

CITY OF SAN JACINTO, CALIFORNIA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2015

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**City of San Jacinto
Annual Financial Report
For the Year Ended June 30, 2015**

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The Honorable Mayor and Members of City Council
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, 2015, 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, 2015, 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. 68, Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27 and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68. Our opinions are 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, budgetary comparison information, the schedule of the City's proportionate share of the plan's net pension liability and related ratios as of the measurement date, and the schedule of plan contributions, 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 January 28, 2016 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
January 28, 2016

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**CITY OF SAN JACINTO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015**

As management of the City of San Jacinto, we offer readers of the City of San Jacinto's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ending June 30, 2015. We encourage readers to consider the information presented here in conjunction with the City's financial statements, which follow this discussion.

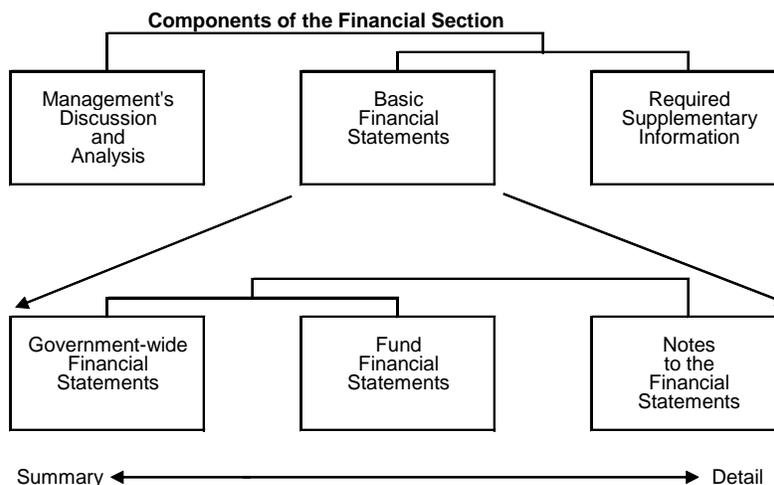
FINANCIAL HIGHLIGHTS

- Total assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$157,079,331 (net position). Of this amount, \$13,444,180 represents unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net position decreased by \$4,345,655, or 2.7 percent from the prior fiscal year mainly due to the implementation of GASB Statement No. 68, which requires the City of San Jacinto to record its long-term net pension obligation as a liability. Consequently, the City's total outstanding long-term debt increased by \$3,711,223.
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$33,556,766, a decrease of \$1,800,146 in comparison with the prior year. Approximately 19.1 percent of this amount (\$6,393,475) is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unrestricted fund balance (the total of the unassigned components of fund balance) for the general fund was \$11,653,082, or approximately 74.1 percent of total general fund expenditures.

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, 2015**

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.
- *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.

**CITY OF SAN JACINTO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015**

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, 2015 and 2014
(in thousands)**

	Governmental Activities		Business-type Activities		Total Primary Government		Total Percent Change
	2015	2014	2015	2014	2015	2014	
Cash and investments	\$ 34,537	\$ 36,943	\$ 3,467	\$ 2,403	\$ 38,004	\$ 39,346	-3.4%
Current and other assets	9,898	10,109	1,071	1,503	10,969	11,612	-5.5%
Capital assets, net	114,957	113,702	10,673	10,853	125,630	124,555	0.9%
Total assets	<u>159,392</u>	<u>160,754</u>	<u>15,211</u>	<u>14,759</u>	<u>174,603</u>	<u>175,513</u>	-0.5%
Deferred Outflows of Resources	566	-	221	81	787	81	871.6%
Long-term liabilities	5,225	2,468	3,045	2,607	8,270	5,075	63.0%
Other liabilities	7,821	7,891	1,135	1,195	8,956	9,086	-1.4%
Total liabilities	<u>13,046</u>	<u>10,359</u>	<u>4,180</u>	<u>3,802</u>	<u>17,226</u>	<u>14,161</u>	21.6%
Net position:							
Deferred Inflows of Resources	867	-	217	-	1,084	-	
Net investment in capital assets	113,323	113,685	8,066	7,768	121,389	121,453	-0.1%
Restricted	22,246	23,708	-	-	22,246	23,708	-6.2%
Unrestricted	10,476	13,002	2,969	3,270	13,445	16,272	-17.4%
Total net position	<u>\$ 146,045</u>	<u>\$ 150,395</u>	<u>\$ 11,035</u>	<u>\$ 11,038</u>	<u>\$ 157,080</u>	<u>\$ 161,433</u>	-2.7%

Net position represents the difference between the City's resources and its obligations. At June 30, 2015, the largest portion of the City's total net position, approximately 77 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 .04 percent to \$11,034,728, 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, 2015**

**City of San Jacinto
Government-wide Financial Statements - Changes in Net Position
For the fiscal year ended June 30, 2015 and 2014
(in thousands)**

	Governmental Activities		Business-type Activities		Total Primary Government		Total Percent Change
	2015	2014	2015	2014	2015	2014	
Revenues							
Program revenues:							
Charges for services	\$ 3,971	\$ 4,259	\$ 4,876	\$ 4,428	\$ 8,847	\$ 8,687	1.8%
Operating grants and contributions	5,971	6,350	-	-	5,971	6,350	-6.0%
Capital grants and contributions	8,774	12,823	-	-	8,774	12,823	-31.6%
General revenues:							
Property taxes	2,235	2,007	-	-	2,235	2,007	11.4%
Transient occupancy taxes	34	27	-	-	34	27	25.9%
Franchise taxes	1,931	1,859	-	-	1,931	1,859	3.9%
Sales taxes	2,395	2,371	-	-	2,395	2,371	1.0%
Motor vehicle in lieu taxes	2,797	2,549	-	-	2,797	2,549	9.7%
Other taxes	201	196	-	-	201	196	2.6%
Other	418	175	28	107	446	282	58.2%
Total revenues	<u>28,727</u>	<u>32,616</u>	<u>4,904</u>	<u>4,535</u>	<u>33,631</u>	<u>37,151</u>	-9.5%
Expenses							
Governmental activities:							
General government	2,985	6,348	-	-	2,985	6,348	-53.0%
Public safety	12,899	13,350	-	-	12,899	13,350	-3.4%
Public works	7,004	6,108	-	-	7,004	6,108	14.7%
Community development	5,320	5,571	-	-	5,320	5,571	-4.5%
Culture and leisure	889	1,060	-	-	889	1,060	-16.1%
Interest on long-term debt	95	15	-	-	95	15	533.3%
Business-type activities:							
Water	-	-	3,132	3,324	3,132	3,324	-5.8%
Solid waste	-	-	11	21	11	21	-47.6%
Sewer	-	-	790	968	790	968	-18.4%
Total expenses	<u>29,192</u>	<u>32,452</u>	<u>3,933</u>	<u>4,313</u>	<u>33,125</u>	<u>36,765</u>	-9.9%
Increase (decrease) in net position	<u>\$ (465)</u>	<u>\$ 164</u>	<u>\$ 971</u>	<u>\$ 222</u>	<u>\$ 506</u>	<u>\$ 386</u>	31.1%

**CITY OF SAN JACINTO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015**

Revenue

The City's total revenue was \$33,630,756 for the year ended June 30, 2015. Revenue from governmental activities totaled \$28,737,505 and revenue from business-type activities totaled \$4,893,251. During 2015, capital grants and contributions, restricted to the construction of capital assets, comprised 26 percent of the total revenue of the City, taxes and other general revenues provided 30 percent of the total revenue of the City, and charges for services and operating grants and contributions provided 30 percent of the total revenue of the City.

Most of the revenues remained stable from 2014 to 2015, except for the decrease in capital contributions and grants due to significant completion of the widening of a major thoroughfare in the City in 2014.

Expenses

The City's expenses totaled \$33,124,795 for the year. Governmental activity expenses totaled \$29,191,716, or 88 percent of total expenses. Business-type activities incurred \$3,933,079 of expenses during the year, or 12 percent of total expenses.

The majority of the decrease in general government relates to a lawsuit settlement in 2014.

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, 2015 and 2014
(in thousands)**

	Total Cost			Net Cost		
	of Services		Percent	of Services		Percent
	2015	2014	Change	2015	2014	Change
General government	\$ 2,985	\$ 6,348	-53.0%	\$ 516	\$ 3,774	-86.3%
Public safety	12,899	13,351	-3.4%	9,517	9,515	0.0%
Public works	7,004	6,108	14.7%	18	(5,606)	-100.3%
Community development	5,320	5,571	-4.5%	(559)	264	-311.7%
Culture and leisure	889	1,060	-16.1%	889	1,060	-16.1%
Total	\$ 29,097	\$ 32,438	-10.3%	\$ 10,381	\$ 9,007	15.3%

The cost for all governmental activities this year was \$29,096,844 not including interest expense of \$94,872. The City's taxpayers paid for approximately 33 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, 2015**

Business-type Activities

Charges for services of the City's business-type activities totaled \$4,875,664. Expenses of business-type activities were \$3,933,079. 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, 2015 of \$33,556,766, a decrease of \$1,800,146 from the previous fiscal year. Within the change of combined fund balances, the General Fund decreased by \$1,115,481, related to the continued economic downturn and the loss of redevelopment.

**City of San Jacinto
Fund Financial Statements - Fund Balances
As of June 30, 2015 and 2014
(in thousands)**

	<u>2015</u>	<u>2014</u>	<u>Percent Change</u>
Nonspendable:			
Prepays	\$ 44	\$ 122	-63.9%
Advances receivable	9,708	10,890	-10.9%
Land held for resale	293	293	0.0%
Total nonspendable fund balances	<u>10,045</u>	<u>11,305</u>	-11.1%
Restricted:			
Special revenue funds	<u>15,735</u>	<u>15,575</u>	1.0%
Total restricted fund balances	<u>15,735</u>	<u>15,575</u>	1.0%
Assigned:			
Capital projects funds	<u>1,384</u>	<u>1,474</u>	-6.1%
Total assigned fund balances	<u>1,384</u>	<u>1,474</u>	-6.1%
Unassigned:			
General fund	11,653	12,978	-10.2%
Debt service funds	(447)	(445)	0.4%
Special revenue funds	(4,597)	(4,758)	-3.4%
Capital projects funds	<u>(216)</u>	<u>(772)</u>	-72.0%
Total unassigned fund balances	<u>6,393</u>	<u>7,003</u>	-8.7%
Total fund balance	<u>\$ 33,557</u>	<u>\$ 35,357</u>	-5.1%

**CITY OF SAN JACINTO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015**

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 2014 were re-appropriated in 2015 as part of the City's capital budget.

After taking into account these adjustments, actual expenditures were \$513,334 under the final budget amounts, attributable to expenditure savings in community development and public safety costs.

Resources available for appropriation were \$601,147 higher than the final budgeted amount. The following significant revenue sources were different than anticipated:

- Licenses and permits were approximately 108 percent over budget.
- Intergovernmental revenues were approximately 15 percent under budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2015, the City had invested \$125,629,569 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, 2015 and 2014
(net of depreciation, in thousands)**

	Governmental		Business-type		Total	
	Activities		Activities			
	2015	2014	2015	2014	2015	2014
Capital assets not being depreciated:						
Land and improvements	\$ 3,312	\$ 3,225	\$ 55	\$ 55	\$ 3,367	\$ 3,280
Construction in progress	10,018	6,542	-	-	10,018	6,542
Depreciable capital assets, net of accumulated depreciation:						
Buildings and system	5,303	5,479	4,246	4,382	9,549	9,861
Machinery and equipment	476	600	693	739	1,169	1,339
Improvements other than buildings	2,444	2,578	5,679	5,677	8,123	8,255
Infrastructure	93,403	95,278	-	-	93,403	95,278
Total	\$ 114,956	\$ 113,702	\$ 10,673	\$ 10,853	\$ 125,629	\$ 124,555

**CITY OF SAN JACINTO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015**

This year's major capital asset additions included:

Government-wide, governmental activities:

- Two road improvement projects completed at a final cost of \$1,276,629.
- Two storm drain improvement projects completed at a final cost of \$1,690,370.

Government-wide, business-type activities:

- One waterline upgrade project completed at a total cost of \$355,596.

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

Long-term Debt

At June 30, 2015, the City had \$10,678,366 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, 2015 and 2014
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Revenue and other bonds, net	\$ 1,573	\$ 1,800	\$ -	\$ -	\$ 1,573	\$ 1,800
Special assessment debt with government commitment, including unpaid interest	1,633	1,633	-	-	1,633	1,633
Loans payable	-	-	2,607	3,085	2,607	3,085
Capital leases	-	17	-	-	-	17
Net pension liability	3,577	-	896	-	4,473	-
Claims and judgments	198	187	-	-	198	187
Compensated absences	148	200	46	-	194	200
Total	<u>\$ 7,129</u>	<u>\$ 3,837</u>	<u>\$ 3,549</u>	<u>\$ 3,085</u>	<u>\$ 10,678</u>	<u>\$ 6,922</u>

**CITY OF SAN JACINTO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

After several years of recession, the City is still facing significant financial challenges in the years ahead. Developments and home sales have dropped drastically compared to several years ago, while public safety costs have outpaced the recovery of revenues. The City is focusing on potential commercial growth, as well as several possible revenue measures to fund ongoing operational costs and additional public safety services.

The General Fund budget for 2015-2016 appropriates \$17,571,863 in operating and capital expenditures, an increase of 4.7 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 2014, 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/.

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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, 2015

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Cash and investments	\$ 34,536,927	\$ 3,466,641	\$ 38,003,568
Receivables, net:			
Accounts	471,181	869,582	1,340,763
Interest	223,126	-	223,126
Taxes	1,913,074	-	1,913,074
Notes receivable	3,950,308	3,300	3,953,608
Due from other governments	2,462,561	-	2,462,561
Deposits with others	676,291	-	676,291
Prepays	43,765	-	43,765
Internal balances	(134,934)	134,934	-
Inventories	-	63,331	63,331
Land held for resale	292,859	-	292,859
Capital assets:			
Land and construction in progress	13,329,933	55,222	13,385,155
Other capital assets, net of depreciation	101,626,411	10,618,003	112,244,414
Total Assets	<u>159,391,502</u>	<u>15,211,013</u>	<u>174,602,515</u>
DEFERRED OUTFLOWS OF RESOURCES			
Loss on retirement of bonds	-	64,434	64,434
Pension related	566,332	156,593	722,925
Total Deferred Outflows of Resources	<u>566,332</u>	<u>221,027</u>	<u>787,359</u>
LIABILITIES			
Accounts payable and accrued liabilities	3,556,770	276,478	3,833,248
Accrued wages	120,009	36,844	156,853
Accrued interest payable	19,664	17,922	37,586
Due to other governments	192,990	-	192,990
Retention payable	312,045	-	312,045
Unearned revenues	1,715,248	-	1,715,248
Deposits payable	-	299,776	299,776
Noncurrent liabilities:			
Due within one year	1,904,743	504,290	2,409,033
Due in more than one year	5,224,651	3,044,682	8,269,333
Total Liabilities	<u>13,046,120</u>	<u>4,179,992</u>	<u>17,226,112</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related	867,111	217,320	1,084,431
NET POSITION			
Net investment in capital assets	113,322,853	8,066,326	121,389,179
Restricted for:			
Public safety	1,335,762	-	1,335,762
Public works	12,841,551	-	12,841,551
Community development	8,010,622	-	8,010,622
Culture and leisure	58,037	-	58,037
Unrestricted	10,475,778	2,968,402	13,444,180
Total Net Position	<u>\$ 146,044,603</u>	<u>\$ 11,034,728</u>	<u>\$ 157,079,331</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, 2015**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Primary Government				
Governmental Activities:				
General government	\$ 2,985,251	\$ -	\$ 2,468,921	\$ -
Public safety	12,899,157	2,584,977	796,703	-
Public works	7,004,399	65,650	2,045,568	4,874,743
Community development	5,319,820	1,319,755	660,165	3,899,602
Culture and leisure	888,217	-	-	-
Interest on long-term debt	94,872	-	-	-
Total Governmental Activities	<u>29,191,716</u>	<u>3,970,382</u>	<u>5,971,357</u>	<u>8,774,345</u>
Business-Type Activities:				
Water	3,132,051	4,060,438	-	-
Solid waste	10,718	-	-	-
Sewer	790,310	815,226	-	-
Total Business-Type Activities	<u>3,933,079</u>	<u>4,875,664</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 33,124,795</u>	<u>\$ 8,846,046</u>	<u>\$ 5,971,357</u>	<u>\$ 8,774,345</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, as Restated

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
\$ (516,330)	\$ -	\$ (516,330)
(9,517,477)	-	(9,517,477)
(18,438)	-	(18,438)
559,702	-	559,702
(888,217)	-	(888,217)
(94,872)	-	(94,872)
<u>(10,475,632)</u>	<u>-</u>	<u>(10,475,632)</u>
-	928,387	928,387
-	(10,718)	(10,718)
-	24,916	24,916
-	942,585	942,585
<u>(10,475,632)</u>	<u>942,585</u>	<u>(9,533,047)</u>
2,234,571	-	2,234,571
34,052	-	34,052
1,930,573	-	1,930,573
2,394,960	-	2,394,960
2,796,929	-	2,796,929
201,058	-	201,058
208,429	17,587	226,016
220,849	-	220,849
(10,718)	10,718	-
<u>10,010,703</u>	<u>28,305</u>	<u>10,039,008</u>
(464,929)	970,890	505,961
146,509,532	10,063,838	156,573,370
<u>\$ 146,044,603</u>	<u>\$ 11,034,728</u>	<u>\$ 157,079,331</u>

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Fund Financial Statements

**City of San Jacinto
Governmental Funds
Balance Sheet
June 30, 2015**

	Capital Projects		
	General	City Capital Projects	TUMF Capital Projects
ASSETS			
Cash and investments	\$ 11,372,070	\$ 6,346,901	\$ -
Receivables, net:			
Accounts	347,676	-	-
Interest	70,926	-	-
Taxes and assessments	51,338	-	-
Prepays	40,855	2,910	-
Due from other governments	1,149,278	33,600	808,120
Due from other funds	1,465,162	-	-
Notes receivable	-	-	-
Advances receivable	4,814,273	-	-
Land held for resale	-	-	-
Total Assets	<u>\$ 19,311,578</u>	<u>\$ 6,383,411</u>	<u>\$ 808,120</u>
LIABILITIES			
Accounts payable	\$ 2,640,245	\$ 562,531	\$ -
Accrued payroll	111,760	-	-
Retention payable	-	312,045	-
Due to other funds	-	-	1,021,281
Due to other governments	-	48,862	-
Unearned revenue	-	-	-
Advances payable	-	5,459,973	-
Total Liabilities	<u>2,752,005</u>	<u>6,383,411</u>	<u>1,021,281</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	<u>51,363</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Nonspendable	4,855,128	2,910	-
Restricted	-	-	-
Assigned	-	-	-
Unassigned	11,653,082	(2,910)	(213,161)
Total Fund Balances (deficit)	<u>16,508,210</u>	<u>-</u>	<u>(213,161)</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 19,311,578</u>	<u>\$ 6,383,411</u>	<u>\$ 808,120</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
\$ -	\$ 11,236	\$ 7,547,948	\$ 9,188,607	\$ 34,466,762
-	-	-	48,714	396,390
-	152,200	-	-	223,126
64,099	-	130,053	1,667,584	1,913,074
-	-	-	-	43,765
-	-	-	471,563	2,462,561
-	-	-	-	1,465,162
-	3,950,308	-	-	3,950,308
-	-	-	4,893,612	9,707,885
-	292,859	-	-	292,859
<u>\$ 64,099</u>	<u>\$ 4,406,603</u>	<u>\$ 7,678,001</u>	<u>\$ 16,270,080</u>	<u>\$ 54,921,892</u>
\$ 136,205	\$ -	\$ 93,496	\$ 83,810	\$ 3,516,287
-	-	-	8,249	120,009
-	-	-	-	312,045
-	-	2,628	421,114	1,445,023
-	-	-	144,128	192,990
-	-	-	1,715,248	1,715,248
4,402,985	-	-	-	9,862,958
<u>4,539,190</u>	<u>-</u>	<u>96,124</u>	<u>2,372,549</u>	<u>17,164,560</u>
-	4,102,508	-	46,695	4,200,566
-	292,859	-	4,893,612	10,044,509
-	11,236	7,581,877	8,141,593	15,734,706
-	-	-	1,384,076	1,384,076
(4,475,091)	-	-	(568,445)	6,393,475
<u>(4,475,091)</u>	<u>304,095</u>	<u>7,581,877</u>	<u>13,850,836</u>	<u>33,556,766</u>
<u>\$ 64,099</u>	<u>\$ 4,406,603</u>	<u>\$ 7,678,001</u>	<u>\$ 16,270,080</u>	<u>\$ 54,921,892</u>

**City of San Jacinto
Reconciliation of the Balance Sheet of
Governmental Funds to the Statement of Net Position
June 30, 2015**

Fund Balance of Governmental Funds	\$ 33,556,766
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	13,329,933
Capital assets being depreciated	194,731,253
Accumulated depreciation	(93,104,842)
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	(148,494)
Special assessment debt and unmatured interest	(1,633,491)
Pension obligation bonds	(1,573,084)
Accrued interest payable	(19,664)
Net pension liability	(3,576,675)
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	4,070,923
Accrued interest on low and moderate housing loans	129,643
Pension related deferred outflows and inflows of resources in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	
Deferred outflows of resources - pension related items	566,332
Deferred inflows of resources - pension related items	(867,111)
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	583,114
Net Position of Governmental Activities	\$ 146,044,603

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, 2015**

	General	Capital Projects	
		City Capital Projects	TUMF Capital Projects
REVENUES			
Taxes	\$ 6,395,531	\$ -	\$ -
Assessments	-	-	-
Licenses and permits	853,704	-	-
Fines and forfeitures	402,444	-	-
Development fees	186,607	-	-
Intergovernmental	2,804,714	2,543	4,178,652
Charges for services	465,148	-	-
Investment earnings	201,071	-	-
Other	3,034,153	-	-
Total Revenues	<u>14,343,372</u>	<u>2,543</u>	<u>4,178,652</u>
EXPENDITURES			
Current:			
General government	2,307,757	-	-
Public safety	10,365,294	-	-
Public works	475,950	-	-
Community development	2,031,966	-	-
Culture and leisure	223,100	-	-
Debt service:			
Principal	243,672	-	-
Interest	68,087	-	-
Capital outlay	-	6,530,878	-
Total Expenditures	<u>15,715,826</u>	<u>6,530,878</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,372,454)</u>	<u>(6,528,335)</u>	<u>4,178,652</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	468,538	6,528,335	487,291
Transfers out	(211,565)	-	(4,107,148)
Total Other Financing Sources (Uses)	<u>256,973</u>	<u>6,528,335</u>	<u>(3,619,857)</u>
Net Change in Fund Balances	(1,115,481)	-	558,795
Fund Balances (Deficit), Beginning of Year	17,623,691	-	(771,956)
Fund Balances (Deficit), End of Year	<u>\$ 16,508,210</u>	<u>\$ -</u>	<u>\$ (213,161)</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
\$ -	\$ -	\$ -	\$ 256,468	\$ 6,651,999
1,948,763	-	2,715,941	1,381,946	6,046,650
-	-	-	-	853,704
-	-	-	83,743	486,187
-	-	11,258	54,509	252,374
-	8,610	-	3,282,317	10,276,836
-	-	-	-	465,148
-	894	31,532	66,080	299,577
-	33,390	-	337,487	3,405,030
<u>1,948,763</u>	<u>42,894</u>	<u>2,758,731</u>	<u>5,462,550</u>	<u>28,737,505</u>
43,631	42,761	-	49,165	2,443,314
2,016,896	-	-	147,404	12,529,594
-	-	-	1,573,751	2,049,701
-	-	2,875,936	316,943	5,224,845
-	-	-	656,115	879,215
-	-	-	-	243,672
12,209	-	-	-	80,296
-	-	60,376	475,752	7,067,006
<u>2,072,736</u>	<u>42,761</u>	<u>2,936,312</u>	<u>3,219,130</u>	<u>30,517,643</u>
<u>(123,973)</u>	<u>133</u>	<u>(177,581)</u>	<u>2,243,420</u>	<u>(1,780,138)</u>
-	-	67,225	246,377	7,797,766
-	-	-	(3,499,061)	(7,817,774)
-	-	67,225	(3,252,684)	(20,008)
<u>(123,973)</u>	<u>133</u>	<u>(110,356)</u>	<u>(1,009,264)</u>	<u>(1,800,146)</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>
<u>\$ (4,475,091)</u>	<u>\$ 304,095</u>	<u>\$ 7,581,877</u>	<u>\$ 13,850,836</u>	<u>\$ 33,556,766</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, 2015

Net Change in Fund Balances - Total Governmental Funds \$ (1,800,146)

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	6,651,856
Depreciation expense	(5,397,424)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the fund.	(236,601)
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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.

Repayments:	
2014 pension obligation bonds	226,916
Capital leases	16,756

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	51,160
Change in accrued interest payable	(14,576)
Pension expense net of adjustments	7,699

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.	29,431
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Change in Net Position of Governmental Activities	\$ (464,929)
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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, 2015**

	Business-type Activities Enterprise Funds	
	Water	Solid Waste
ASSETS		
Current Assets:		
Cash and investments	\$ 1,585,745	\$ -
Receivables, net:		
Accounts	627,958	19,657
Deposits with others	-	-
Inventories	63,331	-
Total Current Assets	<u>2,277,034</u>	<u>19,657</u>
Non-Current Assets:		
Notes receivable	-	-
Advances receivable	-	-
Capital assets:		
Land	55,222	-
Building and system	6,747,489	-
Machinery and equipment	2,494,953	-
Improvements other than buildings	4,927,456	-
Less accumulated depreciation	(6,144,780)	-
Total Non-Current Assets	<u>8,080,340</u>	<u>-</u>
Total Assets	<u>10,357,374</u>	<u>19,657</u>
DEFERRED OUTFLOWS OF RESOURCES		
Loss on retirement of bonds	64,434	-
Pension related	111,181	-
Total Deferred Outflows of Resources	<u>175,615</u>	<u>-</u>
LIABILITIES		
Current Liabilities:		
Accounts payable	82,112	14
Accrued wages	26,220	-
Accrued interest	17,922	-
Deposits payable	299,776	-
Due to other funds	496	19,643
Compensated absences - current	6,165	-
Bonds payable - current	496,070	-
Total Current Liabilities	<u>928,761</u>	<u>19,657</u>
Non-Current Liabilities:		
Claims payable	-	-
Compensated absences	28,066	-
Net pension liability	636,448	-
Bonds payable	2,110,829	-
Total Non-Current Liabilities	<u>2,775,343</u>	<u>-</u>
Total Liabilities	<u>3,704,104</u>	<u>19,657</u>
DEFERRED INFLOWS OF RESOURCES		
Pension related	154,297	-
NET POSITION		
Net investment in capital assets	5,473,441	-
Unrestricted	1,201,147	-
Total Net Position	<u>\$ 6,674,588</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	
\$ 1,880,896	\$ 3,466,641	\$ 70,165
221,967	869,582	74,791
-	-	676,291
-	63,331	-
<u>2,102,863</u>	<u>4,399,554</u>	<u>821,247</u>
3,300	3,300	-
155,073	155,073	-
-	55,222	-
31,301	6,778,790	-
639,735	3,134,688	-
3,493,116	8,420,572	-
(1,571,267)	(7,716,047)	-
<u>2,751,258</u>	<u>10,831,598</u>	<u>-</u>
<u>4,854,121</u>	<u>15,231,152</u>	<u>821,247</u>
-	64,434	-
45,412	156,593	-
<u>45,412</u>	<u>221,027</u>	<u>-</u>
194,352	276,478	40,483
10,624	36,844	-
-	17,922	-
-	299,776	-
-	20,139	-
2,055	8,220	-
-	496,070	-
<u>207,031</u>	<u>1,155,449</u>	<u>40,483</u>
-	-	197,650
9,382	37,448	-
259,957	896,405	-
-	2,110,829	-
<u>269,339</u>	<u>3,044,682</u>	<u>197,650</u>
<u>476,370</u>	<u>4,200,131</u>	<u>238,133</u>
63,023	217,320	-
2,592,885	8,066,326	-
1,767,255	2,968,402	583,114
<u>\$ 4,360,140</u>	<u>\$ 11,034,728</u>	<u>\$ 583,114</u>

City of San Jacinto
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2015

	Business-type Activities	
	Enterprise Funds	
	Water	Solid Waste
OPERATING REVENUES		
Sales and charges for services	\$ 4,054,886	\$ -
Miscellaneous	5,552	-
Total Operating Revenues	<u>4,060,438</u>	<u>-</u>
OPERATING EXPENSES		
Personnel services	452,345	-
Employee benefits	295,449	-
Office expense	168,508	10,032
Depreciation	455,626	-
Outside services	161,356	577
Repairs and maintenance	118,821	-
Utilities	370,328	-
Franchise	-	109
Overhead allocations	597,780	-
Watermaster charges	416,655	-
Claims and judgements	-	-
Total Operating Expenses	<u>3,036,868</u>	<u>10,718</u>
Operating Income (Loss)	<u>1,023,570</u>	<u>(10,718)</u>
NON-OPERATING REVENUES (EXPENSES)		
Investment earnings	6,796	-
Interest and fiscal charges	(95,183)	-
Total Non-Operating Revenues (Expenses)	<u>(88,387)</u>	<u>-</u>
Other income before transfers	935,183	(10,718)
Transfers in	-	10,718
Transfers out	-	-
Change in Net Position	<u>935,183</u>	<u>-</u>
Net Position, Beginning of Year, as Restated	5,739,405	-
Net Position, End of Year	<u>\$ 6,674,588</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	
\$ 812,975	\$ 4,867,861	\$ 374,290
2,251	7,803	17,426
<u>815,226</u>	<u>4,875,664</u>	<u>391,716</u>
209,847	662,192	-
134,928	430,377	-
16,475	195,015	-
150,205	605,831	-
72,561	234,494	281,816
67,608	186,429	43,551
2,668	372,996	-
-	109	-
136,018	733,798	-
-	416,655	-
-	-	46,208
<u>790,310</u>	<u>3,837,896</u>	<u>371,575</u>
<u>24,916</u>	<u>1,037,768</u>	<u>20,141</u>
10,791	17,587	-
-	(95,183)	-
<u>10,791</u>	<u>(77,596)</u>	<u>-</u>
35,707	960,172	20,141
-	10,718	29,670
-	-	(20,380)
<u>35,707</u>	<u>970,890</u>	<u>29,431</u>
4,324,433	10,063,838	553,683
<u>\$ 4,360,140</u>	<u>\$ 11,034,728</u>	<u>\$ 583,114</u>

**City of San Jacinto
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2015**

	Business-type Activities - Enterprise Funds	
	Water	Solid Waste
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 4,305,033	\$ 714
Cash payments to suppliers	(1,898,016)	(1,061)
Cash payments to employees for services	(755,674)	-
Net Cash Provided By (Used for)		
Operating Activities	<u>1,651,343</u>	<u>(347)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers to other funds	-	10,718
Advances from other funds	7,817	-
Due (to) from other funds	496	(10,371)
Net Cash Provided By Non-Capital		
Financing Activities	<u>8,313</u>	<u>347</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition or construction of capital assets	(410,353)	-
Bond principal paid	(477,894)	-
Interest and fiscal charges paid	(82,526)	-
Net Cash Used for Capital and		
Related Financing Activities	<u>(970,773)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income received	6,796	-
Due from others	-	-
Net Cash Provided By		
Investing Activities	<u>6,796</u>	<u>-</u>
Net Increase (Decrease) in		
Cash and Cash Equivalents	695,679	-
Cash and Cash Equivalents at Beginning of Year	890,066	-
Cash and Cash Equivalents at End of Year	<u>\$ 1,585,745</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	\$ 1,585,745	\$ -
Totals	<u>\$ 1,585,745</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	
\$ 831,551	\$ 5,137,298	\$ 387,730
(275,163)	(2,174,240)	(442,097)
(346,340)	(1,102,014)	-
210,048	1,861,044	(54,367)
-	10,718	9,290
161,631	169,448	-
-	(9,875)	(1,257)
161,631	170,291	8,033
(15,948)	(426,301)	-
-	(477,894)	-
-	(82,526)	-
(15,948)	(986,721)	-
10,791	17,587	-
1,009	1,009	-
11,800	18,596	-
367,531	1,063,210	(46,334)
1,513,365	2,403,431	116,499
\$ 1,880,896	\$ 3,466,641	\$ 70,165

\$ 1,880,896	\$ 3,466,641	\$ 70,165
\$ 1,880,896	\$ 3,466,641	\$ 70,165

City of San Jacinto
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2015

	Business-type Activities -	
	Enterprise Funds	
	<u>Water</u>	<u>Solid Waste</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss):	<u>\$ 1,023,570</u>	<u>\$ (10,718)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation	455,626	-
Actuarial pension expense	73,989	-
Pension contributions subsequent to measurement date	(85,764)	-
Change in compensated absences	(111)	-
(Increase) decrease in assets:		
Accounts receivable	225,298	10,387
Inventories	(17,189)	-
Prepaid expenses	3,031	-
Deposits with others	-	-
Increase (decrease) in liabilities:		
Accounts payable	(50,410)	(16)
Accrued wages	4,006	-
Deposits payable	19,297	-
Claims payable	-	-
Total Adjustments	<u>627,773</u>	<u>10,371</u>
Net Cash Provided By (Used for) Operating Activities	<u>\$ 1,651,343</u>	<u>\$ (347)</u>

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

Business-type Activities - Enterprise Funds		Governmental Activities - Internal Service Fund
Sewer	Total	
<u>\$ 24,916</u>	<u>\$ 1,037,768</u>	<u>\$ 20,141</u>
150,205	605,831	-
30,220	104,209	-
(35,030)	(120,794)	-
3,577	3,466	-
16,325	252,010	(3,986)
-	(17,189)	-
3,113	6,144	-
-	-	(98,261)
17,054	(33,372)	17,240
(332)	3,674	-
-	19,297	-
-	-	10,499
<u>185,132</u>	<u>823,276</u>	<u>(74,508)</u>
<u>\$ 210,048</u>	<u>\$ 1,861,044</u>	<u>\$ (54,367)</u>

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Fiduciary Funds

**City of San Jacinto
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2015**

	Private Purpose Trust Fund	Agency
ASSETS		
Cash and investments	\$ 473,953	\$ 3,498,937
Cash and investments with fiscal agents	6	3,592,494
Receivables:		
Accounts	9,343	203,513
Due from other governments	282,909	2,723
Property held for resale	708,200	-
Capital assets:		
Land	1,797,967	-
Building and system	103,636	-
Less accumulated depreciation	(31,091)	-
Total Assets	3,344,923	\$ 7,297,667
 DEFERRED OUTFLOW OF RESOURCES		
Loss on refunding	14,988	
 LIABILITIES		
Accounts payable and accrued liabilities	147,328	\$ 173,137
Deposits payable	-	3,405,233
Due to others	566,998	149,612
Due to bond holders	-	3,569,686
Unearned revenue	99,227	-
Long-term liabilities:		
Due within one year	245,000	-
Due in more than one year	7,300,000	-
Total Liabilities	8,358,553	\$ 7,297,668
 NET POSITION		
Net position (deficit) held for dissolution of Redevelopment Agency	\$ (4,998,642)	

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, 2015

	<u>Private Purpose Trust Fund</u>
ADDITIONS	
Property taxes	\$ 1,009,568
Investment earnings	1,008
Contributions from other governments	39,147
Total additions	<u>1,049,723</u>
DEDUCTIONS	
Administrative payments	84,114
Contributions to other governments	2,543
Depreciation	2,000
Interest expense	341,231
Total deductions	<u>429,888</u>
Change in net position	619,835
Net Position (Deficit), Beginning of Year	<u>(5,618,477)</u>
Net Position (Deficit), End of Year	<u>\$ (4,998,642)</u>

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, 2015

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, 2015

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, deferred outflows of resources, liabilities, and deferred inflows of resources, 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, 2015

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) Capital Projects 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 *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.

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

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2015

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, 2015

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 \$197,650 and \$0, 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, 2015 for sick leave.

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2015

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, 2015. 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, 2015

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

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used.

Valuation Date (VD)	June 30, 2013
Measurement Date (MD)	June 30, 2014
Measurement Period (MP)	July 1, 2013 to June 30, 2014

q. Implementation of new pronouncement

GASB has issued Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pension plans, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2015

Note 1: Summary of significant accounting policies (continued)

q. Implementation of new pronouncement (continued)

GASB has issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

These pronouncements have been implemented for purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense/expenditures. Information about the fiduciary net position of the City's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

r. 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, 2015

Note 1: Summary of significant accounting policies (continued)

r. 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.

s. 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. 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.

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2015

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Note 1: Summary of significant accounting policies (continued)

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:

<u>Governmental Funds - Major Fund</u>	<u>Final Budget</u>	<u>Expenditures</u>	<u>Excess</u>
General Fund by Function:			
Public works	\$ 439,600	\$ 475,950	\$ (36,350)
Community Facilities District by Function:			
General government	27,100	43,631	(16,531)
Public safety	1,818,490	2,016,896	(198,406)
Governmental Funds - Non-Major Fund			
Special Revenue Funds:			
Measure A	33,327	33,419	(92)
CFD #2003-2 Sewer Lift Operations	18,199	19,116	(917)
LLPD #1	654,230	655,490	(1,260)
Bus Shelter	25,040	27,909	(2,869)
AB 3229 COPS Program	106,509	195,492	(88,983)
AB 1600	13,967	14,559	(592)
State Grants	-	22,419	(22,419)

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2015

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, 2015:

Governmental Funds - Major Funds	Amount
Capital Projects:	
TUMF Capital Projects	\$ (213,161)
Special Revenue:	
Community Facilities District 2003	(4,475,091)
Governmental Funds - Non-Major Funds	
Special Revenue:	
CSA 152	(48,948)
SB 621 Gaming Impact Grants	(13,807)
State Grants	(2,281)
Debt Service:	
Assessment District 87-1	(446,409)

The City plans to eliminate negative fund balance in the TUMF Capital Projects fund with future cost reimbursements. 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 new revenue generators like a subscription-based paramedic program or a 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 CSA 152 fund with an increased tax levy initiated in 2015. 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 for administrative expenses not recovered. The City plans to eliminate negative fund balance in the State Grants fund with future cost reimbursements. The City plans to eliminate negative fund balance in the Assessment District 87-1 fund with the acceptance of a Bond Tender offer and a transfer from the General Fund for administrative expenses not recovered.

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2015

III. DETAIL NOTES ON ALL FUNDS

Note 2: Cash and investments

Cash and investments as of June 30, 2015 are classified in the accompanying financial statements as follows:

Statement of Net Position	
Governmental Activities:	
Cash and investments	\$ 34,536,927
Business-Type Activities:	
Cash and investments	3,466,641
Total	<u>38,003,568</u>
Statement of Fiduciary Net Position:	
Cash and investments	3,972,890
Cash and investments with fiscal agents	3,592,500
Total	<u>7,565,390</u>
Total Cash and Investments	<u><u>\$ 45,568,958</u></u>

Cash and investments are comprised of the following:

Demand accounts/money market account	\$ 13,010,439
Cash on hand	5,850
Investments	32,557,819
Total	<u><u>\$ 45,574,108</u></u>

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, 2015

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, 2015

Note 2: Cash and investments (continued)

Disclosures relating to interest rate risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

Investment Type	Totals	<i>Remaining Maturity (In Months)</i>			
		12 or Less	13 to 24	25 to 60	More than 60
Local Agency Investment Fund (LAIF)	\$ 12,247,417	\$ 12,247,417	\$ -	\$ -	\$ -
U.S. Treasury Obligations	10,284,525	593,953	6,066,939	3,623,633	-
U.S. Agency Securities	4,981,178	2,202,029	2,579,301	199,848	-
Asset-Backed Securities	562,716	152,718	209,865	200,133	-
Medium-Term Corporate Notes	4,448,735	2,124,539	2,324,196	-	-
Held by Bond Trustees:					
Money Market Funds	33,248	33,248	-	-	-
Total	\$ 32,557,819	\$ 17,353,904	\$ 11,180,301	\$ 4,023,614	\$ -

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2015

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)	\$ 12,247,417	N/A	\$ -	\$ -	\$ 12,247,417
U.S. Treasury Obligations	10,284,525	N/A	10,284,525	-	-
U.S. Agency Securities	4,981,178	N/A	4,981,178	-	-
Asset Backed Securities	562,716	AA	384,796	-	177,920
Medium-Term Corporate Notes	4,448,735	A	2,914,725	1,408,617	125,393
Held by Bond Trustees:					
Money Market Funds	33,248	AAA	33,248	-	-
Total	\$ 32,557,819		\$ 18,598,472	\$ 1,408,617	\$ 12,550,730

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

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2015

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, 2015, the City's bank balances held in the financial institutions (Bank of Hemet and Rabobank) were \$8,837,674 and \$1,866,400, 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, 2015

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, 2015 was as follows:

	Balance at June 30, 2014	Additions	Deletions	Balance at June 30, 2015
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 3,225,410	\$ 225,000	\$ (138,435)	\$ 3,311,975
Construction in progress	6,541,773	6,443,184	(2,966,999)	10,017,958
Total Capital Assets Not Being Depreciated	<u>9,767,183</u>	<u>6,668,184</u>	<u>(3,105,434)</u>	<u>13,329,933</u>
Capital Assets Being Depreciated:				
Building and system	7,244,662	-	-	7,244,662
Machinery and equipment	5,047,311	91,184	(88,835)	5,049,660
Improvements other than building	4,141,812	30,923	-	4,172,735
Infrastructure	175,297,197	2,966,999	-	178,264,196
Total Capital Assets Being Depreciated	<u>191,730,982</u>	<u>3,089,106</u>	<u>(88,835)</u>	<u>194,731,253</u>
Less Accumulated Depreciation For:				
Building and system	(1,766,133)	(174,477)	-	(1,940,610)
Machinery and equipment	(4,447,024)	(215,334)	88,835	(4,573,523)
Improvements other than building	(1,563,673)	(165,717)	-	(1,729,390)
Infrastructure	(80,019,423)	(4,841,896)	-	(84,861,319)
Total Accumulated Depreciation	<u>(87,796,253)</u>	<u>(5,397,424)</u>	<u>88,835</u>	<u>(93,104,842)</u>
Total Capital Assets Being Depreciated, Net	<u>103,934,729</u>	<u>(2,308,318)</u>	<u>-</u>	<u>101,626,411</u>
Governmental Activities Capital Assets, Net	<u>\$ 113,701,912</u>	<u>\$ 4,359,866</u>	<u>\$ (3,105,434)</u>	<u>\$ 114,956,344</u>

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2015

Note 3: Capital assets (continued)

	Balance at June 30, 2014	Additions	Deletions	Balance at June 30, 2015
Business-Type Activities:				
Capital Assets Not Being Depreciated				
Land	\$ 55,222	\$ -	\$ -	\$ 55,222
Construction in progress	-	355,596	(355,596)	-
Total Capital Assets Not Being Depreciated	55,222	355,596	(355,596)	55,222
Capital Assets Being Depreciated:				
Building and system	6,778,790	-	-	6,778,790
Machinery and equipment	3,063,983	70,705	-	3,134,688
Improvements other than building	8,064,976	355,596	-	8,420,572
Total Capital Assets Being Depreciated	17,907,749	426,301	-	18,334,050
Less Accumulated Depreciation For:				
Building and system	(2,396,640)	(136,018)	-	(2,532,658)
Machinery and equipment	(2,325,147)	(116,880)	-	(2,442,027)
Improvements other than building	(2,388,429)	(352,933)	-	(2,741,362)
Total Accumulated Depreciation	(7,110,216)	(605,831)	-	(7,716,047)
Total Capital Assets Being Depreciated, Net	10,797,533	(179,530)	-	10,618,003
Business-Type Activities Capital Assets, Net	\$ 10,852,755	\$ 176,066	\$ (355,596)	\$ 10,673,225

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

Governmental Activities:	
General government	\$ 175,971
Public safety	241,265
Public works	4,937,020
Community development	43,168
Total Depreciation Expense - Governmental Activities	\$ 5,397,424
Business-Type Activities:	
Water	\$ 455,626
Sewer	150,205
Total Depreciation Expense - Business-Type Activities	\$ 605,831

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2015

Note 4: Other assets

Notes receivable

Balance at
June 30, 2015

a) In FY 2006-2007 and FY 2007-2008 the former Redevelopment 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 former Redevelopment 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. 1,650,308

Loans total	3,950,308
Accrued interest on note receivable - a) above	152,200
Loans receivable total	<u>\$ 4,102,508</u>

Note 5: Defined benefit pension plan

A. General information about the pension plan

Plan description

The Plan is a cost-sharing, multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). A full description of the pension plan regarding number of employees covered, benefit provisions, assumptions (for funding, but not account purposes), and membership information are listed in the June 30, 2013 Annual Actuarial Valuation Report. Details of the benefits provided can be obtained in Appendix B of the actuarial valuation report. The actuarial valuation report and CalPERS' audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications, at www.calpers.ca.gov.

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2015

Note 5: Defined benefit pension plan (continued)

A. General information about the pension plan (continued)

Benefits provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 5 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plan operates under the provisions of the California Public Employees' Retirement Law (PERL), the California Public Employees' Pension Reform Act of 2013 (PEPRA), and the regulations, procedures and policies adopted by the CalPERS Board of Administration. The Plan's authority to establish and amend the benefit terms are set by the PERL and PEPRA, and may be amended by the California state legislature and in some cases require approval by the CalPERS Board.

The Plan's provisions and benefits in effect at June 30, 2014 (measurement date) are summarized as follows:

Hire date	Prior to January 1, 2011	On or after January 1, 2011 and prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.7% @ 55	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50-58 & up	50-63 & up	52-67 & up
Monthly benefits, as a % of eligible compensation	2.0%-2.7%	1.426%-2.418%	1.0%-2.5%
Required employee contribution rates	8.0%	7.0%	6.25%
Required employer contribution rates	22.191%	10.781%	10.78%

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2015

Note 5: Defined benefit pension plan (continued)

A. General information about the pension plan (continued)

Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2014 (the measurement date), the average active employee contribution rate for the respective miscellaneous Tier 1 and Tier 2 plans is 7.947 and 6.891 percent of annual pay, and the employer's contribution rate is 22.191 and 10.781 percent of annual payroll. Employer contribution rates may change if plan contracts are amended. Employer Contributions for the measurement period ended June 30, 2014 for the respective miscellaneous Tier 1, Tier 2 and PEPRAs are \$624,572, \$14,671 and \$4,081. The actual employer payments of \$643,324 made to CalPERS by the City during the measurement period ended June 30, 2014 differed from the City's proportionate share of the employer's contributions of \$400,888 by \$242,436, which is being amortized over the expected average remaining service lifetime in the Public Agency Cost-Sharing Multiple Employer Plan.

B. Net pension liability

The City's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2014, using an annual actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is as follows.

Actuarial methods and assumptions used to determine total pension liability

For the measurement period ended June 30, 2014 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2013 total pension liability. The June 30, 2013 and June 30, 2014 total pension liabilities were based on the following actuarial methods and assumptions:

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2015

Note 5: Defined benefit pension plan (continued)

B. Net pension liability (continued)

	<u>Miscellaneous</u>
Valuation Date	June 30, 2013
Measurement Date	June 30, 2014
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value of Assets
Actuarial Assumptions:	
Discount Rate	7.50%
Inflation	2.75%
Salary Increases (1)	3.3% - 14.2%
Investment Rate of Return (2)	7.50%
Mortality Rate Table (3)	Derived using CALPERS' membership data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until purchasing power protection allowance floor on purchasing power applies, 2.75% thereafter

(1) Annual increases vary by category, entry age, and duration of service.

(2) Net pension plan investment and administrative expenses; includes inflation.

(3) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience report.

All other actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2015

Note 5: Defined benefit pension plan (continued)

B. Net pension liability (continued)

Discount rate

The discount rate used to measure the total pension liability was 7.50 percent for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.50 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. This difference was deemed immaterial to the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan. Refer to the *sensitivity of the net pension liability to changes in the discount rate* section of this note, which provides information on the sensitivity of the net pension liability to changes in the discount rate.

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

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

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

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2015

Note 5: Defined benefit pension plan (continued)

B. Net pension liability (continued)

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

Asset Class	New Strategic Allocation	Real Return Years 1 - 10¹	Real Return Years 11+²
Global Equity	47.00%	5.25%	5.71%
Global Fixed Income	19.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	12.00%	6.83%	6.95%
Real Estate	11.00%	4.50%	5.13%
Infrastructure and Forestland	3.00%	4.50%	5.09%
Liquidity	2.00%	(0.55%)	(1.05%)
Total	<u>100%</u>		

¹ An expected inflation of 2.5% used for this period

² An expected inflation of 3.0% used for this period

Pension plan fiduciary net position

Information about the pension plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position are presented in CalPERS' audited financial statements, which are publicly available reports that can be obtained at CalPERS' website under Forms and Publications, at www.calpers.ca.gov. The plan's fiduciary net position and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis used by the pension plan, which is the economic resources measurement focus and the accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. Investments are reported at fair value.

The plan fiduciary net position disclosed in the GASB 68 accounting valuation report may differ from the plan assets reported in the funding actuarial valuation report due to several reasons. First, for the accounting valuations, CalPERS must keep items such as deficiency reserves, fiduciary self-insurance and Other Post-Employment Benefits (OPEB) expense included as assets. These amounts are excluded for rate setting purposes in the funding actuarial valuation. In addition, differences may result from early Comprehensive Annual Financial Report closing and final reconciled reserves.

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2015

Note 5: Defined benefit pension plan (continued)

C. Proportionate share of net pension liability

The following table shows the Plan's proportionate share of the net pension liability over the measurement period.

Total tier 1 & 2

	Increase (Decrease)		
	Plan Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Plan Net Pension Liability (c) = (a) - (b)
Total Plan			
Balance at: 6/30/2013 (VD)	\$ 18,214,017	\$ 12,711,823	\$ 5,502,194
Balance at: 6/30/2014 (MD)	\$ 19,297,927	\$ 14,824,847	\$ 4,473,080
Net changes during 2013-14	\$ 1,083,910	\$ 2,113,024	\$ (1,029,114)

Valuation Date (VD), Measurement Date (MD).

The City's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2014, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. The City's proportion of the net pension liability was determined by CalPERS using the output from the Actuarial Valuation System and the fiduciary net position, as provided in the CalPERS Public Agency Cost-Sharing Allocation Methodology Report, which is a publicly available report that can be obtained at CalPERS' website under Forms and Publications, at www.calpers.ca.gov. The City's proportionate share of the net pension liability for the Plan as of June 30, 2013 and 2014 was as follows:

	<u>Miscellaneous</u>
Proportion - June 30, 2013	0.16792%
Proportion - June 30, 2014	0.18098%
Change - Increase (Decrease)	0.01306%

Sensitivity of the proportionate share of the net pension liability to changes in the discount rate

The following presents the City's proportionate share of the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.50 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.50 percent) or 1 percentage-point higher (8.50 percent) than the current rate:

	Discount Rate - 1% (6.50%)	Current Discount Rate (7.50%)	Discount Rate + 1% (8.50%)
Miscellaneous Plan's Net Pension Liability	\$ 7,033,196	\$ 4,473,080	\$ 2,348,427

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2015

Note 5: Defined benefit pension plan (continued)

C. Proportionate share of net pension liability (continued)

Subsequent events

There were no subsequent events that would materially affect the results presented in this disclosure.

Recognition of gains and losses

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss:

Difference between projected and actual earnings	5 year straight-line amortization
All other amounts	Straight-line amortization over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired) in the Public Agency Cost-Sharing Multiple-Employer Plan (PERF C).

The EARSL for the Plan for the 2013-14 measurement period is 3.8 years, which was obtained by dividing the total service years of 460,700 (the sum of remaining service lifetimes of the active employees) by 122,789 (the total number of participants: active, inactive, and retired). Note that inactive employees and retirees have remaining service lifetimes equal to 0. Also note that total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2015

Note 5: Defined benefit pension plan (continued)

D. Pension expense and deferred outflows and deferred inflows of resources related to pensions

As of the start of the measurement period (July 1, 2013), the net pension liability for the plan is \$5,502,194 (the net pension liability of the aggregate plan as of June 30, 2013 is \$3,276,668,431).

For the measurement period ending June 30, 2014 (the measurement date), the City incurred a pension expense of \$520,004 for the Plan (the pension expense for the aggregate plan for the measurement period is \$239,824,465). A complete breakdown of the pension expense is as follows:

Description	Risk Pool Amounts	Employer's Share	Percentage of Employer's Share
• Service Cost	\$ 338,829,351	\$ 562,745	0.16609%
• Interest on the Total Pension Liability	921,162,366	1,355,853	0.14719%
• Recognized Differences between Expected and Actual Experience	-	-	N/A
• Recognized Changes of Assumptions	-	-	N/A
• Employee Contributions	(159,834,203)	(236,691)	0.14809%
• Projected Earnings on Pension Plan Investments	(678,133,636)	(947,509)	0.13972%
• Recognized Differences between Projected and Actual Earnings on Plan Investments	(182,199,413)	(254,574)	0.13972%
• Other Changes in Fiduciary Net Position	-	-	N/A
• Recognized Portion of Adjustment due to Differences in Proportions	-	(23,619)	N/A
• Recognized Differences Between Contributions and Proportionate Share of Contributions	-	63,799	N/A
Subtotal: Employer's Share of Expense Components	\$ 239,824,465	520,004	0.21683%
Changes of Benefit Terms		-	
Employer's Proportionate Share of Pension Expense		\$ 520,004	

Note: Plan administrative expenses are not displayed in the above pension expense table. Since the expected investment return of 7.50 percent is net of administrative expenses, administrative expenses are excluded from the above table, but implicitly included as part of investment earnings.

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2015

Note 5: Defined benefit pension plan (continued)

D. Pension expense and deferred outflows and deferred inflows of resources related to pensions (continued)

As of June 30, 2015, the City has deferred outflows and deferred inflows of resources related to pensions as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ -	\$ -
Changes of Assumptions	-	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	(1,018,298)
Adjustment due to Differences in Proportions	-	(66,133)
Net Difference between Contributions and Proportionate Share of Contributions	178,637	-
Pension Contributions Subsequent to Measurement Date	544,288	-
	<u>\$ 722,925</u>	<u>\$ (1,084,431)</u>

These amounts above are net of outflows and inflow recognized in the 2013-14 measurement period expense. The \$544,288 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

<u>Measurement Period Ended June 30:</u>	<u>Total Deferred Outflows/(Inflows) of Resources, Net</u>
2015	\$ (214,394)
2016	(214,394)
2017	(222,430)
2018	(254,576)
2019	-
Thereafter	-

E. Payable to the Pension Plan

At June 30, 2015, the City reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2015.

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2015

Note 6: Long-term debt

A description of long-term debt outstanding as of June 30, 2015 follows:

a. Changes in long-term liabilities

Changes in long-term liabilities during the year ended June 30, 2015 were as follows:

	Balance at June 30, 2014	Additions	Deletions	Balance at June 30, 2015	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	508,491
2014 pension obligation bonds	1,800,000	-	(226,916)	1,573,084	220,052
Lease payable	16,756	-	(16,756)	-	-
Claims and judgment	187,151	59,126	(48,627)	197,650	-
Compensated absences	199,654	-	(51,160)	148,494	51,200
Net pension liability	-	3,576,675	-	3,576,675	-
Governmental Activities Long-Term Liabilities	<u>\$ 3,837,052</u>	<u>\$ 3,635,801</u>	<u>\$ (343,459)</u>	<u>\$ 7,129,394</u>	<u>\$ 1,904,743</u>
<u>Business-Type Activities</u>					
Bonds Payable:					
2013 Installment sale	\$ 3,084,793	\$ -	\$ (477,894)	\$ 2,606,899	\$ 496,070
Compensated absences	45,298	39,740	(39,370)	45,668	8,220
Net pension liability	-	896,405	-	896,405	-
Business-Type Activities Long-Term Liabilities	<u>\$ 3,130,091</u>	<u>\$ 936,145</u>	<u>\$ (517,264)</u>	<u>\$ 3,548,972</u>	<u>\$ 504,290</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, 2015 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, 2015

Note 6: Long-term debt (continued)

b. Special assessment debt with government commitment (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, 2015 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, 2015, 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, 2015 are as follows:

Fiscal year ending June 30,	Pension Obligation Refunding Bonds		Total Payment
	Principal	Interest	
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	268,439	26,184	294,623
2021-2022	354,861	13,418	368,279
Total	\$ 1,573,084	\$ 268,310	\$ 1,841,394

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. 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. As of June 30, 2015 the capital lease was paid in full.

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2015

Note 6: Long-term debt (continued)

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, 2015 is \$2,606,899.

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	
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	135,028	15,481	150,509
2021-2023	431,650	23,880	455,530
Totals	<u>\$ 2,606,899</u>	<u>\$ 222,527</u>	<u>\$ 2,829,426</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, 2015

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. As of June 30, 2015, the balance had been paid in full.
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. As of June 30, 2015, the balance had been paid in full.

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2015

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, 2015 is \$19,125,000.
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, 2015 is \$19,839,817.

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, 2015 were as follows:

	Receivable Fund
	General Fund
Payable Fund	
LLPD #2	\$ 2,628
TUMF Capital Projects	1,021,281
Non-Major Governmental Funds	421,114
Solid Waste	19,643
Water	496
Total	\$ 1,465,162

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

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2015

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

Interfund transactions - Advances

Individual fund interfund advances to and from balances at June 30, 2015 were as follows:

Payable Fund	Receivable Fund			Totals
	General Fund	Non-Major Governmental Funds	Enterprise - Sewer Fund	
City Capital Projects Fund	\$ 411,288	\$ 4,893,612	\$ 155,073	\$ 5,459,973
Community Facilities District 2003 Fund	4,402,985	-	-	4,402,985
Total	\$ 4,814,273	\$ 4,893,612	\$ 155,073	\$ 9,862,958

- > 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.

Note 8: Transfers in and out

Individual fund transfers in and transfers out activity as of June 30, 2015 were as follows:

Transfers-In	Transfers-Out				Totals
	General Fund	TUMF Capital Projects Fund	Non-Major Governmental Funds	Internal Service Funds	
General Fund	\$ -	\$ -	\$ 448,158	\$ 20,380	\$ 468,538
City Capital Projects Fund	95,676	3,917,148	2,515,511	-	6,528,335
TUMF Capital Projects Fund	-	-	487,291	-	487,291
LLPD #2	67,225	-	-	-	67,225
Non-Major Governmental Funds	8,276	190,000	48,101	-	246,377
Enterprise - Solid Waste Fund	10,718	-	-	-	10,718
Internal Service Funds	29,670	-	-	-	29,670
Total	\$ 211,565	\$ 4,107,148	\$ 3,499,061	\$ 20,380	\$ 7,838,154

- > 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.
- > Transfers to the TUMF Capital Projects Fund from non-major governmental funds totaling \$487,291 are due to a reconciliation of funding sources for various capital projects.

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2015

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, from the TUMF Capital Projects Fund are due to a reconciliation of funding sources for various capital projects, and from non-major governmental funds are for cost reimbursement and grant activities.
- > Transfers to the Solid Waste Fund from the General Fund were to cover negative cash balance after 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, 2015, the amount of these liabilities was \$197,650.

This amount represents an estimate of \$197,650 for reported claims through June 30, 2015. 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
2012-2013	\$ 141,561	\$ 133,258	\$ 274,819
2013-2014	274,819	(87,668)	187,151
2014-2015	187,151	10,499	197,650

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2015

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, 2015, 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, 2015, the City had outstanding contracts commitments of \$310,778.

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.

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.

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2015

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	\$ 40,855	\$ 2,910	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 43,765
Advances receivable	4,814,273	-	-	-	-	-	4,893,612	9,707,885
Land held for resale	-	-	-	-	292,859	-	-	292,859
Total Nonspendable	4,855,128	2,910	-	-	292,859	-	4,893,612	10,044,509
Restricted:								
Lighting and landscape	-	-	-	-	-	7,581,877	-	7,581,877
Other government restrictions	-	-	-	-	11,236	-	8,141,593	8,152,829
Total Restricted	-	-	-	-	11,236	7,581,877	8,141,593	15,734,706
Assigned:								
	-	-	-	-	-	-	1,384,076	1,384,076
Unassigned:								
	11,653,082	(2,910)	(213,161)	(4,475,091)	-	-	(568,445)	6,393,475
Total Fund Balances	\$ 16,508,210	\$ -	\$ (213,161)	\$ (4,475,091)	\$ 304,095	\$ 7,581,877	\$ 13,850,836	\$ 33,556,766

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 \$2,450,000, 15.09 percent of fiscal year June 30, 2015 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, 2015

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, 2015 is as follows:

	Balance at June 30, 2014	Additions	Deletions	Balance at June 30, 2015	Due within one year
<u>Successor Agency</u>					
Bonds Payable:					
2005 Tax Allocation Bonds	\$ 7,780,000	\$ -	\$ (235,000)	\$ 7,545,000	\$ 245,000
Total long-term liabilities	<u>\$ 7,780,000</u>	<u>\$ -</u>	<u>\$ (235,000)</u>	<u>\$ 7,545,000</u>	<u>\$ 245,000</u>

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

Fiscal year ending June 30,	2005 Tax Allocation Bonds		Total Payment
	Principal	Interest	
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	285,000	290,903	575,903
2021-2025	1,630,000	1,245,375	2,875,375
2026-2030	2,035,000	830,185	2,865,185
2031-2035	2,555,000	304,565	2,859,565
Totals	<u>\$ 7,545,000</u>	<u>\$ 3,943,693</u>	<u>\$ 11,488,693</u>

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2015

Note 13: Risks and uncertainties

Successor Agency

Deductions (expenses) incurred by the Successor Agency for the year ended June 30, 2015 (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: Change in accounting principle

Change in accounting principle

As discussed in Note 1, the City implemented GASB Statements No. 68 and 71 effective July 1, 2014. GASB Statements No. 68 and 71, among other provisions, amended prior guidance with respect to the reporting of pensions, and established standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pensions, the City's net pension liability was not previously recorded on the statement of net position. GASB 68 requires that accounting changes adopted to conform to the provisions of the Statement be applied retroactively by restating financial statements. Restatement of the comparative financial data for the prior periods presented is not practical due to the unavailability of information from the pension plan, therefore the provisions of GASB Statements No. 68 and 71 were not applied to prior periods. The cumulative effects of applying the provisions of GASB Statements No. 68 and 71 have been reported as a restatement of beginning net position for the year ended June 30, 2015 in accordance with the Statements.

Accordingly, beginning net position on the Government-Wide Statement of Activities and the Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds has been restated for changes related to GASB 68 as follows:

GOVERNMENT WIDE STATMENTS

Governmental Activities

Beginning net position, as previously reported	\$	150,394,685
Restatement due to change in accounting principle		(3,885,153)
Beginning net position, as restated		<u><u>146,509,532</u></u>

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2015

Note 15: Change in accounting principle (continued)

Business-Type Activities

Beginning net position, as previously reported	\$ 11,037,555
Restatement due to change in accounting principle	(973,717)
Beginning net position, as restated	<u>\$ 10,063,838</u>

FUND STATEMENTS

Proprietary Funds

Water Fund

Beginning net position, as previously reported	\$ 6,430,744
Restatement due to change in accounting principle	(691,339)
Beginning net position, as restated	<u>\$ 5,739,405</u>

Sewer Fund

Beginning net position, as previously reported	\$ 4,606,811
Restatement due to change in accounting principle	(282,378)
Beginning net position, as restated	<u>\$ 4,324,433</u>

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Required Supplementary Information

Required Supplementary Information
City of San Jacinto
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 6,317,266	\$ 6,317,266	\$ 6,395,531	\$ 78,265
Licenses and permits	410,424	410,424	853,704	443,280
Fines and forfeitures	439,000	439,000	402,444	(36,556)
Development fees	25,000	25,000	186,607	161,607
Intergovernmental	3,295,729	3,295,729	2,804,714	(491,015)
Charges for services	202,000	202,000	465,148	263,148
Investment earnings	150,250	150,250	201,071	50,821
Other	2,902,556	2,902,556	3,034,153	131,597
Total Revenues	<u>13,742,225</u>	<u>13,742,225</u>	<u>14,343,372</u>	<u>601,147</u>
EXPENDITURES				
Current:				
General government	2,299,894	2,332,394	2,307,757	24,637
Public safety	10,699,636	10,699,636	10,365,294	334,342
Public works	439,600	439,600	475,950	(36,350)
Community development	2,499,302	2,492,500	2,031,966	460,534
Culture and leisure	245,395	245,395	223,100	22,295
Debt service:				
Principal	16,756	16,756	243,672	(226,916)
Interest	379	379	68,087	(67,708)
Capital outlay	2,500	2,500	-	2,500
Total Expenditures	<u>16,203,462</u>	<u>16,229,160</u>	<u>15,715,826</u>	<u>513,334</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	<u>(2,461,237)</u>	<u>(2,486,935)</u>	<u>(1,372,454)</u>	<u>1,114,481</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	275,580	275,580	468,538	192,958
Transfers out	(655,502)	(604,738)	(211,565)	393,173
Total Other Financing Sources (Uses)	<u>(379,922)</u>	<u>(329,158)</u>	<u>256,973</u>	<u>586,131</u>
Net Change in Fund Balance	<u>(2,841,159)</u>	<u>(2,816,093)</u>	<u>(1,115,481)</u>	<u>1,700,612</u>
Fund Balance, Beginning of Year	17,623,691	17,623,691	17,623,691	-
Fund Balance, End of Year	<u>\$ 14,782,532</u>	<u>\$ 14,807,598</u>	<u>\$ 16,508,210</u>	<u>\$ 1,700,612</u>

Required Supplementary Information
City of San Jacinto
Budgetary Comparison Schedule - Community Facilities District 2003 Fund
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Assessments	\$ 1,801,500	\$ 1,801,500	\$ 1,948,763	\$ 147,263
Total Revenues	1,801,500	1,801,500	1,948,763	147,263
EXPENDITURES				
Current:				
General government	27,100	27,100	43,631	(16,531)
Public safety	1,818,490	1,818,490	2,016,896	(198,406)
Debt service:				
Interest	10,500	10,500	12,209	(1,709)
Total Expenditures	1,856,090	1,856,090	2,072,736	(216,646)
Net Change in Fund Balance	(54,590)	(54,590)	(123,973)	(69,383)
Fund Balance, Beginning of Year	(4,351,118)	(4,351,118)	(4,351,118)	-
Fund Balance, End of Year	\$ (4,405,708)	\$ (4,405,708)	\$ (4,475,091)	\$ (69,383)

**Required Supplementary Information
City of San Jacinto
Budgetary Comparison Schedule - LLPD #2 Fund
For the Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Assessments	\$ 2,592,210	\$ 2,592,210	\$ 2,715,941	\$ 123,731
Development fees	23,000	23,000	11,258	(11,742)
Investment earnings	42,908	42,908	31,532	(11,376)
Total Revenues	<u>2,658,118</u>	<u>2,658,118</u>	<u>2,758,731</u>	<u>100,613</u>
EXPENDITURES				
Current:				
Community development	4,109,335	4,109,335	2,875,936	1,233,399
Capital outlay	453,000	453,000	60,376	392,624
Total Expenditures	<u>4,562,335</u>	<u>4,562,335</u>	<u>2,936,312</u>	<u>1,626,023</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	<u>(1,904,217)</u>	<u>(1,904,217)</u>	<u>(177,581)</u>	<u>1,726,636</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	17,000	17,000	67,225	50,225
Total Other Financing Sources (Uses)	<u>17,000</u>	<u>17,000</u>	<u>67,225</u>	<u>50,225</u>
Net Change in Fund Balance	<u>(1,887,217)</u>	<u>(1,887,217)</u>	<u>(110,356)</u>	<u>1,776,861</u>
Fund Balance, Beginning of Year	7,692,233	7,692,233	7,692,233	-
Fund Balance, End of Year	<u>\$ 5,805,016</u>	<u>\$ 5,805,016</u>	<u>\$ 7,581,877</u>	<u>\$ 1,776,861</u>

**Required Supplementary Information
City of San Jacinto
For the Year Ended June 30, 2015**

Schedule of the City's Proportionate Share of the Plan's Net Pension Liability and Related Ratios as of the Measurement Date Last 10 Years*

	Measurement Date June 30, 2014	
	Miscellaneous Tier 1 Plan	Miscellaneous Tier 2 Plan
Plan's Proportion of the Net Pension Liability ¹	0.07186%	0.00002%
Plan's Proportionate Share of the Net Pension Liability	\$ 4,471,724	\$ 1,356
Plan's Covered-Employee Payroll ²	\$ 2,842,502	\$ 65,922
Plan's Proportionate Share of the Net Pension Liability as a percentage of its Covered-Employee Payroll	157.32%	2.06%
Plan's Proportion of the Fiduciary Net Position ³	0.13928%	0.00006%
Plan's Share of Risk Pool Fiduciary Net Position ³	\$ 14,818,213	\$ 6,634
Plan's Additional Payments to Side Fund During Measurement Period	\$ -	\$ -
Plan's Proportionate Share of the Fiduciary Net Position (<i>sum of the two preceding lines</i>)	\$ 14,818,213	\$ 6,634
Plan's Proportionate Share of the Fiduciary Net Position as a percentage of the Plan's Total Pension Liability	76.82%	83.03%
Plan's Proportionate Share of Aggregate Employer Contributions ⁴	\$ 400,709	\$ 179

¹ Proportion of the net pension liability represents the plan's proportion of PERF C, which includes both the Miscellaneous and Safety Risk Pools excluding the 1959 Survivors Risk Pool.

² Covered-Employee Payroll represented above is based on the total payroll of employees that are provided pensions through the pension plan in accordance with GASB 68.

³ The term Fiduciary Net Position (FNP) as used in this line denotes the aggregate risk pool's FNP at June 30, 2014 less the sum of all employers' additional side fund contributions made during the measurement period.

⁴ The plan's proportionate share of aggregate contributions may not match the actual contributions made by the employer during the Measurement Period. The plan's proportionate share of aggregate contributions is based on the plan's proportion of Fiduciary Net Position shown on line 5 of the table above as well as any additional side fund (or unfunded liability) contributions made by the employer during the measurement period.

* Measurement period 2013-14 (fiscal year 2014-15) was the first year of implementation, therefore, only one year is shown.

**Required Supplementary Information
City of San Jacinto
For the Year Ended June 30, 2015**

**Schedule of Plan Contributions
Last 10 Years***

	Measurement Period 2013-14	
	Miscellaneous Tier 1 Plan	Miscellaneous Tier 2 Plan
Actuarially Determined Contribution	\$ 626,506	\$ 14,215
Contributions in Relation to the Actuarially Determined Contribution	(626,506)	(14,215)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
 Covered-Employee Payroll ¹	 \$ 2,842,502	 \$ 65,922
Contributions as a Percentage of Covered-Employee Payroll	22.04%	21.56%

¹ Covered-Employee Payroll represented above is based on the total payroll of employees that are provided pensions through the pension plan in accordance with GASB 68.

* Measurement period 2013-14 (fiscal year 2014-15) was the first year of implementation, therefore, only one year is shown.

Notes to Schedule:

Change in Benefit Terms: None

Change in Assumptions: None

Non-Major Governmental Funds

**City of San Jacinto
Combining Balance Sheet
Non-Major Special Revenue Funds
June 30, 2015**

	Special Revenue Funds			
	Gas Tax	Measure A	Traffic Safety	CFD #2003-2 Sewer Lift Operations
ASSETS				
Cash and investments	\$ 1,477,801	\$ 291,415	\$ -	\$ -
Receivables, net:				
Accounts	-	-	54	-
Taxes and assessments	-	-	-	1,161
Due from other governments	32,702	191,404	5,359	-
Advances receivable	-	2,046,228	297,333	-
Total Assets	<u>\$ 1,510,503</u>	<u>\$ 2,529,047</u>	<u>\$ 302,746</u>	<u>\$ 1,161</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ 4,844	\$ 142
Accrued payroll	-	-	-	-
Due to other funds	-	-	-	-
Due to other governments	-	-	-	-
Unearned revenue	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>4,844</u>	<u>142</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable	-	2,046,228	297,333	-
Restricted	1,510,503	482,819	569	1,019
Unassigned	-	-	-	-
Total Fund Balances (deficit)	<u>1,510,503</u>	<u>2,529,047</u>	<u>297,902</u>	<u>1,019</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,510,503</u>	<u>\$ 2,529,047</u>	<u>\$ 302,746</u>	<u>\$ 1,161</u>

Special Revenue Funds

LLPD #1	Parkway Development	CSA 152	Bus Shelter	Public Safety Sales Tax
\$ 26,877	\$ 45,028	\$ -	\$ 1,055	\$ -
-	-	113	28	-
12,326	-	-	-	-
14	-	61,685	-	19,137
-	11,990	-	-	-
<u>\$ 39,217</u>	<u>\$ 57,018</u>	<u>\$ 61,798</u>	<u>\$ 1,083</u>	<u>\$ 19,137</u>
\$ 39,217	\$ -	\$ 23,815	\$ 332	\$ -
-	-	-	751	-
-	-	86,931	-	-
-	-	-	-	-
-	-	-	-	-
<u>39,217</u>	<u>-</u>	<u>110,746</u>	<u>1,083</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	11,990	-	-	-
-	45,028	-	-	19,137
-	-	(48,948)	-	-
<u>-</u>	<u>57,018</u>	<u>(48,948)</u>	<u>-</u>	<u>19,137</u>
<u>\$ 39,217</u>	<u>\$ 57,018</u>	<u>\$ 61,798</u>	<u>\$ 1,083</u>	<u>\$ 19,137</u>

City of San Jacinto
Combining Balance Sheet
Non-Major Special Revenue Funds
June 30, 2015

	Special Revenue Funds			
	Air Quality Improvement	AB3229 COPS Program	Fire Mitigation	SB 621 Gaming Impact Grants
ASSETS				
Cash and investments	\$ 171,928	\$ 28,931	\$ 579,261	\$ 20,757
Receivables, net:				
Accounts	-	-	-	-
Taxes and assessments	-	-	-	-
Due from other governments	14,834	-	-	-
Advances receivable	-	-	-	57,000
Total Assets	<u>\$ 186,762</u>	<u>\$ 28,931</u>	<u>\$ 579,261</u>	<u>\$ 77,757</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ 12,088
Accrued payroll	-	-	-	-
Due to other funds	-	-	-	-
Due to other governments	-	-	-	-
Unearned revenue	-	-	-	79,476
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>91,564</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable	-	-	-	57,000
Restricted	186,762	28,931	579,261	-
Unassigned	-	-	-	(70,807)
Total Fund Balances (deficit)	<u>186,762</u>	<u>28,931</u>	<u>579,261</u>	<u>(13,807)</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 186,762</u>	<u>\$ 28,931</u>	<u>\$ 579,261</u>	<u>\$ 77,757</u>

Special Revenue Funds

AB1600	Special District Administration	Asset Seizure	Assessment District 2003-01	State Grants	Developer Impact Fees
\$ 12,892	\$ 134,429	\$ 209,014	\$ 2,832,211	\$ -	\$ 2,084,625
-	242	-	-	-	-
-	-	-	20,607	-	-
-	-	-	-	2,281	-
487,570	-	-	-	-	680,710
<u>\$ 500,462</u>	<u>\$ 134,671</u>	<u>\$ 209,014</u>	<u>\$ 2,852,818</u>	<u>\$ 2,281</u>	<u>\$ 2,765,335</u>
\$ -	\$ 242	\$ -	\$ 3,130	\$ -	\$ -
-	7,498	-	-	-	-
12,131	-	-	-	2,281	17,491
-	-	-	-	-	-
-	-	-	-	2,281	-
<u>12,131</u>	<u>7,740</u>	<u>-</u>	<u>3,130</u>	<u>4,562</u>	<u>17,491</u>
-	-	-	-	-	-
487,570	-	-	-	-	680,710
761	126,931	209,014	2,849,688	-	2,067,134
-	-	-	-	(2,281)	-
<u>488,331</u>	<u>126,931</u>	<u>209,014</u>	<u>2,849,688</u>	<u>(2,281)</u>	<u>2,747,844</u>
<u>\$ 500,462</u>	<u>\$ 134,671</u>	<u>\$ 209,014</u>	<u>\$ 2,852,818</u>	<u>\$ 2,281</u>	<u>\$ 2,765,335</u>

City of San Jacinto
Combining Balance Sheet
Non-Major Special Revenue Funds
June 30, 2015

	Special Revenue Funds			Total Special Revenue Funds
	Vandalism & Graffiti Reward	SB 821	CDBG	
ASSETS				
Cash and investments	\$ 32,454	\$ -	\$ -	\$ 7,948,678
Receivables, net:				
Accounts	48,277	-	-	48,714
Taxes and assessments	-	-	-	34,094
Due from other governments	-	-	-	327,416
Advances receivable	-	-	-	3,580,831
Total Assets	\$ 80,731	\$ -	\$ -	\$ 11,939,733
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ 83,810
Accrued payroll	-	-	-	8,249
Due to other funds	-	-	-	118,834
Due to other governments	-	-	-	-
Unearned revenue	-	-	-	81,757
Total Liabilities	-	-	-	292,650
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	46,695	-	-	46,695
FUND BALANCES				
Nonspendable	-	-	-	3,580,831
Restricted	34,036	-	-	8,141,593
Unassigned	-	-	-	(122,036)
Total Fund Balances (deficit)	34,036	-	-	11,600,388
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 80,731	\$ -	\$ -	\$ 11,939,733

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**City of San Jacinto
Combining Balance Sheet
Non-Major Capital Projects and Debt Service Funds
June 30, 2015**

	Capital Projects		
	Underground Utility	Flood Control	Traffic Signalization
ASSETS			
Cash and investments	\$ 977,860	\$ -	\$ 124,563
Receivables:			
Accounts	-	-	-
Taxes and assessments	-	-	-
Due from other governments	-	144,147	-
Notes receivable	-	-	-
Advances receivable	-	949,942	180,839
Total Assets	<u>\$ 977,860</u>	<u>\$ 1,094,089</u>	<u>\$ 305,402</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	-	949,942	180,839
Restricted	-	-	-
Assigned	977,860	144,147	124,563
Unassigned	-	-	-
Total Fund Balances (deficit)	<u>977,860</u>	<u>1,094,089</u>	<u>305,402</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 977,860</u>	<u>\$ 1,094,089</u>	<u>\$ 305,402</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
\$ 137,506	\$ 1,239,929	\$ -	\$ -	\$ 9,188,607
-	-	-	-	48,714
-	-	1,633,490	1,633,490	1,667,584
-	144,147	-	-	471,563
-	-	-	-	-
182,000	1,312,781	-	-	4,893,612
<u>\$ 319,506</u>	<u>\$ 2,696,857</u>	<u>\$ 1,633,490</u>	<u>\$ 1,633,490</u>	<u>\$ 16,270,080</u>
\$ -	\$ -	\$ -	\$ -	\$ 83,810
-	-	-	-	8,249
-	-	302,280	302,280	421,114
-	-	144,128	144,128	144,128
-	-	1,633,491	1,633,491	1,715,248
-	-	2,079,899	2,079,899	2,372,549
-	-	-	-	46,695
182,000	1,312,781	-	-	4,893,612
-	-	-	-	8,141,593
137,506	1,384,076	-	-	1,384,076
-	-	(446,409)	(446,409)	(568,445)
<u>319,506</u>	<u>2,696,857</u>	<u>(446,409)</u>	<u>(446,409)</u>	<u>13,850,836</u>
<u>\$ 319,506</u>	<u>\$ 2,696,857</u>	<u>\$ 1,633,490</u>	<u>\$ 1,633,490</u>	<u>\$ 16,270,080</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, 2015

	Special Revenue Funds			
	Gas Tax	Measure A	Traffic Safety	CFD #2003-2 Sewer Lift Operations
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Assessments	-	-	-	19,678
Fines and forfeitures	-	-	83,743	-
Development fees	-	-	-	-
Intergovernmental	1,279,430	750,348	-	-
Investment earnings	5,284	15,482	-	13
Other	-	-	-	-
Total Revenues	<u>1,284,714</u>	<u>765,830</u>	<u>83,743</u>	<u>19,691</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	-	40,894	-
Public works	738,741	33,419	2,830	19,116
Community development	-	-	-	-
Culture and leisure	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	<u>738,741</u>	<u>33,419</u>	<u>43,724</u>	<u>19,116</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>545,973</u>	<u>732,411</u>	<u>40,019</u>	<u>575</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(98,803)	(1,619,132)	(19,332)	-
Total Other Financing Sources (Uses)	<u>(98,803)</u>	<u>(1,619,132)</u>	<u>(19,332)</u>	<u>-</u>
Net Change in Fund Balances	447,170	(886,721)	20,687	575
Fund Balances (deficit), Beginning of Year	1,063,333	3,415,768	277,215	444
Fund Balances (deficit), End of Year	<u>\$ 1,510,503</u>	<u>\$ 2,529,047</u>	<u>\$ 297,902</u>	<u>\$ 1,019</u>

Special Revenue Funds

LLPD #1	Parkway Development	CSA 152	Bus Shelter	Public Safety Sales Tax
\$ -	\$ -	\$ -	\$ -	\$ 256,468
655,490	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	65,650	-	-
-	309	83	-	-
-	-	-	24,000	-
<u>655,490</u>	<u>309</u>	<u>65,733</u>	<u>24,000</u>	<u>256,468</u>
3,851	-	-	-	-
-	-	-	-	-
-	-	114,681	-	-
-	-	-	27,909	-
651,639	4,476	-	-	-
-	-	-	-	-
<u>655,490</u>	<u>4,476</u>	<u>114,681</u>	<u>27,909</u>	<u>-</u>
<u>-</u>	<u>(4,167)</u>	<u>(48,948)</u>	<u>(3,909)</u>	<u>256,468</u>
-	-	-	3,909	-
-	(10,578)	-	-	(255,970)
<u>-</u>	<u>(10,578)</u>	<u>-</u>	<u>3,909</u>	<u>(255,970)</u>
-	(14,745)	(48,948)	-	498
-	71,763	-	-	18,639
<u>\$ -</u>	<u>\$ 57,018</u>	<u>\$ (48,948)</u>	<u>\$ -</u>	<u>\$ 19,137</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, 2015

	Special Revenue Funds			
	Air Quality Improvement	AB3229 COPS Program	Fire Mitigation	SB 621 Gaming Impact Grants
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Assessments	-	-	-	-
Fines and forfeitures	-	-	-	-
Development fees	-	-	120	-
Intergovernmental	56,531	106,230	-	429,316
Investment earnings	644	462	2,579	1,526
Other	-	-	-	-
Total Revenues	<u>57,175</u>	<u>106,692</u>	<u>2,699</u>	<u>430,842</u>
EXPENDITURES				
Current:				
General government	-	-	-	33,181
Public safety	-	106,510	-	-
Public works	6,000	-	-	-
Community development	-	-	-	-
Culture and leisure	-	-	-	-
Capital outlay	-	88,982	-	-
Total Expenditures	<u>6,000</u>	<u>195,492</u>	<u>-</u>	<u>33,181</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>51,175</u>	<u>(88,800)</u>	<u>2,699</u>	<u>397,661</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	(410,693)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(410,693)</u>
Net Change in Fund Balances	51,175	(88,800)	2,699	(13,032)
Fund Balances (deficit), Beginning of Year	135,587	117,731	576,562	(775)
Fund Balances (deficit), End of Year	<u>\$ 186,762</u>	<u>\$ 28,931</u>	<u>\$ 579,261</u>	<u>\$ (13,807)</u>

Special Revenue Funds

AB1600	Special District Administration	Asset Seizure	Assessment District 2003-01	State Grants	Developer Impact Fees
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	706,778	-	-
-	-	-	-	-	-
924	-	-	-	-	21,163
-	-	-	-	-	-
2,288	-	931	12,139	-	13,013
-	310,549	-	-	-	-
<u>3,212</u>	<u>310,549</u>	<u>931</u>	<u>718,917</u>	<u>-</u>	<u>34,176</u>
-	-	-	-	-	10,306
-	-	-	-	-	-
14,559	-	-	289,414	-	51,402
-	266,615	-	-	22,419	-
-	-	-	-	-	-
-	-	-	386,770	-	-
<u>14,559</u>	<u>266,615</u>	<u>-</u>	<u>676,184</u>	<u>22,419</u>	<u>61,708</u>
<u>(11,347)</u>	<u>43,934</u>	<u>931</u>	<u>42,733</u>	<u>(22,419)</u>	<u>(27,532)</u>
-	-	-	2,330	20,138	-
-	(46,349)	-	-	-	(159,604)
<u>-</u>	<u>(46,349)</u>	<u>-</u>	<u>2,330</u>	<u>20,138</u>	<u>(159,604)</u>
(11,347)	(2,415)	931	45,063	(2,281)	(187,136)
499,678	129,346	208,083	2,804,625	-	2,934,980
<u>\$ 488,331</u>	<u>\$ 126,931</u>	<u>\$ 209,014</u>	<u>\$ 2,849,688</u>	<u>\$ (2,281)</u>	<u>\$ 2,747,844</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, 2015

	Special Revenue Funds			Total Special Revenue Funds
	Vandalism & Graffiti Reward	SB 821	CDBG	
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ 256,468
Assessments	-	-	-	1,381,946
Fines and forfeitures	-	-	-	83,743
Development fees	-	-	-	22,207
Intergovernmental	-	30,000	527,659	3,245,164
Investment earnings	-	-	-	54,753
Other	2,938	-	-	337,487
Total Revenues	2,938	30,000	527,659	5,381,768
EXPENDITURES				
Current:				
General government	-	-	-	47,338
Public safety	-	-	-	147,404
Public works	-	-	-	1,270,162
Community development	-	-	-	316,943
Culture and leisure	-	-	-	656,115
Capital outlay	-	-	-	475,752
Total Expenditures	-	-	-	2,913,714
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,938	30,000	527,659	2,468,054
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	26,377
Transfers out	-	(30,000)	(121,301)	(2,771,762)
Total Other Financing Sources (Uses)	-	(30,000)	(121,301)	(2,745,385)
Net Change in Fund Balances	2,938	-	406,358	(277,331)
Fund Balances (deficit), Beginning of Year	31,098	-	(406,358)	11,877,719
Fund Balances (deficit), End of Year	\$ 34,036	\$ -	\$ -	\$ 11,600,388

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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, 2015

	Capital Projects		
	Underground Utility	Flood Control	Traffic Signalization
REVENUES			
Taxes	\$ -	\$ -	\$ -
Assessments	-	-	-
Fines and forfeitures	-	-	-
Development fees	-	32,302	-
Intergovernmental	-	37,153	-
Investment earnings	4,355	5,612	1,360
Other	-	-	-
Total Revenues	<u>4,355</u>	<u>75,067</u>	<u>1,360</u>
EXPENDITURES			
Current:			
General government	-	-	-
Public safety	-	-	-
Public works	-	302,882	707
Community development	-	-	-
Culture and leisure	-	-	-
Capital outlay	-	-	-
Total Expenditures	<u>-</u>	<u>302,882</u>	<u>707</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>4,355</u>	<u>(227,815)</u>	<u>653</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	(365,661)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(365,661)</u>	<u>-</u>
Net Change in Fund Balances	4,355	(593,476)	653
Fund Balances (deficit), Beginning of Year	973,505	1,687,565	304,749
Fund Balances (deficit), End of Year	<u>\$ 977,860</u>	<u>\$ 1,094,089</u>	<u>\$ 305,402</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
\$ -	\$ -	\$ -	\$ -	\$ 256,468
-	-	-	-	1,381,946
-	-	-	-	83,743
-	32,302	-	-	54,509
-	37,153	-	-	3,282,317
-	11,327	-	-	66,080
-	-	-	-	337,487
-	80,782	-	-	5,462,550
-	-	1,827	1,827	49,165
-	-	-	-	147,404
-	303,589	-	-	1,573,751
-	-	-	-	316,943
-	-	-	-	656,115
-	-	-	-	475,752
-	303,589	1,827	1,827	3,219,130
-	(222,807)	(1,827)	(1,827)	2,243,420
220,000	220,000	-	-	246,377
(361,638)	(727,299)	-	-	(3,499,061)
(141,638)	(507,299)	-	-	(3,252,684)
(141,638)	(730,106)	(1,827)	(1,827)	(1,009,264)
461,144	3,426,963	(444,582)	(444,582)	14,860,100
\$ 319,506	\$ 2,696,857	\$ (446,409)	\$ (446,409)	\$ 13,850,836

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