City of St. Helena, California

Popular Annual Financial Report
For the Fiscal Year Ended June 30, 2019
Prepared By: Finance Department
About Our City

The City of St. Helena was incorporated as a City on March 24, 1876 and reincorporated on May 14, 1889.

From its inception, the City of St. Helena has served as a rural agricultural center. Over the years, with the growth and development of the wine industry, the City has become an important business and banking center for the wine industry. The City also receives many visitors as a result of the wine industry and the area's scenic qualities. The main goal of the City is to maintain a small-town atmosphere and to provide quality services to its citizens.

The estimated population of the City of St. Helena is 6,152. St. Helena is a full service City and encompasses an area of four square miles.

The City of St. Helena is a General Law City and operates under the Council-City Manager form of government. The City Council is the governing body and has the power to make and enforce all laws and set policy related to municipal affairs. The City Manager is responsible for carrying out the policies of the City Council and for the proper and efficient management of municipal activities. The City Manager directs and manages the various departments and municipal services through appointed Department Heads who directly supervise and administer the various City programs, services, and activities.

Table of Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>City Officials</td>
<td>3</td>
</tr>
<tr>
<td>Vision and Mission Statements, Council Goals</td>
<td>4</td>
</tr>
<tr>
<td>Financial Report Message</td>
<td>5</td>
</tr>
<tr>
<td>Statement of Net Position</td>
<td>6</td>
</tr>
<tr>
<td>Overview of Revenues</td>
<td>7</td>
</tr>
<tr>
<td>Overview of Expenses</td>
<td>8</td>
</tr>
<tr>
<td>General Fund Highlights</td>
<td>9</td>
</tr>
<tr>
<td>Capital Assets - What We Own</td>
<td>10</td>
</tr>
<tr>
<td>Long-Term Debt - What We Owe</td>
<td>11</td>
</tr>
<tr>
<td>City Demographics</td>
<td>12</td>
</tr>
<tr>
<td>Community Event Highlight</td>
<td>13</td>
</tr>
<tr>
<td>Glossary</td>
<td>14</td>
</tr>
</tbody>
</table>

About This Report

The purpose of the Popular Annual Financial Report (PAFR) is to increase awareness throughout the community of the City’s finances. The report provides a brief analysis of the City’s revenue sources, where those dollars are spent, and an overview of the City’s financial condition. It is our goal that this report is easy to read and understand.

This report contains condensed and simplified financial information from the City’s Comprehensive Annual Financial Report (CAFR), which can be viewed at City Hall or on the City’s website at www.cityofsthelena.org. The CAFR is a more complete, independently audited financial presentation prepared in accordance with Generally Accepted Accounting Principles (GAAP).

Cover Photograph by Carolyn Burgess
City of St. Helena, California

City Council

July 2018—December 2018
Alan Galbraith, Mayor
Peter White, Vice Mayor
Paul Dohring, Council Member
Geoff Ellsworth, Council Member
Mary Koberstein, Council Member

December 2018—June 2019
Geoff Ellsworth, Mayor
Paul Dohring, Vice Mayor
Mary Koberstein, Council Member
Anna Chouteau, Council Member
David Knudsen, Council Member

City Officials

Mark Prestwich, City Manager
Thomas Brown, City Attorney
Cindy Tzafopoulos, City Clerk
Noah Housh, Community Improvement Director
April Mitts, Finance Director
John Sorenson, Fire Chief
Kathy Robinson, Human Resources & IT Director
Chris Kreiden, Library Director
Christopher Hartley, Interim Police Chief
Erica Ahmann Smithies, Public Works Director
André Pichly, Recreation Director

Photograph by Emily Byrski
City of St. Helena

Vision Statement
The City of St. Helena will strive to be economically sustainable, and continue to be a family-friendly, diverse and safe community which prudently manages its financial and human resources, continues to upkeep and improve its infrastructure, ensures its water security, provides a full range of housing, business, cultural and recreational opportunities and embraces and retains its historic, small-town character, beautiful natural environment and high quality of life.

Mission Statement
The City of St. Helena is dedicated to serving the needs and desires of our citizens by:

- Maintaining and improving our short and long-term economic sustainability
- Offering excellent professional services to all customers
- Establishing, improving and maintaining City infrastructure
- Preserving and embracing the historic, small-town, rural character of St. Helena
- Expanding and improving recreational services and facilities and cultural opportunities
- Encouraging a wide range of innovative, well-designed housing available for residents of all ages and income levels
- Facilitating full civic participation and ongoing communication
- Strengthening partnerships and ongoing communications

City Council 3-Year Goals

GOAL 1: Improve and Maintain Safe and Reliable City infrastructure with a Commitment to Environmental Stewardship and Public Health

GOAL 2: Stabilize, Maintain, and Improve Access to Housing

GOAL 3: Enhance Organizational Performance and Commit to Full Public Participation, Ongoing Communication, and Regional Collaboration

GOAL 4: Ensure Long Term Economic Sustainability While Safeguarding St. Helena’s Unique Culture & Quality of Life

GOAL 5: Support Thriving Families and Enhance the Safety, Well-Being, and Healthy Development of Our Youth
Financial Report Message

To the Honorable Mayor, Members of the City Council, and Citizens of St. Helena,

It is my pleasure to present to you the Popular Annual Financial Report (PAFR) for the fiscal year ended June 30, 2019. The PAFR is a condensed version of the Comprehensive Annual Financial Report (CAFR) and highlights key financial information. Following are some highlights of the report.

Net Position Overview

The Net Position at the end of the year is a useful indicator of the City’s overall fiscal health. The City of St. Helena has experienced an increase in Net Position during the last four fiscal years, which indicates a positive trend in the City’s financial health. At June 30, 2019, the City’s combined Net Position was $68.16 million, which is an increase of $5.40 million from the prior year. More detailed information can be found on page 6 of this report.

Economic Indicators

The City continues to experience economic stability with all major revenues (property tax, sales tax, and transient occupancy tax). Approximately 84% of the City’s General Fund revenues come from these three funding sources. General Fund revenues exceeded budget estimates by about $1.26 million in FY 2018-19. The positive revenue performance, compared to budget, was primarily due to favorable collections in excess of budget in five categories: Property tax, sales and other taxes, fines and forfeitures, intergovernmental, and interest and rents. In fiscal year 2019, General Fund revenues increased by approximately 11% when compared to the prior year.

Napa County continues to experience low unemployment rates, which also remain low statewide. Historically, a trough in the unemployment rate tends to be a reliable predictor of a near-term recession. Therefore, the City continues to carefully monitor revenue growth in fiscal year 2020 and is prepared to adjust to changing economic conditions if necessary.

Long-Term Financial Planning

During fiscal year 2019, the City continued to focus on evaluation and improvements to the City’s fiscal health. This included completing its second California Municipal Financial Health Diagnostic to evaluate the financial health of the City, an updated Long Range Financial Forecast, prefunding retiree medical expenses by contributing an additional $152,400 toward the retiree medical obligation, and accelerating the reduction of its pension liability via a 15-year amortization schedule by making an additional discretionary payment to CalPERS.

We hope you enjoy reading this report and invite you to access our CAFR online for more detailed information on the City’s finances. If you have any questions, comments and suggestions regarding the information of this report please contact us at the City of St. Helena Finance Department at Finance@cityofsthelena.org or (707) 968-2750.

Respectfully submitted,

Dr. April Mitts, Director of Finance
Net Position

As of June 30, 2019, the City of St. Helena’s combined net position (governmental activities and business-type activities) was $68.16 million, an increase of $5.40 million from the prior year.

- Accounting for 57.72% of the City’s combined net position are net investments in capital assets (e.g. land, buildings, machinery, equipment, vehicles, and infrastructure). The City uses these assets to provide services to citizens; consequently, these assets are not available for future spending.

- Restricted net position accounts for 16.09% of the total net position. These resources are subject to external restrictions on how they may be used.

- The remaining 26.19% is unrestricted net position which may be used to meet the City’s ongoing obligations to citizens and creditors. The unrestricted net position related to business-type activities can only be used to finance the continuing operations of the water and wastewater utilities.

Net position, over time, may serve as a useful indicator of the government’s financial position. The key consideration in analyzing net position is the direction and speed at which it is either increasing or decreasing, not the amount itself. In FY 2018-19, the City’s overall net position increased by 8.6% from the prior year. This is attributed to increased collections in major revenue sources.
Revenues

Where the money comes from...

**Property taxes:** This is the largest source of operating revenues for the governmental funds. The assessed valuation of the property in the City is determined by the Napa County Assessor, which levies a base tax at the rate of 1% of assessed valuation.

**Sales and use taxes:** Sales and use taxes are imposed on retail transactions and are collected and administered by the state. The City receives 1% of all taxable sales within the City limits. Measure D revenues, an additional 0.5% transaction tax which went into effect in 2017, are included in this category.

**Transient occupancy taxes:** This tax is levied for the privilege of occupying a room or rooms or other living space in a hotel, motel, inn, short-term rental, or other lodging for a period of 30 days or less. The imposed tax rate for accommodations at lodging facilities in the City is 12%.

**Business-type Activities**

**Capital grants and contributions:** Funding received for water and wastewater capital purposes, to purchase, construct, or renovate capital assets.

**Other revenue:** Revenues that do not readily fit into one of the listed categories.

**Charges for services:** Revenues received for charges to users of the municipal water and wastewater systems. Funds are used to pay for debt service payments, operations and maintenance, and capital projects.

**Governmental Activities**

**Capital grants and contributions:** Funding received for capital purposes, to purchase, construct, or renovate capital assets associated with a specific program.

**Charges for Service:** Revenues collected for services rendered to the public.

**Operating grants and contributions:** Funding received from other governments and organizations for the purpose of financing the day-to-day costs of a specific program.

**Other revenue:** Revenues that do not readily fit into one of the listed categories.
Expenses

Where the money goes...

**Business-type Activities:** Expenses incurred for both the operational and capital costs of the enterprise funds. Activities in this category are financed in whole or part by fees charged to external parties for goods or services.

**General Government:** Expenditures incurred for the administrative costs of managing the City. The City Council, City Manager, City Attorney, City Clerk, Finance, Human Resources, and Information Technology are included in General Government.

**Interest on Long-term Debt:** Interest expenses incurred for outstanding debt obligations.

**Library:** Operating expenses incurred to provide a variety of educational resources, learning experiences through programming, and community engagement to library patrons.

**Parks and Recreation:** Operating expenses incurred to provide recreational activities, maintain parks, and support educationally enriching activities for the community.

**Planning and Building:** Operating expenditures incurred for services provided to residents and businesses, which includes Planning, Building, and Code Enforcement.

**Public Safety:** Operating expenditures incurred for providing Police, Dispatch, and Fire services to residents, businesses, and visitors.

**Public Works:** Expenses for Public Works include those related to the design, construction, maintenance, and operation of public facilities and infrastructure within the City.

**Fiscal Year 2018-19**

**Percentage of Total Expenses by Category**
General Fund

The General Fund is used to account for all financial resources of the City traditionally associated with government operations which are not required legally or by sound financial management to be accounted for in another fund. As of June 30, 2019, the overall General Fund balance was $9.21 million, an increase of $1.56 million from the prior year.

General Fund revenues have increased 10.93% from the prior year, whereas expenses have increased 15.02%.

The increase in revenues is due to increased sales tax collections, increased property tax collections, and increased transient occupancy tax collections.

The increase in expenses is due to increased spending in Public Safety for the addition of two full-time firefighters and FY 2017-18 vacancies in the Police Department that were filled on FY 2018-19. In addition, there were increased programming costs in Recreation for new programming that increased program revenues by 10% and increases in Public Works for capital improvement project expenses related to ADA transition, civic capital, and street capital.

Fund Balance Classifications

The General Fund Balance is divided into the following categories:

Assigned - This classification represents the portion of the fund balance that has been set aside by the City for a particular purpose. At June 30, 2019 the assigned fund balance for General Fund was $283,929 for Bocce, Harvest Festival, and Fire Equipment purposes.

Committed - This classification includes amounts that can be used only for the specific purposes determined by a formal action of the City Council. At June 30, 2019, the City did not commit any portions of the General Fund balance.

Nonspendable - This portion of the fund balance cannot be spent either because the resources are not in spendable form or the City is legally or contractually required to maintain the resources in tact. At June 30 2018, $515,883 of the General Fund balance was committed for prepaid expenses and long-term loans owed to the City.

Restricted - This classification includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. At June 30, 2019, the City had a restricted General Fund balance of $404,573. These funds were restricted for Recreation and Tree City operations.

Unassigned - This portion of the fund balance is the residual classification for the City’s General Fund and includes all spendable amounts not contained in the other classifications. The City’s unassigned General Fund balance at June 30, 2019, was $8,001,414.
Capital Assets

As of June 30, 2019, the City’s capital asset values, was $50.65 million (net of accumulated depreciation), which was a decrease of $1.29 million from the prior year. The overall net decrease in value from the prior year was primarily due to depreciation and removal of assets no longer in use.

Capital Asset Classifications

Buildings - This major class of capital assets is used for permanent structures. Buildings included in Governmental Activities are City Hall, Library, Police Station, Fire Station, Corporation Yard, 1572 Railroad Avenue, Scout Hall, Carnegie, and 1574 Railroad Avenue. Buildings included in Business-type Activities are Water Treatment Plant, Elmhurst Pump Station, Stonebridge Wells, and Wastewater Treatment Plant.

Construction in Progress - This class is related to a tangible asset that is not yet substantially ready to be placed in service. Some projects listed in this class for Governmental Activities are R18-81 Downtown Sidewalk Improvements and R19-02 Hunt Avenue Sidewalk Gap Closure. Some projects listed in this class for Business-type Activities include W-109 Bell Canyon Intake Tower Replacement and S18-71 Crinella Pump Station Upgrade.

Equipment - Assets in this classification include machines, tools, computers, and office furniture. These assets must meet a $10,000 threshold to be capitalized.

Infrastructure - These are long-lived capital assets that normally are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets. The Flood Wall is included in this classification.

Improvements - This major asset class is used for permanent improvements, other than buildings, that add value to land, but do not have an indefinite useful life. Some assets included in this category are Mitchell Street Sidewalk and Library Broadband Project.

Land - This major asset classification is used for all non-depreciable land, regardless of how closely it is associated with some other capital asset.

Utility Systems - This classification is for pipelines and improvements related to Business-type Activities. Some assets included in this category are Bell Canyon Reservoir Upgrades and Automation for Disinfection.

Vehicle Fleet - This classification includes all vehicles that are owned or leased by the City.
Long-Term Debt

The City’s total debt as of June 30, 2019, was $25.58 million, which was a decrease from the prior year of 18.47%. The decrease was due to a payment of $5 million toward the balance of the State Revolving Loan with pledged Measure A sales tax revenue. The City refunded the 2006 A Water Bonds and issued a private placement through JP Morgan Chase Bank, NA, which will result in an overall savings of approximately $0.75 million over the term of the loan.

**Governmental Activities**

- **Capital Leases**: The City entered into three capital leases to finance acquisition of land parcel, fire station improvements, and an aerial fire truck. The remaining balance was $207,412.
- **State Revolving Loan**: The City retained a loan from the State Water Resources Control Board to finance the acquisition of land parcels and construction costs related to the floodwall project. The remaining principal balance was $41,098.
- **Net Pension Liability**: The difference between the present value of benefits earned by employees and resources accumulated to pay the benefits. The liability was $8,525,741.
- **Compensated Absences**: Absences for which employees will be paid, such as vacation and sick leave. The liability was $610,698.
- **Claims**: Outstanding liability for open claims during the fiscal year which have incurred expenses that have not yet been paid. The liability was $161,983.
- **Reimbursement Agreement**: Payable to developers when building permit fees are collected for the construction of buildings on certain parcels of land located within specific building zones. The liability was $30,740.

**Business-Type Activities**

- **Water - 2012B Installment Agreement**: The City entered into an installment agreement with CA Statewide Communities Development Authority to obtain funds to make water and wastewater system improvements. The remaining principal balance was $4,312,737.
- **Wastewater - 2012B Installment Agreement**: The City allocated a portion of the 2012B installment to the wastewater enterprise. The remaining principal balance was $1,197,263.
- **Water - Loan Payable**: The City entered into an installment agreement with CA Statewide Communities Development Authority to obtain funds to make system water improvements. The remaining principal balance was $6,050,000.
- **Wastewater - 2005B Installment Agreement**: The City entered into an installment agreement with CA Statewide Communities Development Authority to obtain funds to make system wastewater improvements. The remaining principal balance was $1,305,000.
- **Net Pension Liability**: The difference between the present value of benefits earned by employees and resources accumulated to pay the benefits. The liability was $2,995,758.
- **Compensated Absences**: Absences for which employees will be paid, such as vacation and sick leave. The liability was $179,175.
- **Claims**: Outstanding liability for open claims during the fiscal year which have incurred expenses that have yet been paid. The liability was $194,266.

Debt per capita is a measurement of the value of a government’s debt expressed in terms of the amount attributable to each citizen under the government’s jurisdiction. The level of debt per capita is an important factor to consider when analyzing a government’s ability to continue to pay its debt service costs through its current levels of tax revenue.
## Demographics

### ST. HELENA

<table>
<thead>
<tr>
<th>Category</th>
<th>Data</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>6,152</td>
</tr>
<tr>
<td>Population Growth Rate</td>
<td>1.02%</td>
</tr>
<tr>
<td>Median Age</td>
<td>48.9</td>
</tr>
<tr>
<td>Unemployment Rate</td>
<td>2.9</td>
</tr>
<tr>
<td>Unemployment Growth Rate</td>
<td>-38.30%</td>
</tr>
<tr>
<td>Number of Employees</td>
<td>2,855</td>
</tr>
<tr>
<td>Number of Employees Growth</td>
<td>4.05%</td>
</tr>
<tr>
<td>Median Household Income</td>
<td>$85,663</td>
</tr>
<tr>
<td>Median Property Value</td>
<td>$839,300</td>
</tr>
</tbody>
</table>

### NAPA COUNTY

<table>
<thead>
<tr>
<th>Category</th>
<th>Data</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>140,779</td>
</tr>
<tr>
<td>Population Growth Rate</td>
<td>0.129%</td>
</tr>
<tr>
<td>Median Age</td>
<td>40.8</td>
</tr>
<tr>
<td>Unemployment Rate</td>
<td>2.8</td>
</tr>
<tr>
<td>Unemployment Growth Rate</td>
<td>-9.68%</td>
</tr>
<tr>
<td>Number of Employees</td>
<td>71,110</td>
</tr>
<tr>
<td>Number of Employees Growth</td>
<td>1.74%</td>
</tr>
<tr>
<td>Median Household Income</td>
<td>$79,637</td>
</tr>
<tr>
<td>Median Property Value</td>
<td>$560,500</td>
</tr>
</tbody>
</table>

Source: Napa County Auditor Controller
St. Helena Finance Department
U.S Census Bureau
Data USA
Photograph by Bob McClaren
Community Events Highlight

4th of July Fireworks

Police Department First Aid Booth

Fire Department Open House

Bike Parade

Bocce

Harvest Festival
Glossary

**Current Assets:** Liquid assets of the City such as cash or receivables; assets that can be liquidated within a short period of time, usually one year.

**Non-current Assets:** Assets that cannot be converted to cash or liquidated in a short period of time such as fixed Capital Assets, Inventory, Restricted Assets, Deferred Charges, and the like.

**Capital Assets:** The City’s long-term investments in land, buildings, equipment, improvements, infrastructure, and construction in progress. The City uses these capital assets to provide services to citizens; consequently these assets are not available for future spending.

**Current Liabilities:** City’s debt and obligations that are due within a year such as accounts payable, payroll taxes, matured principal payments, and the like.

**Deferred Inflow of Resources:** An acquisition of net position by the government that is applicable to a future reporting period.

**Deferred Outflow of Resource:** A consumption of net position by the government that is applicable to a future reporting period.

**Enterprise Fund:** Proprietary fund type used to report an activity for which a fee is charged to external users for goods or services.

**Governmental Activities:** Activities generally financed through taxes, intergovernmental revenues, and other non-exchange revenues. These activities are usually reported in governmental funds and internal service funds.

**Long-term Debt/Non-current liabilities:** Debt and obligations of the City that are long-term, usually more than one year such as bonds payable, claims payable, landfill post closure, and the like.

**Net Investment in Capital Assets:** Component of net position that consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position.

**Net Position:** The residual of all other financial statement elements presented in a statement of financial position.

**Restricted Net Position:** Component of net position reported in government-wide and proprietary fund financial statements. Net position should be restricted when: 1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or 2) imposed by law through constitutional provisions or enabling legislation.

**Unrestricted Net Position:** These are resources that are accessible to the City to provide services to the residents of St. Helena if there were no additional revenues or resources available.
City of St. Helena
Finance Department
1572 Railroad Avenue
St. Helena, CA 94574
(707) 968-2750

To access our Fiscal Year 2018/19 Audited Financials please visit our City website at www.cityofsthelena.org/finance/page/comprehensive-annual-financial-report-cafr.