction in progress	394,807	267,022	419,103	191,883
Buildings	5,634,470	5,035,501		
Improvements other than buildings	7,387,940	6,726,440		
Equipment and machinery	148,616	179,752	617,484	400,335
Infrastructure	90,210,462	92,449,885	65,257,164	68,336,278
Vehicles	515,033	504,146	205,345	181,879
Total	$ 136,602,152	$ 137,473,570	$ 73,392,803	$ 76,004,082

Additional information on the Town's capital assets can be found in Note 7 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 $23,448,284 at June 30, 2016. Of this total $10,022,315, or 43%, was in governmental activities and $13,425,969, or 57%, was in business-type activities. The Town's outstanding long-term liabilities decreased by $1,573,829 or 6%, in fiscal year 2015-16.

LONG-TERM LIABILITIES

	Governmental Activities		Business-type Activities	
	2016	2015	2016	2015
General obligation bonds	$ -	$ -	$ -	$ 24,000
Revenue bonds	3,424,400	3,786,100	6,340,000	6,905,761
Notes and loans payable			3,713,787	4,224,625
Net OPEB obligation	397,000	330,000		
Compensated absences	253,209	235,454	275,239	234,983
Net pension liability	2,867,465	2,570,375	2,951,182	3,001,561
Refunding bonds	2,938,360	3,550,000		
Premium	141,881	159,254	145,761	
Total	$ 10,022,315	$ 10,631,183	$ 13,425,969	$ 14,390,930

Additional information on the Town's long-term liabilities can be found in Note 8 of the notes to the financial statements.

GENERAL FUND BUDGETARY HIGHLIGHTS

There was a net decrease of $1,885,763 in general fund appropriations between the original budget and the final amended budget for the fiscal year ended June 30, 2016.

Revenue was $539,869 or 3% below the final amended budget and expenses were $9,966 less than the adjusted amended budget.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Town has emerged from the recession but is reminded of the importance of fiscally responsible and conservative practices. These practices have allowed the town to minimize risk, maintain an adequate reserve, and maintain a balanced budget. Fiscal year 2015-16 was focused on responding to unmet needs stemming from the recession and to reinvest in staff. The following fiscal year 2016-17 will continue this trend with an added emphasis on efficiencies. We expect the economy to continue to grow at a more sustainable pace and acknowledge a possible short term taper off as we reach market equilibrium.

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.

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TOWN OF WINDSOR
Statement of Net Position
June 30, 2016

	Governmental Activities	Business-type Activities	Total
ASSETS:			
Cash and investments	$ 29,725,219	$ 24,975,114	$ 54,700,333
Accounts receivable	1,193,773	3,236,343	4,430,116
Interest receivable	6,368	5,642	12,010
Notes receivable, net	5,652,015	749,214	6,401,229
Internal balances	384,133	(384,133)	
Inventory	83,081	193,798	276,879
Capital assets			
Non depreciable capital assets	32,705,631	7,192,044	39,897,675
Depreciable capital assets, net of accumulated depreciation	103,896,521	66,200,759	170,097,280
TOTAL ASSETS	173,646,741	102,168,781	275,815,522
DEFERRED OUTFLOWS OF RESOURCES:			
Pension	453,053	466,280	919,333
Deferred loss on refunding of debt	183,366	202,694	386,060
TOTAL DEFERRED OUTFLOWS OF RESOURCES	636,419	668,974	1,305,393
LIABILITIES:			
Accounts payable	2,457,718	842,414	3,300,132
Accrued liabilities	126,542	69,173	195,715
Accrued interest payable	47,023	118,153	165,176
Deposits payable	415,164	158,491	573,655
Payable to successor agency trust fund	699,816		699,816
Long-term liabilities			
Due within one year	1,074,052	1,006,851	2,080,903
Due in more than one year	8,948,263	12,419,118	21,367,381
TOTAL LIABILITIES	13,768,578	14,614,200	28,382,778
DEFERRED INFLOWS OF RESOURCES:			
Pension	565,179	581,679	1,146,858
TOTAL DEFERRED INFLOWS OF RESOURCES	565,179	581,679	1,146,858
NET POSITION			
Net investment in capital assets	130,280,877	63,395,949	193,676,826
Restricted	15,732,766		15,732,766
Unrestricted	13,935,760	24,245,927	38,181,687
TOTAL NET POSITION	$ 159,949,403	$ 87,641,876	$ 247,591,279

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, 2016

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Grants and Contributions: Operating	Program Revenues: Grants and Contributions: Capital
Governmental Activities:				
General government	$ 4,103,097	$ 13,904	$ 37,244	$ -
Public safety	6,615,490	83,627	140,463	
Public works	2,104,233	23,694		850,233
Community development	4,519,373	653,378	91,678	
Parks	689,280	742,867		
Streets and roads	4,062,445	5,504	327,166	1,020,642
Drainage	120,128			
Housing	170			
Interest and fiscal charges	181,770			
TOTAL GOVERNMENTAL ACTIVITIES	22,395,986	1,522,974	596,551	1,870,875
Business-type Activities:				
Water reclamation	9,440,196	8,146,544		
Water	6,132,443	6,416,852		
TOTAL BUSINESS-TYPE ACTIVITIES	15,572,639	14,563,396		
TOTAL GOVERNMENT	$ 37,968,625	$ 16,086,370	$ 596,551	$ 1,870,875

General Revenues and Transfers:
Taxes:
Property taxes
Sales and use taxes
Other taxes
Motor vehicle in-lieu tax
Unrestricted investment earnings
Miscellaneous
Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position, July 1, 2015

Net Position, June 30, 2016

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**
$ (4,051,949)	$ -	$ (4,051,949)
(6,391,400)		(6,391,400)
(1,230,306)		(1,230,306)
(3,774,317)		(3,774,317)
53,587		53,587
(2,709,133)		(2,709,133)
(120,128)		(120,128)
(170)		(170)
(181,770)		(181,770)
(18,405,586)		(18,405,586)
	(1,293,652)	(1,293,652)
	284,409	284,409
	(1,009,243)	(1,009,243)
(18,405,586)	(1,009,243)	(19,414,829)
6,838,469	2,068	6,840,537
3,465,862		3,465,862
4,151,314		4,151,314
11,029		11,029
386,882	319,005	705,887
610,527	275,039	885,566
(15,379)	15,379	
15,448,704	611,491	16,060,195
(2,956,882)	(397,752)	(3,354,634)
162,906,285	88,039,628	250,945,913
$ 159,949,403	$ 87,641,876	$ 247,591,279

TOWN OF WINDSOR
Balance Sheet
Governmental Funds
June 30, 2016

	General Fund	Housing Fund	Capital Replacement Fund
ASSETS:			
Cash and investments	$ 11,450,392	$ 465,861	$ 7,448,381
Accounts receivable	1,063,147		
Interest receivable	2,636	4	1,681
Due from other funds	4,617		503,745
Inventory	38,303		
Notes receivable		5,097,549	
TOTAL ASSETS	$ 12,559,095	$ 5,563,414	$ 7,953,807
LIABILITIES:			
Accounts payable	$ 2,126,731	$ -	$ 119,110
Accrued liabilities	89,372		
Deposits payable	415,164		
Due to other funds			
Payable to successor trust fund			
TOTAL LIABILITIES	2,631,267		119,110
DEFERRED INFLOWS OF RESOURCES:			
Deferred revenue - notes receivable		5,097,549	
TOTAL DEFERRED INFLOWS OF RESOURCES		5,097,549	
FUND BALANCES:			
Nonspendable	38,303		
Restricted	144,870	465,865	
Assigned	100,000		7,834,697
Unassigned	9,644,655		
TOTAL FUND BALANCES	9,927,828	465,865	7,834,697
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 12,559,095	$ 5,563,414	$ 7,953,807

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

Debt Service Fund	Other Governmental Funds	Totals
$ 732,878	$ 9,627,707	$ 29,725,219
	130,626	1,193,773
169	1,878	6,368
		508,362
	44,778	83,081
	554,466	5,652,015
$ 733,047	$ 10,359,455	$ 37,168,818
$ -	$ 211,877	$ 2,457,718
	37,170	126,542
		415,164
	124,229	124,229
699,816		699,816
699,816	373,276	3,823,469
	554,466	5,652,015
	554,466	5,652,015
	44,778	83,081
	9,386,935	9,997,670
33,231		7,967,928
		9,644,655
33,231	9,431,713	27,693,334
$ 733,047	$ 10,359,455	$ 37,168,818

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TOWN OF WINDSOR
Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
June 30, 2016

TOTAL FUND BALANCES - TOTAL GOVERNMENTAL FUNDS		$ 27,693,334
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	$ 209,511,776	
Less: accumulated depreciation	(72,909,624)	136,602,152
Certain notes receivable, accounts receivable, and interest receivable are not available to pay for current period expenditures and, therefore are offset by deferred revenue in the governmental funds.		5,652,015
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.		183,366
Deferred outflows and inflows of resources relating to pensions: In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported.		
Deferred outflow of resources	453,053	
Deferred inflow of resources	(565,179)	(112,126)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds' balance sheet:		
Net pension liability	(2,867,465)	
Refunding bonds	(2,938,360)	
Premium on refunding bonds	(141,881)	
Lease revenue bonds	(3,424,400)	
Net OPEB obligation	(397,000)	
Compensated absences	(253,209)	(10,022,315)
Accrued interest payable on long-term liabilities has not been reported in the governmental funds.		(47,023)
Net Position of Governmental Activities		$ 159,949,403

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, 2016

	General Fund	Housing Fund	Capital Replacement Fund	Debt Service Fund
REVENUES:				
Property taxes	$ 6,844,096	$ -	$ -	$ -
Sales taxes	3,465,862			
Other taxes	3,139,054			
Licenses, permits, and fees	693,950			
Fines and forfeitures	66,998			
Rental income	95,055			
Use of money and property	131,830		135,284	11,657
Intergovernmental	317,979			
Charges for services	717,219			
Other revenues	524,072	20,750		
TOTAL REVENUES	15,996,115	20,750	135,284	11,657
EXPENDITURES:				
Current:				
General administration	3,908,820			3,015
Public safety	6,335,014			
Public works	1,360,467			
Community development	2,841,149			
Streets and roads				
Drainage				
Housing				
Capital outlay	1,768,247		1,585,947	
Debt service:				
Principal				973,340
Interest				176,146
TOTAL EXPENDITURES	16,213,697		1,585,947	1,152,501
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(217,582)	20,750	(1,450,663)	(1,140,844)
OTHER FINANCING SOURCES (USES):				
Transfers in	89,485			242,822
Transfers out	(1,233,331)			
TOTAL OTHER FINANCING SOURCES (USES)	(1,143,846)			242,822
NET CHANGE IN FUND BALANCES	(1,361,428)	20,750	(1,450,663)	(898,022)
FUND BALANCES, JULY 1, 2015	11,289,256	445,115	9,285,360	931,253
FUND BALANCES, JUNE 30, 2016	$ 9,927,828	$ 465,865	$ 7,834,697	$ 33,231

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

Other Governmental Funds	Total
$ 5,402	$ 6,849,498
	3,465,862
	3,139,054
	693,950
	66,998
	95,055
108,111	386,882
1,299,214	1,617,193
1,805,804	2,523,023
65,704	610,526
3,284,235	19,448,041
38,727	3,950,562
29,952	6,364,966
385,031	1,745,498
1,619,077	4,460,226
1,208,950	1,208,950
120,128	120,128
170	170
170,606	3,524,800
	973,340
	176,146
3,572,641	22,524,786
(288,406)	(3,076,745)
1,104,255	1,436,562
(218,610)	(1,451,941)
885,645	(15,379)
597,239	(3,092,124)
8,834,474	30,785,458
$ 9,431,713	$ 27,693,334

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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, 2016

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		$ (3,092,124)
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	$ 3,479,159	
Depreciation expense not reported in governmental funds	(4,350,577)	(871,418)
Certain receivables are offset by deferred 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 deferred revenue exceeded current year.		6,442
In governmental funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This fiscal year, the difference between accrual-basis pension costs and actual employer contribution was:		117,257
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 and defeasance	973,340	
Deferred loss on refunding of debt, amortization	(29,563)	
Premium on refunding bonds, amortization	17,373	
Interest payable	6,566	
Net OPEB obligation	(67,000)	
Compensated absences	(17,755)	882,961
Change in net position of governmental activities		$ (2,956,882)

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

TOWN OF WINDSOR
Statement of Net Position
Proprietary Funds
June 30, 2016

	Business-type Activities - Enterprise Funds		
	Water Reclamation	Water	Totals
ASSETS:			
Current Assets			
Cash and investments	$ 10,718,578	$ 14,256,536	$ 24,975,114
Accounts receivable	1,670,932	1,565,411	3,236,343
Interest receivable	2,509	3,133	5,642
Inventory	22,048	171,750	193,798
Total Current Assets	12,414,067	15,996,830	28,410,897
Non-Current Assets			
Notes receivable	619,255	129,959	749,214
Capital assets, net of accumulated depreciation	52,439,067	20,953,736	73,392,803
Total Non-Current Assets	53,058,322	21,083,695	74,142,017
TOTAL ASSETS	65,472,389	37,080,525	102,552,914
DEFERRED OUTFLOWS OF RESOURCES:			
Pension	254,900	211,380	466,280
Deferred loss on refunding of debt	101,468	101,226	202,694
TOTAL DEFERRED OUTFLOWS OF RESOURCES	356,368	312,606	668,974
LIABILITIES:			
Current Liabilities			
Accounts payable	352,313	490,101	842,414
Accrued liabilities	37,764	31,409	69,173
Accrued interest payable	87,159	30,994	118,153
Deposits payable	87,568	70,923	158,491
Due to other funds	169,843	214,290	384,133
Long-term liabilities - current portion	739,505	267,346	1,006,851
Total Currrent Liabilities	1,474,152	1,105,063	2,579,215
Non-Current Liabilities			
Compensated absences	135,690	139,549	275,239
Net pension liability	1,613,315	1,337,867	2,951,182
Loans payable	2,721,433	466,801	3,188,234
Bonds payable	2,998,470	3,005,993	6,004,463
Total Non-Current Liabilities	7,468,908	4,950,210	12,419,118
TOTAL LIABILITIES	8,943,060	6,055,273	14,998,333
DEFERRED INFLOWS OF RESOURCES:			
Pension	317,985	263,694	581,679
TOTAL DEFERRED INFLOWS OF RESOURCES	317,985	263,694	581,679
NET POSITION:			
Net investment in capital assets	46,081,127	17,314,822	63,395,949
Unrestricted	10,486,585	13,759,342	24,245,927
TOTAL NET POSITION	$ 56,567,712	$ 31,074,164	$ 87,641,876

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, 2016

	Business-type Activities - Enterprise Funds		
	Water Reclamation	Water	Total
OPERATING REVENUES:			
Charges for services, net of refunds	$ 8,030,006	$ 6,110,683	$ 14,140,689
Other revenue	116,538	306,169	422,707
TOTAL OPERATING REVENUES	8,146,544	6,416,852	14,563,396
OPERATING EXPENSES:			
Salaries and benefits	2,980,263	2,400,649	5,380,912
Materials, supplies, and operational expenses	1,190,373	1,747,407	2,937,780
Repairs and maintenance	367,704	63,887	431,591
Insurance	77,657	77,657	155,314
Contractual services	1,772,835	200,168	1,973,003
Taxes and licenses	53,116	18,750	71,866
Utilities	554,278	294,542	848,820
Depreciation	2,257,286	1,208,630	3,465,916
TOTAL OPERATING EXPENSES	9,253,512	6,011,690	15,265,202
OPERATING INCOME (LOSS)	(1,106,968)	405,162	(701,806)
NON-OPERATING INCOME (EXPENSE):			
Rental income	275,039		275,039
Interest income	146,815	172,190	319,005
Interest expense	(186,684)	(120,753)	(307,437)
Property taxes	2,365	(297)	2,068
TOTAL NON-OPERATING INCOME (EXPENSE)	237,535	51,140	288,675
INCOME (LOSS) BEFORE TRANSFERS	(869,433)	456,302	(413,131)
TRANSFERS:			
Transfers in	1,748,900	1,680,286	3,429,186
Transfers out	(1,742,927)	(1,670,880)	(3,413,807)
TOTAL TRANSFERS	5,973	9,406	15,379
Change in Net Position	(863,460)	465,708	(397,752)
Net Position, July 1, 2015	57,431,172	30,608,456	88,039,628
Net Position, June 30, 2016	$ 56,567,712	$ 31,074,164	$ 87,641,876

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, 2016

	Business-type Activities - Enterprise Funds		
	Water Reclamation	Water	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	$ 7,946,317	$ 6,366,319	$ 14,312,636
Cash paid to suppliers	(4,034,276)	(2,291,325)	(6,325,601)
Cash paid to employees	(3,286,072)	(2,712,425)	(5,998,497)
NET CASH PROVIDED BY OPERATING ACTIVITIES	625,969	1,362,569	1,988,538
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Property taxes	2,365	(297)	2,068
Transfers to other funds	5,973	9,406	15,379
Repayment on interfund activity	(173,491)	(141,986)	(315,477)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	(165,153)	(132,877)	(298,030)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(507,327)	(347,310)	(854,637)
Principal paid on capital debt	(719,078)	(235,760)	(954,838)
Interest paid on capital debt	(221,667)	(125,510)	(347,177)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(1,448,072)	(708,580)	(2,156,652)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase/disposal of investments	(68,657)	(88,924)	(157,581)
Rental income	275,039		275,039
Interest received	151,358	176,194	327,552
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	357,740	87,270	445,010
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(629,516)	608,382	(21,134)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FISCAL YEAR	5,008,004	8,397,529	13,405,533
CASH AND CASH EQUIVALENTS AT THE END OF THE FISCAL YEAR	$ 4,378,488	$ 9,005,911	$ 13,384,399
RECONCILATION OF CASH AND CASH EQUIVALENTS:			
Cash and investments - Statement of Net Position	$ 10,718,578	$ 14,256,536	$ 24,975,114
Less: investments that do not meet the definition of cash equivalents	(6,340,090)	(5,250,625)	(11,590,715)
TOTAL CASH AND CASH EQUIVALENTS	$ 4,378,488	$ 9,005,911	$ 13,384,399

(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, 2016
(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)	$ (1,106,968)	$ 405,162	$ (701,806)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation expense	2,257,286	1,208,630	3,465,916
Changes in assets, deferred outflows, liabilities, and deferred inflows:			
(Increase) decrease in accounts receivable	(206,893)	(40,882)	(247,775)
(Increase) decrease in prepaid expenses	1,216	1,583	2,799
(Increase) decrease in inventory	13,261	(102,196)	(88,935)
(Increase) decrease in deferred outflows of resources-pension	(43,014)	(29,392)	(72,406)
Increase (decrease) in accounts payable	(32,790)	211,699	178,909
Increase (decrease) in deposits payable	6,666	(9,651)	(2,985)
Increase (decrease) in accrued liabilities	(58,721)	(49,349)	(108,070)
Increase (decrease) in net pension liability	(1,387)	(48,992)	(50,379)
Increase (decrease) in compensated absences	21,943	18,313	40,256
Increase (decrease) in deferred inflows of resources-pension	(224,630)	(202,356)	(426,986)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 625,969	$ 1,362,569	$ 1,988,538

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

TOWN OF WINDSOR
Statement of Net Position
Fiduciary Funds
June 30, 2016

	Successor Agency Private - Purpose Trust Funds	Agency Funds
ASSETS:		
Cash and cash equivalents	$ 1,477,878	$ 599,048
Interest receivable		150
Receivable from Town of Windsor	699,816	
TOTAL ASSETS	2,177,694	$ 599,198
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred loss on refunding of debt	182,241	
TOTAL DEFERRED OUTFLOWS OF RESOURCES	182,241	
LIABILITIES:		
Accounts payable		$ 62,249
Accrued liabilities	1,450	
Deposit payable		517,435
Interest payable	42,297	
Long-term liabilities:		
Due within one year	1,034,909	
Due in more than one year	2,376,813	
Due to special assessment districts		19,514
TOTAL LIABILITIES	3,455,469	$ 599,198
TOTAL NET POSITION (DEFICIT)	$ (1,095,534)	

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, 2016

	Successor Agency Private-Purpose Trust Funds
Additions:	
Property taxes	$ 2,054,333
Investment earnings	10,598
Total additions	2,064,931
Deductions:	
Interest expense	115,791
Community development	244,970
Amortization	3,326
Total deductions	364,087
Change in net position	1,700,844
Net Position (Deficit) - July 1, 2015	(2,796,378)
Net Position (Deficit) - June 30, 2016	$ (1,095,534)

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

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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, deferred outflows of resources, liabilities, deferred inflows of resources, 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, deferred outflows of resources, liabilities, deferred inflows of resources, 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.

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 not 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 are recorded at cost where historical records are available and at an estimated original cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date donated.

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, 2016. 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.”

L. 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. Equity Classifications (Continued)

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. There was no budget adopted for the Housing Inclusionary Special Revenue Fund for the fiscal year ended June 30, 2016.

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. Accounting Changes

GASB has issued Statement No. 72, *Fair Value Measurement and Application.* This Statement addresses accounting and financial issues related to fair value measurements. It provides guidance for determining a fair value measurement for financial reporting purposes. Implementation of GASB Statement No. 72 had an impact on the Town's financial statements for the fiscal year ended June 30, 2016; see Note 2.

P. Future Accounting Pronouncements

The following GASB Statements will be implemented in future financial statements:

GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, is effective for fiscal years beginning after June 15, 2016.

GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, is effective for fiscal years beginning after June 15, 2017.

GASB Statement No. 77, Tax Abatement Disclosures, is effective for reporting periods beginning after December 15, 2015.

GASB Statement No. 78, Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans, is effective for reporting periods beginning after December 15, 2015.

GASB Statement No. 79, Certain External Investment Pools and Pool Participants, is effective for reporting periods beginning after June 15, 2015, except for the provisions in paragraphs 18, 19, 23-26, and 40, which are effective for reporting periods beginning after December 15, 2015.

GASB Statement No. 80, Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14, is effect for periods beginning after June 15, 2016.

GASB Statement No. 81, Irrevocable Split-Interest Agreements, is effective for periods beginning after December 15, 2016.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. 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 and Note 11 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 and Note 11 for a detailed listing of the deferred inflows of resources that the Town has recognized.

NOTE 2: CASH AND INVESTMENTS

Cash, cash equivalents, and investments as of June 30, 2016 were classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and investments	$ 54,700,333
Statement of Fiduciary Net Position:	
Cash and investments	2,076,926
Total Cash and Investments	$ 56,777,259

Cash and investments held by the Town at June 30, 2016 consisted of the following:

Investments	$ 55,066,448
Cash in banks	1,708,461
Petty cash	2,350
Total Cash and Investments	$ 56,777,259

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

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

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.

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, 2016:

		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	$ 7,177,619	$ 7,177,619	$ -	$ -	$ -	$ -
County of Sonoma Pool	19,874,394	19,874,394				
Money Market Funds	1,062,665	1,062,665				
United States Treasury Obligations	3,029,800				1,015,740	2,014,060
Federal Home Loan Bank	6,970,123		5,000,370			1,969,753
Federal Farm Credit Bank	6,152,940		4,000,080			2,152,860
Fannie Mae	9,275,683		3,000,540	2,200,682	2,071,721	2,002,740
Certificates of Deposit	1,523,207		504,803	504,105	514,299	
Held by bond trustees:						
Money Market Funds	17	17				
Total	$ 55,066,448	$ 28,114,695	$ 12,505,793	$ 2,704,787	$ 3,601,760	$ 8,139,413

NOTE 2: CASH 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	$ 7,177,619	N/A	$ -	$ -	$ -	$ -	$ 7,177,619
County of Sonoma Pool	19,874,394	N/A					19,874,394
Money Market Funds	1,062,665	N/A		1,062,665			
United States Treasury Obligations	3,029,800	N/A	3,029,800				
Federal Home Loan Bank	6,970,123	N/A		6,970,123			
Federal Farm Credit Bank	6,152,940	N/A		6,152,940			
Fannie Mae	9,275,683	N/A		9,275,683			
Certificates of Deposit	1,523,207	N/A					1,523,207
Held by bond trustees:							
Money Market Funds	17	N/A		17			
Total	$ 55,066,448		$ 3,029,800	$ 23,461,428	$ -	$ -	$ 28,575,220

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	Interest Rates	Maturity Dates
Federal Home Loan Bank	U.S. Agency Securities	$ 6,970,123	.84% to 1.36%	12/28/17 to 12/11/20
Federal Farm Credit Bank	U.S. Agency Securities	6,152,940	.87% to 1.62%	11/27/17 to 4/20/21
Fannie Mae	U.S. Agency Securities	9,275,683	1.00% to 1.75%	1/30/18 to 11/25/20

NOTE 2: CASH 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.

Fair Value Measurements

The Town categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. These principles recognize a three-tiered fair value hierarchy, as follows

- Level 1: Investments reflect prices quoted in active markets;
- Level 2: Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered active; and
- Level 3: Investments reflect prices based on unobservable sources.

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Fair Value Measurements (Continued)

The Town has the following fair value measurements as of June 30, 2016:

Investment Type	Totals June 30, 2016	Fair Value Measurements Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt Securities:				
Money Market Funds	$ 1,062,665	$ 1,062,665	$ -	$ -
U.S. Treasury Obligations	3,029,800	3,029,800		
Federal Home Loan Bank	6,970,123	6,970,123		
Federal Farm Credit Bank	6,152,940	6,152,940		
Federal National Mortgage Corporation	9,275,683	9,275,683		
Certificates of Deposit	1,523,207	1,523,207		
Held by bond trustees:				
Money Market Funds	17	17		
Total Investments at Fair Value	28,014,435	$ 28,014,435	$ -	$ -
Investments measured at amortized cost:				
LAIF	7,177,619			
County of Sonoma	19,874,394			
Total Pooled and Directed Investments	$ 55,066,448			

NOTE 3: NOTES AND LOANS RECEIVABLE

These notes and loans receivable, including interest, were comprised of the following at June 30, 2016:

Forest Winds Apartments	$ 588,057
Winter Creek Village Apartments	1,094,975
Vinecrest	1,087,038
Windsor Redwoods	2,652,479
Twin Oaks	75,000
Windsor Hospitality Group, LLC	1,303,680
Manzanita Self-help	750,000
	7,551,229
Allowance for doubtful accounts	(1,150,000)
Total	$ 6,401,229

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 of $588,057 at June 30, 2016, totaled $248,057.

NOTE 3: NOTES AND LOANS RECEIVABLE (CONTINUED)

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 of which $928,669 is the outstanding principal 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 $1,094,975 at June 30, 2016, totaled $166,306.

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 $1,087,038 at June 30, 2016, totaled $399,038.

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.

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 (855 Twin Oaks) 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 (840 Twin Oaks). 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. During fiscal year 2015, $50,000 was repaid on the 840 Twin Oaks note, leaving only the $75,000 note receivable outstanding.

NOTE 3: NOTES AND LOANS RECEIVABLE (CONTINUED)

F. Windsor Hospitality Group, LLC Note Receivable

In June 2015, the Town entered into an agreement with Windsor Hospitality Group, LLC to finance the payment of impact fees. The loan is in the amount of $1,303,680 as part of the Town's Development Impact Fee Loan Program and was financed by the Water Reclamation Fund, the Water Fund, the Drainage Mitigation Fund, the Traffic Mitigation Fund, and the Park Development Fund. Interest is charged at a rate of 3.25%, with monthly repayments in the amount of $21,728 to commence on the date the certificate of occupancy is issued and end 65 months after the first payment is received.

G. 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, 2016.

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, 2016 was $183,366 on the Statement of Net Position for governmental activities. The deferred loss on refunding balance at June 30, 2016 was $202,694 on the Statement of Net Position for business-type activities. $101,468 was related to the Water Reclamation Fund's Bonds and $101,226 was related to the Water Fund's Bonds. The deferred loss on refunding balance on the Statement of Net Position for fiduciary funds was $182,241.

NOTE 5: UNEARNED AND DEFERRED REVENUE

At June 30, 2016, components of deferred inflows of resources – deferred revenue reported in the fund financial statements were as follows:

Housing Special Revenue Fund:	
Notes receivable (balance may be forgiven)	$ 5,097,549
Traffic Mitigation Special Revenue Fund:	
Notes receivable	467,289
Park Development Capital Project Fund:	
Notes receivable	62,840
Drainage Mitigation Capital Project Fund:	
Notes receivable accrued but not available	24,337
Total deferred revenue	$ 5,652,015

NOTE 6: INTERFUND TRANSACTIONS

Transfers between funds during the fiscal year ended June 30, 2016 were as follows:

Transfer from	Transfer to	Description of transfer	Amount
Major Governmental Funds:			
General Fund	Lighting & Landscaping Assessment	Cover fund balance deficit	$ 1,104,256
General Fund	Water Reclamation Operating	Debt payment	64,537
General Fund	Water Operating	Debt payment	64,538
		Total Transfers from Major Governmental Funds	1,233,331
Nonmajor Governmental Funds:			
Public Facilities	Debt Service	Bond payment	139,398
Public Facilities	Water Operating	Debt payment	38,723
Public Facilities	Water Reclamation Operating	Debt payment	38,723
Lighting & Landscaping Assessment #2	General Fund	Accrued liabilities	1,766
		Total Transfers from Non-Major Governmental Funds	218,610
		Total Governmental Interfund Transfers	1,451,941
Proprietary Funds:			
Water Reclamation Operating	General Fund	Facility cost sharing	45,575
Water Reclamation Operating	Debt Service	Bond payment	51,712
Water Reclamation Operating	Water Reclamation Capital Replacement	Funding for capital replacement	1,645,640
Water Operating	General Fund	Facility cost sharing	42,143
Water Operating	Debt Service	Bond payment	51,712
Water Operating	Water Capital Replacement	Funding for capital replacement	643,126
Water Operating	Rate Stabilization	Yearly transfer	850,000
Water Capital	Water Operating	Funding for capital project	83,899
		Total Transfers from Proprietary Funds	3,413,807
		Total Interfund Transfers	$ 4,865,748

NOTE 7: CAPITAL ASSETS

Governmental activities:

	Balance July 1, 2015	Increases	Decreases	Transfers	Balance June 30, 2016
Capital assets not being depreciated:					
Land	$ 32,310,417	$ -	$ -	$ -	$ 32,310,417
Rights of way	407				407
Construction in progress	267,022	386,767		(258,982)	394,807
	32,577,846	386,767		(258,982)	32,705,631
Depreciable capital assets:					
Buildings	7,760,798	738,083		15,774	8,514,655
Improvements other than buildings	15,138,767	1,064,706		127,683	16,331,156
Equipment and machinery	814,191	25,872			840,063
Infrastructure	148,591,956	1,117,269		115,525	149,824,750
Vehicles	1,149,059	146,462			1,295,521
Total	173,454,771	3,092,392		258,982	176,806,145
Less: accumulated depreciation for					
Buildings	(2,725,297)	(154,888)			(2,880,185)
Improvements other than buildings	(8,412,327)	(530,889)			(8,943,216)
Equipment and machinery	(634,439)	(57,008)			(691,447)
Infrastructure	(56,142,071)	(3,472,217)			(59,614,288)
Vehicles	(644,913)	(135,575)			(780,488)
Total	(68,559,047)	(4,350,577)			(72,909,624)
Depreciable capital assets, net	104,895,724	(1,258,185)		258,982	103,896,521
Total capital assets, net	$ 137,473,570	$ (871,418)	$ -	$ -	$ 136,602,152

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

Public safety	$ 237,461
Public works	366,860
General government	144,334
Parks	689,280
Streets and roads	2,853,495
Community development and recreation	59,147
Total governmental activities depreciation expense	$ 4,350,577

NOTE 7: CAPITAL ASSETS (CONTINUED)

Business-type activities:

Water Reclamation Fund:	Balance July 1, 2015	Increases	Decreases	Transfers	Balance June 30, 2016
Capital assets not being depreciated:					
Land	$ 6,265,121	$ -	$ -	$ -	$ 6,265,121
Construction in progress	191,883	212,813		(190,327)	214,369
	6,457,004	212,813		(190,327)	6,479,490
Depreciable capital assets:					
Infrastructure (utility system)	81,038,685	27,260		190,327	81,256,272
Equipment and machinery	2,960,464	233,899			3,194,363
Vehicles	829,742	33,355			863,097
Total	84,828,891	294,514		190,327	85,313,732
Less: accumulated depreciation for:					
Infrastructure (utility system)	(33,532,409)	(2,206,903)			(35,739,312)
Equipment and machinery	(2,784,649)	(34,673)			(2,819,322)
Vehicles	(779,811)	(15,710)			(795,521)
Total	(37,096,869)	(2,257,286)			(39,354,155)
Depreciable capital assets, net	47,732,022	(1,962,772)		190,327	45,959,577
Total capital assets, net	$ 54,189,026	$ (1,749,959)	$ -	$ -	$ 52,439,067

Water Fund:	Balance July 1, 2015	Increases	Decreases	Transfers	Balance June 30, 2016
Capital assets not being depreciated:					
Land	$ 628,586	$ -	$ -	$ -	$ 628,586
Construction in progress		204,734			204,734
	628,586	204,734			833,320
Depreciable capital assets:					
Infrastructure (utility system)	39,871,358	60,724			39,932,082
Equipment and machinery	885,806	46,696			932,502
Vehicles	804,722	35,156			839,878
Total	41,561,886	142,576			41,704,462
Less: accumulated depreciation for:					
Infrastructure (utility system)	(19,041,356)	(1,150,522)			(20,191,878)
Equipment and machinery	(661,286)	(28,773)			(690,059)
Vehicles	(672,774)	(29,335)			(702,109)
Total	(20,375,416)	(1,208,630)			(21,584,046)
Depreciable capital assets, net	21,186,470	(1,066,054)			20,120,416
Total capital assets, net	$ 21,815,056	$ (861,320)	$ -	$ -	$ 20,953,736

NOTE 7: CAPITAL ASSETS (CONTINUED)

Business-type activities: (Continued)

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

Water Fund	$ 1,208,630
Water Reclamation Fund	2,257,286
Total business-type activities depreciation expense	$ 3,465,916

NOTE 8: LONG-TERM LIABILITIES

The following is a summary of changes in the Town's long-term liabilities for the fiscal year ended June 30, 2016:

Governmental Activities	Balance, July 1, 2015	Additions	Retirements	Balance, June 30, 2016	Due in One year
Compensated absences	$ 235,454	$ 227,934.00	$ 210,179	$ 253,209	$ 79,099
Net OPEB obligation	330,000	83,000	16,000	397,000	
Net pension liability	2,570,375	505,473	208,383	2,867,465	
Refunding bonds	3,550,000		611,640	2,938,360	609,080
Premium	159,254		17,373	141,881	17,373
Revenue bonds	3,786,100		361,700	3,424,400	368,500
Total Governmental Activities	$ 10,631,183	$ 816,407	$ 1,425,275	$ 10,022,315	$ 1,074,052

Business-type Activities	Balance, July 1, 2015	Additions	Retirements	Balance, June 30, 2016	Due in One year
Water Fund:					
Compensated absences	$ 121,236	$ 124,914	$ 106,601	$ 139,549	$ 20,831
Net pension liability	1,386,859	235,838	284,830	1,337,867	
Revenue bonds	3,384,050		210,000	3,174,050	217,500
Premium on revenue bonds	72,881			72,881	2,606
SDWSRF loan payable	518,969		25,760	493,209	26,409
Total Water Fund	5,483,995	360,752	627,191	5,217,556	267,346
Water Reclamation Fund:					
Compensated absences	113,747	121,459	99,516	135,690	20,255
Net pension liability	1,614,702	284,393	285,780	1,613,315	
Revenue bonds	3,375,950		210,000	3,165,950	217,500
Premium on revenue bonds	72,880			72,880	2,605
State Revolving Fund	3,705,656		485,078	3,220,578	499,145
General obligation bonds	24,000		24,000		
Total Water Reclamation Fund	8,906,935	405,852	1,104,374	8,208,413	739,505
Total Business-type Activities	$ 14,390,930	$ 766,604	$ 1,731,565	$ 13,425,969	$ 1,006,851

NOTE 8: LONG-TERM LIABILITIES (CONTINUED)

A description of the long-term liabilities related to governmental activities at June 30, 2016 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, 2016 was $3,424,400.

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.

In October of 2014, the Series 2008 Lease Revenue Bonds were advance refunded, in the amount of $4,390,000, by the issuance of $6,965,000 of Series 2014 Tax Allocation Refunding Bonds. This refunding was split between the Town (54.95%) and the Successor Agency (45.05%) due to a portion of the proceeds being utilized to defease the 1998 and 2004 Tax Allocation Bonds of the Successor Agency as well. The advance refunding met the requirements of an in-substance debt defeasance, and the Series 2008 bonds were removed from the Town's long-term liabilities portfolio. The refunding resulted in an economic gain (difference between the present value of the debt service payments on the old and new debts, plus or minus funds on hand) of $665,711. The aggregate difference in debt service between the old and new debt is $1,792,599. The 2014 Tax Allocation Refunding Bonds are secured by the same collateral as the Series 2008 Lease Revenue Bonds. Bond principal is due September 1 of each year beginning September 2015 and the bonds mature on September 1, 2024. Interest is payable on March 1 and September 1 of each year. Interest on the bond varies from 2.0 to 3.0 percent with a final maturity in 2024. The outstanding principal balance of the bonds attributable to Governmental Activities at June 30, 2016 was $2,938,360.

NOTE 8: LONG-TERM LIABILITIES (CONTINUED)

Governmental Activities Long-Term Liabilities Bond Amortization:

2012 A Lease Revenue Bonds

Fiscal Year Ended	Principal	Interest	Total
2017	$ 368,500	$ 79,321	$ 447,821
2018	379,600	70,485	450,085
2019	384,900	61,420	446,320
2020	395,300	52,197	447,497
2121	405,500	42,729	448,229
2022-2025	1,490,600	71,700	1,562,300
	$ 3,424,400	$ 377,852	$ 3,802,252

2014 Tax Allocation Refunding Bonds

Fiscal Year Ended	Principal	Interest	Total
2017	$ 609,080	$ 75,969	$ 685,049
2018	621,834	60,551	682,385
2019	300,723	46,713	347,436
2020	591,252	33,334	624,586
2021	178,395	21,790	200,185
2022-2025	637,076	38,990	676,066
	$ 2,938,360	$ 277,347	$ 3,215,707

Total Governmental Activities

Fiscal Year Ended	Principal	Interest	Total
2017	$ 977,580	$ 155,290	$ 1,132,870
2018	1,001,434	131,036	1,132,470
2019	685,623	108,133	793,756
2020	986,552	85,531	1,072,083
2021	583,895	64,519	648,414
2022-2025	2,127,676	110,690	2,238,366
	$ 6,362,760	$ 655,199	$ 7,017,959

NOTE 8: LONG-TERM LIABILITIES (CONTINUED)

A. Business-type Activities

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, 2016 was $6,340,000.

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, 2016, the outstanding principal balance of the loan was $3,220,578.

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, 2016 was $493,209. 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.

NOTE 8: LONG-TERM LIABILITIES (CONTINUED)

B. Business-type Activities (Continued)

Business-type Long-Term Liabilities Amortization:

2012D Revenue Bonds

Fiscal Year Ended	Principal	Interest	Total
2017	$ 435,000	$ 212,550	$ 647,550
2018	450,000	197,024	647,024
2019	465,000	178,725	643,725
2020	485,000	164,575	649,575
2021	495,000	149,825	644,825
2022-2026	2,765,000	453,025	3,218,025
2027-2028	1,245,000	44,012	1,289,012
	$ 6,340,000	$ 1,399,736	$ 7,739,736

State Revolving Fund Loan

Fiscal Year Ended	Principal	Interest	Total
2017	$ 499,145	$ 93,397	$ 592,542
2018	513,620	78,922	592,542
2019	528,515	64,027	592,542
2020	543,842	48,700	592,542
2021	559,614	32,929	592,543
2022	575,842	16,699	592,541
	$ 3,220,578	$ 334,674	$ 3,555,252

SDWSRF Loan Payable

Fiscal Year Ended	Principal	Interest	Total
2017	$ 26,409	$ 12,174	$ 38,583
2018	27,073	11,510	38,583
2019	27,755	10,828	38,583
2020	28,454	10,129	38,583
2021	29,170	9,413	38,583
2022-2026	157,241	35,675	192,916
2027-2031	178,054	14,863	192,917
2032	19,053	238	19,291
	$ 493,209	$ 104,830	$ 598,039

NOTE 8: LONG-TERM LIABILITIES (CONTINUED)

B. Business-type Activities (Continued)

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

Total Business-type Activities

Fiscal Year Ended	Principal	Interest	Total
2017	$ 960,554	$ 318,121	$ 1,278,675
2018	990,693	287,456	1,278,149
2019	1,021,270	253,580	1,274,850
2020	1,057,296	223,404	1,280,700
2021	1,083,784	192,167	1,275,951
2022-2026	3,498,083	505,399	4,003,482
2027-2031	1,423,054	58,875	1,481,929
2032	19,053	238	19,291
	$ 10,053,787	$ 1,839,240	$ 11,893,027

NOTE 9: 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, 2016, the outstanding principal amount of the bonds was $3,905,000.

NOTE 10: OPERATING LEASES

The Town has commitments to lease certain office equipment. The total rent expense for the fiscal year ended June 30, 2016 was approximately $37,153. Future minimum rental commitments for equipment operating leases as of June 30, 2016 are as follows:

Fiscal Year Ending June 30,	Amount
2017	$ 14,776
2018	1,598
Total	$ 16,374

NOTE 11: TOWN EMPLOYEES RETIREMENT PLAN (DEFINED BENEFIT PENSION PLAN)

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

A. General Information about the Pension Plan

Plan Descriptions - All qualified employees are eligible to participate in the Town's Miscellaneous Plan, an agent multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plan are established by State statute and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided - CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 55 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

A. General Information about the Pension Plan (Continued)

The Plan's provisions and benefits in effect at June 30, 2016, are summarized as follows:

	Town Miscellaneous Plan		
	Tier I	Tier II	Tier III
Hire Date	Prior to July 1, 2012	On or After July 1, 2012	On or after January 1, 2013
Benefit Formula	2.7% @ 55	2.0 % @ 55	2.0 % @ 62
Benefit Vesting Schedule	5 years service	5 years service	5 years service
Benefit Payment	monthly for life	monthly for life	monthly for life
Required employee contribution rates	7.00%	7.00%	6.25%
Required employer contribution rates	8.512%*	8.512%*	6.25%**

*3% paid by employee, per MOU
**4% paid by employee, per MOU

NOTE 11: TOWN EMPLOYEES RETIREMENT PLAN (DEFINED BENEFIT PENSION PLAN) (CONTINUED)

Employees Covered – At June 30, 2016, the following employees were covered by the benefit terms for each Plan:

	Miscellaneous*
Inactive employees or beneficiaries currently receiving benefits	57
Inactive employees entitled to but not yet receiving benefits	45
Active employees	93
Total	195

* Information available for agent multiple-employer defined benefit plans

Contributions - Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July l following notice of a change in the rate. Funding contributions for the Plan is determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Town is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

B. Net Pension Liability

As of June 30, 2016, the Town reported net pension liabilities for its proportionate shares of the net pension liability of the Plan in the amount of $5,818,647.

The City's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2015, using an annual actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 using standard update procedures. The Town's proportionate of the net pension liability was based on the Town's plan liability and asset-related information where available, and proportional allocations of individual plan amounts as of the valuation date where not available.

The Town's proportionate share of the net pension liability for the Plan as of June 30, 2014 and 2015 was as follows:

Proportion - June 30, 2014	0.08954790%
Proportion - June 30, 2015	0.08477159%
Change - Increase (Decrease)	-0.00477631%

NOTE 11: TOWN EMPLOYEES RETIREMENT PLAN (DEFINED BENEFIT PENSION PLAN) (CONTINUED)

B. Net Pension Liability (Continued)

A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions - The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions:

	Miscellaneous
Valuation Date	June 30, 2014
Measurement Date	June 30, 2015
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Payroll Growth	3.00%
Projected Salary Increase	Varies (1)
Investment Rate of Return	7.65% (2)
Mortality	Derived using CalPERS' Membership Data for all Funds (3)
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Protection Allowance Floor on Purchasing Power applies, 2.75 thereafter

(1) Depending on age, service, and type of employment.
(2) Net of pension plan investment expenses, including inflation.
(3) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2014 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website.

Discount Rate - The discount rate used to measure the total pension liability was 7.65% for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

NOTE 11: TOWN EMPLOYEES RETIREMENT PLAN (DEFINED BENEFIT PENSION PLAN) (CONTINUED)

B. Net Pension Liability (Continued)

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

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

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

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

Asset Class	New Strategic Allocation	Real Return Year 1 - 10(a)	Real Return Years 11+(b)
Global Equity	51.00%	5.25%	5.71%
Global Fixed Income	19.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	10.00%	6.83%	6.95%
Real Estate	10.00%	4.50%	5.13%
Infrastructure and Forestland	2.00%	4.50%	5.09%
Liquidity	2.00%	-0.55%	-1.05%
Total	100.00%		

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

NOTE 11: TOWN EMPLOYEES RETIREMENT PLAN (DEFINED BENEFIT PENSION PLAN) (CONTINUED)

C. Net Pension Liability

As of June 30, 2016, the Town reported net pension liabilities for its proportionate share of the net pension liability of the Miscellaneous Plan as follows:

Proportionate Share of Net Pension Liability
$ 5,818,647

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

	Miscellaneous
1% Decrease	6.65%
Net Pension Liability	$ 10,545,459
Current Discount Rate	7.65%
Net Pension Liability	$ 5,818,647
1% Increase	8.65%
Net Pension Liability	$ 1,916,115

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

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

For the fiscal year ended June 30, 2016, the Town recognized pension expense of $667,028. At June 30, 2016, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 858,300	$ -
Changes of assumptions		472,436
Differences between expected and actual experiences	49,935	
Changes in employer's proportion	11,098	265,463
Differences between the employer's proportionate share of contributions		172,121
Net differences between projected and actual earnings on plan investments		236,838
Total	$ 919,333	$ 1,146,858

NOTE 11: TOWN EMPLOYEES RETIREMENT PLAN (DEFINED BENEFIT PENSION PLAN) (CONTINUED)

D. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

$858,300 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2017. Other amounts reported as deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ended June 30,		
2017	$	(482,827)
2018		(482,827)
2019		(422,771)
2020		302,600

NOTE 12: 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, 2016, the Town had 22 retired employees. The Town currently has 91 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.

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.

NOTE 12: OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

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, 2016, 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, 2016, the Town's annual cost for the healthcare plan was $83,000. The Town's annual OPEB cost contributed to the plan and the net OPEB obligation for the fiscal year ended June 30, 2016 were as follows:

Annual required contribution		
Service cost	$	58,000
30-year amortization of unfunded liability		42,000
Interest on net OPEB obligation		13,000
Amortization of net OPEB obligation		(30,000)
Total annual required contribution		83,000
Employer contributions		(16,000)
Net OPEB obligation at July 1, 2015		330,000
Net OPEB obligation at June 30, 2016	$	397,000

Funded Status and Funding Progress

As of June 30, 2015, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was $666,000, and the actuarial value of assets was $0, resulting in an unfunded actuarial accrued liability (UAAL) of $666,000. The covered payroll (annual payroll of active employees covered by the plan) was $7,549,000, and the ratio of the UAAL to the covered payroll was 9 percent.

Fiscl Year Ended	Annual Pension Cost	Annual Employer Contribution	Percentage Contributed	Net OPEB Obligation
6/30/2014	$ 60,000	$ 18,000	30%	$ 268,000
6/30/2015	78,000	16,000	21%	330,000
6/30/2016	83,000	16,000	19%	397,000

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the basic financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

NOTE 12: OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

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.

In the 2015 actuarial valuation, the entry age normal cost method was used. The initial UAAL was amortized as a level percent of payroll over a closed 24-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 59.8 and 60.9 and benefits were calculated at 2% at 55 and 2% at 62, respectively. Mortality, withdrawal, and disability were based on a CalPERS 1997-2011 experience study.

NOTE 13: 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.

NOTE 13: NET POSITION/FUND BALANCE (CONTINUED)

At June 30, 2016, the Town had recorded restricted net position in the governmental activities as follows:

Restricted for:	Governmental Activities
Inventory	$ 83,081.00
Asset forfeiture	63,874
Strong motion impact	6,834
Tree removal	65,252
Pool Creek	8,910
Housing	6,809,845
Streets and roads	1,307,950
Lighting and landscape	126,400
Rate stabilization	44,603
1982 benefit assessment	220,534
Abandoned vehicle abatement	112,457
Public Education	211,582
Community development	14,803
Public facilities	663,102
Traffic mitigation	1,424,435
Park development	763,756
Drainage mitigation	3,644,832
Fire mitigation	160,516
Total Restricted	$ 15,732,766

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.

NOTE 13: NET POSITION/FUND BALANCE (CONTINUED)

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, 2016, required minimum fund balance amount is $3,611,362, and is included in the unassigned fund balance of $9,642,889.

Investment Earnings

Investment earnings follow the classification of the revenues invested.

Fund balance classifications at June 30, 2016 were:

Fund Balances	General Fund	Housing Fund	Capital Replacement Fund	Debt Service Fund	Other Governmental Funds	Total
Nonspendable:						
Inventory	$ 38,303	$ -	$ -	$ -	$ 44,778	$ 83,081
Total Nonspendable	38,303				44,778	83,081
Restricted for:						
Asset forfeiture	63,874					63,874
Strong motion	6,834					6,834
Tree removal mitigation	65,252					65,252
Pool creek maintenance	8,910					8,910
Housing		465,865			1,246,431	1,712,296
Gas tax					603,651	603,651
Transportation					704,299	704,299
Lighting and landscaping					126,400	126,400
Mobile home rent stabilization					44,603	44,603
1982 Benefits Assessment District					220,534	220,534
Abandoned vehicle abatement					112,457	112,457
Public education					211,582	211,582
Community development					14,803	14,803
Public facilities					663,102	663,102
Traffic mitigation					957,146	957,146
Park development					700,916	700,916
Drainage mitigation					3,620,495	3,620,495
Fire mitigation					160,516	160,516
Total Restricted	144,870	465,865			9,386,935	9,997,670
Assigned for:						
Future development	100,000					100,000
Capital replacement			7,834,697			7,834,697
Debt service				33,231		33,231
Total Assigned	100,000		7,834,697	33,231		7,967,928
Unassigned	9,644,655					9,644,655
Total Fund Balances	$ 9,927,828	$ 465,865	$ 7,834,697	$ 33,231	$ 9,431,713	$ 27,693,334

NOTE 14: 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).

In future fiscal years, 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 15: SUCCESSOR AGENCY

A. Long-term debt of the Successor Agency as of June 30, 2016, consisted of the following:

	Balance, July 1, 2015	Additions	Retirements	Balance, June 30, 2016	Due in One year
Fiduciary Activities					
Refunding bonds	$ 3,415,000	$ -	$ 588,360	$ 2,826,640	$ 585,920
Premium on refunding bonds	174,071		18,989	155,082	18,989
CALHFA Loans Payable	1,040,000		610,000	430,000	430,000
Total Governmental Activities	$ 4,629,071	$ -	$ 1,217,349	$ 3,411,722	$ 1,034,909

NOTE 15: SUCCESSOR AGENCY (CONTINUED)

A. Long-term debt of the Successor Agency as of June 30, 2016, consisted of the following: (Continued)

Tax Allocation Refunding Bonds – Series 2014

In October of 2014, the Series 1998 and 2004 Tax Allocation Revenue Bonds were advance refunded by the issuance of $6,965,000 of Series 2014 Tax Allocation Refunding Bonds. This refunding was split between the Town (54.95%) and the Successor Agency (45.05%) due to a portion of the proceeds being utilized to defease the 2008 Lease Revenue Bonds of the Town. The advance refunding met the requirements of an in-substance debt defeasance, and the Series 1998 and 2004 bonds were removed from the Agency's long-term liabilities portfolio. The refunding resulted in an economic gain (difference between the present value of the debt service payments on the old and new debts, plus or minus funds on hand) of $665,711. The aggregate difference in debt service between the old and new debt is $1,792,599. The 2014 Tax Allocation Refunding Bonds are secured by the same collateral as the Series 1998 and 2004 Tax Allocation Bonds. Bond principal is due September 1 of each year beginning September 2015 and the bonds mature on September 1, 2024. Interest is payable on March 1 and September 1 of each year. Interest on the bond varies from 2.0 to 3.0 percent with a final maturity in 2024. The outstanding principal balance of the bonds attributable to the Agency at June 30, 2016 was $2,826,640.

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, 2016, the outstanding amount of the loan payable was $430,000. Payment is deferred for the term of the loan which expires February 2017.

A. Long-term debt of the Successor Agency as of June 30, 2016, consisted of the following:

Long-Term Liabilities Bond Amortization:

2014 Tax Allocation Refunding Bonds

Fiscal Year Ended	Principal	Interest	Total
2017	$ 585,920	$ 73,081	$ 659,001
2018	598,166	58,249	656,415
2019	289,277	44,937	334,214
2020	568,748	32,066	600,814
2021	171,605	20,960	192,565
2022-2025	612,924	37,508	650,432
	$ 2,826,640	$ 266,801	$ 3,093,441

NOTE 15: SUCCESSOR AGENCY (CONTINUED)

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 $182,241 at June 30, 2016.

C. Transfers in/out

During the fiscal year ended June 30, 2016, the Capital Assets Private Purpose Trust Fund transferred $2,876,673 to the Debt Service Private Purpose Trust Fund for debt service.

NOTE 16: 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.

Audited condensed financial information for REMIF for the fiscal year ended June 30, 2016 was as follows:

Total Assets	$	18,982,986
Total Deferred Outflows of Resources		515,364
Total Liabilities		21,934,697
Total Deferred Inflows of Resources		188,410
Net Position	$	(2,624,757)
Total Revenues	$	23,921,893
Total Expenses		23,859,933
Change in Net Position	$	61,960

NOTE 16: RISK MANAGEMENT (CONTINUED)

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, 2016, 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 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

On July 20, 2016, the Town Council awarded a purchase agreement in the amount not to exceed $125,000 to DC Electric Group, Inc., for routine streetlight and traffic signal maintenance.

On July 20, 2016, the Town Council awarded a construction contract in the amount of $1,316,785 to Ghilotti Construction Inc., for Windsor and Shiloh Roads Project.

On July 20, 2016, the Town Council awarded a professional services contract in the amount of $115,338 to Coastland Civil Engineering for Construction Management, Inspection and Soils Services.

On August 17, 2016, the Town Council awarded a construction contract in the amount of $260,157 to Fieldstone Construction Co., for the Town Green Playground Improvement Project.

On August 17, 2016, the Town Council awarded a professional services contract in the amount of $135,000 to Whitlock & Weinberger Transportation Inc., for the Annual Traffic Engineering Services.

On September 21, 2016, the Town Council awarded a construction contract in the amount of $268,310 to Raesfeld Construction for the Council Chambers Audio-Visual Upgrade.

NOTE 18: SUBSEQUENT EVENTS (CONTINUED)

On October 5, 2016, the Town Council awarded a multi-year professional services contract in the amount of $130,000 to Coastland Civil Engineering, Inc., for the development plan check, map check and inspection services.

On December 21, 2016, the Town Council accepted a bond as interim security in the amount of $420,131 from the Vintage Oaks for the Town Green Project.

On February 1, 2017, the Town Council awarded a professional contract in the amount of $138,540 to Horizon Water and Environment for Water Rights Project Briefing and Environmental Services.

On March 1, 2017, the Town Council awarded a professional services contract in the amount of $140,000 to Geographic Technologies Group for the Town-wide Geographic Information System Project.

On April 5, 2017, the Town Council awarded a construction contract in the amount of $495,495 to Argonaut Constructors for the Conde Lan/Johnson Street Pedestrian Project.

On April 5, 2017, the Town Council awarded a construction contract in the amount of $689,645 to Argonaut Constructors for the Bell Road/Market Street/Windsor River Road Pedestrian Improvement Project.

On April 19, 2017, the Town Council awarded a construction contract in the amount of $148,450 to Siri Grading and Paving Inc., for the Keiser Park Restroom Facilities Project.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF WINDSOR
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2016

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%	6,474,000	8%
6/30/2015	666,000		666,000	0%	7,549,000	9%

TOWN OF WINDSOR
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2016

Prepared for the Town of Windsor, a Cost Sharing Defined Benefit Pension Plan
As of June 30, 2016

Schedule of the Town's Proportionate Share of the Net Pension Liability – Last 10 Years*

	June 30, 2016	June 30, 2015
	2015-16	2014-15
Proportion of the net pension liability	0.08477%	0.08955%
Proportionate share of the net pension liability	$ 5,818,647	$ 5,572,086
Covered employee payroll	$ 7,762,471	$ 6,760,406
Proportionate share of the net pension liability as a percentage of covered employee payroll	74.96%	82.42%
Plan's fiduciary net position	$ 28,209,399	$ 27,260,409
Plan's total pension liability	$ 33,363,319	$ 32,832,495
Plan fiduciary net position as a percentage of total pension liability	84.55%	83.03%

Notes to Schedule

Change in Benefit Terms: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2014 as they have minimal cost impact. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a Golden Handshakes).

Change in Assumptions: The discount rate was changed from 7.50 percent (net of administrative expense) to 7.65 percent to count for an adjustment to exclude administrative expenses.

***Fiscal year 2015 was the 1st year of implementation, therefore only two years are shown.**

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TOWN OF WINDSOR
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2016

Prepared for the Town of Windsor, a Cost Sharing Defined Benefit Pension Plan
As of June 30, 2016

Schedule of Contributions – Last 10 Years*

	June 30, 2016	June 30, 2015
Contractual required contribution (actuarially determined)	$ 858,300	$ 779,143
Contributions in Relation to the actuarially determined contribution	(858,300)	(779,143)
Contribution deficiency (excess)	$ -	$ -
Covered-employee payroll	$ 7,762,471	$ 6,760,406
Contributions as a percentage of covered-employee payroll	11.06%	11.53%

Notes to Schedule

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2015-16 were from the June 30, 2013 public agency valuations.

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	For detail, see June 30, 2012 Funding Valuation Report
Assets Valuation Method	Actuarial Value of Assets. For details, see June 30, 2012 Funding Valuation Report.
Inflation	2.75%
Salary Increases	3.30% to 14.20%, depending on Age, Service, and type of employment
Payroll Growth	3.00%
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation.
Mortality	The probabilities of mortality are based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

* Fiscal year 2015 was the 1st year of implementation, therefore only two years are shown.

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, 2016

	General Fund			
	Budget Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Property taxes	$ 7,604,356	$ 7,604,356	$ 6,844,096	$ (760,260)
Sales taxes	3,656,727	3,656,727	3,465,862	(190,865)
Other taxes	2,960,681	2,960,681	3,139,054	178,373
Licenses, permits, and fees	624,840	624,840	693,950	69,110
Fines and forfeitures	38,000	38,000	66,998	28,998
Rental income	85,000	85,000	95,055	10,055
Use of money and property	66,790	66,790	131,830	65,040
Intergovernmental	495,040	495,040	317,979	(177,061)
Charges for services	562,550	562,550	717,219	154,669
Other revenues	442,000	442,000	524,072	82,072
TOTAL REVENUES	16,535,984	16,535,984	15,996,115	(539,869)
EXPENDITURES:				
Current:				
General administration	4,538,298	3,812,392	3,908,820	(96,428)
Public safety	6,365,105	6,344,210	6,335,014	9,196
Public works	1,500,366	1,374,332	1,360,467	13,865
Community development	2,925,374	2,948,073	2,841,149	106,924
Capital outlay	2,780,283	1,744,656	1,768,247	(23,591)
TOTAL EXPENDITURES	18,109,426	16,223,663	16,213,697	9,966
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,573,442)	312,321	(217,582)	(529,903)
OTHER FINANCING SOURCES (USES):				
Transfers in	87,719	87,719	89,485	1,766
Transfers out	(1,283,239)	(1,283,239)	(1,233,331)	49,908
TOTAL OTHER FINANCING SOURCES (USES)	(1,195,520)	(1,195,520)	(1,143,846)	51,674
NET CHANGE IN FUND BALANCES	(2,768,962)	(883,199)	(1,361,428)	(478,229)
FUND BALANCES, JULY 1, 2015	11,289,256	11,289,256	11,289,256	
FUND BALANCES, JUNE 30, 2016	$ 8,520,294	$ 10,406,057	$ 9,927,828	$ (478,229)

Housing Fund			
Budget Amounts			Variance with Final Budget Positive (Negative)
Original	Final	Actual	
$ -	$ -	$ -	$ -
400	400		(400)
		20,750	20,750
400	400	20,750	20,350
400	400	20,750	20,350
400	400	20,750	20,350
445,115	445,115	445,115	
$ 445,515	$ 445,515	$ 465,865	$ 20,350

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, 2016

	Capital Replacement Fund			
	Budget Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Use of money and property	$ 80,000	$ 80,000	$ 135,284	$ 55,284
Other revenues	35,000	35,000		(35,000)
TOTAL REVENUES	115,000	115,000	135,284	20,284
EXPENDITURES:				
Current:				
General administration				
Capital outlay	2,277,400	1,588,588	1,585,947	2,641
TOTAL EXPENDITURES	2,277,400	1,588,588	1,585,947	2,641
NET CHANGE IN FUND BALANCES	(2,162,400)	(1,473,588)	(1,450,663)	22,925
FUND BALANCES, JULY 1, 2015	9,285,360	9,285,360	9,285,360	
FUND BALANCES, JUNE 30, 2016	$ 7,122,960	$ 7,811,772	$ 7,834,697	$ 22,925

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, 2016

	Debt Service Fund			
	Budget Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Use of money and property	$ 2,000	$ 2,000	$ 11,657	$ 9,657
TOTAL REVENUES	2,000	2,000	11,657	9,657
EXPENDITURES:				
Current:				
General administration	1,500	1,500	3,015	(1,515)
Debt Service:				
Principal	361,700	361,700	973,340	(611,640)
Interest	89,970	89,970	176,146	(86,176)
TOTAL EXPENDITURES	453,170	453,170	1,152,501	(699,331)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(451,170)	(451,170)	(1,140,844)	(689,674)
OTHER FINANCING SOURCES (USES):				
Transfers in	242,822	242,822	242,822	
TOTAL OTHER FINANCING SOURCES (USES)	242,822	242,822	242,822	
NET CHANGE IN FUND BALANCES	(208,348)	(208,348)	(898,022)	(689,674)
FUND BALANCES, JULY 1, 2015	931,253	931,253	931,253	
FUND BALANCES, JUNE 30, 2016	$ 722,905	$ 722,905	$ 33,231	$ (689,674)

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, 2016

	General Fund	Asset Forfeiture Fund	Strong Motion Fund
ASSETS:			
Cash and investments	$ 10,967,658	$ 70,868	$ 10,599
Accounts receivable	1,063,147		
Interest receivable	2,523	16	2
Due from other funds	4,617		
Inventory	38,303		
TOTAL ASSETS	$ 12,076,248	$ 70,884	$ 10,601
LIABILITIES:			
Accounts payable	$ 2,119,719	$ 7,010	$ 2
Accrued liabilities	89,372		
Deposits payable	84,199		3,765
TOTAL LIABILITIES	2,293,290	7,010	3,767
FUND BALANCES:			
Nonspendable	38,303		
Restricted		63,874	6,834
Assigned	100,000		
Unassigned	9,644,655		
TOTAL FUND BALANCES	9,782,958	63,874	6,834
TOTAL LIABILITIES AND FUND BALANCES	$ 12,076,248	$ 70,884	$ 10,601

Tree Removal Mitigation Fund	Pool Creek Maintenance Fund	Total General Funds
$ 392,360	$ 8,907	$ 11,450,392
		1,063,147
92	3	2,636
		4,617
		38,303
$ 392,452	$ 8,910	$ 12,559,095
$ -	$ -	$ 2,126,731
		89,372
327,200		415,164
327,200		2,631,267
		38,303
65,252	8,910	144,870
		100,000
		9,644,655
65,252	8,910	9,927,828
$ 392,452	$ 8,910	$ 12,559,095

TOWN OF WINDSOR
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
General Funds
For the Fiscal Year Ended June 30, 2016

	General Fund	Asset Forfeiture Fund	Strong Motion Fund
REVENUES:			
Property taxes	$ 6,844,096	$ -	$ -
Sales taxes	3,465,862		
Other taxes	3,139,054		
Licenses, permits, and fees	693,950		
Fines and forfeitures	66,998		
Rental income	95,055		
Investment earnings	127,159	775	93
Intergovernmental	281,423	36,556	
Charges for services	708,819		
Other revenue	524,072		
TOTAL REVENUES	15,946,488	37,331	93
EXPENDITURES:			
Current:			
General administration	3,901,810	7,010	
Public safety	6,335,014		
Public works	1,360,467		
Community development	2,841,149		
Capital outlay	1,768,247		
TOTAL EXPENDITURES	16,206,687	7,010	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(260,199)	30,321	93
OTHER FINANCING SOURCES (USES):			
Transfers in	89,485		
Transfers out	(1,233,331)		
TOTAL OTHER FINANCING SOURCES (USES)	(1,143,846)		
NET CHANGES IN FUND BALANCES	(1,404,045)	30,321	93
FUND BALANCES, JULY 1, 2015	11,187,003	33,553	6,741
FUND BALANCES, JUNE 30, 2016	$ 9,782,958	$ 63,874	$ 6,834

Tree Removal Mitigation Fund	Pool Creek Maintenance Fund	Total General Funds
$ -	$ -	$ 6,844,096
		3,465,862
		3,139,054
		693,950
		66,998
		95,055
3,699	104	131,830
		317,979
8,400		717,219
		524,072
12,099	104	15,996,115
		3,908,820
		6,335,014
		1,360,467
		2,841,149
		1,768,247
		16,213,697
12,099	104	(217,582)
		89,485
		(1,233,331)
		(1,143,846)
12,099	104	(1,361,428)
53,153	8,806	11,289,256
$ 65,252	$ 8,910	$ 9,927,828

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.

Housing Inclusionary Fund
This fund is used to account for affordable housing activities.

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, 2016

	Gas Tax Fund	Transportation Grant Grant Fund	Transportation Development Act Fund
ASSETS:			
Cash and investments	$ 718,229	$ 632,234	$ -
Accounts receivable	8,849	89,199	
Interest receivable	167	146	
Inventory	44,778		
Notes receivable			
TOTAL ASSETS	$ 772,023	$ 721,579	$ -
LIABILITIES:			
Accounts payable	$ 79,075	$ 17,280	$ -
Accrued liabilities	10,049		
Due to other funds	34,470		
TOTAL LIABILITIES	123,594	17,280	
DEFERRED INFLOWS OF RESOURCES:			
Deferred revenue - unavailable revenue			
TOTAL DEFERRED INFLOWS OF RESOURCES			
FUND BALANCES:			
Nonspendable	44,778		
Restricted	603,651	704,299	
TOTAL FUND BALANCES	648,429	704,299	
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 772,023	$ 721,579	$ -

Mobile Home Rent Stabilization Fund	Lighting and Landscape Assessment Fund	Lighting and Landscape Assessment #2 Fund	1982 Benefits Assessment District Fund
$ 44,593	$ 237,258	$ 49,457	$ 220,583
	2,982		
10		7	44
$ 44,603	$ 240,240	$ 49,464	$ 220,627
$ -	$ 93,563	$ 626	$ 93
	22,429	144	
	45,983	559	
	161,975	1,329	93
44,603	78,265	48,135	220,534
44,603	78,265	48,135	220,534
$ 44,603	$ 240,240	$ 49,464	$ 220,627

(Continued)

TOWN OF WINDSOR
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016
(Continued)

	Abandoned Vehicle Abatement Program Fund	Public Education and Government Grant Fund	Community Development Block Grant Fund
ASSETS:			
Cash and investments	$ 107,022	$ 210,372	$ -
Accounts receivable	5,439	3,833	20,324
Interest receivable	25	49	
Inventory			
Notes receivable			
TOTAL ASSETS	$ 112,486	$ 214,254	$ 20,324
LIABILITIES:			
Accounts payable	$ 29	$ 2,076	$ 904
Accrued liabilities		81	
Due to other funds		515	4,617
TOTAL LIABILITIES	29	2,672	5,521
DEFERRED INFLOWS OF RESOURCES:			
Deferred revenue - unavailable revenue			
TOTAL DEFERRED INFLOWS OF RESOURCES			
FUND BALANCES:			
Nonspendable			
Restricted	112,457	211,582	14,803
TOTAL FUND BALANCES	112,457	211,582	14,803
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 112,486	$ 214,254	$ 20,324

Public Facilities Fund	Traffic Mitigation Fund	Housing Inclusionary Fund	Park Development Fund
$ 662,948	$ 966,375	$ 1,246,431	$ 717,696
154	225		167
	467,289		62,840
$ 663,102	$ 1,433,889	$ 1,246,431	$ 780,703
$ -	$ 2,154	$ -	$ 13,923
	2,787		795
	4,513		2,229
	9,454		16,947
	467,289		62,840
	467,289		62,840
663,102	957,146	1,246,431	700,916
663,102	957,146	1,246,431	700,916
$ 663,102	$ 1,433,889	$ 1,246,431	$ 780,703

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TOWN OF WINDSOR
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016
(Continued)

	Drainage Mitigation Fund	Fire Mitigation Fund	Total Nonmajor Governmental Funds
ASSETS:			
Cash and investments	$ 3,654,030	$ 160,479	$ 9,627,707
Accounts receivable			130,626
Interest receivable	847	37	1,878
Inventory			44,778
Notes receivable	24,337		554,466
TOTAL ASSETS	$ 3,679,214	$ 160,516	$ 10,359,455
LIABILITIES:			
Accounts payable	$ 2,154	$ -	$ 211,877
Accrued liabilities	885		37,170
Due to other funds	31,343		124,229
TOTAL LIABILITIES	34,382		373,276
DEFERRED INFLOWS OF RESOURCES:			
Deferred revenue - unavailable revenue	24,337		554,466
TOTAL DEFERRED INFLOWS OF RESOURCES	24,337		554,466
FUND BALANCES:			
Nonspendable			44,778
Restricted	3,620,495	160,516	9,386,935
TOTAL FUND BALANCES	3,620,495	160,516	9,431,713
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 3,679,214	$ 160,516	$ 10,359,455

TOWN OF WINDSOR
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2016

	Gas Tax Fund	Transportation Grant Fund	Transportation Development Act Fund
REVENUES:			
Property taxes	$ -	$ -	$ -
Use of money and property	10,011	8,143	
Intergovernmental	603,706	416,936	
Charges for services			
Other revenue	51,854		
TOTAL REVENUES	665,571	425,079	
EXPENDITURES:			
Current:			
General administration			
Public safety			
Public works			
Community development			
Streets and roads	869,701	116,593	
Drainage			
Housing			
Capital outlay			
TOTAL EXPENDITURES	869,701	116,593	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(204,130)	308,486	
OTHER FINANCING SOURCES (USES):			
Transfers in			
Transfers out			
TOTAL OTHER FINANCING SOURCES (USES)			
NET CHANGES IN FUND BALANCES	(204,130)	308,486	
FUND BALANCES (DEFICIT), JULY 1, 2015	852,559	395,813	
FUND BALANCES, JUNE 30, 2016	$ 648,429	$ 704,299	$ -

Mobile Home Rent Stabilization Fund	Lighting and Landscape Assessment Fund	Lighting and Landscape Assessment #2 Fund	1982 Benefits Assessment District Fund
$ -	$ 5,402	$ -	$ -
518		503	2,340
	869,219	60,701	34,051
	1,092		
518	875,713	61,204	36,391
	385,031		
	1,582,730	36,347	
			14,553
170			
170	1,967,761	36,347	14,553
348	(1,092,048)	24,857	21,838
	1,104,255		
		(1,766)	
	1,104,255	(1,766)	
348	12,207	23,091	21,838
44,255	66,058	25,044	198,696
$ 44,603	$ 78,265	$ 48,135	$ 220,534

TOWN OF WINDSOR
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2016
(Continued)

	Abandoned Vehicle Abatement Program Fund	Public Education and Government Grant Fund
REVENUES:		
Property taxes	$ -	$ -
Use of money and property	998	2,069
Intergovernmental	22,001	29,382
Charges for services		
Other revenue		7,188
TOTAL REVENUES	22,999	38,639
EXPENDITURES:		
Current:		
General administration		38,727
Public safety	1,038	
Public works		
Community development		
Streets and roads		
Drainage		
Housing		
Capital outlay		
TOTAL EXPENDITURES	1,038	38,727
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	21,961	(88)
OTHER FINANCING SOURCES (USES):		
Transfers in		
Transfers out		
TOTAL OTHER FINANCING SOURCES (USES)		
NET CHANGES IN FUND BALANCES	21,961	(88)
FUND BALANCES (DEFICIT), JULY 1, 2015	90,496	211,670
FUND BALANCES, JUNE 30, 2016	$ 112,457	$ 211,582

Community Development Block Grant	Public Facilities Fund	Traffic Mitigation Fund	Housing Inclusionary Fund	Park Development Fund
$ -	$ -	$ -	$ -	$ -
	7,004	12,713		8,557
135,511			91,678	
	174,892	274,110		245,065
135,511	181,896	286,823	91,678	253,622
		133,801		74,302
119,720				50,886
119,720		133,801		125,188
15,791	181,896	153,022	91,678	128,434
	(216,844)			
	(216,844)			
15,791	(34,948)	153,022	91,678	128,434
(988)	698,050	804,124	1,154,753	572,482
$ 14,803	$ 663,102	$ 957,146	$ 1,246,431	$ 700,916

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TOWN OF WINDSOR
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2016
(Continued)

	Drainage Mitigation Fund	Fire Mitigation Fund	Total Nonmajor Governmental Funds
REVENUES:			
Property taxes	$ -	$ -	$ 5,402
Use of money and property	53,172	2,083	108,111
Intergovernmental			1,299,214
Charges for services	123,520	24,246	1,805,804
Other revenue	5,570		65,704
TOTAL REVENUES	182,262	26,329	3,284,235
EXPENDITURES:			
Current:			
General administration			38,727
Public safety		28,914	29,952
Public works			385,031
Community development			1,619,077
Streets and Roads			1,208,950
Drainage	120,128		120,128
Housing			170
Capital outlay			170,606
TOTAL EXPENDITURES	120,128	28,914	3,572,641
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	62,134	(2,585)	(288,406)
OTHER FINANCING SOURCES (USES):			
Transfers in			1,104,255
Transfers out			(218,610)
TOTAL OTHER FINANCING SOURCES (USES)			885,645
NET CHANGES IN FUND BALANCES	62,134	(2,585)	597,239
FUND BALANCES (DEFICIT), JULY 1, 2015	3,558,361	163,101	8,834,474
FUND BALANCES, JUNE 30, 2016	$ 3,620,495	$ 160,516	$ 9,431,713

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, 2016

	Gas Tax Fund		
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:			
Property tax	$ -	$ -	$ -
Use of money and property	5,000	10,011	5,011
Intergovernmental	599,967	603,706	3,739
Charges for services			
Other revenue	4,000	51,854	47,854
TOTAL REVENUES	608,967	665,571	56,604
EXPENDITURES:			
Current:			
General administration			
Public safety			
Public works			
Community development			
Streets and roads	922,891	869,701	53,190
Drainage			
Housing			
Capital outlay	108,000		108,000
TOTAL EXPENDITURES	1,030,891	869,701	161,190
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(421,924)	(204,130)	217,794
OTHER FINANCING SOURCES (USES):			
Transfers in			
Transfers out			
TOTAL OTHER FINANCING SOURCES (USES) SOURCES (USES)			
NET CHANGE IN FUND BALANCES	(421,924)	(204,130)	217,794
FUND BALANCES (DEFICITS), JULY 1, 2015	852,559	852,559	
FUND BALANCES, JUNE 30, 2016	$ 430,635	$ 648,429	$ 217,794

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)
$ -	$ -	$ -	$ -	$ -	$ -
2,000	8,143	6,143			
1,112,942	416,936	(696,006)	1,163,504		(1,163,504)
1,114,942	425,079	(689,863)	1,163,504		(1,163,504)
122,589	116,593	5,996	1,163,504		1,163,504
122,589	116,593	5,996	1,163,504		1,163,504
992,353	308,486	(683,867)			
992,353	308,486	(683,867)			
395,813	395,813				
$ 1,388,166	$ 704,299	$ (683,867)	$ -	$ -	$ -

(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, 2016
(Continued)

	Mobile Home Rent Stabilization Fund		
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:			
Property tax	$ -	$ -	$ -
Use of money and property	250	518	268
Intergovernmental			
Charges for services			
Other revenue			
TOTAL REVENUES	250	518	268
EXPENDITURES:			
Current:			
General administration			
Public safety			
Public works			
Community development			
Streets and roads			
Drainage			
Housing		170	(170)
Capital outlay			
TOTAL EXPENDITURES		170	(170)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	250	348	98
OTHER FINANCING SOURCES (USES):			
Transfers in			
Transfers out			
TOTAL OTHER FINANCING SOURCES (USES)			
NET CHANGE IN FUND BALANCES	250	348	98
FUND BALANCES (DEFICITS), JULY 1, 2015	44,255	44,255	
FUND BALANCES, JUNE 30, 2016	$ 44,505	$ 44,603	$ 98

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)
$ 4,000	$ 5,402	$ 1,402	$ -	$ -	$ -
225		(225)	70	503	433
871,131	869,219	(1,912)	56,465	60,701	4,236
	1,092	1,092			
875,356	875,713	357	56,535	61,204	4,669
369,586	385,031	(15,445)			
1,721,070	1,582,730	138,340	59,423	36,347	23,076
2,090,656	1,967,761	122,895	59,423	36,347	23,076
(1,215,300)	(1,092,048)	123,252	(2,888)	24,857	27,745
1,154,163	1,104,255	(49,908)			
				(1,766)	(1,766)
1,154,163	1,104,255	(49,908)		(1,766)	(1,766)
(61,137)	12,207	73,344	(2,888)	23,091	25,979
66,058	66,058		25,044	25,044	
$ 4,921	$ 78,265	$ 73,344	$ 22,156	$ 48,135	$ 25,979

(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, 2016
(Continued)

	1982 Benefit Assessment District Fund		
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:			
Property tax	$ -	$ -	$ -
Use of money and property	1,110	2,340	1,230
Intergovernmental			
Charges for services	15,505	34,051	18,546
Other revenue			
TOTAL REVENUES	16,615	36,391	19,776
EXPENDITURES:			
Current:			
General administration			
Public safety			
Public works			
Community development			
Streets and roads	47,692	14,553	33,139
Drainage			
Housing			
Capital outlay			
TOTAL EXPENDITURES	47,692	14,553	33,139
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(31,077)	21,838	52,915
OTHER FINANCING SOURCES (USES):			
Transfers in			
Transfers out			
TOTAL OTHER FINANCING SOURCES (USES)			
NET CHANGE IN FUND BALANCES	(31,077)	21,838	52,915
FUND BALANCES (DEFICITS), JULY 1, 2015	198,696	198,696	
FUND BALANCES, JUNE 30, 2016	$ 167,619	$ 220,534	$ 52,915

	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)
	$ -	$ -	$ -	$ -	$ -	$ -
	400	998	598			
		22,001	22,001		135,511	135,511
	400	22,999	22,599		135,511	135,511
	12,796	1,038	11,758			
				119,720	119,720	
	12,796	1,038	11,758	119,720	119,720	
	(12,396)	21,961	34,357	(119,720)	15,791	135,511
	(12,396)	21,961	34,357	(119,720)	15,791	135,511
	90,496	90,496		(988)	(988)	
	$ 78,100	$ 112,457	$ 34,357	$ (120,708)	$ 14,803	$ 135,511

(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, 2016
(Continued)

	Public, Education and Government Grant Fund		
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:			
Property tax	$ -	$ -	$ -
Use of money and property	900	2,069	1,169
Intergovernmental		29,382	29,382
Charges for services			
Other revenue		7,188	7,188
TOTAL REVENUES	900	38,639	37,739
EXPENDITURES:			
Current:			
General administration	31,800	38,727	(6,927)
Public safety			
Public works			
Community development			
Streets and roads			
Drainage			
Housing			
Capital outlay			
TOTAL EXPENDITURES	31,800	38,727	(6,927)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(30,900)	(88)	30,812
OTHER FINANCING SOURCES (USES):			
Transfers in			
Transfers out			
TOTAL OTHER FINANCING SOURCES (USES)			
NET CHANGE IN FUND BALANCES	(30,900)	(88)	30,812
FUND BALANCES (DEFICITS), JULY 1, 2015	211,670	211,670	
FUND BALANCES, JUNE 30, 2016	$ 180,770	$ 211,582	$ 30,812

Public Facilities Fund			Traffic Mitigation Fund		
Final Budget	Actual	Variance with Final Budget Positive (Negative)	Final Budget	Actual	Variance with Final Budget Positive (Negative)
$ -	$ -	$ -	$ -	$ -	$ -
3,000	7,004	4,004	4,000	12,713	8,713
60,442	174,892	114,450	223,732	274,110	50,378
63,442	181,896	118,454	227,732	286,823	59,091
			160,337	133,801	26,536
			160,337	133,801	26,536
63,442	181,896	118,454	67,395	153,022	85,627
(216,844)	(216,844)				
(216,844)	(216,844)				
(153,402)	(34,948)	118,454	67,395	153,022	85,627
698,050	698,050		804,124	804,124	
$ 544,648	$ 663,102	$ 118,454	$ 871,519	$ 957,146	$ 85,627

(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, 2016
(Continued)

	Park Development Fund		
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:			
Property tax	$ -	$ -	$ -
Use of money and property	4,000	8557	4,557
Intergovernmental			
Charges for services	50,000	245,065	195,065
Other revenue			
TOTAL REVENUES	54,000	253,622	199,622
EXPENDITURES:			
Current:			
General administration			
Public safety			
Public works			
Community development			
Streets and roads	154,390	74,302	80,088
Drainage			
Housing			
Capital outlay	45,326	50,886	(5,560)
TOTAL EXPENDITURES	199,716	125,188	74,528
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(145,716)	128,434	274,150
OTHER FINANCING SOURCES (USES):			
Transfers in			
Transfers out			
TOTAL OTHER FINANCING SOURCES (USES)			
NET CHANGE IN FUND BALANCES	(145,716)	128,434	274,150
FUND BALANCES (DEFICITS), JULY 1, 2015	572,482	572,482	
FUND BALANCES, JUNE 30, 2016	$ 426,766	$ 700,916	$ 274,150

Drainage Mitigation Fund			Fire Mitigation Fund		
Final Budget	Actual	Variance with Final Budget Positive (Negative)	Final Budget	Actual	Variance with Final Budget Positive (Negative)
$ -	$ -	$ -	$ -	$ -	$ -
18,000	53,172	35,172	1,000	2,083	1,083
25,000	123,520	98,520		24,246	24,246
	5,570	5,570			
43,000	182,262	139,262	1,000	26,329	25,329
			7,051	28,914	(21,863)
155,072	120,128	34,944			
155,072	120,128	34,944	7,051	28,914	(21,863)
(112,072)	62,134	174,206	(6,051)	(2,585)	3,466
(112,072)	62,134	174,206	(6,051)	(2,585)	3,466
3,558,361	3,558,361		163,101	163,101	
$ 3,446,289	$ 3,620,495	$ 174,206	$ 157,050	$ 160,516	$ 3,466

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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, 2016

	Water Reclamation			
	Operating	Capital Replacement	Capital	Total
ASSETS:				
Current Assets				
Cash and investments	$ 5,914,822	$ 4,803,756	$ -	$ 10,718,578
Accounts receivable	1,587,758		83,174	1,670,932
Interest receivable	775	1,734		2,509
Inventory	22,048			22,048
Due from other funds		2,662,640		2,662,640
TOTAL CURRENT ASSETS	7,525,403	7,468,130	83,174	15,076,707
Non-Current Assets				
Notes receivable	619,255			619,255
Capital assets, net of accumulated depreciation	52,439,067			52,439,067
TOTAL NON-CURRENT ASSETS	53,058,322			53,058,322
TOTAL ASSETS	60,583,725	7,468,130	83,174	68,135,029
DEFERRED OUTFLOWS OF RESOURCES:				
Pension	254,900			254,900
Deferred loss on refunding of debt	101,468			101,468
TOTAL DEFERRED OUTFLOWS OF RESOURCES	356,368			356,368
LIABILITIES:				
Current Liabilities				
Accounts payable	305,743	46,570		352,313
Accrued liabilities	37,043	721		37,764
Accrued interest payable	539		86,620	87,159
Deposits payable	87,568			87,568
Due to other funds	158,252	11,591	2,662,640	2,832,483
Long-term liabilities - current portion	34,560		704,945	739,505
TOTAL CURRENT LIABILITIES	623,705	58,882	3,454,205	4,136,792
Non-Current Liabilities				
Compensated absences	127,501	8,189		135,690
Net pension liability	1,613,315			1,613,315
Loans payable			2,721,433	2,721,433
Bonds payable	97,670		2,900,800	2,998,470
TOTAL NON-CURRENT LIABILITIES	1,838,486	8,189	5,622,233	7,468,908
TOTAL LIABILITIES	2,462,191	67,071	9,076,438	11,605,700
DEFERRED INFLOWS OF RESOURCES:				
Pension	317,985			317,985
TOTAL DEFERRED INFLOWS OF RESOURCES	317,985			317,985
NET POSITION:				
Net investment in capital assets	52,408,305		(6,327,178)	46,081,127
Unrestricted	5,751,612	7,401,059	(2,666,086)	10,486,585
TOTAL NET POSITION (DEFICIT)	$ 58,159,917	$ 7,401,059	$ (8,993,264)	$ 56,567,712

TOWN OF WINDSOR
Combining Statement of Revenues, Expenditures, and Changes in Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2016

	Water Reclamation			
	Operating	Capital Replacement	Capital	Total
OPERATING REVENUES				
Charges for services, net of refunds	$ 7,452,103	$ -	$ 577,903	$ 8,030,006
Other revenue	116,538			116,538
TOTAL OPERATING REVENUE	7,568,641		577,903	8,146,544
OPERATING EXPENSES				
Salaries and benefits	2,910,960	69,303		2,980,263
Materials, supplies, and operational expenses	1,160,936	29,437		1,190,373
Repairs and maintenance	367,704			367,704
Insurance	77,657			77,657
Contractual services	1,653,279	119,556		1,772,835
Taxes and licenses	53,116			53,116
Utilities	554,278			554,278
Depreciation	2,257,286			2,257,286
TOTAL OPERATING EXPENSES	9,035,216	218,296		9,253,512
OPERATING INCOME (LOSS)	(1,466,575)	(218,296)	577,903	(1,106,968)
NON-OPERATING REVENUES (EXPENSES)				
Rental income	242,870		32,169	275,039
Interest income	56,250	89,205	1,360	146,815
Interest expense	(186,684)			(186,684)
Property taxes	2,365			2,365
TOTAL NON-OPERATING REVENUE (EXPENSES)	114,801	89,205	33,529	237,535
INCOME (LOSS) BEFORE TRANSFERS	(1,351,774)	(129,091)	611,432	(869,433)
TRANSFERS				
Transfers in	103,261	921,379	724,260	1,748,900
Transfer out	(1,742,927)			(1,742,927)
TOTAL TRANSFERS	(1,639,666)	921,379	724,260	5,973
Changes in Net Postion	(2,991,440)	792,288	1,335,692	(863,460)
Total Net Position (Deficit) - July 1, 2015	61,151,357	6,608,771	(10,328,956)	57,431,172
Total Net Position (Deficit) - June 30, 2016	$ 58,159,917	$ 7,401,059	$ (8,993,264)	$ 56,567,712

TOWN OF WINDSOR
Combining Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2016

	Water Reclamation			
	Operating	Capital Replacement	Capital	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	$ 7,451,588	$ -	$ 494,729	$ 7,946,317
Cash paid to suppliers	(3,786,597)	(247,679)		(4,034,276)
Cash paid to employees	(3,219,185)	(66,887)		(3,286,072)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	445,806	(314,566)	494,729	625,969
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Property taxes	2,365			2,365
Transfers (to) from other funds	(1,639,666)	921,379	724,260	5,973
Repayment on interfund activity	(170,123)	523,529	(526,897)	(173,491)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	(1,807,424)	1,444,908	197,363	(165,153)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(507,327)			(507,327)
Principal paid on capital debt	(28,200)		(690,878)	(719,078)
Interest paid on capital debt	(186,924)		(34,743)	(221,667)
NET CASH PROVIDED (USED BY) CAPITAL AND RELATED FINANCING ACTIVITIES	(722,451)		(725,621)	(1,448,072)
CASH FLOWS FROM INVESTING ACTIVITIES:				
(Purchase) disposal of investments	(22,620)	(46,037)		(68,657)
Rental income	242,870		32,169	275,039
Interest received	59,299	90,699	1,360	151,358
NET CASH PROVIDED (USED BY) INVESTING ACTIVITIES	279,549	44,662	33,529	357,740
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,804,520)	1,175,004		(629,516)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FISCAL YEAR	4,320,254	687,750		5,008,004
CASH AND CASH EQUIVALENTS AT THE END OF THE FISCAL YEAR	$ 2,515,734	$ 1,862,754	$ -	$ 4,378,488
RECONCILATION OF CASH AND CASH EQUIVALENTS:				
Cash and investments - Statement of Net Position	$ 5,914,822	$ 4,803,756	$ -	$ 10,718,578
Less: investments that do not meet the definition of cash equivalents	(3,399,088)	(2,941,002)		(6,340,090)
TOTAL CASH AND CASH EQUIVALENTS	$ 2,515,734	$ 1,862,754	$ -	$ 4,378,488

(Continued)

TOWN OF WINDSOR
Combining Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2016
(Continued)

	Water Reclamation			
	Operating	Capital Replacement	Capital	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	$ (1,466,575)	$ (218,296)	$ 577,903	$ (1,106,968)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation expense	2,257,286			2,257,286
Changes in assets, deferred outflows, liabilities, and deferred inflows:				
(Increase) decrease in accounts receivable	(123,719)		(83,174)	(206,893)
(Increase) decrease in prepaid expenses	1,216			1,216
(Increase) decrease in inventory	13,261			13,261
(Increase) decrease in deferred outflows of resources-pension	(43,014)			(43,014)
Increase (decrease) in accounts payable	65,896	(98,686)		(32,790)
Increase (decrease) in accrued liabilities	(56,989)	(1,732)		(58,721)
Increase (decrease) in deposits payable	6,666			6,666
Increase (decrease) in net pension liability	(1,387)			(1,387)
Increase (decrease) in compensated absences	17,795	4,148		21,943
Increase (decrease) in deferred inflows of resources-pension	(224,630)			(224,630)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ 445,806	$ (314,566)	$ 494,729	$ 625,969

TOWN OF WINDSOR
Combining Statement of Net Position
Proprietary Funds
June 30, 2016

	Water			
	Operating	Capital Replacement	Capital	Total
ASSETS:				
Current Assets				
Cash and investments	$ 5,284,134	$ 4,080,757	$ 4,891,645	$ 14,256,536
Accounts receivable	1,565,411			1,565,411
Interest receivable	1,047	947	1,139	3,133
Inventory	171,750			171,750
Total Current Assets	7,022,342	4,081,704	4,892,784	15,996,830
Non-Current Assets				
Notes receivable	129,959			129,959
Capital assets, net of accumulated depreciation	20,953,736			20,953,736
Total Non-Current Assets	21,083,695			21,083,695
TOTAL ASSETS	28,106,037	4,081,704	4,892,784	37,080,525
DEFERRED OUTFLOWS OF RESOURCES:				
Pension	211,380			211,380
Deferred loss on refunding of debt	101,226			101,226
TOTAL DEFERRED OUTFLOWS OF RESOURCES	312,606			312,606
LIABILITIES:				
Current Liabilities				
Accounts payable	303,758	61,584	124,759	490,101
Accrued liabilities	30,534	479	396	31,409
Accrued interest payable	539	2,029	28,426	30,994
Deposits payable	70,923			70,923
Due to other funds	202,591	5,351	6,348	214,290
Long-term liabilities - current portion	35,137	13,205	219,004	267,346
Total Currrent Liabilities	643,482	82,648	378,933	1,105,063
Non-Current Liabilities				
Compensated absences	135,494	1,631	2,424	139,549
Net pension liability	1,337,867			1,337,867
Loans payable		233,400	233,401	466,801
Bonds payable	105,193		2,900,800	3,005,993
Total Non-Current Liabilities	1,578,554	235,031	3,136,625	4,950,210
TOTAL LIABILITIES	2,222,036	317,679	3,515,558	6,055,273
DEFERRED INFLOWS OF RESOURCES:				
Pension	263,694			263,694
TOTAL DEFERRED INFLOWS OF RESOURCES	263,694			263,694
NET POSITION:				
Net investment in capital assets	20,914,632	(246,605)	(3,353,205)	17,314,822
Unrestricted	5,018,281	4,010,630	4,730,431	13,759,342
TOTAL NET POSITION	$ 25,932,913	$ 3,764,025	$ 1,377,226	$ 31,074,164

TOWN OF WINDSOR
Combining Statement of Revenues, Expenditures, and Changes in Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2016

	Water			
	Operating	Capital Replacement	Capital	Total
OPERATING REVENUES:				
Charges for services, net of refunds	$ 5,888,800	$ -	$ 221,883	$ 6,110,683
Other revenue	168,912	137,257		306,169
TOTAL OPERATING REVENUE	6,057,712	137,257	221,883	6,416,852
OPERATING EXPENSES:				
Salaries and benefits	2,332,552	44,719	23,378	2,400,649
Materials, supplies, and operational expenses	1,747,407			1,747,407
Repairs and maintenance	63,887			63,887
Insurance	77,657			77,657
Contractual services	62,787		137,381	200,168
Taxes and licenses	18,750			18,750
Utilities	294,542			294,542
Depreciation	1,208,630			1,208,630
TOTAL OPERATING EXPENSES	5,806,212	44,719	160,759	6,011,690
OPERATING INCOME (LOSS)	251,500	92,538	61,124	405,162
NON-OPERATING REVENUES (EXPENSES):				
Interest income	67,684	53,654	50,852	172,190
Interest expense	(120,753)			(120,753)
Property taxes	(297)			(297)
TOTAL NON-OPERATING REVENUE (EXPENSES)	(53,366)	53,654	50,852	51,140
INCOME (LOSS) BEFORE TRANSFERS	198,134	146,192	111,976	456,302
TRANSFERS				
Transfers in	1,041,360	415,912	223,014	1,680,286
Transfer out	(1,586,981)		(83,899)	(1,670,880)
TOTAL TRANSFERS	(545,621)	415,912	139,115	9,406
Changes in Net Position	(347,487)	562,104	251,091	465,708
Total Net Position - July 1, 2015	26,280,400	3,201,921	1,126,135	30,608,456
Total Net Position - June 30, 2016	$ 25,932,913	$ 3,764,025	$ 1,377,226	$ 31,074,164

TOWN OF WINDSOR
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2016

	Water			
	Operating	Capital Replacement	Capital	Total
CASH FLOW FROM OPERATING ACTIVITIES:				
Cash received from customers	$ 6,007,179	$ 137,257	$ 221,883	$ 6,366,319
Cash paid to suppliers	(2,339,938)	61,399	(12,786)	(2,291,325)
Cash paid to employees	(2,644,751)	(44,469)	(23,205)	(2,712,425)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	1,022,490	154,187	185,892	1,362,569
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Property taxes	(297)			(297)
Transfers (to) from other funds	(545,621)	415,912	139,115	9,406
Repayment on interfund activity	(138,872)	(2,076)	(1,038)	(141,986)
NET CASH PROVIDED (USED) BY CAPITAL FINANCING ACTIVITIES	(684,790)	413,836	138,077	(132,877)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(347,310)			(347,310)
Principal paid on capital debt	(4,200)	(12,880)	(218,680)	(235,760)
Interest paid on capital debt	(120,834)	(342)	(4,334)	(125,510)
NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	(472,344)	(13,222)	(223,014)	(708,580)
CASH FLOWS FROM INVESTING ACTIVITIES:				
(Purchase)/diposal of investments	(32,069)	(24,745)	(32,110)	(88,924)
Interest received	69,423	54,378	52,393	176,194
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	37,354	29,633	20,283	87,270
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(97,290)	584,434	121,238	608,382
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FISCAL YEAR	2,449,327	1,236,852	4,711,350	8,397,529
CASH AND CASH EQUIVALENTS AT THE END OF THE FISCAL YEAR	$ 2,352,037	$ 1,821,286	$ 4,832,588	$ 9,005,911
RECONCILATION OF CASH AND CASH EQUIVALENTS:				
Cash and investments - Statement of Net Position	$ 5,284,134	$ 4,080,757	$ 4,891,645	$ 14,256,536
Less: investments that do not meet the definition of cash equivalents	(2,932,097)	(2,259,471)	(59,057)	(5,250,625)
TOTAL CASH AND CASH EQUIVALENTS	$ 2,352,037	$ 1,821,286	$ 4,832,588	$ 9,005,911

(Continued)

TOWN OF WINDSOR
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2016
(Continued)

	Water			
	Operating	Capital Replacement	Capital	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	$ 251,500	$ 92,538	$ 61,124	$ 405,162
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation expense	1,208,630			1,208,630
Changes in assets, deferred outflows, liabilities, and deferred inflows:				
(Increase) decrease in accounts receivable	(40,882)			(40,882)
(Increase) decrease in prepaid expenses	1,583			1,583
(Increase) decrease in inventory	(102,196)			(102,196)
(Increase) decrease in deferred outflows of resources-pension	(29,392)			(29,392)
Increase (decrease) in accounts payable	25,705	61,399	124,595	211,699
Increase (decrease) in accrued liabilities	(48,244)	(288)	(817)	(49,349)
Increase (decrease) in deposits payable	(9,651)			(9,651)
Increase (decrease) in net pension liability	(48,992)			(48,992)
Increase (decrease) in compensated absences	16,785	538	990	18,313
Increase (decrease) in deferred inflows of resources-pension	(202,356)			(202,356)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ 1,022,490	$ 154,187	$ 185,892	$ 1,362,569

FIDUCIARY FUNDS

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.

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.

TOWN OF WINDSOR
Combining Statement of Net Position
Private Purpose Trust Funds
Successor Agency
June 30, 2016

	Capital Assets	Debt Service	Total
ASSETS:			
Cash and investments	$ 645,451	$ 832,427	$ 1,477,878
Receivable from Town of Windsor		699,816	699,816
TOTAL ASSETS	645,451	1,532,243	2,177,694
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred loss on refunding of debt		182,241	182,241
TOTAL DEFERRED OUTFLOWS OF RESOURCES		182,241	182,241
LIABILITIES:			
Accrued liabilities	1,450		1,450
Interest payable		42,297	42,297
Long-term liabilities:			
Due within one year		1,034,909	1,034,909
Due in more than one year		2,376,813	2,376,813
TOTAL LIABILITIES	1,450	3,454,019	3,455,469
NET POSITION (DEFICIT):			
Held in trust for other governments	644,001	(1,739,535)	(1,095,534)
TOTAL NET POSITION (DEFICIT)	$ 644,001	$ (1,739,535)	$ (1,095,534)

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TOWN OF WINDSOR
Statement of Changes in Fiduciary Net Position
Private Purpose Trust Funds
Successor Agency
For the Fiscal Year Ended June 30, 2016

	Capital Assets	Debt Service	Total
Additions:			
Property taxes	$ 2,054,333	$ -	$ 2,054,333
Investment earnings	10,598		10,598
Transfers in		2,876,673	2,876,673
Total additions	2,064,931	2,876,673	4,941,604
Deductions:			
Interest expense		115,791	115,791
Community development	244,970		244,970
Amortization		3,326	3,326
Transfers out	2,876,673		2,876,673
Total deductions	3,121,643	119,117	3,240,760
Change in net position	(1,056,712)	2,757,556	1,700,844
Net Position (Deficit) - July 1, 2015	1,700,713	(4,497,091)	(2,796,378)
Net Position (Deficit) - June 30, 2016	$ 644,001	$ (1,739,535)	$ (1,095,534)

TOWN OF WINDSOR
Combining Statement of Assets and Liabilities
Agency Funds
June 30, 2016

	Bonita Roble Trust Fund	Brooks Special Assessment Construction Fund
ASSETS:		
Cash and investments	$ 15,757	$ 789
Interest receivable	4	
TOTAL ASSETS	$ 15,761	$ 789
LIABILITIES:		
Accounts payable	$ -	$ -
Deposits payable	15,761	
Due to special assessment districts		789
TOTAL LIABILITIES	$ 15,761	$ 789

In-Lieu Agency Fund	Performance Bond Fund	Golf Course Fund	Miscellaneous Fund	Total
$ 228,143	$ 240,259	$ 2,682	$ 111,418	$ 599,048
53	56	1	36	150
$ 228,196	$ 240,315	$ 2,683	$ 111,454	$ 599,198
$ -	$ 10,000	$ -	$ 52,249	$ 62,249
211,521	230,315	2,683	57,155	517,435
16,675			2,050	19,514
$ 228,196	$ 240,315	$ 2,683	$ 111,454	$ 599,198