

# City of Calimesa

Calimesa, California

*Annual Audit Report and Financial  
Statements*

*For the year ended June 30, 2014*



**City of Calimesa**  
**Annual Audit Report and Financial Statements**  
**For the year ended June 30, 2014**

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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, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

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

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

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

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2014, 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.

***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5-13 and 63-67 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 71-85 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and budgetary comparison schedules for other funds on pages 71-85 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.

The Honorable Mayor and Members of the City Council  
of the City of Calimesa  
Calimesa, California  
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**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 18, 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.

A handwritten signature in black ink that reads "Badawi & Associates". The signature is written in a cursive, flowing style.

Badawi and Associates, CPAs  
Oakland, CA  
February 18, 2015

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# City of Calimesa

## Management's Discussion and Analysis

### For the year ended June 30, 2014

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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, 2014. 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, 2014, the City assets exceeded its liabilities by \$18.4 million. Approximately 74% 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, net of prior period adjustments, the City's net position increased by \$2.5 million.
- At June 30, 2014, the City's governmental funds reported combined ending fund balance of \$5.0 million, an increase of \$1.2 million compared to prior fiscal year.
- The City's General Fund balance increased by \$113,895 during fiscal year 2014.

#### 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 and liabilities, with the differences between the two reported as net position. This statement reports all assets and liabilities 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, 2014**

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**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 12 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, 2014**

**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, 2013 and 2014.

**Comparative Statements of Net Position**  
**June 30, 2014 and 2013**

	Governmental Activities	
	2014	2013
<b>Assets:</b>		
Cash and investments	\$5,651,250	\$4,812,823
Other assets	\$1,196,290	\$497,842
Capital assets, net	\$13,599,625	\$12,197,593
<b>Total Assets</b>	<b>\$20,447,165</b>	<b>\$17,508,258</b>
<b>Liabilities:</b>		
Long-term liabilities	\$318,661	\$92,881
Other liabilities	\$1,734,248	\$1,473,909
<b>Total Liabilities</b>	<b>\$2,052,909</b>	<b>\$1,566,790</b>
<b>Net Position:</b>		
Invested in capital assets, net of related debt	\$13,599,625	\$12,197,593
Restricted	\$3,725,263	\$2,808,171
Unrestricted	\$1,123,576	\$935,704
<b>Total Net Position</b>	<b>\$18,448,464</b>	<b>\$15,941,468</b>

Net position may serve over time as a useful indicator of the City's financial position. The City's assets exceeded liabilities by \$18.4 million. This is an increase of \$2.5 million or 15.7% 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, 2014**

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**GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued**

The largest portion of the City's net position, \$13.6 million, or 74%, is its investment in capital assets, less any related outstanding debt used in acquiring those 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 in relation to capital assets.

Another portion of the City's net position, \$3.7 million, or 20%, 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 \$1.1 million, or 6%, 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 \$838,427.

The following table shows the condensed comparative Statements of Activities and Changes in Net Position for the fiscal years ended June 30, 2014 and 2013.

**City of Calimesa**  
**Management's Discussion and Analysis**  
**For the year ended June 30, 2014**

**Comparative Statements of Activities and Changes in Net Position**  
**June 30, 2014 and 2013**

	Governmental Activities	
	2014	2013
<b>Revenues:</b>		
Program revenues:		
Charges for services	\$679,424	\$611,446
Operating grants and contributions	\$736,335	\$551,842
Capital grants and contributions	\$3,234,517	\$994,721
Total program revenues	\$4,650,276	\$2,158,009
General revenues:		
Taxes:		
General property taxes	\$1,887,405	\$1,712,998
Sales tax	\$535,897	\$584,096
Motor vehicle in-lieu	\$602,439	\$583,541
Franchise fees	\$317,394	\$298,931
Transient occupancy tax	\$33,955	\$32,845
Business Licenses	\$22,881	\$20,385
Use of money and property	\$7,847	\$12,152
Miscellaneous	\$85,004	\$56,564
Total general revenues	\$3,492,822	\$3,301,512
<b>Total Revenues</b>	<b>\$8,143,098</b>	<b>\$5,459,521</b>
<b>Expenses:</b>		
General government	\$837,836	\$1,087,896
Public safety	\$2,584,578	\$2,564,561
Public works	\$1,247,688	\$947,133
Community development	\$795,142	\$669,797
Parks and recreation	\$134,538	\$163,451
Library	\$11,945	\$3,580
<b>Total Expenses</b>	<b>\$5,611,727</b>	<b>\$5,436,418</b>
Increase (decrease) in net position	\$2,531,371	\$23,103
Prior Period Adjustments	(\$24,375)	\$0
Net position - beginning	\$ 15,941,468	\$ 15,918,365
Net position - ending	\$ 18,448,464	\$ 15,941,468

**City of Calimesa**  
**Management's Discussion and Analysis**  
**For the year ended June 30, 2014**

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**GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued**

The City's expenses totaled \$5.6 million in fiscal year 2014. These expenses were more than offset by program revenues of \$4.6 million and general revenues of \$3.5 million. This, net of prior period adjustments totaling \$(24,375), resulted in an increase in net position of \$2.5 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 increased by \$2.2 million because of a capital grant related to the development of a community park and an increase in the number of building permits issued for single family development.

**General Revenues** - The overall increase from the prior year is 6%. This is mainly due to an increase in property taxes, a one-time payment in the prior year with respect to sales tax and an increase in other revenue due to several one-time revenues.

**Expenses** - Expenses increased in total by \$175,309, or 3%. The increase is mainly attributable to the area of public works as several other categories decreased. As mentioned above, development activity has increased. This affects the overall cost of operations and results in an increase of public works related expenses.

**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, 2014, the City's combined governmental fund balances were \$5.0 million, an increase of \$1.2 million, or 32%, over the prior fiscal year. Of this amount, approximately \$3.9 million represents restricted fund balance and \$0.1 million represents assigned fund balance.

*Governmental Funds, Continued*

Governmental revenues in fiscal year 2014 were \$8.2 million. This was an increase of \$2.8 million from fiscal year 2013. The increase is mainly due to State park grant revenue of \$1.8 million and a development fee revenue increase of \$733,857.

Governmental expenditures in fiscal year 2014 were \$7.0 million, an increase of \$2.0 million from the prior fiscal year. Most of the increase in governmental fund expenditures related to the cost of the construction of a community park with State park grant funds. Other expenditure categories fluctuated slightly resulting in the overall increase.

The following provides financial analysis on the major funds of the City.

**City of Calimesa**  
**Management's Discussion and Analysis**  
**For the year ended June 30, 2014**

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**FUND FINANCIAL ANALYSIS, continued**

**General Fund**

The General Fund is the primary operating fund of the City. At June 30, 2014, the assigned fund balance of the General Fund was \$30,008, while total fund balance was \$1,077,890. The unassigned balance of \$1,047,882 represents an operating reserve (when compared to expenditures) of 25%. This is well in excess of the 10% City Council policy.

The fund balance of the City's General Fund increased by \$113,895 when compared to fiscal year 2013. Revenues exceeded expenditures by \$113,218. Revenues increased by \$287,157 and expenditures increased by \$83,500 from the prior year. The increase in revenues was primarily due to the increase permit revenue. The 2% increase in expenditures was due to normal operations.

**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 decreased by \$248,577. The prior year revenue included monies from grants related to street and road projects.

**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 \$789,177 in the 2013-14 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, this fund had nominal activity. In the 2013-14 fiscal year, the City paid for and was reimbursed under the grant for, a significant portion of the design and construction related to the development of a community park.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

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

The General Fund revenue budget for fiscal year 2014 was amended during the year by \$215,794 in an effort to capture actual operating results in various revenue categories. The expenditure budgets were also amended to account for unanticipated costs. Actual expenditures for the fiscal year were \$15,230 over the amended primarily due to an unanticipated increase in public safety costs. Actual revenues were \$57,262 higher the final amended budget due primarily to an increase in charges for services.

**City of Calimesa**  
**Management's Discussion and Analysis**  
**For the year ended June 30, 2014**

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**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, 2014, the City's capital assets used in governmental activities amounted to \$13.6 million, net of depreciation.

Capital assets for governmental activities are presented below to illustrate changes from prior fiscal year:

	Governmental Activities	
	2014	2013
Land	\$1,918,401	\$1,918,401
Construction in Progress	\$1,808,422	\$0
Buildings and Improvements	\$1,242,504	\$1,242,504
Infrastructure:		
Road Network	\$10,581,232	\$10,581,232
Equipment	\$483,642	\$483,642
Capital assets before depreciation	<u>\$16,034,201</u>	<u>\$14,225,779</u>
Less: accumulated depreciation (excludes land)	<u>(\$2,434,576)</u>	<u>(\$2,028,186)</u>
Total net capital assets	<u>\$13,599,625</u>	<u>\$12,197,593</u>

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

*Long-term Obligations*

At June 30, 2014, the City had long-term debt outstanding of \$318,661 compared to \$303,061 in the prior year. The City's long-term debt obligations at June 30, 2014 and 2013 were as follows:

	Governmental Activities	
	2014	2013
Loan from City of Beaumont	\$ 210,180	210,180
Compensated Absences	\$ 108,481	92,881
Total	<u>\$ 318,661</u>	<u>303,061</u>

Not included in the above total outstanding debt amount is the Successor Agency Trust. At June 30, 2014, there was \$2,925,000 outstanding. Additional information on long-term obligations is provided in Notes 6 and 10 to the Basic Financial Statements.

**City of Calimesa**  
**Management's Discussion and Analysis**  
**For the year ended June 30, 2014**

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**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The City's adopted budget for 2014-15 recognized that:

- Between 2008 and 2011, the national economy experienced the worst financial crisis since the Great Depression. The value of residential and commercial property plummeted, resulting in a drop in property taxes of over 20%, as well as a decrease in other revenues. However, over the last two years, property taxes appear to have stabilized and sales tax levels have held steady as well.
- The FY 2014/15 budget maintains an approximate 22% General Fund reserve level which bodes very well given the state of many other California cities.
- Additional actions by the State of California to significantly reduce local government revenue may have an impact on the budget.
- 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, 2014**

	<b>Governmental Activities</b>
<b>Assets</b>	
Cash and investments (Note 3)	\$ 5,651,250
Receivables:	
Taxes	197,446
Accounts	40,460
Interest	1,738
Due from the Successor Agency	9,859
Due from other governments	853,037
Note Receivable	93,750
Capital assets not being depreciated (Note 5)	3,726,823
Capital assets being depreciated, net (Note 5)	9,872,802
Total Assets	<u>20,447,165</u>
<b>Liabilities</b>	
Accounts payable and accrued liabilities	1,225,126
Accrued Payroll	35,116
Deposits	344,305
Unearned Revenue	75,493
Noncurrent liabilities:	
Due within one year	14,792
Due in more than one year	303,869
Total Liabilities	<u>1,998,701</u>
<b>Net Position</b>	
Invested in capital assets (Note 5)	13,599,625
Restricted:	
Legally restricted - Street and Road Improvements	1,171,645
Regulatory/grant restrictions	397,301
Legally restricted - Dev. Impact fees	2,156,317
Unrestricted	1,123,576
Total Net Position	<u>\$ 18,448,464</u>

See accompanying Notes to Basic Financial Statements.

**City of Calimesa**  
**Statement of Activities**  
**For the year ended June 30, 2014**

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	
<b>Primary Government:</b>							
<b>Governmental activities:</b>							
General government	\$ 837,836	\$ 182,045	\$ 4,876	\$ -	\$ 186,921	\$ (650,915)	
Public safety	2,584,578	56,628	100,000	-	156,628	(2,427,950)	
Public works	1,247,688	138,844	398,058	1,481,930	2,018,832	771,144	
Community services and development	795,142	301,907	206,566	-	508,473	(286,669)	
Parks and recreation	134,538	-	-	1,752,587	1,752,587	1,618,049	
Library	11,945	-	26,835	-	26,835	14,890	
Total governmental activities	<u>\$ 5,611,727</u>	<u>\$ 679,424</u>	<u>\$ 736,335</u>	<u>\$ 3,234,517</u>	<u>\$ 4,650,276</u>	<u>(961,451)</u>	
<b>General Revenues:</b>							
Taxes:							
Property						1,887,405	
Sales tax						535,897	
Motor vehicle in-lieu						602,439	
Franchise fees						317,394	
Transient occupancy taxes						33,955	
Busines Licenses						22,881	
Total Taxes						3,399,971	
Unrestricted investment earnings						7,847	
Other						85,004	
Total general revenues						3,492,822	
Change in net position						2,531,371	
Net position - beginning of year						15,941,468	
Prior Period Adjustments						(24,375)	
Net position - beginning of year, as restated						15,917,093	
Net position - end of year						<u>\$ 18,448,464</u>	

See accompanying Notes to Basic Financial Statements.

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# FUND FINANCIAL STATEMENTS

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*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, 2014**

	Major Funds		
	General	Measure A Special Revenue	Mitigation Fees Special Revenue
<b>Assets</b>			
Cash and investments	1,656,530	1,147,391	2,474,906
Receivables:			
Taxes	194,492	-	-
Intergovernmental	-	36,019	37,689
Interest	1,738	-	-
Accounts	40,460	-	-
Due from other funds	265,115	-	-
Due from the Successor Agency	9,859	-	-
Note Receivable	93,750	-	-
Total Assets	<u>\$ 2,261,944</u>	<u>\$ 1,183,410</u>	<u>\$ 2,512,595</u>
<b>Liabilities, Deferred Inflow of Resources, and Fund Balance</b>			
Liabilities:			
Accounts payable	669,185	11,765	146,098
Accrued Payroll	35,116	-	-
Unearned revenues	2,652	-	-
Due to other funds	-	-	-
Deposits	344,305	-	-
Total Liabilities	<u>1,051,258</u>	<u>11,765</u>	<u>146,098</u>
Deferred Inflow of Resources:			
Unavailable revenues	132,796	-	-
Total Deferred Inflow of Resources	<u>132,796</u>	<u>-</u>	<u>-</u>
Fund Balance:			
Restricted	-	1,171,645	2,366,497
Assigned	30,008	-	-
Unassigned	1,047,882	-	-
Total Fund Balance	<u>1,077,890</u>	<u>1,171,645</u>	<u>2,366,497</u>
Total Liabilities, Deferred Inflow of Resources and Fund Balance	<u>\$ 2,261,944</u>	<u>\$ 1,183,410</u>	<u>\$ 2,512,595</u>

See accompanying Notes to Basic Financial Statements.

Major Funds Parks and Recreation	Total Nonmajor Governmental Funds	Total Governmental Funds
\$ -	372,423	\$ 5,651,250
-	2,954	197,446
578,893	200,436	853,037
-	-	1,738
-	-	40,460
-	-	265,115
-	-	9,859
-	-	93,750
<u>\$ 578,893</u>	<u>\$ 575,813</u>	<u>\$ 7,112,655</u>
325,395	72,683	\$ 1,225,126
-	-	35,116
-	72,841	75,493
236,497	28,618	265,115
-	-	344,305
<u>561,892</u>	<u>174,142</u>	<u>1,945,155</u>
-	-	132,796
-	-	132,796
17,001	380,300	3,935,443
-	26,068	56,076
-	(4,697)	1,043,185
<u>17,001</u>	<u>401,671</u>	<u>5,034,704</u>
<u>\$ 578,893</u>	<u>\$ 575,813</u>	<u>\$ 7,112,655</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, 2014**

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<b>Total Fund Balance - Governmental Funds</b>	<b>\$ 5,034,704</b>
<p>Amounts reported for governmental activities in the statement of net positions (page 19) are different because:</p>	
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.</p>	13,599,625
<p>Revenues in the statement of activities that do not provide current financial resources are classified as unearned revenues in the funds.</p>	132,796
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.</p>	<u>(318,661)</u>
<b>Net position of governmental activities</b>	<b><u>\$ 18,448,464</u></b>

See accompanying Notes to Basic Financial Statements.

**City of Calimesa**  
**Statements of Revenues, Expenditures, and Changes in Fund Balance**  
**For the Year Ended June 30, 2014**

	Major Funds		
	General	Measure A Special Revenue	Mitigation Fees Special Revenue
<b>Revenues</b>			
Taxes	\$ 3,353,166	\$ -	\$ -
Licenses and permits	301,907	-	-
Fines and forfeitures	56,628	-	-
Intergovernmental	4,876	152,594	52,589
Charges for services	182,045	-	-
Development fees	138,844	-	1,329,336
Investment earnings	3,782	1,363	2,019
Other	129,604	-	-
Total Revenues	<u>4,170,852</u>	<u>153,957</u>	<u>1,383,944</u>
<b>Expenditures</b>			
Current:			
General government	789,171	-	15,794
Public safety	2,469,018	-	994
Public works	291,645	42,951	210,282
Community services and development	380,037	-	154,639
Parks and recreation	127,763	-	24,526
Library	-	-	8,813
Total Expenditures	<u>4,057,634</u>	<u>42,951</u>	<u>415,048</u>
Excess of Revenues Over Expenditures	113,218	111,006	968,896
<b>Other Financing Sources (Uses)</b>			
Transfers in (Note 4)	40,677	-	-
Transfers out (Note 4)	(40,000)	-	(10,007)
Total Other Financing Sources (Uses)	<u>677</u>	<u>-</u>	<u>(10,007)</u>
Net Change in Fund Balance	113,895	111,006	958,889
<b>Fund Balance - Beginning of year</b>	963,995	1,060,639	1,407,608
<b>Prior Period Adjustments</b>	-	-	-
<b>Fund Balance - Beginning of year, restated</b>	<u>963,995</u>	<u>1,060,639</u>	<u>1,407,608</u>
<b>Fund Balance - End of year</b>	<u>\$ 1,077,890</u>	<u>\$ 1,171,645</u>	<u>\$ 2,366,497</u>

See accompanying Notes to Basic Financial Statements.

Major Funds	Total Nonmajor	Total
Parks and	Governmental	Governmental
Recreation	Funds	Funds
\$ -	51,304	\$ 3,404,470
-	-	301,907
-	-	56,628
1,752,587	678,870	2,641,516
-	-	182,045
-	-	1,468,180
344	339	7,847
400	30,000	160,004
<u>1,753,331</u>	<u>760,513</u>	<u>8,222,597</u>
-	-	804,965
-	105,442	2,575,454
-	341,399	886,277
-	242,338	777,014
1,790,215	-	1,942,504
-	3,132	11,945
<u>1,790,215</u>	<u>692,311</u>	<u>6,998,159</u>
(36,884)	68,202	1,224,438
-	50,007	90,684
-	(40,677)	(90,684)
-	9,330	-
(36,884)	77,532	1,224,438
53,885	307,084	3,793,211
-	17,055	17,055
<u>53,885</u>	<u>324,139</u>	<u>3,810,266</u>
<u>\$ 17,001</u>	<u>\$ 401,671</u>	<u>\$ 5,034,704</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, 2014**

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Net change in fund balance - governmental funds (page 29) \$ 1,224,438

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. 1,808,422

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. (406,390)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (79,499)

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 (15,600)

**Change in net position of governmental activities** \$ 2,531,371

See accompanying Notes to Basic Financial Statements.

## 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, 2014**

	<b>Community Facilities Districts</b>	<b>Successor Agency Trust Fund</b>
<b>Assets</b>		
Cash and investments (Note 3)	355,129	\$ -
Cash and investments with fiscal agent - restricted	49,200	206,993
Receivables:		
Taxes	614	-
Accounts	13,827	-
Total Assets	<u>418,770</u>	<u>206,993</u>
<b>Deferred outflows of resources</b>		
Deferred loss on refunding	-	109,414
Total deferred outflows of resources	<u>-</u>	<u>109,414</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	2,741	-
Deposits	24,350	-
Due to the General Fund	-	9,859
Due to bondholders	391,679	-
Noncurrent liabilities:		
Due within one year	-	60,000
Due in more than one year	-	2,904,077
Total Liabilities	<u>\$ 418,770</u>	<u>2,973,936</u>
<b>Net Position</b>		
Unrestricted		<u>(2,657,529)</u>
Net Position		<u>\$ (2,657,529)</u>

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, 2014**

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	<b>Successor Agency Trust Fund</b>
<b>Additions</b>	
Intergovernmental revenue	\$ 521,571
Investment earnings	5
Total additions	<u>521,576</u>
<b>Deductions</b>	
Administration	254,066
Cost of issuance	199,517
Interest	74,588
Total deductions	<u>528,171</u>
Change in Net Position	(6,595)
<b>Net Position - beginning</b>	<u>(2,650,934)</u>
<b>Net Position - ending</b>	<u><u>\$ (2,657,529)</u></u>

See accompanying Notes to Basic Financial Statements.

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# NOTES TO BASIC FINANCIAL STATEMENTS

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**City of Calimesa**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2014**

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**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) and its component unit.

**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, 2014**

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**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.

The Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

***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, 2014**

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**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, 2014**

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**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). Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as "internal balances."

**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 government-wide financial statements and 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, 2014**

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**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

**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.

*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.

**City of Calimesa**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

*D. Assets, liabilities and net position or equity*

**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, 2014**

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**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, 2014**

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**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 separate financial statement element, deferred outflows of resources, 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 government only has one item that qualifies for reporting in this category; it is the deferred charge on refunding debt reported in the statement of fiduciary net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, 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 government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenues, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and contractual receivables. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**City of Calimesa**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

*E. New Pronouncements*

In 2014, the City adopted new accounting standards in order to conform to the following Governmental Accounting Standards Board Statements:

- GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* - This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The effect of this statement is reported in Note 11.
- GASB Statement No. 66, *Technical Corrections - 2012 - An Amendment of GASB Statements No. 10 and No. 62* - The objective of this statement is to resolve conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. There was no effect on net position as part of implementation of this standard.
- GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees* - The objective of this statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. There was no effect on net position as part of implementation of this standard.

*F. Other Recently Issued Accounting Pronouncements*

The City is currently analyzing its accounting practices to determine the potential impact on the financial statements for the following GASB Statements:

In June 2012, the GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27*, to improve the guidance for accounting and reporting on the pensions that governments provide to their employees.

Key changes include the following:

- Separating the determination of accounting and financial reporting from how pensions are funded.
- Employers with defined benefit pension plans will recognize a net pension liability, as defined by the standard, in their government-wide, proprietary and fiduciary fund financial statements.

**City of Calimesa**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

*F. Other Recently Issued Accounting Pronouncements*

- Incorporating ad hoc cost-of-living adjustments and other ad hoc postemployment benefit changes into projections of benefit payments, if an employer’s past practice and future expectations of granting them indicate they are essentially automatic.
- Using a discount rate that applies (a) the expected long-term rate of return on pension plan investments for which plan assets are expected to be available to make projected benefit payments, and (b) the yield or index rate on tax-exempt 20-year general obligation municipal bonds with an average rating of AA/Aa or higher to projected benefit payments for which plan assets are not expected to be available for long-term investment in a qualified trust.
- Adopting a single actuarial cost allocation method – entry age normal – rather than the current choice among six actuarial cost methods.
- Requiring more extensive note disclosures and required supplementary information.

The statement relates to accounting and financial reporting and does not apply to a government’s approach to the funding of its pension plan. At present, there generally is a close connection between the ways many governments fund pensions and how they account for and report information about them in financial statements. Statement No. 68 would separate how the accounting and financial reporting is determined from how pensions are funded. Application of this statement is effective for the City’s fiscal year ending June 30, 2015.

**2. BUDGETARY ACCOUNTING**

**Excess of expenditures over appropriations**

The following funds reported an excess of expenditures over appropriations at June 30, 2014:

	Final	Actual	Variance
General Fund	\$ 4,042,404	4,057,634	\$ (15,230)
SCE Grant Special Revenue Fund	\$ 25,000	51,931	\$ (26,931)

**City of Calimesa**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

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**3. CASH AND INVESTMENTS**

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

Statement of net positions:	
Cash and investments	\$ 5,651,250
Fiduciary funds:	
Cash and investments	355,129
Cash and investments with fiscal agent-restricted	256,193
	<hr/>
Total cash and investments	\$ 6,262,572
	<hr/> <hr/>
Pooled deposits:	
Demand deposits	\$ 2,448,076
Petty cash	900
Investments	3,813,596
	<hr/>
Total cash and investments	\$ 6,262,572
	<hr/> <hr/>

**A. Deposits**

The carrying amount of the City's cash deposit was \$2,448,076 at June 30, 2014. Bank balances before reconciling items were \$2,882,574 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, 2014**

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**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*.

Authorization investment type	Maximum maturity	Maximum percentage allowed	Maximum investment in one issuer
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, 2014**

**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, 2014**

**3. CASH AND INVESTMENTS, Continued**

**B. Investments, Continued**

Investment type	Totals	Remaining maturity 12 month or less
Local Agency Investment Fund	\$ 3,606,603	\$ 3,606,603
Held by bond trustee:		
Morgan Stanley Prime Instl	206,993	206,993
Total investments	<u>\$ 3,813,596</u>	<u>\$ 3,813,596</u>

***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, 2014**

**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	\$ 3,606,603	N/A	\$ -	\$ 3,606,603
Held by bond trustee:				
Morgan Stanley Prime Instl	206,993	N/A	206,993	-
<b>Total investments</b>	<b>\$ 3,813,596</b>		<b>\$ 206,993</b>	<b>\$ 3,606,603</b>

***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 the Dreyfus cash management 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, 2014 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, 2014, the City had \$3,606,603 invested in LAIF, which had 1.96% 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 1.000273207 to the total investments held by LAIF.

**City of Calimesa**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

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**4. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

The composition of interfund balances as of June 30, 2014, is as follows:

*Due to/from other funds:*

<u>Receivable fund</u>	<u>Amount</u>	<u>Payable fund</u>	<u>Amount</u>
		Parks and Recreation	
General Fund	\$236,497	Grant Fund	\$236,497 (a)
General Fund	<u>28,618</u>	Nonmajor funds	<u>28,618 (a)</u>
Total	<u>\$ 265,115</u>	Total	<u>\$ 265,115</u>

(a) These amounts are to cover deficit cash balances in the owing funds and are expected to be repaid in full by June 30, 2015.

**City of Calimesa**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

**4. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS, Continued**

*Transfer in/out*

Fund receiving transfer	Amount	Fund making transfer	Amount	
General Fund	\$ 3,057	Non-Major	\$ 3,057	a
General Fund	37,620	Non-Major	37,620	b
Non-Major	5,000	General Fund	5,000	c
Non-Major	35,000	General Fund	35,000	d
Non-Major	10,007	Mitigation Fees	10,007	e
Total	\$ 90,684	Total	\$ 90,684	

- a This transfer closed the Traffic Safety Fund which had been inactive for several years.
- b This transfer returns excess funds to the General Fund and corrects a prior year transfer.
- 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 covers a deficiency in the LLMD fund.
- e This transfer corrects a prior year classification error related to the Recycling Fund.

**City of Calimesa**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

**5. CAPITAL ASSETS**

A summary of changes in capital assets at June 30, 2014 is as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Governmental activities</b>				
Capital assets not being depreciated:				
Land	\$ 1,918,401	\$ -	\$ -	\$ 1,918,401
Construction in progress	-	1,808,422	-	1,808,422
Total capital assets not being depreciated	<u>1,918,401</u>	<u>1,808,422</u>	<u>-</u>	<u>3,726,823</u>
Capital assets being depreciated:				
Building and improvements	1,242,504	-	-	1,242,504
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>-</u>	<u>-</u>	<u>12,307,378</u>
Less accumulated depreciation for:				
Buildings and improvements	(618,726)	(31,063)	-	(649,789)
Machinery and equipment	(429,491)	(22,619)	-	(452,110)
Road network	(979,969)	(352,708)	-	(1,332,677)
Total accumulated depreciation	<u>(2,028,186)</u>	<u>(406,390)</u>	<u>-</u>	<u>(2,434,576)</u>
Total capital assets, being depreciated, net	<u>10,279,192</u>	<u>(406,390)</u>	<u>-</u>	<u>9,872,802</u>
Governmental activities capital assets, net	<u>\$ 12,197,593</u>	<u>\$ 1,402,032</u>	<u>\$ -</u>	<u>\$ 13,599,625</u>

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

General government	\$ 17,271
Public safety	9,124
Public works	361,411
Community services and development	18,128
Parks and recreation	456
Total depreciation expense - governmental activities	<u>\$ 406,390</u>

**City of Calimesa**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

**6. LONG-TERM LIABILITIES**

The following is a summary of the changes in the long-term liabilities for the fiscal year ended June 30, 2014:

Description	Beginning balance	Additions	Deletions	Ending balance	Due within one year
Loan from the City of Beaumont	\$ 210,180	-	-	\$ 210,180	\$ -
Compensated absences	\$ 92,881	44,716	(29,116)	\$ 108,481	\$ 14,792

*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 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 \$14,792 at June 30, 2014, was \$93,689. 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.

**7. CITY EMPLOYEES' RETIREMENT PLAN (DEFINED BENEFIT PENSION PLAN)**

The City contributes to the California Public Employees Retirement System (PERS), a cost sharing, multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Copies of PERS' annual financial report may be obtained from their executive office: 400 Q Street, Sacramento, CA 95811.

*Funding Policy:* Participants are required to contribute 7% of their annual covered salary. The City is required to contribute at an actuarially determined rate calculated as a percentage of covered payroll. The City pays the full 7% of the employee's portion of the required PERS contribution. The Employer contribution rate for the fiscal year ended June 30, 2014 was 11.138% for miscellaneous employees. Benefit provisions and all other requirements are established by State statute and City council actions.

*Annual Pension Cost:* For the fiscal year ending June 30, 2014, the City's annual pension cost of \$70,322 for PERS was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2012, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses), (b) projected salary increases ranging from 3.30% to 14.20% for miscellaneous employees depending on age, service, and type of employment, and (c) 3.00% per year cost-of-living adjustments.

**City of Calimesa**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

**7. CITY EMPLOYEES' RETIREMENT PLAN (DEFINED BENEFIT PENSION PLAN), Continued**

Both (a) and (b) included an inflation component of 2.75%. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three-year period. PERS unfunded actuarial accrued liability (or surplus) is being amortized as a level percentage of projected payroll on a closed basis. The average remaining amortization period at June 30, 2012, was 7 years for miscellaneous employees for prior and current service unfunded liability.

Assembly Bill 1974, which added Sections 20840-20842 to the California Government Code allowed PERS to create risk pools and mandate public agency participation in those pools. Commencing with the valuation of June 30, 2003, mandatory pooling was established for plans with less than 100 active members. As a result, the City was required to participate in a risk pool of other agencies with less than 100 employees. The valuation report as of June 30, 2012, contained two sections: 1) the specific information of the plan including the development of the pooled contribution rate and 2) the report of the Risk Pool Actuarial Valuation as of June 30, 2012.

At the time of joining a risk pool (valuation of June 30, 2003), a side fund was created to account for the difference between the funded status of the pool and funded status of the City's plan. As of the June 30, 2012 valuation, the balance of the side fund was \$81,694.

The side fund will be created, on an annual basis, with the actuarial investment return assumption. This assumption is currently 7.75%. The negative side fund will cause the City's required employer contribution rate to be increased by the Amortization of the Side Fund. In the absence contract amendments or funding changes, the side fund will disappear at the end of the amortization period. The amortization period remaining as of June 30, 2012 was 3 years.

<u>Three year trend information</u>		
<u>Fiscal year</u>	<u>Annual pension cost (APC)</u>	<u>Percentage of APC contributed</u>
June 30, 2012	\$ 84,021	100%
June 30, 2013	71,288	100
June 30, 2014	70,322	100

**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.

**City of Calimesa**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

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**8. RISK MANAGEMENT, Continued**

*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).

*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.

**City of Calimesa**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

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

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.

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, 2014:

Description	Beginning balance	Additions	Deletions	Ending balance	Due within one year
<b>Bonds</b>					
2008 Series bonds	\$ 2,845,000	\$ -	\$(2,845,000)	\$ -	\$ -
2014 Series bonds, Refunding	-	2,925,000	-	2,925,000	60,000
<b>Deferred amounts:</b>					
For issuance discount, relating to 2008 bonds	(26,643)	-	26,643	-	-
For issuance premium, relating to 2014 bonds	-	39,077	-	39,077	-
<b>Total bonds</b>	<b>\$ 2,818,357</b>	<b>\$ 2,964,077</b>	<b>\$(2,818,357)</b>	<b>\$ 2,964,077</b>	<b>\$ 60,000</b>

***2008 Tax Allocation Revenue Bonds***

In June 2008, the Calimesa Redevelopment Agency (City) issued Calimesa Redevelopment Project No. 1 and Project No. 5 Tax Allocation Revenue Bonds, Series 2008, in the aggregate principal of \$4,260,000.

**City of Calimesa**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

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

*2008 Tax Allocation Revenue Bonds, Continued*

The bonds are dated March 2008 and are in denominations of \$5,000 and bear interest at rates ranging from 3.10% to 5.75%. Principal is payable annually on December 1 beginning on December 2010. Interest is payable semi-annually on June 1 and December 1 commencing on December 1, 2008. The bonds mature between the time frames of December 1, 2010 and December, 2038 in amounts ranging from \$50,000 to \$280,000.

*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, 2014, the amount held in the reserve account was \$206,993 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.

*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.

**City of Calimesa**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

**11. PRIOR PERIOD ADJUSTMENT**

The City recorded prior period adjustments to record a loan payable to the City of Beaumont that was not previously reported, to record revenue related to a settlement agreement with Willdan Engineering in the Government-wide Statements, and to correct an accounting error in the Gas Tax Fund.

Government-wide Statements

	Net Position, as Previously Reported	Prior Period Adjustment  Loan Payable	Prior Period Adjustment  Settlement agreement	Prior Period Adjustment  Gas Tax Fund - Correction of Accounting Error	Net Position, as Restated
Government-Wide Statements					
Governmental Activities	\$ 15,941,468	\$ (210,180)	\$ 168,750	\$ 17,055	\$ 15,917,093

Fund Statements

	Net Position, as Previously Reported	Prior Period Adjustment Correction of Accounting Error	Net Position, as Restated
Fund Statements			
Gas Tax Fund	\$ 28,988	\$ 17,055	\$ 46,043

The City recorded a prior period adjustment to expense costs of issuance related to previously issued debt as required by GASB 65.

Fiduciary Fund Statements

	Net Position, as Previously Reported	Prior Period Adjustment Bond Issuance Costs	Net Position, as Restated
Successor Agency	\$ (2,504,867)	\$ (146,067)	\$ (2,650,934)

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**REQUIRED  
SUPPLEMENTARY INFORMATION**

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**City of Calimesa**  
**Required Supplementary Information**  
**For the year ended June 30, 2014**

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**1. 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, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Taxes	\$ 3,191,986	\$ 3,487,325	\$ 3,353,166	\$ (134,159)
Licenses & permits	196,063	282,724	301,907	19,183
Fines & Forfeitures	79,400	50,800	56,628	5,828
Intergovernmental	1,100	4,975	4,876	(99)
Charges for Services	40,827	26,250	182,045	155,795
Development Fees	282,686	149,438	138,844	(10,594)
Interest Income	3,400	4,000	3,782	(218)
Other	102,334	108,078	129,604	21,526
<b>Total revenues</b>	<b>3,897,796</b>	<b>4,113,590</b>	<b>4,170,852</b>	<b>57,262</b>
<b>EXPENDITURES:</b>				
Current:				
General Government	723,865	782,229	789,171	(6,942)
Public Safety	2,425,226	2,453,757	2,469,018	(15,261)
Public Works	275,491	294,425	291,645	2,780
Community development	338,542	388,486	380,037	8,449
Parks and recreation	119,437	123,507	127,763	(4,256)
<b>Total expenditures</b>	<b>3,882,561</b>	<b>4,042,404</b>	<b>4,057,634</b>	<b>(15,230)</b>
<b>REVENUES OVER EXPENDITURES</b>	<b>15,235</b>	<b>71,186</b>	<b>113,218</b>	<b>\$ 42,032</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	107	40,677	40,570
Transfers out	(5,000)	(40,106)	(40,000)	106
<b>Total other financing sources (uses)</b>	<b>(5,000)</b>	<b>(39,999)</b>	<b>677</b>	<b>40,676</b>
<b>Net change in fund balance</b>	<b>\$ 10,235</b>	<b>\$ 31,187</b>	<b>113,895</b>	<b>\$ 82,708</b>
<b>FUND BALANCE:</b>				
Beginning of year			963,995	
End of year			<b>\$ 1,077,890</b>	

# 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, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 991,000	\$ 991,000	\$ 152,594	\$ (838,406)
Interest Income	1,000	1,000	1,363	363
<b>Total revenues</b>	<b>992,000</b>	<b>992,000</b>	<b>153,957</b>	<b>(838,043)</b>
<b>EXPENDITURES:</b>				
Current:				
Public works	1,355,124	1,335,124	42,951	1,292,173
<b>Total expenditures</b>	<b>1,355,124</b>	<b>1,335,124</b>	<b>42,951</b>	<b>1,292,173</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>\$ (363,124)</b>	<b>\$ (343,124)</b>	<b>111,006</b>	<b>\$ 454,130</b>
<b>Net change in fund balance</b>	<b>\$ (363,124)</b>	<b>\$ (343,124)</b>	<b>111,006</b>	<b>\$ 454,130</b>
<b>FUND BALANCE:</b>				
Beginning of year			1,060,639	
End of year			\$ 1,171,645	

# 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, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 3,085,000	\$ 3,085,000	\$ 52,589	(3,032,411)
Development fees	286,206	286,206	1,329,336	1,043,130
Interest Income	25,889	25,889	2,019	(23,870)
<b>Total revenues</b>	<b>3,397,095</b>	<b>3,397,095</b>	<b>1,383,944</b>	<b>(2,013,151)</b>
<b>EXPENDITURES:</b>				
Current:				
General government	1,516	1,516	15,794	(14,278)
Community development	158,994	158,994	154,639	4,355
Public safety	-	-	994	(994)
Public works	3,189,604	3,189,604	210,282	2,979,322
Parks and recreation	163,255	163,255	24,526	138,729
Library	106,736	106,736	8,813	97,923
<b>Total expenditures</b>	<b>3,620,105</b>	<b>3,620,105</b>	<b>415,048</b>	<b>3,205,057</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(223,010)</b>	<b>(223,010)</b>	<b>968,896</b>	<b>1,191,906</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	-	-	(10,007)	(10,007)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(10,007)</b>	<b>(10,007)</b>
<b>Net change in fund balance</b>	<b>\$ (223,010)</b>	<b>\$ (223,010)</b>	<b>958,889</b>	<b>\$ 1,181,899</b>
<b>FUND BALANCE:</b>				
Beginning of year			1,407,608	
End of year			\$ 2,366,497	

# 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, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Intergovernmental	\$ 2,500,000	\$ 2,500,000	\$ 1,752,587	\$ (747,413)
Interest Income	100	100	344	244.00
Other	-	-	400	400
<b>Total revenues</b>	<b>2,500,100</b>	<b>2,500,100</b>	<b>1,753,331</b>	<b>(746,769)</b>
<b>EXPENDITURES:</b>				
Current:				
Parks and recreation	2,501,529	2,501,529	1,790,215	711,314
<b>Total expenditures</b>	<b>2,501,529</b>	<b>2,501,529</b>	<b>1,790,215</b>	<b>711,314</b>
<b>Net change in fund balance</b>	<b>\$ (1,429)</b>	<b>\$ (1,429)</b>	<b>(36,884)</b>	<b>\$ (35,455)</b>
<b>FUND BALANCE:</b>				
Beginning of year			53,885	
End of year			\$ 17,001	

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# **SUPPLEMENTARY INFORMATION**

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**City of Calimesa**  
**Combining Balance Sheets**  
**Nonmajor Governmental Funds**  
**June 30, 2014**

	Special Revenues Funds			
	Supplemental Law Enforcement Grant	Community Development Block Grant	Library	Traffic Safety
<b>Assets</b>				
Cash and investments	\$ 4,240	\$ -	\$ 224,891	\$ -
Receivables:				
Taxes	-	-	-	-
Intergovernmental	16,667	63,165	26,835	-
Total Assets	<u>\$ 20,907</u>	<u>\$ 63,165</u>	<u>\$ 251,726</u>	<u>\$ -</u>
<b>Liabilities and Fund Balance</b>				
Liabilities:				
Accounts payable and accrued liabilities	\$ 16,272	\$ 2,435	\$ 291	\$ -
Unearned revenues	-	54,751	16,330	-
Due to other funds	-	2,351	-	-
Total Liabilities	<u>16,272</u>	<u>59,537</u>	<u>16,621</u>	<u>-</u>
Fund Balance:				
Restricted	4,635	3,628	235,105	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balance	<u>4,635</u>	<u>3,628</u>	<u>235,105</u>	<u>-</u>
Total Liabilities, Deferred Inflow of Resources and Fund Balance	<u>\$ 20,907</u>	<u>\$ 63,165</u>	<u>\$ 251,726</u>	<u>\$ -</u>

Special Revenues Funds						Capital Projects	Total Nonmajor Governmental Funds
Transportation Air Quality Improvements	Gas Tax	Lighting/Landscape District	Prop 84 GP	SCE GP	Recycling	General Capital Projects Fund	
\$ 33,291	\$ 62,837	\$ -	\$ -	\$ 11,087	\$ 10,009	\$ 26,068	\$ 372,423
-	-	2,954	-	-	-	-	-
2,608	25,746	-	32,395	28,020	5,000	-	2,954
<u>\$ 35,899</u>	<u>\$ 88,583</u>	<u>\$ 2,954</u>	<u>\$ 32,395</u>	<u>\$ 39,107</u>	<u>\$ 15,009</u>	<u>\$ 26,068</u>	<u>\$ 575,813</u>
\$ -	\$ 2,559	\$ 4,544	\$ 7,475	\$ 39,107	\$ -	\$ -	\$ 72,683
-	-	1,760	-	-	-	-	72,841
-	-	1,347	24,920	-	-	-	28,618
-	2,559	7,651	32,395	39,107	-	-	174,142
35,899	86,024	-	-	-	15,009	-	380,300
-	-	-	-	-	-	26,068	26,068
-	-	(4,697)	-	-	-	-	(4,697)
<u>35,899</u>	<u>86,024</u>	<u>(4,697)</u>	<u>-</u>	<u>-</u>	<u>15,009</u>	<u>26,068</u>	<u>401,671</u>
<u>\$ 35,899</u>	<u>\$ 88,583</u>	<u>\$ 2,954</u>	<u>\$ 32,395</u>	<u>\$ 39,107</u>	<u>\$ 15,009</u>	<u>\$ 26,068</u>	<u>\$ 575,813</u>

**City of Calimesa**  
**Combining Statements of Revenues, Expenditures, and Changes in Fund Balance**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2014**

	Special Revenues Funds		
	Supplemental Law Enforcement Grant	Community Development Block Grant	Library
<b>Revenues</b>			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	100,000	87,918	26,835
Investment earnings	43	-	220
Other	-	-	-
Total Revenues	100,043	87,918	27,055
<b>Expenditures</b>			
Current:			
Public safety	105,442	-	-
Public works	-	-	-
Community services and development	-	87,918	-
Library	-	-	3,132
Total Expenditures	105,442	87,918	3,132
Excess (Deficit) of Revenues Over Expenditures	(5,399)	-	23,923
<b>Other Financing Sources (Uses)</b>			
Transfers in (Note 4)	-	-	-
Transfers out (Note 4)	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Net Change in Fund Balance	(5,399)	-	23,923
Fund Balance - Beginning of year	10,034	3,628	211,182
Prior Period Adjustments	-	-	-
Fund Balance - Beginning of year, restated	10,034	3,628	211,182
Fund Balance - End of year	\$ 4,635	\$ 3,628	\$ 235,105

Special Revenues Funds

Traffic Safety	Transportation Air Quality Improvements	Gas Tax	Lighting/ Landscape District	Prop 84	SCE Grant	Recycling
\$ -	\$ -	\$ -	51,304	\$ -	\$ -	\$ -
-	9,807	257,551	-	139,831	51,928	5,000
-	31	-	-	17	3	2
-	-	-	30,000	-	-	-
-	9,838	257,551	81,304	139,848	51,931	5,002
-	-	-	-	-	-	-
-	-	217,570	123,829	-	-	-
-	262	-	-	102,227	51,931	-
-	-	-	-	-	-	-
-	262	217,570	123,829	102,227	51,931	-
-	9,576	39,981	(42,525)	37,621	-	5,002
-	-	-	35,000	-	-	10,007
(3,056)	-	-	-	(37,621)	-	-
(3,056)	-	-	35,000	(37,621)	-	10,007
(3,056)	9,576	39,981	(7,525)	-	-	15,009
3,056	26,323	28,988	2,828	-	-	-
-	-	17,055	-	-	-	-
3,056	26,323	46,043	2,828	-	-	-
\$ -	\$ 35,899	\$ 86,024	\$ (4,697)	\$ -	\$ -	\$ 15,009

**City of Calimesa**  
**Combining Statements of Revenues, Expenditures, and Changes in Fund Balance**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2014**

	Capital Projects	
	General Capital Projects Fund	Total Nonmajor Governmental Funds
<b>Revenues</b>		
Taxes	\$ -	\$ 51,304
Intergovernmental	-	678,870
Investment earnings	23	339
Other	-	30,000
Total Revenues	23	760,513
<b>Expenditures</b>		
Current:		
Public safety	-	105,442
Public works	-	341,399
Community services and development	-	242,338
Library	-	3,132
Total Expenditures	-	692,311
Excess (Deficit) of Revenues Over Expenditures	23	68,202
<b>Other Financing Sources (Uses)</b>		
Transfers in (Note 4)	5,000	50,007
Transfers out (Note 4)	-	(40,677)
Total Other Financing Sources (Uses)	5,000	9,330
Net Change in Fund Balance	5,023	77,532
Fund Balance - Beginning of year	21,045	307,084
Prior Period Adjustments	-	17,055
Fund Balance - Beginning of year, restated	21,045	324,139
Fund Balance - End of year	\$ 26,068	\$ 401,671

# 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, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 100,000	\$ 100,000	\$ 100,000	\$ -
Interest Income	100	100	43	(57)
<b>Total revenues</b>	<b>100,100</b>	<b>100,100</b>	<b>100,043</b>	<b>(57)</b>
<b>EXPENDITURES:</b>				
Current:				
Public safety	112,084	112,084	105,442	6,642
<b>Total expenditures</b>	<b>112,084</b>	<b>112,084</b>	<b>105,442</b>	<b>6,642</b>
<b>Net change in fund balance</b>	<b>\$ (11,984)</b>	<b>\$ (11,984)</b>	<b>(5,399)</b>	<b>\$ 6,585</b>
<b>FUND BALANCE:</b>				
Beginning of year			10,034	
End of year			\$ 4,635	

# 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, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 552,645	\$ 552,645	\$ 87,918	\$ (464,727)
Interest Income	5,500	5,500	-	(5,500)
<b>Total revenues</b>	<b>558,145</b>	<b>558,145</b>	<b>87,918</b>	<b>(470,227)</b>
<b>EXPENDITURES:</b>				
Current:				
Community services and development	302,074	302,074	87,918	214,156
<b>Total expenditures</b>	<b>302,074</b>	<b>302,074</b>	<b>87,918</b>	<b>214,156</b>
<b>Net change in fund balance</b>	<b>\$ 256,071</b>	<b>\$ 256,071</b>	<b>-</b>	<b>\$ (256,071)</b>
<b>FUND BALANCE:</b>				
Beginning of year			3,628	
End of year			\$ 3,628	

# 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, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 25,000	\$ 25,000	\$ 26,835	\$ 1,835
Interest Income	500	500	220	(280)
<b>Total revenues</b>	<b>25,500</b>	<b>25,500</b>	<b>27,055</b>	<b>1,555</b>
<b>EXPENDITURES:</b>				
Current:				
Library	203,238	203,238	3,132	200,106
<b>Total expenditures</b>	<b>203,238</b>	<b>203,238</b>	<b>3,132</b>	<b>200,106</b>
<b>Net change in fund balance</b>	<b>\$ (177,738)</b>	<b>\$ (177,738)</b>	<b>23,923</b>	<b>\$ 201,661</b>
<b>FUND BALANCE:</b>				
Beginning of year			211,182	
End of year			\$ 235,105	

# 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, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 8,000	\$ 8,000	\$ 9,807	\$ 1,807
Interest Income	15	15	31	16
<b>Total revenues</b>	<b>8,015</b>	<b>8,015</b>	<b>9,838</b>	<b>1,823</b>
<b>EXPENDITURES:</b>				
Current:				
Community development	262	262	262	-
<b>Total expenditures</b>	<b>262</b>	<b>262</b>	<b>262</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>\$ 7,753</b>	<b>\$ 7,753</b>	<b>9,576</b>	<b>\$ 1,823</b>
<b>FUND BALANCE:</b>				
Beginning of year			26,323	
End of year			\$ 35,899	

# City of Calimesa

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Traffic Safety Special Revenue Fund For the year ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Total revenues	\$ -	\$ -	\$ -	\$ -
<b>EXPENDITURES:</b>				
Total expenditures	-	-	-	-
<b>REVENUES OVER EXPENDITURES</b>	-	-	-	-
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	-	-	(3,056)	(3,056)
Total other financing sources (uses)	-	-	(3,056)	(3,056)
Net change in fund balance	\$ -	\$ -	(3,056)	\$ (3,056)
<b>FUND BALANCE:</b>				
Beginning of year			3,056	
End of year			\$ -	

# 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, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 211,600	\$ 200,947	\$ 257,551	\$ 56,604
Interest Income	102	123	-	(123)
<b>Total revenues</b>	<b>211,702</b>	<b>201,070</b>	<b>257,551</b>	<b>56,481</b>
<b>EXPENDITURES:</b>				
Current:				
Public works	225,918	225,753	217,570	8,183
<b>Total expenditures</b>	<b>225,918</b>	<b>225,753</b>	<b>217,570</b>	<b>8,183</b>
<b>Net change in fund balance</b>	<b>\$ (14,216)</b>	<b>\$ (24,683)</b>	<b>39,981</b>	<b>\$ 64,664</b>
<b>FUND BALANCE:</b>				
Beginning of year			46,043	
End of year			\$ 86,024	

# 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, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 132,000	\$ 132,000	\$ 51,304	\$ (80,696)
Other	-	-	30,000	30,000
<b>Total revenues</b>	<b>132,000</b>	<b>132,000</b>	<b>81,304</b>	<b>(50,696)</b>
<b>EXPENDITURES:</b>				
Current:				
Public works	132,170	132,170	123,829	8,341
<b>Total expenditures</b>	<b>132,170</b>	<b>132,170</b>	<b>123,829</b>	<b>8,341</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(170)</b>	<b>(170)</b>	<b>(42,525)</b>	<b>(42,355)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	35,000	35,000
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>35,000</b>	<b>35,000</b>
<b>Net change in fund balance</b>	<b>\$ (170)</b>	<b>\$ (170)</b>	<b>(7,525)</b>	<b>\$ (7,355)</b>
<b>FUND BALANCE:</b>				
Beginning of year			2,828	
End of year			\$ (4,697)	

# 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, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ -	\$ 125,133	\$ 139,831	\$ 14,698
Interest Income	-	-	17	17
<b>Total revenues</b>	<b>-</b>	<b>125,133</b>	<b>139,848</b>	<b>14,715</b>
<b>EXPENDITURES:</b>				
Current:				
Community development	-	125,133	102,227	22,906
<b>Total expenditures</b>	<b>-</b>	<b>125,133</b>	<b>102,227</b>	<b>22,906</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>37,621</b>	<b>37,621</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	(37,621)	(37,621)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(37,621)</b>	<b>(37,621)</b>
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>
<b>FUND BALANCE:</b>				
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, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Intergovernmental	\$ -	\$ 25,000	\$ 51,928	\$ 26,928
Interest Income	-	-	3	3
<b>Total revenues</b>	<b>-</b>	<b>25,000</b>	<b>51,931</b>	<b>26,931</b>
<b>EXPENDITURES:</b>				
Current:				
Community development	-	25,000	51,931	(26,931)
<b>Total expenditures</b>	<b>-</b>	<b>25,000</b>	<b>51,931</b>	<b>(26,931)</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>
<b>FUND BALANCE:</b>				
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, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ -	\$ -	\$ 5,000	\$ 5,000
Interest Income	-	-	2	2
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>5,002</b>	<b>5,002</b>
<b>EXPENDITURES:</b>				
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>5,002</b>	<b>5,002</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	10,007	10,007
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>10,007</b>	<b>10,007</b>
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>15,009</b>	<b>\$ 15,009</b>
<b>FUND BALANCE:</b>				
Beginning of year			-	
End of year			\$ 15,009	