

City of Calimesa

Calimesa, California

*Annual Audit Report and Financial
Statements*

For the year ended June 30, 2015

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City of Calimesa
Annual Audit Report and Financial Statements
For the year ended June 30, 2015

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members of the City Council
of the City of Calimesa
Calimesa, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of City of Calimesa, California (City), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

Management adopted the provisions of Governmental Accounting Standards Board Statement 68 – *Accounting and Financial Reporting for Pensions*, which became effective June 30, 2015. See Note 11 to the financial statements for disclosure related to the restatement of beginning Net Position. The emphasis of this matter does not constitute a modification to our opinion.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, pension required supplementary information, and budgetary comparison information on pages 5–13 and 66–72 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

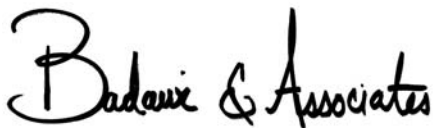
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City’s basic financial statements. The combining and individual nonmajor fund financial statements, and budgetary comparison schedules for other funds on pages 74-87 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Honorable Mayor and Members of the City Council
of the City of Calimesa
Calimesa, California
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The combining and individual nonmajor fund financial statements and budgetary comparison schedules for other funds 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 and the budgetary comparison schedule for other funds 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 December 31, 2015, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.



Badawi and Associates
Certified Public Accountants
Oakland, CA
December 31, 2015

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City of Calimesa

Management's Discussion and Analysis

For the year ended June 30, 2015

This section provides the reader a narrative introduction and a readily understandable analytical overview of the City of Calimesa's (City) financial activities and performance for the fiscal year ended June 30, 2015. Summary reports showing comparisons of current financial information with that of the previous year are included to enhance the clarity and usefulness of the reports. To gain a broad perspective of the City and its financial activities, we encourage the reader to consider the information presented here in conjunction with the information that we have provided in the letter of transmittal presented at the beginning of this report.

FINANCIAL HIGHLIGHTS

- At June 30, 2015, the City assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$19.9 million. Approximately 72% of this amount is invested in capital assets (net of related debt) and therefore not available to meet the City's ongoing operations.
- During the fiscal year, the City's net position increased by \$1.5 million.
- At June 30, 2015, the City's governmental funds reported combined ending fund balance of \$6.4 million, an increase of \$1.4 million compared to prior fiscal year.
- The City's General Fund balance increased by \$331,469 during fiscal year 2015.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements, which consists of three components: 1) Government-Wide Financial Statements, 2) Fund Financial Statements, and 3) Notes to Basic Financial Statements. Required Supplementary Information is included in addition to the basic financial statements.

Government-Wide Financial Statements

The Government-Wide Financial Statements provide a broad view of the City's financial position and activities, in a manner similar to private-sector business reporting. The Government-Wide Financial Statements include the Statement of Net Position and the Statement of Activities.

The Statement of Net Position presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the differences reported as Net Position. This statement reports all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting. Increases and decreases in Net Position serve as useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities provides information on how the City's Net Position changed during the fiscal year. All changes in Net Position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. All revenues earned and expenses incurred during the fiscal year are reported in this statement, regardless of timing of related cash flows.

City of Calimesa
Management's Discussion and Analysis
For the year ended June 30, 2015

OVERVIEW OF THE FINANCIAL STATEMENTS, Continued

Government-Wide Financial Statements, Continued

The Government-Wide Financial Statements present governmental activities only because the City does not have business-type activities. The governmental activities of the City include general government, public safety, public works, community development, library, and parks and recreation. Property and local taxes, investment earnings, charges for services, operating and capital grants and contributions finance these activities.

Fund Financial Statements

Funds are groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the City can be divided into two categories: governmental funds and fiduciary funds.

Governmental Fund Financial Statements are used to report basically the same functions as governmental activities in the Government-Wide Financial Statements. However, unlike the Government-Wide Financial Statements, Governmental Fund Financial Statements focus on near-term inflows and outflows of spendable resources, as well as the available balances of spendable resources at the end of the fiscal year. This information may be useful in assessing the City's near-term financial requirements.

In order to better understand the City's long-term and near-term financial requirements, it is useful to compare the information presented for governmental funds with the information provided for governmental activities in the Government-Wide Financial Statements. Both the governmental funds balance sheet and statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The City reports 14 governmental funds. The major governmental funds are the General Fund, Measure A Fund, Mitigation Fees Fund and the Parks and Recreation Grant Fund, which are presented separately in the Governmental Fund Financial Statements. Information on the other governmental funds is combined into a single aggregated presentation as non-major governmental funds. Individual fund data for each non-major governmental fund is provided in the form of combining statements as supplementary information elsewhere in the report.

Fiduciary funds are used to account for resources held for the benefit of parties external to the City. These funds are not included in the Government-Wide Financial Statements because the resources of the fiduciary funds are not available to support the City's own programs. The City's Fiduciary Fund Financial Statements provide financial information about the activities of the Special Assessment Districts, for which the City acts solely as an agent. The City's fiduciary funds are presented as an agency fund that accounts for the aggregate activity in the City's Community Facilities Districts (CFD), as well as a private purpose trust fund to account for the activity of the Successor Agency to the City.

City of Calimesa
Management's Discussion and Analysis
For the year ended June 30, 2015

OVERVIEW OF THE FINANCIAL STATEMENTS, Continued

Notes to Basic Financial Statements

The Notes to Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the Government-Wide and Fund Financial Statements.

Supplementary Information

The Required Supplementary Information includes budgetary comparison schedules for the General Fund, Measure A Fund, Mitigation Fees Fund and the Parks and Recreation Grant Fund.

Combining and individual fund statements and schedules provide information for non-major governmental funds and are presented immediately following the Required Supplementary Information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following table shows the condensed comparative Statement of Net Position for the fiscal years ended June 30, 2014 and 2015.

Comparative Statements of Net Position
June 30, 2015 and 2014

	<u>Governmental Activities</u>	
	<u>2015</u>	<u>2014</u>
Assets:		
Cash and investments	\$ 6,959,283	\$ 5,651,250
Other assets	994,797	1,196,290
Capital assets, net	14,371,050	13,599,625
Total Assets	<u>22,325,130</u>	<u>20,447,165</u>
Deferred Outflows of Resources		
Deferred outflow - contribution	93,041	-
Deferred outflow - pension related amounts	2,960	-
Total Deferred Outflows of Resources	<u>96,001</u>	<u>-</u>
Liabilities:		
Long-term liabilities	820,544	318,661
Other liabilities	1,523,262	1,680,040
Total Liabilities	<u>2,343,806</u>	<u>1,998,701</u>
Deferred Inflows of Resources		
Deferred inflow - pension related amounts	170,976	-
Total Deferred Inflows of Resources	<u>170,976</u>	<u>-</u>
Net Assets:		
Net Investment in Capital Assets	14,371,050	13,599,625
Restricted	4,983,026	3,725,263
Unrestricted	552,273	1,123,576
Total Net Position	<u>\$ 19,906,349</u>	<u>\$ 18,448,464</u>

Net Position may serve over time as a useful indicator of the City's financial position. The City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$19.9 million. This is an increase of \$1.5 million or 8.0% over the prior fiscal year. The reasons of this increase are detailed below in the comparative statements of activities and changes in Net Position.

City of Calimesa
Management's Discussion and Analysis
For the year ended June 30, 2015

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

The largest portion of the City's Net Position, \$14.4 million, or 72%, is its investment in capital assets. The City uses these capital assets to provide services to citizens; consequently they are not available for future spending. There is no debt outstanding with relation to capital assets.

Another portion of the City's Net Position, \$5.0 million, or 25%, are resources subject to external restrictions and may only be used for the purpose intended by the entities that provided these funds to the City.

The remaining balance of the City's Net Position of \$0.55 million, or 3%, represents unrestricted Net Position, which may be used to finance daily operations without constraints established by debt covenants or other legal requirements.

The City's cash and investments increased by \$1,308,033.

The following table shows the condensed comparative Statements of Activities and Changes in Net Position for the fiscal years ended June 30, 2015 and 2014.

City of Calimesa
Management's Discussion and Analysis
For the year ended June 30, 2015

Comparative Statements of Activities and Changes in Net Position
June 30, 2015 and 2014

	Governmental Activities	
	2015	2014
Revenues:		
Program revenues:		
Charges for services	\$ 776,545	\$ 679,424
Operating grants and contributions	966,688	736,335
Capital grants and contributions	2,538,656	3,234,517
Total program revenues	4,281,889	4,650,276
General revenues:		
Taxes:		
General property taxes	2,145,973	1,887,405
Sales tax	535,850	535,897
Motor vehicle in-lieu	663,710	602,439
Franchise fees	336,741	317,394
Transient occupancy tax	41,154	33,955
Business Licenses	24,530	22,881
Use of money and property	10,039	7,847
Miscellaneous	82,182	85,004
Total general revenues	3,840,179	3,492,822
Total Revenues	8,122,068	8,143,098
Expenses:		
General government	893,150	837,836
Public safety	2,694,565	2,584,578
Public works	1,090,459	1,247,688
Community development	1,350,999	795,142
Parks and recreation	161,063	134,538
Library	8,287	11,945
Total Expenses	6,198,523	5,611,727
Increase (decrease) in net sssets	1,923,545	2,531,371
Prior Period Adjustments	(465,660)	(24,375)
Net assets - beginning	18,448,464	15,941,468
Net assets - ending	\$ 19,906,349	\$ 18,448,464

City of Calimesa
Management's Discussion and Analysis
For the year ended June 30, 2015

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

The City's expenses totaled \$6.2 million in fiscal year 2015. These expenses were more than offset by program revenues of \$4.3 million and general revenues of \$3.8 million. This, Net of prior period adjustments totaling \$(465,660), resulted in an increase in Net Position of \$1.5 million.

Program Revenues - Program Revenues include fees and other specific charges designed to cover all or part of the costs of programs provided to the citizens, as well as certain revenues related to capital improvements and new development. Capital grants and contributions decreased by \$695,861 because of a capital grant related to the development of a community park that was completed in fiscal year 2015 and program operating revenue increased mainly due to a rise in development activity.

General Revenues - The overall increase from the prior year is 10%. This is mainly due to an increase in property taxes, as well as an increase in franchise fees, transient occupancy tax and business license revenue. No increase was realized in sales tax during the fiscal year 2015.

Expenses - Expenses increased in total by \$586,796, or 10.5%. The increase is mainly attributable to the area of Community Development as other categories both increased and increased, respectively, resulting in a minimal change. Community development expenses increase substantially due to an increase in expenses related to a housing rehabilitation grant-funded program and the increase in collection and remittance of MSHCP and TUMF fees related to new development.

FUND FINANCIAL ANALYSIS

Governmental Funds

The City's governmental funds provide information on short-term inflows, outflows, and balances of spendable resources. This information is useful in evaluating the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the government's net resources available for spending at the end of fiscal year.

At June 30, 2015, the City's combined governmental fund balances were \$6.4 million, an increase of \$1.4 million, or 27%, over the prior fiscal year. Of this amount, approximately \$5.0 million represents restricted fund balance and \$0.12 million represents assigned fund balance.

Governmental revenues in fiscal year 2015 were \$8.1 million. This was a decrease of \$21,030 from fiscal year 2014. Although there was a slight decrease in overall revenue due to a decline in one-time grant funding for the 4th street Community Park that was completed in 2015, as noted above, general revenues increased by approximately 10%.

Governmental expenditures in fiscal year 2015 were \$6.7 million, a decrease of \$256,870 from the prior fiscal year. Most of the decrease in governmental fund expenditures related to the cost of the construction of 4th Street Community Park with State park grant funds. Other expenditure categories fluctuated slightly resulting in an overall increase.

City of Calimesa
Management's Discussion and Analysis
For the year ended June 30, 2015

FUND FINANCIAL ANALYSIS, Continued

The following provides an analysis of the City's major funds:

General Fund

The General Fund is the primary operating fund of the City. At June 30, 2015, the assigned fund balance of the General Fund was \$93,808, while total fund balance was \$1,409,359. The unassigned balance of \$1,315,551 represents an operating reserve (when compared to expenditures) of 33%. This is well in excess of the 10% City Council policy.

The total fund balance of the City's General Fund increased by \$331,469 when compared to fiscal year 2014. Revenues exceeded expenditures by \$325,543 and other financing sources resulted in an additional increase of \$5,926. Revenues increased by \$413,891 and expenditures increased by \$201,566 from the prior year. The increase in revenues was primarily due to an increase in taxes of 6.7%, as well as an increase in permit revenue. The 5% increase in overall expenditures was due to a combination of costs including an increase in Public Safety, General Government expenditures and development related services.

Measure A - Special Revenue Fund

The Measure A Fund accounts for revenue in the form of voter-approved sales tax to be used for street and road purposes. The revenue in this fund increased by \$50,685. This was mainly due to project-related grant reimbursements.

Mitigation Fees - Special Revenue Fund

The Mitigation Fee Fund accounts for revenue from development impact fees and grants to be used for facilities including street and traffic, parks, public safety and general government. These fees are used to mitigate the impacts of new development. Mainly due to an increase in overall development activity, revenue increased by \$161,536 in the 2014-15 fiscal year. Expenditures increased as well due to an increase in planning and design on several upcoming projects.

Parks and Recreation Grant - Special Revenue Fund

The Parks and Recreation Grant Fund accounts for revenue received from the State of California to be used for designing and constructing a community park. In the prior fiscal year, the City paid for and was reimbursed under the grant for, a major portion of the design and construction related to the development of a community park. The park was completed during 2014-15. Thus, the both the revenues and expenditures were significantly less during 2014-15.

GENERAL FUND BUDGETARY HIGHLIGHTS

The budgetary comparison schedule for the General Fund is presented in the Required Supplementary Information.

City of Calimesa
Management's Discussion and Analysis
For the year ended June 30, 2015

GENERAL FUND BUDGETARY HIGHLIGHTS, Continued

The General Fund revenue budget for fiscal year 2015 was amended during the year by \$277,173 in an effort to capture actual operating results in various revenue categories. The expenditure budgets were also amended to account for unanticipated costs of \$195,595. Actual expenditures for the fiscal year were \$194,315 under the amended budget primarily due to an unanticipated savings in public safety costs; namely fire, as well as certain General Government appropriations totaling \$63,800 that were not expended and will be carried forward into 2015-16. Actual revenues were \$146,020 higher the final amended budget due primarily to an increase in taxes and licenses & permits.

CAPITAL ASSETS AND LONG-TERM OBLIGATIONS

Capital Assets

The City's capital assets include those assets that are used in the performance of the City's services. At June 30, 2015, the City's capital assets used in governmental activities amounted to \$14.4 million, net of depreciation.

Capital assets for governmental activities are presented below to illustrate changes from prior fiscal year (amounts in millions):

	Governmental Activities	
	2015	2014
Land	\$1,918,401	\$1,918,401
Construction in Progress	\$77,463	\$2,044,889
Buildings and Improvements	\$4,157,734	\$1,242,504
Infrastructure:		
Road Network	\$10,581,232	\$10,581,232
Equipment	\$483,642	\$483,642
Capital assets before depreciation	\$17,218,472	\$16,270,668
Less: accumulated depreciation (excludes land)	(\$2,847,422)	(\$2,434,576)
Total net capital assets	<u>\$14,371,050</u>	<u>\$13,836,092</u>

Additional information on capital assets can be found in Note 5 to the Basic Financial Statements.

Long-term Obligations

At June 30, 2015, the City had long-term debt outstanding of \$153,326 compared to \$127,429 in the prior year. The City's long-term debt obligations at June 30, 2015 and 2014 were as follows:

	Governmental Activities	
	2015	2014
Compensated Absences	\$ 153,326	\$ 127,429
Total	<u>\$ 153,326</u>	<u>\$ 127,429</u>

City of Calimesa
Management's Discussion and Analysis
For the year ended June 30, 2015

CAPITAL ASSETS AND LONG-TERM OBLIGATIONS, Continued

Not included in the above total outstanding debt amount is the Successor Agency Trust. At June 30, 2015, there was \$2,865,000 outstanding. Additional information on long-term obligations is provided in Notes 5 and 10 to the Basic Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City's adopted budget for 2015-16 recognized that:

- Although the national and local economies are still in the recovery cycle from the recession, over the last couple of years, the City's primary revenues have experienced slow but steady growth. However, the cost of certain key City services, namely Public Safety, has significantly outpaced these and all other revenue increases.
- The FY 2015/16 budget maintains an approximate 20% General Fund reserve level which is exactly double when compared to the Council approved policy of 10%.
- Additional actions by the State of California to significantly reduce local government revenue may have an impact on the budget. One area of concern is administrative funding related to the Successor Agency.
- PERS rates remain an ongoing factor influencing the budget.

REQUEST FOR INFORMATION

This financial report is designed to provide citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances. Questions concerning any information provided in this report or requests for additional information should be addressed to the City of Calimesa, Finance Department, 980 Park Avenue, Calimesa, California 92320.

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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City of Calimesa
Statement of Net Position
June 30, 2015

	Governmental Activities
Assets	
Cash and investments (Note 3)	\$ 6,959,283
Receivables:	
Taxes	240,682
Accounts	24,520
Interest	3,689
Due from other governments	691,436
Prepaid expenses	15,720
Note Receivable	18,750
Capital assets not being depreciated (Note 5)	1,995,864
Capital assets being depreciated, net (Note 5)	12,375,186
Total Assets	22,325,130
Deferred Outflows of Resources	
Deferred outflow - pension contribution	93,041
Deferred outflow - pension related amounts	2,960
Total Deferred Outflows of Resources	96,001
Liabilities	
Accounts payable and accrued liabilities	828,292
Accrued Payroll	16,500
Deposits	561,009
Noncurrent liabilities:	
Due within one year	117,461
Due in more than one year	246,568
Net pension liability	573,976
Total Liabilities	2,343,806
Deferred Inflows of Resources	
Deferred inflows - pension related amounts	170,976
Total Deferred Inflows of Resources	170,976
Net Position	
Invested in capital assets (Note 5)	14,371,050
Restricted:	
Legally restricted - Street and Road Improvements	1,282,773
Regulatory/grant restrictions	454,581
Legally restricted - Dev. Impact fees	3,245,672
Unrestricted	552,273
Total Net Position	\$ 19,906,349

See accompanying Notes to Basic Financial Statements.

City of Calimesa
Statement of Activities
For the year ended June 30, 2015

Functions/Programs:	Expenses	Program Revenues				Total	Net (Expense)
		Charges	Operating	Capital	Revenue and		
		for	Grants and	Grants and	Changes in		
	Services	Contributions	Contributions			Net Position	
						Governmental	
						Activities	
Primary Government:							
Governmental activities:							
General government	\$ 893,150	\$ 170,162	\$ 92,551	\$ -	\$ 262,713	\$ (630,437)	
Public safety	2,694,565	67,276	106,230	-	173,506	(2,521,059)	
Public works	1,090,459	152,063	624,739	1,717,549	2,494,351	1,403,892	
Community services and development	1,350,999	387,044	143,168	-	530,212	(820,787)	
Parks and recreation	161,063	-	-	821,107	821,107	660,044	
Library	8,287	-	-	-	-	(8,287)	
Total governmental activities	<u>\$ 6,198,523</u>	<u>\$ 776,545</u>	<u>\$ 966,688</u>	<u>\$ 2,538,656</u>	<u>\$ 4,281,889</u>	<u>(1,916,634)</u>	
General Revenues:							
Taxes:							
Property						2,145,973	
Sales tax						535,850	
Motor vehicle in-lieu						663,710	
Franchise fees						336,741	
Transient occupancy taxes						41,154	
Busines Licenses						24,530	
Total Taxes						3,747,958	
Unrestricted investment earnings						10,040	
Other						82,181	
Total general revenues						3,840,179	
Change in net position						1,923,545	
Net position - beginning of year						18,448,464	
Prior Period Adjustments						(465,660)	
Net position - beginning of year, as restated						17,982,804	
Net position - end of year						<u>\$ 19,906,349</u>	

See accompanying Notes to Basic Financial Statements.

FUND FINANCIAL STATEMENTS

Governmental Fund Financial Statements

Fiduciary Fund Financial Statements

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GOVERNMENTAL FUND FINANCIAL STATEMENTS

General Fund accounts for resources traditionally associated with governmental which are not required legally or by sound financial management to be accounted for in another fund.

Measure A Special Revenue Fund accounts for revenue in the form of voter-approved Measure A sales tax to be used for street and road improvements.

Mitigation Fees Special Revenue Fund accounts for various sources of development related revenue including facilities fees, traffic fees, and park acquisition and improvement fees. These fees are used to expand facilities as development occurs, thus mitigating a portion of the impacts associated with development.

Parks and Recreation Grant Fund accounts for revenue received from the State of California to be used for designing and constructing a community park.

Non-Major Governmental Funds is the aggregate of all the non-major governmental funds.

City of Calimesa
Balance Sheet
Governmental Funds
June 30, 2015

	Major Funds		
	General	Measure A Special Revenue	Mitigation Fees Special Revenue
Assets			
Cash and investments	\$ 1,967,255	\$ 1,265,453	\$ 3,278,203
Receivables:			
Taxes	237,450	-	-
Intergovernmental	-	23,952	11,312
Interest	3,689	-	-
Accounts	24,520	-	-
Prepaid expenses	15,720	-	-
Due from other funds	527,298	-	-
Note Receivable	18,750	-	-
Total Assets	<u>\$ 2,794,682</u>	<u>\$ 1,289,405</u>	<u>\$ 3,289,515</u>
Liabilities, Deferred Inflow of Resources, and Fund Balance			
Liabilities:			
Accounts payable	\$ 749,523	\$ 6,632	\$ 43,843
Accrued Payroll	16,499	-	-
Unearned revenues	4,335	-	-
Due to other funds	-	-	-
Deposits	561,009	-	-
Total Liabilities	<u>1,331,366</u>	<u>6,632</u>	<u>43,843</u>
Deferred Inflow of Resources:			
Unavailable revenues	53,956	-	-
Total Deferred Inflow of Resources	<u>53,956</u>	<u>-</u>	<u>-</u>
Fund Balance:			
Nonspendable	34,470	-	-
Restricted	-	1,282,773	3,245,672
Assigned	93,808	-	-
Unassigned	1,281,082	-	-
Total Fund Balance	<u>1,409,360</u>	<u>1,282,773</u>	<u>3,245,672</u>
Total Liabilities, Deferred Inflow of Resources and Fund Balance	<u>\$ 2,794,682</u>	<u>\$ 1,289,405</u>	<u>\$ 3,289,515</u>

Major Funds Parks and Recreation	Total Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 448,372	\$ 6,959,283
-	3,232	240,682
560,000	96,172	691,436
-	-	3,689
-	-	24,520
-	-	15,720
-	-	527,298
-	-	18,750
<u>\$ 560,000</u>	<u>\$ 547,776</u>	<u>\$ 8,481,378</u>
\$ -	\$ 28,294	\$ 828,292
-	-	16,499
-	50,142	54,477
514,048	13,250	527,298
-	-	561,009
<u>514,048</u>	<u>91,686</u>	<u>1,987,575</u>
-	28,387	82,343
-	28,387	82,343
-	-	34,470
45,952	408,629	4,983,026
-	31,117	124,925
-	(12,043)	1,269,039
<u>45,952</u>	<u>427,703</u>	<u>6,411,460</u>
<u>\$ 560,000</u>	<u>\$ 547,776</u>	<u>\$ 8,481,378</u>

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City of Calimesa
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2015

Total Fund Balance - Governmental Funds \$ 6,411,460

Amounts reported for governmental activities in the statement of net positions (page 19) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 14,371,049

Revenues in the statement of activities that do not provide current financial resources are classified as unearned revenues in the funds. 136,820

Employer contributions for pension were recorded as expenditures in the governmental funds. However, in the Government-Wide Financial Statement these contributions are deferred. 96,001

In the Government-Wide Financial Statement certain differences between actuarial estimates and actual results for pension are deferred and amortized over a period of time, however in the governmental funds no transactions are recorded. (170,976)

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. (938,005)

Net position of governmental activities \$ 19,906,349

City of Calimesa
Statements of Revenues, Expenditures, and Changes in Fund Balance
For the Year Ended June 30, 2015

	Major Funds		
	General	Measure A Special Revenue	Mitigation Fees Special Revenue
Revenues			
Taxes	\$ 3,580,845	\$ -	\$ -
Licenses and permits	411,574	-	-
Fines and forfeitures	67,276	-	-
Intergovernmental	92,551	202,631	25,838
Charges for services	166,419	-	-
Development fees	152,063	-	1,514,918
Investment earnings	2,595	2,011	4,724
Other	111,421	-	-
Total Revenues	<u>4,584,744</u>	<u>204,642</u>	<u>1,545,480</u>
Expenditures			
Current:			
General government	855,164	-	3,033
Public safety	2,528,911	-	5,906
Public works	270,989	93,514	139,186
Community services and development	481,923	-	408,690
Parks and recreation	122,213	-	107,635
Library	-	-	1,855
Total Expenditures	<u>4,259,200</u>	<u>93,514</u>	<u>666,305</u>
Excess of Revenues Over Expenditures	325,544	111,128	879,175
Other Financing Sources (Uses)			
Transfers in	36,926	-	-
Transfers out	(31,000)	-	-
Total Other Financing Sources (Uses)	<u>5,926</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	331,470	111,128	879,175
Fund Balance - Beginning of year	1,077,890	1,171,645	2,366,497
Fund Balance - End of year	<u>\$ 1,409,360</u>	<u>\$ 1,282,773</u>	<u>\$ 3,245,672</u>

See accompanying Notes to Basic Financial Statements.

Major Funds Parks and Recreation	Total Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 77,689	\$ 3,658,534
-	-	411,574
-	-	67,276
821,107	848,299	1,990,426
-	-	166,419
-	-	1,666,981
-	710	10,040
-	35,374	146,795
<u>821,107</u>	<u>962,072</u>	<u>8,118,045</u>
-	-	858,197
-	152,293	2,687,110
-	311,526	815,215
-	459,863	1,350,476
792,156	-	1,022,004
-	6,432	8,287
<u>792,156</u>	<u>930,114</u>	<u>6,741,289</u>
28,951	31,958	1,376,756
-	31,000	67,926
<u>-</u>	<u>(36,926)</u>	<u>(67,926)</u>
<u>-</u>	<u>(5,926)</u>	<u>-</u>
28,951	26,032	1,376,756
17,001	401,671	5,034,704
<u>\$ 45,952</u>	<u>\$ 427,703</u>	<u>\$ 6,411,460</u>

City of Calimesa
Reconciliation of the Statements of Revenues, Expenditures,
and Changes in Fund Balance of Governmental Funds to the Statements of Activities
For the Year Ended June 30, 2015

Net change in fund balance - governmental funds (page 29) \$ 1,376,756

Amounts reported for governmental activities in the statements of activities (page 20) are different because:

Governmental funds reported additions of capital assets as capital outlay and program expenditures. However, in the Government-Wide Statement of Activities, the cost of those assets was allocated over their estimated useful lives as depreciation expense. This was the amount of capital assets purchased in the current period. 947,803

Depreciation expense on capital assets was reported in the Government-Wide Statement of Activities, but they did not require the use of current financial resources. Therefore, depreciation expense was not reported as expenditures in the Governmental Funds. (412,846)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 4,024

Current year employer pension contributions are recorded as expenditures in the governmental funds, however these amounts are reported as a deferred outflow of resources in the Government-Wide Statement of Net Position. 93,041

Pension expense is recorded as incurred in the Government-Wide Statement of Activities, however pension expense is not recognized in the governmental funds. (58,813)

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 fund. In addition, some expenditures recorded in the governmental funds have already been expensed in the government-wide in prior years (26,420)

Change in net position of governmental activities \$ 1,923,545

FIDUCIARY FUND FINANCIAL STATEMENTS

Agency Funds

Community Facilities Districts Agency Fund accounts for assets held by the City for various Community Facility Districts.

Private Purpose Trust Funds

Successor Agency Trust Fund accounts for assets and liabilities transferred from the City to the Successor Agency Trust Fund.

City of Calimesa
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2015

	Community Facilities Districts	Successor Agency Trust Fund
Assets		
Cash and investments	\$ 330,283	\$ 1,250
Cash and investments with fiscal agent - restricted	292,177	201,494
Receivables:		
Taxes	5,658	-
Total Assets	628,118	202,744
Deferred outflows of resources		
Deferred loss on refunding	-	105,037
Total deferred outflows of resources	-	105,037
Liabilities		
Accounts payable and accrued liabilities	2,872	153
Deposits	8,540	-
Due to bondholders	616,706	-
Noncurrent liabilities:		
Due within one year	-	100,000
Due in more than one year	-	2,803,914
Total Liabilities	\$ 628,118	2,904,067
Net Position		
Unrestricted		(2,596,286)
Net Position		\$ (2,596,286)

See accompanying Notes to Basic Financial Statements.

City of Calimesa
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the year ended June 30, 2015

	Successor Agency Trust Fund
Additions	
Intergovernmental revenue	\$ 423,084
Investment earnings	109
Total additions	<u>423,193</u>
Deductions	
Administration	250,154
Cost of issuance	710
Interest	111,086
Total deductions	<u>361,950</u>
Change in Net Position	61,243
Net Position - beginning	<u>(2,657,529)</u>
Net Position - ending	<u><u>\$ (2,596,286)</u></u>

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NOTES TO BASIC FINANCIAL STATEMENTS

City of Calimesa
Notes to Basic Financial Statements
For the year ended June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the reporting entity

The City of Calimesa (the City) was incorporated on December 1, 1990, under the laws of the State of California and enjoys all the rights and privileges applicable to the general law city. It is governed by an elected five-member Council and Council-appointed Mayor. As required by accounting principles generally accepted in the United States of America, these financial statements present the City (the primary government).

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on the primary government. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is 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 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 revenues are reported as general revenues.

The fund financial statements provide information about the City's funds. Separate financial statements are provided for governmental funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The City reports the following major governmental funds:

The *General Fund* is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

The *Measure A Special Revenue Fund* is used to account for revenue in the form of voter-approved Measure A sales tax to be used for street and road improvements.

The *Mitigation Fees Fund* is used to account for various sources of development related revenue including facilities fees, traffic fees, and park acquisition and improvement fees. These fees are used to expand facilities as development occurs, thus mitigating a portion of the impacts associated with development.

The *Parks and Recreation Grant Fund* is used to account for revenue received from the State of California to be used for designing and constructing a community park.

City of Calimesa
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Government-wide and fund financial statements, Continued

Additionally, the City reports the following fund types:

The Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

C. Measurement focus, basis of accounting, and financial presentation

The government-wide financial statements are reported using the economic resources measurement focus and the *accrual basis* of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Non-exchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied.

Governmental fund financial statements are reported using the *current financial resources* measurement focus and the *modified accrual basis* of accounting. Under this method, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues, except for grant revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

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 members, 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 sources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes. In addition, fiduciary funds are not included in the government-wide financial statements.

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

City of Calimesa
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. Assets, liabilities and net position or equity

Cash, Cash Equivalents and Investments

The City pools its available cash for investment purposes. The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturity of three months or less from date of acquisition. Cash and cash equivalents are combined with investments and displayed as Cash and Investments.

In accordance with GASB Statement No. 40, Deposit and Investment Disclosures (Amendment of GASB No. 3), certain disclosure requirements for Deposits and Investment Risks were made in the following areas:

- Interest Rate Risk
- Credit Risk
 - Overall
 - Custodial Credit Risk
 - Concentrations of Credit Risk

In addition, other disclosures are specified including use of certain methods to present deposits and investments, highly sensitive investments, credit quality at year-end and other disclosures.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

The City participates in an investment pool managed by the State of California, the Local Agency Investment Fund (LAIF) which has invested a portion of the pooled funds in Structured Notes and Asset-backed Securities. The LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these Structured Notes and Asset-backed Securities are subject to market risk as to change in interest rates.

Receivables

During the course of normal operations, the City carries various receivable balances for taxes, interest, services and special assessments. Accounts receivables are shown net of an allowance for doubtful accounts.

City of Calimesa
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. Assets, liabilities and net position or equity

Interfund Transactions

Interfund transactions are reflected as loans, services provided reimbursements or transfers. Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans).

Use of estimates

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

Unearned revenues

In the fund financial statements, unearned revenues represent cash advances from various entities that have not been spent; therefore, no revenue has been recognized.

Claims and judgments

Only the short-term liability (if any) is reflected as a current liability in all applicable governmental fund types, the remainder of the liability is reported as long-term debt in the statement of net position. The City determined that no liability needs to be accrued for claims and judgments.

Capital assets

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

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend lives are not capitalized.

City of Calimesa
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. Assets, liabilities and net position or equity

Capital assets of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	50
Building improvements	25-30
Infrastructure	30-50
Vehicles	3-15
Office equipment	3-7
Computer equipment	3-10

Pension Plan

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

Employee leave benefits

Compensated absences are the amounts due to employees for future absences which are attributed to services already rendered. Vacation pay is payable to employees at the time a vacation is taken or upon separation of employment. Sick leave is payable when an employee is unable to work because of illness. The vested portion of compensated absences is included as a long-term liability in the statement of net position.

The following are summaries of the City’s compensated leave policies:

Compensatory time

All compensatory time is payable to the employee upon termination at the rate of pay at separation.

Sick leave

Employees accrue sick leave in accordance with schedules set forth in a memorandum of understanding. All employees with at least six months service are allowed to accrue up to nine hundred and sixty hours of sick leave. Employees are not paid upon separation for accrued sick leave, therefore no liability is accrued in these financial statements for sick leave. The City Manager has no limit on sick or vacation accruals. Upon separation, sick leave is payable at 100%. If retiring, City Manager can elect conversion to service credit.

City of Calimesa
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. Assets, liabilities and net position or equity

Vacation leave

Employees accrue vacation leave in accordance with schedules set forth in a memorandum of understanding. Employees will be paid upon separation all accrued vacation leave up to a maximum of two hundred and forty hours.

Property taxes

The County of Riverside, California, bills and collects the property taxes and remits them to the City in installments during the year. The County is permitted by State Law (Proposition 13) to levy taxes at 1 percent per \$100 of full market value (at time of purchase) and can increase the assessed values no more than 2 percent per year. The City receives a share of this basic levy proportionate to what was received in the 1976 to 1978 period.

Property taxes are assessed and collected each fiscal year according to the following property tax calendar:

Lien Date	January 1
Levy Date	July 1
Due Date	November 1, First Installment February 1, Second Installment
Collection	December 10, First Installment April 10, Second Installment

Net Position

Government-Wide Financial Statements

In the Government-Wide Financial Statements, net position is classified in the following categories:

Net Investment in Capital Assets - This category consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets.

Restricted - This category includes amounts restricted by external creditors, grantors, contributors, or laws or regulations of other governments..

Unrestricted - This category includes amounts that do not meet the definition of "net investment in capital assets" or "restricted net position" as defined above.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the City's policy is to apply restricted net position first.

City of Calimesa
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. Assets, liabilities and net position or equity

Fund Balances

Nonspendable Fund Balance- That portion of fund balance that includes amounts that are either 1) not in a spendable form; or 2) legally or contractually required to be maintained intact. Amounts considered “not in a spendable form” include items that are not expected to be converted to cash such as prepaid items and long-term notes receivable.

Restricted Fund Balance - That portion of fund balance that reflects constraints placed on the use of resources (other than nonspendable items) that are either 1) externally imposed by creditors, such as through debt covenants, grantors, contributors or the laws and regulations of other governments; or 2) imposed by law through constitutional provisions or enabling legislation. These restrictions may be effectively changed only with the consent of the resource provider.

Committed Fund Balance - That portion of fund balance that includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council, the City’s government’s highest level decision making authority. In order for funds to be considered committed, a resolution must be passed by the City Council. The established constraints remain binding until City Council takes action to amend the applicable resolution.

Assigned Fund Balance - Represents that portion of fund balance that includes amounts that are constrained by the City’s intended use of the resources but are neither restricted nor committed. Such intent needs to be established at the highest level of decision making, or by an official designated for that purpose. The City Council has the authority to assign amounts to be used for specific purposes.

Unassigned Fund Balance - Represents that portion of fund balance that includes amounts that are not contained in any of the other fund balance categories. The General Fund is the only governmental fund that may report a positive amount as unassigned fund balance. For all other governmental funds, only negative balances may be reported as unassigned fund balance.

When an expenditure is incurred for purposes for which both restricted and unrestricted funds are available, it is the City’s policy to apply the restricted funds first. The City also considers committed funds to be spent first, assigned funds to be spent second and unassigned funds to be spent last when an expenditure is incurred for purposes for which committed, assigned and unassigned fund balance is available.

City of Calimesa
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. Assets, liabilities and net position or equity

Long-term obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The City reports deferred employer pension contributions as deferred outflows of resources in addition to the deferred outflow resulting from the differences between the City's contribution and the City's proportionate share of the contribution.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City reports two items in this category, unavailable revenues and amounts related to changes in the City's net pension liability that are deferred and amortized over a stated number of years.

Unavailable revenue arises only under a modified accrual basis of accounting and accordingly is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from one source: sales tax revenues. These amounts are deferred and will be recognized as an inflow of resources in the period that the amounts become available. Certain changes in the City's net pension liability are required to be deferred and reflected in pension expense over a closed amortization period. The City reported the unamortized net difference between projected and actual earning on pension plans and unamortized adjustments due to differences in proportions as deferred inflows of resources in the government-wide statement of net position.

City of Calimesa
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

E. New Pronouncements

- GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* – This statement improves accounting and financial reporting by state and local governmental employers about financial support for pensions that is provided by other entities. The City restated beginning net position as part of implementation of this statement.

This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

Note disclosure and required supplementary information requirements about pensions also are addressed. Distinctions are made regarding the particular requirements for employers based on the number of employers whose employees are provided with pensions through the pension plan and whether pension obligations and pension plan assets are shared.

The following are major impacts:

- This Statement requires the liability of employers and nonemployers contributing entities to employees for defined benefit pensions (**net pension liability**) to be measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service (**total pension liability**), less the amount of the pension plan's **fiduciary net position**.
 - The actuarial present value of projected benefit payments is required to be attributed to period of employee service using the entry age actuarial cost method with each period's service cost determined as a level percentage of pay. The actuarial present value is required to be attributed for each employee individually, from the period when the employee first accrues pensions through the period when the employee retires.
- GASB Statement No. 69, *Government Combinations and Disposals of Government Operations* – This statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this statement, the term government combinations include a variety of transactions referred to as mergers, acquisitions, and transfers of operations. There was no effect on net position as part of implementation of this standard.

City of Calimesa
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

2. BUDGETARY ACCOUNTING

Excess of expenditures over appropriations

The following funds reported an excess of expenditures over appropriations at June 30, 2015:

	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
Community Development Block Grant Fund	\$ 212,703	365,350	\$ (152,647)

City of Calimesa
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

3. CASH AND INVESTMENTS

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

Statement of net positions:	
Cash and investments	\$ 6,959,283
Fiduciary funds:	
Cash and investments	331,533
Cash and investments with fiscal agent-restricted	493,671
	<hr/>
Total cash and investments	\$ 7,784,487
	<hr/> <hr/>
Pooled deposits:	
Demand deposits	\$ 1,466,498
Petty cash	900
Investments	6,317,089
	<hr/>
Total cash and investments	\$ 7,784,487
	<hr/> <hr/>

A. Deposits

The carrying amount of the City's cash deposit was \$1,466,498 at June 30, 2015. Bank balances before reconciling items were \$1,776,547 the total amount of which was insured and/or collateralized with securities held by the pledging financial institutions in the City's name as discussed below.

The California Government Code requires California banks and savings and loan associations to secure the City's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the City's name.

The market value of pledged securities must equal at least 110% of the City's cash deposits. California law also allows institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the City's total cash deposits. The City has not waived collateral requirements for cash deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation.

The City follows the practice of pooling cash and investments of all funds, except for funds required to be held by fiscal agents under the provisions of bond indentures. Interest income earned on pooled cash and investments is allocated on an accounting period basis to the various funds based on the period-end cash and investment balances. Interest income from cash and investments with fiscal agents is credited directly to the related fund.

City of Calimesa
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

3. CASH AND INVESTMENTS, Continued

B. Investments

Authorized investments

Under provisions of the City's investment policy, and in accordance with Section 53601 of the California Government Code, the City may invest in the following types of investments:

- Securities of the U.S. Government, or its agencies,
- Certificates of deposit (or time deposits) placed with commercial banks and/or savings and loan companies,
- State of California - Local Agency Investment Fund (LAIF)
- Checking accounts or passbook savings account demand deposits, and money market mutual funds.

The City's investment policy is to apply the prudent-person rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and in general, avoid speculative investments. The table below identifies the *investment types* that are authorized for investments held by the City. The Table also identifies certain provisions of these investments that address *interest risk* and *concentration of credit risk*.

<u>Authorization investment type</u>	<u>Maximum maturity</u>	<u>Maximum percentage allowed</u>	<u>Maximum investment in one issuer</u>
U.S. Treasury Obligations	5 years	None	None
Local Agency Investment Fund	5 years	None	None
Certificates of Deposit	2 years	15%	None
FNMA (Fannie Mae)	5 years	75%	None
GNMA (Ginnie Mae)	5 years	20%	None

Investments authorized by debt agreements

Investment of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy.

City of Calimesa
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

3. CASH AND INVESTMENTS, Continued

B. Investments, Continued

The table below identifies the *investment types* that are authorized for investments held by bond trustee. The Table also identifies certain provisions of these debt agreements that address *interest risk* and *concentration of credit risk*.

Authorization investment type	Maximum maturity	Maximum percentage allowed	Maximum investment in one issuer
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	None	None
Banker's Acceptances	180 days	None	None
Commercial Paper	270 days	None	None
Money Market Mutual Funds	N/A	None	None
Repurchase/Investment Agreement	None	None	None
Investment Contracts	None	None	None
Local Agency Investment Fund	N/A	None	None
FHA Obligations Guaranteed by U.S. Government	None	None	None
Federal Funds	180 days	None	None
Negotiable Certificate of Deposit	180 days	None	None
Time Deposits	180 days	None	None
FDIC Insured Deposits	None	None	None
Debt Obligations	None	None	None

Interest rate risk

The City's investment policy mitigates interest rate risk by:

- (1) Structuring the City's portfolio so that securities mature to meet the City's cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to their maturation to meet those specific needs;
- (2) Investing primarily in short-term securities; and
- (3) Occasionally restructuring the portfolio to minimize the loss of market value and/or to maximize cash flows.

City of Calimesa
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

3. CASH AND INVESTMENTS, Continued

B. Investments, Continued

Investment type	Totals	Remaining maturity 12 month or less
Local Agency Investment Fund	\$ 6,115,595	\$ 6,115,595
Held by bond trustee:		
Morgan Stanley Prime Instl	201,494	201,494
Total investments	\$ 6,317,089	\$ 6,317,089

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 possession of an outside 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, other than the following provisions for deposits:

Credit risk/pooled cash

The City currently follows GASB No. 40 which established the way the city discloses credit, custodial, interest rate and foreign currency risks. Currently, custodial and interest rate risk are minimal. The City does not own any foreign currency. The City's most significant investment, LAIF, does not have a rating provided by a nationally recognized statistical rating agency.

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. The City currently invests excess monies in the LAIF and checking and savings accounts at local banks. Currently the City mitigates credit risk by:

- (1) Limiting investments to the safest types of securities;
- (2) Pre-qualifying with an established financial institution with which it will do business; and
- (3) Diversifying the investment portfolio so that a failure of any one issuer or backer will not place an undue financial burden on the City.

City of Calimesa
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

3. CASH AND INVESTMENTS, Continued

B. Investments, Continued

Investment type	Amount	Minimum legal rating	Ratings at fiscal year end	
			AAAm/Aaa	Not Rated
Local Agency Investment Fund	\$ 6,115,595	N/A	\$ -	\$ 6,115,595
Held by bond trustee:				
Morgan Stanley Prime Instl	201,494	N/A	201,494	-
Total investments	<u>\$ 6,317,089</u>		<u>\$ 201,494</u>	<u>\$ 6,115,595</u>

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's most significant investment, LAIF, does not have a rating provided by a nationally recognized statically rating agency. Both LAIF and Morgan Stanley are more than 5% of the City's total investment portfolio.

Investment in State investment pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The balance is available for withdrawal on demand. The City's investment with LAIF at June 30, 2015 includes a portion of the pool funds invested in Structured Notes and Asset-Backed Securities. These investments include the following:

Structured Notes are debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or have embedded forwards or options.

Asset-Backed Securities, the bulk of which are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as collateralized mortgage obligations) or credit card receivables.

As of June 30, 2015, the City had \$6,115,595 invested in LAIF, which had 2.08% of the pool investment funds in Structured Notes and Asset-Backed Securities. The City reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The fair value of LAIF was calculated by applying a factor of 1.000375979 to the total investments held by LAIF.

City of Calimesa
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

4. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2015, is as follows:

Due to/from other funds:

<u>Receivable fund</u>	<u>Amount</u>	<u>Payable fund</u>	<u>Amount</u>
General Fund	\$ 527,297	Parks and Recreation	\$ 514,047 (a)
		Non-Major	<u>13,250 (a)</u>
Total	<u>\$ 527,297</u>	Total	<u>\$ 527,297</u>

(a) These amounts are to cover deficit cash balances in the owing funds and are expected to be repaid in full by June 2016

City of Calimesa
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

4. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS, Continued

<u>Fund receiving transfer</u>	<u>Amount</u>	<u>Fund making transfer</u>	<u>Amount</u>	
Non-Major	\$ 13,000	General Fund	\$ 13,000	a
Non-Major	13,000	General Fund	13,000	b
Non-Major	5,000	General Fund	5,000	c
General Fund	25,429	Non-Major	25,429	d
General Fund	11,497	Non-Major	11,497	e
Total	<u>\$ 67,926</u>	Total	<u>\$ 67,926</u>	

- a This transfer covers a deficiency in the Supplemental Law Enforcement Grant Fund
- b This transfer covers a deficiency in the LLMD fund.
- c This transfer is from the General Fund to the Capital Projects Fund and is related to a future ADA construction project.
- d This transfer reflects excess funds remaining after close-out of the grant
- e This transfer reflects excess funds remaining after close-out of the grant

City of Calimesa
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

5. CAPITAL ASSETS

A summary of changes in capital assets at June 30, 2015 is as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 1,918,401	\$ -	\$ -	\$ 1,918,401
Construction in progress	2,044,889	947,804	2,915,230	77,463
Total capital assets not being depreciated	<u>3,963,290</u>	<u>947,804</u>	<u>-</u>	<u>1,995,864</u>
Capital assets being depreciated:				
Building and improvements	1,242,504	2,915,230	-	4,157,734
Machinery and equipment	483,642	-	-	483,642
Road network	10,581,232	-	-	10,581,232
Total capital assets being depreciated	<u>12,307,378</u>	<u>2,915,230</u>	<u>-</u>	<u>15,222,608</u>
Less accumulated depreciation for:				
Buildings and improvements	(649,789)	(39,449)	-	(689,238)
Machinery and equipment	(452,110)	(20,690)	-	(472,800)
Road network	(1,332,677)	(352,707)	-	(1,685,384)
Total accumulated depreciation	<u>(2,434,576)</u>	<u>(412,846)</u>	<u>-</u>	<u>(2,847,422)</u>
Total capital assets, being depreciated, net	<u>9,872,802</u>	<u>2,502,384</u>	<u>-</u>	<u>12,375,186</u>
Governmental activities capital assets, net	<u>\$ 13,836,092</u>	<u>\$ 3,450,188</u>	<u>\$ -</u>	<u>\$ 14,371,050</u>

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

General government	\$ 16,245
Public safety	7,455
Public works	361,837
Community services and development	18,459
Parks and recreation	8,850
Total depreciation expense - governmental activities	<u>\$ 412,846</u>

City of Calimesa
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

6. LONG-TERM LIABILITIES

The following is a summary of the changes in the long-term liabilities for the fiscal year ended June 30, 2015:

Description	Beginning Balance	Additions	Deletions	Ending Balance	Due within one year
Loan from the City of Beaumont	\$ 210,180	\$ 523	\$ -	\$ 210,703	\$ -
Compensated Absences	127,429	68,212	(42,315)	153,326	117,461
Net Pension Liability	683,179	-	(109,203)	573,976	-

Loan from the City of Beaumont

The City has a loan payable to the City of Beaumont relating to road improvements for a road shared by the City and the City of Beaumont. The City will repay the loan funds by fiscal year 2031 plus simple interest annually at the rate paid by the Local Agency Investment Fund (LAIF) on January 1 of each year on the unpaid balance.

Compensated absences

For the governmental funds, accumulated vacation, and compensatory time payable, excluding the current portion of \$117,461 at June 30, 2015, was \$35,865. These amounts are payable from futures resources and therefore have been recorded as long-term liabilities. These liabilities are generally liquidated by the General Fund.

City of Calimesa
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

7. EMPLOYEE RETIREMENT PLANS

A. Plan Description

The City's defined benefit pension plan, Public Employees' Retirement System (PERS), provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS is a part of the Public Agency portion of the California Public Employees' Retirement System, (CalPERS), a cost sharing plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions as well as other requirements are established by State statutes with the Public Employees' Retirement Law. The City selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance (other local methods). CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office - 400 P Street - Sacramento, CA 95814.

B. 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 are eligible for non-duty disability benefits after 10 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 Employee's Retirement Law.

The Plans' provisions and benefits in effect at June 30, 2015 are summarized as follows:

	<u>Miscellaneous</u>	
	Prior to	On or after
Hire date	January 1, 2013	January 1, 2013
Benefit formula	2% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	52-62
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.0% to 2.5%
Required employee contribution rates	8.00%	6.25%
Required employer contribution rates	11.40%	6.25%

Contributions - Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are to be determined on an annual basis by the actuary and are effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan is determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

City of Calimesa
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

7. EMPLOYEE RETIREMENT PLANS, Continued

For the year ended June 30, 2015, the contributions recognized against net pension liability for the Plan were as follows:

	<u>Miscellaneous</u>
Contributions - employer	\$ 70,322

C. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2015, the City reported net pension liabilities for its proportionate shares of the net pension liability of the Plan as follows:

	<u>Proportionate Share of Net Pension Liability</u>
Miscellaneous - Classic	\$ 573,976

The City's net pension liabilities for the Plans are measured as the proportionate share of the total net pension liability of each Plan. The net pension liability of the Plans are measured as of June 30, 2015, and the total pension liability for the Plans used to calculate the net pension liability was determined by actuarial valuations as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. The City's proportionate of the net pension liability was based on the City's plan liability and asset-related information where available, and proportional allocations of individual plan amounts as of the valuation date where not available.

The District's proportionate share of the net pension liability for each Plan as of June 30, 2013 and 2014 was as follows:

	<u>Miscellaneous</u>
Proportion - June 30, 2013	0.02300%
Proportion - June 30, 2014	<u>0.02322%</u>
Change - Increase (Decrease)	<u><u>0.00022%</u></u>

City of Calimesa
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

7. EMPLOYEE RETIREMENT PLANS, Continued

For the year ended June 30, 2015, the City recognized pension expense of \$58,813. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Pension contributions subsequent to measurement date	\$ 93,041	\$ -
Changes in employer's proportion and differences between the employer's contribution and the employer's proportionate share of contributions	2,960	4,017
Net differences between projected and actual earnings on plan investments	-	166,959
	<u> </u>	<u> </u>
Total	<u>\$ 96,001</u>	<u>\$ 170,976</u>

\$93,041 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 ending June 30, 2016.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Period Ended June 30:	
<u> </u>	
2016	\$ (44,453)
2017	(44,453)
2018	(43,981)
2019	(42,106)

City of Calimesa
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

7. EMPLOYEE RETIREMENT PLANS, Continued

Actuarial Assumptions - The total pension liabilities in the June 30, 2013 actuarial valuations were determined using the following actuarial assumptions:

	<u>Miscellaneous Plan</u>
Valuation Date	June 30, 2013
Measurement Date	June 30, 2014
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.50%
Inflation	2.75%
Projected Salary Increase	Varies by entry age and service
Investment Rate of Return ⁽¹⁾	7.50%
Mortality	Derived by CalPERS membership data for all funds

(1) Net of pension plan investment expenses, including inflation

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2013 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website.

Discount Rate - The discount rate used to measure the total pension liability was 7.50% for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

City of Calimesa
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

7. EMPLOYEE RETIREMENT PLANS, Continued

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

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound 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 table below reflects the 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 rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	47.00%	5.25%	5.71%
Global Fixed Income	19.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	12.00%	6.83%	6.95%
Real Estate	11.00%	4.50%	5.13%
Infrastructure and Forestland	3.00%	4.50%	5.09%
Liquidity	2.00%	-0.55%	-1.05%
Total	100%		

(a) An expected inflation of 2.5% used for this period.

(b) An expected inflation of 3.0% used for this period.

City of Calimesa
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

7. EMPLOYEE RETIREMENT PLANS, Continued

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate -

The following presents the District's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Miscellaneous Classic
1% Decrease	6.50%
Net Pension Liability	\$ 975,403
Current Discount Rate	7.50%
Net Pension Liability	\$ 573,976
1% Increase	8.50%
Net Pension Liability	\$ 240,830

Pension Plan Fiduciary Net Position – Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

D. Payable to the Pension Plan

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

8. RISK MANAGEMENT

In July 1996, the City became a member of the Public Agency Risk Sharing Authority of California (PARSAC), a consortium of California cities, established in May 1986 to pool resources, share risks, purchase excess insurance and to share costs for professional risk management and claims administration. The Authority's governing board consists of one appointed official and an alternate from each participating city.

General and auto liability, public officials' errors and omission – The City maintains a self-insurance program for its general and auto liability, and public officials' errors and omission. For liability claims, the City is at risk for up to \$10,000 per occurrence; amounts in excess of \$10,000 up to \$1,000,000 are covered through the Public Agency Risk Sharing Authority of California (PARSAC). Amounts in excess of \$1,000,000 up to \$35,000,000 are covered through additional insurance purchased from third parties by PARSAC.

Employment practices liability – The City maintains a self-insurance program for its employment practices liability. For liability claims, the City is at risk for up to \$10,000 per occurrence; amounts in excess of \$10,000 up to \$1,000,000 are covered through the Employment Risk Management Authority (ERMA).

City of Calimesa
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

8. RISK MANAGEMENT, Continued

Workers' compensation - The City maintains workers' compensation insurance through PARSAC. Coverage through PARSAC is up to \$500,000 per claim. Claims in excess of \$500,000, up to \$5,000,000 are covered by policies purchased by PARSAC through third parties.

Property insurance - The City maintains a self-insurance program for its property up to \$5,000. Amounts in excess of \$5,000 up to \$1,000,000 are covered through additional insurance purchased from third parties by PARSAC.

Employee dishonesty, theft, fraud - The City maintains employee dishonesty, theft, and fraud insurance through PARSAC up to \$2,500. Amounts in excess of \$2,500 up to \$1,000,000 are covered by policies purchased from third parties by PARSAC.

9. CONTINGENCIES

The City participates in certain federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

The City is involved in several pending lawsuits of a nature common to many similar jurisdictions. City management estimates that potential claims against the City, not covered by insurance, will not have a material adverse effect on the financial statements of the City.

10. DISSOLUTION OF REDEVELOPMENT AGENCIES IN CALIFORNIA AND RESULTANT SUCCESSOR AGENCY TO THE FORMER REDEVELOPMENT AGENCY

On December 29, 2011 the California Supreme Court upheld Assembly Bill 1X 26 (AB 1X 26) that provides for the dissolution of all redevelopment agencies in the State of California. Likewise, this action affected the reporting entity of the City of Calimesa in that the former Redevelopment Agency's financial activities and related disclosures were reported within the City's government-wide financial statements (blended component unit) as capital project and debt service funds. Timelines established within AB 1X 26 included the dissolution and cessation of redevelopment agencies as of February 1, 2012.

AB 1X 26 prescribes that either the city or another local government entity must serve as the successor agency to the former redevelopment agency. The role of the successor agency is to hold net assets of the former redevelopment agency until they can be transferred to the state or respective county. On February 6, 2012 the City Council adopted Resolution No. 2012-01 which provided for the low-to-moderate income housing functions (LMI) and related net assets of the former Redevelopment Agency to be assumed by the City Council.

Resolution No. 2012-01 of the Calimesa Successor Agency (CSA) was approved which provided for the City to act as the successor agency to the former Redevelopment Agency. For clarity and ease of financial statement presentation purposes, both the LMI and non-housing financial activities and net position subsequent to January 31, 2012 are reported as fiduciary funds in these basic financial statements.

City of Calimesa
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

10. DISSOLUTION OF REDEVELOPMENT AGENCIES IN CALIFORNIA AND RESULTANT SUCCESSOR AGENCY TO THE FORMER REDEVELOPMENT AGENCY, Continued

In future fiscal years, successor agencies will only be allocated revenue by the State and respective county in amounts necessary to pay installment and/or bonded indebtedness annual payments required by listed enforceable obligations of the former redevelopment agencies which are supported by legally enforceable documents, such as bond indentures and related covenants. These payments will occur until such time that the obligations are paid in full.

The following is a summary of the changes in bonds payable in the Successor Agency Trust Fund for the fiscal year ended June 30, 2015:

Description	Beginning balance	Additions	Deletions	Ending balance	Due within one year
Bonds					
2014 Series bonds, Refunding	\$ 2,925,000	\$ -	\$ (60,000)	\$ 2,865,000	\$ 100,000
Deferred amounts:					
For issuance premium, relating to 2014 bonds	39,077	-	(163)	38,914	-
Total bonds	\$ 2,964,077	\$ -	\$ (60,163)	\$ 2,903,914	\$ 100,000

2014 Tax Allocation Refunding Revenue Bonds

In May 2014, the Calimesa Successor Agency (City) issued Calimesa Redevelopment Project No. 1 and Project No. 5 Tax Allocation Refunding Revenue Bonds, Series 2014, in the aggregate principal of \$2,925,000.

The bonds are dated May 2014 and are in denominations of \$5,000 and bear interest at rates ranging from 2.00% to 4.00%. Principal is payable annually on December 1 beginning on December 2014.

Interest is payable semi-annually on June 1 and December 1 commencing on December 1, 2014. The bonds mature between the time frames of December 1, 2014 and December, 2038 in amounts ranging from \$60,000 to \$920,000.

The bonds were issued to assist the Agency in the financing of redevelopment activities, to fund the Reserve Subaccounts and to pay certain costs relating to the issuance of the bonds. Per the bond indenture, a reserve is required to be maintained and at June 30, 2015, the amount held in the reserve account was \$201,494 which was fully funded. The bonds are payable from and equally and ratably secured by a first pledge of Revenues consisting primarily of certain property tax revenues to be derived from the Project Areas.

City of Calimesa
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

10. DISSOLUTION OF REDEVELOPMENT AGENCIES IN CALIFORNIA AND RESULTANT SUCCESSOR AGENCY TO THE FORMER REDEVELOPMENT AGENCY, Continued

Pledged revenues

The Successor Agency pledged 100% of future tax increment revenue (less amounts payable by or required to be set -aside by the Agency under any pass-through agreements and by the amount required to be set-aside for low and moderate housing as required by the California Health and Safety Code) as security for the bonds. While the pledge was originally considered outstanding for the duration of the debt service requirements, the dissolution of redevelopment agencies pursuant to AB 1X26 has led to the practice of the State of California granting annual payments to successor agencies to make the required bond debt services requirements as well as payments for other obligations listed on each agency's schedule of enforceable obligations.

11. PRIOR PERIOD ADJUSTMENT

The City recorded prior period adjustments to record the beginning balance of the net pension liability, record employer contributions made for pension in fiscal year 2014 as a deferred outflow of resources, record sick leave for the City Manager, and capitalize prior years payments for capital projects.

Government-wide Statements

Government-Wide Statements	Net Position, as Previously Reported	Prior Period Adjustment			Net Position, as Restated	
		Deferred Employer Pension Contributions	Net Pension Liability	Compensated Absences Capital Assets		
Governmental Activities	\$ 18,448,464	\$ 70,322	\$ (753,501)	\$ (18,948)	\$ 236,467	\$ 17,982,804

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**REQUIRED
SUPPLEMENTARY INFORMATION**

City of Calimesa
Notes to the Required Supplementary Information
For the year ended June 30, 2015

1. DEFINED BENEFIT PENSION PLAN

Miscellaneous Plan

Last of 10 Years*

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

	<u>6/30/2014</u>
Proportion of the net pension liability	0.00922%
Proportionate share of the net pension liability	\$ 573,976
Covered - employee payroll	\$ 610,159
Proportionate Share of the net pension liability as percentage of covered-employee payroll	94.07%
Plan's fiduciary net position	\$ 2,451,944
Plan fiduciary net position as a percentage of the total pension liability	81.03%

Notes to Schedule:

*- Fiscal year 2015 was the 1 st year of implementation, therefore only one year is shown.

City of Calimesa
Notes to the Required Supplementary Information, Continued
For the year ended June 30, 2015

1. DEFINED BENEFIT PENSION PLAN, Continued

Miscellaneous Plan, Continued

As of June 30, 2015
 Last 10 Years*
SCHEDULE OF CONTRIBUTIONS

	<u>2015</u>
Contractually required contribution (actuarially determined)	\$ 93,041
Contribution in relation to the actuarially determined contributions	(93,041)
Contribution deficiency (excess)	<u>\$ -</u>
Covered-employee payroll	\$ 835,197
Contributions as a percentage of covered-employee payroll	11.14%

Note to Schedule

Valuation date: 6/30/2012

Methods and assumptions used to determine contribution rates:

Single and Agent Employers Example	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	7 years
Asset valuation method	15 year smoothed market
Inflation	2.75%
Salary increases	3.30% to 14.20%, depending on Age, Service, and employment
Investment rate of return	7.50% (net of administrative expenses)
Retirement age	60 yrs.
Mortality	RP-2000 Healthy Annuitant Mortality Table

* - Fiscal year 2015 was the 1 st year of implementation, therefore only one year is shown

City of Calimesa

Notes to the Required Supplementary Information, Continued

For the year ended June 30, 2015

2. BUDGETARY INFORMATION

The City Council has the responsibility for adoption of the City's budgets. Budgets are adopted for governmental funds. From the effective date of the budget, the amounts stated as proposed expenditures become appropriations to the various City departments. The City Council may amend the budget by resolution during each fiscal year. The City Manager is authorized to transfer funds from one major expenditure category to another within the same department and fund. Any revisions that alter the total expenditures of any fund must be approved by the City Council.

All appropriations lapse at the end of the fiscal year to the extent that they have not been expended.

Budgetary comparisons are provided in the accompanying financial statements for all funds with legally adopted budgets. Budget amounts are adopted on a basis consistent with accounting principles accepted in the United States of America.

City of Calimesa

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual General Fund For the year ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES:				
Taxes	\$ 3,526,022	\$ 3,536,325	\$ 3,580,845	\$ 44,520
Licenses & permits	336,600	356,366	411,574	55,208
Fines & Forfeitures	51,000	53,906	67,276	13,370
Intergovernmental	2,300	88,360	92,551	4,191
Charges for Services	20,000	158,537	166,419	7,882
Development Fees	117,150	134,281	152,063	17,782
Interest Income	4,000	2,000	2,594	594
Other	104,478	108,948	111,421	2,473
Total revenues	4,161,550	4,438,723	4,584,743	146,020
EXPENDITURES:				
Current:				
General Government	874,855	965,619	855,164	110,455
Public Safety	2,593,966	2,625,037	2,528,911	96,126
Public Works	304,050	311,504	270,989	40,515
Community development	363,640	429,946	481,923	(51,977)
Parks and recreation	121,409	121,409	122,213	(804)
Total expenditures	4,257,920	4,453,515	4,259,200	194,315
REVENUES OVER EXPENDITURES	(96,370)	(14,792)	325,543	\$ 340,335
OTHER FINANCING SOURCES (USES):				
Transfers in	73,000	36,926	36,926	-
Transfers out	(31,000)	(31,000)	(31,000)	-
Total other financing sources (uses)	42,000	5,926	5,926	-
Net change in fund balance	\$ (54,370)	\$ (8,866)	331,469	\$ 340,335
FUND BALANCE:				
Beginning of year			1,077,890	
End of year			\$ 1,409,359	

City of Calimesa

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Measure A Special Revenue Fund

For the year ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 915,000	\$ 1,013,363	\$ 202,631	\$ (810,732)
Interest Income	500	920	2,011	1,091
Total revenues	915,500	1,014,283	204,642	(809,641)
EXPENDITURES:				
Current:				
Public works	1,439,454	1,605,618	93,514	1,512,104
Total expenditures	1,439,454	1,605,618	93,514	1,512,104
REVENUES OVER (UNDER) EXPENDITURES	(523,954)	(591,335)	111,128	702,463
Net change in fund balance	\$ (523,954)	\$ (591,335)	111,128	\$ 702,463
FUND BALANCE:				
Beginning of year			1,171,645	
End of year			\$ 1,282,773	

City of Calimesa

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Mitigation Fees Special Revenue Fund

For the year ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 1,828,000	\$ 3,964,911	\$ 25,838	(3,939,073)
Development fees	1,155,330	1,235,700	1,514,918	279,218
Interest Income	2,200	2,595	4,724	2,129
Total revenues	2,985,530	5,203,206	1,545,480	(3,657,726)
EXPENDITURES:				
Current:				
General government	89,577	89,577	3,033	86,544
Community development	-	354,326	408,690	(54,364)
Public safety	164,262	106,262	5,906	100,356
Public works	2,464,400	4,416,832	139,186	4,277,646
Parks and recreation	58,230	158,230	107,635	50,595
Library	87,975	87,975	1,855	86,120
Total expenditures	2,864,444	5,213,202	666,305	4,546,897
REVENUES OVER (UNDER) EXPENDITURES	121,086	(9,996)	879,175	889,171
Net change in fund balance	\$ 121,086	\$ (9,996)	879,175	\$ 889,171
FUND BALANCE:				
Beginning of year			2,366,497	
End of year			\$ 3,245,672	

City of Calimesa

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Parks and Recreation Grant Special Revenue Fund For the year ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 1,047,000	\$ 849,278	\$ 821,107	\$ (28,171)
Interest Income	65	65	-	(65)
Total revenues	1,047,065	849,343	821,107	(28,236)
EXPENDITURES:				
Current:				
Parks and recreation	1,048,541	850,819	792,156	58,663
Total expenditures	1,048,541	850,819	792,156	58,663
Net change in fund balance	\$ (1,476)	\$ (1,476)	28,951	\$ 30,427
FUND BALANCE:				
Beginning of year			17,001	
End of year			\$ 45,952	

SUPPLEMENTARY INFORMATION

City of Calimesa
Combining Balance Sheets
Nonmajor Governmental Funds
June 30, 2015

	Special Revenues Funds				
	Supplemental Law Enforcement Grant	Community Development Block Grant	Library	Transportation Air Quality Improvements	Gas Tax
Assets					
Cash and investments	\$ 19,302	\$ 11,258	\$ 250,396	\$ 40,010	\$ 81,280
Receivables:					
Taxes	-	-	-	-	-
Intergovernmental	16,667	20,169	28,471	2,680	23,185
Total Assets	<u>\$ 35,969</u>	<u>\$ 31,427</u>	<u>\$ 278,867</u>	<u>\$ 42,690</u>	<u>\$ 104,465</u>
Liabilities and Fund Balance					
Liabilities:					
Accounts payable and accrued liabilities	\$ 24,546	\$ 1,885	\$ 125	\$ -	\$ 1,623
Unearned revenues	-	27,334	20,898	-	-
Due to other funds	-	-	-	-	-
Total Liabilities	<u>24,546</u>	<u>29,219</u>	<u>21,023</u>	<u>-</u>	<u>1,623</u>
Deferred Inflow of Resources:					
Unavailable revenues	-	-	28,387	-	-
Total Deferred Inflow of Resources	<u>-</u>	<u>-</u>	<u>28,387</u>	<u>-</u>	<u>-</u>
Fund Balance:					
Restricted	11,423	2,208	229,457	42,690	102,842
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total Fund Balance	<u>11,423</u>	<u>2,208</u>	<u>229,457</u>	<u>42,690</u>	<u>102,842</u>
Total Liabilities, Deferred Inflow of Resources and Fund Balance	<u>\$ 35,969</u>	<u>\$ 31,427</u>	<u>\$ 278,867</u>	<u>\$ 42,690</u>	<u>\$ 104,465</u>

Special Revenues Funds				Capital Projects	Total Nonmajor Governmental Funds
Lighting/ Landscape District	Prop 84 GP	SCE GP	Recycling	General Capital Projects Fund	
\$ -	\$ -	\$ -	\$ 15,009	\$ 31,117	\$ 448,372
3,232	-	-	-	-	3,232
-	-	-	5,000	-	96,172
<u>\$ 3,232</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,009</u>	<u>\$ 31,117</u>	<u>\$ 547,776</u>
\$ 115	\$ -	\$ -	\$ -	\$ -	\$ 28,294
1,910	-	-	-	-	50,142
13,250	-	-	-	-	13,250
<u>15,275</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>91,686</u>
-	-	-	-	-	28,387
-	-	-	-	-	28,387
-	-	-	20,009	-	408,629
-	-	-	-	31,117	31,117
<u>(12,043)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(12,043)</u>
<u>(12,043)</u>	<u>-</u>	<u>-</u>	<u>20,009</u>	<u>31,117</u>	<u>427,703</u>
<u>\$ 3,232</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,009</u>	<u>\$ 31,117</u>	<u>\$ 547,776</u>

City of Calimesa
Combining Statements of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended June 30, 2015

	Special Revenues Funds				
	Supplemental Law Enforcement Grant	Community Development Block Grant	Library	Transportation Air Quality Improvements	Gas Tax
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	106,230	363,927	-	10,213	234,974
Investment earnings	14	3	410	62	172
Other	-	-	374	-	-
Total Revenues	<u>106,244</u>	<u>363,930</u>	<u>784</u>	<u>10,275</u>	<u>235,146</u>
Expenditures					
Current:					
Public safety	112,456	-	-	-	-
Public works	-	-	-	-	218,328
Community services and development	-	365,350	-	3,484	-
Library	-	-	6,432	-	-
Total Expenditures	<u>112,456</u>	<u>365,350</u>	<u>6,432</u>	<u>3,484</u>	<u>218,328</u>
Excess (Deficit) of Revenues Over Expenditures	(6,212)	(1,420)	(5,648)	6,791	16,818
Other Financing Sources (Uses)					
Transfers in (Note 4)	13,000	-	-	-	-
Transfers out (Note 4)	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>13,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	6,788	(1,420)	(5,648)	6,791	16,818
Fund Balance - Beginning of year	4,635	3,628	235,105	35,899	86,024
Prior Period Adjustments	-	-	-	-	-
Fund Balance - Beginning of year, restated	<u>4,635</u>	<u>3,628</u>	<u>235,105</u>	<u>35,899</u>	<u>86,024</u>
Fund Balance - End of year	<u>\$ 11,423</u>	<u>\$ 2,208</u>	<u>\$ 229,457</u>	<u>\$ 42,690</u>	<u>\$ 102,842</u>

Lighting/ Landscape District	Special Revenues Funds			Capital Projects	Total Nonmajor Governmental Funds
	Prop 84	SCE Grant	Recycling	General Capital Projects Fund	
\$ 77,689	\$ -	\$ -	\$ -	\$ -	\$ 77,689
-	100,727	27,228	5,000	-	848,299
-	-	-	-	49	710
35,000	-	-	-	-	35,374
<u>112,689</u>	<u>100,727</u>	<u>27,228</u>	<u>5,000</u>	<u>49</u>	<u>962,072</u>
39,837	-	-	-	-	152,293
93,198	-	-	-	-	311,526
-	75,298	15,731	-	-	459,863
-	-	-	-	-	6,432
<u>133,035</u>	<u>75,298</u>	<u>15,731</u>	<u>-</u>	<u>-</u>	<u>930,114</u>
(20,346)	25,429	11,497	5,000	49	31,958
13,000	-	-	-	5,000	31,000
-	(25,429)	(11,497)	-	-	(36,926)
<u>13,000</u>	<u>(25,429)</u>	<u>(11,497)</u>	<u>-</u>	<u>5,000</u>	<u>(5,926)</u>
(7,346)	-	-	5,000	5,049	26,032
(4,697)	-	-	15,009	26,068	401,671
-	-	-	-	-	-
<u>(4,697)</u>	<u>-</u>	<u>-</u>	<u>15,009</u>	<u>26,068</u>	<u>401,671</u>
<u>\$ (12,043)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,009</u>	<u>\$ 31,117</u>	<u>\$ 427,703</u>

City of Calimesa

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Special Law Enforcement Grant Special Revenue Fund For the year ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 100,000	\$ 100,000	\$ 106,230	\$ 6,230
Interest Income	90	10	14	4
Total revenues	100,090	100,010	106,244	6,234
EXPENDITURES:				
Current:				
Public safety	113,441	110,737	112,456	(1,719)
Total expenditures	113,441	110,737	112,456	(1,719)
REVENUES OVER (UNDER) EXPENDITURES	(13,351)	(10,727)	(6,212)	\$ 4,515
OTHER FINANCING SOURCES (USES):				
Transfers in	13,000	13,000	13,000	-
Total other financing sources (uses)	13,000	13,000	13,000	-
Net change in fund balance	\$ (351)	\$ 2,273	6,788	\$ 4,515
FUND BALANCE:				
Beginning of year			4,635	
End of year			\$ 11,423	

City of Calimesa

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Community Development Block Grant Special Revenue Fund For the year ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 254,200	\$ 213,749	\$ 363,927	\$ 150,178
Interest Income	15	15	3	(12)
Total revenues	254,215	213,764	363,930	150,166
EXPENDITURES:				
Current:				
Community services and development	253,154	212,703	365,350	(152,647)
Total expenditures	253,154	212,703	365,350	(152,647)
Net change in fund balance	\$ 1,061	\$ 1,061	(1,420)	\$ (2,481)
FUND BALANCE:				
Beginning of year			3,628	
End of year			\$ 2,208	

City of Calimesa

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Library Special Revenue Fund For the year ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 25,000	\$ 25,000	\$ -	\$ (25,000)
Interest Income	265	265	410	145
Other	16,000	-	374	374
Total revenues	41,265	25,265	784	(24,481)
EXPENDITURES:				
Current:				
Library	17,501	17,501	6,432	11,069
Total expenditures	17,501	17,501	6,432	11,069
Net change in fund balance	\$ 23,764	\$ 7,764	(5,648)	\$ (13,412)
FUND BALANCE:				
Beginning of year			235,105	
End of year			\$ 229,457	

City of Calimesa

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Transportation Air Quality Improvement Special Revenue Fund For the year ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 9,200	\$ 9,700	\$ 10,213	\$ 513
Interest Income	30	30	62	32
Total revenues	9,230	9,730	10,275	545
EXPENDITURES:				
Current:				
Community development	1,018	4,234	3,484	750
Total expenditures	1,018	4,234	3,484	750
Net change in fund balance	\$ 8,212	\$ 5,496	6,791	\$ 1,295
FUND BALANCE:				
Beginning of year			35,899	
End of year			\$ 42,690	

City of Calimesa

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Gas Tax Special Revenue Fund For the year ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 205,946	\$ 239,394	\$ 234,974	\$ (4,420)
Interest Income	60	60	172	112
Total revenues	206,006	239,454	235,146	(4,308)
EXPENDITURES:				
Current:				
Public works	227,455	227,455	218,328	9,127
Total expenditures	227,455	227,455	218,328	9,127
Net change in fund balance	\$ (21,449)	\$ 11,999	16,818	\$ 4,819
FUND BALANCE:				
Beginning of year			86,024	
End of year			\$ 102,842	

City of Calimesa

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Lighting/Landscape District Special Revenue Fund For the year ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 83,000	\$ 83,000	\$ 77,689	\$ (5,311)
Other	-	35,000	35,000	-
Total revenues	83,000	118,000	112,689	(5,311)
EXPENDITURES:				
Current:				
Public Safety	36,000	36,000	39,837	(3,837)
Public works	93,814	93,814	93,198	616
Total expenditures	129,814	129,814	133,035	(3,221)
REVENUES OVER (UNDER) EXPENDITURES	(46,814)	(11,814)	(20,346)	(8,532)
OTHER FINANCING SOURCES (USES):				
Transfers in	48,000	13,000	13,000	-
Total other financing sources (uses)	48,000	13,000	13,000	-
Net change in fund balance	\$ 1,186	\$ 1,186	(7,346)	\$ (8,532)
FUND BALANCE:				
Beginning of year			(4,697)	
End of year			\$ (12,043)	

City of Calimesa

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Proposition 84 Special Revenue Fund For the year ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 90,000	\$ 90,000	\$ 100,727	\$ 10,727
Total revenues	90,000	90,000	100,727	10,727
EXPENDITURES:				
Current:				
Community development	90,000	80,502	75,298	5,204
Total expenditures	90,000	80,502	75,298	5,204
REVENUES OVER (UNDER) EXPENDITURES	-	9,498	25,429	15,931
OTHER FINANCING SOURCES (USES):				
Transfers out	-	(25,429)	(25,429)	-
Total other financing sources (uses)	-	(25,429)	(25,429)	-
Net change in fund balance	\$ -	\$ (15,931)	-	\$ 15,931
FUND BALANCE:				
Beginning of year			-	
End of year			\$ -	

City of Calimesa

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual SCE Grant Special Revenue Fund For the year ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 55,000	\$ 55,000	\$ 27,228	\$ (27,772)
Total revenues	55,000	55,000	27,228	(27,772)
EXPENDITURES:				
Current:				
Community development	55,000	43,925	15,731	28,194
Total expenditures	55,000	43,925	15,731	28,194
REVENUES OVER (UNDER) EXPENDITURES	-	11,075	11,497	422
OTHER FINANCING SOURCES (USES):				
Transfers out	-	(11,497)	(11,497)	-
Total other financing sources (uses)	-	(11,497)	(11,497)	-
Net change in fund balance	\$ -	\$ (422)	-	\$ 422
FUND BALANCE:				
Beginning of year			-	
End of year			\$ -	

City of Calimesa

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Recycling Fund For the year ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ 5,000	\$ 5,000
Total revenues	-	-	5,000	5,000
EXPENDITURES:				
Total expenditures	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	-	-	5,000	5,000
Net change in fund balance	\$ -	\$ -	5,000	\$ 5,000
FUND BALANCE:				
Beginning of year			15,009	
End of year			\$ 20,009	