

CITY OF SAN JACINTO, CALIFORNIA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2016

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**City of San Jacinto
Annual Financial Report
For the Year Ended June 30, 2016**

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Annual Financial Report
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INDEPENDENT AUDITOR'S REPORT

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

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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, 2016, 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.

MEMBERS

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Quality Center

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Certified Public Accountants

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, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 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, Malody & Scott, LLP.

San Bernardino, California
March 13, 2017

**CITY OF SAN JACINTO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

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, 2016. We encourage readers to consider the information presented here in conjunction with the City's financial statements, which follow this discussion.

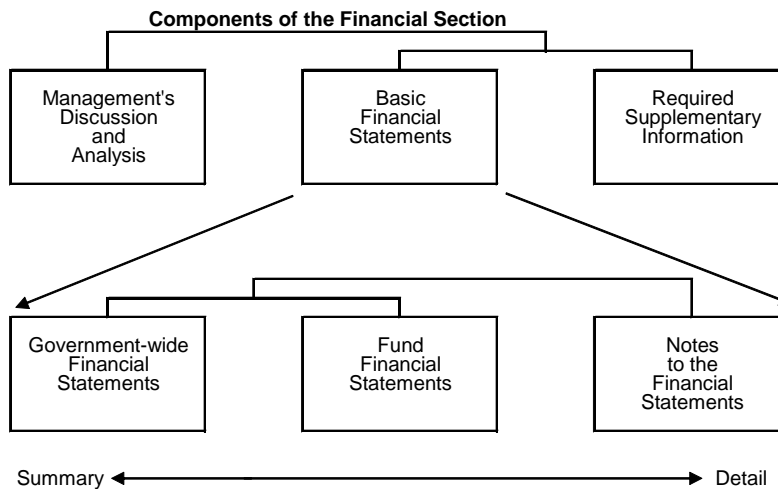
FINANCIAL HIGHLIGHTS

- 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 \$156,231,981 (net position). Of this amount, \$16,172,789 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 \$847,350, or 0.5 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.
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$36,216,653, an increase of \$2,659,887 in comparison with the prior year. Approximately 22.6 percent of this amount (\$8,182,984) 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 \$11,662,706, or approximately 79.7 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, 2016**

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, 2016**

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, 2016 and 2015
(in thousands)**

	Governmental Activities		Business-type Activities		Total Primary Government		Total Percent Change
	2016	2015	2016	2015	2016	2015	
Cash and investments	\$ 37,608	\$ 34,537	\$ 7,916	\$ 3,467	\$ 45,524	\$ 38,004	19.8%
Current and other assets	9,547	9,898	949	1,071	10,496	10,969	-4.3%
Capital assets, net	110,448	114,957	10,856	10,673	121,304	125,630	-3.4%
Total assets	157,603	159,392	19,721	15,211	177,324	174,603	1.6%
Deferred Outflows of Resources	987	566	447	221	1,434	787	82.2%
Long-term liabilities	5,235	5,225	6,963	3,045	12,198	8,270	47.5%
Other liabilities	8,221	7,821	1,579	1,135	9,800	8,956	9.4%
Total liabilities	13,456	13,046	8,542	4,180	21,998	17,226	27.7%
Deferred Inflows of Resources	381	867	148	217	529	1,084	-51.2%
Net investment in capital assets	108,815	113,323	7,694	8,066	116,509	121,389	-4.0%
Restricted	23,549	22,246	-	-	23,549	22,246	5.9%
Unrestricted	12,389	10,476	3,784	2,969	16,173	13,445	20.3%
Total net position	\$ 144,753	\$ 146,045	\$ 11,478	\$ 11,035	\$ 156,231	\$ 157,080	-0.5%

Net position represents the difference between the City's resources and its obligations. At June 30, 2016, the largest portion of the City's total net position, approximately 75 percent, reflects the investment in capital assets less related debt outstanding used to acquire the capital assets. These capital assets are used by the City to provide services to the citizens. Additional capital asset information can be found in the Capital Asset and Debt Administration sections of the MD&A. Restricted net position represents amounts that must be used in accordance with external restrictions. The unrestricted balance of net position may be used at the City's discretion.

The net position of our business-type activities increased by 4.0 percent to \$11,478,098, 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, 2016**

**City of San Jacinto
Government-wide Financial Statements - Changes in Net Position
For the fiscal year ended June 30, 2016 and 2015
(in thousands)**

	Governmental		Business-type		Total Primary		Total Percent Change
	Activities		Activities		Government		
	2016	2015	2016	2015	2016	2015	
Revenues							
Program revenues:							
Charges for services	\$ 4,435	\$ 3,971	\$ 4,506	\$ 4,876	\$ 8,941	\$ 8,847	1.1%
Operating grants and contributions	4,665	5,971	-	-	4,665	5,971	-21.9%
Capital grants and contributions	5,155	8,774	-	-	5,155	8,774	-41.2%
General revenues:							
Property taxes	2,416	2,235	-	-	2,416	2,235	8.1%
Transient occupancy taxes	37	34	-	-	37	34	8.8%
Franchise taxes	1,915	1,931	-	-	1,915	1,931	-0.8%
Sales taxes	2,855	2,395	-	-	2,855	2,395	19.2%
Motor vehicle in lieu taxes	2,966	2,797	-	-	2,966	2,797	6.0%
Other taxes	201	201	-	-	201	201	0.0%
Other	693	418	11	28	704	446	57.8%
Total revenues	<u>25,338</u>	<u>28,727</u>	<u>4,517</u>	<u>4,904</u>	<u>29,855</u>	<u>33,631</u>	-11.2%
Expenses							
Governmental activities:							
General government	1,857	2,985	-	-	1,857	2,985	-37.8%
Public safety	11,182	12,899	-	-	11,182	12,899	-13.3%
Public works	7,113	7,004	-	-	7,113	7,004	1.6%
Community development	4,652	5,320	-	-	4,652	5,320	-12.6%
Culture and leisure	1,442	889	-	-	1,442	889	62.2%
Interest on long-term debt	383	95	-	-	383	95	303.2%
Business-type activities:							
Water	-	-	3,194	3,132	3,194	3,132	2.0%
Solid waste	-	-	-	11	-	11	-100.0%
Sewer	-	-	880	790	880	790	11.4%
Total expenses	<u>26,629</u>	<u>29,192</u>	<u>4,074</u>	<u>3,933</u>	<u>30,703</u>	<u>33,125</u>	-7.3%
Increase (decrease) in net position	<u>\$ (1,291)</u>	<u>\$ (465)</u>	<u>\$ 443</u>	<u>\$ 971</u>	<u>\$ (848)</u>	<u>\$ 506</u>	-267.6%

**CITY OF SAN JACINTO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

Revenue

The City's total revenue was \$29,857,865 for the year ended June 30, 2016. Revenue from governmental activities totaled \$25,340,220 and revenue from business-type activities totaled \$4,517,645. During 2016, capital grants and contributions, restricted to the construction of capital assets, comprised 17 percent of the total revenue of the City, taxes and other general revenues provided 37 percent of the total revenue of the City, and charges for services and operating grants and contributions provided 46 percent of the total revenue of the City.

Most of the revenues remained stable from 2015 to 2016, except for the decreases in operating and capital contributions and grants due to significant completion of various projects in the City in 2015. Further, water charges decreased due to drought related conservation requirements in place during 2016.

Expenses

The City's expenses totaled \$30,705,215 for the year. Governmental activity expenses totaled \$26,630,940, or 87 percent of total expenses. Business-type activities incurred \$4,074,275 of expenses during the year, or 13 percent of total expenses.

The majority of the decrease in public safety relates to the closing of a fire station in July 2015.

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, 2016 and 2015
(in thousands)**

	Total Cost			Net Cost		
	of Services		Percent	of Services		Percent
	2016	2015	Change	2016	2015	Change
General government	\$ 1,857	\$ 2,985	-37.8%	\$ (2)	\$ 516	-100.4%
Public safety	11,182	12,899	-13.3%	7,805	9,517	-18.0%
Public works	7,113	7,004	1.6%	4,250	18	23511.1%
Community development	4,652	5,320	-12.6%	(1,504)	(559)	169.1%
Culture and leisure	1,442	889	62.2%	1,442	889	62.2%
Total	\$ 26,246	\$ 29,097	-9.8%	\$ 11,991	\$ 10,381	15.5%

The cost for all governmental activities this year was \$26,246,975 not including interest expense of \$383,965. The City's taxpayers paid for approximately 40 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, 2016**

Business-type Activities

Charges for services of the City's business-type activities totaled \$4,505,646. Expenses of business-type activities were \$4,074,275. 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, 2016 of \$36,216,653, an increase of \$2,659,887 from the previous fiscal year. Within the change of combined fund balances, the General Fund decreased by \$411,900, related to the continued economic downturn and the loss of redevelopment.

**City of San Jacinto
Fund Financial Statements - Fund Balances
As of June 30, 2016 and 2015
(in thousands)**

	<u>2016</u>	<u>2015</u>	<u>Percent Change</u>
Nonspendable:			
Prepays	\$ 58	\$ 44	31.8%
Advances receivable	8,810	9,708	-9.3%
Land held for resale	340	293	16.0%
Total nonspendable fund balances	<u>9,208</u>	<u>10,045</u>	-8.3%
Restricted:			
Special revenue funds	<u>17,334</u>	<u>15,735</u>	10.2%
Total restricted fund balances	<u>17,334</u>	<u>15,735</u>	10.2%
Assigned:			
Capital projects funds	<u>1,491</u>	<u>1,384</u>	7.7%
Total assigned fund balances	<u>1,491</u>	<u>1,384</u>	7.7%
Unassigned:			
General fund	11,663	11,653	0.1%
Debt service funds	(448)	(447)	-0.2%
Special revenue funds	(3,032)	(4,597)	34.0%
Capital projects funds	-	(216)	100.0%
Total unassigned fund balances	<u>8,183</u>	<u>6,393</u>	28.0%
Total fund balance	<u>\$ 36,216</u>	<u>\$ 33,557</u>	7.9%

**CITY OF SAN JACINTO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

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 2015 were re-appropriated in 2016 as part of the City's capital budget.

After taking into account these adjustments, actual expenditures were \$929,674 under the final budget amounts, attributable to expenditure savings in general government, community development and public safety costs.

Resources available for appropriation were \$1,125,802 less than the final budgeted amount, primarily due to intergovernmental revenues (such as grants) about 32 percent less than budgeted.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2016, the City had invested \$121,303,784 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, 2016 and 2015
(net of depreciation, in thousands)**

	Governmental		Business-type		Total	
	Activities		Activities			
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Capital assets not being depreciated:						
Land and improvements	\$ 3,312	\$ 3,312	\$ 55	\$ 55	\$ 3,367	\$ 3,367
Construction in progress	4,979	10,018	557	-	5,536	10,018
Depreciable capital assets, net of accumulated depreciation:						
Buildings and system	5,129	5,303	4,110	4,246	9,239	9,549
Machinery and equipment	318	476	606	693	924	1,169
Improvements other than buildings	2,275	2,444	5,527	5,679	7,802	8,123
Infrastructure	94,435	93,403	-	-	94,435	93,403
Total	<u>\$ 110,448</u>	<u>\$ 114,956</u>	<u>\$ 10,855</u>	<u>\$ 10,673</u>	<u>\$ 121,303</u>	<u>\$ 125,629</u>

**CITY OF SAN JACINTO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

This year's major capital asset additions included:

Government-wide, governmental activities:

- Two road improvement projects completed at a final cost of \$5,906,562.

Government-wide, business-type activities:

- One well rehab project completed at a total cost of \$218,176.

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

Long-term Debt

At June 30, 2016, the City had \$14,694,144 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, 2016 and 2015
(in thousands)**

	Governmental Activities		Business-type Activities		Total	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Revenue and other bonds, net	\$ 1,353	\$ 1,573	\$ -	\$ -	\$ 1,353	\$ 1,573
Special assessment debt with government commitment, including unpaid interest	1,633	1,633	-	-	1,633	1,633
Loans payable	-	-	6,013	2,607	6,013	2,607
Capital leases	-	-	-	-	-	-
Net pension liability	3,812	3,577	1,483	896	5,295	4,473
Claims and judgments	207	198	-	-	207	198
Compensated absences	143	148	49	46	192	194
Total	<u><u>\$ 7,148</u></u>	<u><u>\$ 7,129</u></u>	<u><u>\$ 7,545</u></u>	<u><u>\$ 3,549</u></u>	<u><u>\$ 14,693</u></u>	<u><u>\$ 10,678</u></u>

**CITY OF SAN JACINTO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

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, and are slowly returning. Meanwhile, public safety costs have outpaced the recovery of revenues, necessitating cuts in those areas in recent years. 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 2016-2017 appropriates \$17,725,874 in operating and capital expenditures, an increase of 0.9 percent from the prior year.

City utility rates for water were last increased by 5% in July 2009, and sewer rates were increased 3% in July 2011. In March 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, 2016

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Cash and investments	\$ 37,608,480	\$ 4,065,607	\$ 41,674,087
Cash and investments with fiscal agents, restricted	-	3,851,131	3,851,131
Receivables, net:			
Accounts	422,810	911,332	1,334,142
Interest	257,150	-	257,150
Taxes	1,931,260	-	1,931,260
Notes	3,884,634	2,400	3,887,034
Due from other governments	1,864,941	-	1,864,941
Deposits with others	763,846	-	763,846
Prepaid expenses	63,995	6,993	70,988
Internal balances	19,171	(19,171)	-
Inventories	-	48,338	48,338
Land held for resale	339,807	-	339,807
Capital assets:			
Land and construction in progress	8,290,595	612,571	8,903,166
Other capital assets, net of depreciation	102,157,595	10,243,023	112,400,618
Total Assets	<u>157,604,284</u>	<u>19,722,224</u>	<u>177,326,508</u>
DEFERRED OUTFLOWS OF RESOURCES			
Loss on retirement of bonds	-	62,998	62,998
Pension related	987,117	383,880	1,370,997
Total Deferred Outflows of Resources	<u>987,117</u>	<u>446,878</u>	<u>1,433,995</u>
LIABILITIES			
Accounts payable and accrued liabilities	3,865,838	547,444	4,413,282
Accrued wages	127,677	49,821	177,498
Accrued interest payable	310,473	68,544	379,017
Due to other governments	192,991	-	192,991
Retention payable	82,959	-	82,959
Unearned revenues	1,727,593	-	1,727,593
Deposits payable	-	331,827	331,827
Noncurrent liabilities:			
Due within one year	1,913,953	581,244	2,495,197
Due in more than one year	5,235,003	6,963,944	12,198,947
Total Liabilities	<u>13,456,487</u>	<u>8,542,824</u>	<u>21,999,311</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related	<u>381,031</u>	<u>148,180</u>	<u>529,211</u>
NET POSITION			
Net investment in capital assets	108,814,699	7,694,201	116,508,900
Restricted for:			
Public safety	1,454,640	-	1,454,640
Public works	13,750,428	-	13,750,428
Community development	8,272,808	-	8,272,808
Culture and leisure	72,416	-	72,416
Unrestricted	12,388,892	3,783,897	16,172,789
Total Net Position	<u>\$ 144,753,883</u>	<u>\$ 11,478,098</u>	<u>\$ 156,231,981</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, 2016**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Primary Government				
Governmental Activities:				
General government	\$ 1,856,648	\$ -	\$ 1,858,908	\$ -
Public safety	11,182,386	2,962,854	413,892	-
Public works	7,113,152	165,296	1,761,289	936,651
Community development	4,652,476	1,307,111	631,063	4,218,411
Culture and leisure	1,442,313	-	-	-
Interest on long-term debt	383,965	-	-	-
Total Governmental Activities	<u>26,630,940</u>	<u>4,435,261</u>	<u>4,665,152</u>	<u>5,155,062</u>
Business-Type Activities:				
Water	3,193,986	3,634,167	-	-
Solid waste	595	-	-	-
Sewer	879,694	871,479	-	-
Total Business-Type Activities	<u>4,074,275</u>	<u>4,505,646</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 30,705,215</u>	<u>\$ 8,940,907</u>	<u>\$ 4,665,152</u>	<u>\$ 5,155,062</u>

General Revenues:

Taxes:
Property tax, levied for general purpose
Transient occupancy taxes
Franchise tax
Sales tax
Motor vehicle in lieu tax
Other taxes
Unrestricted investment earnings
Other
Transfers
Total General Revenues
Change in Net Position
Net Position, Beginning of Year
Net Position, End of Year

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

Net Revenue (Expense) and Change in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ 2,260	\$ -	\$ 2,260
(7,805,640)	-	(7,805,640)
(4,249,916)	-	(4,249,916)
1,504,109	-	1,504,109
(1,442,313)	-	(1,442,313)
(383,965)	-	(383,965)
<u>(12,375,465)</u>	<u>-</u>	<u>(12,375,465)</u>
-	440,181	440,181
-	(595)	(595)
-	(8,215)	(8,215)
-	431,371	431,371
<u>(12,375,465)</u>	<u>431,371</u>	<u>(11,944,094)</u>
2,416,386	-	2,416,386
37,440	-	37,440
1,914,794	-	1,914,794
2,855,735	-	2,855,735
2,965,885	-	2,965,885
201,869	-	201,869
264,289	11,404	275,693
428,942	-	428,942
(595)	595	-
<u>11,084,745</u>	<u>11,999</u>	<u>11,096,744</u>
<u>(1,290,720)</u>	<u>443,370</u>	<u>(847,350)</u>
146,044,603	11,034,728	157,079,331
<u>\$ 144,753,883</u>	<u>\$ 11,478,098</u>	<u>\$ 156,231,981</u>

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Fund Financial Statements

**City of San Jacinto
Governmental Funds
Balance Sheet
June 30, 2016**

	General	Capital Projects City Capital Projects	Special Revenue Community Facilities District 2003
ASSETS			
Cash and investments	\$ 12,128,978	\$ 6,836,761	\$ -
Receivables, net:			
Accounts	278,135	-	-
Interest	81,567	-	-
Taxes and assessments	52,752	-	42,412
Notes	-	-	-
Prepays	58,290	-	-
Due from other governments	1,185,286	-	-
Due from other funds	813,863	-	-
Advances receivable	4,375,314	-	-
Land held for resale	-	-	-
Total Assets	<u>\$ 18,974,185</u>	<u>\$ 6,836,761</u>	<u>\$ 42,412</u>
LIABILITIES			
Accounts payable	\$ 2,713,218	\$ 711,471	\$ 146,255
Accrued wages	122,014	-	-
Retention payable	-	82,959	-
Due to other funds	-	-	-
Due to other governments	-	48,863	-
Unearned revenues	-	-	-
Advances payable	-	5,993,468	2,816,746
Total Liabilities	<u>2,835,232</u>	<u>6,836,761</u>	<u>2,963,001</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	<u>42,643</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Nonspendable	4,433,604	-	-
Restricted	-	-	-
Assigned	-	-	-
Unassigned	11,662,706	-	(2,920,589)
Total Fund Balances (Deficit)	<u>16,096,310</u>	<u>-</u>	<u>(2,920,589)</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 18,974,185</u>	<u>\$ 6,836,761</u>	<u>\$ 42,412</u>

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

<u>Special Revenue</u>		<u>Debt Service</u>			
<u>Successor Housing Authority</u>	<u>LLPD #2</u>	<u>Assessment District 87-1 Debt Service</u>	<u>Total Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>	
\$ 50,959	\$ 7,804,147	\$ -	\$ 10,739,442	\$ 37,560,287	
-	-	-	120,918	399,053	
175,583	-	-	-	257,150	
-	152,599	1,633,490	50,007	1,931,260	
3,884,634	-	-	-	3,884,634	
-	-	-	-	58,290	
-	-	-	679,655	1,864,941	
-	-	-	-	813,863	
-	-	-	4,434,900	8,810,214	
339,807	-	-	-	339,807	
<u>\$ 4,450,983</u>	<u>\$ 7,956,746</u>	<u>\$ 1,633,490</u>	<u>\$ 16,024,922</u>	<u>\$ 55,919,499</u>	
\$ 250	\$ 195,404	\$ -	\$ 69,476	\$ 3,836,074	
-	-	-	5,663	127,677	
-	-	-	-	82,959	
-	2,818	304,369	471,307	778,494	
-	-	144,128	-	192,991	
-	-	1,633,491	94,102	1,727,593	
-	-	-	-	8,810,214	
<u>250</u>	<u>198,222</u>	<u>2,081,988</u>	<u>640,548</u>	<u>15,556,002</u>	
<u>4,060,218</u>	<u>-</u>	<u>-</u>	<u>43,983</u>	<u>4,146,844</u>	
339,807	-	-	4,434,900	9,208,311	
50,708	7,758,524	-	9,525,204	17,334,436	
-	-	-	1,490,922	1,490,922	
-	-	(448,498)	(110,635)	8,182,984	
<u>390,515</u>	<u>7,758,524</u>	<u>(448,498)</u>	<u>15,340,391</u>	<u>36,216,653</u>	
<u>\$ 4,450,983</u>	<u>\$ 7,956,746</u>	<u>\$ 1,633,490</u>	<u>\$ 16,024,922</u>	<u>\$ 55,919,499</u>	

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**City of San Jacinto
Reconciliation of the Balance Sheet of
Governmental Funds to the Statement of Net Position
June 30, 2016**

Fund Balance of Governmental Funds	\$ 36,216,653
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	8,290,595
Capital assets being depreciated	200,616,091
Accumulated depreciation	(98,458,496)
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	(142,690)
Special assessment debt and unmatured interest	(1,633,491)
Pension obligation bonds	(1,353,032)
Accrued interest payable	(310,473)
Net pension liability	(3,812,380)
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	3,971,261
Accrued interest on low and moderate housing loans	175,583
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	987,117
Deferred inflows of resources - pension related items	(381,031)
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	588,176
Net Position of Governmental Activities	\$ 144,753,883

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

**City of San Jacinto
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2016**

	General	Capital Projects City Capital Projects	Special Revenue Community Facilities District 2003
REVENUES			
Taxes	\$ 7,031,136	\$ -	\$ -
Assessments	-	-	1,994,813
Licenses and permits	691,679	-	-
Fines and forfeitures	235,304	-	-
Development fees	291,397	-	-
Intergovernmental	3,056,503	-	-
Charges for services	479,517	-	-
Investment earnings	312,744	-	-
Other	2,336,237	-	-
Total Revenues	<u>14,434,517</u>	<u>-</u>	<u>1,994,813</u>
EXPENDITURES			
Current:			
General government	1,858,910	-	25,846
Public safety	10,337,946	-	587,593
Public works	381,093	-	-
Community development	1,699,654	-	-
Culture and leisure	52,672	-	-
Debt service:			
Principal	220,052	-	-
Interest	74,571	-	18,585
Capital outlay	-	1,106,761	-
Total Expenditures	<u>14,624,898</u>	<u>1,106,761</u>	<u>632,024</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(190,381)</u>	<u>(1,106,761)</u>	<u>1,362,789</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	322,697	1,106,761	191,713
Transfers out	(544,216)	-	-
Total Other Financing Sources (Uses)	<u>(221,519)</u>	<u>1,106,761</u>	<u>191,713</u>
Net Change in Fund Balances	(411,900)	-	1,554,502
Fund Balances (Deficit), Beginning of Year	16,508,210	-	(4,475,091)
Fund Balances (Deficit), End of Year	<u>\$ 16,096,310</u>	<u>\$ -</u>	<u>\$ (2,920,589)</u>

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

Special Revenue		Debt Service		Total Non-Major Governmental Funds	Total Governmental Funds
Successor Housing Authority	LLPD #2	Assessment District 87-1 Debt Service			
\$ -	\$ -	\$ -	\$ 260,871	\$ 7,292,007	
-	2,890,574	-	1,375,667	6,261,054	
-	-	-	-	691,679	
-	-	-	546,808	782,112	
-	8,386	-	219,045	518,828	
66,380	-	-	2,540,982	5,663,865	
-	-	-	-	479,517	
209	21,165	-	37,974	372,092	
34,457	17,104	-	945,585	3,333,383	
101,046	2,937,229	-	5,926,932	25,394,537	
14,626	-	2,089	3,383	1,904,854	
-	-	-	31,679	10,957,218	
-	-	-	1,478,867	1,859,960	
-	2,775,214	-	279,315	4,754,183	
-	-	-	616,439	669,111	
-	-	-	-	220,052	
-	-	-	-	93,156	
-	-	-	1,126,980	2,233,741	
14,626	2,775,214	2,089	3,536,663	22,692,275	
86,420	162,015	(2,089)	2,390,269	2,702,262	
-	14,632	-	560,715	2,196,518	
-	-	-	(1,694,677)	(2,238,893)	
-	14,632	-	(1,133,962)	(42,375)	
86,420	176,647	(2,089)	1,256,307	2,659,887	
304,095	7,581,877	(446,409)	14,084,084	33,556,766	
\$ 390,515	\$ 7,758,524	\$ (448,498)	\$ 15,340,391	\$ 36,216,653	

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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, 2016

Net Change in Fund Balances - Total Governmental Funds	\$	2,659,887
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		867,224
Depreciation expense		(5,375,378)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the fund.		(53,722)
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		220,052
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		5,804
Change in accrued interest payable		(290,809)
Pension expense net of adjustments		671,160
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.		5,062
Change in Net Position of Governmental Activities	\$	(1,290,720)

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

**City of San Jacinto
Statement of Net Position
Proprietary Funds
June 30, 2016**

	Business-type Activities	
	Enterprise Funds	
	Water	Solid Waste
ASSETS		
Current Assets:		
Cash and investments	\$ 1,710,832	\$ -
Receivables, net:		
Accounts	655,545	19,171
Deposits with others	-	-
Inventories	48,338	-
Prepaid expenses	3,413	-
Total Current Assets	<u>2,418,128</u>	<u>19,171</u>
Non-Current Assets:		
Cash and investments with fiscal agents, restricted	3,851,131	-
Notes receivable	-	-
Advances receivable	-	-
Capital assets:		
Land	55,222	-
Construction in progress	541,316	-
Building and system	6,747,489	-
Machinery and equipment	2,513,129	-
Improvements other than buildings	5,145,648	-
Less accumulated depreciation	<u>(6,609,959)</u>	<u>-</u>
Total Non-Current Assets	<u>12,243,976</u>	<u>-</u>
Total Assets	<u>14,662,104</u>	<u>19,171</u>
DEFERRED OUTFLOWS OF RESOURCES		
Loss on retirement of bonds	62,998	-
Pension related	260,490	-
Total Deferred Outflows of Resources	<u>323,488</u>	<u>-</u>
LIABILITIES		
Current Liabilities:		
Accounts payable	273,941	-
Accrued wages	33,542	-
Accrued interest	68,544	-
Deposits payable	331,827	-
Due to other funds	-	19,171
Long term debt, current portion	579,149	-
Total Current Liabilities	<u>1,287,003</u>	<u>19,171</u>
Non-Current Liabilities:		
Claims payable	-	-
Long term debt, net of current portion	6,477,852	-
Total Non-Current Liabilities	<u>6,477,852</u>	<u>-</u>
Total Liabilities	<u>7,764,855</u>	<u>19,171</u>
DEFERRED INFLOWS OF RESOURCES		
Pension related	100,550	-
NET POSITION		
Net investment in capital assets	5,231,452	-
Unrestricted	1,888,735	-
Total Net Position	<u>\$ 7,120,187</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	
\$ 2,354,775	\$ 4,065,607	\$ 48,193
236,616	911,332	23,757
-	-	763,846
-	48,338	-
3,580	6,993	5,705
<u>2,594,971</u>	<u>5,032,270</u>	<u>841,501</u>
-	3,851,131	-
2,400	2,400	-
-	-	-
-	55,222	-
16,033	557,349	-
31,301	6,778,790	-
639,735	3,152,864	-
3,493,116	8,638,764	-
(1,717,436)	(8,327,395)	-
<u>2,465,149</u>	<u>14,709,125</u>	<u>-</u>
<u>5,060,120</u>	<u>19,741,395</u>	<u>841,501</u>
-	62,998	-
123,390	383,880	-
<u>123,390</u>	<u>446,878</u>	<u>-</u>
273,503	547,444	29,764
16,279	49,821	-
-	68,544	-
-	331,827	-
-	19,171	16,198
2,095	581,244	-
<u>291,877</u>	<u>1,598,051</u>	<u>45,962</u>
-	-	207,363
486,092	6,963,944	-
<u>486,092</u>	<u>6,963,944</u>	<u>207,363</u>
<u>777,969</u>	<u>8,561,995</u>	<u>253,325</u>
47,630	148,180	-
2,462,749	7,694,201	-
1,895,162	3,783,897	588,176
<u>\$ 4,357,911</u>	<u>\$ 11,478,098</u>	<u>\$ 588,176</u>

City of San Jacinto
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2016

	Business-type Activities	
	Enterprise Funds	
	Water	Solid Waste
OPERATING REVENUES		
Sales and charges for services	\$ 3,631,081	\$ -
Miscellaneous	3,086	-
Total Operating Revenues	<u>3,634,167</u>	<u>-</u>
OPERATING EXPENSES		
Personnel services	484,459	-
Employee benefits	514,446	-
Office expense	213,406	-
Depreciation	465,179	-
Outside services	215,067	535
Repairs and maintenance	47,874	-
Utilities	323,576	-
Franchise	-	60
Overhead allocations	431,708	-
Watermaster charges	285,973	-
Claims and judgements	-	-
Total Operating Expenses	<u>2,981,688</u>	<u>595</u>
Operating Income (Loss)	<u>652,479</u>	<u>(595)</u>
NON-OPERATING REVENUES (EXPENSES)		
Debt issuance costs	(25,000)	-
Investment earnings	5,418	-
Interest and fiscal charges	(187,298)	-
Total Non-Operating Revenues (Expenses)	<u>(206,880)</u>	<u>-</u>
Other income before transfers	445,599	(595)
Transfers in	-	595
Transfers out	-	-
Change in Net Position	<u>445,599</u>	<u>-</u>
Net Position, Beginning of Year, as Restated	6,674,588	-
Net Position, End of Year	<u>\$ 7,120,187</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	
\$ 871,029	\$ 4,502,110	\$ 431,428
450	3,536	25,777
<u>871,479</u>	<u>4,505,646</u>	<u>457,205</u>
217,548	702,007	-
267,628	782,074	-
22,875	236,281	-
146,169	611,348	-
76,742	292,344	414,101
30,148	78,022	56,357
2,455	326,031	-
-	60	-
116,129	547,837	-
-	285,973	-
-	-	23,465
<u>879,694</u>	<u>3,861,977</u>	<u>493,923</u>
<u>(8,215)</u>	<u>643,669</u>	<u>(36,718)</u>
-	(25,000)	-
5,986	11,404	-
-	(187,298)	-
<u>5,986</u>	<u>(200,894)</u>	<u>-</u>
(2,229)	442,775	(36,718)
-	595	41,780
-	-	-
<u>(2,229)</u>	<u>443,370</u>	<u>5,062</u>
4,360,140	11,034,728	583,114
<u>\$ 4,357,911</u>	<u>\$ 11,478,098</u>	<u>\$ 588,176</u>

**City of San Jacinto
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2016**

	Business-type Activities - Enterprise Funds	
	Water	Solid Waste
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 3,638,631	\$ 486
Cash payments to suppliers	(1,339,195)	(609)
Cash payments to employees for services	(821,456)	-
Net Cash Provided By (Used for)		
Operating Activities	1,477,980	(123)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers to other funds	-	595
Advances from other funds	-	-
Due (to) from other funds	(496)	(472)
Net Cash Provided By (Used for) Non-Capital		
Financing Activities	(496)	123
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition or construction of capital assets	(777,684)	-
Proceeds from debt	3,902,310	-
Bond principal paid	(496,070)	-
Interest and fiscal charges paid	(135,240)	-
Net Cash (Used for) Capital and		
Related Financing Activities	2,493,316	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income received	5,418	-
Due from others	-	-
Net Cash Provided By		
Investing Activities	5,418	-
Net Increase (Decrease) in		
Cash and Cash Equivalents	3,976,218	-
Cash and Cash Equivalents at Beginning of Year	1,585,745	-
Cash and Cash Equivalents at End of Year	\$ 5,561,963	\$ -
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	\$ 1,710,832	\$ -
Cash and investments with fiscal agents	3,851,131	-
Totals	\$ 5,561,963	\$ -

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

Business-type Activities - Enterprise Funds		Governmental Activities - Internal Service Fund
Sewer	Total	
\$ 856,830	\$ 4,495,947	\$ 508,239
(172,778)	(1,512,582)	(588,189)
(356,099)	(1,177,555)	-
327,953	1,805,810	(79,950)
-	595	41,780
155,073	155,073	-
-	(968)	16,198
155,073	154,700	57,978
(16,033)	(793,717)	-
-	3,902,310	-
-	(496,070)	-
-	(135,240)	-
(16,033)	2,477,283	-
5,986	11,404	-
900	900	-
6,886	12,304	-
473,879	4,450,097	(21,972)
1,880,896	3,466,641	70,165
\$ 2,354,775	\$ 7,916,738	\$ 48,193

\$ 2,354,775	\$ 4,065,607	\$ 48,193
-	3,851,131	-
\$ 2,354,775	\$ 7,916,738	\$ 48,193

City of San Jacinto
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2016

	Business-Type Activities -	
	Enterprise Funds	
	Water	Solid Waste
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss):	\$ 652,479	\$ (595)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation	465,179	-
Debt issuance costs	(25,000)	-
Actuarial pension expense	283,139	-
Pension contributions subsequent to measurement date	(116,598)	-
Change in compensated absences	3,586	-
(Increase) decrease in assets:		
Accounts receivable	(27,587)	486
Inventories	14,993	-
Prepaid expenses	(3,413)	-
Deposits with others	-	-
Increase (decrease) in liabilities:		
Accounts payable	191,829	(14)
Accrued wages	7,322	-
Deposits payable	32,051	-
Claims payable	-	-
Total Adjustments	825,501	472
Net Cash Provided By (Used for) Operating Activities	<u>\$ 1,477,980</u>	<u>\$ (123)</u>

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

Business-Type Activities - Enterprise Funds		Governmental Activities - Internal Service Fund
Sewer	Total	
\$ (8,215)	\$ 643,669	\$ (36,718)
146,169	611,348	-
-	(25,000)	-
178,449	461,588	-
(55,231)	(171,829)	-
204	3,790	-
(14,649)	(41,750)	51,034
-	14,993	-
(3,580)	(6,993)	(5,705)
-	-	(87,555)
79,151	270,966	(10,719)
5,655	12,977	-
-	32,051	-
-	-	9,713
<u>336,168</u>	<u>1,162,141</u>	<u>(43,232)</u>
<u>\$ 327,953</u>	<u>\$ 1,805,810</u>	<u>\$ (79,950)</u>

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Fiduciary Funds

**City of San Jacinto
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2016**

	Private Purpose Trust Fund	Agency
ASSETS		
Cash and investments	\$ 256,242	\$ 4,115,383
Cash and investments with fiscal agents	9	1,861,729
Receivables:		
Accounts	-	151,350
Due from other governments	282,909	4,099
Property held for resale	661,252	-
Capital assets:		
Land	1,797,967	-
Building and system	103,636	-
Less accumulated depreciation	(33,164)	-
Total Assets	3,068,851	\$ 6,132,561
 DEFERRED OUTFLOW OF RESOURCES		
Loss on refunding	14,988	
 LIABILITIES		
Accounts payable and accrued liabilities	144,282	\$ 157,448
Deposits payable	-	3,362,843
Due to others	235,664	-
Due to bond holders	-	2,612,270
Unearned revenue	89,918	-
Long-term liabilities:		
Due within one year	255,000	-
Due in more than one year	7,045,000	-
Total Liabilities	7,769,864	\$ 6,132,561
 NET POSITION		
Net position (deficit) held for dissolution of Redevelopment Agency	\$ (4,686,025)	

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, 2016

	<u>Private Purpose Trust Fund</u>
ADDITIONS	
Property taxes	\$ 746,531
Investment earnings	611
Contributions from other governments	10,674
Total additions	<u>757,816</u>
DEDUCTIONS	
Administrative payments	109,690
Depreciation	2,072
Interest expense	333,437
Total deductions	<u>445,199</u>
Change in net position	312,617
Net Position (Deficit), Beginning of Year	<u>(4,998,642)</u>
Net Position (Deficit), End of Year	<u>\$ (4,686,025)</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, 2016

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, 2016

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, 2016

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 *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 *Assessment District 87-1 Debt Service Fund* is used to account for the activity of Assessment District 87-1 debt service and special assessment tax revenue collection.

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, 2016

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, 2016

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 \$661,252.

i. Judgments and claims

The City utilizes its internal service funds to account for judgments and claims. Self-insurance claims payable of \$159,471 and \$47,892, respectively, are recorded in the Workers' Compensation and Liability Insurance funds.

j. Compensated absences

In accordance with current standards, 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 current standards, 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, 2016 for sick leave.

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2016

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, 2016. 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 acquisition value at the date of acquisition.

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, 2016

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, 2014
Measurement Date (MD)	June 30, 2015
Measurement Period (MP)	July 1, 2014 to June 30, 2015

q. Implementation of new pronouncement

GASB Statement No. 72, *Fair Value Measurement and Application* This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2016

Note 1: Summary of significant accounting policies (continued)

q. Implementation of new pronouncement (continued)

The District implemented GASB Statement No. 82, *Pension Issues*. The objective of this statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The statement addresses the presentation of payroll-related measures in required supplementary information, the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes and the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

r. Fund balance

Fund balance is classified 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, 2016

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.

t. Prepaid expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than purchased.

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2016

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 with budgets presented 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	\$ 340,409	\$ 381,093	\$ (40,684)
Community Facilities District 2003 by Function:			
General government	25,600	25,846	(246)
Interest	11,000	18,585	(7,585)

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2016

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, 2016:

Governmental Funds - Major Funds	Amount
Special Revenue:	
Community Facilities District 2003	\$ (2,920,589)
Debt Service:	
Assessment District 87-1	(448,498)
Governmental Funds - Non-Major Funds	
Special Revenue:	
CDBG	(22,570)
SB 621 Gaming Impact Grants	(4,202)
State Grants	(34,090)

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 and pay off the loan from the General Fund. The City plans to eliminate negative fund balance in the CDBG fund with future grant revenues. 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, 2016**

III. DETAIL NOTES ON ALL FUNDS

Note 2: Cash and investments

Cash and investments as of June 30, 2016 are classified in the accompanying financial statements as follows:

Statement of Net Position

Governmental Activities:

Cash and investments	\$ 37,608,480
----------------------	---------------

Business-Type Activities:

Cash and investments	4,065,607
----------------------	-----------

Cash and investments with fiscal agent	3,851,131
----------------------------------------	-----------

Total	45,525,218
-------	------------

Statement of Fiduciary Net Position:

Cash and investments	4,371,625
----------------------	-----------

Cash and investments with fiscal agents	1,861,738
-----------------------------------------	-----------

Total	6,233,363
-------	-----------

Total Cash and Investments	\$ 51,758,581
----------------------------	---------------

Cash and investments are comprised of the following:

Demand accounts/money market account	\$ 18,882,093
--------------------------------------	---------------

Cash on hand	5,850
--------------	-------

Investments	32,870,638
-------------	------------

Total	\$ 51,758,581
-------	---------------

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, 2016

Note 2: Cash and investments (continued)

Investments authorized by the California Government Code and the City's investment policy, (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	70%	\$65,000,000
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	\$65,000,000

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2016

Note 2: Cash and investments (continued)

Disclosures relating to interest rate risk

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

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

Investment Type	Totals	Remaining Maturity (In Months)			
		12 or Less	13 to 24	25 to 60	More than 60
Local Agency Investment Fund (LAIF)	\$ 12,286,848	\$ 12,286,848	\$ -	\$ -	\$ -
U.S. Treasury Obligations	11,328,446	1,527,342	5,959,016	3,638,425	203,664
U.S. Agency Securities	5,069,137	1,414,525	1,371,506	1,719,940	563,166
Asset-Backed Securities	340,019	-	139,760	200,259	-
Medium-Term Corporate Notes	3,338,349	1,328,180	1,130,520	879,648	-
Municipal Bonds	383,196	-	-	383,196	-
Held by Bond Trustees:					
Money Market Funds	124,643	124,643	-	-	-
Total	\$ 32,870,638	\$ 16,681,538	\$ 8,600,802	\$ 6,821,468	\$ 766,830

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2016

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)	\$ 12,286,848	N/A	\$ -	\$ -	\$ 12,286,848
U.S. Treasury Obligations	11,328,446	N/A	11,328,446	-	-
U.S. Agency Securities	5,069,137	N/A	4,859,165	209,972	-
Asset Backed Securities	340,019	AA	340,019	-	-
Medium-Term Corporate Notes	3,338,349	A	2,422,666	915,683	-
Municipal Bonds	383,196		-	383,196	-
Held by Bond Trustees:					
Money Market Funds	124,643	AAA	124,643	-	-
Total	\$ 32,870,638		\$ 19,074,939	\$ 1,508,851	\$ 12,286,848

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. The City had no investments in any one issuer (other than U.S. Treasury Securities, mutual funds and external investment pools) that represented 5% or more of total City investments.

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2016

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, 2016, the City's bank balances held in the financial institutions (Bank of Hemet and Rabobank) were \$11,438,054 and \$1,575,106, 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 City'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. LAIF allows a total investment of \$65,000,000.

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2016

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.

GASB Statement No. 72 – Fair Value Measurement and Application This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City uses the market approach in valuing its Level 1 and Level 2 investments. The City has the following recurring fair value measurements as of June 30, 2016:

Investments by Fair Value Level	Total	Fair Value Measurement Using	
		Level 1	Level 2
ABS	\$ 340,019	\$ -	\$ 340,019
Agency	5,069,137	-	5,069,137
US Corporate	3,338,349	-	3,338,349
US Treasury	11,328,446	8,682,334	2,646,112
Municipal Bonds	383,196	-	383,196
Total investments by fair value level	20,459,147	<u>\$ 8,682,334</u>	<u>\$ 11,776,813</u>
Investments measured at Net Asset Value (NAV)			
Money market mutual funds	124,643		
Investments measured at amortized cost			
State Investment Pool	12,286,848		
Total	<u>\$ 32,870,638</u>		

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2016

Note 3: Capital assets

Capital asset activity for the year ended June 30, 2016 was as follows:

	Balance at July 1, 2015	Additions	Deletions	Balance at June 30, 2016
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 3,311,975	\$ -	\$ -	\$ 3,311,975
Construction in progress	10,017,958	878,032	(5,917,370)	4,978,620
Total Capital Assets Not Being Depreciated	<u>13,329,933</u>	<u>878,032</u>	<u>(5,917,370)</u>	<u>8,290,595</u>
Capital Assets Being Depreciated:				
Building and system	7,244,662	-	-	7,244,662
Machinery and equipment	5,049,660	-	(21,724)	5,027,936
Improvements other than building	4,172,735	-	-	4,172,735
Infrastructure	178,264,196	5,906,562	-	184,170,758
Total Capital Assets Being Depreciated	<u>194,731,253</u>	<u>5,906,562</u>	<u>(21,724)</u>	<u>200,616,091</u>
Less Accumulated Depreciation For:				
Building and system	(1,940,610)	(174,927)	-	(2,115,537)
Machinery and equipment	(4,573,523)	(158,286)	21,724	(4,710,085)
Improvements other than building	(1,729,390)	(168,613)	-	(1,898,003)
Infrastructure	(84,861,319)	(4,873,552)	-	(89,734,871)
Total Accumulated Depreciation	<u>(93,104,842)</u>	<u>(5,375,378)</u>	<u>21,724</u>	<u>(98,458,496)</u>
Total Capital Assets Being Depreciated, Net	<u>101,626,411</u>	<u>531,184</u>	<u>-</u>	<u>102,157,595</u>
Governmental Activities Capital Assets, Net	<u>\$ 114,956,344</u>	<u>\$ 1,409,216</u>	<u>\$ (5,917,370)</u>	<u>\$ 110,448,190</u>

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2016

Note 3: Capital assets (continued)

	Balance at July 1, 2015	Additions	Deletions	Balance at June 30, 2016
Business-type Activities:				
Capital Assets Not Being Depreciated				
Land	\$ 55,222	\$ -	\$ -	\$ 55,222
Construction in progress	-	557,349	-	557,349
Total Capital Assets Not Being Depreciated	55,222	557,349	-	612,571
Capital Assets Being Depreciated:				
Building and system	6,778,790	-	-	6,778,790
Machinery and equipment	3,134,688	18,176	-	3,152,864
Improvements other than building	8,420,572	218,176	-	8,638,764
Total Capital Assets Being Depreciated	18,334,050	236,352	-	18,570,418
Less Accumulated Depreciation For:				
Building and system	(2,532,658)	(136,024)	-	(2,668,682)
Machinery and equipment	(2,442,027)	(104,610)	-	(2,546,637)
Improvements other than building	(2,741,362)	(370,714)	-	(3,112,076)
Total Accumulated Depreciation	(7,716,047)	(611,348)	-	(8,327,395)
Total Capital Assets Being Depreciated, Net	10,618,003	(374,996)	-	10,243,023
Business-type Activities Capital Assets, Net	\$ 10,673,225	\$ 182,353	\$ -	\$ 10,855,594

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

Governmental Activities:	
General government	\$ 144,750
Public safety	222,739
Public works	4,964,719
Community development	43,170
Total Depreciation Expense - Governmental Activities	\$ 5,375,378
Business-type Activities:	
Water	\$ 465,179
Sewer	146,169
Total Depreciation Expense - Business-Type Activities	\$ 611,348

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2016

Note 4: Other assets

Notes receivable

Balance at
June 30, 2016

<p>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.</p>	<p>\$ 2,300,000</p>
<p>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.</p>	<p style="text-align: right;"><u>1,584,634</u></p>
<p style="padding-left: 20px;">Loans total</p>	<p style="text-align: right;">3,884,634</p>
<p style="padding-left: 20px;">Accrued interest on note receivable - a) above</p>	<p style="text-align: right;"><u>175,583</u></p>
<p style="padding-left: 20px;">Loans receivable total</p>	<p style="text-align: right;"><u><u>\$ 4,060,217</u></u></p>

Note 5: Defined benefit pension plan

A. General information about the pension plan

Plan description

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan) administered by the California Public Employees' Retirement System (CalPERS.) The Plan consists of individual rate plans (benefit tiers) within a safety risk pool (police and fire) and a miscellaneous risk pool (all other). Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The City sponsors four rate plans (two miscellaneous and two safety). Benefit provisions under the Plan are established by State statute and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS' website.

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2016

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, 2016 are summarized as follows:

	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%

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. Employer contribution rates may change if plan contracts are amended. Employer Contributions to the Plan for the fiscal year ended June 30, 2016 were \$581,322. The actual employer payments of \$581,322 made to CalPERS by the Local Government during the measurement period ended June 30, 2015 differed from the City's proportionate share of the employer's contributions of \$514,718 by \$66,604, which is being amortized over the expected average remaining service lifetime in the Public Agency Cost-Sharing Multiple Employer Plan.

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2016

Note 5: Defined benefit pension plan (continued)

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, 2015, using an annual actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 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, 2015 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2014 total pension liability. The June 30, 2014 and June 30, 2015 total pension liabilities were based on the following actuarial methods and assumptions:

	<u>Miscellaneous</u>
Valuation Date	June 30, 2014
Measurement Date	June 30, 2015
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value of Assets
Actuarial Assumptions:	
Discount Rate	7.65%. For measurement period date June 30, 2014, 7.50%
Inflation	2.75%
Salary Increases (1)	3.3% - 14.2%
Investment Rate of Return (2)	7.65%
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 experience report.

All other actuarial assumptions used in the June 30, 2014 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, 2016

Note 5: Defined benefit pension plan (continued)

B. Net pension liability (continued)

Change of Assumptions

GASB 68, paragraph 68 states that the long long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50 percent used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65 percent used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

Discount rate

The discount rate used to measure the total pension liability for measurement date June 30, 2015 was 7.65 percent. The discount rate used to measure the total pension liability in the previous year was 7.50 percent. 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 of the plan, the test revealed the assets would not run out. Therefore, the current 7.65 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.65 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.

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 (Public Employees' Retirement 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.

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. The target allocation shown was adopted by the CalPERS Board effective on July 1, 2014.

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2016

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 - 10 ¹	Real Return Years 11+ ²
Global Equity	51.00%	5.25%	5.71%
Global Fixed Income	19.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	10.00%	6.83%	6.95%
Real Estate	10.00%	4.50%	5.13%
Infrastructure and Forestland	2.00%	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, 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 the 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, 2016

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.

	Increase (Decrease)		
	Plan Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Plan Net Pension Liability (c) = (a) - (b)
Balance at: 6/30/2014 (Valuation Date)	\$ 19,297,927	\$ 14,824,847	\$ 4,473,080
Balance at: 6/30/2015 (Measurement Date)	20,175,143	14,880,172	5,294,971
Net Changes During 2014-2015	877,216	55,325	821,891

The City's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2015, 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, 2014 rolled forward to June 30, 2015 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, 2014 and 2015 was as follows:

	Miscellaneous
Proportionate Share of NPL - June 30, 2014	0.18099%
Proportionate Share of NPL - June 30, 2015	0.19300%
Change - Increase (Decrease)	0.01201%

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 7.65 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 (6.65 percent) or 1 percentage-point higher (8.65 percent) than the current rate:

	Discount Rate - 1% (6.65%)	Current Discount Rate (7.65%)	Discount Rate + 1% (8.65%)
Miscellaneous Plan's Net Pension Liability	\$ 8,042,558	\$ 5,294,971	\$ 3,026,521

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2016

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 2014-15 measurement period is 3.8 years, which was obtained by dividing the total service years of 467,023 (the sum of remaining service lifetimes of the active employees) by 122,410 (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, 2016

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, 2014), the net pension liability for the plan was \$4,473,080. For the measurement period ending June 30, 2015 (the measurement date), the City incurred a pension expense of \$232,273 (\$169,012,983 for the Plan as a whole).

As of June 30, 2016, the City has deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 37,258	\$ -
Changes of Assumptions	-	(352,498)
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	(176,713)
Change in Employer's Proportion	556,150	-
Difference in Actual vs. Projected Contributions	163,915	-
Pension Contributions Subsequent to Measurement Date	613,674	-
	\$ 1,370,997	\$ (529,211)

These amounts above are net of outflows and inflow recognized in the 2014-15 measurement period expense. \$613,674 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, 2017. Amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Measurement Period Ended June 30:	Deferred Outflows/(Inflows) of Resources, Net
2016	\$ 51,108
2017	43,072
2018	(12,820)
2019	146,752
2020	-
Remaining	-

E. Payable to the Pension Plan

At June 30, 2016, the City reported a payable of \$47,335 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2016.

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2016

Note 6: Long-term debt

A description of long-term debt outstanding as of June 30, 2016 follows:

a. Changes in long-term liabilities

Changes in long-term liabilities during the year ended June 30, 2016 were as follows:

	Balance at July 1, 2015	Additions	Deletions	Balance at June 30, 2016	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	1,573,084	-	(220,052)	1,353,032	231,262
Claims and judgment	197,650	47,892	(38,179)	207,363	-
Compensated absences	148,494	99,786	(105,590)	142,690	49,200
Net pension liability	3,576,675	235,705	-	3,812,380	-
Governmental Activities Long-Term Liabilities	<u>\$ 7,129,394</u>	<u>\$ 383,383</u>	<u>\$ (363,821)</u>	<u>\$ 7,148,956</u>	<u>\$ 1,913,953</u>
<u>Business-type Activities</u>					
2013 Installment sale	\$ 2,606,899	\$ -	\$ (496,070)	\$ 2,110,829	\$ 513,336
2015 Installment sale	-	3,902,310	-	3,902,310	56,913
Compensated absences	45,668	34,587	(30,797)	49,458	10,995
Net pension liability	896,405	586,186	-	1,482,591	-
Business-type Activities Long-Term Liabilities	<u>\$ 3,548,972</u>	<u>\$ 4,523,083</u>	<u>\$ (526,867)</u>	<u>\$ 7,545,188</u>	<u>\$ 581,244</u>

The General Fund typically liquidates compensated absences, claims and judgements and the net pension liability of the Governmental Activities.

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, 2016, 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, 2016

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, 2016 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, 2016, 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, 2016 are as follows:

Fiscal year ending June 30,	Pension Obligation Refunding Bonds		Total Payment
	Principal	Interest	
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	282,115	12,508	294,623
2022	72,746	909	73,655
Total	<u>\$ 1,353,032</u>	<u>\$ 193,738</u>	<u>\$ 1,546,770</u>

d. 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, 2016 is \$2,110,829.

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2016

Note 6: Long-term debt (continued)

e. Installment Sales – Business-Type Activities (continued)

2013 Installment Sale, continued

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	
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	137,605	11,784	149,389
2022-2023	294,045	12,096	306,141
Totals	<u>\$ 2,110,829</u>	<u>\$ 155,576</u>	<u>\$ 2,266,405</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.

2015 Installment Sale

In July 2015, the City signed an installment sale agreement with Municipal Finance Corporation in the amount of \$3,902,310, maturing in 20 years at an annual interest rate of 3.5%. The proceeds are to be used for the acquisition and construction of certain energy efficiency improvements to the water supply facilities of the City's Water Enterprise. 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, 2016 is \$3,902,310.

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

Fiscal year ending June 30,	Opterra Installment Sale		Total Payment
	Principal	Interest	
2017	\$ 56,913	\$ 136,581	\$ 193,494
2018	120,725	133,576	254,301
2019	133,074	129,245	262,319
2020	146,337	124,474	270,811
2021	160,575	119,231	279,806
2022-2026	656,667	525,619	1,182,286
2027-2031	1,086,634	382,571	1,469,205
2032-2036	1,541,385	143,007	1,684,392
Total	<u>\$ 3,902,310</u>	<u>\$ 1,694,304</u>	<u>\$ 5,596,614</u>

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2016

Note 6: Long-term debt (continued)

e. Installment Sales – Business-type Activities (continued)

2015 Installment Sale, continued

The City may prepay the principal components of the installment payments in whole or in part, on any date on or after September 1, 2026 by paying the installment payment required to be paid on such date plus a prepayment price equal to the principal amount of the installment payments to be prepaid, together with 1% prepayment premium thereon. The City shall give the Corporation written notice of its intention to exercise its option not less than thirty days in advance of the date to exercise.

f. Debt issued without government commitment

Refinancing of \$17,841,416 Community Facilities District No. 2001-2 Special Tax Bonds

In March 2016, \$17,975,000 City of San Jacinto Community Facilities District No. 2001-1 (Rancho San Jacinto, Phase 2) 2016 Special Tax Refunding bonds were issued by the San Jacinto Financing Authority for the purpose of refunding the \$17,841,416 San Jacinto Financing Authority 2002 Local Agency Revenue Bonds, Series A. The balance at June 30, 2016 is \$17,975,000.

All bonds represent special limited obligations of the City, payable solely from special taxes levied 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, 2016 were as follows:

Payable Fund	Receivable Fund General Fund
LLPD #2	\$ 2,818
Assessment District 87-1	304,369
Non-Major Governmental Funds	471,307
Solid Waste	19,171
Internal Service Funds	16,198
Total	\$ 813,863

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

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2016

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

Interfund transactions - Advances

Individual fund interfund advances to and from balances at June 30, 2016 were as follows:

	Receivable Fund		Totals
	General Fund	Non-Major Governmental Funds	
Payable Fund			
City Capital Projects Fund	\$ 1,558,568	\$ 4,434,900	\$ 5,993,468
Community Facilities District 2003 Fund	2,816,746	-	2,816,746
Total	<u>\$ 4,375,314</u>	<u>\$ 4,434,900</u>	<u>\$ 8,810,214</u>

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

Note 8: Transfers in and out

Individual fund transfers in and transfers out activity as of June 30, 2016 were as follows:

	Transfers-Out		Totals
	General Fund	Non-Major Governmental Funds	
Transfers-In			
General Fund	\$ -	\$ 322,697	\$ 322,697
City Capital Projects Fund	105,685	1,001,076	1,106,761
Community Facilities District 2003	-	191,713	191,713
LLPD #2	14,632	-	14,632
Non-Major Governmental Funds	381,524	179,191	560,715
Enterprise - Solid Waste Fund	595	-	595
Internal Service Funds	41,780	-	41,780
Total	<u>\$ 544,216</u>	<u>\$ 1,694,677</u>	<u>\$ 2,238,893</u>

- Transfers to the General Fund from non-major governmental funds represent reimbursement for costs of public safety and code enforcement services, as well as grant reimbursement costs and an excess balance transfer.
- 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 Community Facilities District 2003 fund from non-major governmental funds are to pay for operational costs, as directed by City Council.

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2016

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 and cost reimbursement, 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 and to cover negative cash balance.

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, 2016, the amount of these liabilities was \$207,363.

This amount represents an estimate of \$207,363 for reported claims through June 30, 2016. 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
2013-2014	\$ 274,819	\$ (87,668)	\$ 187,151
2014-2015	187,151	10,499	197,650
2015-2016	197,650	9,713	207,363

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2016

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, 2016, 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, 2016, the City had outstanding contracts commitments of \$4,401,324.

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, 2016

Note 11: Fund balance reservations/designations

The City's Government Fund balances are detailed below:

	General	City Capital Projects	Community Facilities District 2003	Successor Housing Authority	LLPD #2	Assessment District AD 87-1	Non-Major Governmental Funds	Total Governmental Funds
Nonspendable:								
Prepays	\$ 58,290	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 58,290
Advances receivable	4,375,314	-	-	-	-	-	4,434,900	8,810,214
Land held for resale	-	-	-	339,807	-	-	-	339,807
Total Nonspendable	4,433,604	-	-	339,807	-	-	4,434,900	9,208,311
Restricted:								
Lighting and landscape	-	-	-	-	7,758,524	-	-	7,758,524
Other government restrictions	-	-	-	50,708	-	-	9,525,204	9,575,912
Total Restricted	-	-	-	50,708	7,758,524	-	9,525,204	17,334,436
Assigned:								
	-	-	-	-	-	-	1,490,922	1,490,922
Unassigned:								
	11,662,706	-	(2,920,589)	-	-	(448,498)	(110,635)	8,182,984
Total Fund Balances	\$ 16,096,310	\$ -	\$ (2,920,589)	\$ 390,515	\$ 7,758,524	\$ (448,498)	\$ 15,340,391	\$ 36,216,653

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 \$3,774,295, 24.4 percent of fiscal year June 30, 2016 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, 2016

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, 2016 is as follows:

<u>Successor Agency</u>	<u>Balance at July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2016</u>	<u>Due within one year</u>
Bonds Payable:					
2005 Tax Allocation Bonds	\$ 7,545,000	\$ -	\$ (245,000)	\$ 7,300,000	\$ 255,000
Total long-term liabilities	<u>\$ 7,545,000</u>	<u>\$ -</u>	<u>\$ (245,000)</u>	<u>\$ 7,300,000</u>	<u>\$ 255,000</u>

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

<u>Fiscal year ending June 30,</u>	<u>2005 Tax Allocation Bonds</u>		<u>Total Payment</u>
	<u>Principal</u>	<u>Interest</u>	
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	300,000	277,740	577,740
2022-2026	1,700,000	1,170,265	2,870,265
2027-2031	2,130,000	734,390	2,864,390
2032-2035	2,090,000	197,730	2,287,730
Totals	<u>\$ 7,300,000</u>	<u>\$ 3,610,821</u>	<u>\$ 10,910,821</u>

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2016

Note 13: Risks and uncertainties

Successor Agency

Deductions (expenses) incurred by the Successor Agency for the year ended June 30, 2016 (and subsequent years in which the Successor Agency is in operation) are subject to review by various State agencies and the County in which the Successor Agency resides. If any expenses incurred by the Successor Agency are disallowed by the State agencies or County, the City, acting as the Successor Agency could be liable for the repayment of the disallowed costs from either its own funds or by the State withholding remittances normally paid to the City. The amount, if any, of expenses that may be disallowed by the State agencies or County cannot be determined at this time, although the Successor Agency expects such amounts, if any, to be immaterial.

Note 14: Subsequent event

On December 21, 2016, the California Public Employees' Retirement System (CalPERS) Board of Administration voted to lower the CalPERS discount rate from 7.5 percent to 7.0 percent over the next three years. The discount rate will be changed as follows:

Fiscal year 2017-2018	7.375%
Fiscal year 2018-2019	7.25%
Fiscal year 2019-2020	7.00%

Lowering the discount rate, also known as the assumed rate of return, means employers that contract with CalPERS to administer their pension plans will see increases in their normal costs and unfunded actuarial liabilities.

Required Supplementary Information

Required Supplementary Information
City of San Jacinto
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 6,785,275	\$ 6,785,275	\$ 7,031,136	\$ 245,861
Licenses and permits	746,174	746,174	691,679	(54,495)
Fines and forfeitures	372,250	372,250	235,304	(136,946)
Development fees	165,000	165,000	291,397	126,397
Intergovernmental	4,960,230	4,469,230	3,056,503	(1,412,727)
Charges for services	335,500	335,500	479,517	144,017
Investment earnings	70,000	70,000	312,744	242,744
Other	2,616,890	2,616,890	2,336,237	(280,653)
Total Revenues	<u>16,051,319</u>	<u>15,560,319</u>	<u>14,434,517</u>	<u>(1,125,802)</u>
EXPENDITURES				
Current:				
General government	2,084,946	2,084,946	1,858,910	226,036
Public safety	10,719,374	10,719,374	10,337,946	381,428
Public works	340,409	340,409	381,093	(40,684)
Community development	1,964,179	2,030,887	1,699,654	331,233
Culture and leisure	84,333	84,333	52,672	31,661
Debt service:				
Principal	220,052	220,052	220,052	-
Interest	74,571	74,571	74,571	-
Total Expenditures	<u>15,487,864</u>	<u>15,554,572</u>	<u>14,624,898</u>	<u>929,674</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	<u>563,455</u>	<u>5,747</u>	<u>(190,381)</u>	<u>(196,128)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	418,292	485,000	322,697	(162,303)
Transfers out	(2,173,235)	(2,630,200)	(544,216)	2,085,984
Total Other Financing Sources (Uses)	<u>(1,754,943)</u>	<u>(2,145,200)</u>	<u>(221,519)</u>	<u>1,923,681</u>
Net Change in Fund Balance	<u>(1,191,488)</u>	<u>(2,139,453)</u>	<u>(411,900)</u>	<u>1,727,553</u>
Fund Balance, Beginning of Year	16,508,210	16,508,210	16,508,210	-
Fund Balance, End of Year	<u>\$ 15,316,722</u>	<u>\$ 14,368,757</u>	<u>\$ 16,096,310</u>	<u>\$ 1,727,553</u>

Required Supplementary Information
City of San Jacinto
Budgetary Comparison Schedule - Community Facilities District 2003 Fund
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Assessments	\$ 1,890,000	\$ 1,890,000	\$ 1,994,813	\$ 104,813
Total Revenues	1,890,000	1,890,000	1,994,813	104,813
EXPENDITURES				
Current:				
General government	25,600	25,600	25,846	(246)
Public safety	616,444	616,444	587,593	28,851
Debt service:				
Interest	11,000	11,000	18,585	(7,585)
Total Expenditures	653,044	653,044	632,024	21,020
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	1,236,956	1,236,956	1,362,789	125,833
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	191,713	191,713
Total Other Financing Sources (Uses)	-	-	191,713	191,713
Net Change in Fund Balance	1,236,956	1,236,956	1,554,502	317,546
Fund Balance (Deficit), Beginning of Year	(4,475,091)	(4,475,091)	(4,475,091)	-
Fund Balance (Deficit), End of Year	\$ (3,238,135)	\$ (3,238,135)	\$ (2,920,589)	\$ 317,546

**Required Supplementary Information
City of San Jacinto
Budgetary Comparison Schedule - LLPD #2 Fund
For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Assessments	\$ 2,841,323	\$ 2,841,323	\$ 2,890,574	\$ 49,251
Development fees	10,000	10,000	8,386	(1,614)
Investment earnings	28,000	28,000	21,165	(6,835)
Other	-	-	17,104	17,104
Total Revenues	<u>2,879,323</u>	<u>2,879,323</u>	<u>2,937,229</u>	<u>57,906</u>
EXPENDITURES				
Current:				
Community development	4,404,767	4,404,767	2,775,214	1,629,553
Capital outlay	100,000	100,000	-	100,000
Total Expenditures	<u>4,504,767</u>	<u>4,504,767</u>	<u>2,775,214</u>	<u>1,729,553</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	<u>(1,625,444)</u>	<u>(1,625,444)</u>	<u>162,015</u>	<u>1,787,459</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	14,632	14,632
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>14,632</u>	<u>14,632</u>
Net Change in Fund Balance	<u>(1,625,444)</u>	<u>(1,625,444)</u>	<u>176,647</u>	<u>1,802,091</u>
Fund Balance, Beginning of Year				
	<u>7,581,877</u>	<u>7,581,877</u>	<u>7,581,877</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 5,956,433</u>	<u>\$ 5,956,433</u>	<u>\$ 7,758,524</u>	<u>\$ 1,802,091</u>

**Required Supplementary Information
City of San Jacinto
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*
For the Year Ended June 30, 2016**

**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	June 30, 2015
Employer's Proportion of the Collective Net Pension Liability ¹	0.18099%	0.19300%
Employer's Proportionate Share of the Collective Net Pension Liability	\$ 4,473,080	\$ 5,294,971
Employer's Covered Payroll ²	\$ 3,036,159	\$ 2,908,424
Employer's Proportionate Share of the Collective Net Pension Liability as a Percentage of the Employer's Covered Payroll	147%	182%
Pension Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability	0.00%	73.75%

¹ Proportion of the collective 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 payroll is defined as the payroll on which contributions to a pension plan are based, in accordance with GASB 82.

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

**Required Supplementary Information
City of San Jacinto
Schedule of Plan Contributions - Last 10 Years*
For the Year Ended June 30, 2016**

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

	Fiscal Year	
	June 30, 2015	June 30, 2016
Actuarially Determined Contribution	\$ 640,721	\$ 613,674
Contributions in Relation to the Actuarially Determined Contribution	(640,721)	(613,674)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-Employee Payroll ¹	\$ 2,908,424	\$ 2,317,063
Contributions as a Percentage of Covered Payroll ¹	22.03%	26.48%

¹ Covered Payroll is defined as the payroll on which contributions to a pension plan are based, in accordance with GASB 82.

* Fiscal year 2014-15 was the first year of implementation, therefore, only two years are presented.

Notes to Schedule:

Change in Benefit Terms: None

Change in Assumptions: The discount rate was changed from 7.5 percent (net of administrative expenses) to 7.65 percent to correct for an adjustment to exclude administrative expenses.

Non-Major Governmental Funds

**City of San Jacinto
Combining Balance Sheet
Non-Major Special Revenue Funds
June 30, 2016**

	Special Revenue Funds			
	Gas Tax	Measure A	Traffic Safety	CFD #2003-2 Sewer Lift Operations
ASSETS				
Cash and investments	\$ 1,691,209	\$ 676,941	\$ -	\$ -
Receivables, net:				
Accounts	-	-	-	-
Taxes and assessments	-	-	-	865
Due from other governments	22,194	123,456	3,800	-
Advances receivable	-	2,299,784	285,089	-
Total Assets	<u>\$ 1,713,403</u>	<u>\$ 3,100,181</u>	<u>\$ 288,889</u>	<u>\$ 865</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ 1,947	\$ 104
Accrued payroll	-	-	-	-
Due to other funds	-	-	-	-
Unearned revenue	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>1,947</u>	<u>104</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable	-	2,299,784	285,089	-
Restricted	1,713,403	800,397	1,853	761
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances (deficit)	<u>1,713,403</u>	<u>3,100,181</u>	<u>286,942</u>	<u>761</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,713,403</u>	<u>\$ 3,100,181</u>	<u>\$ 288,889</u>	<u>\$ 865</u>

Special Revenue Funds

LLPD #1	Park Development	Parkway Development	CSA 152	Bus Shelter	State Asset Seizure	Public Safety Sales Tax
\$ 28,133	\$ 20,520	\$ 44,439	\$ 250	\$ 400	\$ 117,508	\$ -
-	-	-	76,144	-	-	-
18,015	-	-	-	-	-	-
-	-	-	164,845	-	-	21,172
-	-	6,696	-	-	-	-
<u>\$ 46,148</u>	<u>\$ 20,520</u>	<u>\$ 51,135</u>	<u>\$ 241,239</u>	<u>\$ 400</u>	<u>\$ 117,508</u>	<u>\$ 21,172</u>
\$ 46,148	\$ -	\$ -	\$ 19,502	\$ 400	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	221,737	-	-	-
-	-	-	-	-	-	-
<u>46,148</u>	<u>-</u>	<u>-</u>	<u>241,239</u>	<u>400</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	6,696	-	-	-	-
-	20,520	44,439	-	-	117,508	21,172
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>20,520</u>	<u>51,135</u>	<u>-</u>	<u>-</u>	<u>117,508</u>	<u>21,172</u>
<u>\$ 46,148</u>	<u>\$ 20,520</u>	<u>\$ 51,135</u>	<u>\$ 241,239</u>	<u>\$ 400</u>	<u>\$ 117,508</u>	<u>\$ 21,172</u>

City of San Jacinto
Combining Balance Sheet
Non-Major Special Revenue Funds
June 30, 2016

	Special Revenue Funds			
	Air Quality Improvement	AB3229 COPS Program	Fire Mitigation	SB 621 Gaming Impact Grants
ASSETS				
Cash and investments	\$ 227,131	\$ 140,835	\$ 597,768	\$ 6,037
Receivables, net:				
Accounts	-	-	-	-
Taxes and assessments	-	-	-	-
Due from other governments	15,703	-	-	-
Advances receivable	-	-	-	49,773
Total Assets	<u>\$ 242,834</u>	<u>\$ 140,835</u>	<u>\$ 597,768</u>	<u>\$ 55,810</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-
Due to other funds	-	-	-	-
Unearned revenue	-	-	-	60,012
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,012</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable	-	-	-	49,773
Restricted	242,834	140,835	597,768	-
Assigned	-	-	-	-
Unassigned	-	-	-	(53,975)
Total Fund Balances (deficit)	<u>242,834</u>	<u>140,835</u>	<u>597,768</u>	<u>(4,202)</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 242,834</u>	<u>\$ 140,835</u>	<u>\$ 597,768</u>	<u>\$ 55,810</u>

Special Revenue Funds

AB1600	Special District Administration	Federal Asset Seizure	Assessment District 2003-01	State Grants	Developer Impact Fees
\$ 7,834	\$ 129,432	\$ 93,131	\$ 3,418,786	\$ -	\$ 2,119,203
-	-	-	-	-	-
-	-	-	31,127	-	-
-	-	-	-	34,090	-
506,900	-	-	-	-	652,471
<u>\$ 514,734</u>	<u>\$ 129,432</u>	<u>\$ 93,131</u>	<u>\$ 3,449,913</u>	<u>\$ 34,090</u>	<u>\$ 2,771,674</u>
\$ 150	\$ -	\$ -	\$ 1,225	\$ -	\$ -
-	5,663	-	-	-	-
5,509	-	-	-	34,090	-
-	-	-	-	34,090	-
<u>5,659</u>	<u>5,663</u>	<u>-</u>	<u>1,225</u>	<u>68,180</u>	<u>-</u>
-	-	-	-	-	-
506,900	-	-	-	-	652,471
2,175	123,769	93,131	3,448,688	-	2,119,203
-	-	-	-	-	-
-	-	-	-	(34,090)	-
<u>509,075</u>	<u>123,769</u>	<u>93,131</u>	<u>3,448,688</u>	<u>(34,090)</u>	<u>2,771,674</u>
<u>\$ 514,734</u>	<u>\$ 129,432</u>	<u>\$ 93,131</u>	<u>\$ 3,449,913</u>	<u>\$ 34,090</u>	<u>\$ 2,771,674</u>

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City of San Jacinto
Combining Balance Sheet
Non-Major Special Revenue Funds
June 30, 2016

	Special Revenue Funds		Total Special Revenue Funds
	Vandalism & Graffiti Reward	CDBG	
ASSETS			
Cash and investments	\$ 35,957	\$ -	\$ 9,355,514
Receivables, net:			
Accounts	44,774	-	120,918
Taxes and assessments	-	-	50,007
Due from other governments	-	29,095	414,355
Advances receivable	-	-	3,800,713
Total Assets	\$ 80,731	\$ 29,095	\$ 13,741,507
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ 69,476
Accrued payroll	-	-	5,663
Due to other funds	-	51,665	313,001
Unearned revenue	-	-	94,102
Total Liabilities	-	51,665	482,242
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	43,983	-	43,983
FUND BALANCES			
Nonspendable	-	-	3,800,713
Restricted	36,748	-	9,525,204
Assigned	-	-	-
Unassigned	-	(22,570)	(110,635)
Total Fund Balances (deficit)	36,748	(22,570)	13,215,282
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 80,731	\$ 29,095	\$ 13,741,507

**City of San Jacinto
Combining Balance Sheet
Non-Major Capital Projects
June 30, 2016**

	Capital Projects		
	Underground Utility	Flood Control	Traffic Signalization
ASSETS			
Cash and investments	\$ 1,093,081	\$ -	\$ 81,341
Receivables:			
Accounts	-	-	-
Taxes and assessments	-	-	-
Due from other governments	-	106,994	-
Advances receivable	-	343,348	180,839
Total Assets	<u>\$ 1,093,081</u>	<u>\$ 450,342</u>	<u>\$ 262,180</u>
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
Accrued payroll	-	-	-
Due to other funds	-	-	-
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	-	343,348	180,839
Restricted	-	-	-
Assigned	1,093,081	106,994	81,341
Unassigned	-	-	-
Total Fund Balances (deficit)	<u>1,093,081</u>	<u>450,342</u>	<u>262,180</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,093,081</u>	<u>\$ 450,342</u>	<u>\$ 262,180</u>

Capital Projects		Total Capital Projects Funds	Total Non-Major Governmental Funds
Highway 79 Capital Projects	TUMF Capital Projects		
\$ 209,506	\$ -	\$ 1,383,928	\$ 10,739,442
-	-	-	120,918
-	-	-	50,007
-	158,306	265,300	679,655
110,000	-	634,187	4,434,900
<u>\$ 319,506</u>	<u>\$ 158,306</u>	<u>\$ 2,283,415</u>	<u>\$ 16,024,922</u>
\$ -	\$ -	\$ -	\$ 69,476
-	-	-	5,663
-	158,306	158,306	471,307
-	-	-	94,102
<u>-</u>	<u>158,306</u>	<u>158,306</u>	<u>640,548</u>
-	-	-	43,983
110,000	-	634,187	4,434,900
-	-	-	9,525,204
209,506	-	1,490,922	1,490,922
-	-	-	(110,635)
<u>319,506</u>	<u>-</u>	<u>2,125,109</u>	<u>15,340,391</u>
<u>\$ 319,506</u>	<u>\$ 158,306</u>	<u>\$ 2,283,415</u>	<u>\$ 16,024,922</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, 2016

	Special Revenue Funds			
	Gas Tax	Measure A	Traffic Safety	CFD #2003-2 Sewer Lift Operations
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Assessments	-	-	-	19,595
Fines and forfeitures	-	-	55,527	-
Development fees	-	-	-	-
Intergovernmental	984,808	768,702	18,000	-
Investment earnings	4,187	7,635	-	13
Other	-	-	-	-
Total Revenues	<u>988,995</u>	<u>776,337</u>	<u>73,527</u>	<u>19,608</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	-	23,583	-
Public works	786,095	27,783	9,484	19,866
Community development	-	-	-	-
Culture and leisure	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	<u>786,095</u>	<u>27,783</u>	<u>33,067</u>	<u>19,866</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>202,900</u>	<u>748,554</u>	<u>40,460</u>	<u>(258)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	(177,420)	(51,420)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(177,420)</u>	<u>(51,420)</u>	<u>-</u>
Net Change in Fund Balances	202,900	571,134	(10,960)	(258)
Fund Balances (deficit), Beginning of Year	1,510,503	2,529,047	297,902	1,019
Fund Balances (deficit), End of Year	<u>\$ 1,713,403</u>	<u>\$ 3,100,181</u>	<u>\$ 286,942</u>	<u>\$ 761</u>

Special Revenue Funds

LLPD #1	Park Development	Parkway Development	CSA 152	Bus Shelter	State Asset Seizure	Public Safety Sales Tax
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 260,871
663,159	-	-	-	-	-	-
-	-	-	491,281	-	-	-
-	20,493	-	-	-	-	-
-	-	-	165,296	-	5,803	-
-	27	144	43	-	317	-
651,396	-	-	-	-	-	-
<u>1,314,555</u>	<u>20,520</u>	<u>144</u>	<u>656,620</u>	<u>-</u>	<u>6,120</u>	<u>260,871</u>
3,383	-	-	-	-	-	-
-	-	-	-	-	3,579	-
-	-	-	415,959	7,079	-	-
-	-	-	-	-	-	-
610,128	-	732	-	-	-	-
784,238	-	-	-	-	-	-
<u>1,397,749</u>	<u>-</u>	<u>732</u>	<u>415,959</u>	<u>7,079</u>	<u>3,579</u>	<u>-</u>
<u>(83,194)</u>	<u>20,520</u>	<u>(588)</u>	<u>240,661</u>	<u>(7,079)</u>	<u>2,541</u>	<u>260,871</u>
83,194	-	-	-	7,079	114,967	-
-	-	(5,295)	(191,713)	-	-	(258,836)
<u>83,194</u>	<u>-</u>	<u>(5,295)</u>	<u>(191,713)</u>	<u>7,079</u>	<u>114,967</u>	<u>(258,836)</u>
-	20,520	(5,883)	48,948	-	117,508	2,035
-	-	57,018	(48,948)	-	-	19,137
<u>\$ -</u>	<u>\$ 20,520</u>	<u>\$ 51,135</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 117,508</u>	<u>\$ 21,172</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, 2016

	Special Revenue Funds			
	Air Quality Improvement	AB3229 COPS Program	Fire Mitigation	SB 621 Gaming Impact Grants
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Assessments	-	-	-	-
Fines and forfeitures	-	-	-	-
Development fees	-	-	16,931	-
Intergovernmental	58,340	114,618	-	19,464
Investment earnings	529	257	1,576	178
Other	-	-	-	-
Total Revenues	<u>58,869</u>	<u>114,875</u>	<u>18,507</u>	<u>19,642</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	542	-	2,809
Public works	2,797	-	-	-
Community development	-	-	-	-
Culture and leisure	-	-	-	-
Capital outlay	-	2,429	-	-
Total Expenditures	<u>2,797</u>	<u>2,971</u>	<u>-</u>	<u>2,809</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>56,072</u>	<u>111,904</u>	<u>18,507</u>	<u>16,833</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	(7,228)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,228)</u>
Net Change in Fund Balances	56,072	111,904	18,507	9,605
Fund Balances (deficit), Beginning of Year	186,762	28,931	579,261	(13,807)
Fund Balances (deficit), End of Year	<u>\$ 242,834</u>	<u>\$ 140,835</u>	<u>\$ 597,768</u>	<u>\$ (4,202)</u>

Special Revenue Funds

AB1600	Special District Administration	Federal Asset Seizure	Assessment District 2003-01	State Grants	Developer Impact Fees
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	692,913	-	-
-	-	-	-	-	-
20,674	-	-	-	-	31,936
-	-	-	-	70,692	-
1,397	-	250	8,697	-	7,407
-	291,193	-	-	284	-
<u>22,071</u>	<u>291,193</u>	<u>250</u>	<u>701,610</u>	<u>70,976</u>	<u>39,343</u>
-	-	-	-	-	-
-	-	1,166	-	-	-
1,327	-	-	39,236	-	-
-	268,088	-	-	8,499	2,728
-	-	-	-	-	5,579
-	-	-	340,313	-	-
<u>1,327</u>	<u>268,088</u>	<u>1,166</u>	<u>379,549</u>	<u>8,499</u>	<u>8,307</u>
<u>20,744</u>	<u>23,105</u>	<u>(916)</u>	<u>322,061</u>	<u>62,477</u>	<u>31,036</u>
-	-	-	276,939	29,112	49,424
-	(26,267)	(114,967)	-	(123,398)	(56,630)
<u>-</u>	<u>(26,267)</u>	<u>(114,967)</u>	<u>276,939</u>	<u>(94,286)</u>	<u>(7,206)</u>
20,744	(3,162)	(115,883)	599,000	(31,809)	23,830
488,331	126,931	209,014	2,849,688	(2,281)	2,747,844
<u>\$ 509,075</u>	<u>\$ 123,769</u>	<u>\$ 93,131</u>	<u>\$ 3,448,688</u>	<u>\$ (34,090)</u>	<u>\$ 2,771,674</u>

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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, 2016

	Special Revenue Funds		Total Non-Major Special Revenue Funds
	Vandalism & Graffiti Reward	CDBG	
REVENUES			
Taxes	\$ -	\$ -	\$ 260,871
Assessments	-	-	1,375,667
Fines and forfeitures	-	-	546,808
Development fees	-	-	90,034
Intergovernmental	-	29,095	2,234,818
Investment earnings	-	-	32,657
Other	2,712	-	945,585
Total Revenues	2,712	29,095	5,486,440
EXPENDITURES			
Current:			
General government	-	-	3,383
Public safety	-	-	31,679
Public works	-	-	1,309,626
Community development	-	-	279,315
Culture and leisure	-	-	616,439
Capital outlay	-	-	1,126,980
Total Expenditures	-	-	3,367,422
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,712	29,095	2,119,018
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	560,715
Transfers out	-	(51,665)	(1,064,839)
Total Other Financing Sources (Uses)	-	(51,665)	(504,124)
Net Change in Fund Balances	2,712	(22,570)	1,614,894
Fund Balances (deficit), Beginning of Year	34,036	-	11,600,388
Fund Balances (deficit), End of Year	\$ 36,748	\$ (22,570)	\$ 13,215,282

City of San Jacinto
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Capital Projects
For the Year Ended June 30, 2016

	Capital Projects		
	Underground Utility	Flood Control	Traffic Signalization
REVENUES			
Taxes	\$ -	\$ -	\$ -
Assessments	-	-	-
Fines and forfeitures	-	-	-
Development fees	112,500	11,099	5,412
Intergovernmental	-	-	-
Investment earnings	2,721	1,806	790
Other	-	-	-
Total Revenues	<u>115,221</u>	<u>12,905</u>	<u>6,202</u>
EXPENDITURES			
Current:			
General government	-	-	-
Public safety	-	-	-
Public works	-	169,241	-
Community development	-	-	-
Culture and leisure	-	-	-
Capital outlay	-	-	-
Total Expenditures	<u>-</u>	<u>169,241</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>115,221</u>	<u>(156,336)</u>	<u>6,202</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	(487,411)	(49,424)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(487,411)</u>	<u>(49,424)</u>
Net Change in Fund Balances	115,221	(643,747)	(43,222)
Fund Balances (deficit), Beginning of Year	977,860	1,094,089	305,402
Fund Balances (deficit), End of Year	<u>\$ 1,093,081</u>	<u>\$ 450,342</u>	<u>\$ 262,180</u>

Capital Projects		Total Capital Projects Funds	Total Non-Major Governmental Funds
Highway 79 Capital Projects	TUMF Capital Projects		
\$ -	\$ -	\$ -	\$ 260,871
-	-	-	1,375,667
-	-	-	546,808
-	-	129,011	219,045
-	306,164	306,164	2,540,982
-	-	5,317	37,974
-	-	-	945,585
-	306,164	440,492	5,926,932
-	-	-	3,383
-	-	-	31,679
-	-	169,241	1,478,867
-	-	-	279,315
-	-	-	616,439
-	-	-	1,126,980
-	-	169,241	3,536,663
-	306,164	271,251	2,390,269
-	-	-	560,715
-	(93,003)	(629,838)	(1,694,677)
-	(93,003)	(629,838)	(1,133,962)
-	213,161	(358,587)	1,256,307
319,506	(213,161)	2,483,696	14,084,084
\$ 319,506	\$ -	\$ 2,125,109	\$ 15,340,391

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