June 30, 2017

ANNUAL FINANCIAL REPORT



TOWN OF WINDSOR

TOWN OF WINDSOR, CALIFORNIA

ANNUAL FINANCIAL REPORT

Year Ended June 30, 2017

Town of Windsor
Annual Financial Report
Year Ended June 30, 2017

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Van Lant & Fankhanel, LLP
Certified Public Accountants

Independent Auditor's Report

The Honorable Town Council
Town of Windsor, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Windsor, California, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town of Windsor'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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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.

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25901 Kellogg Street
Loma Linda, CA 92354

909.856.6879

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Windsor, California, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

The supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statement 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 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 July 11, 2018 on our consideration of the Town of Windsor'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



July 11, 2018

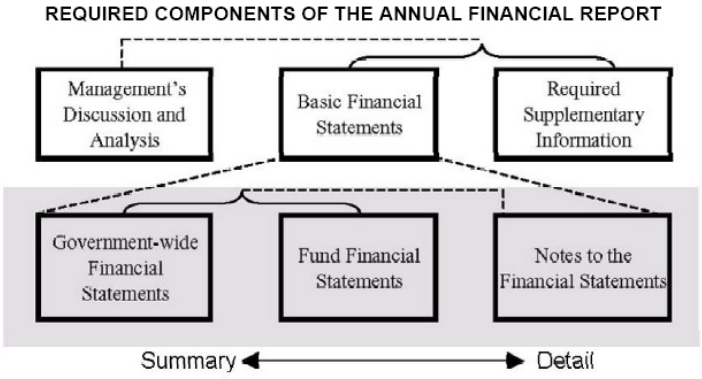
As management of the Town of Windsor (the "Town"), we offer readers of the Town's basic financial statements this narrative overview and analysis of the financial activities of the Town as of and for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented here 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 $247,790,536 (net position). Of this amount, $34,793,937 (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 $4,189,225 (compared to restated 2016 fund balance, see note 14, prior period adjustments). The decrease is attributable primarily to the fiscal year's operations.
- The Town's total long-term liabilities increased by $1,643,674, or 9%, during the fiscal year, predominantly from increase in pension liability and OPEB obligation.
- At the close of this fiscal year, the Town's governmental funds reported total ending fund balances of $29,435,632. Of this balance, $6,765,268, or 23%, of the ending fund balances are available for spending at the Town's discretion (unassigned fund balance).

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, the Windsor Redevelopment Successor Agency 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.

Information on the individual governmental funds are presented separately in the governmental funds Balance Sheet and 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 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 fund. 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 internal service funds.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

NET POSITION

JUNE 30, 2017 AND 2016 (as restated)

	Governmental Activities		Business-type Activities		Total Government	
ASSETS	2017	2016	2017	2016	2017	2016
Current and other assets	$ 32,558,067	$ 37,325,094	$ 28,876,409	$ 28,775,978	$ 61,434,476	$ 66,101,072
Capital assets	137,842,777	136,602,152	70,614,968	73,392,803	208,457,745	209,994,955
Total assets	170,400,844	173,927,246	99,491,377	102,168,781	269,892,221	276,096,027
DEFERRED OUTFLOWS OF RESOURCES						
Pension	1,451,725	453,053	1,451,743	466,280	2,903,468	919,333
Deferred loss on Bonds		183,366	185,803	202,694	185,803	386,060
Total Deferred Outflows	1,451,725	636,419	1,637,546	668,974	3,089,271	1,305,393
LIABILITIES						
Current liabilities	2,262,636	3,234,977	699,374	1,188,231	2,962,010	4,423,208
Long-term liabilities	7,896,899	6,425,624	13,598,368	13,425,969	21,495,267	19,851,593
Total liabilities	10,159,535	9,660,601	14,297,742	14,614,200	24,457,277	24,274,801
DEFERRED INFLOWS OF RESOURCES						
Pension	366,840	565,179	366,839	581,679	733,679	1,146,858
Total Deferred Inflows	366,840	565,179	366,839	581,679	733,679	1,146,858
NET POSITION						
Net investment in capital assets	134,786,877	134,669,359	61,573,761	63,395,949	196,360,638	198,065,308
Restricted	16,635,961	15,734,532	-	-	16,635,961	15,734,532
Unrestricted	9,903,356	13,933,994	24,890,581	24,245,927	34,793,937	38,179,921
Total net position	$ 161,326,194	$ 164,337,885	$ 86,464,342	$ 87,641,876	$ 247,790,536	$ 251,979,761

By far the largest portion of the Town's net position (79%) 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.

STATEMENT OF ACTIVITIES

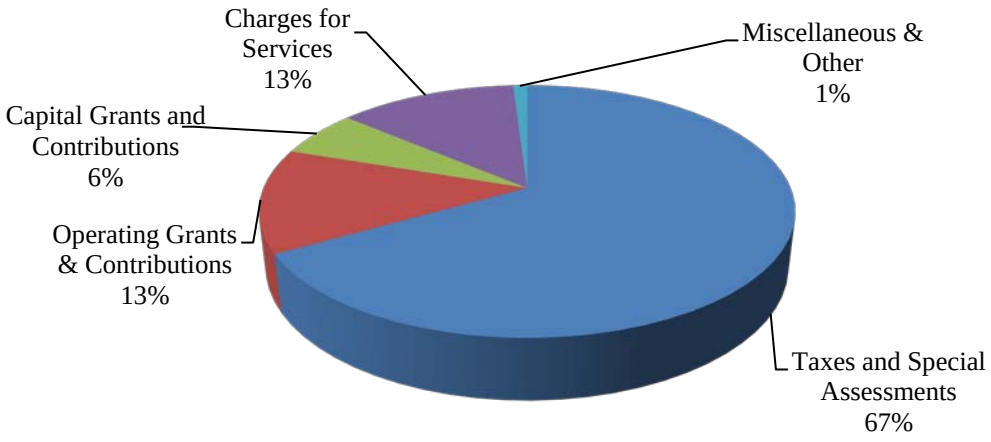
JUNE 30, 2017 AND 2016

	Governmental Activities		Business-type Activities		Total	
Revenues:	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
Program Revenues:						
Charges for services	$ 2,843,982	$ 1,522,974	$ 14,875,111	$ 14,563,396	$ 17,719,093	$ 16,086,370
Operating grants & contributions	2,960,375	596,551	-	-	2,960,375	596,551
Capital grants & contributions	1,327,590	1,870,875	-	-	1,327,590	1,870,875
General Revenues:					-	-
Property and other taxes	7,651,265	7,987,409	-	2,068	7,651,265	7,989,477
Sales taxes	4,164,000	3,465,862	-	-	4,164,000	3,465,862
Franchise taxes	1,097,351	1,118,563	-	-	1,097,351	1,118,563
Transient occupancy taxes	1,862,918	1,883,811	-	-	1,862,918	1,883,811
Motor vehicle in lieu taxes	12,109	11,029	-	-	12,109	11,029
Investment earnings	26,200	386,882	110,459	319,005	136,659	705,887
Miscellaneous	197,457	610,527	232,783	275,039	430,240	885,566
Total revenues	22,143,247	19,454,483	15,218,353	15,159,508	37,361,600	34,613,991
Expenses:						
General government	2,792,869	4,103,097	-	-	2,792,869	4,103,097
Public safety	7,364,432	6,615,490	-	-	7,364,432	6,615,490
Public works	10,208,880	6,976,086	16,409,047	15,572,639	26,617,927	22,548,725
Community development	4,708,063	4,519,543	-	-	4,708,063	4,519,543
Interest on long-term debt	67,534	181,770	-	-	67,534	181,770
Total Expenses	25,141,778	22,395,986	16,409,047	15,572,639	41,550,825	37,968,625
Change in net position before transfers	(2,998,531)	(2,941,503)	(1,190,694)	(413,131)	(4,189,225)	(3,354,634)
Transfers	(13,160)	(15,379)	13,160	15,379	-	-
Prior period adjustment	-	4,388,482	-	-	-	4,388,482
Change in net position	(3,011,691)	1,431,600	(1,177,534)	(397,752)	(4,189,225)	1,033,848
Net position - Beginning	164,337,885	162,906,285	87,641,876	88,039,628	251,979,761	250,945,913
Net position - Ending	$ 161,326,194	$ 164,337,885	$ 86,464,342	$ 87,641,876	$ 247,790,536	$ 251,979,761

The Town’s revenue has increased year over year by 8%, with expenses increasing commensurately at 9%. Majority of the Town’s revenue, 34%, is derived from property taxes; followed by sales tax at 19%. Stabilized growth in real estate sales and home prices contributed to a 4% increase in property tax revenue. Sales tax revenue has increased 20% over 2016 due primarily to the opening of Oliver’s Market in Bell Village. Opportunities for growth exist in increased transient occupancy taxes with the opening of the Holiday Inn in fiscal year 2018.

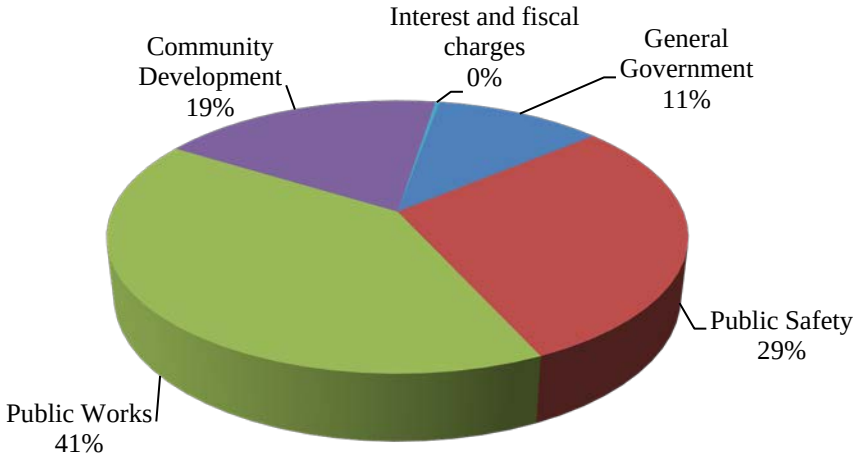
Governmental revenues: Significant revenues of the governmental activities are taxes and special assessments at 67%; which include property taxes, sales taxes, and transient occupancy tax. Program revenues, including charges for services, operating contributions and grants, and capital contributions and grants account for 32% of the total governmental revenues.

REVENUES BY SOURCE - GOVERNMENTAL ACTIVITIES
FOR FISCAL YEAR ENDED JUNE 30, 2017



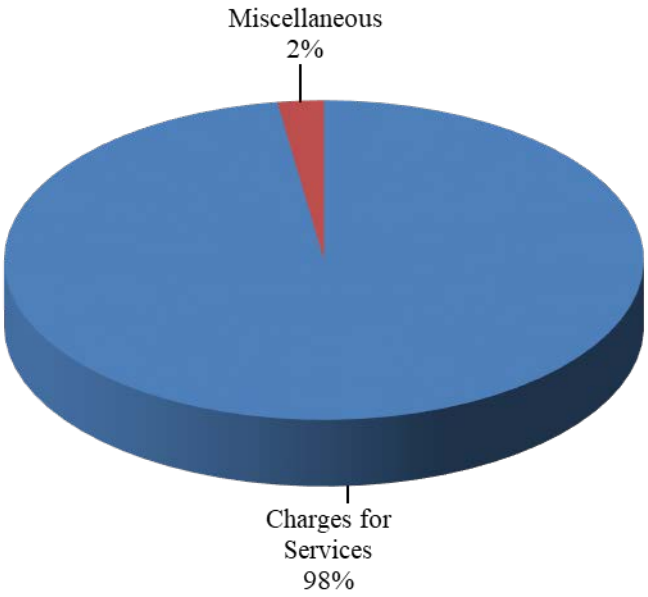
EXPENSES BY FUNCTION/PROGRAM - GOVERNMENTAL ACTIVITIES
FOR FISCAL YEAR ENDED JUNE 30, 2017

Governmental expenses: Public safety and public works comprise majority of the governmental expenses (70%). The remaining is attributable to community development (19%), general government (11%) and interest and fiscal charges (< 1%). Included in these amounts is depreciation expense of $3,861,904, comprising 14% of the total expenses for governmental activities.

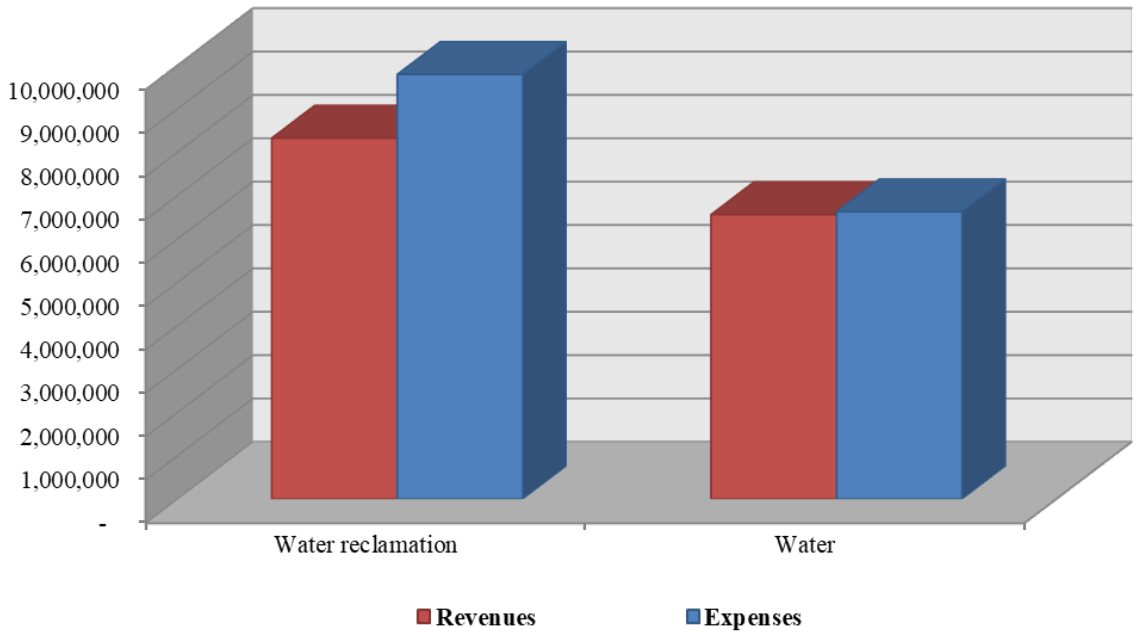


Business-type activities: In the fiscal year ended June 30, 2017 business-type activities decreased the Town's net position by $1,177,534. Operating expenses outpaced gains in revenues due to increased compliance efforts, personnel costs, and inflation. Additionally, there was a year-over-year reduction in other miscellaneous non-water/water reclamation revenues of approximately 40%.

REVENUES BY SOURCE - BUSINESS-TYPE ACTIVITIES
FOR FISCAL YEAR ENDED JUNE 30, 2017



COMPARISON OF EXPENSES AND REVENUES - BUSINESS-TYPE ACTIVITIES
FOR FISCAL YEAR ENDED JUNE 30, 2017
(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, 2017, the Town's governmental funds reported total ending fund balance of $29,435,632. Cash and investments are down $4,638,114, or 16%, from prior year. Approximately 23% 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 (77%), is assigned for various functions, such as drainage mitigation, debt service and capital replacement.

Governmental fund revenues increased by 13%, year-over-year with expenditures outpacing revenues with an 18% increase. Budgeted increases in capital outlay and public works expenditures accounts for the difference.

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.

Water Reclamation Utility's net position decreased $1,185,418 in the current fiscal year due primarily to increased operating costs related to utilities and personnel. Water Utility's net position remained relatively static with an increase of $7,884.

CAPITAL ASSETS

Capital assets - The Town's investment in capital assets for its governmental and business-type activities at June 30, 2017, amounted to $208,457,745 (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 year totaled $7,433,393.

CAPITAL ASSETS

(net of accumulated depreciation)

	Governmental Activities		Business-type Activities	
	2017	2016	2017	2016
Land	$ 32,310,417	$ 32,310,417	$ 6,893,707	$ 6,893,707
Rights of way	407	407	-	-
Construction in Progress	2,408,593	394,807	731,046	419,103
Buildings	5,482,969	5,634,470	-	-
Improvements other than buildings	7,575,353	7,387,940	-	-
Equipment and machinery	86,434	148,616	586,197	617,484
Infrastructure	89,422,136	90,210,462	61,859,780	65,257,164
Vehicles	556,468	515,033	544,238	205,345
Total	$ 137,842,777	$ 136,602,152	$ 70,614,968	$ 73,392,803

Additional information on the Town's capital assets can be found in Note 5 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 $21,495,267 at June 30, 2017. Of this total, $7,896,899, or 37%, was in governmental activities and $13,598,368, or 63%, was in business-type activities. The Town's outstanding long-term liabilities increased $1,127,224, or 6%, year-over-year.

LONG-TERM LIABILITIES

	Governmental Activities		Business-type Activities	
	2017	2016	2017	2016
General obligation bonds	$ -	$ -	$ -	$ -
Revenue bonds	3,055,900	3,424,400	6,038,614	6,485,761
Notes and loans payable	-	-	3,188,396	3,713,787
Net OPEB Obligation	471,000	397,000	-	-
Compensated absences	381,615	253,209	382,973	275,239
Net Pension Liability	3,988,384	2,867,465	3,988,385	2,951,182
Total	$ 7,896,899	$ 6,942,074	$ 13,598,368	$ 13,425,969

Additional information on the Town's long-term liabilities can be found in Note 6 of the notes to the financial statements.

GENERAL FUND BUDGETARY HIGHLIGHTS

There was a net increase of $5,466,667 in general fund appropriations between the original budget and the final amended budget for the fiscal year ended June 30, 2017.

Revenue was $277,597, or 2%, above the final amended budget and expenses were $2,956,979, or 13%, less than the adjusted amended budget.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Town’s 2017/2018 (FY18) adopted budget shows a general fund operating budget deficit of $309,940 with the adopted 2018/2019 (FY19) budget showing a surplus of $1,311,319. The Town’s revenues have stabilized with economic growth indicators flattening. Recognizing the importance of fiscally responsible and conservative practices, the Town continues to invest in staff, practices that improve efficiencies, and sustainability technologies to meet the goals and strategies set forth by Council. Increased focus will be on water conservation programs, energy-efficient vehicles and stabilizing property values.

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.

BASIC FINANCIAL STATEMENTS

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Town of Windsor
Statement of Net Position
June 30, 2017

	Governmental Activities	Business-type Activities	Totals
ASSETS			
Cash and Investments	$ 25,087,105	$ 25,044,063	$ 50,131,168
Accounts Receivable	1,479,919	3,032,301	4,512,220
Interest Receivable	895,041	50,500	945,541
Inventory	79,092	178,627	257,719
Notes and Loans Receivable (Net)	4,838,614	749,214	5,587,828
Internal Balances	178,296	(178,296)	-
Capital Assets, Not Being Depreciated	34,719,417	7,624,753	42,344,170
Capital Assets, Net of Accumulated Depreciation	103,123,360	62,990,215	166,113,575
Total Assets	170,400,844	99,491,377	269,892,221
DEFERRED OUTFLOWS OF RESOURCES			
Pension Related Amounts	1,451,725	1,451,743	2,903,468
Deferred Loss on Debt Refunding	-	185,803	185,803
Total Deferred Outflows of Resources	1,451,725	1,637,546	3,089,271
LIABILITIES			
Accounts Payable and Accrued Liabilities	2,065,010	424,448	2,489,458
Accrued Interest	35,242	108,012	143,254
Deposits Payable	162,384	166,914	329,298
Noncurrent Liabilities:			
Due Within One Year	498,664	1,060,285	1,558,949
Due in More Than One Year	7,398,235	12,538,083	19,936,318
Total Liabilities	10,159,535	14,297,742	24,457,277
DEFERRED INFLOWS OF RESOURCES			
Pension Related Amounts	366,840	366,839	733,679
NET POSITION			
Net Investment in Capital Assets	134,786,877	61,573,761	196,360,638
Restricted for:			
Debt Service	527,322	-	527,322
Public Safety	4,236,623	-	4,236,623
Transportation	1,965,223	-	1,965,223
Community Development	9,906,793	-	9,906,793
Unrestricted	9,903,356	24,890,581	34,793,937
Total Net Position	$ 161,326,194	$ 86,464,342	$ 247,790,536

The accompanying notes are an integral part of this statement.

Town of Windsor
Statement of Activities
Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Governmental Activities:				
General Government	$ 2,792,869	$ 243,253	$ 1,918	$ -
Public Safety	7,364,432	254,268	87,395	441,513
Public Works	10,208,880	1,135,589	1,762,548	852,616
Community Development	4,708,063	1,210,872	1,108,514	33,461
Interest on Long-term Debt	67,534	-	-	-
Total Governmental Activities	25,141,778	2,843,982	2,960,375	1,327,590
Business-type Activities:				
Water Reclamation	9,787,461	8,319,403	-	-
Water	6,621,586	6,555,708	-	-
Total Business-type Activities	16,409,047	14,875,111	-	-
Total Primary Government	$ 41,550,825	$ 17,719,093	$ 2,960,375	$ 1,327,590
General Revenues:				
Taxes:				
Property Taxes				
Sales Taxes				
Franchise Taxes				
Transient Occupancy Taxes				
Other Taxes				
Motor Vehicle in Lieu Taxes (Unrestricted)				
Investment Earnings				
Miscellaneous				
Transfers				
Total General Revenues and Transfers				
Change in Net Position				
Net Position - Beginning of Year (Restated)				
Net Position - End of Year				

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position		
Governmental Activites	Business-type Activities	Totals
$ (2,547,698)	$ -	$ (2,547,698)
(6,581,256)	-	(6,581,256)
(6,458,127)	-	(6,458,127)
(2,355,216)	-	(2,355,216)
(67,534)	-	(67,534)
(18,009,831)	-	(18,009,831)
-	(1,468,058)	(1,468,058)
-	(65,878)	(65,878)
-	(1,533,936)	(1,533,936)
(18,009,831)	(1,533,936)	(19,543,767)
7,602,711	-	7,602,711
4,164,000	-	4,164,000
1,097,351	-	1,097,351
1,862,918	-	1,862,918
48,554	-	48,554
12,109	-	12,109
26,200	110,459	136,659
197,457	232,783	430,240
(13,160)	13,160	-
14,998,140	356,402	15,354,542
(3,011,691)	(1,177,534)	(4,189,225)
164,337,885	87,641,876	251,979,761
$ 161,326,194	$ 86,464,342	$ 247,790,536

Town of Windsor
Balance Sheet
Governmental Funds
June 30, 2017

	General Fund	Housing Fund	Capital Replacement Fund
ASSETS			
Cash and Investments	$ 7,825,691	$ 494,184	$ 6,664,453
Accounts Receivable	1,391,651	-	-
Interest Receivable	-	857,668	-
Due from Other Funds	-	-	244,318
Inventory	38,228	-	-
Notes Receivable	-	4,284,148	-
Total Assets	$ 9,255,570	$ 5,636,000	$ 6,908,771
LIABILITIES			
Accounts Payable	$ 1,635,847	$ -	$ 17,555
Accrued Liabilities	75,456	-	-
Due to Other Funds	-	-	-
Deposits Payable	162,384	-	-
Total Liabilities	1,873,687	-	17,555
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Grants & Interest	-	857,668	-
Total Deferred Inflows of Resources	-	857,668	-
FUND BALANCES (DEFICITS)			
Nonspendable	38,228	-	-
Restricted	578,387	4,778,332	-
Committed	-	-	-
Assigned	-	-	6,891,216
Unassigned	6,765,268	-	-
Total Fund Balances (Deficits)	7,381,883	4,778,332	6,891,216
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 9,255,570	$ 5,636,000	$ 6,908,771

The accompanying notes are an integral part of this statement.

Debt Service Fund	Total Non-major Governmental Funds	Totals
$ 527,322	$ 9,575,455	$ 25,087,105
-	88,268	1,479,919
-	37,373	895,041
-	-	244,318
-	40,864	79,092
-	554,466	4,838,614
$ 527,322	$ 10,296,426	$ 32,624,089
$ -	$ 332,707	$ 1,986,109
-	3,445	78,901
-	66,022	66,022
-	-	162,384
-	402,174	2,293,416
-	37,373	895,041
-	37,373	895,041
-	-	38,228
527,322	9,856,879	15,740,920
-	-	-
-	-	6,891,216
-	-	6,765,268
527,322	9,856,879	29,435,632
$ 527,322	$ 10,296,426	$ 32,624,089

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Town of Windsor
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2017

Fund Balances of Governmental Funds		$ 29,435,632
Amounts reported for Governmental Activities in the Statement of Net Position are different because:		
Capital assets used in Governmental Activities are not financial resources and, therefore, are not reported in the funds.		
Capital Assets, Not Being Depreciated	$ 34,719,417	
Capital Assets, Being Depreciated	179,894,888	
Accumulated Depreciation	(76,771,528)	137,842,777
In governmental funds, other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.		895,041
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Compensated Absences		(381,615)
Net OPEB Obligation		(471,000)
Net Pension Liability		(3,988,384)
Lease Revenue Bonds		(3,055,900)
Accrued Interest Payable		(35,242)
Amounts for deferred inflows and deferred outflows related to the City's Net Pension Liability are not reported in the funds.		
Deferred Outflows - Pension Related Amounts		1,451,725
Deferred Inflows - Pension Related Amounts		(366,840)
Net Position of Governmental Activities		$ 161,326,194

The accompanying notes are an integral part of this statement.

Town of Windsor
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2017

	General Fund	Housing Fund	Capital Replacement Fund
REVENUES			
Taxes and Special Assessments	$ 14,787,642	$ -	$ -
Licenses and Permits	584,208	-	-
Fines, Forfeitures and Penalties	57,731	-	-
Intergovernmental Revenues	460,646	-	-
Charges for Services	917,534	-	-
Use of Money and Property	40,461	4,597	(67,863)
Other Revenues	198,774	23,722	9,738
Total Revenues	17,046,996	28,319	(58,125)
EXPENDITURES			
Current:			
General Government	2,401,388	-	-
Public Safety	7,152,192	-	-
Public Works	4,179,024	-	-
Community Development	2,446,753	-	-
Capital Outlay	3,035,180	-	885,356
Debt Service:			
Principal	-	-	-
Interest	-	-	-
Total Expenditures	19,214,537	-	885,356
Excess (Deficiency) of Revenues Over Expenditures	(2,167,541)	28,319	(943,481)
OTHER FINANCING SOURCES (USES)			
Transfers In	91,058	-	-
Transfers Out	(1,104,894)	-	-
Total Other Financing Sources (Uses)	(1,013,836)	-	-
Net Change in Fund Balances	(3,181,377)	28,319	(943,481)
Fund Balances, Beginning (Restated)	10,563,260	4,750,013	7,834,697
Fund Balances, Ending	$ 7,381,883	$ 4,778,332	$ 6,891,216

The accompanying notes are an integral part of this statement.

Debt Service Fund	Total Non-major Governmental Funds	Totals
$ -	$ -	$ 14,787,642
-	-	584,208
-	-	57,731
-	2,623,155	3,083,801
-	2,367,581	3,285,115
1,918	34,123	13,236
-	17,640	249,874
1,918	5,042,499	22,061,607
1,650	177,798	2,580,836
-	1,766	7,153,958
-	2,984,219	7,163,243
-	1,596,676	4,043,429
-	1,369,049	5,289,585
368,500	-	368,500
79,315	-	79,315
449,465	6,129,508	26,678,866
(447,547)	(1,087,009)	(4,617,259)
241,822	975,384	1,308,264
-	(216,530)	(1,321,424)
241,822	758,854	(13,160)
(205,725)	(328,155)	(4,630,419)
733,047	10,185,034	34,066,051
$ 527,322	$ 9,856,879	$ 29,435,632

Town of Windsor
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended June 30, 2017

Net Change in Fund Balances - Total Governmental Funds	$	(4,630,419)
Amounts reported for Governmental Activities in the Statement of Activities are different because:		
Certain receivables are offset by unavailable revenue in the governmental funds because they are not available to pay for current period expenditures. This represents the amount by which current year unavailable revenue exceeded prior year unavailable revenue.		81,640
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of these assets is allocated over their estimated useful lives as depreciation expense.		
Capital Outlay		5,102,529
Depreciation Expense		(3,861,904)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.		
Principal Payments		368,500
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Net Pension Liability		(1,120,919)
Net OPEB Liability		(74,000)
Compensated Absences		(85,910)
Change in Accrued Interest		11,781
Amounts for deferred inflows and deferred outflows related to the City's Net Pension Liability are not reported in the funds. This is the net change in these deferred inflows and outflows.		
Deferred Outflows of Resources		998,672
Deferred Inflows of Resources		198,339
Change in Net Position of Governmental Activities	$	(3,011,691)

The accompanying notes are an integral part of this statement.

Town of Windsor
Statement of Net Position
Proprietary Funds
June 30, 2017

	Enterprise Funds		
	Water Reclamation	Water	Total
ASSETS			
Current Assets:			
Cash and Investments	$ 10,580,896	$ 14,463,167	$ 25,044,063
Accounts Receivable	1,473,750	1,558,551	3,032,301
Interest Receivable	41,740	8,760	50,500
Inventory	26,313	152,314	178,627
Total Current Assets	12,122,699	16,182,792	28,305,491
Noncurrent Assets:			
Notes Receivable	619,255	129,959	749,214
Capital Assets, Not being depreciated	6,612,829	1,011,924	7,624,753
Capital Assets, Net of Accumulated Depreciation	43,800,436	19,189,779	62,990,215
Total Noncurrent Assets	51,032,520	20,331,662	71,364,182
Total Assets	63,155,219	36,514,454	99,669,673
DEFERRED OUTFLOWS OF RESOURCES			
Pension Related Amounts	783,941	667,802	1,451,743
Deferred Loss on Debt Refunding	93,012	92,791	185,803
Total Deferred Outflows of Resources	876,953	760,593	1,637,546
LIABILITIES			
Current Liabilities:			
Accounts Payable	128,662	291,994	420,656
Accrued Liabilities	1,843	1,949	3,792
Accrued Interest Payable	78,332	29,680	108,012
Due to Other Funds	60,009	118,287	178,296
Deposits Payable	92,779	74,135	166,914
Compensated Absences, Current Portion	29,961	27,485	57,446
Loans Payable, Current Portion	513,620	27,073	540,693
Bonds Payable, Current Portion	231,073	231,073	462,146
Total Current Liabilities	1,136,279	801,676	1,937,955
Noncurrent Liabilities:			
Compensated Absences, Noncurrent	169,781	155,746	325,527
Net Pension Liability	2,153,728	1,834,657	3,988,385
Loans Payable	2,207,813	439,890	2,647,703
Bonds Payable	2,784,184	2,792,284	5,576,468
Total Noncurrent Liabilities	7,315,506	5,222,577	12,538,083
Total Liabilities	8,451,785	6,024,253	14,476,038
DEFERRED INFLOWS OF RESOURCES			
Pension Related Amounts	198,093	168,746	366,839
Total Deferred Inflows of Resources	198,093	168,746	366,839
NET POSITION			
Net Investment in Capital Assets	44,769,587	16,804,174	61,573,761
Unrestricted	10,612,707	14,277,874	24,890,581
Total Net Position	$ 55,382,294	$ 31,082,048	$ 86,464,342

The accompanying notes are an integral part of this statement.

Town of Windsor
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
Year Ended June 30, 2017

	Enterprise Funds		
	Water Reclamation	Water	Total
OPERATING REVENUES			
Charges for Sales and Services	$ 8,205,889	$ 6,415,846	$ 14,621,735
Other Revenues	113,514	139,862	253,376
Total Operating Revenue	8,319,403	6,555,708	14,875,111
OPERATING EXPENSES			
Personnel Costs	3,214,688	2,683,057	5,897,745
Contractual Services	689,387	380,637	1,070,024
Materials and Supplies	2,123,062	1,695,734	3,818,796
Repairs and Maintenance	275,033	100,528	375,561
Utilities	777,780	349,580	1,127,360
Insurance and Claims	69,713	69,713	139,426
Taxes and Licenses	44,405	51,355	95,760
Depreciation	2,400,165	1,171,324	3,571,489
Total Operating Expenses	9,594,233	6,501,928	16,096,161
Operating Income (Loss)	(1,274,830)	53,780	(1,221,050)
NONOPERATING REVENUES (EXPENSES)			
Rental Income	234,855	-	234,855
Investment Income	43,024	65,363	108,387
Interest Expense	(193,228)	(119,658)	(312,886)
Total Nonoperating Revenues (Expenses)	84,651	(54,295)	30,356
Income (Loss) Before Transfers and Capital Contributions	(1,190,179)	(515)	(1,190,694)
Transfers In	103,608	103,608	207,216
Transfers Out	(98,847)	(95,209)	(194,056)
Total Transfers	4,761	8,399	13,160
Change in Net Position	(1,185,418)	7,884	(1,177,534)
Net Position - Beginning of Year	56,567,712	31,074,164	87,641,876
Net Position - End of Year	$ 55,382,294	$ 31,082,048	$ 86,464,342

The accompanying notes are an integral part of this statement.

Town of Windsor
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2017

	Enterprise Funds		
	Water Reclamation	Water	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers and Users	$ 8,521,798	$ 6,565,780	$ 15,087,578
Payments to Suppliers for Goods and Services	(4,243,218)	(2,855,678)	(7,098,896)
Payments to Employees for Services	(3,259,157)	(2,693,955)	(5,953,112)
Net Cash Provided (Used) by Operating Activities	1,019,423	1,016,147	2,035,570
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Cash Transferred from Other Funds	103,608	103,608	207,216
Cash Transferred to Other Funds	(98,847)	(95,209)	(194,056)
Other Amounts Paid to/Received from Other Funds	(109,834)	(96,003)	(205,837)
Net Cash Provided (Used) by Noncapital Financing Activities	(105,073)	(87,604)	(192,677)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and Construction of Capital Assets	(374,363)	(419,291)	(793,654)
Principal Paid on Loans	(499,145)	(26,246)	(525,391)
Principal Paid on Bonds	(217,500)	(217,500)	(435,000)
Interest Paid on Debt	(199,672)	(118,612)	(318,284)
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,290,680)	(781,649)	(2,072,329)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment/Rental Income Received	238,648	59,737	298,385
Net Cash Provided (Used) by Investing Activities	238,648	59,737	298,385
Net Increase (Decrease) in Cash and Cash Equivalents	(137,682)	206,631	68,949
Cash and Cash Equivalents - Beginning of the Year	10,718,578	14,256,536	24,975,114
Cash and Cash Equivalents - End of the Year	$ 10,580,896	$ 14,463,167	$ 25,044,063
RECONCILIATION OF CASH AND CASH EQUIVALENTS			
Cash and Investments	$ 10,580,896	$ 14,463,167	$ 25,044,063
Restricted Cash and Investments	-	-	-
Total Cash and Cash Equivalents	$ 10,580,896	$ 14,463,167	$ 25,044,063
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	$ (1,274,830)	$ 53,780	$ (1,221,050)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation	2,400,165	1,171,324	3,571,489
(Increase) Decrease in Accounts Receivable	197,182	6,860	204,042
(Increase) Decrease in Inventory	(4,265)	19,436	15,171
(Increase) Decrease in Deferred Outflows - Pension Actuarial	(529,041)	(456,422)	(985,463)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	(259,572)	(227,567)	(487,139)
Increase (Decrease) in Deposits Payable	5,211	3,212	8,423
Increase (Decrease) in Compensated Absences	64,052	43,682	107,734
Increase (Decrease) in Net Pension Liability	540,413	496,790	1,037,203
Increase (Decrease) in Deferred Inflows - Pension Actuarial	(119,892)	(94,948)	(214,840)
Net Cash Provided by Operating Activities	$ 1,019,423	$ 1,016,147	$ 2,035,570

The accompanying notes are an integral part of this statement.

Town of Windsor
Statement of Net Position
Fiduciary Funds
June 30, 2017

	Successor Agency Private-purpose Trust Fund	Agency Funds
ASSETS		
Cash and Investments	$ 1,407,533	$ 113,984
Accounts Receivable	-	131,740
Total Assets	1,407,533	$ 245,724
LIABILITIES		
Interest Payable	45,700	$ -
Accounts Payable	20	27,841
Deposits Payable	-	217,883
Bonds Payable, Current Portion	1,220,000	-
Bonds Payable, Long-term Portion	3,610,601	-
Total Liabilities	4,876,321	$ 245,724
NET POSITION		
Net Position Held in Trust for Successor Agency	$ (3,468,788)	

The accompanying notes are an integral part of this statement.

Town of Windsor
Statement of Changes in Net Position
Fiduciary Funds
Year Ended June 30, 2017

	Successor Agency Private-purpose Trust Fund
ADDITIONS	
Property Taxes	$ 1,951,003
Investment Earnings	15,116
Total Additions	1,966,119
DEDUCTIONS	
Administration	240,890
Interest Expense	136,185
Total Deductions	377,075
Change in Net Position	1,589,044
Net Position - Beginning of Year (Restated)	(5,057,832)
Net Position - End of Year	$ (3,468,788)

The accompanying notes are an integral part of this statement.

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, elect one of the Members to serve as the Mayor.

A. Financial 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 former Redevelopment 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 categories – 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – 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. 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 to 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: 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.

Debt Service: Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest on debt. 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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.

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

For 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:

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

a. All governmental funds are accounted for using the 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 the 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.

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 from governmental long-term debt 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 position 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 the principal operations.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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 necessary.

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 remits tax monies to the Town in three installments as follows: 50% in December, 45% in April, and 5% 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 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.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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.

For purposes of the statement of cash flows, cash equivalents are defined as short-term highly liquid investments that are both readily convertible to known amounts of cash or so near their maturity that they present insignificant risk of changes in value because of changes in interest rates, and have an original maturity date of 3 months or less.

F. Accounts and Interest Receivable

In the government-wide financial 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 receivables consist of all revenues earned at fiscal year-end and not yet received. Utility accounts receivable and interest earnings represent the majority of proprietary fund receivables.

G. Prepaid Expenses and Inventory

Inventory is valued at cost using the first-in, first-out (FIFO) method. Inventory of the Enterprise Funds consists primarily 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 for 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.

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 received prior to the implementation of GASB 72 are recorded at estimated fair value on the date donated.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Donated capital assets received subsequent to the implementation of GASB 72 are recorded at acquisition value as of the date received.

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 in the governmental funds upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

I. 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 both governmental and business-type activities, and in 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 fiscal year-end. Accumulated unpaid vacation and sick pay are accrued when earned. Upon retirement, resignation or termination management employees are eligible for a lump sum payout of twenty percent (20%) of accrued sick leave; upon retirement only, management employees may elect one hundred percent (100%) of accumulated sick leave workdays be applied as service credit. Non-management employees are not eligible for the lump sum payout and may only apply accumulated sick leave workdays as service credit toward retirement. Leave benefits are generally liquidated by the General Fund or enterprise funds.

J. Long-Term Liabilities

Long-term liabilities are reported in the government-wide and proprietary fund financial statements. 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

In the governmental fund financial statements, bond premiums, discounts, and issuance costs are recognized in 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 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

In the government-wide financial statements, net position is the excess of all the Town's assets and deferred outflows of resources over all its liabilities and deferred inflows of resources. Net position is divided into three categories, as described below:

1. *Net investment in capital assets* - Consists of 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* – Consists of all other amounts that do not meet the definition of “restricted” or “net investment in capital assets.”

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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. 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* – This includes 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 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 resources, the use of which is constrained by limitations that the government imposes upon itself at its highest level of decision making, which is normally the governing body through ordinances, etc. These constraints remain binding unless removed in the same manner. The Town Council is considered the highest authority for the Town.

4. *Assigned* – Assigned fund balances include the portion of net 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.

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

M. Deferred Inflows/Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Town reports deferred outflows based on the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and also for a deferred loss on a debt refunding.

In addition to liabilities, the statement of financial position and the balance sheet for governmental funds will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has certain items, which arise only under the modified accrual basis of accounting, which qualify for reporting in this category. Governmental funds report unavailable revenues in this category for various revenues, including grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In addition, the Town reports deferred inflows as a result of the Town's implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions,* which qualify for reporting in this category.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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. Future Accounting Pronouncements

The Governmental Accounting Standards Board has issued the following Statements, which may affect the Town's financial reporting requirements in the future:

GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* This statement was issued to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions. This GASB Statement is required to be implemented in financial statements issued for the periods beginning after June 15, 2017. The Town has not elected to early implement this statement and has not determined its effect on the financial statements.

GASB 83, Certain Asset Retirement Obligations: This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

GASB 86, Certain Debt Extinguishment Issues: This Statement establishes reporting requirements for when a government places cash and other monetary assets acquired with only existing resources in an irrevocable trust to extinguish debt. In financial statements using the economic resources measurement focus, governments should recognize any difference between the reacquisition price (the amount required to be placed in the trust) and the net carrying amount of the debt defeased in substance using only existing resources as a separately identified gain or loss in the period of the defeasance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017.

GASB 87, Leases: This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

P. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Town's California Public Employees' Retirement System (CalPERS) plan (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. 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.

2. CASH AND INVESTMENTS

Cash, cash equivalents, and investments as of June 30, 2017 were classified in the accompanying financial Statements as follows:

Statement of Net Position:		
Cash and Investments	$	50,131,168
Statement of Fiduciary Net Position:		
Cash and Investments		1,521,517
Total Cash and Investments	$	51,652,685

Cash and investments held by the Town at June 30, 2017 consisted of the following:

Petty Cash	$	2,350
Deposits with Financial Institutions		6,287,133
Investments		45,363,202
Total Cash and Investments	$	51,652,685

Investments Authorized by the Town's Investment Policy

The table below identifies the investment types that are authorized for the Town by the California Government Code (or the Town's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the Town's investment policy, if more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements, 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
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

Investments Authorized by Debt Agreements

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

2. CASH AND INVESTMENTS – Continued

identifies the investment types that are authorized for investments held 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

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rate. One of the ways that the Town manages its exposure to interest rate risk 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 interest rate fluctuations is provided by the following table that shows the distribution of the Town's investment by maturity:

		Remaining Maturity (in Months)				
Investment Type	Total	12 Months Or Less	13 to 24 Months	25 to 36 Months	37 to 48 Months	More than 48 Months
State Investment Pool	$ 703,640	$ 703,640	$ -	$ -	$ -	$ -
County of Sonoma Pool	17,975,446	17,975,446	-	-	-	-
United States Treasury Obligations	6,228,300	-	-	995,980	5,232,320	-
Federal Home Loan Bank	3,918,781	1,996,880	-	-	1,921,901	-
Federal Farm Credit Bank	9,037,734	1,998,300	-	2,972,520	2,130,994	1,935,920
Federal National Mortgage Association	5,994,540	2,994,000	-	2,030,130	-	970,410
Negotiable Certificates of Deposit	1,504,741	-	999,726	505,015	-	-
Held by Bond Trustees						
Money Market Mutual Funds	20	20	-	-	-	-
Total Investments	$45,363,202	$25,668,286	$ 999,726	$ 6,503,645	$ 9,285,215	$ 2,906,330

2. CASH AND INVESTMENTS – Continued

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 rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the Town's investment policy, or debt agreements, and the actual rating as of year-end for each investment type.

Investment Type	Total	Minimum Legal Rating	AAA	AA	A and A-1	Not Required to be Rated
State Investment Pool	$ 703,640	N/A	$ -	$ -	$ -	$ 703,640
County of Sonoma Pool	17,975,446	N/A	-	-	-	17,975,446
United States Treasury Obligations	6,228,300	N/A	-	-	-	6,228,300
Federal Home Loan Bank	3,918,781	N/A	3,918,781	-	-	-
Federal Farm Credit Bank	9,037,734	N/A	9,037,734	-	-	-
Federal National Mortgage Association	5,994,540	N/A	5,994,540	-	-	-
Certificates of Deposit	1,504,741	N/A	-	-	-	1,504,741
Held by Bond Trustees						
Money Market Mutual Funds	20	N/A	20	-	-	-
Total Pooled Investments	$45,363,202		$18,951,075	$ -	$ -	$26,412,127

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. As of June 30, 2017, the Town's investments with each of the following issuers exceed 5% of its total investments.

Issuer	Amount Invested	% of Portfolio
Federal Home Loan Bank	$ 3,918,781	8.6%
Federal Farm Credit Bank	9,037,734	19.9%
Federal National Mortgage Association	5,994,540	13.2%

Investments guaranteed by the U.S. government and investments in mutual funds and external investment pools are excluded from this requirement.

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 California Government Code and the Town's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the

2. CASH AND INVESTMENTS – Continued

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 Town deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2017, $4,450,567 in deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts.

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's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities.

Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF). As of June 30, 2017, none of the Town's investments were held by the broker-dealer (counterparty) that was used by the Town to purchase the securities.

For investments identified herein as held by bond trustee, the bond trustee selects the investments under terms of the applicable trust agreement, acquires the investment, and holds the investment on behalf of the reporting government.

Fair Value Measurements

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Town has the following recurring fair value measurements as of June 30, 2017:

- U.S. Treasury Obligations of $6,228,300 are valued using quoted market prices (Level 1 inputs)
- Federal Agency Securities of $18,951,055 are valued using a matrix pricing model (Level 2 inputs)
- Negotiable Certificates of Deposit of $1,504,741 are valued using a matrix pricing model (Level 2 inputs)

Investment in State and County Investment Pool

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

3. NOTES RECEIVABLE

Forest Winds Apartments

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 totaled $258,257 as of June 30, 2017.

Vinecrest

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 3% simple interest for 40 years with all principal and interest payments deferred for the life of the loan. Accrued interest totaled $419,678 as of June 30, 2017.

Twin Oaks

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 2005-06 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.

Winter Creek Village Apartments

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 3% simple interest for 40 years with all principal and interest payments deferred for the life of the loan. Accrued interest totaled $179,733 as of June 30, 2017.

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,"

3. NOTES RECEIVABLE - Continued

as defined in the agreement. As any return to the Town is contingent on the resale of the units, the $750,000 has been offset with an allowance for doubtful accounts as of June 30, 2017.

Windsor Redwoods

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.

Windsor Hospitality Group, LLC

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. In March of 2018, the entire Note Receivable, including accrued interest, was paid off.

4. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The following represents amounts due to/from other funds at June 30, 2017:

	Due to Other Funds			
Due from Other Funds	Water Reclamation Fund	Water Fund	Non-major Governmental Funds	Total
Capital Replacement Fund	$ 60,009	$ 118,287	$ 66,022	$ 244,318

The above amounts (total of $244,318) are due to the Capital Replacement Fund for capital expenditures made in previous fiscal years.

Interfund transfers for the year ended June 30, 2017 are as follows:

4. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS - Continued

	Transfers Out				
Transfers In	General Fund	Water Reclamation Fund	Water Fund	Nonmajor Governmental Funds	Total
General Fund	$ -	$ 47,348	$ 43,710	$ -	$ 91,058
Debt Service Fund	-	51,499	51,499	138,824	241,822
Nonmajor Governmental Funds	975,384	-	-	-	975,384
Water Reclamation Fund	64,755	-	-	38,853	103,608
Water Fund	64,755	-	-	38,853	103,608
Total	$ 1,104,894	$ 98,847	$ 95,209	$ 216,530	$ 1,515,480

The General Fund transferred $975,384 to the Landscape & Lighting Special Assessment Nonmajor Fund to subsidize expenditures in that fund, and $64,755 to both the Water Reclamation and Water Funds to pay for administrative costs.

The transfers out in the Water Reclamation and Water Funds were to help cover debt service costs and for facility cost sharing in the General Fund. The Public Facilities Nonmajor Fund transferred $216,530 for its share of the debt service costs.

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2017 is as follows:

Governmental Activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Not Being Depreciated:				
Land	$ 32,310,417	$ -	$ -	$ 32,310,417
Rights of Way	407	-	-	407
Construction in Progress	394,807	2,245,385	(231,599)	2,408,593
Total Capital Assets, Not Being Depreciated:	32,705,631	2,245,385	(231,599)	34,719,417
Capital Assets, Being Depreciated:				
Buildings	8,514,655	18,464	-	8,533,119
Improvements Other than Buildings	16,331,156	748,987	-	17,080,143
Equipment and Machinery	840,063	-	-	840,063
Infrastructure	149,824,750	2,150,268	-	151,975,018
Vehicles	1,295,521	171,024	-	1,466,545
Total Capital Assets, Depreciated	176,806,145	3,088,743	-	179,894,888
Less Accumulated Depreciation:				
Buildings	(2,880,185)	(169,965)	-	(3,050,150)
Improvements Other than Buildings	(8,943,216)	(561,574)	-	(9,504,790)
Equipment and Machinery	(691,447)	(62,182)	-	(753,629)
Infrastructure	(59,614,288)	(2,938,594)	-	(62,552,882)
Vehicles	(780,488)	(129,589)	-	(910,077)
Total Accumulated Depreciation	(72,909,624)	(3,861,904)	-	(76,771,528)
Net Capital Assets Being Depreciated	103,896,521	(773,161)	-	103,123,360
Governmental Activities, Capital Assets, Net	$ 136,602,152	$ 1,472,224	$ (231,599)	$ 137,842,777

5. CAPITAL ASSETS – Continued

Depreciation expense was charged to the following functions in the Statement of Activities for Governmental Activities:

General Government	$	(128,215)
Public Safety		(210,474)
Public Works		(2,858,581)
Community Development		(664,634)
Total Governmental Activities Depreciation	$	(3,861,904)

Business-type Activities

Water Reclamation Fund:	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Not Being Depreciated				
Land	$ 6,265,121	$ -	$ -	$ 6,265,121
Construction in Progress	214,369	133,339	-	347,708
Total Capital Assets, Not Being Depreciated:	6,479,490	133,339	-	6,612,829
Capital Assets Being Depreciated:				
Infrastructure (Utility System)	81,256,272	-	-	81,256,272
Equipment and Machinery	3,194,363	-	-	3,194,363
Vehicles	863,097	241,024	-	1,104,121
Total Capital Assets, Depreciated	85,313,732	241,024	-	85,554,756
Less Accumulated Depreciation:				
Infrastructure (Utility System)	(35,739,312)	(2,298,980)	-	(38,038,292)
Equipment and Machinery	(2,819,322)	(79,281)	-	(2,898,603)
Vehicles	(795,521)	(21,904)	-	(817,425)
Total Accumulated Depreciation	(39,354,155)	(2,400,165)	-	(41,754,320)
Net Capital Assets Being Depreciated	45,959,577	(2,159,141)	-	43,800,436
Water Reclamation Fund, Capital Assets, Net	$ 52,439,067	$ (2,025,802)	$ -	$ 50,413,265
Water Fund:				
Capital Assets, Not Being Depreciated				
Land	$ 628,586	$ -	$ -	$ 628,586
Construction in Progress	204,734	178,604	-	383,338
Total Capital Assets, Not Being Depreciated:	833,320	178,604	-	1,011,924
Capital Assets Being Depreciated:				
Infrastructure (Utility System)	39,932,082	-	-	39,932,082
Equipment and Machinery	932,502	82,364	-	1,014,866
Vehicles	839,878	158,323	-	998,201
Total Capital Assets, Depreciated	41,704,462	240,687	-	41,945,149
Less Accumulated Depreciation:				
Infrastructure (Utility System)	(20,191,878)	(1,098,404)	-	(21,290,282)
Equipment and Machinery	(690,059)	(34,370)	-	(724,429)
Vehicles	(702,109)	(38,550)	-	(740,659)
Total Accumulated Depreciation	(21,584,046)	(1,171,324)	-	(22,755,370)
Net Capital Assets Being Depreciated	20,120,416	(930,637)	-	19,189,779
Water Fund, Capital Assets, Net	$ 20,953,736	$ (752,033)	$ -	$ 20,201,703

6. LONG-TERM LIABILITIES

The following is a summary of long-term debt activity for the year ended June 30, 2017:

Governmental Activities	Beginning Balance	Additions	Retirements	Ending Balance	Due in one year
Compensated absences	$ 253,209	$ 353,762	$ (225,356)	$ 381,615	$ 119,064
Net OPEB obligation	397,000	74,000	-	471,000	-
Net pension liability	2,867,465	1,120,919	-	3,988,384	-
Lease Revenue bonds	3,424,400	-	(368,500)	3,055,900	379,600
Total Government Activities	$ 6,942,074	1,548,681	$ (593,856)	$ 7,896,899	$ 498,664

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, 2017 was $3,055,900, and future debt service requirements are as follows:

6. LONG-TERM LIABILITIES – Continued

Fiscal Year Ending June 30,	Principal	Interest	Total
2018	$ 379,600	$ 70,485	$ 450,085
2019	384,900	61,420	446,320
2020	395,300	52,197	447,497
2021	405,500	42,729	448,229
2022	415,000	33,021	448,021
2023	423,700	23,093	446,793
2024	431,500	12,963	444,463
2025	220,400	2,623	223,023
Totals	$ 3,055,900	$ 298,531	$ 3,354,431

Business-type Actvities	Beginning Balance	Additions	Retirements	Ending Balance	Due in one year
Water Fund:					
Compensated absences	$ 139,549	$ 143,735	$ (100,053)	$ 183,231	$ 27,485
Net pension liability	1,337,867	496,790	-	1,834,657	-
Revenue bonds	3,174,050	-	(217,500)	2,956,550	225,000
Premium on revenue bonds	72,881	-	(6,074)	66,807	6,073
SDWSRF loan	493,209	-	(26,246)	466,963	27,073
Total Water Fund	5,217,556	640,525	(349,873)	5,508,208	285,631
Water Reclamation Fund:					
Compensated absences	135,690	143,831	(79,779)	199,742	29,961
Net pension liability	1,613,315	540,413	-	2,153,728	-
Revenue bonds	3,165,950	-	(217,500)	2,948,450	225,000
Premium on revenue bonds	72,880	-	(6,073)	66,807	6,073
State revolving fund	3,220,578	-	(499,145)	2,721,433	513,620
Total Water Reclamation Fund	$ 8,208,413	$ 684,244	$ (802,497)	$ 8,090,160	$ 774,654
Total Business-type Activities	$13,425,969	$ 1,324,769	$ (1,152,370)	$13,598,368	$ 1,060,285

2012 D 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.

6. LONG-TERM LIABILITIES – Continued

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, 2017 was $5,905,000, and future debt service requirements are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2018	$ 450,000	$ 197,024	$ 647,024
2019	465,000	178,724	643,724
2020	485,000	164,574	649,574
2021	495,000	149,824	644,824
2022	515,000	129,624	644,624
2023	535,000	108,624	643,624
2024	555,000	89,600	644,600
2025	570,000	72,014	642,014
2026	590,000	53,164	643,164
2027	610,000	32,900	642,900
2028	635,000	11,112	646,112
Totals	$ 5,905,000	$ 1,187,184	$ 7,092,184

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, 2017, the outstanding principal balance of the loan was $2,721,433, and the future debt service requirements are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
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
Totals	$ 2,721,433	$ 241,277	$ 2,962,710

6. LONG-TERM LIABILITIES – Continued

Safe Drinking Water State Revolving Fund (SDWSRF) Loan Payable

In July 2009, the Town was awarded funding under the Safe Drinking Water State Revolving Fund (SDWSRF) and the American Recovery and Reinvestment Act. The purpose of the funding is to assist in financing construction of a project which will enable the Town to meet safe drinking water standards. The total amount of the loan was $1,154,888. Pursuant to the funding agreement, the State agreed to provide additional subsidization in the form of forgiveness of principal of 50%. The outstanding balance as of June 30, 2017 was $466,963. 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, and future debt service requirements are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
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	29,904	8,679	38,583
2023	30,657	7,926	38,583
2024	31,429	7,154	38,583
2025	32,220	6,363	38,583
2026	33,031	5,552	38,583
2027	33,862	4,721	38,583
2028	34,719	3,868	38,587
2029	35,589	2,994	38,583
2030	36,485	2,098	38,583
2031	37,403	1,180	38,583
2032	19,212	238	19,450
Totals	$ 466,963	$ 92,653	$ 559,616

Fiduciary Fund Long-term Debt

Tax Allocation Refunding Bonds:	Beginning Balance	Additions	Retirements	Ending Balance	Due in one year
Series 2014	$ 5,765,000	$ -	$ (1,195,000)	$ 4,570,000	$ 1,220,000
Premium	296,963	-	(36,362)	260,601	-
CALHFA loans payable	430,000	-	(430,000)	-	-
Total Fiduciary Fund Debt	$ 6,491,963	$ -	$ (1,661,362)	$ 4,830,601	$ 1,220,000

Tax Allocation Refunding Bonds – Series 2014

In October of 2014, the Windsor Redevelopment Successor Agency issued $6,965,000 in 2014 Tax Allocation Refunding Bonds (2014 Bonds) for the purpose of refunding the 1998 and 2004 Tax Allocation Bonds, along with the 2008 Windsor Public Financing Authority Lease Revenue Bonds (collectively, the Refunded Bonds). The advance refunding met the requirements of an in-substance debt defeasance, and the Refunded Bonds were removed from the Town's financial statements. The 2014 Bonds are secured by tax revenues deposited by the County into the Successor Agency's Redevelopment Obligation Retirement Fund, pursuant to the State's Dissolution Act, as described in Note 11. The 2014 Bonds are limited obligations of the Successor Agency and, as such, are not a debt of the Town, the County, the State, or any of its political subdivisions. Neither the faith

6. LONG-TERM LIABILITIES – Continued

and credit nor the taxing power of the Town, the County, the State, or any of its political subdivisions is pledged therefore.

Principal is due September 1 of each year, beginning September 1, 2015, with the final principal payment 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 2014 Bonds was $4,570,000 at June 30, 2017, and the future debt service requirements are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2018	$ 1,220,000	$ 118,800	$ 1,338,800
2019	590,000	91,650	681,650
2020	1,160,000	65,400	1,225,400
2021	350,000	42,750	392,750
2022	295,000	33,075	328,075
2023	310,000	24,000	334,000
2024	320,000	14,550	334,550
2025	325,000	4,875	329,875
Totals	$ 4,570,000	$ 395,100	$ 4,965,100

7. NO-COMMITMENT DEBT

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 for repayment of these bonds. As of June 30, 2017, the outstanding principal amount of the bonds was $4,035,000.

8. PENSION PLAN

General Information about the Defined Benefit Pension Plan

Plan Description – All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan) administered by the California Public Employees' Retirement System (CalPERS.) The Plan consists of individual rate plans (benefit tiers) within a safety risk pool (police and fire) and a miscellaneous risk pool (all others.) Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The Town of Windsor sponsors 2 rate plans (both miscellaneous.) Benefit provisions under the Plan are established by State statute and Town 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.

8. PENSION PLAN – Continued

Benefits Provided – The Plan is a cost-sharing multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). A full description of the pension plan benefit provisions, assumptions for funding purposes but not accounting purposes, and membership information is listed in the June 30, 2015 Annual Actuarial Valuation Report. Details of the benefits provided can be obtained in Appendix B of the June 30, 2015 actuarial valuation report. This report is a publicly available valuation report that can be obtained at CalPERS' website under Forms and Publications.

The rate plan provisions and benefits in effect at June 30, 2017, are summarized as follows:

	Miscellaneous Tier 1	Miscellaneous Tier II
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.5% @ 55	2% @ 62
	single highest year	36 month average
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50	52
Monthly benefits, as a % of eligible compensation	2% to 2.5%	1% to 2.5%
Required employee contribution rates	7%	6.25%
Required employer contribution rates	8.880% + $282,245	6.555% + $114

Beginning in fiscal year 2016, CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability and side fund. The dollar amounts are billed on a monthly basis. The Town's required contribution for the unfunded liability was $282,359 in fiscal year 2017.

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 1 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.

The Town's contributions to the Plan for the year ended June 30, 2017 were $1,181,662.

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2017, the Town reported a net pension liability for its proportionate share of the net pension liability of the Plan of $7,976,769.

The Town's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2016, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016 using standard update procedures. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

8. PENSION PLAN – Continued

The Town's proportionate share of the net pension liability as of June 30, 2015 and 2016 was as follows:

Proportion - June 30, 2015	0.084770%
Proportion - June 30, 2016	0.092180%
Change - Increase (Decrease)	0.007410%

For the year ended June 30, 2017, the Town recognized pension expense of $942,471. At June 30, 2017, 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	$ 1,181,662	$ -
Differences between actual and expected experience	23,644	-
Changes in assumptions	-	290,177
Change in employer's proportion	187,886	170,655
Differences between the employer's contributions and the employer's proportionate share of contributions	-	272,847
Net differences between projected and actual earnings on plan investments	1,510,276	-
Total	$ 2,903,468	$ 733,679

$1,181,662 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending June 30,	
2018	$ (72,688)
2019	(13,842)
2020	683,477
2021	391,180
2022	-
Thereafter	-

Actuarial Assumptions – The total pension liabilities in the June 30, 2015 actuarial valuations were determined using the following actuarial assumptions:

8. PENSION PLAN – Continued

Valuation date	June 30, 2015
Measurement date	June 30, 2016
Actuarial cost method	entry-age normal
Actuarial assumptions:	
Discount rate	7.65%
Inflation	2.75%
Payroll growth	3.00%
Projected salary increase	(1)
Investment rate of return	7.65%
Mortality	(2)

(1) Depending on age, service and type of employment
(2) Derived using CalPERS' Membership Data for all Funds.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2015 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.

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.

8. PENSION PLAN – Continued

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

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (1)	Real Return Years 11+ (2)
Global Equity	51%	5.25%	5.71%
Global Fixed Income	20%	0.99%	2.43%
Inflation Sensitive	6%	0.45%	3.36%
Private Equity	10%	6.83%	6.95%
Real Estate	10%	4.50%	5.13%
Infrastructure and Forestland	2%	4.50%	5.09%
Liquidity	1%	-0.55%	-1.05%

(1) An expected inflation of 2.5% used for this period.

(2) An expected inflation of 3.0% used for this period.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Town's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the Town's proportionate share of the 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:

1% Decrease		6.65%
Net Pension Liability	$	12,967,006
Current Discount Rate		7.65%
Net Pension Liability	$	7,976,769
1% Increase		8.65%
Net Pension Liability	$	3,852,587

Pension Plan Fiduciary Net Position – Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial reports. At June 30, 2017, the Town reported a payable of $0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2017.

9. OTHER POST EMPLOYMENT BENEFITS (OPEB)

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.

9. OTHER POST EMPLOYMENT BENEFITS (OPEB) – Continued

For the year fiscal ended June 30, 2017, 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.

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, 2017, 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, 2017, the Town's annual cost for the healthcare plan was $89,000. The Town's annual OPEB cost contributed to the plan and the net OPEB obligation for the fiscal year ended June 30, 2017 were as follows:

Annual Required Contribution	$ 109,000
Interest on Net OPEB Obligation	16,000
Amortization of Net OPEB Obligation	(36,000)
Annual OPEB Cost	89,000
Payments Made	(15,000)
Increase in Net OPEB Obligation	74,000
Net OPEB Obligation - Beginning of the Year	397,000
Net OPEB Obligation - End of Year	$ 471,000

OPEB costs are typically charged to the General Fund and to Governmental Activities in the entity-wide financial statements. The Town’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 20161-7 and the two preceding years were as follows:

Fiscal Year	Annual OPEB Cost (AOC)	Percentage of AOC Contributed	Net OPEB Obligation
6/30/17	$ 89,000	17%	$ 417,695
6/30/16	83,000	19%	397,000
6/30/15	78,000	21%	330,000

9. OTHER POST EMPLOYMENT BENEFITS (OPEB) – Continued

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 approximately $8,048,000, and the ratio of the UAAL to the covered payroll was 8.3 percent.

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.

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.

10. FUND BALANCE

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.

Fund Balance detail as of June 30, 2017 is presented below:

10. FUND BALANCE - Continued

Nonspendable:	General Fund	Housing Fund	Capital Replacement Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Inventory	$ 38,228	$ -	$ -	$ -	$ -	$ 38,228
Restricted for:						
Debt Service	-	-	-	527,322	-	527,322
Public Safety	123,834	-	-	-	4,111,149	4,234,983
Transportation	-	-	-	-	1,933,726	1,933,726
Comm. Development	454,553	4,778,332	-	-	3,812,004	9,044,889
Assigned to:						
Capital Improvements	-	-	6,891,216	-	-	6,891,216
Unassigned	6,765,268	-	-	-	-	6,765,268
Total Fund Balance	$ 7,381,883	$ 4,778,332	$ 6,891,216	$ 527,322	$ 9,856,879	$ 29,435,632

11. SUCCESSOR AGENCY TRUST FOR THE 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.

12. 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.

The Town maintains its general liability, property, and workers' compensation insurance costs in the General 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 accrues a loss, if payment is probable and can be reasonably estimated. As of June 30, 2016 and June 30, 2017, the Town had no claims payable to report. 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.

13. CONTINGENCIES & 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.

Construction Commitments

As of June 30, 2017, the Town’s total outstanding construction contract commitments amounted to approximately $2,067,000.

14. PRIOR PERIOD ADJUSTMENTS

The Town recorded the following prior period adjustments, as described below:

	General Fund	Housing Fund	Debt Service Fund	Non-major Funds	Successor Agency Trust Fund	Governmental Activities	
	$ 280,505	$ -	$ -	$ -	$ -	$ 280,505	(1)
	27,727	-	-	14,769	-	-	(2)
	327,200	-	-	184,086	-	511,286	(3)
	-	4,284,148	-	554,466	-	-	(4)
	-	-	699,816		(3,962,298)	3,596,691	(5)
Total Adjusments	635,432	4,284,148	699,816	753,321	(3,962,298)	4,388,482	
Beginning Balance	9,927,828	465,865	33,231	9,431,713	(1,095,534)	159,949,403	
Restated Balance	$ 10,563,260	$ 4,750,013	$ 733,047	$ 10,185,034	$ (5,057,832)	$ 164,337,885	

(1) To record receivables in the General Fund which were previously omitted.

(2) To eliminate compensated absences previously reported in governmental funds.

(3) To reclassify amounts reported as deposits payable in the prior year to revenues.

(4) To reclassify the principal portion of Notes Receivable to Fund Balance (previously included in Deferred Inflows).

(5) To move prior period debt service costs on the 2014 TABs from the Town's Debt Service Fund to the Successor Agency Trust Fund, and reclassify related debt balances from Governmental Activities to the Successor Agency Trust Fund.

15. JOINT POWERS AGREEMENTS (JPA)

Santa Rosa Plain Groundwater Sustainability Agency (Agency)

The above Agency was formed in May of 2017 for the purpose of achieving groundwater sustainability in the Santa Rosa Plain Groundwater Basin, in accordance with the Sustainable Groundwater Management Act described in California Water Code Section 10720 *et. seq*. The Members consist of nine government agencies, including the Town of Windsor. The Agency's Board of Directors is composed of one voting seat per Member. The JPA includes provision for funding by the Member agencies, including an initial funding commitment and fluctuating annual amounts thereafter.

Sonoma County Waste Management Agency (SCWMA)

The SCWMA was initially formed in 1992 by several government agencies (Members), including the Town of Windsor, in response to the California Integrated Waste Management Act of 1989 (Act). The Act requires the Members to divert recyclable and recoverable materials from the waste stream and to cooperate to achieve certain waste diversion goals. The SCWMA is governed and administered by a Board of Directors that is composed of one voting seat per Member.

REQUIRED SUPPLEMENTARY INFORMATION

Town of Windsor
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Fund
Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Taxes and Special Assessments	$ 15,138,622	$ 15,148,622	$ 14,787,642	$ (360,980)
Licenses, Fees, and Permits	673,697	638,747	584,208	(54,539)
Fines and Forfeitures	38,000	38,000	57,731	19,731
Intergovernmental Revenues	100,000	100,000	460,646	360,646
Charges for Services	562,550	690,700	917,534	226,834
Use of Money and Property	166,830	76,830	40,461	(36,369)
Other Revenues	112,900	76,500	198,774	122,274
Total Revenues	16,792,599	16,769,399	17,046,996	277,597
EXPENDITURES				
Current:				
General Government	2,250,526	2,701,623	2,401,388	300,235
Public Safety	6,727,058	7,000,046	7,152,192	(152,146)
Public Works	3,815,383	5,576,216	4,179,024	1,397,192
Community Development	4,391,437	2,716,701	2,446,753	269,948
Capital Outlay	1,962,132	4,176,930	3,035,180	1,141,750
Total Expenditures	19,146,536	22,171,516	19,214,537	2,956,979
Excess (Deficiency) of Revenues over Expenditures	(2,353,937)	(5,402,117)	(2,167,541)	3,234,576
OTHER FINANCING SOURCES (USES)				
Transfers In	91,058	91,058	91,058	-
Transfers Out	(1,239,909)	(1,239,909)	(1,104,894)	135,015
Total Other Financing Sources (Uses)	(1,148,851)	(1,148,851)	(1,013,836)	135,015
Net Change in Fund Balances	(3,502,788)	(6,550,968)	(3,181,377)	3,369,591
Fund Balance, Beginning of Year	10,563,260	10,563,260	10,563,260	
Fund Balance, End of Year	$ 7,060,472	$ 4,012,292	$ 7,381,883	$ 3,369,591

Town of Windsor
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Housing Special Revenue Fund
Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Use of Money and Property	$ -	$ 400	$ 4,597	$ 4,197
Other Revenues			23,722	23,722
Total Revenues	-	400	28,319	27,919
EXPENDITURES				
Community Development	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues over Expenditures	-	400	28,319	27,919
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	-	400	28,319	27,919
Fund Balance, Beginning of Year	4,750,013	4,750,013	4,750,013	-
Fund Balance, End of Year	$ 4,750,013	$ 4,750,413	$ 4,778,332	$ 27,919

Town of Windsor
Required Supplementary Information
Year Ended June 30, 2017

Schedule of Funding Progress for OPEB

Actuarial Valuation Date	Actuarial Accrued Liability	Actuarial Value of Assets	Unfunded Actuarial Accrued Liability (UAAL)	Funded Status	Annual Covered Payroll	UAAL as a Percent of Covered Payroll
June 30, 2009	$ 446,000	$ -	$ 446,000	0%	$ 6,817,000	7%
June 30, 2012	557,000	-	557,000	0%	6,474,000	8%
June 30, 2015	666,000	-	666,000	0%	7,549,000	9%

Town of Windsor
Required Supplementary Information
Year Ended June 30, 2017

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

Measurement Date	Proportion of the Net Pension Liability	Proportionate Share of Net Pension Liability	Covered Employee Payroll	Proportionate Share of the Net Pension Liability as a % of Payroll	Plan Fiduciary Net Position as a % of the Total Pension Liability
2016	0.092180%	$ 7,976,769	$ 7,703,960	103.54%	78.48%
2015	0.084772%	5,818,647	7,909,720	73.56%	84.55%
2014	0.089550%	5,572,086	6,760,406	82.42%	83.03%

*Fiscal year 2015 was the first year of implementation; therefore, not all 10 years of information is available.

Notes to the Schedule of the Town's Proportionate Share of the Net Pension Liability

Benefit Changes: None

Changes in Assumptions: None

Town of Windsor
Required Supplementary Information
Year Ended June 30, 2017

Schedule of Plan Contributions
Last 10 Years*

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency/ (Excess)	Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2017	$ 813,911	$ (813,911)	$ -	$ 7,703,960	10.56%
2016	858,300	(858,300)	-	7,909,720	10.85%
2015	779,143	(779,143)	-	6,760,406	11.53%

*Fiscal year 2015 was the first year of implementation; therefore, not all 10 years of information is available.

Notes to the Schedule of Plan Contributions

Valuation Date: June 30, 2015

Notes to Required Supplementary Information

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. For the 2016-17 fiscal year, there were budget amendments in the General Fund of approximately $3.025 million for various projects.

SUPPLEMENTARY INFORMATION

Town of Windsor
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Capital Replacement Fund
Year Ended June 30, 2017

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Use of Money and Property	$ 45,000	$ (67,863)	$ (112,863)
Other	-	9,738	9,738
Total Revenues	45,000	(58,125)	(103,125)
EXPENDITURES			
Capital Outlay	1,692,153	885,356	806,797
Total Expenditures	1,692,153	885,356	806,797
Excess (Deficiency) of Revenues over Expenditures	(1,647,153)	(943,481)	703,672
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Net Change in Fund Balances	(1,647,153)	(943,481)	703,672
Fund Balance, Beginning of Year	7,834,697	7,834,697	-
Fund Balance, End of Year	$ 6,187,544	$ 6,891,216	$ 703,672

Town of Windsor
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Debt Service Fund
Year Ended June 30, 2017

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Use of Money and Property	$ 2,000	$ 1,918	$ (82)
Total Revenues	2,000	1,918	(82)
EXPENDITURES			
Current:			
General Government	1,650	1,650	-
Debt Service:			
Principal	368,500	368,500	-
Interest	79,321	79,315	6
Total Expenditures	449,471	449,465	6
Excess (Deficiency) of Revenues Over Expenditures	(447,471)	(447,547)	(76)
OTHER FINANCING SOURCES (USES)			
Transfers In	241,822	241,822	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	241,822	241,822	-
Net Change in Fund Balances	(205,649)	(205,725)	(76)
Fund Balance, Beginning of Year	733,047	733,047	-
Fund Balance, End of Year	$ 527,398	$ 527,322	$ (76)

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NON-MAJOR GOVERNMENTAL FUNDS

Town of Windsor
Non-Major Governmental Funds
Year Ended June 30, 2017

SPECIAL REVENUE FUNDS

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

Town of Windsor
Non-Major Governmental Funds
Year Ended June 30, 2017

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
Non-major Governmental Funds
June 30, 2017

	Special Revenue				
	Gas Tax	Transportation Grant Fund	TDA Fund	Mobile Home Rent Stabilization Fund	Lighting and Landscape Assessment Fund
ASSETS					
Cash and Investments	$ 160,199	$ 286,547	$ -	$ 44,875	$ 142,451
Accounts Receivable	-	69,957	-	-	-
Interest Receivable	-	-	-	-	-
Inventory	40,864	-	-	-	-
Notes Receivable	-	-	-	-	-
Total Assets	$ 201,063	$ 356,504	$ -	$ 44,875	$ 142,451
LIABILITIES					
Accounts Payable	$ 32,284	$ 127,137	$ -	$ -	$ 34,123
Accrued Liabilities	1,156	-	-	-	1,625
Due to Other Funds	15,902	-	-	-	18,254
Deposits	-	-	-	-	-
Unearned Revenue	-	-	-	-	-
Total Liabilities	49,342	127,137	-	-	54,002
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenues	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-
FUND BALANCE (DEFICITS)					
Restricted	151,721	229,367	-	44,875	88,449
Committed	-	-	-	-	-
Unassigned	-	-	-	-	-
Total Fund Balances	151,721	229,367	-	44,875	88,449
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 201,063	$ 356,504	$ -	$ 44,875	$ 142,451

Special Revenue						
Lighting and Landscape Assessment #2 Fund	1982 Benefits Assessment Fund	Abandoned Vehicle Abatement Program Fund	Public Education and Government Grant Fund	Community Development Block Grant Fund	Public Facilities Fund	Traffic Mitigation Fund
$ 73,337	$ 230,607	$ 129,880	$ 141,867	$ 14,030	$ 586,669	$ 1,220,460
-	-	-	18,311	-	-	-
-	-	-	-	-	-	31,497
-	-	-	-	-	-	-
-	-	-	-	-	-	467,289
$ 73,337	$ 230,607	$ 129,880	$ 160,178	$ 14,030	$ 586,669	$ 1,719,246
$ 803	$ 191	$ -	$ 1,050	$ -	$ -	$ 134,272
506	-	-	-	-	-	45
-	-	-	516	-	-	794
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,309	191	-	1,566	-	-	135,111
-	-	-	-	-	-	31,497
-	-	-	-	-	-	31,497
72,028	230,416	129,880	158,612	14,030	586,669	1,552,638
-	-	-	-	-	-	-
-	-	-	-	-	-	-
72,028	230,416	129,880	158,612	14,030	586,669	1,552,638
$ 73,337	$ 230,607	$ 129,880	$ 160,178	$ 14,030	$ 586,669	$ 1,719,246

Continued

Town of Windsor
Combining Balance Sheet
Non-major Governmental Funds - Continued
June 30, 2017

	Special Revenue	Capital Projects			
	Housing Inclusionary Fund	Park Development Fund	Drainage Mitigation Fund	Fire Mitigation Fund	Total Non-major Governmental Funds
ASSETS					
Cash and Investments	$ 1,807,323	$ 620,710	$ 3,914,751	$ 201,749	$ 9,575,455
Accounts Receivable	-	-	-	-	88,268
Interest Receivable	-	4,236	1,640	-	37,373
Inventory	-	-	-	-	40,864
Notes Receivable	-	62,840	24,337	-	554,466
Total Assets	$ 1,807,323	$ 687,786	$ 3,940,728	$ 201,749	$ 10,296,426
LIABILITIES					
Accounts Payable	$ -	$ 2,847	$ -	$ -	$ 332,707
Accrued Liabilities	-	69	44	-	3,445
Due to Other Funds	-	912	29,644	-	66,022
Deposits	-	-	-	-	-
Unearned Revenue	-	-	-	-	-
Total Liabilities	-	3,828	29,688	-	402,174
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenues	-	4,236	1,640	-	37,373
Total Deferred Inflows of Resources	-	4,236	1,640	-	37,373
FUND BALANCE (DEFICITS)					
Restricted	1,807,323	679,722	3,909,400	201,749	9,856,879
Committed	-	-	-	-	-
Unassigned	-	-	-		-
Total Fund Balances	1,807,323	679,722	3,909,400	201,749	9,856,879
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 1,807,323	$ 687,786	$ 3,940,728	$ 201,749	$ 10,296,426

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Town of Windsor
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Governmental Funds
Year Ended June 30, 2017

	Special Revenue				
	Gas Tax	Transportation Grant Fund	TDA Fund	Mobile Home Rent Stabilization Fund	Lighting and Landscape Assessment Fund
REVENUES					
Taxes	$ -	$ -	$ -	$ -	$ -
Intergovernmental Revenues	524,870	672,327	1,221,679	-	2,355
Charges for Services	-	-	-	-	865,293
Use of Money and Property	43	4,063	-	272	12,617
Other	11,767	-	-	-	4,556
Total Revenues	536,680	676,390	1,221,679	272	884,821
EXPENDITURES					
Current:					
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Public Works	895,392	47,310	1,221,679	-	330,418
Community Development	-	-	-	-	1,532,245
Capital Outlay	139,444	1,104,012	-	-	-
Total Expenditures	1,034,836	1,151,322	1,221,679	-	1,862,663
Excess (Deficiency) of Revenues Over Expenditures	(498,156)	(474,932)	-	272	(977,842)
OTHER FINANCING SOURCES (USES)					
Transfers In	-	-	-	-	975,384
Transfers Out	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	975,384
Net Change in Fund Balances	(498,156)	(474,932)	-	272	(2,458)
Fund Balances, Beginning (Restated)	649,877	704,299	-	44,603	90,907
Fund Balances, End of Year	$ 151,721	$ 229,367	$ -	$ 44,875	$ 88,449

Special Revenue						
Lighting and Landscape Assessment #2 Fund	1982 Benefits Assessment Fund	Abandoned Vehicle Abatement Program Fund	Public Education and Government Grant Fund	Community Development Block Grant Fund	Public Facilities Fund	Traffic Mitigation Fund
$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	17,955	121,006	62,963	-	-
89,330	55,009	-	-	-	134,922	190,455
761	2,306	1,234	2,505	127	5,175	1,727
-	-	-	1,317	-	-	-
90,091	57,315	19,189	124,828	63,090	140,097	192,182
-	-	-	177,798	-	-	-
-	-	1,766	-	-	-	-
-	47,433	-	-	-	-	249,774
64,431	-	-	-	-	-	-
-	-	-	-	63,863	-	-
64,431	47,433	1,766	177,798	63,863	-	249,774
25,660	9,882	17,423	(52,970)	(773)	140,097	(57,592)
-	-	-	-	-	-	-
-	-	-	-	-	(216,530)	-
-	-	-	-	-	(216,530)	-
25,660	9,882	17,423	(52,970)	(773)	(76,433)	(57,592)
46,368	220,534	112,457	211,582	14,803	663,102	1,610,230
$ 72,028	$ 230,416	$ 129,880	$ 158,612	$ 14,030	$ 586,669	$ 1,552,638

Continued

Town of Windsor
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Governmental Funds - Continued
Year Ended June 30, 2017

	Special Revenue	Capital Projects			
	Housing Inclusionary Fund	Park Development Fund	Drainage Mitigation Fund	Fire Mitigation Fund	Total Non-major Governmental Funds
REVENUES					
Taxes	$ -	$ -	$ -	$ -	$ -
Intergovernmental Revenues	-	-	-	-	2,623,155
Charges for Services	560,892	29,604	375,979	66,097	2,367,581
Use of Money and Property	-	3,856	(1,027)	464	34,123
Other	-	-	-	-	17,640
Total Revenues	560,892	33,460	374,952	66,561	5,042,499
EXPENDITURES					
Current:					
General Government	-	-	-	-	177,798
Public Safety	-	-	-	-	1,766
Public Works	-	88,056	104,157	-	2,984,219
Community Development	-	-	-	-	1,596,676
Capital Outlay	-	29,803	6,599	25,328	1,369,049
Total Expenditures	-	117,859	110,756	25,328	6,129,508
Excess (Deficiency) of Revenues Over Expenditures	560,892	(84,399)	264,196	41,233	(1,087,009)
OTHER FINANCING SOURCES (USES)					
Transfers In	-	-	-	-	975,384
Transfers Out	-	-	-	-	(216,530)
Total Other Financing Sources (Uses)	-	-	-	-	758,854
Net Change in Fund Balances	560,892	(84,399)	264,196	41,233	(328,155)
Fund Balances, Beginning (Restated)	1,246,431	764,121	3,645,204	160,516	10,185,034
Fund Balances, End of Year	$ 1,807,323	$ 679,722	$ 3,909,400	$ 201,749	$ 9,856,879

Town of Windsor
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - State Gas Tax Fund
Year Ended June 30, 2017

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental Revenues	$ 611,846	$ 524,870	$ (86,976)
Use of Money and Property	5,000	43	(4,957)
Other	4,000	11,767	7,767
Total Revenues	620,846	536,680	(84,166)
EXPENDITURES			
Current:			
Public Works	1,030,012	895,392	134,620
Capital Outlay	36,113	139,444	(103,331)
Total Expenditures	1,066,125	1,034,836	31,289
Excess (Deficiency) of Revenues Over Expenditures	(445,279)	(498,156)	(52,877)
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Net Change in Fund Balances	(445,279)	(498,156)	(52,877)
Fund Balance, Beginning of Year	649,877	649,877	-
Fund Balance, End of Year	$ 204,598	$ 151,721	$ (52,877)

Town of Windsor
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Transportation Grant Fund
Year Ended June 30, 2017

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental Revenues	$ 1,242,000	$ 672,327	$ (569,673)
Use of Money and Property	2,000	4,063	2,063
Other	-	-	-
Total Revenues	1,244,000	676,390	(567,610)
EXPENDITURES			
Current:			
Public Works	68,771	47,310	21,461
Capital Outlay	1,893,636	1,104,012	789,624
Total Expenditures	1,962,407	1,151,322	811,085
Excess (Deficiency) of Revenues Over Expenditures	(718,407)	(474,932)	243,475
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Net Change in Fund Balances	(718,407)	(474,932)	243,475
Fund Balance, Beginning of Year	704,299	704,299	-
Fund Balance, End of Year	$ (14,108)	$ 229,367	$ 243,475

Town of Windsor
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - TDA Fund
Year Ended June 30, 2017

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental Revenues	$ 1,221,679	$ 1,221,679	$ -
Use of Money and Property	-	-	-
Other	-	-	-
Total Revenues	1,221,679	1,221,679	-
EXPENDITURES			
Current:			
Public Works	1,221,679	1,221,679	-
Capital Outlay	-	-	-
Total Expenditures	1,221,679	1,221,679	-
Excess (Deficiency) of Revenues Over Expenditures	-	-	-
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Net Change in Fund Balances	-	-	-
Fund Balance, Beginning of Year	-	-	-
Fund Balance, End of Year	$ -	$ -	$ -

Town of Windsor
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Mobile Home Rent Stabilization Fund
Year Ended June 30, 2017

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Use of Money and Property	$ 250	$ 272	$ 22
Total Revenues	250	272	22
EXPENDITURES			
Current:			
Community Development	-	-	-
Total Expenditures	-	-	-
Excess (Deficiency) of Revenues over Expenditures	250	272	22
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Net Change in Fund Balances	250	272	22
Fund Balance, Beginning of Year	44,603	44,603	-
Fund Balance, End of Year	$ 44,853	$ 44,875	$ 22

Town of Windsor
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Lighting and Landscape Assessment Fund
Year Ended June 30, 2017

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental Revenues	$ 4,000	$ 2,355	$ (1,645)
Charges for Services	875,400	865,293	(10,107)
Use of Money and Property	225	12,617	12,392
Other	-	4,556	4,556
Total Revenues	879,625	884,821	5,196
EXPENDITURES			
Current:			
Public Works	368,153	330,418	37,735
Community Development	1,686,270	1,532,245	154,025
Total Expenditures	2,054,423	1,862,663	191,760
Excess (Deficiency) of Revenues over Expenditures	(1,174,798)	(977,842)	196,956
OTHER FINANCING SOURCES (USES)			
Transfers In	1,110,399	975,384	(135,015)
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	1,110,399	975,384	(135,015)
Net Change in Fund Balances	(64,399)	(2,458)	61,941
Fund Balance, Beginning of Year	90,907	90,907	-
Fund Balance, End of Year	$ 26,508	$ 88,449	$ 61,941

Town of Windsor
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Lighting and Landscape Assessment #2 Fund
Year Ended June 30, 2017

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Charges for Services	$ 13,135	$ 89,330	$ 76,195
Use of Money and Property	70	761	691
Total Revenues	13,205	90,091	76,886
EXPENDITURES			
Current:			
Community Development	58,178	64,431	(6,253)
Capital Outlay	-	-	-
Total Expenditures	58,178	64,431	(6,253)
Excess (Deficiency) of Revenues over Expenditures	(44,973)	25,660	70,633
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Net Change in Fund Balances	(44,973)	25,660	70,633
Fund Balance, Beginning of Year	46,368	46,368	-
Fund Balance, End of Year	$ 1,395	$ 72,028	$ 70,633

Town of Windsor
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - 1982 Benefits Assessment Fund
Year Ended June 30, 2017

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Charges for Services	$ 20,307	$ 55,009	$ 34,702
Use of Money and Property	1,110	2,306	1,196
Total Revenues	21,417	57,315	35,898
EXPENDITURES			
Current:			
Public Works	46,938	47,433	(495)
Total Expenditures	46,938	47,433	(495)
Excess (Deficiency) of Revenues over Expenditures	(25,521)	9,882	35,403
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Net Change in Fund Balances	(25,521)	9,882	35,403
Fund Balance, Beginning of Year	220,534	220,534	-
Fund Balance, End of Year	$ 195,013	$ 230,416	$ 35,403

Town of Windsor
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Abandoned Vehicle Abatement Program Fund
Year Ended June 30, 2017

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental Revenue	$ 13,000	$ 17,955	$ 4,955
Use of Money and Property	400	1,234	834
Total Revenues	13,400	19,189	5,789
EXPENDITURES			
Current:			
Public Safety	38,713	1,766	36,947
Total Expenditures	38,713	1,766	36,947
Excess (Deficiency) of Revenues over Expenditures	(25,313)	17,423	42,736
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Net Change in Fund Balances	(25,313)	17,423	42,736
Fund Balance, Beginning of Year	112,457	112,457	-
Fund Balance, End of Year	$ 87,144	$ 129,880	$ 42,736

Town of Windsor
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Public Education and Government Grant Fund
Year Ended June 30, 2017

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental Revenues	$ 60,000	$ 121,006	$ 61,006
Use of Money and Property	900	2,505	1,605
Other	-	1,317	1,317
Total Revenues	60,900	124,828	63,928
EXPENDITURES			
Current:			
General Government	151,366	177,798	(26,432)
Capital Outlay	-	-	-
Total Expenditures	151,366	177,798	(26,432)
Excess (Deficiency) of Revenues Over Expenditures	(90,466)	(52,970)	37,496
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Net Change in Fund Balances	(90,466)	(52,970)	37,496
Fund Balance, Beginning of Year	211,582	211,582	-
Fund Balance, End of Year	$ 121,116	$ 158,612	$ 37,496

Town of Windsor
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - CDBG Fund
Year Ended June 30, 2017

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental	$ 65,000	$ 62,963	$ (2,037)
Use of Money and Property	-	127	127
Total Revenues	65,000	63,090	(1,910)
EXPENDITURES			
Capital Outlay	236,602	63,863	172,739
Total Expenditures	236,602	63,863	172,739
Excess (Deficiency) of Revenues over Expenditures	(171,602)	(773)	170,829
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Net Change in Fund Balances	(171,602)	(773)	170,829
Fund Balance, Beginning of Year	14,803	14,803	-
Fund Balance, End of Year	$ (156,799)	$ 14,030	$ 170,829

Town of Windsor
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Public Facilities Fund
Year Ended June 30, 2017

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Charges for Services	$ 265,320	$ 134,922	$ (130,398)
Use of Money and Property	3,000	5,175	2,175
Total Revenues	268,320	140,097	(128,223)
EXPENDITURES			
Current:			
Community Development	-	-	-
Total Expenditures	-	-	-
Excess (Deficiency) of Revenues over Expenditures	268,320	140,097	(128,223)
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	(216,530)	(216,530)	-
Total Other Financing Sources (Uses)	(216,530)	(216,530)	-
Net Change in Fund Balances	51,790	(76,433)	(128,223)
Fund Balance, Beginning of Year	663,102	663,102	-
Fund Balance, End of Year	$ 714,892	$ 586,669	$ (128,223)

Town of Windsor
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Traffic Mitigation Fund
Year Ended June 30, 2017

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Charges for Services	$ 581,802	$ 190,455	$ (391,347)
Use of Money and Property	4,000	1,727	(2,273)
Total Revenues	585,802	192,182	(393,620)
EXPENDITURES			
Current:			
Public Works	1,177,528	249,774	927,754
Total Expenditures	1,177,528	249,774	927,754
Excess (Deficiency) of Revenues Over Expenditures	(591,726)	(57,592)	534,134
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Net Change in Fund Balances	(591,726)	(57,592)	534,134
Fund Balance, Beginning of Year	1,610,230	1,610,230	-
Fund Balance, End of Year	$ 1,018,504	$ 1,552,638	$ 534,134

Town of Windsor
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Housing Inclusionary Fund
Year Ended June 30, 2017

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Charges for Services	$ -	$ 560,892	$ 560,892
Total Revenues	-	560,892	560,892
EXPENDITURES			
Current:			
Community Development	-	-	-
Total Expenditures	-		-
Excess (Deficiency) of Revenues Over Expenditures	-	560,892	560,892
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Net Change in Fund Balances	-	560,892	560,892
Fund Balance, Beginning of Year	1,246,431	1,246,431	-
Fund Balance, End of Year	$ 1,246,431	$ 1,807,323	$ 560,892

Town of Windsor
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Park Development Fund
Year Ended June 30, 2017

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental	$ 312,000	$ -	$ (312,000)
Charges for Services	565,310	29,604	(535,706)
Use of Money and Property	4,000	3,856	(144)
Total Revenues	881,310	33,460	(847,850)
EXPENDITURES			
Current:			
Public Works	67,840	88,056	(20,216)
Capital Outlay	858,381	29,803	828,578
Total Expenditures	926,221	117,859	808,362
Excess (Deficiency) of Revenues over Expenditures	(44,911)	(84,399)	(39,488)
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Net Change in Fund Balances	(44,911)	(84,399)	(39,488)
Fund Balance, Beginning of Year	764,121	764,121	-
Fund Balance, End of Year	$ 719,210	$ 679,722	$ (39,488)

Town of Windsor
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Drainage Mitigation Fund
Year Ended June 30, 2017

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Charges for Services	$ 239,638	$ 375,979	$ 136,341
Use of Money and Property	18,000	(1,027)	(19,027)
Total Revenues	257,638	374,952	117,314
EXPENDITURES			
Current:			
Public Works	292,580	104,157	188,423
Capital Outlay	100,000	6,599	93,401
Total Expenditures	392,580	110,756	281,824
Excess (Deficiency) of Revenues over Expenditures	(134,942)	264,196	399,138
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Net Change in Fund Balances	(134,942)	264,196	399,138
Fund Balance, Beginning of Year	3,645,204	3,645,204	-
Fund Balance, End of Year	$ 3,510,262	$ 3,909,400	$ 399,138

Town of Windsor
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Fire Mitigation Fund
Year Ended June 30, 2017

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Charges for Services	$ -	$ 66,097	$ 66,097
Use of Money and Property	1,000	464	(536)
Total Revenues	1,000	66,561	65,561
EXPENDITURES			
Current:			
Public Safety	26,000	25,328	672
Total Expenditures	26,000	25,328	672
Excess (Deficiency) of Revenues over Expenditures	(25,000)	41,233	66,233
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Net Change in Fund Balances	(25,000)	41,233	66,233
Fund Balance, Beginning of Year	160,516	160,516	-
Fund Balance, End of Year	$ 135,516	$ 201,749	$ 66,233

AGENCY FUNDS

Town of Windsor
Combining Statement of Assets and Liabilities
Agency Funds
June 30, 2017

	Bonita Roble Fund	Brooks Special Assessment Construction Fund	In-lieu Agency Fund
ASSETS			
Cash and Investments	$ 15,933	$ 789	$ -
Accounts Receivable	-	-	-
Total Assets	$ 15,933	$ 789	$ -
LIABILITIES			
Accounts Payable	$ -	$ -	$ -
Deposits Payable	15,933	789	-
Total Liabilities	$ 15,933	$ 789	$ -

Performance Bond Fund	Golf Course Fund	Miscellaneous Deposits Fund	Totals
$ 63,312	$ 1,961	$ 31,989	$ 113,984
-	-	131,740	131,740
$ 63,312	$ 1,961	$ 163,729	$ 245,724
$ -	$ -	$ 27,841	$ 27,841
63,312	1,961	135,888	217,883
$ 63,312	$ 1,961	$ 163,729	$ 245,724