

CITY OF SAN JACINTO, CALIFORNIA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2014

**City of San Jacinto
Annual Financial Report
For the Year Ended June 30, 2014**

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The City of San Jacinto, California

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of San Jacinto, California (City), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 1 of the financial statements, the City adopted the provisions of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, as listed in the accompanying 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 24, 2015 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Rogers Anderson Maloney & Scott, LLP

San Bernardino, California
February 24, 2015

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**CITY OF SAN JACINTO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014**

This is management's discussion and analysis of the financial performance of the City of San Jacinto for the fiscal year ended June 30, 2014. Please read this in conjunction with the City's financial statements, which follow this discussion.

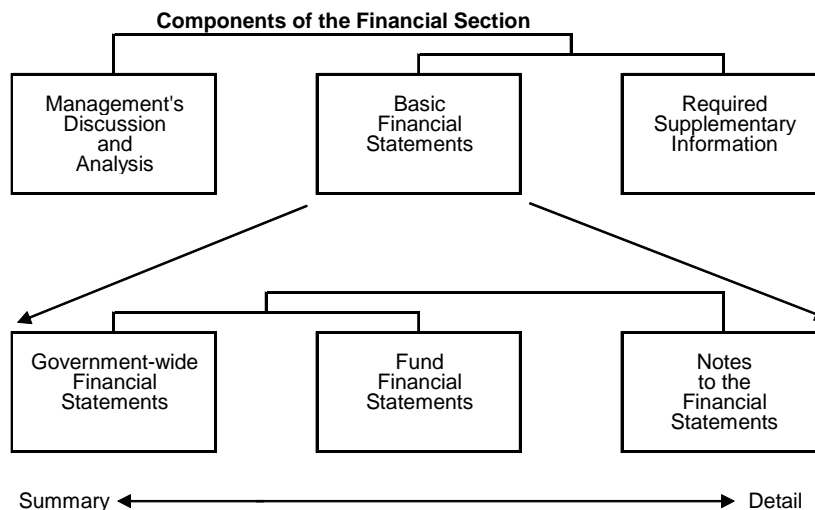
FINANCIAL HIGHLIGHTS

- On the government-wide basis, the City's total net position increased over the course of the fiscal year by \$384,422 to \$161,432,240. The net position of governmental activities increased by \$163,158, or 0.11 percent, and the net position of business-type activities increased by \$221,264, or 2.05 percent.
- The general fund, on the fund financial statements basis, reported a deficiency of revenue under expenditures and other financing sources and uses of \$2,640,316. The deficiency was a result of the continuing economic downturn within the City, as well as the settlement of a lawsuit.

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, 2014**

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 position 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 position and how they have changed during the fiscal year. Over time, increases or decreases in net position 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, 2014**

- *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 position. 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 Position
As of June 30, 2014 and 2013
(in thousands)**

	Governmental Activities		Business-type Activities		Total Primary Government		Total Percent Change
	2014	2013	2014	2013	2014	2013	
Cash and investments	\$ 36,943	\$ 40,679	\$ 2,403	\$ 2,197	\$ 39,346	\$ 42,876	-8.2%
Current and other assets	10,109	9,917	1,503	1,394	11,612	11,311	2.7%
Capital assets, net	113,702	109,349	10,853	11,338	124,555	120,687	3.2%
Total assets	160,754	159,945	14,759	14,929	175,513	174,874	0.4%
Deferred Outflows of Resources	-	-	81	-	81	-	100%
Long-term liabilities	2,468	2,556	2,607	2,580	5,075	5,136	-1.2%
Other liabilities	7,891	7,157	1,195	1,458	9,086	8,615	5.5%
Total liabilities	10,359	9,713	3,802	4,038	14,161	13,751	3.0%
Net position:							
Net investment in capital assets	113,685	109,349	7,768	8,408	121,453	117,757	3.1%
Restricted	23,708	23,791	-	-	23,708	23,791	-0.3%
Unrestricted	13,002	17,092	3,270	2,483	16,272	19,575	-16.9%
Total net position	\$ 150,395	\$ 150,232	\$ 11,038	\$ 10,891	\$ 161,433	\$ 161,123	0.2%

Net position represents the difference between the City's resources and its obligations. At June 30, 2014, the largest portion of the City's total net position, approximately 75 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 sections of the MD&A. Restricted net position represents amounts that must be used in accordance with external restrictions. The unrestricted balance of net position may be used at the City's discretion.

The net position of our business-type activities increased by 1 percent to \$11,037,555, and the City generally can only use this net position to finance the continuing operations of the business-type activities.

**CITY OF SAN JACINTO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014**

**City of San Jacinto
Government-wide Financial Statements - Changes in Net Position**
For the fiscal year ended June 30, 2014 and 2013
(in thousands)

	Governmental		Business-type		Total Primary		Total Percent Change
	Activities		Activities		Government		
	2014	2013	2014	2013	2014	2013	
Revenues							
Program revenues:							
Charges for services	\$ 4,259	\$ 3,613	\$ 4,428	\$ 6,456	\$ 8,687	\$ 10,069	-13.7%
Operating grants and contributions	6,350	6,141	-	-	6,350	6,141	3.4%
Capital grants and contributions	12,823	4,081	-	-	12,823	4,081	214.2%
General revenues:							
Property taxes	2,007	2,262	-	-	2,007	2,262	-11.3%
Transient occupancy taxes	27	20	-	-	27	20	35.0%
Franchise taxes	1,859	1,983	-	-	1,859	1,983	-6.3%
Sales taxes	2,371	2,289	-	-	2,371	2,289	3.6%
Motor vehicle in lieu taxes	2,549	2,445	-	-	2,549	2,445	4.3%
Other taxes	196	198	-	-	196	198	-1.0%
Other	175	157	107	(191)	282	(34)	-929.4%
Total revenues	<u>32,616</u>	<u>23,189</u>	<u>4,535</u>	<u>6,265</u>	<u>37,151</u>	<u>29,454</u>	26.1%
Expenses							
Governmental activities:							
General government	6,348	3,350	-	-	6,348	3,350	89.5%
Public safety	13,350	11,745	-	-	13,350	11,745	13.7%
Public works	6,108	5,436	-	-	6,108	5,436	12.4%
Community development	5,571	6,568	-	-	5,571	6,568	-15.2%
Culture and leisure	1,060	925	-	-	1,060	925	14.6%
Interest on long-term debt	15	16	-	-	15	16	-6.3%
Business-type activities:							
Water	-	-	3,324	3,711	3,324	3,711	-10.4%
Solid waste	-	-	21	2,354	21	2,354	-99.1%
Sewer	-	-	968	684	968	684	41.5%
Total expenses	<u>32,452</u>	<u>28,040</u>	<u>4,313</u>	<u>6,749</u>	<u>36,765</u>	<u>34,789</u>	5.7%
Increase (decrease) in net position	<u>\$ 164</u>	<u>\$ (4,851)</u>	<u>\$ 222</u>	<u>\$ (484)</u>	<u>\$ 386</u>	<u>\$ (5,335)</u>	-107.2%

**CITY OF SAN JACINTO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014**

Revenue

The City's total revenue was \$37,149,700 for the year ended June 30, 2014. Revenue from governmental activities totaled \$32,615,525 and revenue from business-type activities totaled \$4,534,175. During 2014, capital grants and contributions, restricted to the construction of capital assets, comprised 35 percent of the total revenue of the City, taxes and other general revenues provided 25 percent of the total revenue of the City, and charges for services and operating grants and contributions provided 40 percent of the total revenue of the City.

Most of the revenues remained stable from 2013 to 2014, except for the increase in capital contributions and grants due to significant completion of the widening of a major thoroughfare in the City.

Expenses

The City's expenses totaled \$36,765,278 for the year. Governmental activity expenses totaled \$32,452,367, or 88 percent of total expenses. Business-type activities incurred \$4,312,911 of expenses during the year, or 12 percent of total expenses.

The majority of the increase in general government relates to a lawsuit settlement, while the increase in public safety relates to a refinancing of debt obligation, and the increase in public works relates to the widening of a major thoroughfare.

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, 2014 and 2013
(in thousands)

	Total Cost		Percent	Net Cost		Percent
	of Services			of Services		
	<u>2014</u>	<u>2013</u>	<u>Change</u>	<u>2014</u>	<u>2013</u>	<u>Change</u>
General government	\$ 6,348	\$ 3,350	89.5%	\$ 3,774	\$ 392	862.8%
Public safety	13,351	11,745	13.7%	9,515	8,484	12.2%
Public works	6,108	5,436	12.4%	(5,606)	2,515	-322.9%
Community development	5,571	6,568	-15.2%	264	1,873	-85.9%
Culture and leisure	1,060	925	14.6%	1,060	925	14.6%
Total	<u>\$32,438</u>	<u>\$28,024</u>	15.8%	<u>\$9,007</u>	<u>\$14,189</u>	-36.5%

The cost for all governmental activities this year was \$32,437,121, not including interest expense of \$15,236. The City's taxpayers paid for approximately 28 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, 2014**

Business-type Activities

Charges for services of the City's business-type activities totaled \$4,427,626. Expenses of business-type activities were \$4,312,911. 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 position, 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, 2014 of \$35,356,912, a decrease of \$3,435,170 from the previous fiscal year. Within the change of combined fund balances, the General Fund decreased by \$2,640,316, related to the continued economic downturn and the loss of redevelopment, as well as a lawsuit settlement.

**CITY OF SAN JACINTO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014**

**City of San Jacinto
Fund Financial Statements - Fund Balances**
As of June 30, 2014 and 2013
(in thousands)

	<u>2014</u>	<u>2013</u>	<u>Percent Change</u>
Nonspendable:			
Prepays	\$ 122	\$ 116	5.2%
Advances receivable	10,890	11,788	(7.6)%
Land held for resale	293	293	0.0%
Total nonspendable fund balances	<u>11,305</u>	<u>12,197</u>	(7.3)%
Restricted:			
Special revenue funds	<u>15,575</u>	<u>14,136</u>	10.2%
Total restricted fund balances	<u>15,575</u>	<u>14,136</u>	10.2%
Assigned:			
Capital projects funds	<u>1,474</u>	<u>1,133</u>	30.1%
Total assigned fund balances	<u>1,474</u>	<u>1,133</u>	30.1%
Unassigned:			
General fund	12,978	16,634	(22.0)%
Debt service funds	(445)	(443)	0.5%
Special revenue funds	(4,758)	(3,859)	23.3%
Capital projects funds	(772)	(1,006)	(23.3)%
Total unassigned fund balances	<u>7,003</u>	<u>11,326</u>	(38.2)%
Total fund balance	<u>\$ 35,357</u>	<u>\$ 38,792</u>	(8.9)%

**CITY OF SAN JACINTO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014**

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 2013 were re-appropriated in 2014 as part of the City's capital budget.

After taking into account these adjustments, actual expenditures were \$1,567,668 higher than final budget amounts, attributable to increases in general government and public safety costs.

Resources available for appropriation were \$1,089,832 higher than the final budgeted amount. The following significant revenue sources were different than anticipated:

- Fines and forfeitures were approximately 110 percent over budget.
- Intergovernmental revenues were approximately 17 percent over budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2014, the City had invested \$124,554,667 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, 2014 and 2013
(net of depreciation, in thousands)

	<u>Governmental</u>		<u>Business-type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Capital assets not being depreciated:						
Land and improvements	\$ 3,225	\$ 4,231	\$ 55	\$ 55	\$ 3,280	\$ 4,286
Construction in progress	6,542	12,491	-	1,577	6,542	14,068
Depreciable capital assets, net of accumulated depreciation:						
Buildings and system	5,479	5,730	4,382	4,518	9,861	10,248
Machinery and equipment	600	551	739	659	1,339	1,210
Improvements other than buildings	2,578	1,557	5,677	4,529	8,255	6,086
Infrastructure	95,278	84,789	-	-	95,278	84,789
Total	\$ 113,702	\$ 109,349	\$ 10,853	\$ 11,338	\$ 124,555	\$ 120,687

**CITY OF SAN JACINTO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014**

This year's major capital asset additions included:

Government-wide, governmental activities:

- Three road improvement projects and one traffic signalization project completed at a final cost of \$15,903,125.
- Police station expansion completed at a final cost of \$1,055,219.

Government-wide, business-type activities:

- Various master plan improvement projects at a total cost of \$1,561,580.

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

Long-term Debt

At June 30, 2014, the City had \$6,921,845 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, 2014 and 2013
(in thousands)**

	Governmental		Business-type		Total	
	Activities		Activities			
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Revenue and other bonds, net	\$ 1,800	\$ -	\$ -	\$ 2,930	\$ 1,800	\$ 2,930
Special assessment debt with government commitment, including unpaid interest	1,633	1,633	-	-	1,633	1,633
Loans payable	-	-	3,085	-	3,085	-
Capital leases	17	49	-	-	17	49
Unfunded pension liability	-	1,757	-	-	-	1,757
Claims and judgments	187	275	-	-	187	275
Compensated absences	200	198	-	-	200	198
Total	<u>\$ 3,837</u>	<u>\$ 3,912</u>	<u>\$ 3,085</u>	<u>\$ 2,930</u>	<u>\$ 6,922</u>	<u>\$ 6,842</u>

**CITY OF SAN JACINTO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014**

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 several possible revenue measures to fund additional public safety services and ongoing operational costs.

The General Fund budget for 2014-2015 appropriates \$16,785,964, a decrease of 13.9 percent from the prior year.

City utility rates for water were last increased by 5% in July 2009, and sewer rates were increased 3% in July 2011. In March 2013, the City's solid waste enterprise was taken over by the franchised operator.

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 Position
June 30, 2014**

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Cash and investments	\$ 36,943,053	\$ 2,403,431	\$ 39,346,484
Receivables:			
Accounts	768,487	1,121,592	1,890,079
Interest	199,570	-	199,570
Taxes	2,343,583	-	2,343,583
Notes receivable	4,027,668	4,309	4,031,977
Due from other governments	2,071,051	-	2,071,051
Due from other funds	30,014	-	30,014
Deposits with others	578,030	-	578,030
Prepays	121,932	6,144	128,076
Internal balances	(324,521)	324,521	-
Inventories	-	46,142	46,142
Land held for resale	292,859	-	292,859
Capital assets:			
Land and construction in progress	9,767,183	55,222	9,822,405
Other capital assets, net of depreciation	103,934,729	10,797,533	114,732,262
Total Assets	<u>160,753,638</u>	<u>14,758,894</u>	<u>175,512,532</u>
DEFERRED OUTFLOWS OF RESOURCES			
Loss on retirement of bonds	-	80,377	80,377
LIABILITIES			
Accounts payable and accrued liabilities	3,964,859	309,850	4,274,709
Accrued wages	131,427	75,372	206,799
Accrued interest payable	5,088	21,208	26,296
Due to other governments	190,692	-	190,692
Due to other funds	-	30,014	30,014
Retention payable	87,553	-	87,553
Unearned revenues	2,142,282	-	2,142,282
Deposits payable	-	280,479	280,479
Noncurrent liabilities:			
Due within one year	1,368,672	477,894	1,846,566
Due in more than one year	2,468,380	2,606,899	5,075,279
Total Liabilities	<u>10,358,953</u>	<u>3,801,716</u>	<u>14,160,669</u>
NET POSITION			
Net investment in capital assets	113,685,156	7,767,962	121,453,118
Restricted for:			
Public safety	1,299,062	-	1,299,062
Public works	10,776,542	-	10,776,542
Community development	11,560,199	-	11,560,199
Culture and leisure	72,207	-	72,207
Unrestricted	13,001,519	3,269,593	16,271,112
Total Net Position	<u>\$ 150,394,685</u>	<u>\$ 11,037,555</u>	<u>\$ 161,432,240</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, 2014**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Primary Government				
Governmental Activities:				
General government	\$ 6,348,165	\$ -	\$ 2,574,265	\$ -
Public safety	13,350,427	3,101,096	734,658	-
Public works	6,107,684	132,249	2,113,065	9,468,770
Community development	5,570,489	1,025,399	927,561	3,354,027
Culture and leisure	1,060,366	-	-	-
Interest on long-term debt	15,236	-	-	-
Total Governmental Activities	<u>32,452,367</u>	<u>4,258,744</u>	<u>6,349,549</u>	<u>12,822,797</u>
Business-Type Activities:				
Water	3,323,761	3,640,752	-	-
Solid waste	20,660	-	-	-
Sewer	968,490	786,874	-	-
Total Business-Type Activities	<u>4,312,911</u>	<u>4,427,626</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 36,765,278</u>	<u>\$ 8,686,370</u>	<u>\$ 6,349,549</u>	<u>\$ 12,822,797</u>

General Revenues:

Taxes:

Property tax, levied for general purpose

Transient occupancy taxes

Franchise tax

Sales tax

Motor vehicle in lieu tax

Other taxes

Unrestricted investment earnings

Other

Transfers

Total General Revenues

Change in Net Position

Net Position, Beginning of Year

Net Position, End of Year

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

Net Revenue (Expense) and Change in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (3,773,900)	\$ -	\$ (3,773,900)
(9,514,673)	-	(9,514,673)
5,606,400	-	5,606,400
(263,502)	-	(263,502)
(1,060,366)	-	(1,060,366)
(15,236)	-	(15,236)
<u>(9,021,277)</u>	<u>-</u>	<u>(9,021,277)</u>
-	316,991	316,991
-	(20,660)	(20,660)
-	(181,616)	(181,616)
-	114,715	114,715
<u>(9,021,277)</u>	<u>114,715</u>	<u>(8,906,562)</u>
2,006,516	-	2,006,516
26,510	-	26,510
1,859,301	-	1,859,301
2,371,420	-	2,371,420
2,549,390	-	2,549,390
195,859	-	195,859
157,703	20,136	177,839
104,149	-	104,149
(86,413)	86,413	-
<u>9,184,435</u>	<u>106,549</u>	<u>9,290,984</u>
163,158	221,264	384,422
150,231,527	10,816,291	161,047,818
<u>\$ 150,394,685</u>	<u>\$ 11,037,555</u>	<u>\$ 161,432,240</u>

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Fund Financial Statements

**City of San Jacinto
Governmental Funds
Balance Sheet
June 30, 2014**

	General	Capital Projects	
		City Capital Projects	TUMF Capital Projects
ASSETS			
Cash and investments	\$ 12,201,342	\$ 7,540,111	\$ -
Receivables:			
Accounts	647,710	-	-
Interest	69,927	-	-
Taxes and assessments	54,371	-	-
Prepays	121,932	-	-
Due from other governments	1,005,319	180,810	516,760
Due from other funds	2,092,206	-	-
Notes receivable	-	-	-
Advances receivable	4,523,810	-	-
Land held for resale	-	-	-
Total Assets	<u>\$ 20,716,617</u>	<u>\$ 7,720,921</u>	<u>\$ 516,760</u>
LIABILITIES			
Accounts payable	\$ 2,755,488	\$ 337,441	\$ -
Accrued payroll	123,926	-	-
Retention payable	-	87,553	-
Due to other funds	-	-	1,288,716
Due to other governments	-	41,405	-
Unearned revenue	-	-	-
Advances payable	-	7,254,522	-
Total Liabilities	<u>2,879,414</u>	<u>7,720,921</u>	<u>1,288,716</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	213,512	-	-
FUND BALANCES			
Nonspendable	4,645,742	-	-
Restricted	-	-	-
Assigned	-	-	-
Unassigned	12,977,949	-	(771,956)
Total Fund Balances (deficit)	<u>17,623,691</u>	<u>-</u>	<u>(771,956)</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 20,716,617</u>	<u>\$ 7,720,921</u>	<u>\$ 516,760</u>

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

Special Revenue				
Community Facilities District 2003	Successor Housing Authority	LLPD #2	Total Non-Major Governmental Funds	Total Governmental Funds
\$ -	\$ 11,104	\$ 7,394,667	\$ 9,679,330	\$ 36,826,554
-	-	-	49,972	697,682
-	129,643	-	-	199,570
239,166	-	391,392	1,658,654	2,343,583
-	-	-	-	121,932
-	-	-	368,162	2,071,051
-	-	-	-	2,092,206
-	4,027,668	-	-	4,027,668
-	-	-	6,366,192	10,890,002
-	292,859	-	-	292,859
<u>\$ 239,166</u>	<u>\$ 4,461,274</u>	<u>\$ 7,786,059</u>	<u>\$ 18,122,310</u>	<u>\$ 59,563,107</u>
\$ 630,283	\$ -	\$ 91,451	\$ 126,953	\$ 3,941,616
-	-	-	7,501	131,427
-	-	-	-	87,553
-	-	2,375	769,844	2,060,935
-	-	-	149,287	190,692
-	-	-	2,142,282	2,142,282
3,960,001	-	-	-	11,214,523
<u>4,590,284</u>	<u>-</u>	<u>93,826</u>	<u>3,195,867</u>	<u>19,769,028</u>
-	4,157,312	-	66,343	4,437,167
-	292,859	-	6,366,192	11,304,793
-	11,103	7,692,233	7,871,517	15,574,853
-	-	-	1,474,106	1,474,106
(4,351,118)	-	-	(851,715)	7,003,160
<u>(4,351,118)</u>	<u>303,962</u>	<u>7,692,233</u>	<u>14,860,100</u>	<u>35,356,912</u>
<u>\$ 239,166</u>	<u>\$ 4,461,274</u>	<u>\$ 7,786,059</u>	<u>\$ 18,122,310</u>	<u>\$ 59,563,107</u>

**City of San Jacinto
Reconciliation of the Balance Sheet of
Governmental Funds to the Statement of Net Position
June 30, 2014**

Fund Balance of Governmental Funds	\$ 35,356,912
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Net investment in capital assets have not been included as financial resources in governmental funds.	
Capital assets not being depreciated	9,767,183
Capital assets being depreciated	191,730,982
Accumulated depreciation	(87,796,253)
Long-term liabilities applicable to governmental activities are not due and 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 Position.	
Compensated absences	(199,654)
Special assessment debt and unmatured interest	(1,633,491)
Pension obligation bonds	(1,800,000)
Capital leases	(16,756)
Accrued interest payable	(5,088)
Unearned revenue balances relating to certain accounts and loans receivable are not reported as unearned revenue in the Statement of Net Position since recognition is not based upon measurable and available criteria.	
Low and moderate housing loans receivable	4,307,524
Accrued interest on low and moderate housing loans	129,643
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 Position since revenue recognition is not based upon measurable and available criteria.	
Fund Net Position of Internal Service Funds	553,683
Net Position of Governmental Activities	\$ 150,394,685

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, 2014**

	General	Capital Projects	
		City Capital Projects	TUMF Capital Projects
REVENUES			
Taxes	\$ 6,175,963	\$ -	\$ -
Assessments	-	-	-
Licenses and permits	620,191	-	-
Fines and forfeitures	830,425	-	-
Development fees	82,138	-	-
Intergovernmental	2,907,855	-	8,885,471
Charges for services	267,714	-	-
Investment earnings	148,712	-	-
Other	3,110,824	-	-
Total Revenues	<u>14,143,822</u>	<u>-</u>	<u>8,885,471</u>
EXPENDITURES			
Current:			
General government	3,840,986	-	-
Public safety	11,746,412	-	-
Public works	418,422	-	-
Community development	2,487,118	-	-
Culture and leisure	348,407	-	-
Debt service:			
Principal	32,407	-	-
Interest	1,864	-	-
Capital outlay	539	11,377,857	-
Total Expenditures	<u>18,876,155</u>	<u>11,377,857</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(4,732,333)</u>	<u>(11,377,857)</u>	<u>8,885,471</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of property	4	-	-
Issuance of long-term debt	1,800,000	-	-
Transfers in	790,800	11,377,857	-
Transfers out	(498,787)	-	(8,651,500)
Total Other Financing Sources (Uses)	<u>2,092,017</u>	<u>11,377,857</u>	<u>(8,651,500)</u>
Net Change in Fund Balances	(2,640,316)	-	233,971
Fund Balances (Deficit), Beginning of Year	20,264,007	-	(1,005,927)
Fund Balances (Deficit), End of Year	<u>\$ 17,623,691</u>	<u>\$ -</u>	<u>\$ (771,956)</u>

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

Special Revenue				
Community Facilities District 2003	Successor Housing Authority	LLPD #2	Total Non-Major Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 254,931	\$ 6,430,894
2,013,522	-	2,545,704	1,215,040	5,774,266
-	-	-	-	620,191
-	-	-	86,101	916,526
-	-	19,006	159,130	260,274
-	-	-	2,853,572	14,646,898
-	-	-	-	267,714
-	46	40,294	84,874	273,926
-	18,057	-	381,417	3,510,298
<u>2,013,522</u>	<u>18,103</u>	<u>2,605,004</u>	<u>5,035,065</u>	<u>32,700,987</u>
25,529	7,000	-	26,635	3,900,150
2,638,052	-	-	74,582	14,459,046
-	-	-	1,092,407	1,510,829
-	-	2,595,657	291,637	5,374,412
-	-	-	682,625	1,031,032
-	-	-	-	32,407
9,274	-	-	-	11,138
-	-	-	289,208	11,667,604
<u>2,672,855</u>	<u>7,000</u>	<u>2,595,657</u>	<u>2,457,094</u>	<u>37,986,618</u>
<u>(659,333)</u>	<u>11,103</u>	<u>9,347</u>	<u>2,577,971</u>	<u>(5,285,631)</u>
-	-	-	-	4
-	-	-	-	1,800,000
-	-	20,119	56,652	12,245,428
-	-	-	(3,044,684)	(12,194,971)
<u>-</u>	<u>-</u>	<u>20,119</u>	<u>(2,988,032)</u>	<u>1,850,461</u>
(659,333)	11,103	29,466	(410,061)	(3,435,170)
<u>(3,691,785)</u>	<u>292,859</u>	<u>7,662,767</u>	<u>15,270,161</u>	<u>38,792,082</u>
<u>\$ (4,351,118)</u>	<u>\$ 303,962</u>	<u>\$ 7,692,233</u>	<u>\$ 14,860,100</u>	<u>\$ 35,356,912</u>

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, 2014

Net Change in Fund Balances - Total Governmental Funds	\$ (3,435,170)
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	9,381,132
Depreciation expense	(5,028,112)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the fund.	(741,438)
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 Position. 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 Position.	
Issuance of long-term debt	(1,800,000)
Repayments:	
Unfunded pension liability	1,756,600
Capital leases	32,407
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.	
Change in compensated absences	(2,147)
Change in accrued interest payable	(4,098)
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.	3,984
Change in Net Position of Governmental Activities	\$ 163,158

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

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**City of San Jacinto
Statement of Net Position
Proprietary Funds
June 30, 2014**

	Business-type Activities Enterprise Funds	
	Water	Solid Waste
ASSETS		
Current Assets:		
Cash and investments	\$ 890,066	\$ -
Receivables, net:		
Accounts	853,256	30,044
Prepaid expenses	3,031	-
Deposits with others	-	-
Inventories	46,142	-
Total Current Assets	<u>1,792,495</u>	<u>30,044</u>
Non-Current Assets:		
Notes Receivable	-	-
Advances receivable	168,888	-
Capital assets:		
Land	55,222	-
Building and system	6,747,489	-
Machinery and equipment	2,440,196	-
Improvements other than buildings	4,571,860	-
Less accumulated depreciation	(5,689,154)	-
Total Non-Current Assets	<u>8,294,501</u>	<u>-</u>
Total Assets	<u>10,086,996</u>	<u>30,044</u>
DEFERRED OUTFLOWS OF RESOURCES		
Loss on retirement of bonds	80,377	-
LIABILITIES		
Current Liabilities:		
Accounts payable	132,522	30
Accrued wages	56,556	-
Accrued interest	21,208	-
Deposits payable	280,479	-
Due to other funds	-	30,014
Bonds payable - current	477,894	-
Total Current Liabilities	<u>968,659</u>	<u>30,044</u>
Noncurrent liabilities:		
Advances payable	161,071	-
Claims payable	-	-
Bonds payable	2,606,899	-
Total Non-Current Liabilities	<u>2,767,970</u>	<u>-</u>
Total Liabilities	<u>3,736,629</u>	<u>30,044</u>
NET POSITION		
Net investment in capital assets	5,040,820	-
Unrestricted	1,389,924	-
Total Net Position	<u>\$ 6,430,744</u>	<u>\$ -</u>

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

Business-type Activities Enterprise Funds		Governmental Activities - Internal Service Fund
Sewer	Total	
\$ 1,513,365	\$ 2,403,431	\$ 116,499
238,292	1,121,592	70,805
3,113	6,144	-
-	-	578,030
-	46,142	-
<u>1,754,770</u>	<u>3,577,309</u>	<u>765,334</u>
4,309	4,309	-
316,704	485,592	-
-	55,222	-
31,301	6,778,790	-
623,787	3,063,983	-
3,493,116	8,064,976	-
(1,421,062)	(7,110,216)	-
<u>3,048,155</u>	<u>11,342,656</u>	<u>-</u>
<u>4,802,925</u>	<u>14,919,965</u>	<u>765,334</u>
-	80,377	-
177,298	309,850	23,243
18,816	75,372	-
-	21,208	-
-	280,479	-
-	30,014	1,257
-	477,894	-
<u>196,114</u>	<u>1,194,817</u>	<u>24,500</u>
-	161,071	-
-	-	187,151
-	2,606,899	-
-	2,767,970	187,151
<u>196,114</u>	<u>3,962,787</u>	<u>211,651</u>
2,727,142	7,767,962	-
1,879,669	3,269,593	553,683
<u>\$ 4,606,811</u>	<u>\$ 11,037,555</u>	<u>\$ 553,683</u>

City of San Jacinto
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2014

	Business-type Activities Enterprise Funds	
	Water	Solid Waste
OPERATING REVENUES		
Sales and charges for services	\$ 3,636,001	\$ -
Miscellaneous	4,751	-
Total Operating Revenues	<u>3,640,752</u>	<u>-</u>
OPERATING EXPENSES		
Personnel services	486,907	-
Employee benefits	282,194	-
Office expense	191,644	-
Depreciation	467,132	-
Outside services	192,141	3,594
Repairs and maintenance	129,512	-
Utilities	379,609	-
Franchise	-	645
Overhead allocations	728,376	-
Watermaster charges	335,288	-
Claims and judgements	-	-
Total Operating Expenses	<u>3,192,803</u>	<u>4,239</u>
Operating Income (Loss)	<u>447,949</u>	<u>(4,239)</u>
NON-OPERATING REVENUES (EXPENSES)		
Investment earnings	5,646	8
Interest and fiscal charges	(130,958)	-
Other revenues (expenses)	-	(16,421)
Total Non-Operating Revenues (Expenses)	<u>(125,312)</u>	<u>(16,413)</u>
Other income before transfers	322,637	(20,652)
Transfers in	-	49,773
Transfers out	-	(29,121)
Change in Net Position	<u>322,637</u>	<u>-</u>
Net Position, Beginning of Year	6,108,107	-
Net Position, End of Year	<u>\$ 6,430,744</u>	<u>\$ -</u>

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

Business-type Activities Enterprise Funds		Governmental Activities - Internal Service Fund
Sewer	Total	
\$ 784,716	\$ 4,420,717	\$ 366,909
2,158	6,909	14,580
<u>786,874</u>	<u>4,427,626</u>	<u>381,489</u>
196,984	683,891	-
122,801	404,995	-
18,651	210,295	-
96,171	563,303	-
36,536	232,271	174,280
118,012	247,524	57,053
2,623	382,232	-
-	645	-
176,350	904,726	-
-	335,288	-
-	-	10,254
<u>768,128</u>	<u>3,965,170</u>	<u>241,587</u>
<u>18,746</u>	<u>462,456</u>	<u>139,902</u>
14,482	20,136	952
-	(130,958)	-
<u>(200,362)</u>	<u>(216,783)</u>	<u>-</u>
<u>(185,880)</u>	<u>(327,605)</u>	<u>952</u>
(167,134)	134,851	140,854
65,761	115,534	42,681
-	(29,121)	(179,551)
<u>(101,373)</u>	<u>221,264</u>	<u>3,984</u>
4,708,184	10,816,291	549,699
<u>\$ 4,606,811</u>	<u>\$ 11,037,555</u>	<u>\$ 553,683</u>

**City of San Jacinto
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2014**

	Business-type Activities - Enterprise Funds	
	Water	Solid Waste
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 3,382,575	\$ 3,323
Cash payments to suppliers	(2,386,805)	(59,487)
Cash payments to employees for services	(758,413)	-
Net Cash Provided By (Used for) Operating Activities	<u>237,357</u>	<u>(56,164)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers to (from) other funds	-	20,652
Advances (to) from other funds	(201,277)	-
Due (to) from other funds	-	30,014
Net Cash Provided By (Used for) Non-Capital Financing Activities	<u>(201,277)</u>	<u>50,666</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition or construction of capital assets	(125,639)	-
Bond principal paid	(2,930,000)	-
Proceeds from bond issuance	3,084,793	-
Interest and fiscal charges paid	(139,752)	-
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(110,598)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income received	5,646	8
Due from others	-	-
Net Cash Provided By (Used for) Investing Activities	<u>5,646</u>	<u>8</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(68,872)	(5,490)
Cash and Cash Equivalents at Beginning of Year	958,938	5,490
Cash and Cash Equivalents at End of Year	<u>\$ 890,066</u>	<u>\$ -</u>

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

Cash and investments	\$ 890,066	\$ -
Totals	<u>\$ 890,066</u>	<u>\$ -</u>

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

Business-type Activities - Enterprise Funds		Governmental Activities - Internal Service Fund
Sewer	Total	
\$ 769,047	\$ 4,154,945	\$ 376,597
(303,925)	(2,750,217)	(397,720)
(320,444)	(1,078,857)	-
144,678	325,871	(21,123)
65,761	86,413	(136,870)
207,233	5,956	-
-	30,014	1,257
272,994	122,383	(135,613)
(152,366)	(278,005)	-
-	(2,930,000)	-
-	3,084,793	-
-	(139,752)	-
(152,366)	(262,964)	-
14,482	20,136	952
666	666	-
15,148	20,802	952
280,454	206,092	(155,784)
1,232,911	2,197,339	272,283
\$ 1,513,365	\$ 2,403,431	\$ 116,499
\$ 1,513,365	\$ 2,403,431	\$ 116,499

City of San Jacinto
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2014

	Business-type Activities - Enterprise Funds	
	Water	Solid Waste
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss):	\$ 447,949	\$ (4,239)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation	467,132	-
(Increase) decrease in assets:		
Accounts receivable	(274,637)	3,323
Inventories	(7,163)	-
Prepaid expenses	(54)	-
Deposits with others	-	-
Increase (decrease) in liabilities:		
Accounts payable	(423,017)	(55,248)
Accrued wages	10,688	-
Deposits payable	16,459	-
Claims payable	-	-
Total Adjustments	(210,592)	(51,925)
Net Cash Provided By (Used for) Operating Activities	\$ 237,357	\$ (56,164)

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

Business-type Activities - Enterprise Funds		Governmental Activities - Internal Service Fund
Sewer	Total	
\$ 18,746	\$ 462,456	\$ 139,902
96,171	563,303	-
(17,827)	(289,141)	(4,892)
-	(7,163)	-
(144)	(198)	-
-	-	(66,458)
48,391	(429,874)	(2,007)
(659)	10,029	-
-	16,459	-
-	-	(87,668)
125,932	(136,585)	(161,025)
\$ 144,678	\$ 325,871	\$ (21,123)

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Fiduciary Funds

**City of San Jacinto
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2014**

	Private Purpose Trust Fund	Agency
ASSETS		
Cash and investments	\$ 134,204	\$ 4,700,123
Cash and investments with fiscal agents	6	1,640,485
Receivables:		
Accounts	18,618	141,862
Due from other governments	275,451	-
Property held for resale	708,200	-
Capital assets not being depreciated:		
Land	1,797,967	-
Building and system	103,636	-
Less accumulated depreciation	(29,018)	-
Total Assets	3,009,064	\$ 6,482,470
DEFERRED OUTFLOW OF RESOURCES		
Loss on refunding	16,751	
LIABILITIES		
Accounts payable and accrued liabilities	147,063	\$ 160,860
Deposits payable	-	3,431,204
Due to others	608,692	163,876
Due to bond holders	-	2,726,530
Unearned revenue	108,537	-
Long-term liabilities:		
Due within one year	235,000	-
Due in more than one year	7,545,000	-
Total Liabilities	8,644,292	\$ 6,482,470
NET POSITION		
Net position (deficit) held for dissolution of Redevelopment Agency	\$ (5,618,477)	

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

City of San Jacinto
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended to June 30, 2014

	Private Purpose Trust Fund
ADDITIONS	
Property taxes	\$ 597,213
Investment earnings	1,841
Other revenue	1,102,364
Total additions	1,701,418
DEDUCTIONS	
Administrative payments	111,875
Contributions to other governments	14,432
Depreciation	2,073
Interest expense	358,260
Total deductions	486,640
Change in net position	1,214,778
Net Position, Beginning of year	(6,833,255)
Net Position, End of year	\$ (5,618,477)

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

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Notes to the Basic Financial Statements

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2014

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

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 position 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 position 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.

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2014

Note 1: Summary of significant accounting policies (continued)

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

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.

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 position. The statement of activities presents changes in net position. 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.

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2014

Note 1: Summary of significant accounting policies (continued)

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

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 *Transportation Uniform Mitigation Fee (TUMF) Fund* is used to account for developer deposits received for various planning projects.

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

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 *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 position (except for the low and moderate income housing funds non-cash assets) in accordance with AB X1 26 and AB 1484.

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2014

Note 1: Summary of significant accounting policies (continued)

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

GASB No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements established accounting and financial reporting standards for the financial statements of state and local governments. The standard incorporates into the GASB's authoritative literature the applicable guidance previously only found in certain FASB and AICPA pronouncements issued before November 30, 1989.

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

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.

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2014

Note 1: Summary of significant accounting policies (continued)

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.

h. Property held for resale

The Successor Agency has property held for resale with a net realizable value of \$708,200. The Successor Housing Authority Fund also has property held for resale with a net realizable value of \$292,859.

i. Judgments and claims

The City utilizes its internal service funds to account for judgments and claims. Self-insurance claims payable of \$138,524 and \$48,627, 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 and are generally liquidated by the General Fund.

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, 2014 for sick leave.

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2014

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, 2014. 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, 2014

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, 2014

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.

r. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position (balance sheet) will sometimes report a separate section for deferred outflows of resources. This separate financial element, *deferred outflows of resources*, represents a consumption of net position or fund balance that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City currently has one item that qualifies for reporting in this category. The loss on retirement of bonds is reported as a deferred outflow of resources.

In addition to liabilities, the statement of financial position (balance sheet) will sometimes report a separate section for deferred inflows of resources. This separate financial element, *deferred inflows of resources*, represents an acquisition of net position or fund balance that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The City has two types of this item, one of which arises only under a modified accrual basis of accounting, and the other which arises under both full accrual and modified accrual of accounting, that qualify for reporting in this category. Accordingly, a portion of the item, unavailable revenues, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from one source: grant revenue. The second item, which also considered unavailable revenue, is reported on both the governmental funds balance sheet and the statement of net position. This item is offset by a loan receivable and is therefore considered unavailable revenue at both the fund and government wide level due to the nature of the loan agreement. Amounts for both types of deferred inflows are deferred and recognized as an inflow of resources in the period that the amounts become available.

s. Implementation of new pronouncements

Effective July 1, 2013, the City adopted the provisions of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. GASB 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2014

Note 1: Summary of significant accounting policies (continued)

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 - Major Fund	Final Budget	Expenditures	Excess
General Fund by Function:			
General government	\$ 2,705,997	\$ 3,840,986	\$ (1,134,989)
Public safety	10,709,097	11,746,412	(1,037,315)
Public works	321,684	418,422	(96,738)
Culture and leisure	303,083	348,407	(45,324)
Governmental Funds - Non-Major Fund			
Special Revenue Funds:			
LLPD #1	670,824	686,684	(15,860)
Air Quality Improvement	50,000	82,434	(32,434)
SB 621 Gaming Impact Grants	2,500	3,441	(941)
AB 1600	357	4,876	(4,519)

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2014

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, 2014:

Governmental Funds - Major Funds	Amount
Special Revenue:	
Community Facilities District 2003	\$ (4,351,118)
Capital Projects:	
TUMF Capital Projects	(771,956)
Governmental Funds - Non-Major Funds	
Special Revenue:	
SB 621 Gaming Impact Grants	(775)
CDBG	(406,358)
Debt Service:	
Assessment District 87-1	(444,582)

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 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, 2014

III. DETAIL NOTES ON ALL FUNDS

Note 2: Cash and investments

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

Statement of Net Position	
Governmental Activities:	
Cash and investments	\$ 36,943,053
Business-Type Activities:	
Cash and investments	2,403,431
Total	39,346,484
Statement of Fiduciary Net Position:	
Cash and investments	4,834,327
Cash and investments with fiscal agents	1,640,491
Total	6,474,818
Total Cash and Investments	\$ 45,821,302
Cash and investments are comprised of the following:	
Demand accounts/money market account	\$ 23,103,230
Cash on hand	5,850
Investments	22,712,222
Total	\$ 45,821,302

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 balance. 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, 2014

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	Percentage Allowed	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, 2014

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	Remaining Maturity (In Months)			
		12 or Less	13 to 24	25 to 60	More than 60
Local Agency Investment Fund (LAIF)	\$ 935,090	\$ 935,090	\$ -	\$ -	\$ -
U.S. Treasury Obligations	9,161,286	-	3,776,617	5,384,669	-
U.S. Agency Securities	5,503,414	390,970	2,747,843	2,364,601	-
Asset-Backed Securities	470,123	-	-	470,123	-
Commercial Paper	357,564	357,564	-	-	-
Medium-Term Corporate Notes	4,644,256	1,697,998	1,846,614	1,099,644	-
Held by Bond Trustees:					
Certificates of Deposit	750,822	-	-	750,822	-
Money Market Funds	889,667	889,667	-	-	-
Total	\$ 22,712,222	\$ 4,271,289	\$ 8,371,074	\$ 10,069,859	\$ -

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2014

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 B	Not rated
Local Agency Investment Fund (LAIF)	\$ 935,090	N/A	\$ -	\$ -	\$ 935,090
U.S. Treasury Obligations	9,161,286	N/A	9,161,286	-	-
U.S. Agency Securities	5,503,414	N/A	5,503,414	-	-
Asset Backed Securities	470,123	AA	331,258	-	138,866
Commercial Paper	357,564	A/A1	157,694	199,869	-
Medium-Term Corporate Notes	4,644,256	A	2,248,519	2,395,737	-
Held by Bond Trustees:					
Certificates of Deposit	750,822	N/A	-	-	750,822
Money Market Funds	889,667	AAA	889,667	-	-
Total	\$ 22,712,222		\$ 18,291,838	\$ 2,595,606	\$ 1,824,778

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. Investments in any one issuer (other than U.S. Treasury Securities, mutual funds and external investment pools) that represent 5% or more of total City investments are as follows:

Issuer	Amount
Federal Home Loan Mortgage Corp	\$ 1,700,000
Fannie Mae	1,495,000
Federal Home Loan Bank	1,265,000

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2014

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, 2014, the City's bank balances held in the financial institutions (Bank of Hemet and Rabobank) were \$9,971,329 and \$13,515,548, 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.

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.

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2014

Note 2: Cash and investments (continued)

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.

Note 3: Capital assets

Capital asset activity for the year ended June 30, 2014 was as follows:

	Balance at June 30, 2013	Additions	Deletions	Balance at June 30, 2014
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 4,230,760	\$ -	\$ (1,005,350)	\$ 3,225,410
Construction in progress	12,491,003	11,197,509	(17,146,739)	6,541,773
Total Capital Assets Not Being Depreciated	<u>16,721,763</u>	<u>11,197,509</u>	<u>(18,152,089)</u>	<u>9,767,183</u>
Capital Assets Being Depreciated:				
Building and system	7,348,298	-	(103,636)	7,244,662
Machinery and equipment	5,017,118	263,780	(233,587)	5,047,311
Improvements other than building	2,960,090	1,181,722	-	4,141,812
Infrastructure	160,553,956	15,903,125	(1,159,884)	175,297,197
Total Capital Assets Being Depreciated	<u>175,879,462</u>	<u>17,348,627</u>	<u>(1,497,107)</u>	<u>191,730,982</u>
Less Accumulated Depreciation For:				
Building and system	(1,617,702)	(174,926)	26,495	(1,766,133)
Machinery and equipment	(4,466,305)	(214,306)	233,587	(4,447,024)
Improvements other than building	(1,403,247)	(160,426)	-	(1,563,673)
Infrastructure	(75,765,079)	(4,478,454)	224,110	(80,019,423)
Total Accumulated Depreciation	<u>(83,252,333)</u>	<u>(5,028,112)</u>	<u>484,192</u>	<u>(87,796,253)</u>
Total Capital Assets Being Depreciated, Net	<u>92,627,129</u>	<u>12,320,515</u>	<u>(1,012,915)</u>	<u>103,934,729</u>
Governmental Activities Capital Assets, Net	<u>\$ 109,348,892</u>	<u>\$ 23,518,024</u>	<u>\$ (19,165,004)</u>	<u>\$ 113,701,912</u>

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2014

Note 3: Capital assets (continued)

	Balance at June 30, 2013	Additions	Deletions	Balance at June 30, 2014
Business-Type Activities:				
Capital Assets Not Being Depreciated				
Land	\$ 55,222	\$ -	\$ -	\$ 55,222
Construction in progress	1,577,175	1,062	(1,578,237)	-
Total Capital Assets Not Being Depreciated	<u>1,632,397</u>	<u>1,062</u>	<u>(1,578,237)</u>	<u>55,222</u>
Capital Assets Being Depreciated:				
Building and system	6,778,790	-	-	6,778,790
Machinery and equipment	2,860,472	203,511	-	3,063,983
Improvements other than building	6,613,668	1,651,672	(200,364)	8,064,976
Total Capital Assets Being Depreciated	<u>16,252,930</u>	<u>1,855,183</u>	<u>(200,364)</u>	<u>17,907,749</u>
Less Accumulated Depreciation For:				
Building and system	(2,260,615)	(136,025)	-	(2,396,640)
Machinery and equipment	(2,201,925)	(123,222)	-	(2,325,147)
Improvements other than building	(2,084,373)	(304,056)	-	(2,388,429)
Total Accumulated Depreciation	<u>(6,546,913)</u>	<u>(563,303)</u>	<u>-</u>	<u>(7,110,216)</u>
Total Capital Assets Being Depreciated, Net	<u>9,706,017</u>	<u>1,291,880</u>	<u>(200,364)</u>	<u>10,797,533</u>
Business-Type Activities Capital Assets, Net	<u>\$ 11,338,414</u>	<u>\$ 1,292,942</u>	<u>\$ (1,778,601)</u>	<u>\$ 10,852,755</u>

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

Governmental Activities:		
General government		\$ 194,467
Public safety		236,606
Public works		4,553,870
Community development		43,169
Total Depreciation Expense - Governmental Activities		<u>\$ 5,028,112</u>
Business-Type Activities:		
Water		\$ 467,132
Sewer		96,171
Total Depreciation Expense - Business-Type Activities		<u>\$ 563,303</u>

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2014

Note 4: Other assets

Notes receivable

Balance at
June 30, 2014

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.	1,727,669
	Loans total	4,027,668
	Accrued interest on note receivable - a) above	129,643
	Loans receivable total	\$ 4,157,312

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, 2014

Note 5: Retirement plan (continued)

Funding policy

The City of San Jacinto is 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 2013 - 2014 was 22.191% for non-safety which was determined by an actuarial valuation of the plan as of June 30, 2011. 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 2014, the City's annual pension cost of \$664,738 for PERS was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2011, actuarial valuation using the entry age normal actuarial cost method.

Fiscal Year Ending	Annual Pension Cost (Employer Contribution) (in thousands)	Percentage of APC Contributed	Net Pension Obligation
6/30/2012	\$ 600	100%	\$ -
6/30/2013	\$ 716	100%	\$ -
6/30/2014	\$ 665	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, 2014

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, 2011
Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level Percent of Payroll
Average remaining period	20 years of the Valuation Date
Asset valuation method	15 years Smoothed Market
Actuarial assumptions:	
Investment rate of return	7.50% (net of administrative expenses)
Projected salary increases	3.20% to 14.20% depending on age, service and type of employment
Inflation	2.75%
Payroll growth	3.00%
Individual salary growth	A merit scale varying by duration of employment coupled with an assumed annual inflation component of 2.75% 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 7.5%. 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 the June 30, 2013 valuation date was 7 years for the Miscellaneous Plan.

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2014

Note 6: Long-term debt

A description of long-term debt outstanding as of June 30, 2014 follows:

a. Changes in long-term liabilities

Changes in long-term liabilities during the year ended June 30, 2014 were as follows:

	Balance at June 30, 2013	Additions	Deletions	Balance at June 30, 2014	Due within one year
<u>Governmental Activities</u>					
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	-
2014 pension obligation bonds	-	1,800,000	-	1,800,000	226,916
Loans Payable:					
Unfunded pension liability-inactive safety plan	1,756,600	-	(1,756,600)	-	-
Lease payable	49,163	-	(32,407)	16,756	16,756
Claims and judgment	274,819	-	(87,668)	187,151	-
Compensated absences	197,507	2,147	-	199,654	-
Governmental Activities Long-Term Liabilities	<u>\$ 3,911,580</u>	<u>\$ 1,802,147</u>	<u>\$ (1,876,675)</u>	<u>\$ 3,837,052</u>	<u>\$ 1,368,672</u>
<u>Business-Type Activities</u>					
Bonds Payable:					
1997 Revenue Bonds	\$ 1,805,000	\$ -	\$ (1,805,000)	\$ -	\$ -
2002 Revenue Bonds	1,125,000	-	(1,125,000)	-	-
2013 Installment sale	-	3,084,793	-	3,084,793	477,894
Business-Type Activities Long-Term Liabilities	<u>\$ 2,930,000</u>	<u>\$ 3,084,793</u>	<u>\$ (2,930,000)</u>	<u>\$ 3,084,793</u>	<u>\$ 477,894</u>

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, 2014 the reserve fund balance was zero due to the default of property owners.

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2014

Note 6: Long-term debt (continued)

In accordance with GASB Statement No. 6 “*Special Assessments*,” the special assessment debt has been reflected in the accompanying financial statements at June 30, 2014 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, 2014, 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 Positions and Governmental Funds Balance Sheet.

c. 2014 Pension Obligation Bonds – Governmental Activities

In June 2014, the City issued City of San Jacinto 2014 Taxable Pension Obligation Bond in the aggregate principal amount of \$1,800,000. The City issued the bonds in order to provide funds to refinance the PERS Side Fund Obligation of the City with respect to the City’s public safety employees and to pay the costs of issuance.

The bonds are dated June 12, 2014 and mature on July 1, 2021 in the principal amount and bear interest at the interest rate of 5.00% per annum.

Future debt service requirements for pension obligation bonds outstanding as of June 30, 2014 are as follows:

Fiscal year ending June 30,	Pension Obligation Principal	Refunding Bonds Interest	Total Payment
2015	\$ 226,916	\$ 67,707	\$ 294,623
2016	220,052	74,571	294,623
2017	231,262	63,361	294,623
2018	243,044	51,579	294,623
2019	255,426	39,197	294,623
2020-2022	623,300	39,600	662,900
Total	<u>\$ 1,800,000</u>	<u>\$ 336,015</u>	<u>\$ 2,136,015</u>

d. Capital lease payable – Governmental Activities

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 \$413,297 and \$242,909, respectively. In January 2013, the Street Sweeper was sold, the lease was paid off, and \$249,926 and \$212,437 of vehicle cost and depreciation, respectively, was removed. 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.

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2014

Note 6: Long-term debt (continued)

The combined outstanding balance at June 30, 2014 for both leases is \$16,756 and is scheduled for repayment as follows:

Fiscal year ending June 30,	Principal	Interest	Total Payment
2015	\$ 16,756	\$ 380	\$ 17,136
Total	<u>\$ 16,756</u>	<u>\$ 380</u>	<u>\$ 17,136</u>

e. Installment Sales – Business-type Activities

2013 Installment Sale

In August 2013, the City signed an installment sale agreement with Zions Bank in the amount of \$3,084,793, maturing in 10 years at an annual interest rate of 2.75%. The proceeds were used to refinance the outstanding 1997 Water Revenue Bonds and 2002 Water Revenue Bonds, in the amounts of \$1,805,000 and \$1,125,000, respectively, and pay costs of issuance related to the agreement. Interest was also paid in the amounts of \$49,638 and \$28,530, respectively. There was an optional redemption fee of \$5,625 for the 2002 bonds, but nothing for the 1997 bonds. Net revenues of the City's Water Enterprise have been pledged to the payment of the installment payments. The outstanding principal balance at June 30, 2014 is \$3,084,793.

The annual debt service requirements to maturity for the installment sale are as follows:

Fiscal year ending June 30,	2013 Installment Sale		Total Payment
	Principal	Interest	
2015	\$ 477,894	\$ 80,254	\$ 558,148
2016	496,070	66,951	563,021
2017	513,336	53,085	566,421
2018	519,784	38,819	558,603
2019	511,031	24,311	535,342
2020-2023	<u>566,678</u>	<u>39,361</u>	<u>606,039</u>
Totals	<u>\$ 3,084,793</u>	<u>\$ 302,781</u>	<u>\$ 3,387,574</u>

The City may prepay the principal component of the installment payments in whole or in part, on any date on or after October 1, 2018 by paying installment payments required to be paid on such date plus accrued interest to the date set for prepayment, with no prepayment premium.

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2014

Note 6: Long-term debt (continued)

f. 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, 2014 is \$1,060,000.
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, 2014 is \$62,469.

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2014

Note 6: Long-term debt (continued)

f. 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, 2014 is \$19,309,999.
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, 2014 is \$20,024,817.

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, 2014 were as follows:

Payable Fund	Receivable Fund General Fund
LLPD #2	\$ 2,375
TUMF Capital Projects	1,288,716
Non-Major Governmental Funds	769,844
Solid Waste	30,014
Internal Service Funds	1,257
Total	\$ 2,092,206

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

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2014

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

Interfund transactions - Advances

Individual fund interfund advances to and from balances at June 30, 2014 were as follows:

Payable Fund	Receivable Fund				Totals
	General Fund	Non-Major Governmental Funds	Enterprise - Water Fund	Enterprise - Sewer Fund	
City Capital Projects Fund	\$ 563,809	\$ 6,366,192	\$ 168,888	\$ 155,633	\$ 7,254,522
Community Facilities District 2003 Fund	3,960,001	-	-	-	3,960,001
Enterprise - Water Fund	-	-	-	161,071	161,071
Total	<u>\$ 4,523,810</u>	<u>\$ 6,366,192</u>	<u>\$ 168,888</u>	<u>\$ 316,704</u>	<u>\$ 11,375,594</u>

- > 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 Sewer Fund represent loans to the Water Fund.

Note 8: Transfers in and out

Individual fund transfers in and transfers out activity as of June 30, 2014 were as follows:

Transfers-In	Transfers-Out					Totals
	General Fund	TUMF Capital Projects Fund	Non-Major Governmental Funds	Internal Service Funds	Solid Waste Fund	
General Fund	\$ -	\$ -	\$ 611,249	\$ 179,551	\$ -	\$ 790,800
City Capital Projects Fund	292,922	8,651,500	2,433,435	-	-	11,377,857
LLPD #2	20,119	-	-	-	-	20,119
Non-Major Governmental Funds	56,652	-	-	-	-	56,652
Enterprise - Solid Waste Fund	49,773	-	-	-	-	49,773
Enterprise - Sewer Fund	36,640	-	-	-	29,121	65,761
Internal Service Funds	42,681	-	-	-	-	42,681
Total	<u>\$ 498,787</u>	<u>\$ 8,651,500</u>	<u>\$ 3,044,684</u>	<u>\$ 179,551</u>	<u>\$ 29,121</u>	<u>\$ 12,403,643</u>

- > Transfers to the General Fund from non-major governmental funds represent reimbursement for costs of public safety and code enforcement services, 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, 2014

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 are for operating transfers to cover ongoing negative cash balances.
- > Transfers to the Solid Waste Fund from the General Fund were to cover a negative cash balance after the closing transfer in FY 2012/13.
- > Transfers to Sewer Fund from the General Fund were to reimburse costs of maintenance project covered by received insurance proceeds, and from the Solid Waste Fund to correct the closing transfer in FY 2012/13.
- > Transfers to Internal Service funds from the General Fund are to reimburse costs of replacement equipment.

IV. OTHER DISCLOSURES

Note 9: 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, 2014, the amount of these liabilities was \$187,151.

This amount represents an estimate of \$167,284 for reported claims through June 30, 2014 and \$19,867 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
2011-2012	\$ 349,648	\$ (208,087)	\$ 141,561
2012-2013	141,561	133,258	274,819
2013-2014	274,819	(87,668)	187,151

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2014

Note 9: Risk management (continued)

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, 2014, which can be obtained from Public Entity Risk Management Authority, 77-670 Springfield Land, Suite 1A, Palm Desert, CA 92211.

Note 10: Commitments and contingencies

a. Construction commitments

The City has entered into various commitments for construction and/or capital projects. As of June 30, 2014, the City had outstanding contracts commitments of \$187,602

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.

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2014

Note 11: Fund balance reservations/designations

The City's Government Fund balances are detailed below:

	General	City Capital Projects	TUMF Capital Projects	Community Facilities District 2003	Successor Housing Authority	LLPD #2	Non-Major Governmental Funds	Total Governmental Funds
Nonspendable:								
Prepays	\$ 121,932	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 121,932
Advances receivable	4,523,810	-	-	-	-	-	6,366,192	10,890,002
Land held for resale	-	-	-	-	292,859	-	-	292,859
Total Nonspendable	<u>4,645,742</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>292,859</u>	<u>-</u>	<u>6,366,192</u>	<u>11,304,793</u>
Restricted:								
Lighting and landscape	-	-	-	-	-	7,692,233	-	7,692,233
Other government restrictions	-	-	-	-	11,103	-	7,871,517	7,882,620
Total Restricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,103</u>	<u>7,692,233</u>	<u>7,871,517</u>	<u>15,574,853</u>
Assigned:								
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,474,106</u>	<u>1,474,106</u>
Unassigned:								
	<u>12,977,949</u>	<u>-</u>	<u>(771,956)</u>	<u>(4,351,118)</u>	<u>-</u>	<u>-</u>	<u>(851,715)</u>	<u>7,003,160</u>
Total Fund Balances	<u>\$ 17,623,691</u>	<u>\$ -</u>	<u>\$ (771,956)</u>	<u>\$ (4,351,118)</u>	<u>\$ 303,962</u>	<u>\$ 7,692,233</u>	<u>\$ 14,860,100</u>	<u>\$ 35,356,912</u>

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 \$2,636,039 15.25 percent of fiscal year June 30, 2014 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, 2014

Note 12: 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 City council, in many cases, also served as the governing board for those agencies).

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.

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, 2014 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, 2014</u>	<u>Due within one year</u>
Loans Payable:					
EMWD	\$ 20,321	\$ -	\$ (20,321)	\$ -	\$ -
Bonds Payable:					
2005 Tax Allocation Bonds	<u>8,010,000</u>	<u>-</u>	<u>(230,000)</u>	<u>7,780,000</u>	<u>235,000</u>
Total long-term liabilities	<u>\$ 8,030,321</u>	<u>\$ -</u>	<u>\$ (250,321)</u>	<u>\$ 7,780,000</u>	<u>\$ 235,000</u>

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

<u>Fiscal year ending June 30,</u>	<u>2005 Tax Allocation Bonds</u>		<u>Total Payment</u>
	<u>Principal</u>	<u>Interest</u>	
2015	\$ 235,000	\$ 341,635	\$ 576,635
2016	245,000	332,872	577,872
2017	255,000	323,495	578,495
2018	265,000	313,483	578,483
2019	275,000	302,815	577,815
2020-2024	1,560,000	1,317,150	2,877,150
2025-2029	1,945,000	921,548	2,866,548
2030-2034	2,440,000	419,600	2,859,600
2035	<u>560,000</u>	<u>12,730</u>	<u>572,730</u>
Totals	<u>\$ 7,780,000</u>	<u>\$ 4,285,328</u>	<u>\$ 12,065,328</u>

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2014

Note 13: 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, 2014 (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.

Note 14: Subsequent event

In September 2014, the City reached a litigation settlement agreement with TMH Enterprises, Inc in the amount of \$225,000 in exchange for a full settlement of a lawsuit and release of claims by plaintiffs and conveyance by plaintiffs to the City of two parcels of real property as identified in the settlement agreement.

Required Supplementary Information

**Required Supplementary Information
City of San Jacinto
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 6,081,637	\$ 6,081,637	\$ 6,175,963	\$ 94,326
Licenses and permits	475,024	475,024	620,191	145,167
Fines and forfeitures	395,500	395,500	830,425	434,925
Development fees	-	-	82,138	82,138
Intergovernmental	2,492,804	2,492,804	2,907,855	415,051
Charges for services	265,000	265,000	267,714	2,714
Investment earnings	190,250	190,250	148,712	(41,538)
Other	3,153,775	3,153,775	3,110,824	(42,951)
Total Revenues	<u>13,053,990</u>	<u>13,053,990</u>	<u>14,143,822</u>	<u>1,089,832</u>
EXPENDITURES				
Current:				
General government	2,688,136	2,705,997	3,840,986	(1,134,989)
Public safety	10,709,097	10,709,097	11,746,412	(1,037,315)
Public works	321,684	321,684	418,422	(96,738)
Community development	3,106,549	3,107,188	2,487,118	620,070
Culture and leisure	303,083	303,083	348,407	(45,324)
Debt service:				
Principal	32,626	32,626	32,407	219
Interest	1,877	1,877	1,864	13
Capital outlay	126,935	126,935	539	126,396
Total Expenditures	<u>17,289,987</u>	<u>17,308,487</u>	<u>18,876,155</u>	<u>(1,567,668)</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	<u>(4,235,997)</u>	<u>(4,254,497)</u>	<u>(4,732,333)</u>	<u>(477,836)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of property	-	-	4	4
Issuance of long-term debt	-	-	1,800,000	1,800,000
Transfers in	440,430	440,430	790,800	350,370
Transfers out	(2,254,356)	(2,167,239)	(498,787)	1,668,452
Total Other Financing Sources (Uses)	<u>(1,813,926)</u>	<u>(1,726,809)</u>	<u>2,092,017</u>	<u>3,818,826</u>
Net Change in Fund Balance	<u>(6,049,923)</u>	<u>(5,981,306)</u>	<u>(2,640,316)</u>	<u>3,340,990</u>
Fund Balance, Beginning of Year	20,264,007	20,264,007	20,264,007	-
Fund Balance, End of Year	<u>\$ 14,214,084</u>	<u>\$ 14,282,701</u>	<u>\$ 17,623,691</u>	<u>\$ 3,340,990</u>

Required Supplementary Information
City of San Jacinto
Budgetary Comparison Schedule - Community Facilities District 2003 Fund
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Assessments	\$ 1,798,000	\$ 1,798,000	\$ 2,013,522	\$ 215,522
Total Revenues	<u>1,798,000</u>	<u>1,798,000</u>	<u>2,013,522</u>	<u>215,522</u>
EXPENDITURES				
Current:				
General government	27,100	27,100	25,529	1,571
Public safety	2,795,317	2,795,317	2,638,052	157,265
Debt service:				
Interest	10,500	10,500	9,274	1,226
Total Expenditures	<u>2,832,917</u>	<u>2,832,917</u>	<u>2,672,855</u>	<u>160,062</u>
Net Change in Fund Balance	(1,034,917)	(1,034,917)	(659,333)	375,584
Fund Balance, Beginning of Year	<u>(3,691,785)</u>	<u>(3,691,785)</u>	<u>(3,691,785)</u>	-
Fund Balance, End of Year	<u>\$ (4,726,702)</u>	<u>\$ (4,726,702)</u>	<u>\$ (4,351,118)</u>	<u>\$ 375,584</u>

**Required Supplementary Information
City of San Jacinto
Budgetary Comparison Schedule - LLPD #2 Fund
For the Year Ended June 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Assessments	\$ 2,163,647	2,163,647	\$ 2,545,704	\$ 382,057
Development fees	17,000	17,000	19,006	2,006
Investment earnings	70,125	70,125	40,294	(29,831)
Other	(363,647)	(363,647)	-	363,647
Total Revenues	<u>1,887,125</u>	<u>1,887,125</u>	<u>2,605,004</u>	<u>717,879</u>
EXPENDITURES				
Current:				
Community development	4,227,947	3,779,947	2,595,657	1,184,290
Capital outlay	-	448,000	-	448,000
Total Expenditures	<u>4,227,947</u>	<u>4,227,947</u>	<u>2,595,657</u>	<u>1,632,290</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	<u>(2,340,822)</u>	<u>(2,340,822)</u>	<u>9,347</u>	<u>2,350,169</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	17,000	17,000	20,119	3,119
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>17,000</u>	<u>17,000</u>	<u>20,119</u>	<u>3,119</u>
Net Change in Fund Balance	<u>(2,323,822)</u>	<u>(2,323,822)</u>	<u>29,466</u>	<u>2,353,288</u>
Fund Balance, Beginning of Year	7,662,767	7,662,767	7,662,767	-
Fund Balance, End of Year	<u>\$ 5,338,945</u>	<u>\$ 5,338,945</u>	<u>\$ 7,692,233</u>	<u>\$ 2,353,288</u>

Non-Major Governmental Funds

**City of San Jacinto
Combining Balance Sheet
Non-Major Special Revenue Funds
June 30, 2014**

	Special Revenue Funds			
	Gas Tax	Measure A	Traffic Safety	CFD #2003-2 Sewer Lift Operations
ASSETS				
Cash and investments	\$ 1,029,332	\$ 180,820	\$ -	\$ -
Receivables:				
Accounts	-	-	-	-
Taxes and assessments	-	-	-	584
Due from other governments	36,248	119,589	6,567	-
Advances receivable	-	3,115,359	273,200	-
Total Assets	<u>\$ 1,065,580</u>	<u>\$ 3,415,768</u>	<u>\$ 279,767</u>	<u>\$ 584</u>
LIABILITIES				
Accounts payable	\$ 2,247	\$ -	\$ 2,552	\$ 140
Accrued payroll	-	-	-	-
Due to other funds	-	-	-	-
Due to other governments	-	-	-	-
Unearned revenue	-	-	-	-
Total Liabilities	<u>2,247</u>	<u>-</u>	<u>2,552</u>	<u>140</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	-	-	-	-
FUND BALANCES				
Nonspendable	-	3,115,359	273,200	-
Restricted	1,063,333	300,409	4,015	444
Unassigned	-	-	-	-
Total Fund Balances (deficit)	<u>1,063,333</u>	<u>3,415,768</u>	<u>277,215</u>	<u>444</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,065,580</u>	<u>\$ 3,415,768</u>	<u>\$ 279,767</u>	<u>\$ 584</u>

Special Revenue Funds

CFD #2010-1 Administrative Fund	LLPD #1	Parkway Development	CSA 152	Bus Shelter	Public Safety Sales Tax
\$ 5,207	\$ 25,439	\$ 49,195	\$ -	\$ 499	\$ -
-	-	-	-	-	-
-	11,816	-	-	-	-
-	-	-	65,558	-	18,639
-	-	22,568	-	-	-
<u>\$ 5,207</u>	<u>\$ 37,255</u>	<u>\$ 71,763</u>	<u>\$ 65,558</u>	<u>\$ 499</u>	<u>\$ 18,639</u>
\$ 48	\$ 37,255	\$ -	\$ 307	\$ 14	\$ -
-	-	-	2,219	485	-
-	-	-	63,032	-	-
5,159	-	-	-	-	-
-	-	-	-	-	-
<u>5,207</u>	<u>37,255</u>	<u>-</u>	<u>65,558</u>	<u>499</u>	<u>-</u>
-	-	-	-	-	-
-	-	22,568	-	-	-
-	-	49,195	-	-	18,639
-	-	-	-	-	-
-	-	71,763	-	-	18,639
<u>\$ 5,207</u>	<u>\$ 37,255</u>	<u>\$ 71,763</u>	<u>\$ 65,558</u>	<u>\$ 499</u>	<u>\$ 18,639</u>

City of San Jacinto
Combining Balance Sheet
Non-Major Special Revenue Funds
June 30, 2014

	Special Revenue Funds			
	Air Quality Improvement	AB3229 COPS Program	Fire Mitigation	SB 621 Gaming Impact Grants
ASSETS				
Cash and investments	\$ 121,020	\$ 188,291	\$ 576,562	\$ 508,016
Receivables:				
Accounts	-	-	-	-
Taxes and assessments	-	-	-	-
Due from other governments	14,567	-	-	-
Advances receivable	-	-	-	-
Total Assets	<u>\$ 135,587</u>	<u>\$ 188,291</u>	<u>\$ 576,562</u>	<u>\$ 508,016</u>
LIABILITIES				
Accounts payable	\$ -	\$ 70,560	\$ -	\$ -
Accrued payroll	-	-	-	-
Due to other funds	-	-	-	-
Due to other governments	-	-	-	-
Unearned revenue	-	-	-	508,791
Total Liabilities	<u>-</u>	<u>70,560</u>	<u>-</u>	<u>508,791</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	135,587	117,731	576,562	-
Unassigned	-	-	-	(775)
Total Fund Balances (deficit)	<u>135,587</u>	<u>117,731</u>	<u>576,562</u>	<u>(775)</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 135,587</u>	<u>\$ 188,291</u>	<u>\$ 576,562</u>	<u>\$ 508,016</u>

Special Revenue Funds

AB1600	Special District Administration	Asset Seizure	Assessment District 2003-01	Developer Impact Fees
\$ 12,353	\$ 152,353	\$ 208,083	\$ 2,803,127	\$ 2,421,162
-	-	-	-	-
-	-	-	12,763	-
-	-	-	-	-
487,570	-	-	-	514,638
<u>\$ 499,923</u>	<u>\$ 152,353</u>	<u>\$ 208,083</u>	<u>\$ 2,815,890</u>	<u>\$ 2,935,800</u>
\$ 245	\$ 1,500	\$ -	\$ 11,265	\$ 820
-	4,797	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>245</u>	<u>6,297</u>	<u>-</u>	<u>11,265</u>	<u>820</u>
-	16,710	-	-	-
487,570	-	-	-	514,638
12,108	129,346	208,083	2,804,625	2,420,342
-	-	-	-	-
<u>499,678</u>	<u>129,346</u>	<u>208,083</u>	<u>2,804,625</u>	<u>2,934,980</u>
<u>\$ 499,923</u>	<u>\$ 152,353</u>	<u>\$ 208,083</u>	<u>\$ 2,815,890</u>	<u>\$ 2,935,800</u>

City of San Jacinto
Combining Balance Sheet
Non-Major Special Revenue Funds
June 30, 2014

	Special Revenue Funds		Total Special Revenue Funds
	Vandalism & Graffiti Reward	CDBG	
ASSETS			
Cash and investments	\$ 30,759	\$ -	\$ 8,312,218
Receivables:			
Accounts	49,972	-	49,972
Taxes and assessments	-	-	25,163
Due from other governments	-	-	261,168
Advances receivable	-	-	4,413,335
Total Assets	<u>\$ 80,731</u>	<u>\$ -</u>	<u>\$ 13,061,856</u>
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ 126,953
Accrued payroll	-	-	7,501
Due to other funds	-	406,358	469,390
Due to other governments	-	-	5,159
Unearned revenue	-	-	508,791
Total Liabilities	<u>-</u>	<u>406,358</u>	<u>1,117,794</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	49,633	-	66,343
FUND BALANCES			
Nonspendable	-	-	4,413,335
Restricted	31,098	-	7,871,517
Unassigned	-	(406,358)	(407,133)
Total Fund Balances (deficit)	<u>31,098</u>	<u>(406,358)</u>	<u>11,877,719</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 80,731</u>	<u>\$ -</u>	<u>\$ 13,061,856</u>

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**City of San Jacinto
Combining Balance Sheet
Non-Major Capital Projects and Debt Service Funds
June 30, 2014**

	Underground Utility	Flood Control	Traffic Signalization
ASSETS			
Cash and investments	\$ 973,505	\$ 75,606	\$ 123,910
Receivables:			
Accounts	-	-	-
Taxes and assessments	-	-	-
Due from other governments	-	106,994	-
Advances receivable	-	1,504,965	180,839
Total Assets	<u>\$ 973,505</u>	<u>\$ 1,687,565</u>	<u>\$ 304,749</u>
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
Accrued payroll	-	-	-
Due to other funds	-	-	-
Due to other governments	-	-	-
Unearned revenue	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Nonspendable	-	1,504,965	180,839
Restricted	-	-	-
Assigned	973,505	182,600	123,910
Unassigned	-	-	-
Total Fund Balances (deficit)	<u>973,505</u>	<u>1,687,565</u>	<u>304,749</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 973,505</u>	<u>\$ 1,687,565</u>	<u>\$ 304,749</u>

<u>Capital Projects</u> Highway 79 Capital Projects	Total Capital Projects Funds	<u>Debt Service</u> Assessment District 87-1 Debt Service	Total Debt Service	Total Non-Major Governmental Funds
\$ 194,091	\$ 1,367,112	\$ -	\$ -	\$ 9,679,330
-	-	-	-	49,972
-	-	1,633,491	1,633,491	1,658,654
-	106,994	-	-	368,162
267,053	1,952,857	-	-	6,366,192
<u>\$ 461,144</u>	<u>\$ 3,426,963</u>	<u>\$ 1,633,491</u>	<u>\$ 1,633,491</u>	<u>\$ 18,122,310</u>
\$ -	\$ -	\$ -	\$ -	\$ 126,953
-	-	-	-	7,501
-	-	300,454	300,454	769,844
-	-	144,128	144,128	149,287
-	-	1,633,491	1,633,491	2,142,282
-	-	<u>2,078,073</u>	<u>2,078,073</u>	<u>3,195,867</u>
-	-	-	-	66,343
267,053	1,952,857	-	-	6,366,192
-	-	-	-	7,871,517
194,091	1,474,106	-	-	1,474,106
-	-	(444,582)	(444,582)	(851,715)
<u>461,144</u>	<u>3,426,963</u>	<u>(444,582)</u>	<u>(444,582)</u>	<u>14,860,100</u>
<u>\$ 461,144</u>	<u>\$ 3,426,963</u>	<u>\$ 1,633,491</u>	<u>\$ 1,633,491</u>	<u>\$ 18,122,310</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, 2014

	Special Revenue Funds			
	Gas Tax	Measure A	Traffic Safety	CFD #2003-2 Sewer Lift Operations
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ 18,175
Assessments	-	-	-	-
Fines and forfeitures	-	-	86,101	-
Development fees	-	-	-	-
Intergovernmental	1,374,284	721,358	-	-
Investment earnings	6,067	16,976	-	9
Other	-	-	-	165
Total Revenues	<u>1,380,351</u>	<u>738,334</u>	<u>86,101</u>	<u>18,349</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	-	48,725	-
Public works	774,661	42,581	15,181	17,905
Community development	-	-	-	-
Culture and leisure	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	<u>774,661</u>	<u>42,581</u>	<u>63,906</u>	<u>17,905</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>605,690</u>	<u>695,753</u>	<u>22,195</u>	<u>444</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(374,730)	(224,726)	(25,062)	-
Total Other Financing Sources (Uses)	<u>(374,730)</u>	<u>(224,726)</u>	<u>(25,062)</u>	<u>-</u>
Net Change in Fund Balances	230,960	471,027	(2,867)	444
Fund Balances (deficit), Beginning of Year	832,373	2,944,741	280,082	-
Fund Balances (deficit), End of Year	<u>\$ 1,063,333</u>	<u>\$ 3,415,768</u>	<u>\$ 277,215</u>	<u>\$ 444</u>

Special Revenue Funds

CFD #2010-1 Administrative Fund	LLPD #1	Parkway Development	CSA 152	Bus Shelter	Public Safety Sales Tax
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 236,756
-	661,273	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	132,249	-	-
-	-	449	-	-	117
-	25,411	-	-	24,000	-
-	686,684	449	132,249	24,000	236,873
-	4,059	-	-	-	-
-	-	-	-	-	-
-	-	-	111,741	-	-
-	-	-	-	34,468	-
-	682,625	-	-	-	-
-	-	-	-	-	-
-	686,684	-	111,741	34,468	-
-	-	449	20,508	(10,468)	236,873
-	-	-	46,184	10,468	-
-	-	(5,407)	-	-	(235,455)
-	-	(5,407)	46,184	10,468	(235,455)
-	-	(4,958)	66,692	-	1,418
-	-	76,721	(66,692)	-	17,221
\$ -	\$ -	\$ 71,763	\$ -	\$ -	\$ 18,639

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, 2014

	Special Revenue Funds			
	Air Quality Improvement	AB3229 COPS Program	Fire Mitigation	SB 621 Gaming Impact Grants
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Assessments	-	-	-	-
Fines and forfeitures	-	-	-	-
Development fees	-	-	3,688	-
Intergovernmental	55,939	108,333	-	379,531
Investment earnings	828	989	3,225	2,018
Other	-	-	-	-
Total Revenues	<u>56,767</u>	<u>109,322</u>	<u>6,913</u>	<u>381,549</u>
EXPENDITURES				
Current:				
General government	-	-	-	2,000
Public safety	-	500	-	-
Public works	6,000	-	-	-
Community development	-	-	-	-
Culture and leisure	-	-	-	-
Capital outlay	76,434	191,077	-	1,441
Total Expenditures	<u>82,434</u>	<u>191,577</u>	<u>-</u>	<u>3,441</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(25,667)</u>	<u>(82,255)</u>	<u>6,913</u>	<u>378,108</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	(344,636)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(344,636)</u>
Net Change in Fund Balances	(25,667)	(82,255)	6,913	33,472
Fund Balances (deficit), Beginning of Year	161,254	199,986	569,649	(34,247)
Fund Balances (deficit), End of Year	<u>\$ 135,587</u>	<u>\$ 117,731</u>	<u>\$ 576,562</u>	<u>\$ (775)</u>

Special Revenue Funds

AB1600	Special District Administration	Asset Seizure	Assessment District 2003-01	Developer Impact Fees
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	553,767	-
-	-	-	-	-
9,486	-	-	-	111,823
-	-	-	-	-
2,872	-	1,880	13,594	16,297
-	327,176	-	-	-
<u>12,358</u>	<u>327,176</u>	<u>1,880</u>	<u>567,361</u>	<u>128,120</u>
-	-	-	-	19,001
-	-	25,357	-	-
-	-	-	39,385	-
4,876	252,293	-	-	-
-	-	-	-	-
-	-	-	-	20,256
<u>4,876</u>	<u>252,293</u>	<u>25,357</u>	<u>39,385</u>	<u>39,257</u>
<u>7,482</u>	<u>74,883</u>	<u>(23,477)</u>	<u>527,976</u>	<u>88,863</u>
-	-	-	-	-
(50)	(97,768)	-	-	-
<u>(50)</u>	<u>(97,768)</u>	<u>-</u>	<u>-</u>	<u>-</u>
7,432	(22,885)	(23,477)	527,976	88,863
492,246	152,231	231,560	2,276,649	2,846,117
<u>\$ 499,678</u>	<u>\$ 129,346</u>	<u>\$ 208,083</u>	<u>\$ 2,804,625</u>	<u>\$ 2,934,980</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, 2014

	Special Revenue Funds		
	Vandalism & Graffiti Reward	CDBG	Total Special Revenue Funds
REVENUES			
Taxes	\$ -	\$ -	\$ 254,931
Assessments	-	-	1,215,040
Fines and forfeitures	-	-	86,101
Development fees	-	-	124,997
Intergovernmental	-	81,878	2,853,572
Investment earnings	-	-	65,321
Other	4,665	-	381,417
Total Revenues	4,665	81,878	4,981,379
EXPENDITURES			
Current:			
General government	-	-	25,060
Public safety	-	-	74,582
Public works	-	-	1,007,454
Community development	-	-	291,637
Culture and leisure	-	-	682,625
Capital outlay	-	-	289,208
Total Expenditures	-	-	2,370,566
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,665	81,878	2,610,813
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	56,652
Transfers out	-	(467,367)	(1,775,201)
Total Other Financing Sources (Uses)	-	(467,367)	(1,718,549)
Net Change in Fund Balances	4,665	(385,489)	892,264
Fund Balances (deficit), Beginning of Year	26,433	(20,869)	10,985,455
Fund Balances (deficit), End of Year	\$ 31,098	\$ (406,358)	\$ 11,877,719

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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, 2014

	Underground Utility	Flood Control	Traffic Signalization
REVENUES			
Taxes	\$ -	\$ -	\$ -
Assessments	-	-	-
Fines and forfeitures	-	-	-
Development fees	-	29,000	5,133
Intergovernmental	-	-	-
Investment earnings	5,455	12,392	1,706
Other	-	-	-
Total Revenues	<u>5,455</u>	<u>41,392</u>	<u>6,839</u>
EXPENDITURES			
Current:			
General government	-	-	-
Public safety	-	-	-
Public works	-	81,695	3,258
Community development	-	-	-
Culture and leisure	-	-	-
Capital outlay	-	-	-
Total Expenditures	<u>-</u>	<u>81,695</u>	<u>3,258</u>
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	<u>5,455</u>	<u>(40,303)</u>	<u>3,581</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	(1,178,207)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(1,178,207)</u>	<u>-</u>
Net Change in Fund Balances	5,455	(1,218,510)	3,581
Fund Balances (deficit), Beginning of Year	968,050	2,906,075	301,168
Fund Balances (deficit), End of Year	<u>\$ 973,505</u>	<u>\$ 1,687,565</u>	<u>\$ 304,749</u>

<u>Capital Projects</u> Highway 79 Capital Projects	<u>Total</u> Capital Projects Funds	<u>Debt Service</u> Assessment District 87-1 Debt Service	<u>Total</u> Debt Service	<u>Total</u> Non-Major Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 254,931
-	-	-	-	1,215,040
-	-	-	-	86,101
-	34,133	-	-	159,130
-	-	-	-	2,853,572
-	19,553	-	-	84,874
-	-	-	-	381,417
-	<u>53,686</u>	-	-	<u>5,035,065</u>
-	-	1,575	1,575	26,635
-	-	-	-	74,582
-	84,953	-	-	1,092,407
-	-	-	-	291,637
-	-	-	-	682,625
-	-	-	-	289,208
-	<u>84,953</u>	<u>1,575</u>	<u>1,575</u>	<u>2,457,094</u>
-	<u>(31,267)</u>	<u>(1,575)</u>	<u>(1,575)</u>	<u>2,577,971</u>
-	-	-	-	56,652
<u>(91,276)</u>	<u>(1,269,483)</u>	-	-	<u>(3,044,684)</u>
<u>(91,276)</u>	<u>(1,269,483)</u>	-	-	<u>(2,988,032)</u>
(91,276)	(1,300,750)	(1,575)	(1,575)	(410,061)
552,420	4,727,713	(443,007)	(443,007)	15,270,161
<u>\$ 461,144</u>	<u>\$ 3,426,963</u>	<u>\$ (444,582)</u>	<u>\$ (444,582)</u>	<u>\$ 14,860,100</u>

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