

CITY OF WILDOMAR

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For The Fiscal Year Ended June 30, 2014



Welcome To Wildomar

CITY OF WILDOMAR, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Prepared By:
The City of Wildomar, California
Finance Department

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COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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CITY OF WILDOMAR

INTRODUCTORY SECTION



City Background

Ben Benoit, Mayor
Bridgette Moore, Mayor Pro Tem
Bob Cashman, Council Member
Marsha Swanson, Council Member
Timothy Walker, Council Member



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Honorable Mayor, City Council,
And Citizens of the City of Wildomar
City of Wildomar
Wildomar, CA 92595

March 26, 2015

Letter of Transmittal Fiscal Year 2013-14 Comprehensive Annual Financial Report (CAFR)

Dear Honorable Mayor, Council Members and Wildomar Citizens,

I am pleased to present the Fiscal Year 2013-14, Comprehensive Annual Financial Report for the City of Wildomar, California for the fiscal year ended June 30, 2014.

This report consists of management representations concerning the finances of the City of Wildomar in its fifth year of incorporation. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Wildomar continues to establish a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Wildomar's financial statements in conformity with generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the City of Wildomar's comprehensive framework of internal controls is designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

State Law and the City's Municipal Code require that an annual financial report is prepared. This report fulfills that obligation. It has been prepared in conformity with generally accepted accounting principles (GAAP) and with the financial reporting requirements prescribed by the Governmental Accounting Standards Board (GASB).

The City of Wildomar's financial statements have been audited by Lance, Soll and Lunghard, LLP, a firm of certified public accountants and consultants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Wildomar for the fiscal year ended June 30, 2014, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor's report is presented as the first component of the financial section of this report. GAAP requires that management provide a narrative of introductions, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A).

This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Wildomar's MD&A can be found immediately following the report of the independent auditors in the financial section of this report.

Profile of the Government

The area of Wildomar located in southwest Riverside County, incorporated as a City, July 1, 2008. This newly incorporated city is approximately 70 miles north of San Diego and 60 miles southeast of Los Angeles. The City boundaries encompass 24 square miles providing a "Community Ranch" lifestyle for its 33,781 residents.

The City Council consists of 5 Council Members, elected at large on a no-partisan basis and annually select amongst them, a Mayor and Mayor Pro Temp. Bi-annual elections are held in November. The terms of office are 4 years but are overlapping so that the City is provided with a continuity of knowledge in the City business and legislative matters.

This report includes all funds of the City. It includes all governmental organizations and activities for which the City of Wildomar's City Council is financially accountable. The City provides the full range of municipal services normally associated with a municipality including general administration, police and fire protection, the construction and maintenance of streets, and related infrastructure, recreational activities, economic development and the operations and maintenance of the cemetery.

The Council is responsible for enacting ordinances, resolutions, and regulations governing the City as well as the appointment of members of various statutory and advisory boards and the City Manager and City Attorney. As Chief Administrative Officer, the City Manager has the responsibility of administering programs in accordance with policies established by the City Council and within the guidelines of the annual budget adopted by the Council.

The Budget Process

The annual budget serves as the foundation for the City of Wildomar's financial planning and control. The development of the budget is completed as two separate projects: the development of the governmental activities program budget, and the development of the capital improvement program focusing on longer term capital projects.

All departments of the City of Wildomar are required to submit requests for appropriation for all governmental activities to the City Manager by the end of March. The City Manager and the finance department use these requests as the starting point for developing a proposed budget for the governmental activities.

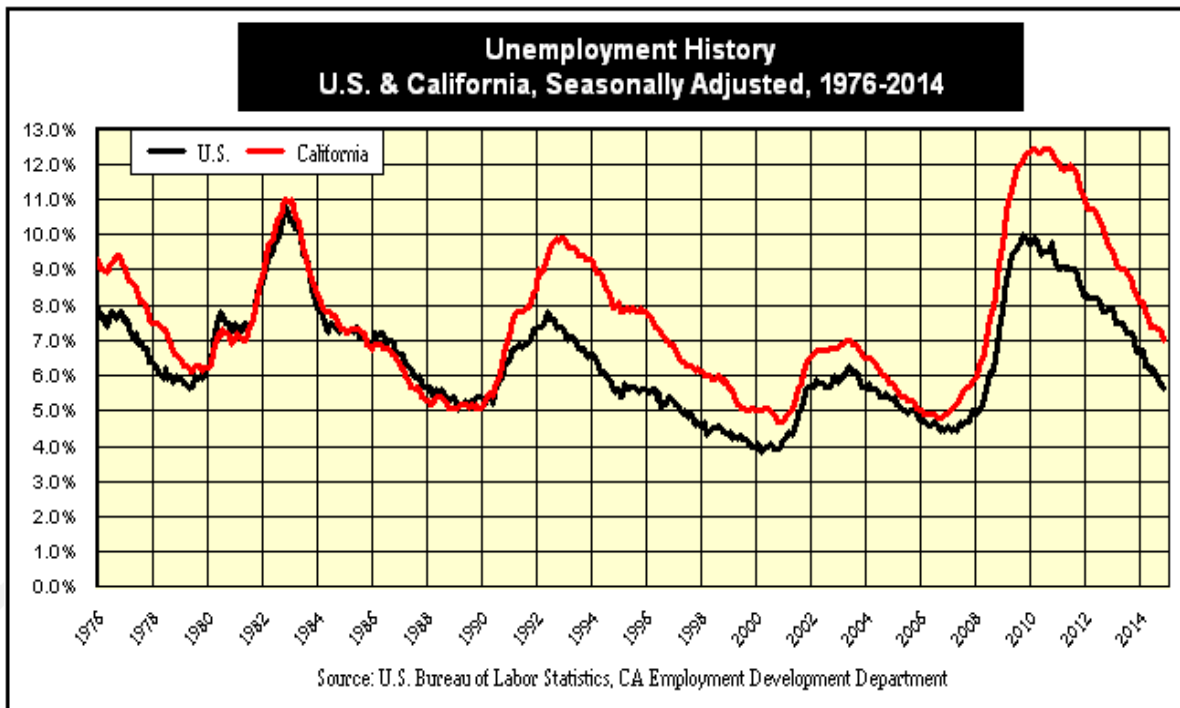
The Ad-Hoc Finance Committee meets with the City Manager at a workshop in mid-April. The City Manager presents the proposed budget for all governmental activities to the City Council at the first Council meeting in June for review. The City Council is required to hold a public hearing on the proposed budget which is generally held at the June meeting. The governmental activities budget is generally adopted at the Council meeting in June.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Wildomar operates.

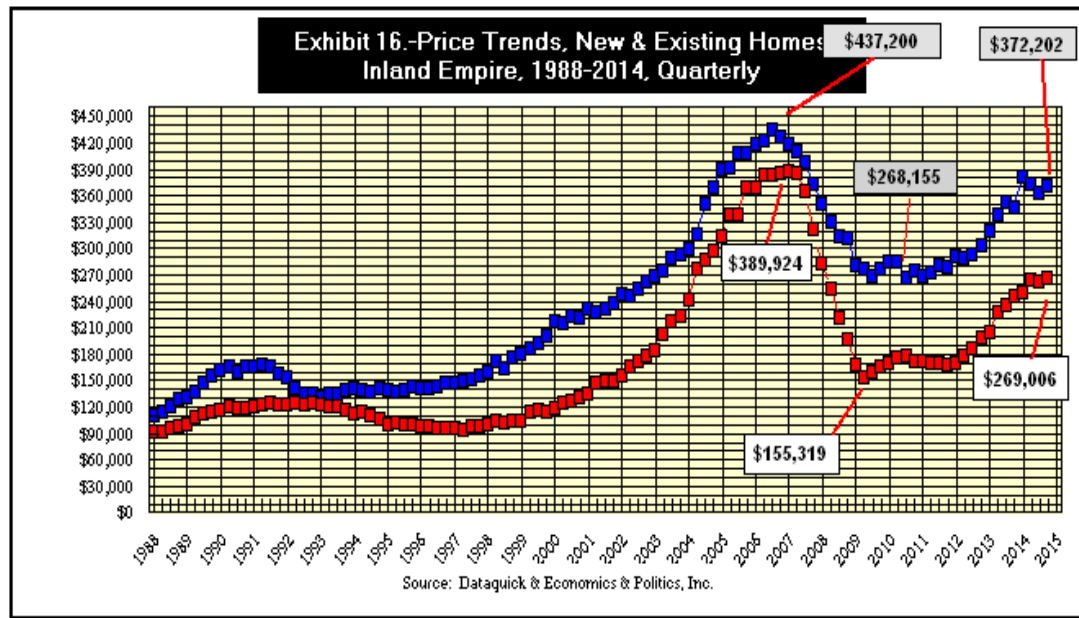
Local Economy

The City of Wildomar, in its sixth year of incorporation, continues to experience the same struggling economic environment as the most of the rest of the State. Although a recent leveling off of the high unemployment and property valuations reductions has started, these factors continue to significantly affect the financial condition of this city.



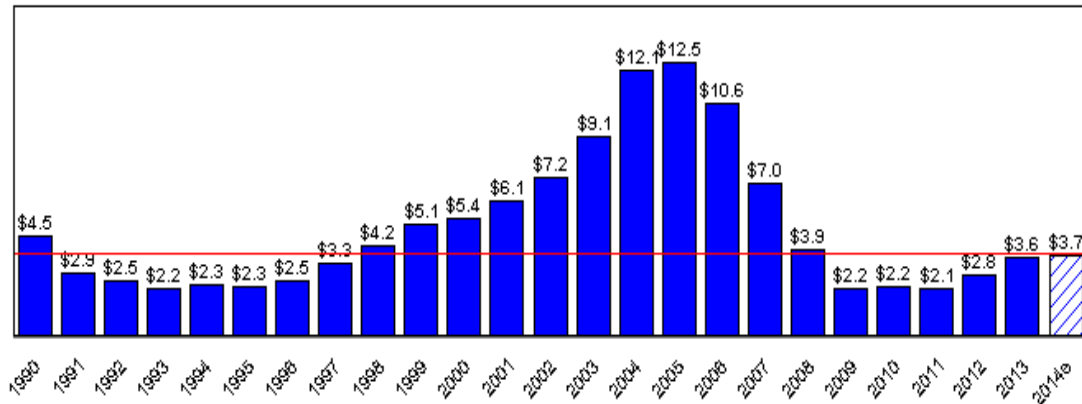
The origin and financial projections for this city were based on the Comprehensive Financial Analysis report (CFA). This report projected the proposed city's fiscal stability based on the economic trends of 2005. All fiscal projections used this as the base year and annually increased revenues on these historic "boom" trends. The city was truly conceived during the economic boom and born into the worst recession this generation has seen. Compounding this is Wildomar's proximity to the Inland Empire (Riverside and San Bernardino counties) which is one of the leaders in the decline in housing values (31% for sales of existing homes) and the State leading unemployment rate of 8.0%.

The decline in housing values has a direct impact on the City's property tax revenues. The CFA report, prepared using 2005-06 data, projected property tax revenue for the City during FY 2013-14, to exceed \$6.3 million. However, the CFA did not project the economic downturn with has left the city with less than \$2.8 million in property tax revenues for the FY 2013-14.



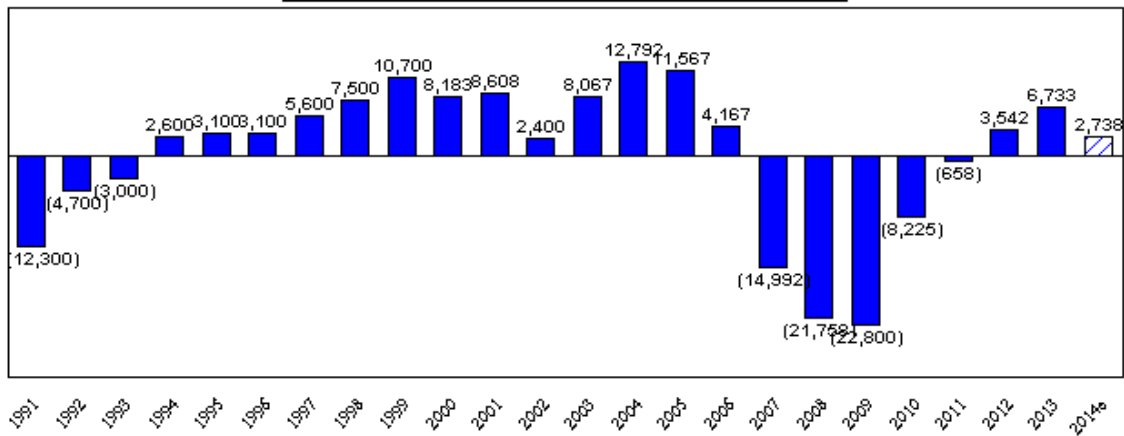
The 55% reduction in property tax revenues is compounded by the effects of the high unemployment in the southwest Riverside County region during the past several years. This is primarily due to the drop in construction activity in Wildomar and the surrounding Riverside County areas, as many of the jobs were in the construction industry. This high unemployment rate contributes to the lower than expected sales tax revenues as the consumer has less confidence in the economy and less money to spend on taxable items.

**Exhibit 14.-Total Building Permit Valuation
Inland Empire, 1990-2014e (billions)**



Source: Construction Industry Research Board, Construction, Construction Home Building Foundation

**Exhibit 2.-Construction Employment Growth
Inland Empire, 1990-2014e**



Source: CA Employment Development Department

State of California.....Fiscal Impacts Continue

On June 8, 2011, the City Council adopted the fiscal year 2011-12, Operating Budgets for the City of Wildomar. A modest, conservative and balanced budget totaling \$8.2 million. Shortly before its scheduled July 1, 2011, implementation, Governor Brown, on the eve of June 30, 2011, approved Senate Bill (SB) 89.

SB 89, was a last-minute budget trailer bill that among other impacts, eliminated \$130 million in California cities Motor Vehicle License Fee (MVLFF) general fund revenues. Specifically, the approval of SB89 by Governor Brown, directed the taking of \$1,782,000 (22%) of budgeted revenues away from the City of Wildomar's \$8,246,100 general fund revenue budget. Furthermore, as in prior years, the City expected to receive the majority of these MVLFF revenues during the month of August which greatly assisted with the City's operating cash flow.

Resulting from the actions taken by the Governor, the City Council, at a Special Council Meeting on July 7, 2011 directed staff to provide a listing of potential budget cuts to meet the newly imposed budget funding levels. At the July 27, 2011 City Council meeting, city staff presented a listing of possible reductions. That evening, the City Council approved a budget reduction plan totaling \$1,823,000.

The planned reductions of \$1,823,000 in the General Fund were primarily directed at:

- Police Services Reduced from 72 hours per day to 40 hours
- 20% Reduction in City Hall Service Hours
- Salary and Benefit Costs reduced
- 50% Reduction in Public Meetings with City Council and Planning Commission

The City continued to seek alternative sources to supplement the \$1.8m taking by the State, however in the near term, the actions of the budget reduction program resulted in an actual reduction of \$ 2,030,718 expenditures as compared to the original budget at fiscal year end. Additionally, those dramatic cuts to the General Fund resulted in the actual revenues exceeding expenditures by \$1,765.00.

Following the austere spending example set in FY 2011-12, the City Council adopted the FY 2012-13, at the May 9, 2012, meeting recognizing the challenges of operating again without 22% of the General Fund revenue due to the State's taking of Motor Vehicle License Fee revenue. This year, FY 2013-14, the City Council adopted the City's first two year budget program which continued the austerity theme. Again, the challenge was to meet the levels of service for the community using far less resources than originally envisioned prior to the State's fiscal intervention. By year end the adopted expenditure budget of was amended several times throughout the year to reflect the changes of the organization and increasing levels of proposed development within the City. At year end the actual expenditures were \$939,599 higher than originally planned primarily due to the development activity, which was partially offset by like revenue increases. The General Fund revenues were \$831,837 more than the

originally planned budgeted revenues. The City sales tax revenue increase by \$177,819 (12.8%) as compared to the prior fiscal year FY 2012-13. At fiscal year end the General Fund expenditures of \$8,286,599 exceeded revenues and transfers of \$8,248,637 by \$37,962, resulting in a year end fund balance of \$770,686. The City will continue to work closely with the ad-hoc finance subcommittee to recognize fiscal changes and recommend actions at the quarterly budget reviews and public hearing meetings.

Current Year Initiatives

In spite of these fiscal issues outside of the City's direct control, management continued to move the city forward with City and organizational-wide initiatives such as:

- Continue to work with other newly incorporated cities to seek fiscal relief from the State of California's taking of the Motor Vehicle License Fee revenues.
- Implementation of a required fiscal impact analysis of new development on the cost of recurring services and mitigation of the annual impact. As the City is 62% developed, all future development will fund the required levels of recurring services and not add to the current General Fund fiscal deficiency.
- Initiated the update the Development Impact Fee (DIF) program to provide a funding source for needed infrastructure as planned by the City replacing the County designed DIF program.
- Negotiated eight year extension of current debt repayment to County for transition year (2008-09) services provided by the County to the City.
- Implemented two year budget program.
- Continued transition of County of Riverside Transportation Uniform Mitigation Fee (TUMF) capital projects to the City including Bundy Canyon Road, Grand Avenue, and Clinton Keith Widening Project.

Long-term financial planning and initiatives

The City will continue to focus its emphasis on controlled and fiscally balanced growth. The City believes that with the appropriate policies in place, as approved and revisited each quarter as part of the budget program, the City's long term financial goals will be met. The City has taken many steps to control expenditure growth and these steps will continue to be reviewed.

Relevant financial policies

The City has a set of financial policies that it abides by and is continually enhancing and adding relevant policies as it develops its formal financial systems. Initially following incorporation, the City adopted all of the County's policies/codes. As the City develops its own unique needs, it will continue to create and tailor these former County policies to directly address the City's goals.

Concluding remarks

The City, in its sixth year of operation, has achieved a great deal in transitioning from the County support services and establishing its own culture and approach to local governance.

In closing, I'd like to state that the preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the finance, public works, planning and administration departments. I would like to express our appreciation to all members of the departments who assisted and contributed to the preparation of this report. Recognition is also extended to Lance, Soll and Lunghard LLP, audit management team, for their dedication and expertise, which contributed significantly to the report quality and adherence to professional accounting standards. Credit also must be given to the Mayor and City Council for their support for striving to have the highest standards of professionalism in the management of the City of Wildomar's finances.

Sincerely,

Gary Nordquist
City Manager

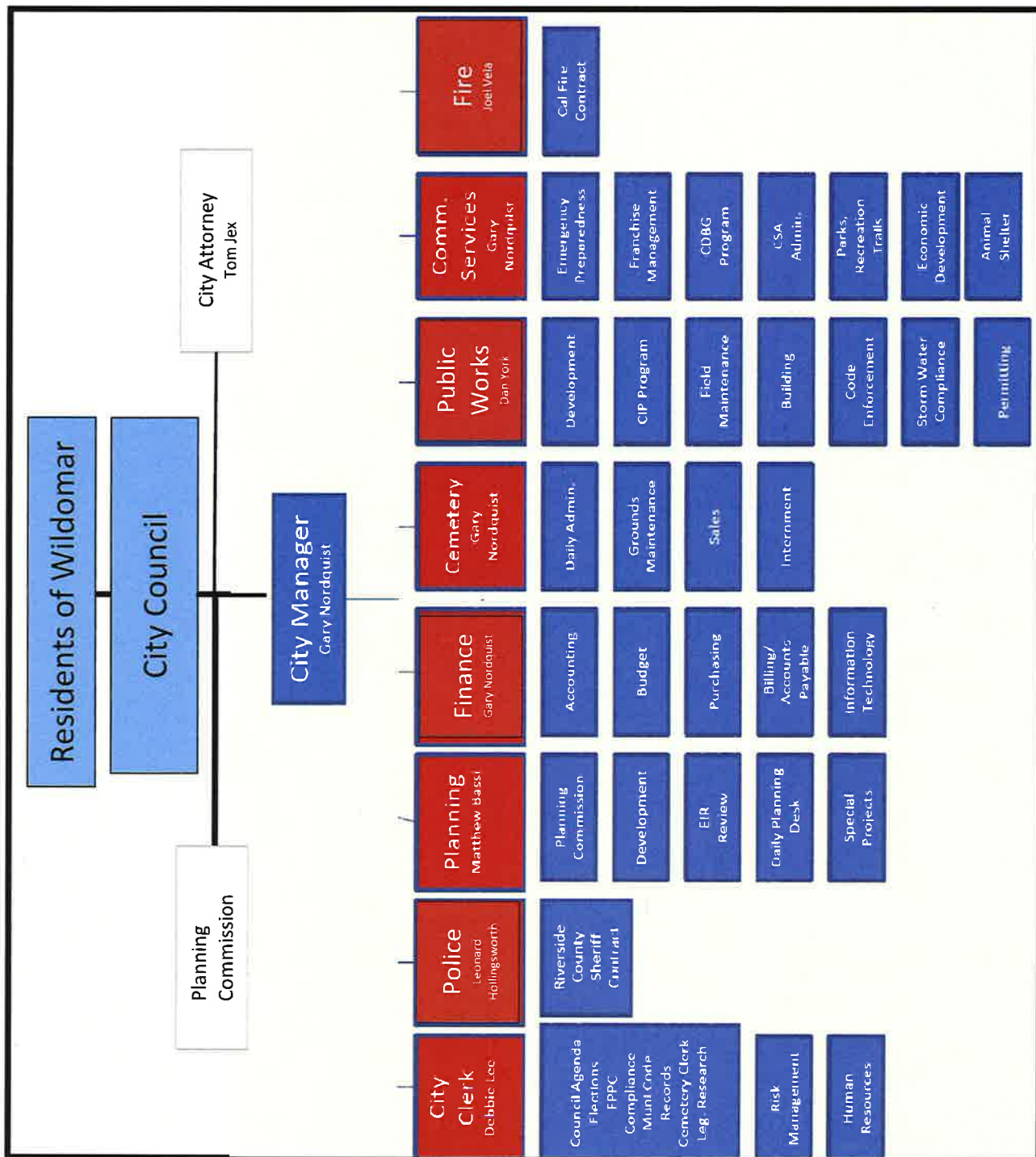
STAFF DIRECTORY

EXECUTIVE MANAGEMENT:

City Manager	<i>Gary Nordquist</i>
Assistant City Manager	<i>Dan York</i>
City Clerk	<i>Debbie Lee</i>
City Attorney	<i>Thomas Jex</i>
Finance Director	<i>Gary Nordquist</i>
Planning Director.....	<i>Matt Bassi</i>
Public Works Director/City Engineer	<i>Dan York</i>
Cemetery Operations Manager.....	<i>Kirk Schrader</i>
Chief of Police	<i>Leonard Hollingsworth</i>
Fire Chief	<i>Joel Vela</i>

CITY OF WILDOMAR CAFR TEAM:

Finance Director	<i>Gary Nordquist</i>
Accounting Manager	<i>Terry Rhodes</i>
Accounting Specialist.....	<i>Rochelle Johnson</i>





Marsha Swanson, Mayor
Ben Benoit, Mayor Pro Tem
Bob Cashman, Council Member
Bridgette Moore, Council Member
Timothy Walker, Council Member

City Manager
Gary Norquist

City Attorney
Thomas Jex



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Wildomar
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

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CITY OF WILDOMAR

FINANCIAL SECTION



All About The numbers

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council
City of Wildomar, California

Report on 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 Wildomar, California, (the 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.



To the Honorable Mayor and Members of the City Council
City of Wildomar, California

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

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section 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 schedules 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 schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



To the Honorable Mayor and Members of the City Council
City of Wildomar, California

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 16, 2015, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Lance, Soll & Lughard, LLP

Brea, California
March 16, 2015

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MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A UNAUDITED)

For the Year Ended June 30, 2014

As management of the City of Wildomar, we offer readers of the City of Wildomar's financial statements this narrative overview and analysis of the financial activities of the City of Wildomar for its sixth fiscal year of operation which ended June 30, 2014. This the sixth year of incorporation for the City and thus comparative data is limited to those years. We encourage the reader to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i through ix of this CAFR report.

THE FINANCIAL HIGHLIGHTS

When revenues exceed expenses, the result is an increase in net position. When expenses exceed revenues, the result is a decrease in net position. You can think of this relationship between revenues and expenses as the City's operating results. You can think of the City's net position, as measured in the Statement of Net Position, as one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net position, as measured in the Statement of Activities, are one indicator of whether its financial health is improving or deteriorating. However, the City's goal is to provide services that improve the quality of life for our residents, not to generate profits as companies do.

For this reason, you will need to consider many other non-financial factors, such as the condition of our roads, in assessing the overall health of our City.

- The assets of the City of Wildomar exceeded its liabilities as of June 30, 2014, by \$29,205,201. The total net position include all infrastructures of the governmental funds.
- The City of Wildomar's total net position increased by \$1,404,285 or 5%.
- As of June 30, 2014, the City of Wildomar's governmental funds reported combined ending fund balances of \$5,319,697 a decrease of \$117,731, in comparison to the prior year.
- The City of Wildomar's total general obligation debt is \$1,535,598 a reduction of \$429,197, which is primarily due to restructuring the repayment of a County debt by adding 8 years and replacing the 4% annual interest to CPI's annual rate. The loan was for services provided by the County during the City's FY 2008-09 transition year. This loan, including both general fund and special revenue funds, is now valued at \$1,294,377. The liability for compensated absences is \$109,511 and other post retirement benefits of \$131,710 which includes the Cemetery District.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Wildomar's basic financial statements. These basic financial statements are comprised of three components:

- 1) Government-wide financial statements,
- 2) Fund financial statements, and
- 3) Notes to the financial statements.

This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

As previously discussed, government-wide financial statements detail all capital assets, including infrastructure, depreciation, and long-term debt. Specifically, these statements are designed to provide an expansive overview of the City's finances. Given its scope and in an effort to adequately present this data in a comprehensible format, the government-wide financial statements are divided into two subcategories, the Statement of Net Position and the Statement of Activities. These statements reasonably chart long and short-term information regarding the City's financial condition.

The City's statements provide a manageable yet comprehensive view of the City's economic position, appropriately accounting for all revenue and expenses during the specified fiscal year. To accomplish this, government-wide financial statements are reported utilizing the flow of economic resources (cost of services) measurement focus and the accrual method of accounting. Using the flow of economic resources measurement focus allows the City to provide financial transparency insofar as all assets and liabilities are listed on the Statement of Net Position. The added use of the accrual basis of accounting allows the City a 'real-time' advantage as revenues are recognized when earned and expenses are recognized when incurred.

The Statement of Net Position outlines the City's assets and liabilities. The difference between the assets and liabilities is recorded as net position (assets - liabilities = net position). While fluctuations are expected, over time increases or decreases in the City's net position could be used to gauge the City's financial standing in order to ascertain whether it is improving or deteriorating.

The *Statement of Activities* demonstrates how the City's net position evolve during the current fiscal year. Specifically, this statement provides comparative analysis between direct expenses and program revenues for each functional activity of the City. In this forum, net asset changes are recorded in real time when triggered by underlying

events without respect to the timing of the related cash flows. Because of this it is expected that revenue and expenses for some items (such as uncollected taxes and earned but unused vacation and/or sick leave) will result in recorded cash flows in future fiscal periods.

Combined, the *Statements* reveal functions of the City that can be divided into two categories:

- 1) Governmental activities, and
- 2) Business-type activities.

Governmental activities are chiefly supported by:

- a) taxes elicited from such sources as utility user's tax, transient occupancy tax, sales tax, property tax, and franchise tax, and:
- b) Intergovernmental revenues such as motor vehicle in-lieu fees.

Governmental activities of the City are inclusive of general government, police, fire, public works, traffic and transportation, community development, and community services. As mentioned earlier, tax revenue principally funds these activities. Consequently, a good portion of the City's basic services is reported in this category.

The Government-wide Financial Statements can be found in the Table of Contents under Basic Financial Statements.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Wildomar, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Specifically, these Fund Financial Statements cover segregated groupings of related accounts whose funds have been designated for specific activities or purpose. They provide a detailed accounting of revenue and expenditures, assets and liabilities, and remaining fund balances for each fund. This helps to ensure and demonstrate finance related legal compliance.

Fund financial statements differ from activity reports due to the way capital outlay, depreciation, long-term debt, compensated absences, deferred revenues, and intergovernmental receivables are reported. The impact of these differences is laid out in the notes accompanying the financial statements.

Funds required by State law (i.e., Highway Users Tax) are part of the fund financial statements. Likewise, other funds (i.e., Developer Impact Fees, and Grants) established to provide the City with tighter fiscal controls and accountability are itemized on these statements.

Governmental funds

Governmental funds are reported in essentially the same fashion as governmental activities in the government-wide financial statements with an exception---governmental fund financial statements focus on near-term inflows and outflows of spendable resources and balances of spendable resources. This means governmental fund financial statements identify current sources and uses of money within the immediate fiscal year. Benefits derived include a detailed *short-term view* of the City's general government operations and the basic services it provides, which assist in determining whether there are sufficient financial resources available to meet the City's current needs.

Since the scope of the governmental funds is different than that of the government-wide financial statements, it is beneficial to comparatively examine information presented for the governmental funds with information presented for governmental activities in the government-wide financial statements.

The reader gains a clearer picture of the long-term impacts current financial decisions might yield. When examined together, the governmental funds Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances provide the reader with a different snapshot that identifies variances between the two different methodologies of accounting for governmental activities and governmental funds.

The City of Wildomar maintains 29 individual governmental funds. Information is summarized in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Special Revenue Funds and Other Governmental Funds (Community Service Areas and Landscape Maintenance District). Data from the 29 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* later in this report.

Proprietary funds record revenues when they are earned and record expenses at the time liabilities are incurred. Proprietary funds can be divided into two fund types: enterprise funds and internal service funds. Enterprise funds display financial activities operating in a similar fashion to a business enterprise. Specifically, these funds account for services for which the City charges a user fee. Enterprise funds are documented in the business-type activities section of the governmental-wide financial statements. They account for operations that provide services primarily to customers outside the financial reporting entity (the City). The City of Wildomar does not have any Proprietary Funds to report.

Internal service funds are generally used to accumulate and allocate costs internally among the City's various functions. These funds might include general benefits and insurance, duplicating and printing, office maintenance, architectural services, and information technology, to name a few. Given these services largely benefit governmental activities rather than business-type functions, City services that might ordinarily be reported in this area have been included with governmental activities in the government-wide financial statements. The City of Wildomar does not have any Internal Service Funds to report.

The City of Wildomar adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 26 through 31 of this report.

Notes to the Basic Financial Statements

The Notes to the 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. The Notes to the Basic Financial Statements can be found in the Table of Contents under the heading Notes to Financial Statements.

Other Supplementary Information

In addition to the basic financial statements and included within the notes, this report also presents certain *supplementary information*. The combining statements referred to earlier in connection with non-major governmental funds are presented for all non-major Special Revenue Funds and Community Service Area Capital Project Funds. The supplementary financial information also includes budgetary comparison schedules for the non-major governmental funds to demonstrate compliance with the annual budget as adopted and amended. The Supplementary Information can be found following the Notes to the Basic Financial Statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Wildomar, assets exceeded liabilities by \$29,205,201 at June 30, 2014. Infrastructure assets of the governmental activities are included within this report. The general capital assets (e.g., land, buildings, machinery, infrastructure, and equipment) of the governmental activities of the City of Wildomar are the largest portion of the City's net position (84%).

During the fiscal year ended June 30, 2014, net position was \$29,205,201 of which \$24,394,130 is invested in capital assets such as equipment, buildings and infrastructure. Of the remaining total, \$5,638,735 is restricted to specifically stipulated spending agreements originated by law, contract or other agreements and (\$921,235) is unrestricted. Of note is the fact that the City has no outstanding debt related to capital assets held.

Table 1 Net Position-Primary Government

City of Wildomar Summary of Net Position As of the Year Ended June 30, 2014					
	2014	2013	2012	2011	2010
Assets:					
Current and other assets	\$ 10,134,045	\$ 9,119,464	\$ 7,557,176	\$ 6,445,594	\$ 5,157,998
Capital assets	24,394,130	23,349,508	11,725,170	12,329,670	13,341,779
Total Assets	<u>\$ 34,528,175</u>	<u>\$ 32,468,972</u>	<u>\$ 19,282,346</u>	<u>\$ 18,775,264</u>	<u>\$ 18,499,777</u>
Liabilities:					
Other Liabilities	\$ 3,842,347	\$ 3,241,403	\$ 2,019,196	\$ 2,285,577	\$ 1,731,981
Long-term Liabilities	1,480,627	1,426,653	2,122,490	1,974,607	1,862,830
Total Liabilities	<u>\$ 5,322,974</u>	<u>\$ 4,668,056</u>	<u>\$ 4,141,686</u>	<u>\$ 4,260,184</u>	<u>\$ 3,594,811</u>
Net Position:					
Net Investment in capital asset:	\$ 24,394,130	\$ 23,349,508	\$ 11,725,170	\$ 12,329,670	\$ 13,341,779
Restricted	5,732,306	5,871,955	4,044,485	2,704,186	2,381,603
Unrestricted	(921,235)	(1,420,547)	(628,995)	(518,776)	(818,416)
Total Net Position	<u>\$ 29,205,201</u>	<u>\$ 27,800,916</u>	<u>\$ 15,140,660</u>	<u>\$ 14,515,080</u>	<u>\$ 14,904,966</u>

Table 2 Changes in Net Position-Primary Government

City of Wildomar					
Changes in Net Position - Primary Government					
For the Year Ended June 30, 2014					
	Governmental Activities				
	2014	2013	2012	2011	2010
Revenues					
Program Revenues					
Charges for Service	\$ 1,001,675	\$ 1,704,933	\$ 354,539	\$ 771,174	\$ 865,329
Operating Grants and Contributions	4,779,835	4,395,853	4,330,946	2,918,349	3,472,911
Capital Grants and Contributions	1,900,000	-	-	226,422	-
General Revenues					
Sales Taxes	1,561,683	1,383,864	1,362,647	1,226,227	1,096,907
Property Taxes	3,465,511	3,243,285	3,307,425	3,092,037	2,743,768
Other Taxes	1,092,188	988,686	1,439,678	2,791,601	2,930,609
Other Revenues	54,338	48,344	30,943	32,882	84,030
Use of Money and Property	3,605	3,183	12,011	7,737	9,682
Total Revenues	13,858,835	11,768,148	10,838,189	11,066,429	11,203,236
Expenses					
General Government	2,110,310	2,496,792	1,923,733	2,231,313	1,798,566
Public Safety	3,963,933	4,667,605	3,996,420	5,413,023	5,378,962
Community Development	2,881,440	1,818,348	1,253,984	1,069,198	1,786,894
Parks and Recreation	405,589	219,707	303,190	297,168	341,458
Public Works	2,570,554	2,184,645	2,551,241	2,371,664	2,741,040
Interest on Long-term debt	522,724	-	76,907	73,949	71,105
Total Expenses	12,454,550	11,387,097	10,105,475	11,456,315	12,118,025
Increase (Decrease) in Net Assets	1,404,285	381,051	732,714	(389,886)	(914,789)
Beginning Net Position	27,800,916	15,140,660	14,515,080	14,904,966	15,707,445
Restatement of Net Position	-	12,279,205	(107,134)	-	112,310
Ending Net Position	\$ 29,205,201	\$ 27,800,916	\$ 15,140,660	\$ 14,515,080	\$ 14,904,966

As of the date of this report, property taxes were the single greatest source of City revenues for governmental activities. Total revenues collected for governmental activities increased by \$222,226 (7%) as compared to the fiscal year 2012-13. The State of California taking of the recurring Motor Vehicle License Fee Revenues in FY 2011-12 (MVLFF, estimated at \$1.7m of "Other Taxes") is noticed in the Other Taxes line under General Revenues.

Financial Analysis of Governmental Funds

As noted earlier, the City of Wildomar uses fund accounting to ensure and demonstrate compliance with finance–related legal requirements.

Governmental Funds

As stated, governmental fund financial statements identify current sources and uses of money. Benefits derived include a detailed *short-term view* of the City's general government operations and the basic services it provides, which assists in determining whether there are sufficient financial resources available to meet the City's current needs.

The financial position of the City's governmental funds has decreased when compared to the previous fiscal year. The total ending fund balance for the City's governmental funds was \$5,319,697 which represented an \$117,731 or (2%) decrease from the prior fiscal year.

Restricted fund balance is \$5,638,735, the non-spendable fund balance is \$93,571 and unassigned fund balance is (\$412,609) primarily due to the grant funds.

Other Major Funds Budgetary Highlights:

Gas Tax and Measure A Funds

These funds are primarily used to record the expenditure of funds for road maintenance and capital transportation projects. Their source of funding is State taxes on gasoline and Measure A receives funding from a county-wide voter approved sales tax.

Development Impact Fees

These funds are used to record the capital expenditures of funds various improvements needed to meet the increased demands associated with new development, primarily residential. Capital facility expansions are pre-determined and are constructed when the collected fees fully fund the improvement. No improvements were authorized for construction during fiscal year 2013-14.

Other Governmental Funds-Community Service Area (CSAs) Funds

As a part of the incorporation of the City, five former CSAs were fully detached from the County in 2010 and transferred to the City. These funds provide services for street lights and landscape maintenance.

General Fund Financial Highlights

The General Fund is the primary funding source for the City. At fiscal year end, the unassigned fund balance of the general fund was \$770,686 or 9% of the City's expenditures of \$8,409,804.

As previously mentioned, the effects of the local economy and State take-aways continue to dramatically impact the City's main general fund revenue sources.

- The effects of the State take away of the City's Motor Vehicle License Fee (MVLFF) revenues continue to impact the General Fund by \$1.7 million or 23% of total revenues. The City continues to operate with reduced service levels and other budget reduction measures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets (Table 3) for its governmental activities as of June 30, 2014, is \$24,394,130 (net of accumulated depreciation). This investment in capital assets includes land, structures and improvements, furniture and equipment, infrastructure and construction in progress. For more information, please refer to Note 4 in the Notes to Financial Statements. The Capital Assets of the City are those assets which are used in the performance of the City's functions including infrastructure assets. Depreciation on capital assets is recognized in the Government-wide financial statements.

Additional detail information is provided on Capital Assets in the Notes to Financial Statements, Note 1.d.

In accordance with GASB Statement No. 34, the City has reported all general infrastructure assets.

Table 3 Summary of Changes in Capital Assets

City of Wildomar Summary of Changes in Capital Assets For the Year Ended June 30, 2014						
	Beginning Balance	Adjusted Beginning Balance	Transfers	Additions	Deletions	Ending Balance
Governmental Activities:						
Capital Assets, not being depreciated:						
Land	\$ 1,290,006	\$ 1,290,006	\$ -	\$ 1,900,000	\$ -	\$ 3,190,006
Construction in Progress	843,968	843,968	(218,617)	713,890	-	1,339,241
Right-of-way	622,935	622,935	-	-	-	622,935
Total Capital Assets, Not Being Depreciated	2,756,909	2,756,909	(218,617)	2,613,890	-	5,152,182
Capital Assets, being depreciated:						
Buildings and Improvements	6,875,854	6,875,854	218,617	-	-	7,094,471
Furniture, fixtures and Equipment	46,730	46,730	-	-	-	46,730
Traffic Signals	128,838	128,838	-	-	-	128,838
Infrastructure	40,245,355	40,245,355	-	-	-	40,245,355
Total Capital Assets, Being Depreciated	47,296,777	47,296,777	218,617	-	-	47,515,394
Less Accumulated Depreciation						
Buildings and Improvements	1,633,827	1,633,827	-	218,834	-	1,852,661
Furniture, fixtures and Equipment	25,287	25,287	-	30,626	-	55,913
Traffic Signals	12,884	12,884	-	6,442	-	19,326
Infrastructure	25,032,180	25,032,180	-	1,313,366	-	26,345,546
Total Accumulated Depreciation	26,704,178	26,704,178	-	1,569,268	-	28,273,446
Total Capital Assets, Being Depreciated, Net	20,592,599	20,592,599	218,617	(1,569,268)	-	19,241,948
Government Activities Capital Assets, Net	\$ 23,349,508	\$ 23,349,508	\$ -	\$ 1,044,622	\$ -	\$ 24,394,130

Long-term Debt

At year end, the City had \$1,535,598 in outstanding long-term debt for Governmental Activities. This debt is primarily due to a loan from the County of Riverside for the cost of services (\$1,294,377) the County provided to the City during the City's first year of incorporation, Compensated Absences (\$109,511) and Other Post-Retirement Benefits (\$131,710). Long-term debt decreased \$483,243 during the year due primarily to a payment to the County of Riverside.

Table 4 Summary of Changes in Long-Term Liabilities

City of Wildomar					
Summary of Changes in Long-Term Liabilities					
For the Year Ended June 30, 2014					
	Beginning Balance	Additions	Deductions	Ending Balance	Within One Year
Loan from Riverside County	\$ 1,777,620	\$ -	\$ 483,243	\$ 1,294,377	\$ -
Total County Loan	1,777,620	-	483,243	1,294,377	-
Other Post-Retirement Benefits	104,687	27,023	-	131,710	-
Compensated Absences	82,488	68,429	41,406	109,511	54,971
Total Long-Term Liabilities	\$ 1,964,795	\$ 95,452	\$ 524,649	\$ 1,535,598	\$ 54,971

ECONOMIC FACTORS AND OUTLOOK FOR FUTURE YEARS

Although the focus of this Comprehensive Annual Financial Report is the economic condition of the City in the Fiscal Year ended June 30, 2014, in preparing the budget for fiscal year 2014-15, management gave careful consideration to the continued impact the State of California will have on the City's budget. Substantial changes have occurred in the economy in which the City operates, and at this time the effect of these factors on the City's operations and its costs are difficult to predict. The overall approach in the development of the fiscal year 2014-15 budget was to achieve and maintain an appropriate balance of expenditure reductions to address the negative economic and State of California impacts on City revenues, while minimizing impacts on the delivery of services, programs and capital projects.

Key budget assumptions for forecasting General Fund revenues include the following:

- The City developed its adopted budget predicated upon the State's current adopted budget. Currently, the City is united with other newly incorporated cities in seeking a replacement of the Motor Vehicle License Fee revenues which the State took from local governments in FY 2011-12.
- Sales tax revenues showed a minor increase over last year.
- Residential property values are known to be increasing.

The Adopted Operating Budget for Fiscal Year 2014-15 is structurally balanced, addresses some of the City Council's priorities, and attempts to balance achievement of community needs and accomplishment of the Council's goals and objectives while maintaining financial stability in light of the State's taking of the City's MVLF revenues.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Wildomar's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

City of Wildomar
Attention: City Manager
23873 Clinton Keith Road, Suite 201,
Wildomar, California 92595

General information relating to the City of Wildomar, California, can be found at the City's website, www.cityofwildomar.org.

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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CITY OF WILDOMAR

STATEMENT OF NET POSITION
JUNE 30, 2014

	Primary Government Governmental Activities
Assets:	
Cash and investments	\$ 8,399,543
Receivables:	
Accounts	1,730,079
Accrued interest	852
Prepaid costs	62
Inventories	3,509
Capital assets not being depreciated	5,152,182
Capital assets, net of depreciation	19,241,948
Total Assets	34,528,175
Liabilities:	
Accounts payable	1,953,330
Accrued liabilities	37,690
Unearned revenue	615,969
Deposits payable	1,080,483
Due to other governments	99,904
Noncurrent liabilities:	
Due within one year	54,971
Due in more than one year	1,480,627
Total Liabilities	5,322,974
Net Position:	
Investment in capital assets	24,394,130
Restricted for:	
Community development projects	2,640,489
Public safety	226
Public works	1,352,511
Cemetery	1,649,080
Cemetery Trust	
Nonexpendable	90,000
Unrestricted	(921,235)
Total Net Position	\$ 29,205,201

CITY OF WILDOMAR

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2014

		Program Revenues		Net (Expenses) Revenues and Changes in Net Position
		Operating	Capital	
	Expenses	Charges for Services	Contributions and Grants	Contributions and Grants
				Governmental Activities
Functions/Programs				
Primary Government:				
Governmental Activities:				
General government	\$ 2,110,310	\$ 706,214	\$ 518,426	\$ -
Public safety	4,087,138	1,480	100,000	-
Community development	2,881,440	285,075	1,921,554	1,900,000
Parks and recreation	405,589	40	10,136	-
Public works	2,570,554	8,866	2,229,719	-
Interest on long-term debt	522,724	-	-	-
Total Governmental Activities	12,577,755	1,001,675	4,779,835	1,900,000
Total Primary Government	\$12,577,755	\$ 1,001,675	\$ 4,779,835	\$ 1,900,000
General Revenues:				
Taxes:				
Property taxes, levied for general purpose				3,465,511
Sales taxes				1,561,683
Franchise taxes				972,108
Business licenses taxes				14,041
Other taxes				106,039
Use of money and property				3,605
Other				54,338
Total General Revenues				6,177,325
Change in Net Position				1,281,080
Net Position at Beginning of Year				27,800,916
Restatement of Net Position				123,205
Net Position at End of Year				\$ 29,205,201

FUND FINANCIAL STATEMENTS

CITY OF WILDOMAR

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014

	Special Revenue Funds			
	General	Gas Tax	Measure A	Development Impact Fees
Assets:				
Pooled cash and investments	\$ 1,941,608	\$ 147,630	\$ 1,062,229	\$ 3,088,225
Receivables:				
Accounts, grants and taxes	649,929	111,126	86,010	-
Accrued interest	852	-	-	-
Prepaid costs	-	-	-	-
Due from other funds	549,449	-	-	-
Inventories	-	-	-	-
Total Assets	\$ 3,141,838	\$ 258,756	\$ 1,148,239	\$ 3,088,225
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ 1,165,772	\$ 88,811	\$ 34,776	\$ 3,884
Accrued liabilities	24,993	6,298	-	94
Unearned revenues	-	-	-	615,969
Deposits payable	1,080,483	-	-	-
Due to other governments	99,904	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	2,371,152	95,109	34,776	619,947
Deferred Inflows of Resources:				
Unavailable revenues	-	9,086	-	-
Total Deferred Inflows of Resources	-	9,086	-	-
Fund Balances:				
Nonspendable:				
Inventory	-	-	-	-
Prepaid costs	-	-	-	-
Cemetery endowment	-	-	-	-
Restricted for:				
Community development projects	-	-	-	2,468,278
Public safety	-	-	-	-
Public works	-	154,561	1,113,463	-
Cemetery	-	-	-	-
Unassigned	770,686	-	-	-
Total Fund Balances	770,686	154,561	1,113,463	2,468,278
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 3,141,838	\$ 258,756	\$ 1,148,239	\$ 3,088,225

CITY OF WILDOMAR

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014

	Special Revenue Funds			
	Grants	Wildomar Cemetery District	Other Governmental Funds	Total Governmental Funds
Assets:				
Pooled cash and investments	\$ -	\$ 1,736,441	\$ 423,410	\$ 8,399,543
Receivables:				
Accounts, grants and taxes	756,551	22,484	103,979	1,730,079
Accrued interest	-	-	-	852
Prepaid costs	-	62	-	62
Due from other funds	-	-	-	549,449
Inventories	-	3,509	-	3,509
Total Assets	\$ 756,551	\$ 1,762,496	\$ 527,389	\$ 10,683,494
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ 449,987	\$ 18,522	\$ 191,578	\$ 1,953,330
Accrued liabilities	-	4,894	1,411	37,690
Unearned revenues	-	-	-	615,969
Deposits payable	-	-	-	1,080,483
Due to other governments	-	-	-	99,904
Due to other funds	330,356	-	219,093	549,449
Total Liabilities	780,343	23,416	412,082	4,336,825
Deferred Inflows of Resources:				
Unavailable revenues	754,351	-	263,535	1,026,972
Total Deferred Inflows of Resources	754,351	-	263,535	1,026,972
Fund Balances:				
Nonspendable:				
Inventory	-	3,509	-	3,509
Prepaid costs	-	62	-	62
Cemetery endowment	-	90,000	-	90,000
Restricted for:				
Community development projects	-	-	172,211	2,640,489
Public safety	-	-	226	226
Public works	-	-	84,487	1,352,511
Cemetery	-	1,645,509	-	1,645,509
Unassigned	(778,143)	-	(405,152)	(412,609)
Total Fund Balances	(778,143)	1,739,080	(148,228)	5,319,697
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 756,551	\$ 1,762,496	\$ 527,389	\$ 10,683,494

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CITY OF WILDOMAR

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2014

Fund balances of governmental funds		\$	5,319,697
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets net of depreciation have not been included as financial resources in governmental fund activity.			24,394,130
Long-term debt and compensated absences that have not been included in the governmental fund activity:			
Loan from County	\$	(1,294,377)	
Compensated Absences		<u>(109,511)</u>	(1,403,888)
Governmental funds report all OPEB contributions as expenditures, however in the statement of net position any excesses or deficiencies in contributions in relation to the Annual Required Contribution (ARC) are recorded as a asset or liability.			(131,710)
Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity.			<u>1,026,972</u>
Net Position of governmental activities		\$	<u>29,205,201</u>

CITY OF WILDOMAR

**STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2014**

	Special Revenue Funds			
	General	Gas Tax	Measure A	Development Impact Fees
Revenues:				
Taxes	\$ 5,762,293	\$ -	\$ -	\$ -
Licenses and permits	9,880	-	-	-
Intergovernmental	63,038	1,162,343	505,151	-
Charges for services	203,728	-	-	-
Use of money and property	3,301	-	-	-
Fines and forfeitures	81,387	-	-	-
Developer participation	1,592,501	-	-	687,660
Miscellaneous	10,509	-	-	-
Total Revenues	7,726,637	1,162,343	505,151	687,660
Expenditures:				
Current:				
General government	1,392,531	12,074	-	-
Public safety	4,565,761	-	-	-
Community development	2,326,900	6,298	-	120,722
Parks and recreation	-	-	-	-
Public works	16,442	794,840	413,545	-
Capital outlay	-	28,768	-	-
Debt service:				
Principal retirement	108,170	375,073	-	-
Interest and fiscal charges	-	39,481	-	-
Total Expenditures	8,409,804	1,256,534	413,545	120,722
Excess (Deficiency) of Revenues Over (Under) Expenditures	(683,167)	(94,191)	91,606	566,938
Other Financing Sources (Uses):				
Transfers in	522,000	-	-	-
Transfers out	-	(195,800)	(40,400)	(90,600)
Total Other Financing Sources (Uses)	522,000	(195,800)	(40,400)	(90,600)
Net Change in Fund Balances	(161,167)	(289,991)	51,206	476,338
Fund Balances, Beginning of Year, as previously reported	808,648	444,552	1,062,257	1,991,940
Restatements	123,205	-	-	-
Fund Balances, Beginning of Year, as restated	931,853	444,552	1,062,257	1,991,940
Fund Balances, End of Year	\$ 770,686	\$ 154,561	\$ 1,113,463	\$ 2,468,278

CITY OF WILDOMAR

**STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2014**

	Special Revenue Funds		Other	Total
	Grants	Wildomar Cemetery District	Governmental Funds	Governmental Funds
Revenues:				
Taxes	\$ -	\$ 355,334	\$ 1,755	\$ 6,119,382
Licenses and permits	-	-	-	9,880
Intergovernmental	449,510	-	967,961	3,148,003
Charges for services	-	9,600	-	213,328
Use of money and property	-	304	-	3,605
Fines and forfeitures	-	-	-	81,387
Developer participation	-	-	554	2,280,715
Miscellaneous	-	42,719	1,110	54,338
Total Revenues	449,510	407,957	971,380	11,910,638
Expenditures:				
Current:				
General government	16,154	259,263	369,809	2,049,831
Public safety	-	-	4,620	4,570,381
Community development	-	-	427,520	2,881,440
Parks and recreation	-	-	188,047	188,047
Public works	742	-	157,697	1,383,266
Capital outlay	513,934	-	13,183	555,885
Debt service:				
Principal retirement	-	-	-	483,243
Interest and fiscal charges	-	-	-	39,481
Total Expenditures	530,830	259,263	1,160,876	12,151,574
Excess (Deficiency) of Revenues Over (Under) Expenditures	(81,320)	148,694	(189,496)	(240,936)
Other Financing Sources (Uses):				
Transfers in	-	-	-	522,000
Transfers out	(6,900)	-	(188,300)	(522,000)
Total Other Financing Sources (Uses)	(6,900)	-	(188,300)	-
Net Change in Fund Balances	(88,220)	148,694	(377,796)	(240,936)
Fund Balances, Beginning of Year, as previously reported	(689,923)	1,590,386	229,568	5,437,428
Restatements	-	-	-	123,205
Fund Balances, Beginning of Year, as restated	(689,923)	1,590,386	229,568	5,560,633
Fund Balances, End of Year	\$ (778,143)	\$ 1,739,080	\$ (148,228)	\$ 5,319,697

CITY OF WILDOMAR

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2014**

Net change in fund balances - total governmental funds \$ (240,936)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlay	\$ 2,613,890	
Depreciation	<u>(1,569,268)</u>	1,044,622

The issuance of long-term debt provides current financial resources to governmental funds, while repayment of principal of long-term debt consumes the current financial resources of governmental funds.

Matured unpaid interest on County Loan which was forgiven		483,243
---	--	---------

Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

(27,023)

Governmental funds report all contributions in relation to the annual required contribution (ARC) for OPEB as expenditures, however in the statement of activities only the ARC is an expense.

(27,023)

Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity.

48,197

Change in net position of governmental activities		<u>\$ 1,281,080</u>
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NOTES TO FINANCIAL STATEMENTS

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I. SIGNIFICANT ACCOUNTING POLICIES

Note 1: Summary of Significant Accounting Policies

a. Description of the Reporting Entity

The City of Wildomar, California (the City), was incorporated on July 1, 2008, under the laws of the State of California and enjoys all the rights and privileges applicable to a General Law City. The City is governed by an elected five-member board. As required by generally accepted accounting principles, these financial statements present the City (the primary government) and its component units. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be incomplete. Under this definition, it is determined that there are no component units for this reporting entity, and these financial statements present the financial reporting entity that consisted solely of the City as the primary government.

b. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

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 instead as general revenues.

c. Measurement Focus, Basis of Accounting and Financial Statement 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. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. 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 to be available if they are collected within 90 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 1: Summary of Significant Accounting Policies (Continued)

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental funds:

The General fund is the City's primary operating fund. All general tax receipts and fee revenue not allocated by law, Council policy or contractual agreement to other funds are accounted for in the General Fund. General Fund expenditures include operations traditionally associated with activities, which are not required to be accounted for or paid by another fund.

The Gas Tax Fund accounts for transportation and road maintenance costs funded by state taxes on gasoline.

The Measure A Fund includes transportation improvements funded by revenues generated under Measure A.

The Development Impact Fees Fund accounts for new development impact fees that are collected on the City's behalf and can only be used to pay for capital expenditures and cannot be used for operating costs.

The Grants Fund accounts for revenues and expenditures of specific purpose grants within the City.

The Wildomar Cemetery District accounts for revenues and expenditures of the Wildomar Cemetery District, which includes transactions for services, rents, property taxes and interest. The City took over the operations of the District on November 9, 2011 after the Riverside County Local Agency Formation Commission approved the Wildomar Cemetery District as a subsidiary district of the City. This fund also includes an endowment of \$90,000 that is derived from an endowment care fee assessed on each sale of burial right and earnings on these resources.

Additionally, the City reports the following fund types:

The capital projects fund accounts for the acquisition and operation of the government's capital facilities that were acquired from Riverside County.

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

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 1: Summary of Significant Accounting Policies (Continued)

d. Assets, Liabilities and Net Position or Equity

Cash and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. For financial statement presentation purposes, cash and cash equivalents are shown as both restricted and unrestricted cash and investments in the governmental funds.

Investments are reported at fair value. The City's policy is generally to hold investments until maturity or until fair values equal or exceed cost. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Receivables and Payables

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 other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectibles.

Prepaid Costs and Deposits

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid costs in both government-wide and fund financial statements. The City accounts for prepaid costs using the consumption method and is equally offset by a nonspendable fund balance in the fund-level statement, which indicates that it does not constitute "available spendable resources."

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 1: Summary of Significant Accounting Policies (Continued)

In accordance with GASB Statement No. 34, the City has reported all general infrastructure assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, equipment, and infrastructure are depreciated using the straight-line, half-year convention method over the following estimated useful lives:

Assets	Years
Building and improvements	10-30
Equipment and furniture	3-20
Vehicles	5-10
Infrastructure	10-50
Software	5-10

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 City does not have an item that qualifies for reporting in this category.

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 City 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 revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: sales tax and grant revenues. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Compensated Absences

Vacation pay is payable to employees at the time a vacation is taken or upon termination of employment. The maximum number of vacation days an employee can accrue is 40 days. A maximum of five vacation days per year may be converted to compensation.

Sick leave is payable when an employee is unable to work because of illness. Sick leave is convertible to vacation at the rate of ten (10) days of sick leave to one (1) day of vacation.

The liability for compensated absences will be paid in future years from the General Fund.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 1: Summary of Significant Accounting Policies (Continued)

Fund Equity

In the fund financial statements, government funds report the following fund balance classification:

Nonspendable include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted include amounts that are constrained on the use of resources by either (a) external creditors, grantors, contributors, or laws or regulations of other governments or (b) by law through constitutional provisions or enabling legislation.

Committed include amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest authority, the City Council. The formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a resolution.

Assigned include amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The City Manager is authorized to assign amounts to a specific purpose, which was established by the governing body in Resolution No. 2011-32 approved on June 21, 2011.

Unassigned include the residual amounts that have not been restricted, committed, or assigned to specific purposes.

Net position flow assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund balance flow assumption

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 1: Summary of Significant Accounting Policies (Continued)

Property Taxes

Property tax revenue is recognized on the modified accrual basis, that is, in the fiscal year for which the taxes have been levied providing they become available. Available means then due or past due and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The County of Riverside collects property taxes for the City. Tax liens attach annually as of 12:01 A.M. on the first day in January proceeding the fiscal year for which the taxes are levied. The tax levy covers the fiscal period July 1 to June 30. All secured personal property taxes and one-half of the taxes on real property are due November 1; the second installment is due February 1. All taxes are delinquent, if unpaid, on December 10 and April 10, respectively. Unsecured personal property taxes become due on the first of March each year and are delinquent on August 31.

Functional Classifications

Expenditures of the governmental funds are classified by function. Functional classifications are defined as follows:

- General Government includes legislative activities, City Clerk, City Attorney, City Manager as well as management or supportive services across more than one functional area.
- Public Safety includes those activities which involve police protection, fire protection and animal control services.
- Community Development includes those activities which involve planning, building and safety and code enforcement.
- Parks and Recreation includes activities which provide recreation, cultural and educational services.
- Public Works includes all maintenance, engineering and capital improvements which relate to streets and other public facilities.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

II. STEWARDSHIP

Note 2: Stewardship, Compliance and Accountability

The following funds contained deficit fund balances or net position:

<u>Fund</u>	<u>Amount</u>
Special Revenue Fund:	
Grants	\$ (778,143)
SLESF	(4,620)
TDA	(263,535)
Community Development Block Grant	(136,997)

Encumbrances

Encumbrances are estimations of costs related to unperformed contracts for goods and services. These commitments are recorded for budgetary control purposes in the General, Special Revenue and similar governmental funds. Encumbrances represent the estimated amount of the expenditure ultimately to result if unperformed contracts in process at year-end are completed. They do not constitute expenditures or estimated liabilities.

Budget Basis of Accounting

Budgets for governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

III. DETAILED NOTES ON ALL FUNDS

Note 3: Cash and Investments

As of June 30, 2014, cash and investments were reported in the accompanying financial statements as follows:

Governmental Activities	<u><u>\$ 8,399,543</u></u>
-------------------------	----------------------------

The City maintains a cash and investment pool that is available for use for all funds. Each fund type's position in the pool is reported on the combined balance sheet as cash and investments. The City has adopted an investment policy which authorizes it to invest in various investments.

Interest income earned on pooled cash and investments is allocated quarterly to the General Fund based on average daily cash balances.

Deposits

At June 30, 2014, the carrying amount of the City's deposits was \$6,729,192 and the bank balance was \$6,752,243. The \$23,051 difference represents outstanding checks and other reconciling items.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 3: Cash and Investments (Continued)

The California Government Code requires California banks and savings and loan associations to secure a City's deposits by pledging government securities with a value of 110% of a City's deposits. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of a City's total deposits. The City Treasurer may waive the collateral requirement for deposits which are fully insured up to \$250,000 by the FDIC. The collateral for deposits in federal and state chartered banks is held in safekeeping by an authorized Agent of Depository recognized by the State of California Department of Banking. The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California as an Agent of Depository. These securities are physically held in an undivided pool for all California public agency depositors. Under Government Code Section 53655, the placement of securities by a bank or savings and loan association with an "Agent of Depository" has the effect of perfecting the security interest in the name of the local governmental agency. Accordingly, all collateral held by California Agents of Depository are considered to be held for, and in the name of, the local governmental agency.

Investments

Under provision of the City's investment policy and in accordance with the California Government Code, the following investments are authorized:

- Securities of the U.S. Government
- Securities of U.S. Government Agencies
- City, State and Municipal Bonds
- Time Deposits and Certificates of Deposit
- Negotiable Certificates of Deposit
- Bankers Acceptance Notes
- Commercial Paper
- Repurchase Agreements
- Money Market Mutual Funds
- Local Agency Investment Fund (LAIF)
- Joint Powers Authority Investment Pools

Investments Authorized by Debt Agreements

The above investments do not address investment of debt proceeds held by a bond trustee. Investments of debt proceeds held by a bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy.

Investments 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. LAIF is overseen by the Local Agency Investment Advisory Board, which consists of five members, in accordance with State statute. The State Treasurer's Office audits the fund annually. The fair value of the position in the investment pool is the same as the value of the pool shares.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 3: Cash and Investments (Continued)

GASB Statement No. 31

The City adopted GASB Statement No. 31, Accounting and Financial Reporting for certain investments and for External Investment Pools, as of July 1, 1997. GASB Statement No. 31 establishes fair value standards for investments in participating interest earning investment contracts, external investment pools, equity securities, option contracts, stock warrants and stock rights that have readily determinable fair values. Accordingly, the City reports its investments at fair value in the balance sheet. All investment income, including changes in the fair value of investments, is recognized as revenue in the operating statement.

Custodial Credit Risk

The 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 deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. Investments in U.S. government securities are not considered to have credit risk and, therefore, their credit quality is not disclosed.

As of June 30, 2014, none of the City's deposits or investments were exposed to custodial credit risk.

Concentration of Credit Risk

The City's investment policy diversifies its investments by security type, institution and maturity/call dates. With the exception of U.S. Treasury securities and authorized pools, no more than 50% of the City's total investment portfolio can be invested in a single security type or with a single financial institution.

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's investment policy limits investments in commercial paper to those rated "A" or higher from Standard and Poor's (S&P) and Moody's, respectively. At June 30, 2014, the City's investment in LAIF and money market is unrated.

Interest Rate Risk

The City's investment policy investment maturities to five years, unless matched to a specific cash flow. Reserve funds may be invested in securities exceeding five years if the maturity of such investments is made to coincide as nearly as practicable with the expected use of the funds. The City has elected to use the segmented time distribution method of disclosure for its interest rate risk.

CITY OF WILDOMAR

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 3: Cash and Investments (Continued)

As of June 30, 2014, the City had the following investments and remaining maturities:

	Investment Maturities (in Years) <u>Less than</u> <u>1 year</u>	<u>Fair</u> <u>Value</u>
California Local Agency Investment Fund	\$ 1,545,495	\$ 1,545,495
Money Market	<u>124,856</u>	<u>124,856</u>
Total	<u>\$ 1,670,351</u>	<u>\$ 1,670,351</u>

Note 4: Capital Assets

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

	Beginning Balance	Transfers	Contributions	Additions	Deletions	Ending Balance
Capital assets, not being depreciated:						
Land	\$ 1,290,006	\$ -	\$ 1,900,000	\$ -	\$ -	\$ 3,190,006
Construction in progress	843,968	(218,617)	-	713,890	-	1,339,241
Right-of-way	<u>622,935</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>622,935</u>
Total Capital Assets, Not Being Depreciated	<u>2,756,909</u>	<u>(218,617)</u>	<u>1,900,000</u>	<u>713,890</u>	<u>-</u>	<u>5,152,182</u>
Capital assets, being depreciated:						
Buildings and improvements	6,875,854	218,617	-	-	-	7,094,471
Furniture, fixtures and equipment	46,730	-	-	-	-	46,730
Traffic Signals	128,838	-	-	-	-	128,838
Infrastructure	<u>40,245,355</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,245,355</u>
Total Capital Assets, Being Depreciated	<u>47,296,777</u>	<u>218,617</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>47,515,394</u>
Less accumulated depreciation:						
Buildings and improvements	1,633,827	-	-	218,834	-	1,852,661
Furniture, fixtures and equipment	25,287	-	-	30,626	-	55,913
Traffic Signals	12,884	-	-	6,442	-	19,326
Infrastructure	<u>25,032,180</u>	<u>-</u>	<u>-</u>	<u>1,313,366</u>	<u>-</u>	<u>26,345,546</u>
Total Accumulated Depreciation	<u>26,704,178</u>	<u>-</u>	<u>-</u>	<u>1,569,268</u>	<u>-</u>	<u>28,273,446</u>
Total Capital Assets, Being Depreciated, Net	<u>20,592,599</u>	<u>218,617</u>	<u>-</u>	<u>(1,569,268)</u>	<u>-</u>	<u>19,241,948</u>
Governmental Activities Capital Assets, Net	<u>\$ 23,349,508</u>	<u>\$ -</u>	<u>\$ 1,900,000</u>	<u>\$ (855,378)</u>	<u>\$ -</u>	<u>\$ 24,394,130</u>

*The adjustment was due to the City incorporating a new fixed asset system that is more comprehensive thus reporting assets that should have been reported in prior years.

CITY OF WILDOMAR

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 4: Capital Assets (Continued)

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

Governmental Activities:	
General government	\$ 4,331
Cemetery	2,101
Parks and recreation	217,542
Public works	<u>1,345,294</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,569,268</u>

Note 5: Long-Term Liabilities

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

	Beginning Balance	Additions	Deductions	Ending Balance	Within One Year
Loan from County	\$ 1,777,620	\$ -	\$ 483,243	\$ 1,294,377	\$ -
Other Post-Retirement Benefits	104,687	27,023	-	131,710	-
Compensated absences	<u>82,488</u>	<u>68,429</u>	<u>41,406</u>	<u>109,511</u>	<u>54,971</u>
Total Long-Term Liabilities	<u>\$ 1,964,795</u>	<u>\$ 95,452</u>	<u>\$ 524,649</u>	<u>\$ 1,535,598</u>	<u>\$ 54,971</u>

Loan from County

As part of the Comprehensive Fiscal Analysis prepared as part of the formation documents for the City, the County of Riverside (County) and other servicing agencies were to provide municipal level services during the transition year (July 1, 2008 through June 30, 2009). The County was to receive certain revenues on behalf of the City and apply them to the payment that would otherwise be necessary for providing those services. However, the County is allowed under law to require the City to pay back the overall net cost of providing these services. The amount is to be repaid by June 30, 2014, with interest of 4%; however there is no set repayment schedule. On February 8, 2012, the City formally requested a deferral by resolution. The County Executive Office submitted a resolution for approval by the Board on March 27, 2012, for the City to be allowed to defer repayment of the general fund services cost repayments for an additional eight years to June 30, 2021, with a minimum annual payment of no less than \$100,000 plus CPI starting July 1, 2013, which supersedes the original agreement thus the accrued interest is no longer due. The outstanding balance as of June 30, 2014, is \$1,294,377.

Compensated Absences

The City accrues accumulated unpaid vacation, sick leave and associated employee-related costs when earned (or estimated to be earned) by the employee as described in Note 1. The City at June 30, 2014, had an outstanding accrued balance of unpaid vacation, sick and associated employee of \$109,511 that will be liquidated from various funding sources in future years.

CITY OF WILDOMAR

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 6: Interfund Receivable, Payable and Transfers

a. Due To / From Other Funds

Funds	Due To Other Funds		Total
	Grants Fund	Other Governmental Funds	
Due From Other Funds: General Fund	\$ 330,356	\$ 219,093	\$ 549,449

These were the result of routine interfund transactions due to eliminating temporary deficit cash balances.

b. Interfund Transfers

	Transfer Out:					Total
	Gas Tax Fund	Measure A Fund	Development Impact Fees	Grants	Other Governmental Funds	
Transfers In: General Fund	\$ 195,800	\$ 40,400	\$ 90,600	\$ 6,900	\$ 188,300	\$ 522,000
Total	\$ 195,800	\$ 40,400	\$ 90,600	\$ 6,900	\$ 188,300	\$ 522,000

During the year, interfund transfers were made to the General Fund and Wildomar Cemetery District for the purposes of funding administrative costs.

Note 7: Pension Plan

Plan Description

The City contributes to the California Public Employees Retirement System (PERS), a cost-sharing multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and City ordinance. Copies of PERS' annual financial report may be obtained from their executive office located at 400 P Street, Sacramento, California 95814.

Funding Policy

Participants are required to contribute 8% of their annual covered salary. The City makes the contributions required of City employees on their behalf and for their account. The City is required to contribute at an actuarially determined rate; the current rate is 15.551% of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by PERS.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 7: Pension Plan (Continued)

Required Contribution

For fiscal year 2013-2014, the City's required contribution of \$128,412 for PERS was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2011, actuarial valuation using the entry age normal actuarial cost method.

Three-Year Trend Information		
Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed
6/30/12	\$ 88,362	100%
6/30/13	88,987	100%
6/30/14	128,412	100%

Audited annual financial statements are available from CALPERS at P.O. Box 942709, Sacramento, CA 94229-2709.

The City participates in risk pooling. Risk pooling consists of combining assets and liabilities across employers to produce large groups where the impact of a catastrophic demographic event is shared among all employers of the same risk pool. Participation in risk pools is mandatory for all rate plans with less than 100 active members. The implementation of risk pools was done in a way that minimizes the impact on employer contribution rates. The first year in risk pools, the employer contribution rates are almost identical to what the rates would have been outside pools. Future rates will be based on the experience of each pool. Pooling will reduce the volatility of future employer rates. Mandated participation will occur on an annual basis.

Note 8: Other Post-Employment BenefitsOther Post-employment benefits of the City of Wildomar

Plan Description

The City provides other post-employment benefits (OPEB) through a single-employer defined benefit healthcare plan. Separate financial statements are not available for the plan.

Funding Policy

The contribution requirements of plan members and the City are established and may be amended by the City and/or City Council. Currently, contributions are not required from plan members due to there being no retired members at June 30, 2014. There was no contribution made during the 2013-2014, fiscal year to cover current plan premiums.

CITY OF WILDOMAR

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014**Note 8: Other Post-Employment Benefits (Continued)**

As a result, the City calculated and recorded a net OPEB obligation, representing the difference between the annual required contribution (ARC) and actual contributions, as presented below:

Annual required contribution (ARC)	\$ 13,154
Interest on net OPEB obligation (asset)	769
Adjustment to ARC	<u>(1,808)</u>
Annual OPEB Cost	12,115
Contributions made	<u>-</u>
(Decrease) increase in Net OPEB obligation	12,115
Net OPEB obligation (asset) June 30, 2013	<u>38,468</u>
Net OPEB obligation (asset) June 30, 2014	<u><u>\$ 50,583</u></u>

For the fiscal year 2013-2014, the City's annual OPEB cost (expense) was \$0. The Net OPEB obligation for the current fiscal years is presented below:

Fiscal Year End	Annual OPEB Cost	Actual Contribution (Net of Adjustments)	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
6/30/2012	\$ 12,830	\$ -	0%	\$ 25,984
6/30/2013	12,484	-	0%	38,468
6/30/2014	12,115	-	0%	50,583

Funded Status and Funding Progress

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the City are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress below presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. Only one year is presented as this is the first actuarial of the plan.

Schedule of Funding Progress for OPEB

Type of Valuation	Actuarial Valuation Date	Actuarial Value of Assets	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	UAAL as percent of Covered Payroll	Interest Rate	Salary Scale
Actual	6/30/2011	\$ -	\$ 11,693	0.0%	\$ 447,394	3%	5.00%	3.00%

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 8: Other Post-Employment Benefits (Continued)

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in the actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2011, actuarial valuation, the entry age normal cost method was used. The actuarial assumptions include a 5.0% investment rate of return, which is a blended rate of the expected long-term investment return on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and annual healthcare cost trend rate of 2.5% to 8.2% after eight years. Both rates include a 3% inflation assumption. The actuarial value of assets is set equal to the reported fair value of assets. The UAAL is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period at June 30, 2014, was twenty seven years. The number of active participants is 12 and there are no retirees receiving benefits.

Other Post-employment benefits of the Wildomar Cemetery District

Plan Description

The Wildomar Cemetery District provides other postemployment benefits (OPEB) through a single-employer defined benefit healthcare plan by contributing on behalf of all eligible retirees \$509.58/month until age 65 and at age 65 until deceased, \$300.00/month. These benefits are provided per contract between the District and the plan members. Subsequent to November 9, 2012, the City has since taking over the operations of the District. A separate financial report is not available for the plan.

Funding Policy

The contribution requirements of plan members and the City are established and may be amended by the City, Board Members and/or the plan members.

As a result, the City calculated and recorded a Net OPEB Obligation, representing the difference between the Annual Required Contribution (ARC) and actual contributions, as presented below:

Annual required contribution (ARC)	\$ 23,528
Interest on net OPEB obligation	1,381
Adjustment to ARC	(10,001)
Annual OPEB cost	14,908
Contributions made	-
(Decrease) increase in Net OPEB obligation	14,908
Net OPEB obligation (asset) - beginning of year	66,219
Net OPEB obligation (asset) - end of year	<u>\$ 81,127</u>

CITY OF WILDOMAR

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 8: Other Post-Employment Benefits (Continued)

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2013-2014, and the two preceding years were as follows:

Fiscal Year End	Annual OPEB Cost	Actual Contribution (Net of Adjustments)	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
6/30/2012	\$ 19,229	\$ 4,101	21.33%	\$ 51,765
6/30/2013	17,266	2,812	16.29%	66,219
6/30/2014	14,908	-	0.00%	81,127

Funded Status and Funding Progress

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the City are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress below presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. Only one year is presented as this is the first actuarial of the plan. As a result of the City taking over the Cemetery District, the plans are combined and a new actuarial will be conducted in FY 13/14.

Type of Valuation	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	UAAL as a Percent of Covered Payroll	Interest Rate	Salary Scale
Actual	6/30/2010	\$ -	\$317,276	\$317,276	0.0%	\$104,164	304.6%	5.00%	3.00%

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in the actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2010, actuarial valuation, the level percentage of payroll was used. The actuarial assumptions include a 5.0% investment rate of return, which is a blended rate of the expected long-term investment return on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and annual healthcare cost trend rate of 4.1%. Both rates include a 3% inflation assumption. The actuarial value of assets is set equal to the reported market value of assets. The UAAL is being amortized as a level dollar on a closed basis. The remaining amortization period at June 30, 2014, was twenty-eight years. The number of active participants is 0 with 1 retiree receiving benefits.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 9: Risk Management

The City is self-insured for the first \$5,000 on each general liability claim. The City has no self-insured retention for workers' compensation liability claims. The insurance coverage in excess of the self-insured amount is provided by the Public Agency Risk Sharing Authority of California (PARSAC) up to a limit of \$1,000,000 for general liability and \$500,000 for workers' compensation. Losses that exceed \$1,000,000 for general liability and \$500,000 for workers' compensation are covered via the CSAC Excess Insurance Authority up to \$28,000,000 and \$45,000,000, respectively.

Claims, expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. The City funds all claims payable, including those incurred but not reported, in the yearly deposit it pays to PARSAC, except for its self-insured retention.

The PARSAC will publish its own financial report for the year ended June 30, 2014, which can be obtained from Public Agency Risk Sharing Authority of California, Sacramento, California.

In addition, the City purchases crime insurance coverage in the amount of \$1,000,000 with \$2,500 deductible. The fidelity coverage is provided through the Authority. Premiums are paid annually and are not subject to retroactive adjustments.

As of June 30, 2014, the City did not have any significant claims liability; therefore, no accrual was required.

Note 10: Restatement of Fund Balance and Net Position

Beginning fund balance in the General Fund and net position of governmental activities has been restated by \$123,205 to correct and remove balances of \$45,957 for Due to Other Governments and \$77,248 for Allowance for doubtful accounts.

Note 11: City's Financial Condition

As of June 30, 2014, the City's governmental activities had a deficit unrestricted net position of \$(921,235), a decrease in the deficit of \$(1,420,547) from the prior year due to a payment made in the current year to decrease the County loan balance. Refer to Note 5. The General Fund had a fund balance of \$770,686, a reduction of \$161,167 from the prior year, in the fund financial statements.

The following is the five-year trend information of financial condition of the City:

Government-Wide Financial Statements

	Governmental Activities			
	Total Net Position	Change \$	Unrestricted Net Position (Deficit)	Change \$
2010	\$ 14,904,966	N/A	\$ (818,416)	N/A
2011	14,515,080	(389,886)	(537,891)	280,525
2012	15,140,660	625,580	(628,995)	(91,104)
2013	27,800,916	12,660,256	(1,420,547)	(791,552)
2014	29,205,201	1,404,285	(921,235)	499,312

CITY OF WILDOMAR

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 11: City's Financial Condition (Continued)

Fund Financial Statements – General Fund

	General Fund Balance	Change \$
2010 \$	1,044,414	N/A
2011	1,474,399	429,985
2012	1,476,164	1,765
2013	931,853	(544,311)
2014	770,686	(161,167)

To address the continued deficits in net position, the City is expecting increased revenues. The City anticipates revenue for grant-funded capital projects for expenditures incurred in prior years that the County will reimburse for. The City Council is fully aware of the financial condition of the City.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2014

Budgetary Data
General Budget Policies

The City Council approves each year's budget prior to the beginning of the new fiscal year. Public hearings are conducted prior to its adoption by the Council. Supplemental appropriations, where required during the period, are also approved by the Council. In most cases, expenditures may not exceed appropriations at the function level. At fiscal year-end, all operating budget appropriations lapse.

A budget was not adopted for the TDA Fund, Police DIF, Animal Shelter DIF, Corp Yard DIF special revenue funds for the current year.

Excess of Expenditures over Appropriations

Expenditures exceeded appropriations in the categories in the following funds:

<u>Department</u>	<u>Expenditures</u>	<u>Appropriations</u>	<u>Excess</u>
General Fund:			
General Government			
City Council	\$ 125,296	\$ 123,900	\$ (1,396)
City Manager	312,426	306,600	(5,826)
City Clerk	152,645	139,100	(13,545)
Finance	292,544	278,800	(13,744)
Heritage Park	9,482	-	(9,482)
Windsong Park	8,830	7,200	(1,630)
Public Safety			
Police	2,152,219	1,950,800	(201,419)
Community Development			
Building and Safety	417,451	387,800	(29,651)
Planning	213,318	197,200	(16,118)
Code Enforcement	183,976	155,400	(28,576)
Deposit Based Projects	1,289,244	1,029,200	(260,044)
Public Works			
Public Works	16,442	16,300	(142)
Gas Tax Fund:			
General Government	12,074	-	(12,074)
Debt Service			
Principal retirement	375,073	-	(375,073)
Interest and fiscal charges	39,481	-	(39,481)

CITY OF WILDOMAR

BUDGETARY COMPARISON SCHEDULE BY DEPARTMENT
GENERAL FUND
YEAR ENDED JUNE 30, 2014

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 931,853	\$ 931,853	\$ 931,853	\$ -
Resources (Inflows):				
Taxes	5,797,000	5,724,500	5,762,293	37,793
Licenses and permits	20,000	11,500	9,880	(1,620)
Intergovernmental	30,000	39,000	63,038	24,038
Charges for services	145,000	224,400	203,728	(20,672)
Use of money and property	5,000	-	3,301	3,301
Fines and forfeitures	79,000	81,000	81,387	387
Developer participation	800,000	1,411,800	1,592,501	180,701
Miscellaneous	5,000	8,800	10,509	1,709
Transfers in	535,800	535,800	522,000	(13,800)
Amounts Available for Appropriations	8,348,653	8,968,653	9,180,490	211,837
Charges to Appropriation (Outflow):				
General government				
City Council	108,100	123,900	125,296	(1,396)
City Manager	297,600	306,600	312,426	(5,826)
City Clerk	149,200	139,100	152,645	(13,545)
City Attorney	204,000	152,200	142,223	9,977
Finance	205,900	278,800	292,544	(13,744)
Non-departmental	316,540	344,900	337,635	7,265
Community Services	29,100	16,600	11,368	5,232
Marna O'Brien Park	-	200	82	118
Heritage Park	-	-	9,482	(9,482)
Windsong Park	-	7,200	8,830	(1,630)
Public safety				
Police	1,996,720	1,950,800	2,152,219	(201,419)
Fire	1,978,200	1,986,000	1,959,753	26,247
Animal Control	445,300	445,300	442,032	3,268
OEM	29,400	14,600	11,757	2,843
Community development				
Community development	88,300	312,500	197,057	115,443
Building and safety	444,500	387,800	417,451	(29,651)
Planning	193,800	197,200	213,318	(16,118)
Code enforcement	88,200	155,400	183,976	(28,576)
Development engineering	500	27,000	25,854	1,146
Deposit based projects	730,500	1,029,200	1,289,244	(260,044)
Public works	2,000	16,300	16,442	(142)
Total Charges to Appropriations	7,307,860	7,999,800	8,409,804	(410,004)
Budgetary Fund Balance, June 30	\$ 1,040,793	\$ 968,853	\$ 770,686	\$ (198,167)

CITY OF WILDOMAR

BUDGETARY COMPARISON SCHEDULE
GAS TAX
YEAR ENDED JUNE 30, 2014

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 444,552	\$ 444,552	\$ 444,552	\$ -
Resources (Inflows):				
Intergovernmental	1,139,000	1,262,800	1,162,343	(100,457)
Amounts Available for Appropriations	1,583,552	1,707,352	1,606,895	(100,457)
Charges to Appropriation (Outflow):				
General government	-	-	12,074	(12,074)
Community development	-	-	6,298	(6,298)
Public works	1,057,200	1,057,200	794,840	262,360
Capital outlay	-	695,681	28,768	666,913
Debt service:				
Interest and fiscal charges	-	-	414,554	(414,554)
Transfers out	141,600	141,600	195,800	(54,200)
Total Charges to Appropriations	1,198,800	1,894,481	1,452,334	442,147
Budgetary Fund Balance, June 30	\$ 384,752	\$ (187,129)	\$ 154,561	\$ 341,690

CITY OF WILDOMAR

BUDGETARY COMPARISON SCHEDULE
MEASURE A
YEAR ENDED JUNE 30, 2014

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 1,062,257	\$ 1,062,257	\$ 1,062,257	\$ -
Resources (Inflows):				
Intergovernmental	487,000	487,000	505,151	18,151
Amounts Available for Appropriations	1,549,257	1,549,257	1,567,408	18,151
Charges to Appropriation (Outflow):				
Public works	809,000	1,107,645	413,545	694,100
Transfers out	108,400	108,400	40,400	68,000
Total Charges to Appropriations	917,400	1,216,045	453,945	762,100
Budgetary Fund Balance, June 30	\$ 631,857	\$ 333,212	\$ 1,113,463	\$ 780,251

CITY OF WILDOMAR

**BUDGETARY COMPARISON SCHEDULE
 DEVELOPMENT IMPACT FEES
 YEAR ENDED JUNE 30, 2014**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 1,991,940	\$ 1,991,940	\$ 1,991,940	\$ -
Resources (Inflows):				
Developer participation	1,190,000	669,400	687,660	18,260
Amounts Available for Appropriations	3,181,940	2,661,340	2,679,600	18,260
Charges to Appropriation (Outflow):				
Community development	53,500	281,400	120,722	160,678
Transfers out	90,600	90,100	90,600	(500)
Total Charges to Appropriations	144,100	371,500	211,322	160,178
Budgetary Fund Balance, June 30	\$ 3,037,840	\$ 2,289,840	\$ 2,468,278	\$ 178,438

CITY OF WILDOMAR

BUDGETARY COMPARISON SCHEDULE
GRANTS
YEAR ENDED JUNE 30, 2014

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ (689,923)	\$ (689,923)	\$ (689,923)	\$ -
Resources (Inflows):				
Intergovernmental	-	1,142,900	449,510	(693,390)
Amounts Available for Appropriations	(689,923)	452,977	(240,413)	(693,390)
Charges to Appropriation (Outflow):				
General government	52,000	52,000	16,154	35,846
Public works	-	-	742	(742)
Capital outlay	-	1,675,035	513,934	1,161,101
Transfers out	6,900	6,900	6,900	-
Total Charges to Appropriations	58,900	1,733,935	537,730	1,196,205
Budgetary Fund Balance, June 30	\$ (748,823)	\$ (1,280,958)	\$ (778,143)	\$ 502,815

CITY OF WILDOMAR

BUDGETARY COMPARISON SCHEDULE
WILDOMAR CEMETERY DISTRICT
YEAR ENDED JUNE 30, 2014

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 1,590,386	\$ 1,590,386	\$ 1,590,386	\$ -
Resources (Inflows):				
Taxes	242,000	346,000	355,334	9,334
Charges for services	9,000	9,000	9,600	600
Use of money and property	-	-	304	304
Miscellaneous	50,000	50,000	42,719	(7,281)
Amounts Available for Appropriations	1,891,386	1,995,386	1,998,343	2,957
Charges to Appropriation (Outflow):				
General government	283,700	283,300	259,263	24,037
Total Charges to Appropriations	283,700	283,300	259,263	24,037
Budgetary Fund Balance, June 30	\$ 1,607,686	\$ 1,712,086	\$ 1,739,080	\$ 26,994

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COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

CITY OF WILDOMAR

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014**

	Special Revenue Funds			
	Air Quality Management District	SLESF	TDA	Community Development Block Grant
Assets:				
Pooled cash and investments	\$ 200,664	\$ -	\$ -	\$ -
Receivables:				
Accounts, grants and taxes	10,687	16,948	62,305	-
Total Assets	\$ 211,351	\$ 16,948	\$ 62,305	\$ -
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ 126,943	\$ -	\$ -	\$ 1,777
Due to other funds	-	21,568	62,305	135,220
Total Liabilities	126,943	21,568	62,305	136,997
Deferred Inflows of Resources:				
Unavailable revenues	-	-	263,535	-
Total Deferred Inflows of Resources	-	-	263,535	-
Fund Balances:				
Restricted for:				
Community development projects	-	-	-	-
Public safety	-	-	-	-
Public works	84,408	-	-	-
Unassigned	-	(4,620)	(263,535)	(136,997)
Total Fund Balances	84,408	(4,620)	(263,535)	(136,997)
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 211,351	\$ 16,948	\$ 62,305	\$ -

CITY OF WILDOMAR

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014**

	Special Revenue Funds			
	Measure Z Park	Police DIF	Animal Shelter DIF	Corp Yard DIF
Assets:				
Pooled cash and investments	\$ 55,470	\$ 226	\$ 249	\$ 79
Receivables:				
Accounts, grants and taxes	8,508	-	-	-
Total Assets	\$ 63,978	\$ 226	\$ 249	\$ 79
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ 29,991	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Total Liabilities	31,402	-	-	-
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances:				
Restricted for:				
Community development projects	32,576	-	249	-
Public safety	-	226	-	-
Public works	-	-	-	79
Unassigned	-	-	-	-
Total Fund Balances	32,576	226	249	79
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 63,978	\$ 226	\$ 249	\$ 79

CITY OF WILDOMAR

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014**

	Capital Projects Funds	Total Governmental Funds
	County Service Area	
Assets:		
Pooled cash and investments	\$ 166,722	\$ 423,410
Receivables:		
Accounts, grants and taxes	5,531	103,979
Total Assets	\$ 172,253	\$ 527,389
Liabilities, Deferred Inflows of Resources, and Fund Balances:		
Liabilities:		
Accounts payable	\$ 32,867	\$ 191,578
Due to other funds	-	219,093
Total Liabilities	32,867	412,082
Deferred Inflows of Resources:		
Unavailable revenues	-	263,535
Total Deferred Inflows of Resources	-	263,535
Fund Balances:		
Restricted for:		
Community development projects	139,386	172,211
Public safety	-	226
Public works	-	84,487
Unassigned	-	(405,152)
Total Fund Balances	139,386	(148,228)
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 172,253	\$ 527,389

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CITY OF WILDOMAR

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2014

	Special Revenue Funds			
	Air Quality Management District	SLESF	TDA	Community Development Block Grant
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	41,070	100,000	-	-
Developer participation	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	41,070	100,000	-	-
Expenditures:				
Current:				
General government	-	-	-	50
Public safety	-	4,620	-	-
Community development	-	-	-	114,543
Parks and recreation	-	-	188,047	-
Public works	134,395	-	-	-
Capital outlay	-	-	13,183	-
Total Expenditures	134,395	4,620	201,230	114,593
Excess (Deficiency) of Revenues Over (Under) Expenditures	(93,325)	95,380	(201,230)	(114,593)
Other Financing Sources (Uses):				
Transfers out	(4,900)	(100,000)	-	(14,700)
Total Other Financing Sources (Uses)	(4,900)	(100,000)	-	(14,700)
Net Change in Fund Balances	(98,225)	(4,620)	(201,230)	(129,293)
Fund Balances, Beginning of Year	182,633	-	(62,305)	(7,704)
Fund Balances, End of Year	\$ 84,408	\$ (4,620)	\$ (263,535)	\$ (136,997)

CITY OF WILDOMAR

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2014

	Special Revenue Funds			
	Measure Z Park	Police DIF	Animal Shelter DIF	Corp Yard DIF
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	344,443	-	-	-
Developer participation	-	226	249	79
Miscellaneous	1,110	-	-	-
Total Revenues	345,553	226	249	79
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community development	312,977	-	-	-
Parks and recreation	-	-	-	-
Public works	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	312,977	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	32,576	226	249	79
Other Financing Sources (Uses):				
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	32,576	226	249	79
Fund Balances, Beginning of Year	-	-	-	-
Fund Balances, End of Year	\$ 32,576	\$ 226	\$ 249	\$ 79

CITY OF WILDOMAR

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2014

	Capital Projects Funds	Total Governmental Funds
	County Service Area	
Revenues:		
Taxes	\$ 1,755	\$ 1,755
Intergovernmental	482,448	967,961
Developer participation	-	554
Miscellaneous	-	1,110
Total Revenues	484,203	971,380
Expenditures:		
Current:		
General government	369,759	369,809
Public safety	-	4,620
Community development	-	427,520
Parks and recreation	-	188,047
Public works	23,302	157,697
Capital outlay	-	13,183
Total Expenditures	393,061	1,160,876
Excess (Deficiency) of Revenues Over (Under) Expenditures	91,142	(189,496)
Other Financing Sources (Uses):		
Transfers out	(68,700)	(188,300)
Total Other Financing Sources (Uses)	(68,700)	(188,300)
Net Change in Fund Balances	22,442	(377,796)
Fund Balances, Beginning of Year	116,944	229,568
Fund Balances, End of Year	\$ 139,386	\$ (148,228)

CITY OF WILDOMAR

**BUDGETARY COMPARISON SCHEDULE
 AIR QUALITY MANAGEMENT DISTRICT
 YEAR ENDED JUNE 30, 2014**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 182,633	\$ 182,633	\$ 182,633	\$ -
Resources (Inflows):				
Intergovernmental	35,000	35,000	41,070	6,070
Amounts Available for Appropriations	217,633	217,633	223,703	6,070
Charges to Appropriation (Outflow):				
Public works	35,000	35,000	134,395	(99,395)
Capital outlay	-	91,315	-	91,315
Transfers out	4,900	4,900	4,900	-
Total Charges to Appropriations	39,900	131,215	139,295	(8,080)
Budgetary Fund Balance, June 30	\$ 177,733	\$ 86,418	\$ 84,408	\$ (2,010)

CITY OF WILDOMAR

BUDGETARY COMPARISON SCHEDULE
 SLESF
 YEAR ENDED JUNE 30, 2014

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Intergovernmental	100,000	100,000	100,000	-
Amounts Available for Appropriations	100,000	100,000	100,000	-
Charges to Appropriation (Outflow):				
Public safety	-	-	4,620	(4,620)
Transfers out	-	100,000	100,000	-
Total Charges to Appropriations	-	100,000	104,620	(4,620)
Budgetary Fund Balance, June 30	\$ 100,000	\$ -	\$ (4,620)	\$ (4,620)

CITY OF WILDOMAR

**BUDGETARY COMPARISON SCHEDULE
COMMUNITY DEVELOPMENT BLOCK GRANT
YEAR ENDED JUNE 30, 2014**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ (7,704)	\$ (7,704)	\$ (7,704)	\$ -
Resources (Inflows):				
Intergovernmental	110,000	-	-	-
Amounts Available for Appropriations	102,296	(7,704)	(7,704)	-
Charges to Appropriation (Outflow):				
General government	-	-	50	(50)
Community development	110,000	155,500	114,543	40,957
Transfers out	14,700	14,700	14,700	-
Total Charges to Appropriations	124,700	170,200	129,293	40,907
Budgetary Fund Balance, June 30	\$ (22,404)	\$ (177,904)	\$ (136,997)	\$ 40,907

CITY OF WILDOMAR

BUDGETARY COMPARISON SCHEDULE
 MEASURE Z PARK
 YEAR ENDED JUNE 30, 2014

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Intergovernmental	343,200	369,600	344,443	(25,157)
Miscellaneous	-	1,600	1,110	(490)
Amounts Available for Appropriations	343,200	371,200	345,553	(25,647)
Charges to Appropriation (Outflow):				
Community development	229,200	306,600	312,977	(6,377)
Total Charges to Appropriations	229,200	306,600	312,977	(6,377)
Budgetary Fund Balance, June 30	\$ 114,000	\$ 64,600	\$ 32,576	\$ (32,024)

CITY OF WILDOMAR

BUDGETARY COMPARISON SCHEDULE
COUNTY SERVICE AREA
YEAR ENDED JUNE 30, 2014

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 116,944	\$ 116,944	\$ 116,944	\$ -
Resources (Inflows):				
Taxes	-	-	1,755	1,755
Intergovernmental	513,500	480,200	482,448	2,248
Amounts Available for Appropriations	630,444	597,144	601,147	4,003
Charges to Appropriation (Outflow):				
General government	513,000	513,500	369,759	143,741
Public works	-	-	23,302	(23,302)
Transfers out	68,700	68,700	68,700	-
Total Charges to Appropriations	581,700	582,200	461,761	120,439
Budgetary Fund Balance, June 30	\$ 48,744	\$ 14,944	\$ 139,386	\$ 124,442

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CITY OF WILDOMAR

STATISTICAL SECTION



City Data

Statistical Section

This section of the City of Wildomar's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents

Financial Trends - These schedules contain trend information to help the reader understand how the City's financial performance and well being have changed over time. As a newly incorporated City, information relative to the exact city boundaries prior to incorporation is not readily available in most cases. Therefore trend information will be developed over time and reported annually.

- Net Position by Component
- Changes in Net Assets Position
- Fund Balances of Governmental Funds
- Changes in Fund Balances of Governmental Funds

Revenue Capacity - These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property taxes.

- Assessed Value and Estimated Actual Value of Taxable Property
- Direct and Overlapping Property Tax Rates
- Principal Property Tax Payers
- Property Tax Levies and Collections

Debt Capacity - These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

- Ratio of Outstanding Debt by type
- Direct and Overlapping Governmental Activities
- Legal Debt Margin

Demographic and Economic Information - These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help comparisons over time and with other governments

- Demographic and Economic Statistics
- Principal Employers
- Full-time Equivalent City Government Employees by Function/Program

Operating Information - These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information related to the services

- Operating Indicators by Function/ Program
- Capital Asset Statistics by Function/Program
- Miscellaneous Statistics

Sources: Unless otherwise noted, the information in these schedules is derived from various internal and other governmental and non-governmental sources where reliability of the data could be

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CITY OF WILDOMAR
Net Position by Component
(Accrual Basis of Accounting)

	Fiscal Year					
	2014	2013	2012	2011	2010	2009
Governmental Activities						
Net Investment in Capital Assets	\$ 24,394,130	\$ 23,349,508	\$ 11,725,170	\$ 12,329,670	\$ 13,341,779	\$ 14,841,391
Restricted for:						
Community Development Projects	2,640,489	2,108,884	715,474	780,098	617,689	76,322
Public Works	226	1,689,442	1,997,091	1,943,203	1,763,914	1,284,148
Debt Service	1,352,511	483,243				
Cemetery	1,739,080	1,590,386	1,331,920	-	-	-
Unrestricted	(921,235)	(1,420,547)	(628,995)	(537,891)	(818,416)	(494,416)
Total Governmental Activities Net Position	\$ 29,205,201	\$ 27,800,916	\$ 15,140,660	\$ 14,515,080	\$ 14,904,966	\$ 15,707,445
Primary Government						
Net Investment in Capital Assets	\$ 24,394,130	\$ 23,349,508	\$ 11,725,170	\$ 12,329,670	\$ 13,341,779	\$ 14,841,391
Restricted for:						
Community Development Projects	2,640,489	2,108,884	715,474	780,098	617,689	76,322
Public Works	226	1,689,442	1,997,091	1,943,203	1,763,914	1,284,148
Debt Service	1,352,511	483,243				
Cemetery	1,739,080	1,590,386	1,331,920	-	-	-
Unrestricted	(921,235)	(1,420,547)	(628,995)	(537,891)	(818,416)	(494,416)
Total Primary Government Activities Net Position	\$ 29,205,201	\$ 27,800,916	\$ 15,140,660	\$ 14,515,080	\$ 14,904,966	\$ 15,707,445

Source: City Finance Department

CITY OF WILDOMAR
Changes in Net Position
(Accrual Basis of Accounting)

	Fiscal Year					
	2014	2013	2012	2011	2010	2009
EXPENSES						
Governmental Activities:						
General Government	\$ 2,110,310	\$ 2,496,792	\$ 1,923,733	\$ 2,231,313	\$ 1,798,566	\$ 2,156,911
Public Safety	4,087,138	4,394,931	3,996,420	5,413,023	5,378,962	5,547,480
Community Development	2,881,440	1,818,348	1,253,984	1,069,198	1,786,894	1,501,865
Parks and Recreation	405,589	219,707	303,190	297,168	341,458	463,746
Public Works	2,570,554	2,457,319	2,551,241	2,371,664	2,741,040	29,440,843
Interest on long-term debt	522,724	-	76,907	73,949	71,105	-
Total Governmental Activities Expenses	<u>12,577,755</u>	<u>11,387,097</u>	<u>10,105,475</u>	<u>11,456,315</u>	<u>12,118,025</u>	<u>39,110,845</u>
PROGRAM REVENUES						
Governmental Activities:						
Charges for Services:						
General Government	706,214	1,440,592	152,978	359,266	71,195	1,633
Public Safety	1,480	36	-	590	-	26,893
Community Development	285,075	243,188	117,509	205,518	786,747	307,833
Parks and Recreation	40	1,056	4,034	19,040	7,387	-
Public Works	8,866	20,061	80,018	186,760	-	-
Total Charges for Services	<u>1,001,675</u>	<u>1,704,933</u>	<u>354,539</u>	<u>771,174</u>	<u>865,329</u>	<u>336,359</u>
Operating Contributions and Grants:						
General Government	518,426	617,155	1,563,689	376,574	269,235	237,579
Public Safety	100,000	100,000	100,000	100,228	100,773	-
Community Development	1,921,554	1,257,696	574,834	721,696	871,513	884,216
Parks and Recreation	10,136	37,834	24,471	-	-	-
Public Works	2,229,719	2,383,168	2,067,952	1,719,851	2,231,390	1,572,871
Total Operating Contributions and Grants	<u>4,779,835</u>	<u>4,395,853</u>	<u>4,330,946</u>	<u>2,918,349</u>	<u>3,472,911</u>	<u>2,694,666</u>
Capital Contributions and Grants:						
Public Works	1,900,000	-	-	-	-	43,653,393
Interest on long-term debt	-	-	-	226,422	-	-
Total Capital Contributions and Grants	<u>1,900,000</u>	<u>-</u>	<u>-</u>	<u>226,422</u>	<u>-</u>	<u>43,653,393</u>
Total Governmental Activities Program Revenue	<u>7,681,510</u>	<u>6,100,786</u>	<u>4,685,485</u>	<u>3,915,945</u>	<u>4,338,240</u>	<u>46,684,418</u>
TOTAL NET REVENUES (EXPENSES)	<u>\$ (4,896,245)</u>	<u>\$ (5,286,311)</u>	<u>\$ (5,419,990)</u>	<u>\$ (7,540,370)</u>	<u>\$ (7,779,785)</u>	<u>\$ 7,573,573</u>

The City was incorporated in fiscal year 2008-2009. No Information prior to fiscal Year 2008-2009 is available.

Source: City Finance Department

CITY OF WILDOMAR
Changes in Net Position (Continued)
(Accrual Basis of Accounting)

	Fiscal Year					
	2014	2013	2012	2011	2010	2009
GENERAL REVENUES AND OTHER CHARGES IN NET POSITION						
Governmental Activities:						
Taxes:						
Property Taxes, levied for general purpose	\$ 3,465,511	\$ 3,243,285	\$ 3,307,425	\$ 3,092,037	\$ 2,743,768	\$ 3,589,773
Sales Taxes	1,561,683	1,383,864	1,362,647	1,226,227	1,096,907	1,295,785
Franchise Taxes	972,108	850,808	749,046	725,775	591,706	520,290
Business Licenses Taxes	14,041	14,280	12,705	11,506	12,525	6,390
Other Taxes	106,039	109,524	83,021	76,110	99,456	130,518
Motor Vehicle in Lieu		14,074	18,450	1,978,210	2,226,922	2,555,318
Use of Money and Property	3,605	3,183	12,011	7,737	9,682	20,403
Other	54,338	48,344	30,943	32,882	84,030	15,395
Contributions from Other Entities		-	576,456	-	-	-
Total Governmental Activities	<u>6,177,325</u>	<u>5,667,362</u>	<u>6,152,704</u>	<u>7,150,484</u>	<u>6,864,996</u>	<u>8,133,872</u>
CHANGES IN NET POSITION	<u>\$ 1,281,080</u>	<u>\$ 381,051</u>	<u>\$ 732,714</u>	<u>\$ (389,886)</u>	<u>\$ (914,789)</u>	<u>\$ 8,133,872</u>

Source: City Finance Department

CITY OF WILDOMAR
Fund Balances of Governmental Funds
(Modified Accrual Basis of Accounting)

	Fiscal Year					
	2014	2013	2012	2011	2010	2009
GENERAL FUND						
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	1,044,414	1,276,268
Nonspendable:						
Prepaid Costs		1,686	2,133		-	-
Deposits		370,039	211,752	275,866	-	-
Cemetery Endowment		-	-	-	-	-
Debt Service		483,243				
Unassigned:	770,686	(46,320)	1,262,279	1,138,893	-	-
Total General Fund	770,686	\$ 808,648	\$ 1,476,164	\$ 1,474,399	\$ 1,044,414	\$ 1,276,268
ALL OTHER GOVERNMENTAL FUNDS						
Reserved:						
Encumbrances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Service	-	-	-	-	-	-
Self Insurance	-	-	-	-	-	-
Unreserved:						
Unreserved, Reported in Nonmajor						
Special Revenue Funds	-	-	-		741,577	375,878
Capital Projects Funds	-	-	-		342,663	(7,128)
Undesignated	-	-	-		1,272,834	984,592
Nonspendable:						
Inventory	3,509	2,640	4,838	-	-	-
Prepaid Costs	62	230	220	-	-	-
Cemetery Endowment	90,000	90,000	90,000	-	-	-
Restricted for:						
Community development projects	2,640,489	2,108,884	715,474	780,098	-	-
Public safety	226	-	-	-	-	-
Public works	1,352,511	1,689,442	1,997,091	1,943,203	-	-
Cemetery	1,645,509	1,497,516	1,331,920	-	-	-
Unassigned:	(1,183,295)	(759,932)	(101,996)	(101,652)	-	-
Total All Other Governmental Funds	\$ 4,549,011	\$ 4,628,780	\$ 4,037,547	\$ 2,621,649	\$ 2,357,074	\$ 1,353,342

Source: City Finance Department

CITY OF WILDOMAR

Changes in Fund Balances of Governmental Funds
(Modified Accrual Basis of Accounting)

	Fiscal Year					
	2014	2013	2012	2011	2010	2009
REVENUES						
Taxes	\$ 6,119,382	\$ 5,601,761	\$ 5,514,844	\$ 5,131,655	\$ 4,544,362	\$ 5,542,756
Licenses and Permits	9,880	16,636	25,100	29,171	71,195	28,526
Intergovernmental	3,148,003	2,262,217	2,598,557	4,361,487	4,559,085	4,128,189
Charges for Services	213,328	175,722	119,850	116,552	132,672	82,583
Use of Money and Property	3,605	3,183	12,011	7,737	9,682	20,403
Fines and Forfeitures	81,387	78,322	88,216	132,535	111,619	149,272
Contributions		1,271	-	-	244,706	237,579
Developer Participation	2,280,715	2,671,888	693,022	970,258	1,437,078	944,472
Miscellaneous	54,338	48,344	31,233	38,018	84,030	15,395
Total Revenues	11,910,638	10,859,344	9,082,833	10,787,413	11,194,429	11,149,175
EXPENDITURES						
Current:						
General Government	2,049,831	2,468,897	1,856,595	2,176,985	1,783,766	2,154,076
Public Safety	4,447,176	4,616,892	3,996,420	5,413,023	5,378,962	5,547,480
Community Development	2,881,440	1,818,348	1,253,984	1,069,198	1,786,894	1,501,865
Parks and Recreation	188,047	64	85,648	79,626	123,916	28,662
Public Works	1,383,266	1,158,413	1,551,441	1,354,021	1,461,323	1,053,337
Capital Outlay	555,885	736,830	-	-	-	11,765
Debt Service		-	-	-	-	-
Principal Retirement		-	-	-	-	-
Interest and Fiscal Charges	522,724	-	-	-	-	-
Total Expenditures	12,028,369	10,799,444	8,744,088	10,092,853	10,534,861	10,297,185
Excess (Deficiency) of Revenues		-	-	-	-	-
Over (Under) Expenditures	(117,731)	59,900	338,745	694,560	659,568	851,990
OTHER FINANCING SOURCES (USES)						
Transfers In	522,000	649,336	391,053	641,766	249,573	-
Transfers Out	(522,000)	(649,336)	(391,053)	(641,766)	(249,573)	-
Other Debts Issued	-	-	-	-	-	1,777,620
Contributions from Other Entities	-	-	1,186,052	-	-	-
Total Other Financing Sources (Uses)	-	-	1,186,052	-	-	1,777,620
Net Change in Fund Balances/ Net Assets	(117,731)	59,900	1,524,797	694,560	659,568	2,629,610
Fund Balances, Beginning of Year	5,437,428	5,513,711	4,096,048	3,401,488	2,629,610	-
Restatements	123,205	(136,183)	(107,134)	-	112,310	-
Fund Balances, Beginning of Year, as restated	5,560,633	5,377,528	3,988,914	3,401,488	2,741,920	-
Fund Balances, End of Year	\$ 5,442,902	\$ 5,437,428	\$ 5,513,711	\$ 4,096,048	\$ 3,401,488	\$ 2,629,610
DEBT SERVICE AS A PERCENTAGE OF						
NON CAPITAL EXPENDITURES	4.35%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: City Finance Department

CITY OF WILDOMAR

Assessed Value and Estimated Actual Value of Taxable Property

Fiscal year	Residential Property	Commercial Property	Other Property	Less Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Rate
2014	\$ 1,797,147,241	\$ 184,326,275	\$ 318,120,654	\$ (6,240,538)	\$ 2,293,353,632	0.06860
2013	1,680,133,457	188,066,878	342,293,939	(5,922,179)	2,204,572,095	0.06624
2012	1,750,735,442	192,353,249	326,053,258	(5,370,950)	2,263,770,999	0.06572
2011	1,768,880,175	187,418,307	361,130,486	(5,106,890)	2,312,322,078	0.06522
2010	1,860,505,078	321,084,647	257,455,490	(4,968,321)	2,434,076,894	0.06575
2009	-	-	-	-	-	-

In 1978, California voters passed Proposition 13 which set the property tax rate at 1.00% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only re-assessed at the purchase price of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

Source: The HdL Companies

CITY OF WILDOMAR
Direct and Overlapping Property Tax Rates
(Rate per \$100 of Taxable Value)

Agency	Fiscal Year					2009
	2014	2013	2012	2011	2010	
Basic Levy*	1.00000	1.00000	1.00000	1.00000	1.00000	-
Menifee School Debt Svc	0.03421	0.03543	0.03486	0.03436	0.03254	-
Metropolitan Water Dist Original Area	0.00350	0.00350	0.00370	0.00370	0.00430	-
Perris Union High School Debt Svc	0.06970	0.03429	0.03429	0.03126	0.02686	-
Lake Elsinore Unified School District	0.33910	0.33910	0.33910	N/A	N/A	-
Total Direct & Overlapping Tax Rates	1.10741	1.07322	1.07285	1.06932	1.06370	-
City's Share of 1% Levy Per Prop 13	0.05800	0.05800	0.05800	0.05800	0.05800	-
Total Direct Rate	0.06860	0.06624	0.65720	0.06522	0.06575	-

* In 1978, California voters passed Proposition 13 which set the property tax rate at 1.00% fixed amount. This 1.00% is shared between all taxing agencies in which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.

Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all City property owners.

Source: The HdL Companies

CITY OF WILDOMAR
Principal Property Tax Payers

Fiscal Year						
2014				2013		
Taxpayer	Total Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxpayer	Total Assessed Value	Rank
Universal Health Realty Income Trust	\$ 42,162,585.00	1	1.83%	Universal Health Realty Income Trust	\$ 41,335,870.00	1
Western National Realty Advisors Wildomar	35,470,000.00	2	1.54%	WNRA Wildomar	35,470,000.00	2
Universal Health SVS of Rancho Springs	27,341,881.00	3	1.19%	LG Oak Creek	24,792,417.00	3
LG Oak Creek	15,817,000.00	4	0.69%	Wildomar Industrial Park	20,086,388.00	4
MCW RC California Bear Creek Village	14,339,534.00	5	0.62%	Dusk LLC	15,817,000.00	5
Inland Valley Medical Partners	14,204,896.00	6	0.62%	MCW RC California Bear Creek Village	14,058,373.00	6
Stonebridge Medical Center	12,981,790.00	7	0.56%	Inland Valley Medical Partners	13,926,369.00	7
Wildomar Industrial Park	11,049,387.00	8	0.48%	Stonebridge Medical Center	12,727,246.00	8
VSHS	9,335,660.00	9	0.41%	Beazer Homes Holdings Corporation	11,432,870.00	9
Wildomar Renaissance Plaza LLC	8,739,970.00	10	0.38%	A and S Properties at Clinton Keith	9,426,434.00	10
Totals	\$ 191,442,703		8.33%	Totals	\$ 199,072,967	

2012			
Taxpayer	Total Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Universal Health Realty Income Trust	\$ 52,839,578.00	1	2.33%
Western National Realty Advisors Wildomar	35,470,000.00	2	1.56%
LG Oak Creek	31,455,944.00	3	1.39%
Wildomar Industrial Park	19,692,540.00	4	0.87%
Dusk LLC	18,752,298.00	5	0.83%
MCW RC California Bear Creek Village	13,782,723.00	6	0.61%
Inland Valley Medical Partners	13,653,304.00	7	0.60%
Stonebridge Medical Center	12,477,693.00	8	0.55%
Beazer Homes Holdings Corporation	11,291,592.00	9	0.50%
A and S Properties at Clinton Keith	10,610,159.00	10	0.47%
Totals	\$ 220,025,831		9.71%

Source: The HdL Companies

CITY OF WILDOMAR**Property Tax Levies and Collections**

Fiscal Year	Collected within the Fiscal Year of the Levy				Total Tax Collections
	Total Tax Levy for Fiscal Year	Amount	Percentage of Levy		
2014	\$ 3,577,034	\$ 3,409,862	95.3%	\$	3,409,862
2013	3,181,168	3,243,285	102.0%		3,243,285
2012	3,117,883	3,307,425	106.1%		3,307,425
2011	2,846,306	3,092,037	108.6%		3,092,037
2010	3,015,396	2,743,768	91.0%		2,743,768
2009	-	3,589,773	0.0%		3,589,773

The City was not on the tax rolls until fiscal year 2009-2010, therefore there is no total tax levy. However, the City still received its portion of property tax collections from Riverside County.

Source: County of Riverside

CITY OF WILDOMAR

Ratios of Outstanding Debt by Type

Fiscal Year	General Obligation Bonds	Lease Revenue Bonds	Certificates of Participation	County Repayment ⁽¹⁾	Total Governmental Activities	% of Actual Assessed Value of Property ⁽²⁾	Per Capita
2014	\$ -	\$ -	\$ -	\$ 1,394,377	\$ 1,394,377	0.00%	\$ 42
2013	-	-	-	1,777,620	1,777,620	0.00%	54
2012	-	-	-	1,999,581	1,999,581	0.00%	61
2011	-	-	-	1,922,674	1,922,674	0.00%	60
2010	-	-	-	1,848,725	1,848,725	0.00%	59
2009	-	-	-	1,777,620	1,777,620	0.00%	-

⁽¹⁾ County Repayment is not a bonded debt

⁽²⁾ Assessed value used because actual value of taxable property not readily available in the state of California.

The City was incorporated in fiscal year 2008-2009. No Information prior to fiscal Year 2008-2009 is available.

Source: City Finance Department

CITY OF WILDOMAR
Direct and Overlapping Governmental Activities Debt
As of June 30, 2014

2013-2014 Assessed Valuation	\$ 2,302,543,914		
Incremental Valuation	-		
Adjusted Assessed Valuation	\$ 2,302,543,914		
	Total Debt	Percent Applicable to City (1)	City's Share of Debt
<u>Overlapping Tax and Assessment Debt</u>			
Metropolitan Water District	\$ 132,275,000	0.105%	\$ 138,889
Perris Union High School District	83,862,260	0.236%	197,915
Menifee Union School District	44,823,922	0.408%	182,882
Lake Elsinore Unified School District Community Facilities District No. 89-1 & 90-1	6,343,000	100.000%	6,343,000
Lake Elsinore Unified School District Community Facilities District No. 2002-1	3,977,000	44.393%	1,765,510
Lake Elsinore Unified School District Community Facilities District No. 2003-1 A	3,985,113	100.000%	3,985,113
Lake Elsinore Unified School District Community Facilities District No. 2004-2 & 3	18,055,000	52.549-100.0%	16,640,960
Lake Elsinore Unified School District Community Facilities District No. 2005-3 & 7	9,885,000	100.000%	9,885,000
Lake Elsinore Unified School District Community Facilities District No. 2006-3A & 4	8,770,000	100.000%	8,770,000
Perris Union High School District Community Facilities District No. 92-1	32,990,400	0.365%	120,415
Riverside County Flood Control, Zone 3-B Benefit Assessment District	1,705,000	11.452%	195,257
Elsinore Valley Municipal Water District Community Facilities Districts	8,245,000	100.000%	8,245,000
Total Overlapping Tax and Assessment Debt			\$ 56,469,941
<u>Ratios to 2013-14 Assessed Valuation</u>			
Overlapping Tax and Assessment Debt.....	2.45%		
<u>Overlapping General Fund Debt</u>			
Riverside County General Funds Obligation	\$ 692,656,315	1.099%	\$ 7,612,293
Riverside County Pension Obligations	334,515,000	1.099%	3,676,320
Riverside County Board of Education Certificates of Participation	2,700,000	1.099%	29,673
Mount San Jacinto Community College District General Funds Obligations	11,390,000	3.501%	398,764
Lake Elsinore Unified School District Certificates of Participation	35,804,665	25.412%	9,098,681
Perris Union High School District General Fund Obligation	9,196,529	0.236%	21,704
Menifee Union School District Certificates of Participation	4,634,043	0.408%	18,907
Total Gross Overlapping General Fund Debt			\$ 20,856,342
Less: Riverside County Supported Obligations			102,024
Total Net Overlapping General Fund Debt			\$ 20,754,318
<u>Direct Debt</u>			
City Of Wildomar	\$0	100%	\$0
<u>OVERLAPPING TAX INCREMENT DEBT (Successor Agency):</u>	\$ 233,935,783	2.018-17.278%	\$ 14,776,058
Total Direct Debt			\$0
Total Gross Overlapping Debt			\$ 92,102,341
Total Net Overlapping Debt			\$ 92,000,317
Gross Combined Total Debt			\$ 92,102,341 (2)
Net Combined Total Debt			\$ 92,000,317

⁽¹⁾ Percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping districts assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.

⁽²⁾ Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations. Qualified Zone Academy Bonds are included based on principal due at maturity.

<u>Ratios to 2013-14 Assessed Valuation:</u>	
Overlapping Tax and Assessment Debt.....	2.45%
Direct Debt (\$0).....	0.00%
Gross Combined Total Debt	4.00%
Net Combined Total Debt	4.00%

<u>Ratios to Redevelopment Successor Agency Incremental Valuation (\$95,283,971):</u>	
Total Overlapping Tax Increment Debt	15.51%
AB: (\$475)	

Source: California Municipal Statistics

CITY OF WILDOMAR
Legal Debt Margin Information
(dollars in thousands)

	Fiscal Year					
	2014	2013	2012	2011	2010	2009
Assessed Valuation	\$ 2,293,353,635	\$ 2,204,512,095	\$ 2,263,770,999	\$ 2,312,322,078	\$ 2,434,076,894	\$ -
Debt Limit Percentage	15%	15%	15%	15%	15%	15%
Debt Limit	\$ 344,003,045	\$ 330,676,814	\$ 339,565,650	\$ 346,848,312	\$ 365,111,534	\$ -
Total Net Debt Applicable to Limit						
General Obligation Bonds:	-	-	-	-	-	-
Legal Debt Margin	<u>\$ 344,003,045</u>	<u>\$ 330,676,814</u>	<u>\$ 339,565,650</u>	<u>\$ 346,848,312</u>	<u>\$ 365,111,534</u>	<u>\$ -</u>
Total Net Debt Applicable to the Limit						
as a Percentage of Debt Limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Section 43605 of The Government Code of the State of California limits the amount of indebtedness for public improvements to 15% of the assessed valuation of all real and personal property of the City.

The City of Wildomar has no general obligation bond indebtedness.

Source: City Finance Department, The HdL Companies

CITY OF WILDOMAR**Demographic and Economic Statistics**

Calendar Year	Population	Personal Income (thousands)	Per Capita Personal Income	Unemployment Rate	Median Age	% of Residents over 25 years of age with	
						High School Degree	Bachelor's Degree
2014	33,718	\$ 761,555	\$ 22,586	7%	34	83%	17%
2013	33,174	762,836	22,995	9%	32	85%	17%
2012	32,719	744,226	22,746	11%	33	83%	18%
2011	31,907	700,199	21,945	13%	32	84%	17%
2010	31,374	673,738	21,474	12%	38	80%	13%

Source: The HdL Companies, California Employment Development Department

CITY OF WILDOMAR
Principal Employers

Employer	Fiscal Year											
	2014			2013			2012			2009		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Lake Elsinore Unified School District	1,995	1	N/A	2,000	1	N/A	N/A			600	1	17.36%
Inland Valley Medical Center	780	2	N/A	784	2	N/A	N/A			430	2	12.44%
FCP INC	200	3	N/A	200	3	N/A	N/A			150	3	4.34%
Stater Bros Markets	95	4	N/A	100	4	N/A	N/A			100	4	2.89%
Albertson's	90	6	N/A	85	6	N/A	N/A			85	5	2.46%
Jack in the Box	60	7	N/A	60	7	N/A	N/A			80	6	2.31%
Coldwell Banker	52	8	N/A	52	8	N/A	N/A			60	7	1.74%
P K Mechanical Systems	50	5	N/A	50	5	N/A	N/A			56	8	1.62%
McDonald's	52	9	N/A	50	9	N/A	N/A			50	9	1.45%
Cornerstone Community Church & School	45	10	N/A	45	10	N/A	N/A			45	10	1.30%
Southern California Edison	20	11	N/A	20	11	N/A	N/A					
Total of Top Employers	3,439		N/A	3,446		N/A	N/A		N/A	1656		47.91%

(1) Principal Employers Report is unavailable for fiscal year 2011-2012 due to unreliable data.

Source: The HdL Companies

CITY OF WILDOMAR**Full-Time Equivalent City Government Employees by Function/Program****As of June 30, 2014**

Function	2014	2013	2012	2011	2010	2009
City Manager						
Full- Time Equiv	1	1	1	1	1	0
City Clerk						
Full- Time Equiv	1	1	1	1	1	1
Administrative Services						
Full- Time Equiv	1	2	2	1	1	0
Asst. City Manager						
Full- Time Equiv	1	0	0	0	0	0
Community Development						
Full- Time Equiv	1	1	0	0	0	0
Building/Safety						
Full- Time Equiv	1	1	0	0	0	0
Cemetery						
Full- Time Equiv	2	2	2	0	0	0
TOTAL	8	8	6	3	3	1

During FY 2013-14 the Budget included the addition of an Assistant City Manager as City employee and the deduction of Community Service Manager. During FY 2012-13 the Budget included the addition of a Planning Director and a Community Service Manager as City employees. There was one city employees in fiscal Year 2008-2009 one City Clerk

All City employees with the exception of City Manager, City Clerk and Administrative Services were contract. The Cemetery became a subsidiary district of the City during 2012

Source: City Finance Department

CITY OF WILDOMAR
Operating Indicators by Function/ Program

Function	2014	2013	2012	2011	2010	2009
Police Services						
Calls for Service	4,353	3,954	12,451	14,797	8,740	8,684
DUI Arrests	8	2	40	80	53	78
Traffic Citations	375		474	1052	233	1267
Public Works						
Street Resurfacing (Square Feet)	66,000	14,000	43,200	0	0	N/A
Right of Way Clearing (Square Feet)	139,000	64,500	64,500	30,119	21,600	N/A
Traffic Signs Installed	37	40	69	41	78	N/A
Drain Inlets Cleaned	278	280	278	278	300	N/A
Building & Safety						
Building Permits Issued	789	120	130	132	151	232
Building Inspections Completed	4,091	4,080	2,904	2,626	4,032	N/A
Community Development						
Planning Applications Completed	21	20	29	24	50	39
Community Services						
Community Events Attendance	1,320	800	1,700	N/A	N/A	N/A
Cemetery						
Burial Services	34	30	30	N/A	N/A	N/A

Source: City Finance Department, City Community Development Department, City Building Department, Riverside County Sheriff's Department, City Public Works Department, Cemetery

CITY OF WILDOMAR

Capital Asset Statistics by Function/Program

Function	2014	2013	2012	2011	2010	2009
Public Works						
Streets (miles)						
Paved - Public	119	119	119	119	119	N/A
Paved - Private	9.1	9.1	9.1	9.1	9.1	
Unpaved - Public	3.4	3.4	6.4	6.4	6	N/A
Unpaved - Private	47.1	47.1	47.1	47.1	47.1	
Traffic Signals	23.3	23.3	23.3	23.3	19	N/A
Community Services						
Parks	3	3	3	3	3	3
Park Acreage	14.4	14.4	14.4	14.4	14.4	14.4
Cemetery	1	1	1	0	0	0

Source: City Public Works Department, Community Services Department

CITY OF WILDOMAR
Miscellaneous Statistics
As of June 30, 2014

Geographic Location	Wildomar is located along Interstate 15 in Riverside County.
Population	33,718
Area in Square Miles	24
Form of Government	Council-Manager
Date of Incorporation	July, 1 2008
Number of Full Time Employees	8
Public Safety:	
Police Department	Under contract with the Riverside County Sheriff's Department
Fire Department	Under contract with the Riverside County Fire Department (Cal-Fire)
Library	1 branch, Riverside County Library System
Recreation:	3 Parks owned by the City
Schools:	
Elementary	4
Middle Schools	1
High Schools	1

Source: City Finance Department and California Department of Finance