

CITY OF SAN JACINTO, CALIFORNIA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2012



ROGERS, ANDERSON, MALODY & SCOTT, LLP
CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

**City of San Jacinto
Annual Financial Report
For the Year Ended June 30, 2012**

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ROGERS, ANDERSON, MALODY & SCOTT, LLP
CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

735 E. Carnegie Dr. Suite 100
San Bernardino, CA 92408
909 889 0871 T
909 889 5361 F
ramscpa.net

PARTNERS

Brenda L. Odle, CPA, MST
Terry P. Shea, CPA
Kirk A. Franks, CPA
Matthew B. Wilson, CPA, MSA
Scott W. Manno, CPA
Leena Shanbhag, CPA, MST
Jay H. Zercher, CPA (Retired)
Phillip H. Waller, CPA (Retired)

MANAGERS / STAFF

Nancy O'Rafferty, CPA, MBA
Bradferd A. Welebir, CPA, MBA
Jenny Liu, CPA, MST
Katie L. Millsom, CPA
Papa Matar Thiaw, CPA, MBA
Maya S. Ivanova, CPA, MBA
William C. Clayton, CPA
Peter E. Murray, CPA
Genivive Schwarzkopf, CPA
Megan Hackney, CPA
Seong-Hyea Lee, CPA, MBA
Charles De Simoni, CPA

MEMBERS

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Certified Public Accountants

The Honorable Mayor and Members of City Council
The City of San Jacinto, California

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of San Jacinto, California (City) as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of San Jacinto, California, as of June 30, 2012, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

On December 29, 2011, the California Supreme Court upheld Assembly Bill XI 26 (Bill) that provides for the dissolution of all redevelopment agencies in the State of California. Therefore, as of February 1, 2012, the Redevelopment Agency of the City of San Jacinto, a component unit of the City, ceased to exist. All functions of the former redevelopment agency either passed to the City or to the Successor Agency to the Redevelopment Agency of the City of San Jacinto.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2013 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison 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 provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements taken as a whole. The supplementary schedules as listed in the table of contents, including combining schedules, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Rogers Anderson Malooly & Scott, LLP

January 30, 2013

**CITY OF SAN JACINTO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012**

This is management's discussion and analysis of the financial performance of the City of San Jacinto for the fiscal year ended June 30, 2012. Please read this in conjunction with the City's financial statements, which follow this discussion.

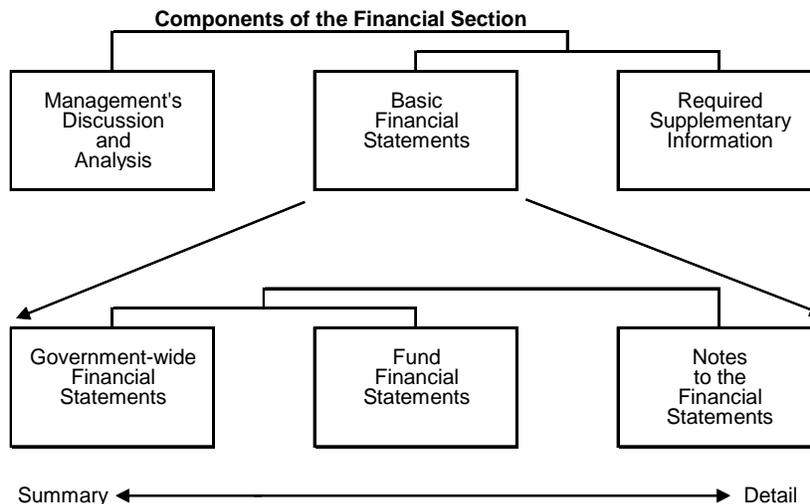
FINANCIAL HIGHLIGHTS

- On the government-wide basis, the City's total net assets increased over the course of the fiscal year by \$2,581,844 to \$166,457,960. The net assets of governmental activities increased by \$3,053,629, or 2 percent, and the net assets of business-type activities decreased by \$471,785, or 4 percent.
- The general fund, on the fund financial statements basis, reported a deficiency of revenue under expenditures and other financing sources and uses of \$561,882. The deficiency was a result of the continuing economic downturn.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts – management's discussion and analysis (this portion), the basic financial statements, required supplementary information, and optional combining statements for non-major governmental funds. The basic financial statements include two kinds of statements that present different views of the City.

- The government-wide financial statements provide both long-term and short-term information about the City's overall financial status, in a manner similar to private sector business.
- Fund financial statements focus on individual parts of the City, reporting the City's operations in more detail than the government-wide financial statements.
 - Governmental fund statements tell how general government services, such as community development, were financed in the short-term as well as what remains for future spending.
 - Proprietary fund statements offer short-term and long-term financial information about the activities the City operates like businesses, such as utility services.
 - Fiduciary fund statements provide information about financial relationships in which the City acts solely as a trustee or agent for the benefit of others, to whom the resources belong.



**CITY OF SAN JACINTO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012**

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a comparison of actual results with the original and final amended budget for the general fund and each major special revenue fund with an annually adopted budget. In addition to these required elements, we have included combining statements that provide details about our non-major governmental funds, which are presented in total in a column in the basic financial statements.

Government-wide Financial Statements

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the City's assets and liabilities. All current year revenues and expenses are reported in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's net assets and how they have changed during the fiscal year. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial health of the City is improving or deteriorating.

The government-wide financial statements of the City are divided as follows:

- *Governmental activities* – All of the City's basic services are included here, such as police, fire, engineering, streets, parks and recreation, history preservation, community development, redevelopment and general government. Taxes and state and federal grants finance most of these activities.
- *Business-type activities* – The City's utility services provided are funded by customer fees.

Fund Financial Statements

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund financial statements provide more detailed information about the City's largest funds, not the City as a whole.

The City has three types of funds:

- *Governmental funds* – All of the City's basic services are included in governmental funds, which focus on (1) short-term inflows and outflows of spendable resources, and (2) the remaining year-end balances available for spending. Because this information does not encompass the additional long-term focus of the government-wide statements, reconciliations that explain the relationship (or differences) between governmental funds and governmental activities follow each of the governmental funds statements.
- *Proprietary funds* – Services for which customer fees are intended to finance the costs of operations are generally reported in proprietary funds. Proprietary funds financial statements, like the government-wide statements, provide both long-term and short-term financial information.
 - Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements.
 - Internal service funds report activities that provide services for the City's other programs and activities, such as the City's self-insurance arrangements.

**CITY OF SAN JACINTO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012**

- *Fiduciary funds* – The City is the trustee for certain assessment and community facilities district funds. It is also responsible for other trust account assets, which because of trust agreements, can be used only for the trust beneficiaries. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the City's fiduciary activities are reported in a separate statement of fiduciary net assets. We exclude these activities from the City's government-wide financial statements because the City cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS

The government-wide financial statements provide long-term and short-term information about the City's overall financial condition. This analysis addresses the financial statements of the City as a whole.

**City of San Jacinto
Government-wide Financial Statements - Summary of Net Assets
As of June 30, 2012 and 2011
(in thousands)**

	Governmental Activities		Business-type Activities		Total Primary Government		Total Percent Change
	2012	2011	2012	2011	2012	2011	
Cash and investments	\$ 44,664	\$ 53,476	\$ 1,955	\$ 2,098	\$ 46,619	\$ 55,574	(16.1)%
Current and other assets	8,997	7,257	1,640	2,272	10,637	9,529	11.6%
Capital assets, net	111,328	113,260	11,644	11,611	122,972	124,871	(1.5)%
Total assets	164,989	173,993	15,239	15,981	180,228	189,974	(5.1)%
Long-term liabilities	2,711	12,530	2,930	3,265	5,641	15,795	(64.3)%
Other liabilities	7,195	9,434	934	869	8,129	10,303	(21.1)%
Total liabilities	9,906	21,964	3,864	4,134	13,770	26,098	(47.2)%
Net assets:							
Invested in capital assets, net of related debt	111,328	112,911	8,380	8,030	119,708	120,941	(1.0)%
Restricted	18,513	18,585	-	-	18,513	18,585	(0.4)%
Unrestricted	25,242	20,533	2,995	3,817	28,237	24,350	16.0%
Total net assets	\$ 155,083	\$ 152,029	\$ 11,375	\$ 11,847	\$ 166,458	\$ 163,876	1.6%

Net assets represent the difference between the City's resources and its obligations. At June 30, 2012, the largest portion of the City's total net assets, approximately 72 percent, reflects the investment in capital assets less related debt outstanding used to acquire the capital assets. These capital assets are used by the City to provide services to the citizens. Additional capital asset information can be found in the Capital Asset and Debt Administration section of the MD&A. Restricted net assets represent amounts that must be used in accordance with external restrictions. The unrestricted balance of net assets may be used at the City's discretion.

**CITY OF SAN JACINTO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012**

The net assets of our business-type activities decreased by 4 percent to \$11,374,941, and the City generally can only use these net assets to finance the continuing operations of the business-type activities.

**City of San Jacinto
Government-wide Financial Statements - Changes in Net Assets
For the fiscal year ended June 30, 2012 and 2011
(in thousands)**

	<u>Governmental</u>		<u>Business-type</u>		<u>Total Primary</u>		<u>Total</u>
	<u>Activities</u>		<u>Activities</u>		<u>Government</u>		
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>Change</u>
Revenues							
Program revenues:							
Charges for services	\$ 3,122	\$ 4,054	\$ 6,887	\$ 6,320	\$ 10,009	\$ 10,374	(3.5)%
Operating grants and contributions	6,379	4,428	-	-	6,379	4,428	49.8%
Capital grants and contributions	5,425	6,997	-	-	5,425	6,997	(22.5)%
General revenues:							
Property taxes	1,681	1,582	-	-	1,681	1,582	6.3%
Redevelopment tax increment	2,293	4,816	-	-	2,293	4,816	(52.4)%
Transient occupancy taxes	18	18	-	-	18	18	0.0%
Franchise taxes	1,483	1,425	-	-	1,483	1,425	4.1%
Sales taxes	2,197	2,108	-	-	2,197	2,108	4.2%
Motor vehicle in lieu taxes	2,505	2,688	-	-	2,505	2,688	(6.8)%
Other taxes	156	156	-	-	156	156	0.0%
Other	190	760	27	205	217	965	(77.5)%
Gain on dissolution of Redevelopment Agency	2,846	-	-	-	2,846	-	100.0%
Total revenues	<u>28,295</u>	<u>29,032</u>	<u>6,914</u>	<u>6,525</u>	<u>35,209</u>	<u>35,557</u>	<u>(1.0)%</u>
Expenses							
Governmental activities:							
General government	2,325	2,600	-	-	2,325	2,600	(10.6)%
Public safety	10,582	11,935	-	-	10,582	11,935	(11.3)%
Public works	5,895	5,669	-	-	5,895	5,669	4.0%
Community development	5,534	8,886	-	-	5,534	8,886	(37.7)%
Culture and leisure	854	1,089	-	-	854	1,089	(21.6)%
Interest on long-term debt	51	447	-	-	51	447	(88.6)%
Business-type activities:							
Water	-	-	3,955	2,793	3,955	2,793	41.6%
Solid waste	-	-	2,723	2,676	2,723	2,676	1.8%
Sewer	-	-	708	618	708	618	14.6%
Total expenses	<u>25,241</u>	<u>30,626</u>	<u>7,386</u>	<u>6,087</u>	<u>32,627</u>	<u>36,713</u>	<u>(11.1)%</u>
Increase (decrease) in net assets	<u>\$ 3,054</u>	<u>\$ (1,594)</u>	<u>\$ (472)</u>	<u>\$ 438</u>	<u>\$ 2,582</u>	<u>\$ (1,156)</u>	<u>(323.4)%</u>

**CITY OF SAN JACINTO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012**

Revenue

The City's total revenue was \$35,209,246 for the year ended June 30, 2012. Revenue from governmental activities totaled \$28,294,711 and revenue from business-type activities totaled \$6,914,535. During 2012, capital contributions and grants, restricted to the construction of capital assets, comprised 15 percent of the total revenue of the City, taxes and other general revenues provided 38 percent of the total revenue of the City, and charges for services and operating contributions and grants provided 47 percent of the total revenue of the City.

Most of the revenues remained stable from 2011 to 2012, except for the decrease in redevelopment tax increment which was offset by the gain recognized on the dissolution of the Redevelopment Agency.

Expenses

The City's expenses totaled \$32,627,402 for the year. Governmental activity expenses totaled \$25,241,082, or 77 percent of total expenses. Business-type activities incurred \$7,386,320 of expenses during the year, or 23 percent of total expenses.

The majority of the decrease in most expenses relates to decreased spending attributed to the economic slowdown. The significant decrease in community development expenses relates to the dissolution of the City's redevelopment agency, as discussed in Note 13 to the financial statements.

Governmental Activities

The following table shows the cost of each of the City's major programs and the net cost of the programs. Net cost is the total cost less fees and other direct revenue generated by the activities, and reflects the financial burden that was placed on the City's taxpayers by each of the programs.

**City of San Jacinto
Government-wide Financial Statements - Net Cost of Governmental Activities**
For the fiscal year ended June 30, 2012 and 2011
(in thousands)

	Total Cost			Net Cost		
	of Services		Percent	of Services		Percent
	2012	2011	Change	2012	2011	Change
General government	\$ 2,325	\$ 2,600	(10.6)%	\$ 174	\$ 253	(31.2)%
Public safety	10,582	11,935	(11.3)%	7,417	8,989	(17.5)%
Public works	5,895	5,669	4.0%	1,464	1,270	15.3%
Community development	5,534	8,886	(37.7)%	356	3,106	(88.5)%
Culture and leisure	854	1,089	(21.6)%	854	1,083	(21.1)%
Total	<u>\$25,190</u>	<u>\$30,179</u>	(16.5)%	<u>\$10,265</u>	<u>\$14,701</u>	(30.2)%

The cost for all governmental activities this year was \$25,190,396. The City's taxpayers paid for approximately 41 percent of these costs. Fees, grants and contributions funded the balance of the costs of governmental activities.

**CITY OF SAN JACINTO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012**

Business-type Activities

Charges for services of the City's business-type activities totaled \$6,886,914. Expenses of business-type activities were \$7,386,320. Capital grants and contributions were not received in the water, solid waste and sewer activities to finance capital improvements. The costs of capital improvements are reported as capital assets in the statement of net assets, rather than as expenses in the statement of activities.

FINANCIAL ANALYSIS OF THE FUND STATEMENTS

The City uses fund accounting to assure and demonstrate compliance with finance-related legal requirements. The fund financial statements focus on individual parts of the City's government, reporting the City's operations in more detail than the government-wide financial statements.

The City's governmental funds provide information on near-term inflows, outflows and balances of spendable resources. The City's governmental funds reported combined fund balances at June 30, 2012 of \$42,213,448, a decrease of \$5,231,552 from the previous fiscal year. Within the change of combined fund balances, the General Fund decreased by \$561,882, related to the continued economic downturn and the loss of redevelopment.

**CITY OF SAN JACINTO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012**

**City of San Jacinto
Fund Financial Statements - Fund Balances**
As of June 30, 2012 and 2011
(in thousands)

	<u>2012</u>	<u>2011</u>	<u>Percent Change</u>
Nonspendable:			
Prepays	\$ 73	\$ 32	128.1%
Advances receivable	12,417	6,372	94.9%
Land held for resale	954	708	34.7%
Total nonspendable fund balances	<u>13,444</u>	<u>7,112</u>	89.0%
Restricted:			
Cash and investments with fiscal agent	-	126	(100.0)%
Land held for resale	-	293	(100.0)%
Advances receivable	-	2,333	(100.0)%
Special revenue funds	13,928	15,977	(12.8)%
Total restricted fund balances	<u>13,928</u>	<u>18,729</u>	(25.6)%
Assigned:			
Debt service funds	-	4,144	(100.0)%
Capital projects funds	1,314	3,422	(61.6)%
Total assigned fund balances	<u>1,314</u>	<u>7,566</u>	(82.6)%
Unassigned:			
General fund	17,100	17,750	(3.7)%
Debt service funds	(441)	(440)	0.2%
Special revenue funds	(3,118)	(2,250)	38.6%
Capital projects funds	(14)	(1,022)	(98.6)%
Total unassigned fund balances	<u>13,527</u>	<u>14,038</u>	(3.6)%
Total fund balance	<u><u>42,213</u></u>	<u><u>47,445</u></u>	(11.0)%

**CITY OF SAN JACINTO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012**

General Fund Budgetary Highlights

Over the course of the year, the City revised the City budget with adjustments for revenue and expenditure appropriations approved after the original budget was adopted.

Certain capital project appropriations originally budgeted but not expended in fiscal year 2011 were re-appropriated in 2012 as part of the City's capital budget.

After taking into account these adjustments, actual expenditures were \$709,226 lower than final budget amounts. Most of this was due to savings from public safety contract services.

Resources available for appropriation were \$735,695 higher than the final budgeted amount. The following significant revenue sources were different than anticipated:

- Total taxes increased approximately 8 percent.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2012, the City had invested \$122,972,517 in a broad range of capital assets, including police and fire equipment, buildings, parks and park improvements, roads, bridges, and water, solid waste and sewer utility systems.

**City of San Jacinto
Capital Assets**
As of June 30, 2012 and 2011
(net of depreciation, in thousands)

	Governmental		Business-type		Total	
	Activities		Activities			
	2012	2011	2012	2011	2012	2011
Capital assets not being depreciated:						
Land and improvements	\$ 4,231	\$ 3,446	\$ 55	\$ 55	\$ 4,286	\$ 3,501
Construction in progress	10,542	10,580	1,553	972	12,095	11,552
Depreciable capital assets, net of accumulated depreciation:						
Buildings and system	5,908	6,084	4,654	4,792	10,562	10,876
Machinery and equipment	906	1,346	760	909	1,666	2,255
Improvements other than buildings	1,654	1,762	4,622	4,882	6,276	6,644
Infrastructure	88,087	90,042	-	-	88,087	90,042
Total	\$111,328	\$113,260	\$ 11,644	\$ 11,610	\$122,972	\$124,870

**CITY OF SAN JACINTO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012**

This year's major capital asset additions included:

Government-wide, governmental activities:

- Five road rehabilitation, improvement and widening projects (including traffic signalization) completed at a final cost of \$1,201,423.
- Developer contributions of street and drainage improvements in two separate developments at a total cost of \$1,159,884.

More detailed information about the City's capital assets is presented in Note 3 to the financial statements.

Long-term Debt

At June 30, 2012, the City had \$7,389,258 in long-term debt outstanding. More detailed information about the City's total long-term liabilities is presented in Note 6 to the financial statements.

**City of San Jacinto
Outstanding Debt**
As of June 30, 2012 and 2011
(in thousands)

	<u>Governmental</u>		<u>Business-type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Revenue and other bonds, net	\$ -	\$ 8,423	\$ 3,265	\$ 3,580	\$ 3,265	\$ 12,003
Special assessment debt with government commitment, including unpaid interest	1,633	1,633	-	-	1,633	1,633
Loans payable	-	23	-	-	-	23
Capital leases	214	349	-	-	214	349
Unfunded pension liability	1,941	2,112	-	-	1,941	2,112
Claims and judgments	142	350	-	-	142	350
Compensated absences	194	162	-	-	194	162
Total	<u>\$ 4,124</u>	<u>\$ 13,052</u>	<u>\$ 3,265</u>	<u>\$ 3,580</u>	<u>\$ 7,389</u>	<u>\$ 16,632</u>

The following are the ratings at the date of bond issuance as determined by Moody's Investors Service, Standard and Poors and Fitch rating agencies.

	<u>Moody's</u>	<u>S & P</u>	<u>Fitch</u>
Insured Issues:			
1997 Water Revenue Bonds	AAA	AA-	Not rated
2002 Water Refunding Revenue Bonds	Not rated	BBB	Not rated

**CITY OF SAN JACINTO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City is facing significant financial challenges in the years ahead. Developments and home sales have dropped drastically compared to several years ago. The City is focusing on potential commercial growth, as well as a possible City-wide per-parcel tax to fund additional public safety services. Major items expected to affect the budget include:

- Continuing efforts to attract new businesses and increase the sales tax base.
- A possible City-wide per-parcel tax to replace CFD #2003 and provide for an increase in public safety service levels.

The General Fund budget for 2012-2013 appropriates \$17,794,404, an increase of 13 percent from the prior year, mainly due to the loss of redevelopment.

City utility rates for water were last increased by 5% in July 2009, sewer rates were increased 3% in July 2011, and solid waste rates (dictated by our contractor) increased 5% in July 2012.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances, and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City of San Jacinto Department of Finance, Accounting Division, PO Box 488, San Jacinto, California 92583, or visit the City's web page at www.ci.san-jacinto.ca.us/.

Basic Financial Statements

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Government-Wide Financial Statements

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City of San Jacinto
Statement of Net Assets
June 30, 2012

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Cash and investments	\$ 44,663,677	\$ 1,776,302	\$ 46,439,979
Cash and investments with fiscal agents	-	178,506	178,506
Receivables:			
Accounts, net	940,085	1,105,737	2,045,822
Interest	150,515	-	150,515
Taxes	1,839,332	-	1,839,332
Notes receivable	3,600,839	-	3,600,839
Due from other governments	1,277,775	-	1,277,775
Deposits with others	474,332	-	474,332
Prepays	73,011	-	73,011
Internal balances	(313,056)	313,056	-
Inventories	-	36,476	36,476
Land held for resale	954,111	-	954,111
Deferred charges	-	184,810	184,810
Capital assets:			
Land and construction in progress	14,772,935	1,608,329	16,381,264
Other capital assets, net of depreciation	96,554,988	10,036,265	106,591,253
Total Assets	<u>164,988,544</u>	<u>15,239,481</u>	<u>180,228,025</u>
LIABILITIES			
Accounts payable and accrued liabilities	3,497,236	276,992	3,774,228
Accrued wages	227,495	61,220	288,715
Accrued interest payable	4,316	43,531	47,847
Due to other governments	304,609	-	304,609
Retention payable	114,120	-	114,120
Unearned revenues	1,633,491	-	1,633,491
Deposits payable	-	217,797	217,797
Noncurrent liabilities:			
Due within one year	1,413,701	335,000	1,748,701
Due in more than one year	2,710,557	2,930,000	5,640,557
Total Liabilities	<u>9,905,525</u>	<u>3,864,540</u>	<u>13,770,065</u>
NET ASSETS			
Invested in capital assets, net of related debt	111,327,923	8,379,594	119,707,517
Restricted for:			
Public safety	1,404,591	-	1,404,591
Public works	5,740,474	-	5,740,474
Community development	9,772,396	-	9,772,396
Culture and leisure	1,596,046	-	1,596,046
Unrestricted	25,241,589	2,995,347	28,236,936
Total Net Assets	<u>\$ 155,083,019</u>	<u>\$ 11,374,941</u>	<u>\$ 166,457,960</u>

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

**City of San Jacinto
Statement of Activities
For the Year Ended June 30, 2012**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Primary Government				
Governmental Activities:				
General government	\$ 2,325,004	\$ -	\$ 2,151,256	\$ -
Public safety	10,582,082	2,340,305	824,465	-
Public works	5,894,656	92,971	1,881,831	2,455,553
Community development	5,534,457	688,468	1,521,282	2,969,206
Culture and leisure	854,197	-	-	-
Interest on long-term debt	50,686	-	-	-
Total Governmental Activities	25,241,082	3,121,744	6,378,834	5,424,759
Business-Type Activities:				
Water	3,954,895	3,287,971	-	-
Solid waste	2,723,360	2,785,506	-	-
Sewer	708,065	813,437	-	-
Total Business-Type Activities	7,386,320	6,886,914	-	-
Total	\$ 32,627,402	\$ 10,008,658	\$ 6,378,834	\$ 5,424,759
General Revenues:				
Taxes:				
Property tax, levied for general purpose				
Property tax, Redevelopment Agency tax increment				
Transient occupancy taxes				
Franchise tax				
Sales tax				
Motor vehicle in lieu tax				
Other taxes				
Unrestricted investment earnings				
Extraordinary Item				
Gain on dissolution of Redevelopment Agency				
Total General Revenues and Extraordinary Item				
Change in Net Assets				
Net Assets, Beginning of Year				
Net Assets, End of Year				

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

Net Revenue (Expense) and Change in Net Assets		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (173,748)	\$ -	\$ (173,748)
(7,417,312)	-	(7,417,312)
(1,464,301)	-	(1,464,301)
(355,501)	-	(355,501)
(854,197)	-	(854,197)
(50,686)	-	(50,686)
<u>(10,315,745)</u>	<u>-</u>	<u>(10,315,745)</u>
-	(666,924)	(666,924)
-	62,146	62,146
-	105,372	105,372
-	(499,406)	(499,406)
<u>\$ (10,315,745)</u>	<u>\$ (499,406)</u>	<u>\$ (10,815,151)</u>
1,680,563	-	1,680,563
2,293,300	-	2,293,300
18,007	-	18,007
1,483,153	-	1,483,153
2,196,447	-	2,196,447
2,504,849	-	2,504,849
156,377	-	156,377
190,364	27,621	217,985
<u>2,846,314</u>	<u>-</u>	<u>2,846,314</u>
<u>13,369,374</u>	<u>27,621</u>	<u>13,396,995</u>
<u>3,053,629</u>	<u>(471,785)</u>	<u>2,581,844</u>
<u>152,029,390</u>	<u>11,846,726</u>	<u>163,876,116</u>
<u>\$ 155,083,019</u>	<u>\$ 11,374,941</u>	<u>\$ 166,457,960</u>

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Fund Financial Statements

**City of San Jacinto
Governmental Funds
Balance Sheet
June 30, 2012**

	General	Capital Projects City Capital Projects	Special Revenue Community Facilities District 2003
ASSETS			
Cash and investments	\$ 18,042,016	\$ 10,790,914	\$ -
Receivables:			
Accounts	835,683	-	-
Interest	67,511	-	-
Taxes and assessments	53,271	-	50,388
Prepays	58,617	14,394	-
Due from other governments	717,510	-	-
Due from other funds	611,813	-	-
Notes receivable	-	-	-
Advances receivable	4,125,891	-	-
Land held for resale	661,252	-	-
Total Assets	<u>\$ 25,173,564</u>	<u>\$ 10,805,308</u>	<u>\$ 50,388</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 2,336,815	\$ 254,529	\$ 629,972
Accrued payroll	222,204	-	-
Retention payable	-	114,120	-
Due to other funds	-	-	-
Due to other governments	-	160,481	-
Deferred revenue	668,130	-	-
Advances payable	-	10,276,178	2,453,566
Total Liabilities	<u>3,227,149</u>	<u>10,805,308</u>	<u>3,083,538</u>
Fund Balance:			
Nonspendable	4,845,760	14,394	-
Restricted	-	-	-
Assigned	-	-	-
Unassigned	17,100,655	(14,394)	(3,033,150)
Total Fund Balances	<u>21,946,415</u>	<u>-</u>	<u>(3,033,150)</u>
Total Liabilities and Fund Balances	<u>\$ 25,173,564</u>	<u>\$ 10,805,308</u>	<u>\$ 50,388</u>

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

Special Revenue		Total Non-Major Governmental Funds	Total Governmental Funds
Successor Housing Authority	LLPD #2		
\$ -	\$ 8,384,314	\$ 6,939,063	\$ 44,156,307
-	-	39,557	875,240
83,004	-	-	150,515
-	75,870	1,659,803	1,839,332
-	-	-	73,011
-	-	560,265	1,277,775
-	-	-	611,813
3,600,839	-	-	3,600,839
-	-	8,290,797	12,416,688
292,859	-	-	954,111
<u>\$ 3,976,702</u>	<u>\$ 8,460,184</u>	<u>\$ 17,489,485</u>	<u>\$ 65,955,631</u>
\$ -	\$ 105,562	\$ 149,540	\$ 3,476,418
-	-	5,291	227,495
-	-	-	114,120
-	8,414	552,441	560,855
-	-	144,128	304,609
3,683,843	-	1,976,969	6,328,942
-	-	-	12,729,744
<u>3,683,843</u>	<u>113,976</u>	<u>2,828,369</u>	<u>23,742,183</u>
292,859	-	8,290,797	13,443,810
-	8,346,208	5,582,266	13,928,474
-	-	1,314,269	1,314,269
-	-	(526,216)	13,526,895
<u>292,859</u>	<u>8,346,208</u>	<u>14,661,116</u>	<u>42,213,448</u>
<u>\$ 3,976,702</u>	<u>\$ 8,460,184</u>	<u>\$ 17,489,485</u>	<u>\$ 65,955,631</u>

**City of San Jacinto
Reconciliation of the Balance Sheet of
Governmental Funds to the Statement of Net Assets
June 30, 2012**

Fund Balance of Governmental Funds	\$ 42,213,448
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets net of depreciation have not been included as financial resources in governmental funds.	
Capital assets not being depreciated	14,772,935
Capital assets being depreciated	175,035,664
Accumulated depreciation	(78,480,676)
Long-term liabilities applicable to governmental activities are not due and are payable in the current period and, accordingly, are not reported as governmental fund liabilities. All liabilities (both current and long-term) are reported in the Statement of Net Assets.	
Compensated absences	(193,570)
Special assessment debt and unmatured interest	(1,633,491)
Unfunded pension liability	(1,940,710)
Capital leases	(214,926)
Accrued interest payable	(4,316)
Deferred revenue balances relating to certain accounts and loans receivable are not reported as deferred revenue in the Statement of Net Assets since recognition is not based upon measurable and available criteria.	
Low and moderate housing loans receivable	3,600,839
Accrued interest on low and moderate housing loans	83,004
Due from other governments	1,011,608
Internal Service Funds are used by management to charge costs of certain activities on individual funds. The assets and liabilities of the Internal Service Funds must be added to the Statement of Net Assets since revenue recognition is not based upon measurable and available criteria.	
Fund Net Assets of Internal Service Funds	833,210
Net Assets of Governmental Activities	\$ 155,083,019

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

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**City of San Jacinto
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2012**

	General	Capital Projects City Capital Projects	Special Revenue Community Facilities District 2003
REVENUES			
Taxes	\$ 5,378,170	\$ -	\$ -
Assessments	-	-	1,712,710
Licenses and permits	407,250	-	-
Fines and forfeitures	362,117	-	-
Development fees	-	-	-
Intergovernmental	3,534,366	-	-
Charges for services	229,363	-	-
Investment earnings	211,266	-	-
Other	2,552,850	31,619	-
Total Revenues	<u>12,675,382</u>	<u>31,619</u>	<u>1,712,710</u>
EXPENDITURES			
Current:			
General government	2,161,070	-	28,395
Public safety	8,561,474	-	2,545,898
Public works	270,666	-	-
Community development	1,662,415	-	-
Culture and leisure	174,624	-	-
Intergovernmental			
Pass through payments	-	-	-
Debt service:			
Principal	97,647	-	-
Interest	8,512	-	8,419
Capital outlay	71,771	3,109,639	-
Total Expenditures	<u>13,008,179</u>	<u>3,109,639</u>	<u>2,582,712</u>
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	<u>(332,797)</u>	<u>(3,078,020)</u>	<u>(870,002)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	508,402	3,078,020	-
Transfers out	(737,487)	-	-
Total Other Financing Sources	<u>(229,085)</u>	<u>3,078,020</u>	<u>-</u>
EXTRAORDINARY ITEM			
Gain (loss) on dissolution of			
Redevelopment Agency	-	-	-
Net Change in Fund Balances	<u>(561,882)</u>	<u>-</u>	<u>(870,002)</u>
Fund Balances, Beginning of Year	22,508,297	-	(2,163,148)
Fund Balances, End of Year	<u>\$ 21,946,415</u>	<u>\$ -</u>	<u>\$ (3,033,150)</u>

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

Special Revenue			
Successor Housing Authority	LLPD #2	Total Non-Major Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 2,494,453	\$ 7,872,623
-	2,248,543	1,148,190	5,109,443
-	-	-	407,250
-	-	89,213	451,330
-	-	481,065	481,065
-	-	4,023,388	7,557,754
-	-	-	229,363
-	67,430	152,618	431,314
-	-	323,953	2,908,422
-	2,315,973	8,712,880	25,448,564
-	-	126,112	2,315,577
-	-	205,825	11,313,197
-	-	1,168,045	1,438,711
-	2,091,950	1,319,051	5,073,416
-	-	748,448	923,072
-	-	780,863	780,863
-	-	251,668	349,315
-	-	189,911	206,842
-	16,182	63,904	3,261,496
-	2,108,132	4,853,827	25,662,489
-	207,841	3,859,053	(213,925)
-	15,567	1,899,515	5,501,504
-	-	(4,764,184)	(5,501,671)
-	15,567	(2,864,669)	(167)
292,859	-	(5,310,319)	(5,017,460)
292,859	223,408	(4,315,935)	(5,231,552)
-	8,122,800	18,977,051	47,445,000
\$ 292,859	\$ 8,346,208	\$ 14,661,116	\$ 42,213,448

**City of San Jacinto
Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2012**

Net Change in Fund Balances - Total Governmental Funds	\$ (5,231,552)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives as depreciation expense or allocated to the appropriate functional expense when the cost is below the capitalization threshold. Additionally, capital contributions are reported as program revenues in the Statement of Activities. This activity is reconciled as follows:	
Cost of assets capitalized less disposals	3,113,916
Depreciation expense	(5,161,076)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the fund.	1,861,612
Long-term debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Government-Wide Statement of Net Assets. Principal repayments of long-term debt are expenditures/uses in the Governmental Funds, but they reduce long-term liabilities in the Government-Wide Statement of Net Assets.	
Repayments:	
Bonds	215,000
Unfunded pension liability	170,868
Capital leases	134,315
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 the governmental funds.	
Compensated absences	(31,672)
Accrued interest payable	4,316
Internal Service Funds are used by management to charge the cost of insurance to individual funds. The net revenue of the Internal Service Funds are reported with governmental activities.	114,128
Net gain in dissolution of Redevelopment Agency	7,863,774
Change in Net Assets of Governmental Activities	\$ 3,053,629

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

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**City of San Jacinto
Statement of Net Assets
Proprietary Funds
June 30, 2012**

	Business-type Activities Enterprise Funds	
	Water	Solid Waste
ASSETS		
Current Assets:		
Cash and investments	\$ 844,886	\$ 130,408
Cash and investments with fiscal agents	178,506	-
Receivables, net:		
Accounts	619,461	395,248
Deposits with others	-	-
Inventories	36,476	-
Total Current Assets	<u>1,679,329</u>	<u>525,656</u>
Non-Current Assets:		
Deferred charges	184,810	-
Advances receivable	264,695	-
Capital assets:		
Land	55,222	-
Construction in progress	1,186,761	-
Building and system	6,747,489	-
Machinery and equipment	2,383,802	-
Improvements other than buildings	3,117,942	-
Less accumulated depreciation	(4,832,959)	-
Total Non-Current Assets	<u>9,107,762</u>	<u>-</u>
Total Assets	<u>10,787,091</u>	<u>525,656</u>
LIABILITIES		
Current Liabilities:		
Accounts payable	99,244	166,675
Accrued wages	39,485	5,100
Accrued interest	43,531	-
Deposits payable	217,797	-
Due to other funds	-	-
Bonds payable - current	335,000	-
Total Current Liabilities	<u>735,057</u>	<u>171,775</u>
Noncurrent liabilities:		
Advances payable	644,909	-
Claims payable	-	-
Bonds payable	2,930,000	-
Total Non-Current Liabilities	<u>3,574,909</u>	<u>-</u>
Total Liabilities	<u>4,309,966</u>	<u>171,775</u>
NET ASSETS		
Invested in capital assets, net of related debt	5,393,257	-
Unrestricted	1,083,868	353,881
Total Net Assets	<u>\$ 6,477,125</u>	<u>\$ 353,881</u>

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

Business-type Activities Enterprise Funds		Governmental Activities - Internal Service Fund
Sewer	Total	
\$ 801,008	\$ 1,776,302	\$ 507,370
-	178,506	-
91,028	1,105,737	64,845
-	-	474,332
-	36,476	-
<u>892,036</u>	<u>3,097,021</u>	<u>1,046,547</u>
-	184,810	-
693,270	957,965	-
-	55,222	-
366,346	1,553,107	-
31,301	6,778,790	-
435,862	2,819,664	-
3,327,133	6,445,075	-
(1,174,305)	(6,007,264)	-
<u>3,679,607</u>	<u>12,787,369</u>	<u>-</u>
<u>4,571,643</u>	<u>15,884,390</u>	<u>1,046,547</u>
11,073	276,992	20,818
16,635	61,220	-
-	43,531	-
-	217,797	-
-	-	50,958
-	335,000	-
<u>27,708</u>	<u>934,540</u>	<u>71,776</u>
-	644,909	-
-	-	141,561
-	2,930,000	-
<u>-</u>	<u>3,574,909</u>	<u>141,561</u>
<u>27,708</u>	<u>4,509,449</u>	<u>213,337</u>
2,986,337	8,379,594	-
1,557,598	2,995,347	833,210
<u>\$ 4,543,935</u>	<u>\$ 11,374,941</u>	<u>\$ 833,210</u>

City of San Jacinto
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
For the Year Ended June 30, 2012

	Business-type Activities	
	Enterprise Funds	
	Water	Solid Waste
OPERATING REVENUES		
Sales and charges for services	\$ 3,273,042	\$ 2,653,912
Miscellaneous	14,929	131,594
Total Operating Revenues	<u>3,287,971</u>	<u>2,785,506</u>
OPERATING EXPENSES		
Personnel services	413,476	44,978
Employee benefits	243,576	20,872
Office expense	193,383	1,398
Depreciation	410,017	-
Outside services	76,935	2,232,632
Repairs and maintenance	185,632	-
Utilities	330,136	109
Franchise	-	418,148
Overhead allocations	512,880	5,223
Claims and judgements	-	-
Total Operating Expenses	<u>2,366,035</u>	<u>2,723,360</u>
Operating Income	<u>921,936</u>	<u>62,146</u>
NON-OPERATING REVENUES (EXPENSES)		
Investment earnings	12,027	1,221
Interest and fiscal charges	(1,578,818)	-
Other revenues (expenses)	(10,042)	-
Total Non-Operating Revenues		
(Expenses)	<u>(1,576,833)</u>	<u>1,221</u>
Other income before transfers	<u>(654,897)</u>	<u>63,367</u>
Transfers in	-	-
Transfers out	-	-
Change in Net Assets	<u>(654,897)</u>	<u>63,367</u>
Net Assets, Beginning of Year	<u>7,132,022</u>	<u>290,514</u>
Net Assets, End of Year	<u>\$ 6,477,125</u>	<u>\$ 353,881</u>

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

Business-type Activities Enterprise Funds		Governmental Activities - Internal Service Fund
Sewer	Total	
\$ 812,087	\$ 6,739,041	\$ 268,334
1,350	147,873	77,659
<u>813,437</u>	<u>6,886,914</u>	<u>345,993</u>
179,533	637,987	-
117,488	381,936	-
23,876	218,657	-
158,605	568,622	-
9,966	2,319,533	165,556
34,282	219,914	56,352
2,538	332,783	-
-	418,148	-
181,777	699,880	-
-	-	15,035
<u>708,065</u>	<u>5,797,460</u>	<u>236,943</u>
<u>105,372</u>	<u>1,089,454</u>	<u>109,050</u>
14,373	27,621	4,911
-	(1,578,818)	-
-	(10,042)	-
<u>14,373</u>	<u>(1,561,239)</u>	<u>4,911</u>
<u>119,745</u>	<u>(471,785)</u>	<u>113,961</u>
-	-	30,425
-	-	(30,258)
<u>119,745</u>	<u>(471,785)</u>	<u>114,128</u>
4,424,190	11,846,726	719,082
<u>\$ 4,543,935</u>	<u>\$ 11,374,941</u>	<u>\$ 833,210</u>

**City of San Jacinto
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2012**

	Business-type Activities - Enterprise Funds	
	Water	Solid Waste
Cash Flows from Operating Activities:		
Cash received from customers	\$ 3,225,749	\$ 2,766,591
Cash payments to suppliers	(1,267,275)	(2,669,556)
Cash payments to employees for services	(648,688)	(64,011)
Net Cash Provided By (Used for)		
Operating Activities	<u>1,309,786</u>	<u>33,024</u>
Cash Flows from Non-Capital Financing Activities:		
Transfers to (from) other funds	-	-
Advances (to) from other funds	829,350	-
Due (to) from other funds	-	-
Net Cash Provided By (Used for)		
Non-Capital Financing Activities	<u>829,350</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities:		
Acquisition or construction of capital assets	(292,490)	-
Miscellaneous	10,267	-
Bond principal paid	(315,000)	-
Interest and fiscal charges paid	(1,586,963)	-
Net Cash Provided by (Used for)		
Capital and Related Financing Activities	<u>(2,184,186)</u>	<u>-</u>
Cash Flows from Investing Activities:		
Interest income received	12,027	1,221
Net Cash Provided By (Used for)		
Investing Activities	<u>12,027</u>	<u>1,221</u>
Net Increase (Decrease) in		
Cash and Cash Equivalents	(33,023)	34,245
Cash and Cash Equivalents at Beginning of Year	1,056,415	96,163
Cash and Cash Equivalents at End of Year	<u>\$ 1,023,392</u>	<u>\$ 130,408</u>

Reconciliation of cash and cash equivalents to amounts reported on the statement of net assets:

 Reported on the statement of net assets:

Cash and investments	\$ 844,886	\$ 130,408
Cash and investments with fiscal agents	178,506	-
Totals	<u>\$ 1,023,392</u>	<u>\$ 130,408</u>

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

Business-type Activities - Enterprise Funds		Governmental Activities - Internal Service Fund
Sewer	Total	
\$ 844,125	\$ 6,836,465	\$ 359,029
(246,224)	(4,183,055)	(487,434)
(293,556)	(1,006,255)	-
<u>304,345</u>	<u>1,647,155</u>	<u>(128,405)</u>
-	-	167
(152,963)	676,387	-
-	-	50,958
<u>(152,963)</u>	<u>676,387</u>	<u>51,125</u>
(310,367)	(602,857)	-
-	10,267	-
-	(315,000)	-
-	(1,586,963)	-
<u>(310,367)</u>	<u>(2,494,553)</u>	<u>-</u>
<u>14,373</u>	<u>27,621</u>	<u>4,911</u>
<u>14,373</u>	<u>27,621</u>	<u>4,911</u>
(144,612)	(143,390)	(72,369)
945,620	2,098,198	579,739
<u>\$ 801,008</u>	<u>\$ 1,954,808</u>	<u>\$ 507,370</u>
<u>\$ 801,008</u>	<u>\$ 1,776,302</u>	<u>\$ 507,370</u>
-	178,506	-
<u>\$ 801,008</u>	<u>\$ 1,954,808</u>	<u>\$ 507,370</u>

**City of San Jacinto
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2012**

	Business-type Activities - Enterprise Funds	
	Water	Solid Waste
Reconciliation of operating income to net cash provided by (used for) operating activities:		
Operating income:	\$ 921,936	\$ 62,146
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:		
Depreciation	410,017	-
(Increase) decrease in assets:		
Accounts receivable	(82,958)	(18,915)
Inventories	6,585	-
Deposits with others	-	-
Increase (decrease) in liabilities:		
Accounts payable	25,106	(12,046)
Accrued wages	8,447	1,839
Deposits payable	20,653	-
Claims payable	-	-
Total Adjustments	<u>387,850</u>	<u>(29,122)</u>
Net Cash Provided By (Used for) Operating Activities	<u>\$ 1,309,786</u>	<u>\$ 33,024</u>

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

Business-type Activities - Enterprise Funds		Governmental Activities - Internal Service Fund
Sewer	Total	
\$ 105,372	\$ 1,089,454	\$ 109,050
158,605	568,622	-
30,688	(71,185)	13,036
-	6,585	-
-	-	(52,635)
6,215	19,275	10,231
3,465	13,751	-
-	20,653	-
-	-	(208,087)
<u>198,973</u>	<u>557,701</u>	<u>(237,455)</u>
<u>\$ 304,345</u>	<u>\$ 1,647,155</u>	<u>\$ (128,405)</u>

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Fiduciary Funds

**City of San Jacinto
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2012**

	Private Purpose Trust Fund	Agency
ASSETS		
Cash and investments	\$ 4,610,598	\$ 4,561,441
Cash and investments with fiscal agents	5	1,696,050
Receivables:		
Accounts	37,237	151,323
Due from other governments	394,527	7
Property held for resale	46,948	-
Capital assets not being depreciated:		
Land	792,616	-
Total Assets	5,881,931	\$ 6,408,821
 LIABILITIES		
Accounts payable and accrued liabilities	210,053	\$ 246,745
Deposits payable	-	2,805,669
Due to others	-	104,327
Due to bond holders	-	3,252,080
Deferred revenue	127,155	-
Long-term liabilities:		
Due within one year	219,507	-
Due in more than one year	8,011,807	-
Total Liabilities	8,568,522	\$ 6,408,821
 NET ASSETS		
Net assets (deficit) held for dissolution of Redevelopment Agency	\$ (2,686,591)	

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

City of San Jacinto
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
From the period of inception (February 1, 2012) to June 30, 2012

	<u>Private Purpose Trust Fund</u>
ADDITIONS	
Property taxes	\$ 445,821
Investment earnings	19,561
Total additions	<u>465,382</u>
DEDUCTIONS	
Administrative payments	399,253
Debt service:	
Interest expense	<u>331,481</u>
Total deductions	<u>730,734</u>
EXTRAORDINARY ITEM:	
Loss on Redevelopment Agency dissolution	<u>(2,421,239)</u>
Change in net assets	(2,686,591)
Net Assets, Beginning of period	-
Net Assets, End of year	<u><u>\$ (2,686,591)</u></u>

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

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Notes to the Basic Financial Statements

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City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2012

I. SIGNIFICANT ACCOUNTING POLICIES

Note 1: Summary of significant accounting policies

a. Reporting entity

The City of San Jacinto (City) was incorporated on April 20, 1888 under the laws of the State of California and enjoys all the rights and privileges applicable to a general law city. It is governed by an elected five-member board. As required by generally accepted accounting principles, these financial statements present the City of San Jacinto (the primary government) and its component units. The component units discussed below are included in the reporting entity because of their operational or financial relationships with the City of San Jacinto.

Blended Component Units

Redevelopment Agency of the City of San Jacinto

The San Jacinto Redevelopment Agency was established on May 4, 1982 pursuant to provisions of the California Health and Safety Code. The Agency is governed by a five-member board that is the City Council of the City of San Jacinto. The Agency's governing body is the same as the governing body of the primary government, and the Agency's sole purpose is to redevelop and rebuild facilities within the City of San Jacinto and to provide safer and more efficient service for the residents of the City of San Jacinto.

The Agency has established two redevelopment project areas. The Soboba Springs Project Area was adopted on December 14, 1983. The intent of this redevelopment program is to facilitate the construction of the Main Street Bridge over the San Jacinto River thus removing a major constraint to circulation in the area and providing an improvement which cannot be provided without public participation.

The San Jacinto Redevelopment Project Area was adopted on January 18, 1983. The project was amended in 1993. The objective of this project is for the redevelopment, development, replanning, and redesign of blighted areas within the City which are stagnant, improperly utilized, and unproductive because of defective or inadequate street layout, faulty lot layout in relation to size, shape, accessibility, or usefulness, or for other causes.

As of February 1, 2012, the Redevelopment Agency ceased all operations in accordance with ABx1 26. All assets and activity of the former redevelopment agency (except for low and moderate income housing non-cash assets), as of February 1, 2012, were transferred to the Successor Agency to the Redevelopment Agency of the City of San Jacinto (Successor Agency) (a private purpose trust fund). Since the Successor Agency is a private purpose trust fund, it cannot be considered a component unit of the City. All activity of the former Agency, as displayed on the statements of revenues, expenditures and changes in fund balances, are for the period of July 1, 2011 through January 31, 2012. The City of San Jacinto elected to be the Housing Successor and chose to retain the housing non-cash assets and functions previously held and performed by the former redevelopment agency.

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2012

Note 1: Summary of significant accounting policies (continued)

a. Reporting entity (continued)

San Jacinto Financing Authority

The Authority is a joint exercise of powers authority organized and existing under and by virtue of the Joint Exercise of Powers Act. The City and the Agency formed the Authority by the execution of a joint exercise of powers agreement dated as of May 25, 1993, and amended and restated in its entirety on May 19, 1997 by and between the City and the Agency. Pursuant to the Joint Powers Act, the Authority is authorized to issue revenue bonds to provide funds to make loans to public entities; such revenue bonds are to be repaid from the repayments of such loans. The Authority is governed by a five-member Board which consists of all members of the City Council. The Mayor of the City is the Chairperson of the Authority.

The City Manager acts as the Executive Director, the City Clerk acts as the Secretary and the Finance Director of the City acts as the Treasurer of the Authority.

Industrial Development Authority

The Industrial Development Authority of the City of San Jacinto was activated by the City Council of the City of San Jacinto. The purpose of the Industrial Development Authority is to assist the community in industry development by providing a financing mechanism to encourage such development in the City.

b. Government-wide and fund financial statements

The government-wide financial statements include a statement of net assets and a statement of activities. These statements present summaries of governmental and business-type activities for the City accompanied by a total column. Fiduciary activities of the City are not included in these statements. Certain eliminations have been made as prescribed by GASB Statement No. 34 in regard to interfund activities, payables, and receivables. All internal balances in the statement of net assets have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on user fees and charges for support.

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions, including special assessments, that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenue are reported instead as general revenues. In the statement of activities, Internal Service Fund transactions have been eliminated; however, those transactions between the governmental and business-type activities have not been eliminated.

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2012

Note 1: Summary of significant accounting policies (continued)

b. Government-wide and fund financial statements (continued)

Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

c. Measurement focus, basis of accounting, and financial statement presentation

The government-wide statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the cash flows. Accordingly, all of the City's assets and liabilities, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying statement of net assets. The statement of activities presents changes in net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The types of transactions reported as program revenues for the City are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified-accrual basis of accounting*. Under the modified-accrual basis of accounting, revenues are recognized in these funds when susceptible to accrual (i.e. when they are both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers property taxes collected after year-end, as available if they are collected within 60 days of the end of the current fiscal period. Other revenues susceptible to accrual include sales tax, state gasoline taxes, utility users tax, investment income, and certain other intergovernmental revenues. Expenditures in the governmental funds are generally recognized in the accounting period in which the related fund liability is incurred, if measurable, except for unmatured principal and interest on general long-term debt, as well as compensated absences and claims and judgments, which are recognized when due.

The City reports the following major governmental funds:

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

The *City Capital Projects Fund* is used to account for construction from various sources.

The *Community Facilities District 2003 Fund* is used to account for the funding of increased public safety services in the District.

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2012

Note 1: Summary of significant accounting policies (continued)

c. *Measurement focus, basis of accounting, and financial statement presentation (continued)*

The *Successor Housing Authority Fund* is used to account for the City's housing-related activities. The fund was established as the Housing Successor of the former Agency's Low and Moderate Housing fund which was eliminated as of February 1, 2012. The activity on the statement of revenues, expenditure and changes in fund balances is for the period from February 1, 2012 through June 30, 2012.

The *LLPD #2 Special Revenue Fund* is used to account for special assessment tax revenue activity in the City's Districts, restricted for maintenance and service to District facilities.

The City reports the following major proprietary funds:

The *Water Fund* is used to account for the provision of water services to the residences and businesses of the City.

The *Solid Waste Fund* is used to account for the provision of solid waste services to the residences and businesses of the City.

The *Sewer Fund* is used to account for the revenues and expenses in connection with the operation and improvement of the City's sewer system.

Additionally, the City reports the following fund types:

The *Internal Service Funds* are used to account for the resources, goods, and services that are provided by one department to other departments or agencies of the City on a cost-reimbursement basis. The City's Internal Service Fund accounts for Workers Compensation and General Liability Insurance services.

The *Agency Funds* are used to account for the resources held by the City in a fiduciary capacity.

The *Private Purpose Trust Fund* is used to account for the activities of the Successor Agency to the Redevelopment Agency to the City of San Jacinto. The fund's primary purpose is to expedite the dissolution of the former Agency's net assets (except for the low and moderate income housing funds non-cash assets) in accordance with AB X1 26 and AB 1484.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2012

Note 1: Summary of significant accounting policies (continued)

c. Measurement focus, basis of accounting, and financial statement presentation (continued)

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues for the Enterprise Funds are charges for goods and services. Operating expenses for these same Enterprise Funds include the cost of sales and services, administration expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The City's fiduciary funds include Agency Funds, which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

d. Accounting for encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed in the governmental fund types.

e. Cash and investments

For the purpose of the statement of cash flows, the City considers cash and cash equivalents as short term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. The City follows the practice of pooling cash and investments of all funds. Since cash and investments are pooled the City utilizes the assumption that cash and investments in the Enterprise and Internal Service Funds are cash and cash equivalents.

f. Restricted cash and investments

Cash and investments restricted as to their use either by bond resolution or by the funding source to a specific purpose are classified as restricted cash and investments.

g. Inventories

Inventories of materials and supplies are valued at cost using the first-in, first-out basis. The City uses the consumption method of accounting for inventories.

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2012

Note 1: Summary of significant accounting policies (continued)

h. Land held for resale

The San Jacinto Redevelopment Agency has acquired several parcels of land as part of its primary purpose to develop or redevelop blighted properties. The Agency records these parcels as land held for resale in its financial records. With the dissolution of redevelopment agencies statewide, the property formerly carried in the San Jacinto Redevelopment Agency Special Revenue Fund with a net realizable value of \$292,859 was transferred to the Successor Housing Authority Fund of the City on February 1, 2012. The property formerly carried in the San Jacinto Redevelopment Agency Capital Projects Fund with a net realizable value of \$46,948 was transferred to the Successor Agency on February 1, 2012.

i. Judgments and claims

The City utilizes its internal service funds to account for judgments and claims. Self-insurance claims payable of \$123,342 and \$18,219, respectively, are recorded in the Workers' Compensation and Liability Insurance funds.

j. Compensated absences

In accordance with GASB Statement No. 16, a liability is recorded for unused vacation and similar compensatory leave balances since the employees' entitlement to these balances are attributable to services already rendered and it is probable that virtually all of these balances will be liquidated by either paid time off or payments upon termination or retirement.

Under GASB Statement No. 16, a liability is recorded for unused sick leave balances only to the extent that it is probable that the unused balances will result in termination payments. Other amounts of unused sick leave are excluded from the liability since their payment is contingent solely upon the occurrence of a future event (illness) which is outside the control of the City and the employee.

In governmental funds, compensated absences (unpaid vacation and sick leave) are recorded as expenditures in the year they are paid. The balance of unpaid vacation and vested sick leave at year end is recorded in the government-wide financial statements as these amounts will be liquidated from future resources.

Sick leave is payable when an employee is unable to work because of illness. Employees may accrue sick leave up to a maximum of 960 hours. However, this accrual is not paid to employees upon termination. No liability is accrued at June 30, 2012 for sick leave.

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2012

Note 1: Summary of significant accounting policies (continued)

k. Interfund advances

The City Capital Projects Fund accounts for the City capital projects expenditures. It is the City's policy and practice to transfer cash (advance funds), even if not yet received, to the City Capital Projects Fund at the time of project commitment. Advances payable from the City Capital Projects Fund and receivable to the advancing fund, are recorded to reflect the outstanding amounts advanced at June 30, 2012. When funds are expended at the City's Capital Projects Fund a transfer is recorded between the two funds and the advance is respectively relieved.

l. Use of restricted resources

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources as they are needed.

m. Use of estimates in the preparation of financial statements

The financial statements have been prepared in accordance with generally accepted accounting principles and necessarily include amounts based on estimates and assumptions by management. Actual results could differ from those amounts.

n. Capital assets

Capital assets, which include property, plant and equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets (excluding infrastructure) are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Infrastructure assets are defined by the City as assets with an initial, individual cost of more than \$50,000 and an estimated useful life in excess of two years. Such assets are capitalized at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Property, plant and equipment of the City is depreciated using the straight-line method over the following useful lives:

- Buildings - 40 years
- Improvements - 40 years
- Equipment - 5 to 7 years
- Infrastructure - 20 to 80 years

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2012

Note 1: Summary of significant accounting policies (continued)

o. Property tax calendar

In 1978, a state constitutional amendment (Proposition 13) provided that the property tax rate be generally limited to 1% of market value, levied only by the county and shared with all other jurisdictions. The County of Riverside collects property taxes for the City. Tax liens attach annually as of 12:01 A.M. on the first day in March preceding the fiscal year for which the taxes are levied. The tax levy covers the fiscal period July 1st to June 30th. All secured personal property taxes and one-half of the taxes on real property are due November 1st; the second installment is due February 1st. All taxes are delinquent, if unpaid, on December 10th and April 10th respectively. Unsecured personal property taxes become due on the first of March each year and are delinquent, if unpaid, on August 31st. For governmental funds, City property tax revenues are recognized when levied to the extent that they result in current receivables collectible within 60 days. In the government-wide statements, revenues are recognized in the year taxes are levied.

p. Pension plan

All permanent City employees are members of the State of California Public Employees' Retirement System (PERS). The City funds substantially all pension costs as determined annually by a PERS actuary (see Note 5).

q. Fund balance

Fund balance is classified in accordance with GASB Statement No. 54, which classifies fund balance into five different components. The components are nonspendable, restricted, committed, assigned, and unassigned.

- Nonspendable - resources that are not in spendable form or required to be maintained intact such as an endowment.
- Restricted - resources that are subject to externally enforceable legal restrictions; these restrictions are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.
- Committed - resources that are constrained to specific purposes by a formal action of the City Council such as an ordinance or resolution, whichever is the higher level of constraint. The constraint remains binding unless removed in the same formal manner by the City Council. Council action to commit fund balance must occur within the fiscal reporting period while the amount committed may be determined subsequently.
- Assigned - resources that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed.
- Unassigned - within the General Fund, the residual resources, either positive or negative, in excess of what can be properly classified in one of the other four fund balance categories. Within all other governmental funds, any negative residual resources.

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2012

Note 1: Summary of significant accounting policies (continued)

q. Fund balance (continued)

When expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) fund balances are available, the City's policy is to first apply restricted fund balance. When expenditures are incurred for purposes for which committed, assigned or unassigned fund balances are available, the City's policy is to first apply committed fund balance, then assigned fund balance, and finally unassigned fund balance.

Those charged with governance approved the Finance Director to have authority to assign unrestricted fund balance amounts where the City's intent is for those amounts to be used for specific purposes. This delegation of authority is for the sole purpose of reporting these amounts in the annual financial statements.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

a. Budgetary principles

General budget policies

The City Council approves each year's budget submitted by the City Manager prior to the beginning of the new fiscal year. Public hearings are conducted prior to its adoption by the Council. Supplemental appropriations, where required during the period, are also approved by the Council. Several supplemental appropriations were made during the year. Intrafund budget changes are approved by the City Manager. In most cases, expenditures may not exceed appropriations at the department level. At fiscal year-end all unencumbered operating budget appropriations lapse with the exception of continuing appropriations.

General Fund expenditures may not legally exceed budgeted appropriations. Budgeted revenue amounts, as presented in the accompanying basic financial statements, represent the original budget as modified by adjustments during the year for those items which were contingent upon new or additional revenue sources. Budgeted expenditure amounts represent original appropriations adjusted for supplemental appropriations during the year.

b. Excess of expenditures over appropriations

Excess of expenditures over appropriations by department in individual funds are as follows:

Governmental Funds - Non-Major Funds	Final Budget	Expenditures	Excess
Special Revenue Funds:			
Park Development	\$ 35,839	\$ 55,029	\$ (19,190)
Parkway Development	825	1,089	(264)
CSA 152	96,291	97,362	(1,071)
Bus Shelter	85,296	87,016	(1,720)
AB 3229 COPS Program	30	71,555	(71,525)
Fire Mitigation	62,541	96,612	(34,071)
SB 621 Gaming Impact Grants	1,350	3,316	(1,966)
AB 1600	169,178	260,257	(91,079)

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2012

Note 1: Summary of significant accounting policies (continued)

c. Negative fund balance and other disclosures

The following funds had negative fund balances at June 30, 2012:

Governmental Funds - Major Funds	Amount
Special Revenue:	
Community Facilities District 2003	\$ (3,033,150)
Governmental Funds - Non-Major Funds	
Special Revenue:	
CFD #2010-1 Administrative Fund	(13,059)
CSA 152	(69,815)
Bus Shelter	(399)
SB 621 Gaming Impact Grants	(1,486)
Debt Service Fund:	
Assessment District 87-1	(441,457)

The City plans to eliminate negative fund balance in the Community Facilities District 2003 fund (currently covered by a loan from the General Fund) with increased revenues from future growth, decreased future expenditures, and possibly a new per-parcel tax that would eliminate this CFD and pay off the loan from the General Fund. The City plans to eliminate negative fund balance in the CFD#2010-1 Administrative and Bus Shelter funds with transfers from the General Fund. The City plans to eliminate negative fund balance in the CSA 152 fund with revenue that was received in November 2012. The City plans to eliminate negative fund balance in the SB 621 Gaming Impact Grants fund with future investment earnings or a transfer from the General Fund. The City plans to eliminate negative fund balance in the Assessment District 87-1 fund with possible acceptance of a Bond Tender offer and a transfer from the General Fund.

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2012

III. DETAIL NOTES ON ALL FUNDS

Note 2: Cash and investments

Cash and investments as of June 30, 2012 are classified in the accompanying financial statements as follows:

Statement of Net Assets	
Governmental Activities:	
Cash and investments	\$ 44,663,677
Business-Type Activities:	
Cash and investments	1,776,302
Cash and investments with fiscal agents	178,506
Total	46,618,485
Statement of Fiduciary Net Assets:	
Cash and investments	9,172,039
Cash and investments with fiscal agents	1,696,055
Total	10,868,094
Total Cash and Investments	\$ 57,486,579
Cash and investments are comprised of the following:	
Demand accounts/money market account	\$ 23,555,251
Cash on hand	5,850
Investments	33,925,478
Total	\$ 57,486,579

The City follows the practice of pooling cash and investments for all funds except for funds required to be held by outside fiscal agents under the provisions of bond indentures.

Interest income earned on pooled cash and investments is allocated monthly by the City to the various funds based on the month-end cash balances. Interest income from cash and investments with fiscal agent is credited directly to the related fund.

Investments authorized by the California Government Code and the City's investment policy

The table on the following page identifies the investment types that are authorized for the City's investment policy. The table also identifies certain provisions of the City's investment policy 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 of the City, rather than the general provisions of the California Government Code or the City's investment policy.

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2012

Note 2: Cash and investments (continued)

Investment Types Authorized by State Law	Maximum Maturity	Maximum Percentage Allowed*	Maximum Investment in One Issuer
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Commercial Paper	270 days	15%	10%
Negotiable Certificates of Deposit	5 years	10%	None
Repurchase Agreements	1 year	10%	None
Medium-Term Corporate Notes	5 years	20%	None
Money Market Mutual Funds	N/A	20%	None
Mutual Funds	N/A	18%	None
Time Deposits	N/A	30%	None
Local Agency Investment Fund (LAIF)	N/A	90%	\$50,000,000
California Asset Management Program	N/A	50%	None

*Based on state law requirements or investment policy requirements, whichever is more restrictive.

Investments authorized by debt agreements

Provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy govern investment of debt proceeds held by bond trustees. The table below identifies the investment types that are authorized for investments held by bond trustees. 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 Allowed	Maximum Investment in One Issuer
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	None	None
Commercial Paper	270 days	None	None
Money Market Mutual Funds	N/A	None	None
Investment Agreements	None	None	None
Certificates of Deposit, Savings Account	None	None	None
Municipal Obligations	None	None	None
Repurchase Agreements	None	None	None
Local Agency Investment Fund (LAIF)	None	None	\$50,000,000

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2012

Note 2: Cash and investments (continued)

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 rates. One of the ways that the City 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 City's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

Investment Type	Totals	<i>Remaining Maturity (In Months)</i>			
		12 Or Less	13 to 24	25 to 60	More than 60
Local Agency Investment Fund (LAIF)	\$ 9,905,607	9,905,607	\$ -	\$ -	\$ -
Local Government Investment Pool (CAMP):					
Program Pool	252,616	252,616	-	-	-
Certificates of Deposit	11,937,197	7,328,450	4,608,747	-	-
U.S. Treasury Obligations	1,604,986	401,760	802,568	400,658	-
U.S. Agency Securities	5,975,145	1,709,907	2,787,015	1,278,961	199,262
Commercial Paper	597,442	597,442	-	-	-
Medium-Term Corporate Notes	1,777,924	123,728	642,522	1,011,674	-
Held by Bond Trustees:					
Certificates of Deposit	750,005	-	-	750,005	-
Money Market Funds	1,124,556	1,124,556	-	-	-
Total	\$ 33,925,478	\$ 21,444,066	\$ 8,840,852	\$ 3,441,298	\$ 199,262

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2012

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

Investment Type	Totals	Minimum legal rating	Rating as of year end		
			AAA to AA-	A+ to A	Not rated
Local Agency Investment Fund (LAIF)	\$ 9,905,607	N/A	\$ -	\$ -	\$ 9,905,607
Local Government Investment Pool (CAMP):					
Program Pool	252,616	N/A	-	-	252,616
Certificates of Deposit	11,937,197	N/A	-	-	11,937,197
U.S. Treasury Obligations	1,604,986	N/A	1,604,986	-	-
U.S. Agency Securities	5,975,145	N/A	5,975,145	-	-
Commercial Paper	597,442	N/A	-	-	597,442
Medium-Term Corporate Notes	1,777,924	N/A	697,684	1,080,240	-
Held by Bond Trustees:					
Certificates of Deposit	750,005	N/A	-	-	750,005
Money Market Funds	1,124,556	AAA	1,124,556	-	-
Total	\$ 33,925,478		\$ 9,402,371	\$ 1,080,240	\$ 23,442,867

Concentration of credit risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. At June 30, 2012, the City held certificates of deposit with two financial institutions comprising 21 percent of total City funds.

Issuer:	Amount
Bank of Hemet	\$ 6,233,658
Rabobank	5,703,539

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2012

Note 2: Cash and investments (continued)

Custodial credit risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits, and other eligible securities as defined by Government Code Sections 53651 and 53652. At June 30, 2012, the City's deposits held in the financial institutions (Bank of Hemet and Rabobank) were \$11,390,585 and \$12,130,838, respectively.

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, including LAIF. Pursuant to the agreement with financial institutions where certificates of deposit are held, the securities pledged are consistent with the collateral as noted in the previous paragraph held by the financial institutions custodian but not in the City's name.

Investment in investment pools

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

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2012

Note 2: Cash and investments (continued)

LAIF is a governmental investment pool managed and directed by the California State Treasurer and is not registered with the Securities and Exchange Commission. An oversight committee comprised of California State officials and various participants provide oversight to the management of the fund. The daily operations and responsibilities of LAIF fall under the auspices of the State Treasurer's office. The City is a voluntary participant in the investment pool.

In addition, the City is a voluntary participant in the California Asset Management Program (CAMP), an investment pool managed by Public Financial Management, Inc. CAMP was established under the provisions of the California Joint Exercise of Powers Act. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provide by CAMP for the entire CAMP portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by CAMP, which are recorded on an amortized cost basis.

Fair value of investments

GASB Statement No. 31 establishes fair value standards for investments; accordingly, the City reports its investments at fair value, or amortized cost in the balance sheet. All investment income, including changes in the fair value of investments, is recognized, as revenue in the operating statement.

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2012

Note 3: Capital assets

Capital asset activity for the year ended June 30, 2012 was as follows:

	Balance at June 30, 2011	Additions	Deletions	Balance at June 30, 2012
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 3,445,636	\$ 785,124	\$ -	\$ 4,230,760
Construction in progress	10,580,309	2,816,638	(2,854,772)	10,542,175
Total Capital Assets Not Being Depreciated	<u>14,025,945</u>	<u>3,601,762</u>	<u>(2,854,772)</u>	<u>14,772,935</u>
Capital Assets Being Depreciated:				
Building and system	7,348,298	-	-	7,348,298
Machinery and equipment	5,277,270	121,547	(115,928)	5,282,889
Improvements other than building	2,951,157	-	-	2,951,157
Infrastructure	157,092,013	2,361,307	-	159,453,320
Total Capital Assets Being Depreciated	<u>172,668,738</u>	<u>2,482,854</u>	<u>(115,928)</u>	<u>175,035,664</u>
Less Accumulated Depreciation For:				
Building and system	(1,263,702)	(177,001)	-	(1,440,703)
Machinery and equipment	(3,931,524)	(559,921)	114,905	(4,376,540)
Improvements other than building	(1,189,042)	(107,652)	-	(1,296,694)
Infrastructure	(67,050,237)	(4,316,502)	-	(71,366,739)
Total Accumulated Depreciation	<u>(73,434,505)</u>	<u>(5,161,076)</u>	<u>114,905</u>	<u>(78,480,676)</u>
Total Capital Assets Being Depreciated, Net	<u>99,234,233</u>	<u>(2,678,222)</u>	<u>(1,023)</u>	<u>96,554,988</u>
Governmental Activities Capital Assets, Net	<u>\$ 113,260,178</u>	<u>\$ 923,540</u>	<u>\$ (2,855,795)</u>	<u>\$ 111,327,923</u>

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2012

Note 3: Capital assets (continued)

	Balance at June 30, 2011	Additions	Deletions	Balance at June 30, 2012
Business-Type Activities:				
Capital Assets Not Being Depreciated				
Land	\$ 55,222	\$ -	\$ -	\$ 55,222
Construction in progress	972,250	580,857	-	1,553,107
Total Capital Assets Not Being Depreciated	<u>1,027,472</u>	<u>580,857</u>	<u>-</u>	<u>1,608,329</u>
Capital Assets Being Depreciated:				
Building and system	6,778,790	-	-	6,778,790
Machinery and equipment	2,797,664	22,000	-	2,819,664
Improvements other than building	6,445,075	-	-	6,445,075
Total Capital Assets Being Depreciated	<u>16,021,529</u>	<u>22,000</u>	<u>-</u>	<u>16,043,529</u>
Less Accumulated Depreciation For:				
Building and system	(1,987,213)	(136,927)	-	(2,124,140)
Machinery and equipment	(1,888,294)	(171,776)	-	(2,060,070)
Improvements other than building	(1,563,135)	(259,919)	-	(1,823,054)
Total Accumulated Depreciation	<u>(5,438,642)</u>	<u>(568,622)</u>	<u>-</u>	<u>(6,007,264)</u>
Total Capital Assets Being Depreciated, Net	<u>10,582,887</u>	<u>(546,622)</u>	<u>-</u>	<u>10,036,265</u>
Business-Type Activities Capital Assets, Net	<u>\$ 11,610,359</u>	<u>\$ 34,235</u>	<u>\$ -</u>	<u>\$ 11,644,594</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
General government	\$ 255,143
Public safety	283,899
Public works	4,563,296
Community development	58,738
Total Depreciation Expense - Governmental Activities	<u>\$ 5,161,076</u>
Business-Type Activities:	
Water	\$ 410,017
Sewer	158,605
Total Depreciation Expense - Business-Type Activities	<u>\$ 568,622</u>

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2012

Note 4: Other assets

Notes receivable

Balance at
June 30, 2012

a)	In FY 2006-2007 and FY 2007-2008 the Agency made a loan to a developer for a low and moderate income housing project. Amounts provided to the developer were for \$1,238,225 and \$1,061,775 in fiscal years 2007 and 2008, respectively. There are no annual set or structured payments. The promissory note will accrue interest at the rate of one percent per year simple interest and shall be repaid from the cash flow of the project and shall be due and payable by the expiration or termination of the affordability covenants which is 55 years from the completion of the project. The project was completed on October 2, 2008. Pursuant to AB XI 26, the Redevelopment Agency of the City of San Jacinto was dissolved and this asset was transferred to the City's Successor Housing Authority Fund.	\$2,300,000
b)	The Agency operates various loan and grant programs to assist residents who meet certain qualifications for the purpose of providing home rehabilitation and home ownership assistance to low and moderate income households. The loans are secured by a deed of trust and no monthly payments are required. At the end of the 45-year term, the loans are forgiven unless the following occurs during the grant term: 1) property is sold or transferred or 2) property is no longer owner-occupied, at which time full repayment would be required. Pursuant to AB XI 26, the Redevelopment Agency of the City of San Jacinto was dissolved and this asset was transferred to the City's Successor Housing Authority Fund. Additionally, the asset has been formally recognized on the balance sheet, whereas in the past it has only been referenced by note disclosure.	1,300,839
	Loans total	3,600,839
	Accrued interest on note receivable - a) above	83,004
	Loans receivable total	\$3,683,843

Note 5: Retirement plan

Plan description

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

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2012

Note 5: Retirement plan (continued)

Funding policy

Participants are required to contribute 8 percent of their annual covered payroll. The City made this contribution on behalf of the employees through August 2011, with the employees making the contribution beginning in September 2011. The City of San Jacinto is also required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The contractually required employer contribution rate for fiscal year 2011-2012 was 19.647 percent for non-safety which was determined by an actuarial valuation of the plan as of June 30, 2010. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS. Benefit provisions and all other requirements are established by state statute and town contract with employee bargaining groups.

Annual pension cost

For 2012, the City's annual pension cost of \$700,265 for PERS was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2010, actuarial valuation using the entry age normal actuarial cost method.

Fiscal Year Ending	Annual Pension Cost (Employer Contribution) (in thousands)	Percentage of APC Contributed	Net Pension Obligation
6/30/2010	\$667	100%	\$ -
6/30/2011	\$665	100%	\$ -
6/30/2012	\$700	100%	\$ -

Initial unfunded liabilities are amortized over a closed period that depends on the plan's date of entry into CalPERS Risk Pool. Subsequent plan amendments are amortized as a level percentage of pay over a closed 20-year period. Gains and losses that occur in the operation of the plan are amortized over a rolling period, which results in an amortization of 10 percent of unamortized gains and losses each year. If the plan's accrued liability exceeds the actuarial value of plan assets, then the amortization payment on the total unfunded liability may not be lower than the payment calculated over a 30 year amortization period. Each year, a single amortization base is created, using the net period for the multiple bases.

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2012

Note 5: Retirement plan (continued)

A summary of principle assumptions and methods used to determine the annual required contribution is shown below:

Valuation date	June 30, 2010
Actuarial cost method	Entry Age Actuarial Cost Method
Amortization method	Level Percent of Payroll
Average remaining period	19 years of the Valuation Date
Asset valuation method	15 years Smoothed Market
Actuarial assumptions:	
Investment rate of return	7.75% (net of administrative expenses)
Projected salary increases	3.55% to 14.45% depending on age, service and type of employment
Inflation	3.00%
Payroll growth	3.25%
Individual salary growth	A merit scale varying by duration of employment coupled with an assumed annual inflation component of 3.00% and an annual production growth of .25%.

New risk pool and future contributions

At the time of joining a risk pool (valuation of June 30, 2003), a side fund was created to account for the difference between the funded status of the pool and funded status of the City's plan.

The side fund will be credited, on an annual basis, with the actuarial investment return assumption. This assumption is currently 7.75%. The negative Side Fund will cause the City's required employer contribution rate to be increased by the Amortization of the Side Fund. In the absence of subsequent contract amendments or funding changes, the Side Fund will disappear at the end of the amortization period. The amortization period remaining as of June 30, 2012, was 7 years for the Miscellaneous Plan.

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2012

Note 6: Long-term debt

A description of long-term debt outstanding as of June 30, 2012 follows:

a. Loans

Eastern Municipal Water District (EMWD) – San Jacinto Project

As of February 1, 2012, the loan was transferred to the Successor Agency to the Redevelopment Agency of the City of San Jacinto due to ABX1 26, which dissolved redevelopment agencies in the State of California as of February 1, 2012. The Successor Agency, a separate legal entity, is responsible for the repayment of the outstanding loan balance. Since the Redevelopment Agency no longer exists, the loan has been removed from the City's government-wide financial statements.

b. Special assessment debt with government commitment

\$1,415,000 Assessment District 87-1 Bonds, Series 1987 A, dated March 19, 1987, were issued to finance certain improvements pursuant to the Improvement Bond Act of 1915. The payment of the bonds is secured by assessment liens upon certain lands as described in said assessment and are not direct liabilities of the City. The City may, however, from time to time, when due and delinquent, advance available funds to pay the amount of any succeeding installment of the assessment on said land and the interest thereon on the 1915 bonds. Prior to the fiscal year ended June 30, 1995, the City of San Jacinto advanced funds for said delinquencies. During the fiscal year ended June 30, 1995 the City did not advance further amounts to the reserve fund and had commenced foreclosure proceedings. The City has since entered judicial foreclosure and the related property has been placed for sale. A reserve fund of \$141,500 was established out of the original bond proceeds. At June 30, 2012 the reserve fund balance was zero due to the default of property owners.

In accordance with GASB Statement No. 6 "*Special Assessments*," the special assessment debt has been reflected in the accompanying financial statements at June 30, 2012 as "Special Assessment Debt with Government Commitment" in the amount of \$1,633,491. This includes an amount of matured unpaid principal of \$1,125,000. Matured unpaid interest on these bonds is also reported for interest payments due but not paid as of June 30, 2012, in the amount of \$508,491. These balances have been outstanding for several years and as such, the City has recorded the corresponding taxes receivable of \$1,633,491 in addition to unearned revenue in the same amount on the Statement of Net Assets and Governmental Funds Balance Sheet.

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2012

Note 6: Long-term debt (continued)

c. Tax Allocation Bonds payable

Redevelopment Agency of the City of San Jacinto Tax Allocation Bonds, Series 2005

As of February 1, 2012, the bonds were transferred to the Successor Agency to the Redevelopment Agency of the City of San Jacinto due to ABX1 26, which dissolved redevelopment agencies in the State of California as of February 1, 2012. The Successor Agency, a separate legal entity, is responsible for the repayment of the principal and interest of the outstanding bonds. Additions to the Successor Agency, in the form of property taxes, have been pledged for the repayment of enforceable obligations (which include the bonds). Since the Redevelopment Agency no longer exists, the bonds have been removed from the City's government-wide financial statements.

d. Revenue bonds

1997 Revenue Bonds

On August 1, 1997, the San Jacinto Financing Authority issued \$4,500,000 of Revenue Bonds, Series 1997, to finance the acquisition and construction of improvements to the water enterprise system of the City of San Jacinto. The Bonds consist of \$1,575,000 of serial bonds and \$2,925,000 of term bonds. The serial bonds accrue interest at rates between 3.9 percent and 4.9 percent and the principal amounts mature between October 1, 1998 and October 1, 2007 in amounts ranging from \$130,000 to \$190,000. The term bonds accrue interest at 5.5 percent and mature October 1, 2018. The bonds and interest are payable from installment payments established by an installment purchase agreement established pursuant to the trust indenture. The City's obligation to make installment payments and interest is a special obligation of the City payable solely from net revenues of the City's Water Enterprise. The outstanding principal balance at June 30, 2012 is \$2,055,000.

2002 Refunding Revenue Bonds

On March 15, 2002, the San Jacinto Financing Authority issued \$2,730,000 of Refunding Revenue Bonds, Series 2002, to prepay the 1993 Certificates of Participation of the City of San Jacinto and a lease obligation of the City of San Jacinto, each of which financed improvements to the City's Water Enterprise. The Bonds consist of \$1,695,000 of serial bonds and \$1,035,000 of term bonds. The serial bonds accrue interest at rates between 1.75 percent and 4.75 percent and the principal amounts mature between April 1, 2003 and April 1, 2014 in amounts ranging from \$75,000 to \$190,000. The term bonds accrue interest at 5.10 percent and mature April 1, 2023. The bonds and interest are payable from installment payments established by an amended and restated installment purchase agreement established pursuant to the trust indenture. The City's obligation to make installment payments and interest is a special obligation of the City payable solely from net revenues of the City's Water Enterprise. The outstanding principal balance at June 30, 2012 is \$1,210,000. The payment of installment purchase payments is on parity with the City's obligation to pay debt service on the 1997 Revenue Bonds.

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2012

Note 6: Long-term debt (continued)

The annual debt service requirements to maturity for the revenue bonds payable are as follows:

Fiscal Year Ending June 30,	2002 Refunding Revenue Bonds		1997 Revenue Bonds	
	Principal	Interest	Principal	Interest
2013	\$ 85,000	\$ 61,098	\$ 250,000	\$ 106,150
2014	90,000	57,060	260,000	92,125
2015	90,000	52,785	275,000	77,413
2016	100,000	48,195	290,000	61,875
2017	105,000	43,095	310,000	45,375
2018-2022	600,000	131,070	670,000	37,400
2023	140,000	7,140	-	
Totals	<u>\$ 1,210,000</u>	<u>\$ 400,443</u>	<u>\$ 2,055,000</u>	<u>\$ 420,338</u>

The City has pledged Water Enterprise revenues to repay the 1997 \$4.5M Revenue Bonds and the 2002 \$2.7M Refunding Revenue Bonds. Total principal and interest remaining on the bonds are \$2,475,338 and \$1,610,443, payable through 2019 and 2023, respectively. For the current year, principal and interest paid was \$354,487 for the 1997 Bonds and \$144,698 for the 2002 Bonds, and total water enterprise operating revenues received by the City totaled \$3,287,971.

e. Unfunded pension liability - Inactive Safety Plan

On June 1, 2004, the City disbanded its police department and subsequently contracted with the Riverside County Sheriff's Department for policing services. At that time, the City's previously established pension fund through the California Public Employee's Retirement System (CalPERS) became inactive.

At the time of joining the mandatory new risk pool, a side fund was created to account for the difference between the funded status of the pool and the funded status of the plan (see Note 5 for additional details on the new risk pool). The balance of the side fund for the inactive Safety Plan was \$2,798,322 at the time the police department disbanded in June 2004. As such, the City was obligated to pay the remaining balance over a period of 14 years. The balance at June 30, 2012 is \$1,940,710 and is scheduled for repayment as follows:

Fiscal year ending June 30,	Principal	Interest	Total Payment
2013	\$ 184,110	\$ 138,150	\$ 322,260
2014	198,378	123,882	322,260
2015	213,752	108,508	322,260
2016	230,318	91,942	322,260
2017	248,168	74,092	322,260
2018-2020	865,984	100,796	966,780
Total	<u>\$ 1,940,710</u>	<u>\$ 637,370</u>	<u>\$ 2,578,080</u>

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2012

Note 6: Long-term debt (continued)

f. *Capital lease payable*

On July 20, 2007 the City entered into two lease agreements for the purchase of 1) a Vactor Truck and a Street Sweeper and 2) Various Trucks in the amount of \$457,000 and \$318,000, respectively, and with an accumulated depreciation to date of \$383,168 and \$217,678, respectively. Principal and interest payments are paid semi-annually on January 20th and July 20th. The annual interest rates applicable to the leases are 4.53 percent and 4.46 percent respectively. The combined outstanding balance at June 30, 2012 for both leases is \$214,926 and is scheduled for repayment as follows:

Fiscal year ending June 30,	Principal	Interest	Total Payment
2013	\$ 104,591	\$ 8,152	\$ 112,743
2014	72,730	4,184	76,914
2015	37,605	850	38,455
Total	<u>\$ 214,926</u>	<u>\$ 13,186</u>	<u>\$ 228,112</u>

g. *Changes in long-term liabilities*

Changes in long-term liabilities during the year ended June 30, 2012 were as follows:

	Balance at June 30, 2011	Additions	Deletions	Balance at June 30, 2012	Due within one year
<u>Governmental Activities</u>					
Bonds Payable:					
2005 Tax Allocation Bonds	\$ 8,445,000	\$ -	\$ (8,445,000)	\$ -	\$ -
Less deferred loss on refunding	(22,040)	-	22,040	-	
Special assessment debt with governmental commitment	1,125,000	-	-	1,125,000	1,125,000
Matured unpaid interest on special assessment debt with government commitment	508,491	-	-	508,491	-
Loans Payable:					
EMWD	22,861	-	(22,861)	-	-
Unfunded pension liability-inactive safety plan	2,111,578	-	(170,868)	1,940,710	184,110
Lease payable	349,241	-	(134,315)	214,926	104,591
Claims and judgment	349,648	-	(208,087)	141,561	-
Compensated absences	161,898	31,672	-	193,570	-
Governmental Activities					
Long-Term Liabilities	<u>\$ 13,051,677</u>	<u>\$ 31,672</u>	<u>\$ (8,959,091)</u>	<u>\$ 4,124,258</u>	<u>\$ 1,413,701</u>
<u>Business-Type Activities</u>					
Bonds Payable:					
1997 Revenue Bonds	\$ 2,290,000	\$ -	\$ (235,000)	\$ 2,055,000	\$ 250,000
2002 Revenue Bonds	1,290,000	-	(80,000)	1,210,000	85,000
Business-Type Activities					
Long-Term Liabilities	<u>\$ 3,580,000</u>	<u>\$ -</u>	<u>\$ (315,000)</u>	<u>\$ 3,265,000</u>	<u>\$ 335,000</u>

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2012

Note 6: Long-term debt (continued)

h. Debt issued without government commitment

Refinancing of \$26,000,000 Community Facilities District No. 2 Special Tax Bonds

\$26,000,000 of special tax bonds were issued on May 1, 1989 (1989 issue) to finance the acquisition and construction of certain "backbone" infrastructure facilities necessary for further development in Community Facilities District No. 2 (CFD No. 2). The 1989 issue was secured by special taxes levied by the City on property within the boundaries of CFD No. 2, and was not a debt of the City of San Jacinto. Due to the large number of delinquent, undeveloped parcels in the CFD No. 2, CFD No. 2 was unable to meet its debt obligations since 1997 and therefore, there was a default with respect to the payment of the principal and interest on the 1989 issue.

In September 2002, a Memorandum of Understanding (MOU) was entered into with the majority bondholder to set forth numerous objectives, but primarily focused on refinancing the 1989 Issue, keeping the tax exempt status of any new bonds, foreclosing on the delinquent property owners, protecting current property owners, as well as the minority bondholders. As a result, a number of complex interrelated actions have occurred as follows:

1. On or about September 10, 2002; the City foreclosed on certain delinquent, undeveloped parcels in CFD No. 2 using a credit bid procedure and caused the transfer of the parcels to a land owner capable of developing the parcels for residential purposes, formed CFD No. 2002-1 on the foreclosed parcels and established a new Rate and Method of Apportionment (RMA) for CFD 2002-1, and authorized bonded indebtedness to repay new bonds to be issued by CFD No. 2002-1 in order to eliminate the lien of the CFD No. 2 special tax on the foreclosed parcels.
2. On October 10, 2002, \$9,360,000 CFD No. 2 City of San Jacinto Special Tax Refunding Bonds, 2002, Series A (the "A Bonds"), were issued for the purpose of advance refunding in part and current refunding in part a portion of the outstanding 1989 issue and to fund a bond reserve fund. These bonds were sold to the investing public. The principal outstanding at June 30, 2012 is \$2,975,000.
3. Concurrently, \$18,267,762 CFD No. 2 City of San Jacinto Special Tax Refunding Bonds, Subordinate Series B (the "B Bonds"), were issued for the purpose of redeeming the balance of the 1989 issue on a current basis. The Bonds were delivered to the majority bond owner in exchange for the 1989 issue that was not prepaid by the A Bonds. The principal outstanding at June 30, 2012 is \$114,242.

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2012

Note 6: Long-term debt (continued)

h. Debt issued without government commitment (continued)

4. Concurrently, \$17,841,416 CFD No. 2002-1 City of San Jacinto Special Tax Bonds, 2002 Series A (the "2002 Bonds"), were issued, which, pursuant to a bond exchange agreement with the majority bondholder of the "1989 issue," would be delivered by the City to the San Jacinto Financing Authority in exchange for the B Bonds, as further described below. Upon the exchange all of the B Bonds, except the amount of \$138,627, were cancelled and the lien of special taxes of CFD No. 2 on the foreclosed parcels was also cancelled. This issue is currently owned by the San Jacinto Financing Authority. These bonds are intended to be resold only to sophisticated investors. The outstanding balance at June 30, 2012 is \$17,841,416.
5. Concurrently, \$17,841,416 San Jacinto Financing Authority 2002 Local Agency Revenue Bonds, Series A (the "SJFA Bonds"), were issued for the purpose of exchanging the SJFA Bonds with the B Bonds owned by the majority bond owner and then concurrently exchanging the B Bonds (except the amount of \$138,627) for the 2002-1 Bonds, as described above. The SJFA owns the 2002-1 Bonds and the outstanding B Bonds. This is a private placement issue. The balance at June 30, 2012 is \$20,079,817.

All bonds represent special limited obligations of the City, payable solely from special taxes levied within CFD No. 2 or CFD No. 2002-1, as applicable, and are not an obligation of the General Fund of the City of San Jacinto. The City has covenanted to annually levy the special tax and, in the event of any delinquency in payment to the City of the special tax, the City may order action to foreclose on any property liens.

Note 7: Short-term/long-term interfund borrowings

Interfund transactions - Due to/due from other funds

Individual fund interfund receivable and payable balances at June 30, 2012 were as follows:

Payable Fund	Receivable Fund
	General Fund
LLPD #2	\$ 8,414
Non-Major Governmental Funds	552,441
Internal Service Fund	50,958
Total	\$ 611,813

The interfund payables represent temporary loans to cover negative cash balances.

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2012

Note 7: Short-term/long-term interfund borrowings (continued)

Interfund transactions - Advances

Individual fund interfund advances to and from balances at June 30, 2012 were as follows:

Payable Fund	Receivable Fund				Totals
	General Fund	Non-Major Governmental Funds	Enterprise - Water Fund	Enterprise - Sewer Fund	
City Capital Projects Fund	\$ 1,501,215	\$ 8,290,797	\$ 264,695	\$ 219,471	\$ 10,276,178
Community Facilities District 2003 Fund	2,453,566	-	-	-	2,453,566
Enterprise - Water Fund	171,110	-	-	473,799	644,909
Total	\$ 4,125,891	\$ 8,290,797	\$ 264,695	\$ 693,270	\$ 13,374,653

- > Advances between the City Capital Projects Fund and other City funds are for cash advanced to the City Capital Projects Fund for expected project costs. Also, see Note 1.
- > The General Fund has advanced cash to the Community Facilities District 2003 Fund to cover costs.
- > Advances to the Water Fund from the General Fund and the Sewer Fund represent loans from those respective funds to the Water Fund.

Note 8: Transfers in and out

Individual fund transfers in and transfers out activity as of June 30, 2012 were as follows:

Transfers-In	Transfers-Out			Totals
	General Fund	Non-Major Governmental Funds	Internal Service Funds	
General Fund	\$ -	\$ 478,144	\$ 30,258	\$ 508,402
City Capital Projects Fund	618,088	2,459,932	-	3,078,020
LLPD #2	15,567	-	-	15,567
Non-Major Governmental Funds	73,407	1,826,108	-	1,899,515
Internal Service Funds	30,425	-	-	30,425
Total	\$ 737,487	\$ 4,764,184	\$ 30,258	\$ 5,531,929

- > Transfers to the General Fund from non-major governmental funds represent reimbursement for costs of public safety services and a capital project, and from Internal Service funds for equipment replacement reserve.
- > Transfers to the City Capital Projects Fund from all other City funds are to fund various capital projects of the City. Also, see Note 1.

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2012

Note 8: Transfers in and out (continued)

- > Transfers to the LLPD #2 Fund from the General Fund are for the payment of utility costs for a specific park, as agreed upon.
- > Transfers to non-major governmental funds from the General Fund is for operating transfers to cover ongoing negative cash balances, and from non-major governmental funds for reimbursement of capital project costs.
- > Transfers to Internal Service funds from the General Fund are to reimburse costs of replacement equipment.

Note 9: Deferred revenue

The following is a summary of amounts deferred at the Governmental Funds Balance Sheet as of June 30, 2012:

General Fund	\$	668,130	(b)
Successor Housing Authority		3,683,843	(c)
Non-Major Governmental Funds			
SB 621 Gaming Impacts Grants		304,141	(b)
Vandalism & Graffiti Reward Fund		39,337	(b)
Assessment District 87-1	\$	1,633,491	(a)
		<u>1,976,969</u>	
Total	\$	<u><u>6,328,942</u></u>	

- (a) As discussed in Note 6, this amount represents uncollected special assessments which have been outstanding for several years and is the reason for the deferral of these amounts on the Statement of Net Assets.
- (b) These amounts are deferred at the fund level as they have not been either earned or collected within the City's period of availability.
- (c) As discussed in Note 4, this amount is comprised of notes receivable plus accrued interest from a developer.

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2012

IV. OTHER DISCLOSURES

Note 10: Risk management

The City adopted a self-insured workers' compensation program which is administered by a service agent. The City is self-insured for the first \$250,000 on each claim. Insurance coverage in excess of the self-insured amount is provided by Public Entity Risk Management Authority (PERMA) up to statutory limits for workers' compensation.

Effective July 1, 2002, the City elected to reduce self-insured liability claim coverage from \$125,000 to \$50,000 on each general liability claim against the City. The Insurance coverage in excess of the self-insured amount is provided by PERMA up to a limit of \$50,000,000.

Claims, expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. At June 30, 2012 the amount of these liabilities was \$141,561.

This amount represents an estimate of \$126,843 for reported claims through June 30, 2012 and \$14,718 of estimated incurred but not reported claims. These claims are recorded as claims payable in the Workers' Compensation Fund and Liability Insurance Fund. This liability is the City's best estimate based on available information. Changes in the reported liability are as follows:

Year	Liability at Beginning of Year	Change In Claim Payable	Liability at End of Year
2010-2011	\$ 341,870	\$ 7,778	\$ 349,648
2011-2012	349,648	(208,087)	141,561

Effective July 1, 1986 the City became a member of PERMA, a public entity risk pool, currently operating as a common risk management and insurance program for 17 California cities and 8 Special District/Agencies. The City pays an annual premium to the pool for its excess general liability insurance coverage. The agreement for formation of PERMA provides that the pool will be self-sustaining through member premiums. The City continues to carry commercial companies for all other risks of loss, including property insurance, earthquake and flood, auto physical damage insurance and TULIP/special events insurance.

PERMA has published its own financial report for the year ended June 30, 2012, which can be obtained from Public Entity Risk Management Authority, 77-670 Springfield Land, Suite 1A, Palm Desert, CA 92211.

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2012

Note 11: Commitments and contingencies

a. Construction commitments

The City has entered into various commitments for construction and/or capital projects. As of June 30, 2012, the City had outstanding contracts commitments of \$722,804.

b. Grants

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

c. Other

The City is involved as a defendant in various legal proceedings. While it is not feasible to predict or determine the outcome in these cases, it is the opinion of the City that the outcome of the majority of these cases will have no material adverse effect on the financial position of the City.

Note 12: Fund balance reservations/designations

The City's Government Fund balances are detailed below:

	General	City Capital Projects	Community Facilities District 2003	Successor Housing Authority	LLPD #2	Non-Major Governmental Funds	Total Governmental Funds
Nonspendable:							
Prepays	\$ 58,617	\$ 14,394	\$ -	\$ -	\$ -	\$ -	\$ 73,011
Advances receivable	4,125,891	-	-	-	-	8,290,797	12,416,688
Land held for resale	661,252	-	-	292,859	-	-	954,111
Total Nonspendable	4,845,760	14,394	-	292,859	-	8,290,797	13,443,810
Restricted:							
Lighting and landscape	-	-	-	-	8,346,208	-	8,346,208
Other government restrictions	-	-	-	-	-	5,582,266	5,582,266
Total Restricted	-	-	-	-	8,346,208	5,582,266	13,928,474
Assigned:							
	-	-	-	-	-	1,314,269	1,314,269
Unassigned:							
	17,100,655	(14,394)	(3,033,150)	-	-	(526,216)	13,526,895
Total Fund Balances	\$ 21,946,415	\$ -	\$ (3,033,150)	\$ 292,859	\$ 8,346,208	\$ 14,661,116	\$ 42,213,448

The City has established a minimum fund balance policy for the General Fund Contingency Reserve. The City Council stipulates that the Contingency Reserve must be a minimum of 15 percent of the upcoming fiscal year's General Fund annual budgeted operating expenditures. At fiscal year-end the Reserve for Contingency balance was \$4,149,974, 25.93 percent of fiscal year June 30, 2013 budgeted General Fund operating expenditures. This reserve has been reported as unassigned in the General Fund.

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2012

Note 13: Dissolution of California redevelopment agencies

On December 29, 2011, the California Supreme Court upheld Assembly Bill X1 26 (Bill) that provides for the dissolution of all redevelopment agencies in the State of California. Most cities in California had established a redevelopment agency that was included in the reporting entity of the City as a blended component unit (since the Town council, in many cases, also served as the governing board for those agencies).

The Bill provides that upon dissolution of a redevelopment agency, either the City or another unit of local government will agree to serve as the "successor agency" to hold the assets until they are distributed to other units of state and local government. If the City declines to accept the role of successor agency, other local agencies may elect to perform this role. If no local agency accepts the role of successor agency the Governor is empowered by the Bill to establish a local "designated local authority" to perform this role. On January 9, 2012 the City Council met and created a Successor Agency in accordance with the Bill as part of the City's resolution number 3408.

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 at the date of 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 tax revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full.

The Bill directs the 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.

Prior to that date, the final seven months of the activity of the redevelopment agency is reported in the governmental funds of the City. After the date of dissolution, activities of the dissolved redevelopment agency are reported in a fiduciary trust fund (private purpose trust fund) in the fiduciary statements of the City.

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2012

Note 13: Dissolution of California redevelopment agencies (continued)

The movement of the assets and liabilities of the former redevelopment agency as of February 1, 2012 (effectively the same date as January 31, 2012) from governmental funds of the City to fiduciary funds was reported in the governmental funds as an extraordinary loss (or gain) in the governmental fund financial statements. The receipt of the assets and liabilities as of February 1, 2012 was reported in the fiduciary private purpose trust fund as an extraordinary loss (or gain). Because of the different measurement focus of the governmental funds (current financial resources measurement focus) and the measurement focus of the trust funds (economic resources measurement focus), the extraordinary loss (gain) recognized in the governmental funds will not be the same amount as the extraordinary loss (or gain) that will be recognized in the fiduciary fund financial statements.

In accordance with the provisions of ABX 1 26 (Bill) and the California Supreme Court's decision to uphold the Bill, the obligations of the former redevelopment agency became vested with the funds established for the successor agency upon the date of dissolution, February 1, 2012. Former tax increment revenues pledged to fund the debts of the former redevelopment agency will be distributed to the Successor Agency subject to the reapportionment of such revenues as provided by the Bill.

The debt of the Successor Agency as of June 30, 2012 is as follows:

<u>Successor Agency</u>	<u>Balance transferred from Redevelopment Agency</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2012</u>	<u>Due within one year</u>
Loans Payable:					
EMWD	\$ 21,591	\$ -	\$ -	\$ 21,591	\$ 1,270
Bonds Payable:					
2005 Tax Allocation Bonds	8,230,000	-	-	8,230,000	220,000
Less deferred loss on refunding	<u>(22,040)</u>	<u>-</u>	<u>1,763</u>	<u>(20,277)</u>	<u>(1,763)</u>
Total long-term liabilities	<u>\$ 8,229,551</u>	<u>\$ -</u>	<u>\$ 1,763</u>	<u>\$ 8,231,314</u>	<u>\$ 219,507</u>

The annual debt service requirements to maturity for the loan payable are as follows:

<u>Fiscal year ending June 30,</u>	<u>EMWD Loan</u>
2013	\$ 1,270
2014	1,270
2015	1,270
2016	1,270
2017	1,270
2018-2022	6,350
2023-2027	6,350
2028-2029	2,541
Totals	<u>\$ 21,591</u>

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2012

Note 13: Dissolution of California redevelopment agencies (continued)

Future debt service requirements for the bonds payable are as follows:

Fiscal Year Ending June 30,	2005 Tax Allocation Bonds	
	Principal	Interest
2013	\$ 220,000	\$ 357,765
2014	230,000	349,890
2015	235,000	341,635
2016	245,000	332,872
2017	255,000	323,495
2018-2022	1,435,000	1,448,955
2023-2027	1,780,000	1,091,400
2028-2032	2,225,000	634,225
2033-2035	1,605,000	112,745
Totals	<u>\$ 8,230,000</u>	<u>\$ 4,992,982</u>

Note 14: Risks and uncertainties

Grants

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

Successor Agency

Deductions (expenses) incurred by the Successor Agency for the year ended June 30, 2012 (and subsequent years in which the Successor Agency is in operation) are subject to review by various State agencies and the County in which the Successor Agency resides. If any expenses incurred by the Successor Agency are disallowed by the State agencies or County, the City, acting as the Successor Agency could be liable for the repayment of the disallowed costs from either its own funds or by the State withholding remittances normally paid to the City. The amount, if any, of expenses that may be disallowed by the State agencies or County cannot be determined at this time, although the Successor Agency expects such amounts, if any, to be immaterial.

Required Supplementary Information

**Required Supplementary Information
City of San Jacinto
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 4,962,263	\$ 4,962,263	\$ 5,378,170	\$ 415,907
Licenses and permits	328,524	328,524	407,250	78,726
Fines and forfeitures	371,000	371,000	362,117	(8,883)
Intergovernmental	3,489,373	3,489,373	3,534,366	44,993
Charges for services	218,900	218,900	229,363	10,463
Investment earnings	216,800	216,800	211,266	(5,534)
Other	2,352,827	2,352,827	2,552,850	200,023
Total Revenues	<u>11,939,687</u>	<u>11,939,687</u>	<u>12,675,382</u>	<u>735,695</u>
EXPENDITURES				
Current:				
General government	1,929,653	1,991,135	2,161,070	(169,935)
Public safety	9,348,779	9,426,950	8,561,474	865,476
Public works	-	-	270,666	(270,666)
Community development	1,822,667	1,827,917	1,662,415	165,502
Culture and leisure	190,544	195,794	174,624	21,170
Debt service:				
Principal	97,647	97,647	97,647	-
Interest	8,512	8,512	8,512	-
Capital outlay	59,500	169,450	71,771	97,679
Total Expenditures	<u>13,457,302</u>	<u>13,717,405</u>	<u>13,008,179</u>	<u>709,226</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	<u>(1,517,615)</u>	<u>(1,777,718)</u>	<u>(332,797)</u>	<u>1,444,921</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	501,211	536,211	508,402	(27,809)
Transfers out	<u>(2,469,948)</u>	<u>(2,306,545)</u>	<u>(737,487)</u>	<u>1,569,058</u>
Total Other Financing Sources (Uses)	<u>(1,968,737)</u>	<u>(1,770,334)</u>	<u>(229,085)</u>	<u>1,541,249</u>
Net Change in Fund Balances	<u>(3,486,352)</u>	<u>(3,548,052)</u>	<u>(561,882)</u>	<u>2,986,170</u>
Fund Balance, Beginning of Year	22,508,297	22,508,297	22,508,297	-
Fund Balance, End of Year	<u>\$ 19,021,945</u>	<u>\$ 18,960,245</u>	<u>\$ 21,946,415</u>	<u>\$ 2,986,170</u>

**Required Supplementary Information
City of San Jacinto
Budgetary Comparison Schedule - Community Facilities District 2003 Fund
For the Year Ended June 30, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		
REVENUES				
Taxes	\$ 1,800,000	\$ 1,800,000	\$ 1,712,710	\$ (87,290)
Total Revenues	<u>1,800,000</u>	<u>1,800,000</u>	<u>1,712,710</u>	<u>(87,290)</u>
EXPENDITURES				
Current:				
General government	33,000	33,000	28,395	4,605
Public safety	2,650,069	2,650,069	2,545,898	104,171
Debt service:				
Interest	-	-	8,419	(8,419)
Total Expenditures	<u>2,683,069</u>	<u>2,650,069</u>	<u>2,582,712</u>	<u>67,357</u>
Net Change in Fund Balances	<u>(883,069)</u>	<u>(850,069)</u>	<u>(870,002)</u>	<u>(19,933)</u>
Fund Balance at Beginning of Year	<u>(2,163,148)</u>	<u>(2,163,148)</u>	<u>(2,163,148)</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ (3,046,217)</u>	<u>\$ (3,013,217)</u>	<u>\$ (3,033,150)</u>	<u>\$ (19,933)</u>

**Required Supplementary Information
City of San Jacinto
Budgetary Comparison Schedule - LLPD #2 Fund
For the Year Ended June 30, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		
REVENUES				
Assessments	\$ 2,266,169	\$ 2,266,169	\$ 2,248,543	\$ (17,626)
Investment earnings	53,565	53,565	67,430	13,865
Total Revenues	<u>2,319,734</u>	<u>2,319,734</u>	<u>2,315,973</u>	<u>(3,761)</u>
EXPENDITURES				
Current:				
Community development	5,762,150	5,762,150	2,091,950	3,670,200
Capital outlay	-	-	16,182	(16,182)
Total Expenditures	<u>5,762,150</u>	<u>5,762,150</u>	<u>2,108,132</u>	<u>3,654,018</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,442,416)</u>	<u>(3,442,416)</u>	<u>207,841</u>	<u>3,650,257</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	15,000	15,000	15,567	567
Total Other Financing Sources (Uses)	<u>15,000</u>	<u>15,000</u>	<u>15,567</u>	<u>567</u>
Net Change in Fund Balances	<u>(3,427,416)</u>	<u>(3,427,416)</u>	<u>223,408</u>	<u>3,650,824</u>
Fund Balance, Beginning of Year	8,122,800	8,122,800	8,122,800	-
Fund Balance, End of Year	<u>\$ 4,695,384</u>	<u>\$ 4,695,384</u>	<u>\$ 8,346,208</u>	<u>\$ 3,650,824</u>

Non-Major Governmental Funds

**City of San Jacinto
Combining Balance Sheet
Non-Major Special Revenue Funds
June 30, 2012**

	Special Revenue Funds			
	Gas Tax	Measure A	Traffic Safety	Community Facilities District #2
ASSETS				
Cash and investments	\$ 574,686	\$ 251,371	\$ 89,512	\$ 12,765
Receivables:				
Accounts	-	-	-	-
Taxes and assessments	-	-	-	-
Due from other governments	35,910	105,625	7,354	-
Advances receivable	-	2,067,620	201,107	-
Total Assets	\$ 610,596	\$ 2,424,616	\$ 297,973	\$ 12,765
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 6,256	\$ -
Accrued payroll	-	-	-	-
Due to other funds	-	-	-	-
Deferred revenue	-	-	-	-
Total Liabilities	-	-	6,256	-
Fund Balance:				
Nonspendable	-	2,067,620	201,107	-
Restricted	610,596	356,996	90,610	12,765
Unassigned	-	-	-	-
Total Fund Balances	610,596	2,424,616	291,717	12,765
Total Liabilities and Fund Balances	\$ 610,596	\$ 2,424,616	\$ 297,973	\$ 12,765

Special Revenue Funds

CFD #2010-1 Administrative Fund	LLPD #1	Park Development	Parkway Development	CSA 152	Bus Shelter	Public Safety Sales Tax
\$ -	\$ 60,579	\$ -	\$ 102,670	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	14,636	-	-	-	-	-
-	-	-	-	-	-	16,016
-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 75,215</u>	<u>\$ -</u>	<u>\$ 102,670</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,016</u>
\$ -	75,215	\$ -	\$ -	\$ 2,544	\$ 23	\$ -
-	-	-	-	661	376	-
13,059	-	-	-	66,610	-	-
-	-	-	-	-	-	-
<u>13,059</u>	<u>75,215</u>	<u>-</u>	<u>-</u>	<u>69,815</u>	<u>399</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	102,670	-	-	16,016
(13,059)	-	-	-	(69,815)	(399)	-
<u>(13,059)</u>	<u>-</u>	<u>-</u>	<u>102,670</u>	<u>(69,815)</u>	<u>(399)</u>	<u>16,016</u>
<u>\$ -</u>	<u>\$ 75,215</u>	<u>\$ -</u>	<u>\$ 102,670</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,016</u>

City of San Jacinto
Combining Balance Sheet
Non-Major Special Revenue Funds
June 30, 2012

	Special Revenue Funds			
	Air Quality Improvement	AB3229 COPS Program	Fire Mitigation	SB 621 Gaming Impact Grants
ASSETS				
Cash and investments	\$ 94,136	\$ 163,362	\$ 561,853	\$ 302,655
Receivables:				
Accounts	-	-	-	-
Taxes and assessments	-	-	-	-
Due from other governments	13,804	25,000	-	-
Advances receivable	-	-	-	-
Total Assets	<u>\$ 107,940</u>	<u>\$ 188,362</u>	<u>\$ 561,853</u>	<u>\$ 302,655</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ 63,224	\$ -	\$ -
Accrued payroll	-	-	-	-
Due to other funds	-	-	-	-
Deferred revenue	-	-	-	304,141
Total Liabilities	<u>-</u>	<u>63,224</u>	<u>-</u>	<u>304,141</u>
Fund Balance:				
Nonspendable	-	-	-	-
Restricted	107,940	125,138	561,853	-
Unassigned	-	-	-	(1,486)
Total Fund Balances	<u>107,940</u>	<u>125,138</u>	<u>561,853</u>	<u>(1,486)</u>
Total Liabilities and Fund Balances	<u>\$ 107,940</u>	<u>\$ 188,362</u>	<u>\$ 561,853</u>	<u>\$ 302,655</u>

Special Revenue Funds

AB1600	Special District Administration	Asset Seizure	Assessment District 2003-01	SB 821	Developer Impact Fees
\$ 14,723	\$ 172,997	\$ 10	\$ 1,772,687	\$ -	\$ 1,617,329
-	-	-	-	-	-
-	-	-	11,676	-	-
-	-	-	-	-	-
484,879	-	-	-	-	1,538,568
<u>\$ 499,602</u>	<u>\$ 172,997</u>	<u>\$ 10</u>	<u>\$ 1,784,363</u>	<u>\$ -</u>	<u>\$ 3,155,897</u>
\$ -	\$ 2,278	\$ -	\$ -	\$ -	\$ -
-	4,254	-	-	-	-
8,327	-	-	-	-	-
-	-	-	-	-	-
<u>8,327</u>	<u>6,532</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
484,879	-	-	-	-	1,538,568
6,396	166,465	10	1,784,363	-	1,617,329
-	-	-	-	-	-
<u>491,275</u>	<u>166,465</u>	<u>10</u>	<u>1,784,363</u>	<u>-</u>	<u>3,155,897</u>
<u>\$ 499,602</u>	<u>\$ 172,997</u>	<u>\$ 10</u>	<u>\$ 1,784,363</u>	<u>\$ -</u>	<u>\$ 3,155,897</u>

City of San Jacinto
Combining Balance Sheet
Non-Major Special Revenue Funds
June 30, 2012

	<u>Special Revenue Funds</u>		
	<u>Vandalism & Graffiti Reward</u>	<u>Redevelopment Special Revenue</u>	<u>Total Special Revenue Funds</u>
ASSETS			
Cash and investments	\$ 23,899	\$ -	\$ 5,815,234
Receivables:			
Accounts	39,557	-	39,557
Taxes and assessments	-	-	26,312
Due from other governments	-	-	203,709
Advances receivable	-	-	4,292,174
Total Assets	<u>\$ 63,456</u>	<u>\$ -</u>	<u>\$ 10,376,986</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ 149,540
Accrued payroll	-	-	5,291
Due to other funds	1,000	-	88,996
Deferred revenue	39,337	-	343,478
Total Liabilities	<u>40,337</u>	<u>-</u>	<u>587,305</u>
Fund Balance:			
Nonspendable	-	-	4,292,174
Restricted	23,119	-	5,582,266
Unassigned	-	-	(84,759)
Total Fund Balances	<u>23,119</u>	<u>-</u>	<u>9,789,681</u>
Total Liabilities and Fund Balances	<u>\$ 63,456</u>	<u>\$ -</u>	<u>\$ 10,376,986</u>

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**City of San Jacinto
Combining Balance Sheet
Non-Major Capital Projects and Debt Service Funds
June 30, 2012**

	Capital Projects			
	TUMF Capital Projects	Underground Utility	Flood Control	Traffic Signalization
ASSETS				
Cash and investments	\$ -	\$ 949,203	\$ 70,451	\$ 7,625
Receivables:				
Accounts	-	-	-	-
Taxes and assessments	-	-	-	-
Due from other governments	249,562	-	106,994	-
Advances receivable	-	-	3,223,042	299,793
Total Assets	\$ 249,562	\$ 949,203	\$ 3,400,487	\$ 307,418
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll				
Due to other funds	166,116	-	-	-
Due to other governments				
Deferred revenue	-	-	-	-
Total Liabilities	166,116	-	-	-
Fund Balance:				
Nonspendable	-	-	3,223,042	299,793
Restricted	-	-	-	-
Assigned	83,446	949,203	177,445	7,625
Unassigned	-	-	-	-
Total Fund Balances	83,446	949,203	3,400,487	307,418
Total Liabilities and Fund Balances	\$ 249,562	\$ 949,203	\$ 3,400,487	\$ 307,418

Capital Projects			Debt Service			Total
Highway 79 Capital Projects	Redevelopment Agency	Total Capital Projects Funds	Assessment District 87-1 Debt Service	Redevelopment Debt Service	Total Debt Service	Non-Major Governmental Funds
\$ 96,550	\$ -	\$ 1,123,829	\$ -	\$ -	\$ -	\$ 6,939,063
-	-	-	-	-	-	39,557
-	-	-	1,633,491	-	1,633,491	1,659,803
-	-	356,556	-	-	-	560,265
475,788	-	3,998,623	-	-	-	8,290,797
<u>\$ 572,338</u>	<u>\$ -</u>	<u>\$ 5,479,008</u>	<u>\$ 1,633,491</u>	<u>\$ -</u>	<u>\$ 1,633,491</u>	<u>\$ 17,489,485</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 149,540
-	-	-	-	-	-	5,291
-	-	166,116	297,329	-	297,329	552,441
-	-	-	144,128	-	144,128	144,128
-	-	-	1,633,491	-	1,633,491	1,976,969
-	-	166,116	2,074,948	-	2,074,948	2,828,369
475,788	-	3,998,623	-	-	-	8,290,797
-	-	-	-	-	-	5,582,266
96,550	-	1,314,269	-	-	-	1,314,269
-	-	-	(441,457)	-	(441,457)	(526,216)
<u>572,338</u>	<u>-</u>	<u>5,312,892</u>	<u>(441,457)</u>	<u>-</u>	<u>(441,457)</u>	<u>14,661,116</u>
<u>\$ 572,338</u>	<u>\$ -</u>	<u>\$ 5,479,008</u>	<u>\$ 1,633,491</u>	<u>\$ -</u>	<u>\$ 1,633,491</u>	<u>\$ 17,489,485</u>

City of San Jacinto
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Special Revenue Funds
For the Year Ended June 30, 2012

	Special Revenue Funds			
	Gas Tax	Measure A	Traffic Safety	Community Facilities District #2
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Assessments	-	-	-	-
Fines and forfeitures	-	-	89,213	-
Development fees	-	-	-	-
Intergovernmental	1,235,455	629,586	480	-
Investment earnings	-	15,802	2,220	106
Other	-	-	-	-
Total Revenues	1,235,455	645,388	91,913	106
EXPENDITURES				
Current:				
Public safety	-	-	65,588	-
Public works	660,650	35,579	23,681	-
Community development	-	-	-	-
Culture and leisure	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	660,650	35,579	89,269	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	574,805	609,809	2,644	106
OTHER FINANCING SOURCES (USES)				
Transfers in	-	294,382	31,726	-
Transfers out	-	(342,363)	(562)	-
Total Other Financing Sources (Uses)	-	(47,981)	31,164	-
EXTRAORDINARY ITEM				
Gain (loss) on dissolution of Redevelopment Agency	-	-	-	-
Net Change in Fund Balances	574,805	561,828	33,808	106
Fund Balances, Beginning of Year	35,791	1,862,788	257,909	12,659
Fund Balances, End of Year	\$ 610,596	\$ 2,424,616	\$ 291,717	\$ 12,765

Special Revenue Funds

CFD #2010-1 Administrative Fund	LLPD #1	Park Development	Parkway Development	CSA 152	Bus Shelter	Public Safety Sales Tax
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 201,151
-	647,947	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	61,503	-	-
-	-	108	879	-	-	322
-	-	-	-	-	72,000	-
-	647,947	108	879	61,503	72,000	201,473
-	-	-	-	-	-	-
-	-	-	-	54,950	-	-
-	-	-	-	-	87,016	-
-	634,695	55,029	1,089	-	-	-
-	-	-	-	36,668	-	-
-	-	-	-	5,744	-	-
-	13,252	-	-	-	-	-
-	647,947	55,029	1,089	97,362	87,016	-
-	-	(54,921)	(210)	(35,859)	(15,016)	201,473
-	-	19,734	-	37,656	16,017	-
-	-	-	-	-	-	(200,633)
-	-	19,734	-	37,656	16,017	(200,633)
-	-	-	-	-	-	-
-	-	(35,187)	(210)	1,797	1,001	840
(13,059)	-	35,187	102,880	(71,612)	(1,400)	15,176
\$ (13,059)	\$ -	\$ -	\$ 102,670	\$ (69,815)	\$ (399)	\$ 16,016

City of San Jacinto
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Special Revenue Funds
For the Year Ended June 30, 2012

	Special Revenue Funds			
	Air Quality Improvement	AB3229 COPS Program	Fire Mitigation	SB 621 Gaming Impact Grants
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Assessments	-	-	-	-
Fines and forfeitures	-	-	-	-
Development fees	-	-	2,294	-
Intergovernmental	55,917	100,000	-	510,468
Investment earnings	588	987	5,259	3,984
Other	-	-	-	-
Total Revenues	<u>56,505</u>	<u>100,987</u>	<u>7,553</u>	<u>514,452</u>
EXPENDITURES				
Current:				
Public safety	-	26,409	96,612	3,316
Public works	-	-	-	-
Community development	-	-	-	-
Culture and leisure	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	45,146	-	-
Total Expenditures	<u>-</u>	<u>71,555</u>	<u>96,612</u>	<u>3,316</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>56,505</u>	<u>29,432</u>	<u>(89,059)</u>	<u>511,136</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	(512,622)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(512,622)</u>
EXTRAORDINARY ITEM				
Gain (loss) on dissolution of Redevelopment Agency	-	-	-	-
Net Change in Fund Balances	<u>56,505</u>	<u>29,432</u>	<u>(89,059)</u>	<u>(1,486)</u>
Fund Balances, Beginning of Year	51,435	95,706	650,912	-
Fund Balances, End of Year	<u>\$ 107,940</u>	<u>\$ 125,138</u>	<u>\$ 561,853</u>	<u>\$ (1,486)</u>

Special Revenue Funds

AB1600	Special District Administration	Asset Seizure	Assessment District 2003-01	SB 821	Developer Impact Fees
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	500,243	-	-
-	-	-	-	-	-
7,030	-	-	-	-	12,043
-	-	-	-	75,297	-
5,576	1,559	-	12,616	79	27,503
-	244,035	-	-	-	3,400
<u>12,606</u>	<u>245,594</u>	<u>-</u>	<u>512,859</u>	<u>75,376</u>	<u>42,946</u>
-	-	35	-	-	13,865
-	-	-	52,474	1,337	32,835
260,257	256,257	-	-	-	18,513
-	-	-	-	-	57,635
-	-	-	-	-	-
-	-	-	-	-	-
-	5,506	-	-	-	-
<u>260,257</u>	<u>261,763</u>	<u>35</u>	<u>52,474</u>	<u>1,337</u>	<u>122,848</u>
<u>(247,651)</u>	<u>(16,169)</u>	<u>(35)</u>	<u>460,385</u>	<u>74,039</u>	<u>(79,902)</u>
-	-	-	-	-	-
(1,900)	-	-	-	(90,997)	-
<u>(1,900)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(90,997)</u>	<u>-</u>
-	-	-	-	-	-
<u>(249,551)</u>	<u>(16,169)</u>	<u>(35)</u>	<u>460,385</u>	<u>(16,958)</u>	<u>(79,902)</u>
740,826	182,634	45	1,323,978	16,958	3,235,799
<u>\$ 491,275</u>	<u>\$ 166,465</u>	<u>\$ 10</u>	<u>\$ 1,784,363</u>	<u>\$ -</u>	<u>\$ 3,155,897</u>

City of San Jacinto
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Special Revenue Funds
For the Year Ended June 30, 2012

	Special Revenue Funds		
	Vandalism & Graffiti Reward	Redevelopment Special Revenue	Total Special Revenue Funds
REVENUES			
Taxes	\$ -	\$ -	\$ 201,151
Assessments	-	-	1,148,190
Fines and forfeitures	-	-	89,213
Development fees	-	-	21,367
Intergovernmental	-	-	2,668,706
Investment earnings	180	3,632	81,400
Other	4,518	-	323,953
Total Revenues	4,698	3,632	4,533,980
EXPENDITURES			
Current:			
Public safety	-	-	205,825
Public works	-	-	861,506
Community development	-	172,665	794,708
Culture and leisure	-	-	748,448
Debt service:			
Principal	-	148,479	185,147
Interest	-	127,186	132,930
Capital outlay	-	-	63,904
Total Expenditures	-	448,330	2,992,468
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,698	(444,698)	1,541,512
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	399,515
Transfers out	-	(120,657)	(1,269,734)
Total Other Financing Sources (Uses)	-	(120,657)	(870,219)
EXTRAORDINARY ITEM			
Gain (loss) on dissolution of Redevelopment Agency	-	(1,275,916)	(1,275,916)
Net Change in Fund Balances	4,698	(1,841,271)	(604,623)
Fund Balances, Beginning of Year	18,421	1,841,271	10,394,304
Fund Balances, End of Year	\$ 23,119	\$ -	\$ 9,789,681

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City of San Jacinto
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Capital Projects and Debt Service Funds
For the Year Ended June 30, 2012

	Capital Projects			
	TUMF Capital Projects	Underground Utility	Flood Control	Traffic Signalization
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Assessments	-	-	-	-
Fines and forfeitures	-	-	-	-
Development fees	-	-	458,358	1,340
Intergovernmental	1,354,682	-	-	-
Investment earnings	-	8,181	29,152	3,000
Other	-	-	-	-
Total Revenues	<u>1,354,682</u>	<u>8,181</u>	<u>487,510</u>	<u>4,340</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	241,244	65,295
Community development	-	-	-	-
Culture and leisure	-	-	-	-
Intergovernmental				
Pass through payments	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>241,244</u>	<u>65,295</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	<u>1,354,682</u>	<u>8,181</u>	<u>246,266</u>	<u>(60,955)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(270,367)	(14,048)	(371,523)	(18,442)
Total Other Financing Sources (Uses)	<u>(270,367)</u>	<u>(14,048)</u>	<u>(371,523)</u>	<u>(18,442)</u>
EXTRAORDINARY ITEM				
Gain (loss) on dissolution of				
Redevelopment Agency	-	-	-	-
Net Change in Fund Balances	<u>1,084,315</u>	<u>(5,867)</u>	<u>(125,257)</u>	<u>(79,397)</u>
Fund Balances, Beginning of Year	<u>(1,000,869)</u>	<u>955,070</u>	<u>3,525,744</u>	<u>386,815</u>
Fund Balances, End of Year	<u>\$ 83,446</u>	<u>\$ 949,203</u>	<u>\$ 3,400,487</u>	<u>\$ 307,418</u>

Capital Projects		Total Capital Projects Funds	Debt Service		Total Debt Service	Total Non-Major Governmental Funds
Highway 79 Capital Projects	Redevelopment Agency		Assessment District 87-1 Debt Service	Redevelopment Debt Service		
\$ -	\$ -	\$ -	\$ -	\$ 2,293,302	\$ 2,293,302	\$ 2,494,453
-	-	-	-	-	-	1,148,190
-	-	-	-	-	-	89,213
-	-	459,698	-	-	-	481,065
-	-	1,354,682	-	-	-	4,023,388
5,292	428	46,053	-	25,165	25,165	152,618
-	-	-	-	-	-	323,953
<u>5,292</u>	<u>428</u>	<u>1,860,433</u>	<u>-</u>	<u>2,318,467</u>	<u>2,318,467</u>	<u>8,712,880</u>
-	-	-	1,250	124,862	126,112	126,112
-	-	-	-	-	-	205,825
-	-	306,539	-	-	-	1,168,045
-	524,343	524,343	-	-	-	1,319,051
-	-	-	-	-	-	748,448
-	-	-	-	780,863	780,863	780,863
-	-	-	-	-	-	-
-	-	-	-	66,521	66,521	251,668
-	-	-	-	56,981	56,981	189,911
-	-	-	-	-	-	63,904
<u>-</u>	<u>524,343</u>	<u>830,882</u>	<u>1,250</u>	<u>1,029,227</u>	<u>1,030,477</u>	<u>4,853,827</u>
<u>5,292</u>	<u>(523,915)</u>	<u>1,029,551</u>	<u>(1,250)</u>	<u>1,289,240</u>	<u>1,287,990</u>	<u>3,859,053</u>
-	1,500,000	1,500,000	-	-	-	1,899,515
(149,335)	(1,170,735)	(1,994,450)	-	(1,500,000)	(1,500,000)	(4,764,184)
<u>(149,335)</u>	<u>329,265</u>	<u>(494,450)</u>	<u>-</u>	<u>(1,500,000)</u>	<u>(1,500,000)</u>	<u>(2,864,669)</u>
-	(101,654)	(101,654)	-	(3,932,749)	(3,932,749)	(5,310,319)
<u>(144,043)</u>	<u>(296,304)</u>	<u>433,447</u>	<u>(1,250)</u>	<u>(4,143,509)</u>	<u>(4,144,759)</u>	<u>(4,315,935)</u>
716,381	296,304	4,879,445	(440,207)	4,143,509	3,703,302	18,977,051
<u>\$ 572,338</u>	<u>\$ -</u>	<u>\$ 5,312,892</u>	<u>\$ (441,457)</u>	<u>\$ -</u>	<u>\$ (441,457)</u>	<u>\$ 14,661,116</u>

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