

City of Wildomar, CA



Tradition~ Opportunity~ Progress



Comprehensive Annual Financial Report
June 30, 2017

CITY OF WILDOMAR, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2017

Prepared By:

**The City of Wildomar
Finance Department**

City of Wildomar
Comprehensive Annual Financial Report
Year Ended June 30, 2017

TABLE OF CONTENTS

	PAGE
I. INTRODUCTORY SECTION	
Letter of Transmittal	i - vii
Staff Directory	viii
City Organization Chart	ix
Directory of City Officials	x
Governmental Finance Officers Association Certificate of Achievement	xi
II. FINANCIAL SECTION	
Independent Auditors' Report	1 - 2
Management Discussion & Analysis	3 - 16
Basic Financial Statements:	
Government-wide Financial Statements	
Statement of Net Position	17
Statement of Activities	18
Fund Financial Statements	
Balance Sheet - Governmental Funds	19 - 20
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	21
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	22 - 23
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	24
Notes to Financial Statements	25 - 53
Required Supplementary Information:	
Budgetary Comparison Schedule by Department - General Fund	54
Budgetary Comparison Schedule - Development Impact Fees	55
Budgetary Comparison Schedule - Grants	56
Miscellaneous Plan	
Schedule of the City's Proportionate Share of the Net Pension Liability	57
Schedule of Contributions	58
Notes to Required Supplementary Information	59
Supplementary Information:	
Non-Major Governmental Funds	
Combining Balance Sheet	60 - 61
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	62 - 63

City of Wildomar
Comprehensive Annual Financial Report
Year Ended June 30, 2017

Table of Contents - Continued

	PAGE
Supplementary Information - Continued:	
Budgetary Comparison Schedules - Special Revenue Funds	
Gas Tax	64
Air Quality Management District	65
Measure A	66
SLESF	67
TDA	68
Community Development Block Grant	69
Measure Z Park	70
Budgetary Comparison Schedules - Capital Projects Fund	
County Service Area	71

III. STATISTICAL SECTION

Table of Contents	72
Financial Trends:	
Net Position by Component	73 - 74
Changes in Net Position	75 - 78
Fund Balances of Governmental Funds	79 - 80
Changes in Fund Balances of Governmental Funds	81 - 82
Revenue Capacity:	
Assessed Value and Estimated Actual Value of Taxable Property	83
Direct and Overlapping Property Tax Rates	84 - 85
Principal Property Tax Payers	86
Property Tax Levies and Collections	87
Debt Capacity:	
Ratio of Outstanding Debt by Type	88
Direct and Overlapping Governmental Activities Debt	89
Legal Debt Margin Information	90 - 91
Demographic and Economic Statistics:	
Demographic and Economic Status	92
Taxable Sales by Business Type	93 - 94
Operating Information:	
Full-time City Employees by Function	95
Operating Indicators by Function	96 - 97
Capital Asset Statistics by Function	98
Miscellaneous Statistics	99

INTRODUCTORY SECTION

Timothy Walker, Mayor
Ben Benoit, Mayor Pro Tem
Bridgette Moore, Council Member
Dustin Nigg, Council Member
Marsha Swanson, Council Member



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Wildomar, CA 92595
951/677-7751 Phone
951/698-1463 Fax
www.CityofWildomar.org

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

December 22, 2017

Letter of Transmittal Fiscal Year 2016-17 Comprehensive Annual Financial Report (CAFR)

Dear Honorable Mayor, Council Members and Wildomar Citizens,

I am pleased to present the Fiscal Year 2016-17, Comprehensive Annual Financial Report for the City of Wildomar, California for the fiscal year ended June 30, 2017.

This report consists of management representations concerning the finances of the City of Wildomar in its ninth 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, the 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 Teaman, Ramirez & Smith, Inc., a firm of certified public accountants. 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, 2017, 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. The 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 35,782 residents.

The City Council consists of 5 Council Members, elected by district 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.

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 Wildomar Cemetery District (District) was consolidated into the City of Wildomar as a subsidiary district on November 9, 2011. As a result the structure of the District is a separate legal entity and the City Council of the City of Wildomar oversees the operations of the District acting as the Board of Trustees.

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 and economic development.

The Wildomar Cemetery District is a component unit of the City of Wildomar. The operations of the District are discretely presented in the financial statements. A component unit financial statement may be obtained from the City.

The Budget Process

The City Council adopted a Biennial budget for Fiscal Years 2015/16 and 2016/17 at a Public Hearing held on June 8, 2016. Since that adoption date, several changes have occurred through FY 2016/17 Quarterly Budget Reviews.

The biennial 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.

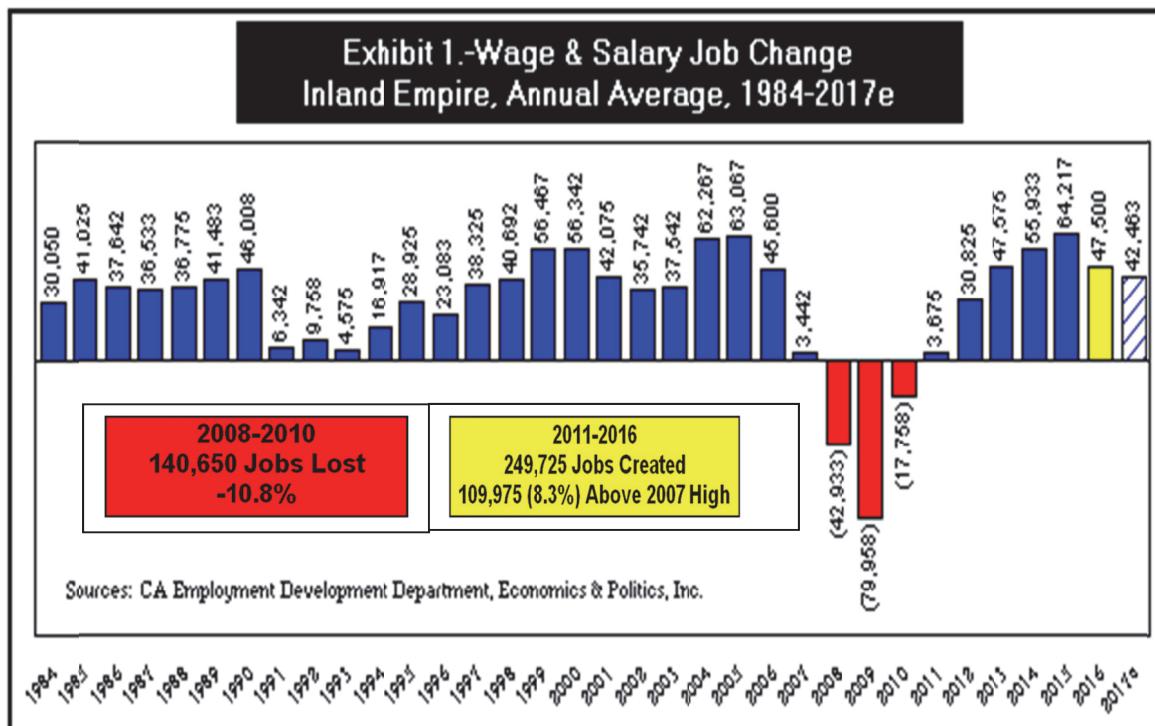
A budget workshop is held in February to receive input from the general public. The City Manager presents the proposed budget for all governmental activities to the City Council at the Council meeting in June for review. The City Council is required to hold a public hearing on the proposed budget which 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

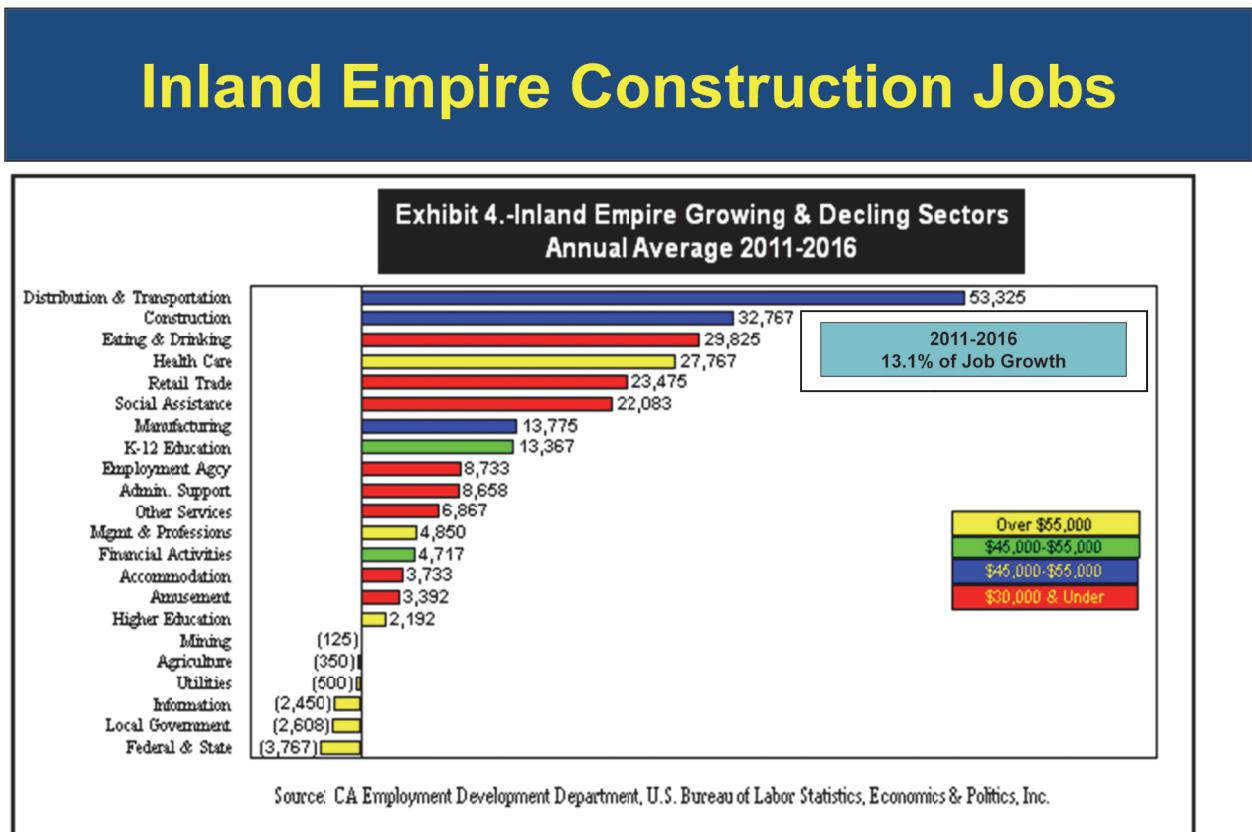
The City of Wildomar, in its ninth year of incorporation, is experiencing modest growth. Property valuations are increasing and the City has several new development projects. Job growth has been increasing at a good pace and this is good news for the City. In the period of 2011 to 2017, the Inland Empire has gained back 249,725 jobs vs. 140,650 lost during the Great Recession.



Also, the Unemployment Rate in the Inland Empire is closing in on the national level.



Another indicator of growth in the region is the return of construction activity. Construction jobs have experienced a 13.1 % growth from 2011 to 2016.



Property Tax Revenue

Property tax revenue represent approximately 39% of the City's total General Fund revenue. Property tax revenue in FY 2016-17 totaled \$4.2 million, which was an increase of \$0.3 million or 8% over FY 2015-16. This increase reflects the increase in the assessed valuation of property in FY 2016-17.

Financial Reserves

This year's budget for FY 2016-17 was year two of the City's second two year budget program. At fiscal year end the General Fund revenues and transfers of \$9.9 million was exceeded by expenditures of \$10.0 million, resulting in a year end fund balance of \$869,757. The General Fund revenues were \$0.1 million more than the final budgeted revenues. The General Fund expenditures were \$0.2 million higher than the final budget primarily due to one-time legal expenses.

Long-term financial planning and initiatives

In May 2017, the Governor approved SB 130 which will replace the annual Motor Vehicle License Fee revenues, taken by the State in 2011. This restoration of the annual revenue could amount to \$2 million, beginning in FY 2017-18. Unfortunately, the past six-year revenue loss of \$12.7 million will not be repaid by the State of California.

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 Riverside 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.

Current Year Initiatives

In spite of 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 seeking opportunities to enhance street sweeping programs, traffic control, dirt road and dust control improvements, trails improvement and storm drainage enhancements.
- Increase Police Services with the addition of a Community Service Officer.
- 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.
- Maintain City infrastructure and road improvements.

Concluding remarks

The City, in its ninth 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.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Wildomar for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2016. In order to receive a Certificate of Achievement, the City must publish an easily readable and efficiently organized CAFR that satisfies both generally accepted accounting principles and applicable legal requirements. We believe the City's current CAFR meets the program requirements of the Certificate of Achievement and we are submitting it to the GFOA to determine its eligibility for the award.

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 Teaman, Ramirez and Smith Inc.'s 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,

A handwritten signature in blue ink that reads "James R. Riley".

James R. Riley
Finance Director

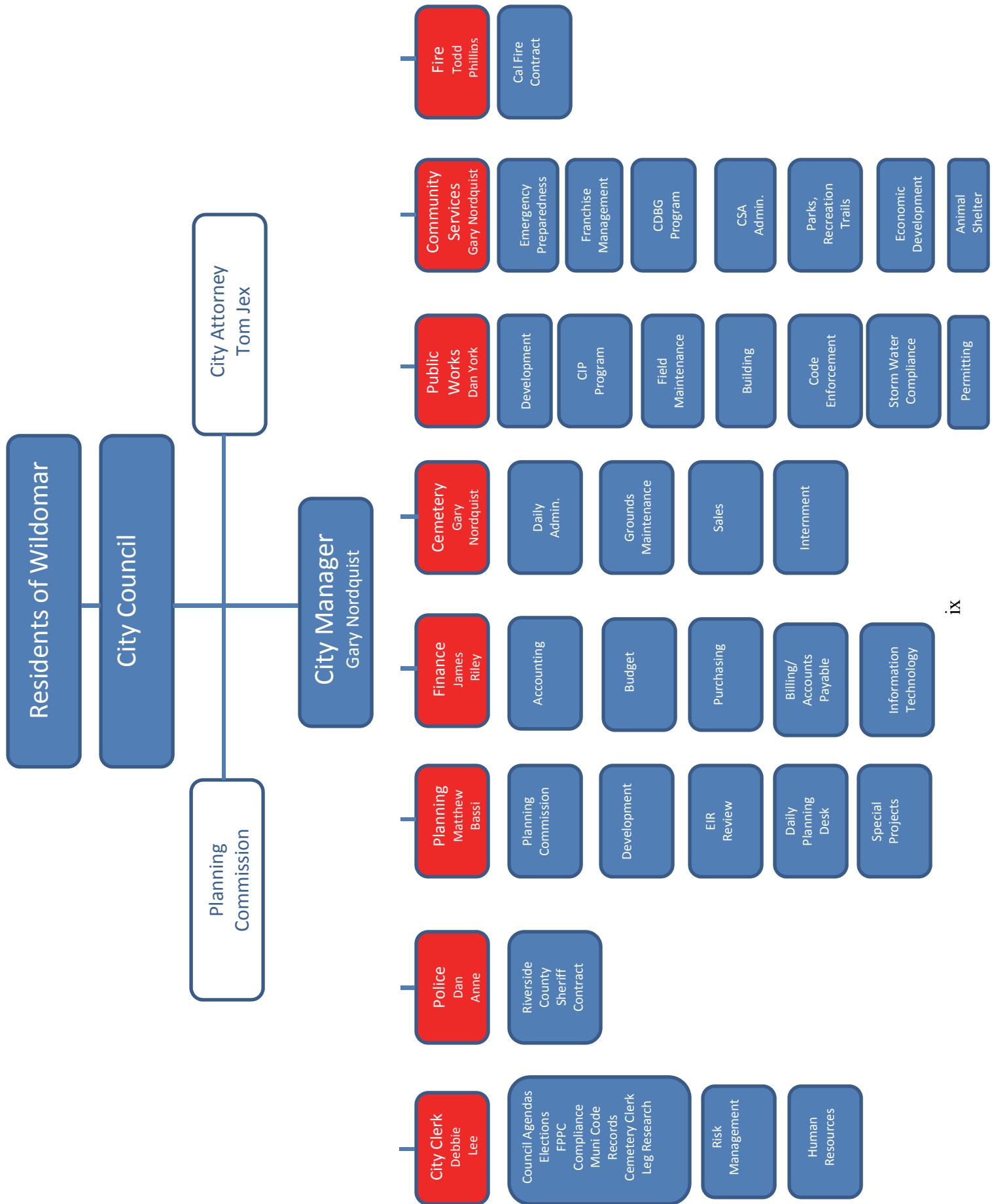
STAFF DIRECTORY

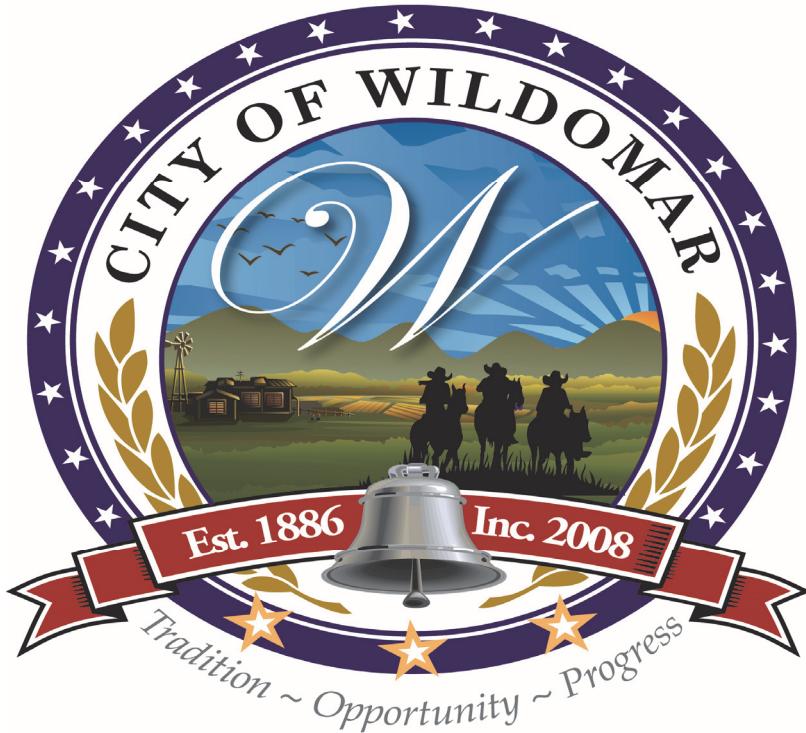
EXECUTIVE MANAGEMENT:

City Manager	<i>Gary Nordquist</i>
City Attorney	<i>Thomas Jex</i>
Chief of Police	<i>Dan Anne</i>
Fire Chief	<i>Todd Phillips</i>
Assistant City Manager	<i>Dan York</i>
Finance Director	<i>James Riley</i>
Planning Director	<i>Matt Bassi</i>
Public Works Director/City Engineer	<i>Dan York</i>
City Clerk	<i>Debbie Lee</i>
Cemetery Operations Manager	<i>Kirk Schrader</i>

CITY OF WILDOMAR CAFR TEAM:

Finance Director	<i>James Riley</i>
Accounting Manager	<i>Terry Rhodes</i>
Project Accountant	<i>Sherri Stanton</i>





City of Wildomar City Council and Wildomar Cemetery District

Timothy Walker, Mayor/Chair, District 3

Ben Benoit, Pro Tem/Vice Chair, District 1

Bridgette Moore, Council Member/Trustee, District 4

Marsha Swanson, Council Member/Trustee, District 5

Dustin Nigg, Council member/Trustee, District 2

City Manager/General Manager

Gary Nordquist

City Attorney/District Counsel

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, 2016

Christopher P. Morill

Executive Director/CEO

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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

City Council
City of Wildomar
Wildomar, California

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Wildomar, California (the "City") as of and for the year ended June 30, 2017, 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 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 City'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 City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Wildomar, California, as of June 30, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle

As described in Note 1c to the basic financial statements, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 82, *Pension Issues - An Amendment of GASB Statements No. 67, No. 68, and No. 73*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information on pages 3 through 16 and 54 through 59 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, supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was 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 supplementary information is 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2017, 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.



Riverside, California
December 22, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2017

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 ninth fiscal year of operation which ended June 30, 2017. 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 vii of this report and with the City's financial statements which follow this discussion.

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.

- The assets and deferred outflows of resources of the City of Wildomar exceeded its liabilities and deferred inflows of resources as of June 30, 2017, by \$30.2 million (net position).
- The City of Wildomar's total net position increased by \$1.8 million. The primary increase is related to an increase of \$1.5 million in restricted net position related to development impact fees because of development activity and \$0.4 million increase in net investment in capital assets related to construction in progress street projects.
- The revenues in the Statement of Activities decreased by a net \$0.3 million primarily due to an increase in program revenues related to operating grants and contributions of \$0.7 million, an increase in general revenues related to property taxes of \$0.2 million, offset by a decrease of \$1.2 million in special item one-time revenue related to loan forgiveness from Riverside County based on SB 107, signed into law on September 22, 2015, which provided for the forgiveness of debts owed to the County of Riverside for all newly incorporated cities. This forgiveness was noted in fiscal year 2015-16.

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 required supplementary information and 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 provide 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, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as 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 evolves 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 format, net position 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 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 derived from such sources as 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, public safety, public works, community development, and parks and recreation. 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 City does not have any business-type activities.

The government-wide financial statements include the City (Primary Government) and the Wildomar Cemetery District, which is a legally separate, discretely presented component unit. Financial information for the Wildomar Cemetery District is reported separately from the financial information presented for the City. 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, liabilities, deferred inflows of resources, 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, unavailable 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 way 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 30 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 30 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the major and 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 a bi-annual appropriated budget for its general fund, with a revision made for the second year of the budget if necessary. 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 17 through 24 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.

Required Supplementary Information and Supplementary Information

In addition to the basic financial statements and included within the notes, this report also presents Required Supplementary Information and Supplementary Information.

Required supplementary information includes budgetary comparison schedules for the major governmental funds to demonstrate compliance with the annual budget as adopted and amended, miscellaneous pension plan information, schedule of funding process relating to OPEB and notes to required supplementary information. Required Supplementary Information can be found following the Notes to the Basic Financial Statements.

Supplementary Information includes combining statements referred to earlier in connection with non-major governmental funds and also includes budgetary comparison schedules for the non-major governmental funds to demonstrate compliance with the annual budget as adopted and amended. Supplementary Information can be found following the Required Supplementary Information.

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 and deferred outflows of resources of the City of Wildomar exceeded its liabilities and deferred inflows of resources as of June 30, 2017, by \$30.2 million (net position). 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 (85%).

During the fiscal year ended June 30, 2017, net position was \$30.2 million of which \$24.5 million is invested in capital assets such as land, equipment, buildings and infrastructure. Of the remaining total, \$5.6 million is restricted to specifically stipulated spending agreements originated by law, contract or other agreements and \$0.1 million is unrestricted. Of note is the fact that the City has no outstanding debt related to capital assets held.

Table 1 Statement of Net Position -Primary Government

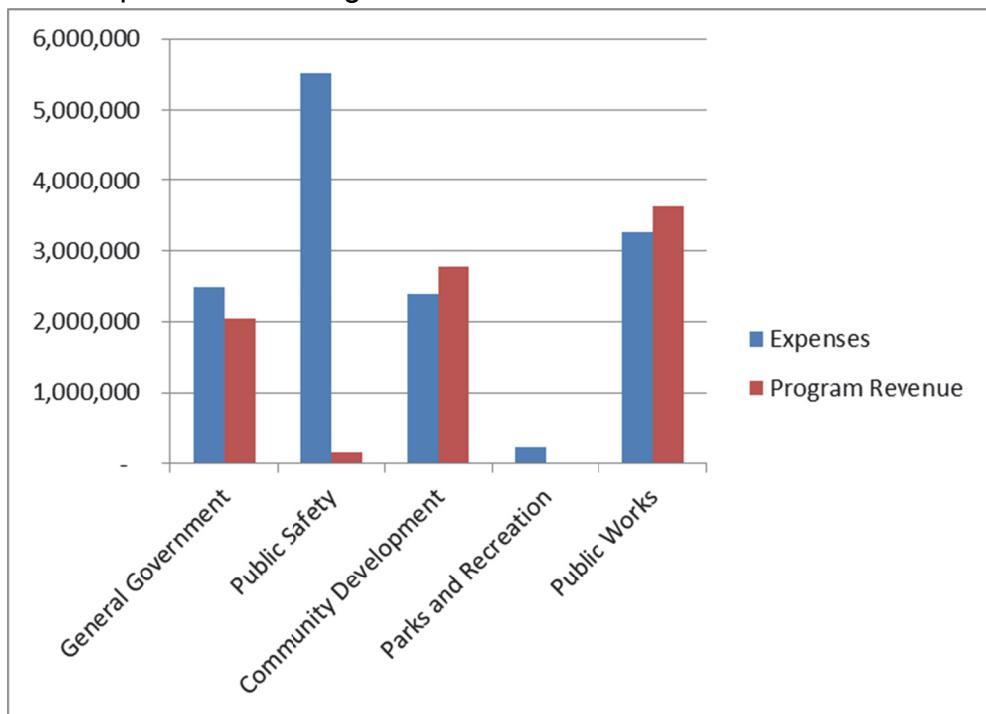
City of Wildomar Statement of Net Position-Summary For the Years Ended June 30,		
Governmental Activities	2017	2016
Assets:		
Current and other assets	\$ 10,472,511	\$ 9,178,277
Capital assets	24,487,895	23,919,815
Total Assets	34,960,406	33,098,092
Deferred Outflows of Resources:		
Deferred Pension-related items	307,834	431,626
Total Deferred Outflows of Resources	307,834	431,626
Liabilities:		
Other Liabilities	4,566,097	4,596,825
Long-term Liabilities	421,165	370,433
Total Liabilities	4,987,262	4,967,258
Deferred Inflows of Resources:		
Deferred Pension-related items	74,726	144,147
Total Deferred Inflows of Resources	74,726	144,147
Net Position:		
Net Investment in Capital Assets	24,487,895	23,919,815
Restricted	5,584,338	4,041,378
Unrestricted	134,019	457,120
Total Net Position	\$ 30,206,252	\$ 28,418,313

Table 2 Statement of Activities -Primary Government

City of Wildomar Statement of Activities For the Years Ended June 30,			
Governmental Activities			
	<u>2017</u>	<u>2016</u>	
Revenues			
Program Revenues			
Charges for Service	\$ 4,184,936	\$ 3,726,126	
Operating Grants and Contributions	4,428,472	3,321,513	
Capital Grants and Contributions	-	884,658	
General Revenues			
Sales Taxes	1,666,324	1,772,493	
Property Taxes	4,002,949	3,774,015	
Other Taxes	1,286,846	1,210,991	
Other Revenues	101,253	71,073	
Use of Money and Property	10,659	6,590	
	Total Revenues	15,681,439	14,767,459
Expenses			
General Government	2,494,133	2,465,875	
Public Safety	5,517,602	5,109,023	
Community Development	2,389,801	2,569,072	
Parks and Recreation	219,647	219,647	
Public Works	3,272,317	3,649,428	
	Total Expenses	13,893,500	14,013,045
	Increase (Decrease) in Net Position	1,787,939	754,414
Special Item-Relief of Loan Due Riverside County	-	1,185,337	
Beginning Net Position	28,418,313	27,266,132	
Restatement of Net Position	-	(787,570)	
	Ending Net Position	\$ 30,206,252	\$ 28,418,313

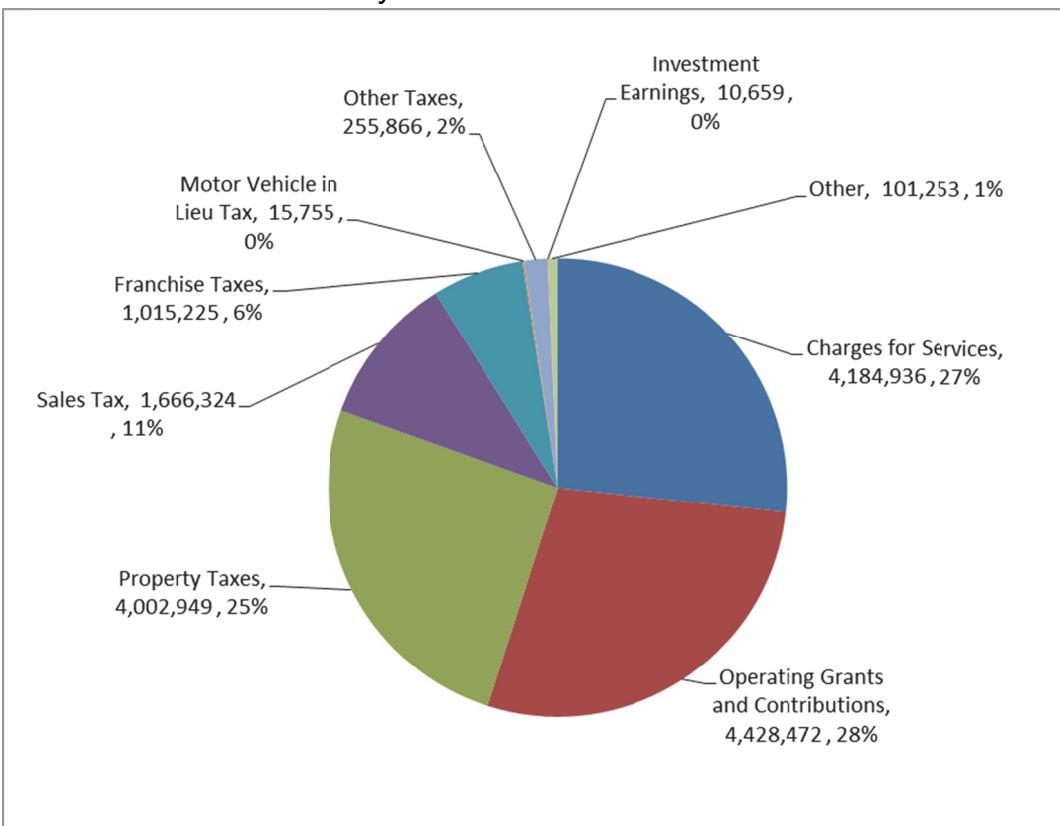
City of Wildomar

Expenses and Program Revenues-Governmental Activities



City of Wildomar

Revenues by Sources-Governmental Activities



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 increased when compared to the previous fiscal year. The total ending fund balance for the City's governmental funds was \$4.8 million which represented a \$1.3 million or 36.3% increase from the prior fiscal year balance.

The increase is primarily due to: an increase in Development Impact Fees of \$1.2 million related to an increase in fees received.

The General Fund is the primarily funding source for the City. At fiscal year end, the unassigned fund balance of the general fund was \$869,757 or 8.7% of the City's general fund expenditures of \$10.0 million. This is a decrease of \$87,930 as compare to FY 2015-16.

Other Major Funds Budgetary Highlights:

Development Impact Fee Funds

These funds are used to record the capital expenditures of 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. During fiscal year 2016-17, \$101,506 in capital improvements were expended for construction.

Grant Funds

These grant funds are awarded by Federal, State and Local Agencies for various projects, services and equipment. The projects, services and equipment include street improvement, traffic signals, storm drains, flood control, public safety, bike trails and code enforcement. During fiscal year 2016-17, \$2.0 million in grant funds were received in fiscal year 2016-17.

General Fund Financial Highlights

General Fund original vs. final budget significant changes were as follows:

Revenues:

- Taxes increased \$0.2 million due to property taxes. Valuations have increased during the year.
- Licenses and Permits increased \$0.4 million due to private development fees.

Expenditures:

- Administrative Services increased \$0.1 million due to increase staffing, adding consulting help for grants and developer deposits.
- Non-departmental increased \$0.1 million due to increased rental space at City Hall.
- Deposit Based Projects increased \$0.3 million due to increased development related activity.

General Fund actual revenues decreased a net \$0.1 million over fiscal year 2015-16. The primary sources for the net decrease are as follows:

- Taxes increased \$0.2 million, primarily related to property tax
- Licenses and permits decreased \$0.4 million related to decreased building permit activity.

General Fund actual expenditures increased a net \$0.3 million over fiscal year 2015-16. The primary sources for the net increase are as follows:

- Public Safety-Police and fire services increased \$0.4 million due to contractual service cost increase due to rate increases.
- Community Development decreased \$0.2 million due to a decrease in contractual services for planning services.

As previously mentioned, the effects of the State take away continue to dramatically impact the City's general fund revenue.

The effects of the State take away of the City's Motor Vehicle License Fee (MVLF) revenues continued to impact the General Fund by \$1.7 million or 16% of total revenues in fiscal year 2016-17. However, In May 2017, the Governor approved SB 130 which will replace the annual Motor Vehicle License Fee revenues, taken by the State in 2011. This restoration of the annual revenue could amount to \$2 million, beginning in FY 2017-18. Unfortunately, the past six-year revenue loss of \$12.7 million will not be repaid by the State of California.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets (Table 3) for its governmental activities as of June 30, 2017, is \$24.5 million (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 5 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, 2017				
	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
Capital Assets, not being depreciated:				
Land	\$ 2,613,490	\$ -	\$ -	\$ 2,613,490
Construction in Progress	2,211,031	2,099,779		4,310,810
Right-of-way	622,935	-	-	622,935
Total Capital Assets, Not Being Depreciated	<u>5,447,456</u>	<u>2,099,779</u>	<u>-</u>	<u>7,547,235</u>
Capital Assets, being depreciated:				
Buildings and Improvements	7,442,488	-	-	7,442,488
Furniture, fixtures and Equipment	30,609	28,524	-	59,133
Traffic Signals	251,824	-	-	251,824
Infrastructure	41,999,139	-	-	41,999,139
Total Capital Assets, Being Depreciated	<u>49,724,060</u>	<u>28,524</u>	<u>-</u>	<u>49,752,584</u>
Less Accumulated Depreciation				
Buildings and Improvements	(1,989,470)	(249,135)	-	(2,238,605)
Furniture, fixtures and Equipment	(25,162)	(7,053)	-	(32,215)
Traffic Signals	(40,526)	(12,591)	-	(53,117)
Infrastructure	(29,196,543)	(1,291,444)	-	(30,487,987)
Total Accumulated Depreciation	<u>(31,251,701)</u>	<u>(1,560,223)</u>	<u>-</u>	<u>(32,811,924)</u>
Total Capital Assets, Being Depreciated, Net	<u>18,472,359</u>	<u>(1,531,699)</u>	<u>-</u>	<u>16,940,660</u>
	<u>\$ 23,919,815</u>	<u>\$ 568,080</u>	<u>\$ -</u>	<u>\$ 24,487,895</u>

Long-term Debt

At year end, the City had \$165,595 in outstanding long-term debt for Governmental Activities. This debt is related to compensated absences.

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, 2017					
	Beginning Balance	Additions	Deductions	Ending Balance	Within One Year
Compensated Absences	166,983	40,358	(41,746)	165,595	41,399
Total Long-Term Liabilities	\$ 166,983	\$ 40,358	\$ (41,746)	\$ 165,595	\$ 41,399

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, 2017, in preparing the budget for fiscal year 2017-18, management gave careful consideration to the continued impact the State of California will have on the City's budget. This is in spite of the Governor approving SB 130 in May 2017 which will replace the annual Motor Vehicle License Fee revenues, taken by the State in 2011 and would be a restoration of the annual revenue in an amount up to \$2 million, beginning in FY 2017-18. The overall approach in the development of the fiscal year 2017-18 budget was to achieve and maintain an appropriate balance of expenditure reductions to address the 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:

- Sales tax revenues effects over the prior year.
- Residential property values are increasing.
- Development activity in the coming year

The Adopted Operating Budget for Fiscal Year 2017-18 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.

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.

BASIC FINANCIAL STATEMENTS

City of Wildomar
Statement of Net Position
June 30, 2017

	Primary Government Governmental Activities	Component Unit Wildomar Cemetery District
ASSETS		
Cash and Investments	\$ 6,947,914	\$ 1,682,942
Restricted Cash and Investments	-	224,892
Receivables:		
Accounts	134,022	-
Developer	1,335,507	-
Grants	1,123,117	-
Accrued Interest	3,603	-
Due from Other Governments	928,348	15,628
Inventories	-	2,649
Capital Assets, Not Being Depreciated	7,547,235	577,892
Capital Assets, Net of Depreciation	<u>16,940,660</u>	<u>16,119</u>
Total Assets	<u>34,960,406</u>	<u>2,520,122</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension Related Items	<u>307,834</u>	<u>39,408</u>
Total Deferred Outflows of Resources	<u>307,834</u>	<u>39,408</u>
LIABILITIES		
Accounts Payable	2,336,135	6,790
Accrued Liabilities	26,168	4,223
Unearned Revenue	735,575	-
Deposits Payable	1,378,621	40,320
Due to Other Governments	89,598	-
Noncurrent Liabilities:		
Due Within One Year	41,399	3,902
Due in More Than One Year	124,196	11,706
Net Pension Liability	124,553	195,159
Other Post-employment Benefits Liability	<u>131,017</u>	<u>-</u>
Total Liabilities	<u>4,987,262</u>	<u>262,100</u>
DEFERRED INFLOWS OF RESOURCES		
Pension Related Items	<u>74,726</u>	<u>11,370</u>
Total Deferred Inflows of Resources	<u>74,726</u>	<u>11,370</u>
NET POSITION		
Net Investment in Capital Assets	24,487,895	594,011
Restricted:		
Community Development Projects	4,807,087	-
Public Works	367,868	-
Capital Projects	409,383	-
Cemetery Trust - Nonexpendable	-	224,892
Unrestricted	<u>134,019</u>	<u>1,467,157</u>
Total Net Position	<u>\$ 30,206,252</u>	<u>\$ 2,286,060</u>

The accompanying notes are an integral part of this statement.

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City of Wildomar
Statement of Activities
For the Year Ended June 30, 2017

	Net (Expenses) Revenues and Changes in Net Position				
	Program Revenues				Component Unit
	Primary Government	Governmental Activities	Wildomar Cemetery District		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		
	Expenses				
Governmental Activities:					
General Government	\$ 2,494,133	\$ 1,539,067	\$ 502,469	\$ -	\$ (452,597)
Public Safety	5,517,602	10,466	139,416	-	(5,367,720)
Community Development	2,389,801	2,397,374	387,589	-	395,162
Parks and Recreation	219,647	7,832	-	-	(211,815)
Public Works	3,272,317	230,197	3,398,998	-	356,878
Total Governmental Activities	<u>\$ 13,893,500</u>	<u>\$ 4,184,936</u>	<u>\$ 4,428,472</u>	<u>\$ -</u>	<u>(5,280,092)</u>
Component Unit:					
Wildomar Cemetery District	\$ 460,379	\$ 33,254	\$ -	\$ -	\$ (427,125)
Total Component Unit	<u>\$ 460,379</u>	<u>\$ 33,254</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(427,125)</u>
General Revenues:					
Taxes:					
Property Tax, Levied for General Purpose			4,002,949	466,767	
Sales Tax			1,666,324		-
Franchise Taxes			1,015,225		-
Motor Vehicle in Lieu Tax			15,755		-
Other Taxes			255,866		-
Investment Earnings			10,659	3,356	
Other			<u>101,253</u>		-
Total General Revenues			<u>7,068,031</u>	<u>470,123</u>	
Change in Net Position			1,787,939	42,998	
Net Position - Beginning of Year			<u>28,418,313</u>	<u>2,243,062</u>	
Net Position - End of Year			<u>\$ 30,206,252</u>	<u>\$ 2,286,060</u>	

The accompanying notes are an integral part of this statement.

City of Wildomar
Balance Sheet
Governmental Funds
June 30, 2017

		Special Revenue		
		General	Development Impact Fees	Grants
ASSETS				
Pooled Cash and Investments	\$ 1,673,198	\$ 3,833,574	\$ -	-
Receivables:				
Accounts	134,022	-	-	-
Developer	1,335,507	-	-	-
Grants	-	-	1,056,894	-
Accrued Interest	3,603	-	-	-
Due from Other Governments	585,761	-	-	-
Due from Other Funds	<u>651,667</u>	<u>1,865,680</u>	<u>-</u>	<u>-</u>
Total Assets	<u><u>\$ 4,383,758</u></u>	<u><u>\$ 5,699,254</u></u>	<u><u>\$ 1,056,894</u></u>	
LIABILITIES				
Accounts Payable	\$ 2,022,783	\$ 12,458	\$ 117,816	-
Accrued Liabilities	22,999	-	-	-
Unearned Revenues	-	735,575	-	-
Deposits Payable	1,378,621	-	-	-
Due to Other Governments	89,598	-	-	-
Due to Other Funds	<u>-</u>	<u>332,965</u>	<u>908,615</u>	
Total Liabilities	<u><u>3,514,001</u></u>	<u><u>1,080,998</u></u>	<u><u>1,026,431</u></u>	
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenues - Intergovernmental	<u>-</u>	<u>-</u>	<u>1,050,051</u>	
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>1,050,051</u>	
FUND BALANCES				
Restricted for:				
Community Development Projects	-	4,618,256	-	-
Public Works	-	-	-	-
Capital Projects	-	-	-	-
Unassigned	<u>869,757</u>	<u>-</u>	<u>(1,019,588)</u>	
Total Fund Balances	<u><u>869,757</u></u>	<u><u>4,618,256</u></u>	<u><u>(1,019,588)</u></u>	
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u><u>\$ 4,383,758</u></u>	<u><u>\$ 5,699,254</u></u>	<u><u>\$ 1,056,894</u></u>	

The accompanying notes are an integral part of this statement.

Other Governmental Funds	Total Governmental Funds
\$ 1,441,142	\$ 6,947,914
-	134,022
-	1,335,507
66,223	1,123,117
-	3,603
342,587	928,348
-	2,517,347
<u>\$ 1,849,952</u>	<u>\$ 12,989,858</u>
\$ 183,078	\$ 2,336,135
3,169	26,168
-	735,575
-	1,378,621
-	89,598
<u>1,275,767</u>	<u>2,517,347</u>
<u>1,462,014</u>	<u>7,083,444</u>
<u>66,223</u>	<u>1,116,274</u>
<u>66,223</u>	<u>1,116,274</u>
188,831	4,807,087
367,868	367,868
409,383	409,383
<u>(644,367)</u>	<u>(794,198)</u>
<u>321,715</u>	<u>4,790,140</u>
<u>\$ 1,849,952</u>	<u>\$ 12,989,858</u>

The accompanying notes are an integral part of this statement.

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City of Wildomar
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2017

Fund Balances of Governmental Funds	\$ 4,790,140
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 government fund activity.	24,487,895
Long-term debt and compensated absences that have not been included in the governmental fund activity.	
Compensated Absences	(165,595)
Net Pension Liability	(124,553)
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.	(131,017)
Deferred outflows and inflows of resources related to pensions that are required to be recognized over a defined closed period.	
Pension Related Deferred Outflows of Resources	307,834
Pension Related Deferred Inflows of Resources	(74,726)
Revenues reported as unavailable revenue in the governmental funds are recognized in the statement of activities.	<u>1,116,274</u>
Net Position of Governmental Activities	<u><u>\$ 30,206,252</u></u>

City of Wildomar
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2017

	Special Revenue		
	General	Development Impact Fees	Grants
REVENUES			
Taxes	\$ 6,940,365	\$ -	\$ -
Licenses and Permits	2,345,877	-	-
Intergovernmental	119,500	-	2,004,506
Charges for Services	10,782	-	-
Fines and Forfeitures	41,039	-	-
Use of Money and Property	200	9,058	-
Developer Participation	-	1,510,618	-
Miscellaneous	<u>79,388</u>	-	-
Total Revenues	<u>9,537,151</u>	<u>1,519,676</u>	<u>2,004,506</u>
EXPENDITURES			
Current:			
General Government	1,934,911	-	20,444
Public Safety	5,488,113	-	-
Community Development	2,323,811	35,274	-
Public Works	222,033	43,070	16,036
Capital Outlay	<u>-</u>	<u>23,162</u>	<u>1,975,955</u>
Total Expenditures	<u>9,968,868</u>	<u>101,506</u>	<u>2,012,435</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(431,717)</u>	<u>1,418,170</u>	<u>(7,929)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	343,787	-	-
Transfers Out	<u>-</u>	<u>(105,235)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>343,787</u>	<u>(105,235)</u>	<u>-</u>
Net Change in Fund Balances	<u>(87,930)</u>	<u>1,312,935</u>	<u>(7,929)</u>
Fund Balances - Beginning of Year	<u>957,687</u>	<u>3,305,321</u>	<u>(1,011,659)</u>
Fund Balances - End of Year	<u><u>\$ 869,757</u></u>	<u><u>\$ 4,618,256</u></u>	<u><u>\$ (1,019,588)</u></u>

The accompanying notes are an integral part of this statement.

Other Governmental Funds	Total Governmental Funds
\$ -	\$ 6,940,365
-	2,345,877
2,526,701	4,650,707
7,832	18,614
-	41,039
1,401	10,659
-	1,510,618
<u>35,545</u>	<u>114,933</u>
<u><u>2,571,479</u></u>	<u><u>15,632,812</u></u>
427,622	2,382,977
-	5,488,113
30,716	2,389,801
1,672,409	1,953,548
<u>142,922</u>	<u>2,142,039</u>
<u><u>2,273,669</u></u>	<u><u>14,356,478</u></u>
<u><u>297,810</u></u>	<u><u>1,276,334</u></u>
<u><u>-</u></u>	<u><u>343,787</u></u>
<u><u>(238,552)</u></u>	<u><u>(343,787)</u></u>
<u><u>(238,552)</u></u>	<u><u>-</u></u>
59,258	1,276,334
<u><u>262,457</u></u>	<u><u>3,513,806</u></u>
<u><u>\$ 321,715</u></u>	<u><u>\$ 4,790,140</u></u>

The accompanying notes are an integral part of this statement.

City of Wildomar

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities**
For the Year Ended June 30, 2017

Net Change in Fund Balances - Total Governmental Funds	\$ 1,276,334
--	--------------

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	2,128,303
Depreciation	(1,560,223)

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. 1,388

Some expenses reported in statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:

Net Change in Net Pension Liability	34,331
Net Change in Pension Deferred Outflows and Inflows of Resources	(123,033)
Net Change in Net OPEB Obligation	(17,789)

Revenues reported as unavailable revenue in the governmental funds are recognized in the statement of activities. 48,628

Change in Net Position of Governmental Activities \$ 1,787,939

City of Wildomar
Notes to Financial Statements
June 30, 2017

I.) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Description of the Reporting Entity

The City of Wildomar, California (City) was incorporated on July 1, 2008, under the laws of the State of California and enjoys all the rights and privileges pertaining to “General Law” cities. 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

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. An agency, institution or authority, may be included as a component unit in the primary government's financial statements. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. A discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the government. There is one discretely presented component unit in these financial statements. There are no blended component units presented in the financial statements. The governing body of the component unit are comprised of the City Council acting as the governing board and the services they provide directly to citizens or other parties outside the government. The discretely presented component unit presented has a June 30 year end. The following is reported as a discretely presented component unit.

Wildomar Cemetery District - The Wildomar Cemetery District was absorbed into the City on November 9, 2011. Its purpose is to provide cemetery services to residents of the City of Wildomar. The operations of the District are discretely presented in the financial statements. A component unit financial statement may be obtained from the City of Wildomar.

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, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions 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.

City of Wildomar
Notes to Financial Statements
June 30, 2017

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

c. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Separate financial statements are provided for governmental funds, proprietary, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The City does not have any proprietary funds.

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 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 60 days of the end of the current fiscal year. 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.

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 *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.

City of Wildomar
Notes to Financial Statements
June 30, 2017

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

c. Measurement Focus, Basis of Accounting, and Financial Statement Presentation - Continued

Additionally, the City reports the following fund type:

The *Special Revenue Funds* are used to account for city financial resources that are restricted by law or contractual agreement for specific purposes other than debt service or major capital projects.

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 except for the effect of interfund services provided and used.

Accounts 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 unrestricted taxes.

d. Assets, Deferred Outflows/Inflows of Resources, 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 to hold investments until maturity or until market 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.

City of Wildomar
Notes to Financial Statements
June 30, 2017

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

d. Assets, Deferred Outflows/Inflows of Resources, Liabilities, and Net Position or Equity - Continued

Prepaid Items 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 and equipment, and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the governmental activities columns 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 the historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset’s 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 to 30 years
Equipment and Furniture	3 to 20 years
Vehicles	5 to 10 years
Infrastructure	10 to 50 years
Software	5 to 10 years

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net 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 inflow of resources (expenses/expenditure) until then. The City reports deferred outflows of resources for pension which relate to contributions after the measurement date and other amounts, which are amortized by an actuarial determined period.

City of Wildomar
Notes to Financial Statements
June 30, 2017

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

d. Assets, Deferred Outflows/Inflows of Resources, Liabilities, and Net Position or Equity - Continued

In addition to liabilities, the statement of net position and the balance sheet 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 outflow of resources (revenue) until that time. The City has two types of items, one of 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 government 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. In addition, the City reports deferred inflow of resources for pensions on the statement of net position and are amortized by an actuarial determined period.

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.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenses in the year incurred.

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

City of Wildomar
Notes to Financial Statements
June 30, 2017

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

d. Assets, Deferred Outflows/Inflows of Resources, Liabilities, and Net Position or Equity - Continued

Net Pension Liability

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

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

Valuation Date (VD): June 30, 2015

Measurement Date (MD): June 30, 2016

Measurement Period (MP): July 1, 2015 to June 30, 2016

Unearned Revenues

In the government-wide financial statements and the fund financial statements, unearned revenues represent cash advances by various grantors that have not been spent; therefore no revenue has been recognized.

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, contributions, 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, by an adoption of an ordinance. The formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a ordinance.

City of Wildomar
Notes to Financial Statements
June 30, 2017

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

d. Assets, Deferred Outflows/Inflows of Resources, Liabilities, and Net Position or Equity - Continued

Fund Equity - Continued

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 are either residual positive net resources of the General Fund in excess of what can properly be classified in one of the other categories, or negative balances in all other funds.

Net Position Flow Assumptions

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.

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 preceding, the fiscal year for which the taxes are levied. The tax levy covers the fiscal period July 1st to June 30th. All

City of Wildomar
Notes to Financial Statements
June 30, 2017

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

d. Assets, Deferred Outflows/Inflows of Resources, Liabilities, and Net Position or Equity - Continued

Property Taxes - Continued

secured personal property taxes and one-half of the taxes on real property are due November 1st, the second installment is due February 1st. All taxes are delinquent, if unpaid, on December 10th and April 10th respectively. Unsecured personal property taxes become due on the first of March each year and are delinquent, if unpaid, on August 31st.

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.

e. Implementation of New Governmental Accounting Standards Board (GASB) Pronouncements

Governmental Accounting Standard Board Statement No. 74

In June of 2015, GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This Statement was issued to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) for making decisions and assessing accountability. This Statement replaces Statements no. 43, *Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No.

City of Wildomar
Notes to Financial Statements
June 30, 2017

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

e. Implementation of New Governmental Accounting Standards Board (GASB) Pronouncements - Continued

Governmental Accounting Standard Board Statement No. 74 - Continued

25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*. Statement No. 74 is effective for fiscal years beginning after June 15, 2016. Currently, this Statement has no effect on the City's financial statements.

Governmental Accounting Standard Board Statement No. 75

In June of 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement was issued to improve accounting and financial reporting for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by governmental employers about financial support for OPEB that is provided by other entities. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. Statement No. 75 is effective for fiscal years beginning after June 15, 2017. The City has elected not to early implement GASB No. 75 and has not determined its effect on the City's financial statements.

Governmental Accounting Standard Board Statement No. 77

In August of 2015, GASB issued Statement No. 77, *Tax Abatement Disclosures*. This Statement is intended to provide financial statement users needed information about certain limitations on a government's ability to raise resources and for financial reporting purposes requires disclosure on tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments that reduce the reporting government's tax revenues. Statement No. 77 is effective for periods beginning after December 15, 2015. Currently, this Statement has no effect on the City's financial statements.

Governmental Accounting Standard Board Statement No. 80

In January of 2016, GASB issued Statement No. 80, *Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14*. This statement was issued to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial*

City of Wildomar
Notes to Financial Statements
June 30, 2017

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

e. Implementation of New Governmental Accounting Standards Board (GASB) Pronouncements - Continued

Governmental Accounting Standard Board Statement No. 80 - Continued

Reporting Entity, as amended. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. Currently, this Statement has no effect on the City's financial statements.

Governmental Accounting Standard Board Statement No. 81

In March of 2016, GASB issued Statement No. 81, *Irrevocable Split Interest Agreements*. This statement was issued to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. Split-interest agreements are a type of giving agreement used by donors to provide resources to two or more beneficiaries, including governments. Split-interest agreements can be created through trusts—or other legally enforceable agreements with characteristics that are equivalent to split-interest agreements—in which a donor transfers resources to an intermediary to hold and administer for the benefit of a government and at least one other beneficiary. This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2016. Currently, this Statement has no effect on the City's financial statements.

Governmental Accounting Standard Board Statement No. 82

In March of 2016, GASB issued Statement No. 82, *Pension Issues – An Amendment of GASB Statements No. 67, No. 68, and No. 73*. This statement was issued to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain*

City of Wildomar
Notes to Financial Statements
June 30, 2017

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

e. Implementation of New Governmental Accounting Standards Board (GASB) Pronouncements - Continued

Governmental Accounting Standard Board Statement No. 82 - Continued

Provisions of GASB Statements 67 and 68. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. Prior to the issuance of this Statement, Statements 67 and 68 required presentation of covered-employee payroll, which is the payroll of employees that are provided with pensions through the pension plan, and ratios that use that measure, in schedules of required supplementary information. This Statement amends Statements 67 and 68 to instead require the presentation of covered payroll, defined as the payroll on which contributions to a pension plan are based, and ratios that use that measure. This Statement also clarifies the term deviation used in Actuarial Standards of Practice and payments made by the employer to satisfy contribution requirements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. The City has implemented GASB No. 82 which reflected in the financial statements.

Governmental Accounting Standard Board Statement No. 83

In November of 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement was issued to address the criteria for the recognition and measurement of the liability and corresponding deferred outflows of resources associated with certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. Statement No. 83 is effective for reporting periods beginning after June 15, 2018. The impact of the implementation of this Statement to the City's financial statements has not been assessed at this time.

Governmental Accounting Standard Board Statement No. 84

In January of 2017, GASB issued Statement No. 84, *Fiduciary Activities*. This Statement was issued to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes. This Statement establishes the criteria for identifying fiduciary activities which should be reported in a fiduciary fund in the basic financial statements. The fiduciary funds that should be reported, if applicable: a) pensions trust funds, b) investment trust funds, c) private purpose trust funds, d) custodial funds. Statement No. 84 is effective for reporting periods beginning after December 15, 2018. The impact of the implementation of this Statement to the City's financial statements has not been assessed at this time.

City of Wildomar
Notes to Financial Statements
June 30, 2017

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

e. Implementation of New Governmental Accounting Standards Board (GASB) Pronouncements - Continued

Governmental Accounting Standard Board Statement No. 85

In March of 2017, GASB issued Statement No. 85, *Omnibus 2017*. This Statement addresses practice issues that have risen from the implementation of certain GASB Statements; primarily pension and OPEB related measurement, recognition, timing, and reporting issues. Other issues include blending of component units for governments whose primary activity is business-type, goodwill reporting, classifying real estate held by insurance entities and measuring particular investments at amortized cost. This Statement is effective for reporting periods beginning after June 15, 2017. The impact of the implementation of this Statement to the City's financial statements has not been assessed at this time.

Governmental Accounting Standard Board Statement No. 86

In May of 2017, GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*. This Statement expands upon GASB No. 7 *Advance Refundings Resulting in Defeasance of Debt* which defines debt defeased in substance and the criteria for the trusts used to extinguish debt. This Statement establishes essentially the same requirements for when a government places cash and other monetary assets acquired with only existing resources in an irrevocable trust to extinguish the debt. This Statement is effective for reporting periods beginning after June 15, 2017. The impact of the implementation of this Statement to the City's financial statements has not been assessed at this time.

Governmental Accounting Standard Board Statement No. 87

In June of 2017, GASB issued Statement No. 87, *Leases*. The intent of this Statement is to improve accounting and financial reporting for government leases by requiring recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. This Statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This Statement is effective for reporting periods beginning after December 15, 2019. The impact of the implementation of this Statement to the City's financial statements has not been assessed at this time.

City of Wildomar
Notes to Financial Statements
June 30, 2017

II.) STEWARDSHIP

2) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

The following funds had expenditures in excess of appropriations:

Fund	Budget	Actual	Variance
General Fund	\$ 9,743,600	\$ 9,968,868	\$ (225,268)
Special Revenue Fund:			
SLESF	100,000	128,885	(28,885)
TDA	3,200	30,424	(27,224)

III.) DETAILED NOTES ON ALL FUNDS

3) CASH AND INVESTMENTS

As of June 30, 2017, cash and investments were reported in the accompanying financial statements as follows:

Statement of Net Position:

Primary Government		
Cash and Investments	\$ 6,947,914	
Component Unit - Wildomar Cemetery District		
Cash and Investments	1,682,942	
Restricted Cash and Investments	<u>224,892</u>	
 Total Cash and Investments	 <u>\$ 8,855,748</u>	

Cash and investments consist of the following:

Petty Cash	\$ 385	
Deposits with Financial Institutions	7,159,559	
Investments	<u>1,695,804</u>	
 Total Cash and Investments	 <u>\$ 8,855,748</u>	

The City maintains a cash and investment pool that is available for use for all funds as well as the Wildomar Cemetery District (component unit). 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.

**City of Wildomar
Notes to Financial Statements
June 30, 2017**

3) CASH AND INVESTMENTS - Continued

Deposits

At June 30, 2017, the carrying amount of the City's deposits was \$7,159,559 and the bank balance was \$7,240,611. The \$81,052 difference represents outstanding checks and other reconciling items.

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's 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 government agency. Accordingly, all collateral held by California Agent 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.

**City of Wildomar
Notes to Financial Statements
June 30, 2017**

3) CASH AND INVESTMENTS - Continued

Investment in State Investment Pools

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.

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 its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Investments in U.S. Government securities are not considered to have a credit risk and, therefore, their credit quality is not disclosed. As of June 30, 2017, \$6,909,559 of the City's deposits with financial institutions in excess of federal depository insurance limits were held in collateralized accounts.

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, 2017, the City's investment in LAIF and the District's money market are AAA rated.

City of Wildomar
Notes to Financial Statements
June 30, 2017

3) CASH AND INVESTMENTS - Continued

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.

As of June 30, 2017, the City had the following investments and remaining maturities:

Investment Type	Investment Maturities (in Years)		Fair Value
	Less than 1 Year	1 to 5 Years	
Primary Government:			
Local Agency Investment Fund	\$ 1,564,506		\$ 1,564,506
Component Unit –			
Wildomar Cemetery District:			
Money Market	131,298		131,298
Total	\$ 1,695,804		\$ 1,695,804

4) FAIR VALUE MEASUREMENTS

Governmental Accounting Standards Board (GASB) Statement No. 72, Fair Value Measurements and Application, provides the framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value with Level 1 given the highest priority and Level 3 the lowest priority. The three levels of the fair value hierarchy are as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the organization has the ability to access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within *Level 1* that are observable for the asset or liability, either directly or indirectly. *Level 2* inputs include the following:

- a. Quoted prices for similar assets or liabilities in active markets.
- b. Quoted prices for identical or similar assets or liabilities in markets that are not active.

City of Wildomar
Notes to Financial Statements
June 30, 2017

4) FAIR VALUE MEASUREMENTS - Continued

- c. Inputs other than quoted prices that are observable for the asset or liability (for example, interest rates and yield curves observable at commonly quoted intervals, volatilities, prepayment speeds, loss severities, credit risks, and default rates).
- d. Inputs that are derived principally from or corroborated by observable market data by correlation or other means (market-corroborated inputs).

Level 3 inputs are unobservable inputs for the asset or liability.

Fair value of assets measured on a recurring basis at June 30, 2017, are as follows:

	<u>Fair Value</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Uncategorized</u>
Primary Government:			
Local Agency Investment Fund	<u>\$ 1,564,506</u>	<u>\$ -</u>	<u>\$ 1,564,506</u>
Total	<u>\$ 1,564,506</u>	<u>\$ -</u>	<u>\$ 1,564,506</u>
Component Unit:			
Money Market	<u>\$ 131,298</u>	<u>\$ 131,298</u>	<u>\$ -</u>
Total	<u>\$ 131,298</u>	<u>\$ 131,298</u>	<u>\$ -</u>

Fair values for investments are determined by using a matrix pricing technique. Matrix pricing is used to value securities based on the security's relationship to benchmark quoted prices.

Uncategorized investments do not fall under the fair value hierarchy as there is no active market for the investments.

City of Wildomar
Notes to Financial Statements
June 30, 2017

5) CAPITAL ASSETS

Capital asset activity for the year was as follows:

Primary Government:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets, Not Being Depreciated				
Land	\$ 2,613,490	\$ -	\$ -	\$ 2,613,490
Construction in Progress	2,211,031	2,099,779	-	4,310,810
Right-of-Way	622,935	-	-	622,935
Total Capital Assets, Not Being Depreciated	<u>5,447,456</u>	<u>2,099,779</u>	<u>-</u>	<u>7,547,235</u>
Capital Assets, Being Depreciated				
Buildings and Improvements	7,442,488	-	-	7,442,488
Furniture, Fixtures and Equipment	30,609	28,524	-	59,133
Traffic Signals	251,824	-	-	251,824
Infrastructure	41,999,139	-	-	41,999,139
Total Capital Assets, Being Depreciated	<u>49,724,060</u>	<u>28,524</u>	<u>-</u>	<u>49,752,584</u>
Less Accumulated Depreciated for:				
Buildings and Improvements	(1,989,470)	(249,135)	-	(2,238,605)
Furniture, Fixtures and Equipment	(25,162)	(7,053)	-	(32,215)
Traffic Signals	(40,526)	(12,591)	-	(53,117)
Infrastructure	(29,196,543)	(1,291,444)	-	(30,487,987)
Total Accumulated Depreciation	<u>(31,251,701)</u>	<u>(1,560,223)</u>	<u>-</u>	<u>(32,811,924)</u>
Total Capital Assets, Being Depreciated, Net	<u>18,472,359</u>	<u>(1,531,699)</u>	<u>-</u>	<u>16,940,660</u>
Governmental Activities				
Capital Assets, Net	<u>\$ 23,919,815</u>	<u>\$ 568,080</u>	<u>\$ -</u>	<u>\$ 24,487,895</u>

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

Governmental Activities	
General Government	\$ 6,053
Parks and Recreation	219,647
Public Safety	29,489
Public Works	1,305,034
Total Governmental Activities	<u>\$ 1,560,223</u>
Depreciation Expense	<u>\$ 1,560,223</u>

City of Wildomar
Notes to Financial Statements
June 30, 2017

5) CAPITAL ASSETS - Continued

Component Unit - Wildomar Cemetery District:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets, Not Being Depreciated				
Land	<u>\$ 577,892</u>	\$ -	\$ -	<u>\$ 577,892</u>
Total Capital Assets, Not Being Depreciated	<u>577,892</u>	- -	- -	<u>577,892</u>
Capital Assets, Being Depreciated				
Buildings and Improvements	<u>349,597</u>	- -	- -	<u>349,597</u>
Furniture, Fixtures and Equipment	<u>132,025</u>	- -	- -	<u>132,025</u>
Total Capital Assets, Being Depreciated	<u>481,622</u>	- -	- -	<u>481,622</u>
Less Accumulated Depreciated for:				
Buildings and Improvements	<u>(332,399)</u>	(1,079)	- -	<u>(333,478)</u>
Furniture, Fixtures and Equipment	<u>(131,022)</u>	(1,003)	- -	<u>(132,025)</u>
Total Accumulated Depreciation	<u>(463,421)</u>	<u>(2,082)</u>	- -	<u>(465,503)</u>
Total Capital Assets, Being Depreciated, Net	<u>18,201</u>	<u>(2,082)</u>	- -	<u>16,119</u>
Capital Assets, Net	<u>\$ 596,093</u>	<u>\$ (2,082)</u>	<u>\$ -</u>	<u>\$ 594,011</u>

6) LONG-TERM LIABILITIES

The following is a schedule of changes in long-term debt for the fiscal year:

Primary Government:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Compensated Absences	<u>\$ 166,983</u>	<u>\$ 40,358</u>	<u>\$ (41,746)</u>	<u>\$ 165,595</u>	<u>\$ 41,399</u>

Component Unit - Wildomar Cemetery District:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Compensated Absences	<u>\$ 19,007</u>	<u>\$ 1,353</u>	<u>\$ 4,752</u>	<u>\$ 15,608</u>	<u>\$ 3,902</u>

City of Wildomar
Notes to Financial Statements
June 30, 2017

6) LONG-TERM LIABILITIES - Continued

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 and Wildomar Cemetery District (component unit) at June 30, 2017, had an outstanding accrued balance of unpaid vacation, sick and associated employee related costs of \$165,595 and \$15,608, respectively, that will be liquidated from various funding sources in future years.

7) INTERFUND RECEIVABLE, PAYABLE AND TRANSFERS

Due To / From Other Funds

		DUE TO				<u>Total</u>
		<u>Development Impact Fees</u>	<u>Grants Fund</u>	<u>Other Governmental Funds</u>		
<u>DUE</u>	General Fund	\$ -	\$ -	\$ 651,667	\$ 651,667	
<u>FROM</u>	Development Impact Fees	<u>332,965</u>	<u>908,615</u>	<u>624,100</u>		<u>1,865,680</u>
	<u>Total</u>	<u>\$ 332,965</u>	<u>\$ 908,615</u>	<u>\$ 1,275,767</u>		<u>\$ 2,517,347</u>

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

Interfund Transfers

		TRANSFERS OUT			<u>Total</u>
		<u>Development Impact Fees</u>	<u>Other Governmental Funds</u>		
<u>TRANSFERS</u>	General Fund	\$ 105,235	\$ 238,552	\$ 343,787	
<u>IN</u>	Total	<u>\$ 105,235</u>	<u>\$ 238,552</u>	<u>\$ 343,787</u>	

During the year, interfund transfers were made to the General Fund for the purpose of funding administrative costs.

City of Wildomar
Notes to Financial Statements
June 30, 2017

8) PENSION PLAN

Plan Description

All full time employees are eligible to participate in the City's Miscellaneous Employee Pension Plan, a cost-sharing multiple employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plan are established by State statute and District's resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website. Eligible employees hired after January 1, 2013 that, are considered new members as defined by the Public Employees' Pension Reform Act (PEPRA) are participating in the PEPRA Miscellaneous Plan.

Benefits Provided

CalPERS, provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service as discussed above. Members with five years of total service are eligible to retire at age 50 or 52 if in the PEPRA Miscellaneous Plan with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The system also provides for the Optional Settlement 2W Death Benefit, as well as the 1959 Survivor Benefit. The cost of living adjustments for all plans are applied as specified by the Public Employees' Retirement Law.

The rate plan provisions and benefits in effect at June 30, 2017:

	<u>Miscellaneous</u>
Hire Date	Prior to <u>January 1, 2013</u>
Benefit Formula	2.7% at 55
Social Security Coverage	No
Full/Modified	Full
Final Average Compensation Period	12 months
Sick Leave Credit	Yes
Non-Industrial Disability	Standard
Industrial Disability	No
Pre-Retirement Death Benefits	
Optional Settlement 2W	Yes
1959 Survivor Benefit Level	Level 4
Special	No
Alternate (Firefighters)	No
Post-Retirement Death Benefits	
Lump Sum	\$500
Survivor Allowance (PRSA)	No
COLA	2%

**City of Wildomar
Notes to Financial Statements
June 30, 2017**

8) PENSION PLAN - Continued

Required Contribution

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

The City's contributions to the Plan for the year ended June 30, 2017 were \$111,100.

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

As of June 30, 2017, the City and Wildomar Cemetery District (component unit) reported a net pension liability for its proportionate share of the net pension liability of \$124,553 and \$195,159, respectively.

The City's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2016, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for the Plan as of June 30, 2015 and 2016 was as follows:

Proportion - June 30, 2015	0.00131%
Proportion - June 30, 2016	0.00144%
Change - Increase (Decrease)	0.00012%

City of Wildomar
Notes to Financial Statements
June 30, 2017

8) PENSION PLAN - Continued

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions - Continued

For the year ended June 30, 2017, the City recognized pension expense (credit) of \$199,803. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions made after the measurement date	\$ 111,100	\$ -
Changes in assumptions	-	(29,834)
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	38,297	(44,169)
Net differences between projected and actual earnings on Pension plan investments	155,283	-
Difference between expected and actual experience	3,154	(723)
 Total	 \$ 307,834	 \$ (74,726)

\$111,100 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows or deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30,	Deferred Outflows/Inflows of Resources
2018	\$ 5,286
2019	8,251
2020	68,250
2021	40,221
2022	-
Thereafter	-
 Total	 \$ 122,008

City of Wildomar
Notes to Financial Statements
June 30, 2017

8) PENSION PLAN - Continued

Actuarial Methods and Assumptions Used to Determine Total Pension Liability - Continued

For the measurement period ended June 30, 2016 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2015 total pension liability. The June 30, 2015 and June 30, 2016 total pension liabilities were based on the following actuarial methods and assumptions:

Actuarial Cost Method

Actuarial Assumptions:

Discount Rate	7.65%
Inflation	2.75%
Projected Salary Increase	3.3% - 14.2% ⁽¹⁾
Investment Rate of Return	7.65% ⁽²⁾
Mortality Rate Table ⁽³⁾	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter.

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

⁽²⁾ Net of Pension Plan Investment and Administrative Expenses; includes inflation

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

All other actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Discount Rate

The discount rate used to measure the total pension liability was 7.65 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained from the CalPERS website under the GASB 68 section.

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

City of Wildomar
Notes to Financial Statements
June 30, 2017

8) PENSION PLAN - Continued

Discount Rate - Continued

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

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

Asset Class	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	51.0%	5.25%	5.71%
Global Fixed Income	20.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	10.0%	6.83%	6.95%
Real Estate	10.0%	4.50%	5.13%
Infrastructure and Forestland	2.0%	4.50%	5.09%
Liquidity	1.0%	-0.55%	-1.05%
Total	100%		

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

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

City of Wildomar
Notes to Financial Statements
June 30, 2017

8) PENSION PLAN - Continued

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

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

1% Decrease		6.65%
Net Pension Liability	\$	259,267
Current Discount Rate		7.65%
Net Pension Liability	\$	124,553
1% Increase		8.65%
Net Pension Liability	\$	13,219

Note: In a decision by CalPERS in December 2016, the discount rate will be lowered over the next three fiscal years as follows:

FY 2017-2018	7.375%
FY 2018-2019	7.25%
FY 2019-2020	7.00%

Pension Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net position is available in the separately issued CalPERS financial reports.

9) OTHER POST-EMPLOYMENT BENEFITS

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. In prior years, the City had two separate plans for City of Wildomar employees and Wildomar Cemetery District employees. Beginning in fiscal year 2014-15, the City consolidated the two plans into a single plan that covers all employees.

Funding Policy

The contribution requirements of plan members and the City are established and may be amended by the City and/or City Council. There were \$4,334 in contributions made during the 2016-2017 fiscal year to cover current plan premiums.

City of Wildomar
Notes to Financial Statements
June 30, 2017

9) OTHER POST-EMPLOYMENT BENEFITS - Continued

Funding Policy - 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	\$ 21,854
Interest on Net OPEB Obligation (Asset)	4,529
Adjustment to Annual Required Contribution	<u>(4,260)</u>
Annual OPEB Cost	22,123
Contributions Made	<u>(4,334)</u>
(Decrease) Increase in Net OPEB Obligation	17,789
Net OPEB Obligation - June 30, 2016	113,228
Net OPEB Obligation - June 30, 2017	<u><u>\$ 131,017</u></u>

For the fiscal year 2016-2017, the City's annual OPEB cost (expense) was \$22,123. The Net OPEB obligation for the most recent fiscal years is presented below:

Fiscal Year Ended	Actual Contribution		Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
	Annual OPEB Cost	(Net of Adjustments)		
6/30/15	\$ 20,437	\$ (55,893)	0%	\$ 96,259
6/30/16	\$ 21,204	\$ 4,235	20%	\$ 113,228
6/30/17	\$ 22,123	\$ 4,334	20%	\$ 131,017

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.

City of Wildomar
Notes to Financial Statements
June 30, 2017

9) OTHER POST-EMPLOYMENT BENEFITS - Continued

Funded Status and Funding Progress

The schedule of funding progress below presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Schedule of Funding Progress for OPEB

Actuarial Valuation Date	Actuarial Value of Assets	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	UAAL Percent of Covered Payroll	Interest Rate	Salary Scale
06/30/15	\$ -	\$ 146,165	0%	\$ 869,236	17%	3.75%	2.75%

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 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 methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

10) RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the City obtains insurance coverage.

The City is a member of the Public Agency Risk Sharing Authority of California - PARSAC (Authority), a joint powers authority, which provides joint protection programs for public entities covering automobile, general liability, errors and omission losses, workers' compensation, and property claims. Under the program, the City has a \$5,000 retention limit similar to a deductible with the Authority being responsible for losses above that amount up to \$1 million. The Authority has additional coverage of \$34 million in excess of its \$1 million retention limit through affiliated risk management authorities. The Authority also provides one billion dollars aggregate per occurrence property damage to its members with such coverage provided by purchased insurance.

City of Wildomar
Notes to Financial Statements
June 30, 2017

10) RISK MANAGEMENT - Continued

Liabilities of the City are reported when it is probable that a loss has occurred and the amount of the loss can be reasonable estimated. Liabilities include an amount for claims that have been incurred by not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate.

The Authority covers workers' compensation claims up to its self-insurance limit of \$500,000. The Local Agency Workers Compensation Excess Pool provides excess coverage to statutory limits. The City pays an annual premium to the Authority and may share in any operating results. Financial statements of the Public Agency Risk Sharing Authority of California (PARSAC) may be obtained from its administrative office located at 1525 Response Road, Suite One, Sacramento, California, 95815; www.parsac.org or by calling (916) 927-7727.

As of June 30, 2017, the City did not have any significant claims liability; therefore, no accrual was required. Claims settlements have not exceeded insurance coverage in each of the past three years.

11) FUND EQUITY

The following had a deficit fund balance at June 30, 2017. These deficits are expected to be eliminated through future revenues.

Fund	Amount
Grants Special Revenue Fund	\$ (1,019,588)
Gas Tax Special Revenue Fund	\$ (546,215)
TDA Special Revenue Fund	\$ (83,197)
Community Development Block Grant	\$ (14,955)

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REQUIRED SUPPLEMENTARY INFORMATION

City of Wildomar
Budgetary Comparison Schedule by Department
General Fund
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Budgetary Fund Balance, July 1	\$ 957,687	\$ 957,687	\$ 957,687	\$ -
Resources (Inflows):				
Taxes	6,754,800	6,940,100	6,940,365	265
Licenses and Permits	1,962,500	2,318,700	2,345,877	27,177
Intergovernmental	30,000	61,600	119,500	57,900
Charges for Services	11,000	12,000	10,782	(1,218)
Fines and Forfeitures	74,000	48,200	41,039	(7,161)
Use of Money and Property	5,000	5,000	200	(4,800)
Miscellaneous	1,000	7,500	79,388	71,888
Transfers In	522,000	368,500	343,787	(24,713)
Amounts Available for Appropriations	10,317,987	10,719,287	10,838,625	119,338
Charges to Appropriations (Outflows):				
General Government				
City Council	131,400	150,400	154,681	(4,281)
City Manager	322,100	428,900	494,374	(65,474)
City Clerk	190,100	183,500	179,951	3,549
City Attorney	150,000	120,000	85,400	34,600
Administrative Services	272,300	412,100	405,969	6,131
Non-departmental	436,000	569,800	574,587	(4,787)
Community Services	30,500	29,700	29,976	(276)
Marna O'Brien Park	10,000	7,000	-	7,000
Windsong Park	4,000	1,500	876	624
Ball Fields	13,000	12,300	9,098	3,202
Public Safety				
Police	2,667,300	2,733,000	2,710,185	22,815
Fire	2,399,000	2,277,500	2,264,181	13,319
Animal Control	488,600	503,600	494,352	9,248
OEM	29,500	29,500	19,394	10,106
Community Development				
Building and Safety	415,900	397,400	447,016	(49,616)
Planning	166,100	253,600	248,925	4,675
Code Enforcement	116,500	86,700	135,005	(48,305)
Development Engineering	2,100	400	80	320
Deposit Based Projects	1,061,700	1,315,800	1,473,356	(157,556)
Planning Commission	18,500	18,100	19,429	(1,329)
Public Works	242,200	212,800	222,033	(9,233)
Debt Service:				
Principal Retirement	200	-	-	-
Total Charges to Appropriations	9,167,000	9,743,600	9,968,868	(225,268)
Budgetary Fund Balance, June 30	\$ 1,150,987	\$ 975,687	\$ 869,757	\$ (105,930)

City of Wildomar
Budgetary Comparison Schedule
Development Impact Fees
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Budgetary Fund Balance, July 1	\$ 3,305,321	\$ 3,305,321	\$ 3,305,321	\$ -
Resources (Inflows):				
Use of Money and Property	-	-	9,058	9,058
Developer Participation	5,321,032	1,561,000	1,510,618	(50,382)
Amounts Available for Appropriations	8,626,353	4,866,321	4,824,997	(41,324)
Charges to Appropriations (Outflows):				
Community Development	-	38,700	35,274	3,426
Public Works	-	80,500	43,070	37,430
Capital Outlay	-	25,000	23,162	1,838
Transfers Out	-	91,800	105,235	(13,435)
Total Charges to Appropriations	-	236,000	206,741	29,259
Budgetary Fund Balance, June 30	<u>\$ 8,626,353</u>	<u>\$ 4,630,321</u>	<u>\$ 4,618,256</u>	<u>\$ (12,065)</u>

City of Wildomar
Budgetary Comparison Schedule
Grants
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Budgetary Fund Balance, July 1	\$ (1,011,659)	\$ (1,011,659)	\$ (1,011,659)	\$ -
Resources (Inflows):				
Intergovernmental	<u>4,432,900</u>	<u>1,814,300</u>	<u>2,004,506</u>	<u>190,206</u>
Amounts Available for Appropriations	<u>3,421,241</u>	<u>802,641</u>	<u>992,847</u>	<u>190,206</u>
Charges to Appropriations (Outflows):				
General Government	-	1,400	20,444	(19,044)
Public Works	-	9,600	16,036	(6,436)
Capital Outlay	<u>2,185,260</u>	<u>2,174,200</u>	<u>1,975,955</u>	<u>198,245</u>
Total Charges to Appropriations	<u>2,185,260</u>	<u>2,185,200</u>	<u>2,012,435</u>	<u>172,765</u>
Budgetary Fund Balance, June 30	<u>\$ 1,235,981</u>	<u>\$ (1,382,559)</u>	<u>\$ (1,019,588)</u>	<u>\$ 362,971</u>

City of Wildomar
Schedule of the City's Proportionate Share of the Net Pension Liability
CalPERS Pension Plan
Last Ten Years*
As of June 30, 2017

Fiscal Year	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.00398%	\$ 98,405	\$ 564,727	17.43%	81.15%
2016	0.00329%	\$ 90,222	\$ 890,684	10.13%	87.60%
2017	0.00359%	\$ 124,553	\$ 868,158	14.35%	87.55%

Notes to Schedule:

Benefit Changes. In 2017, there was no benefit terms modified.

Changes in Assumptions. For the 2017 fiscal year the discount rate was changed from 7.5 percent to 7.65 percent to correct for an adjustment to exclude administrative expenses.

Plan's Fiduciary Net Position. The Plan's Fiduciary Net Position is based on the City's proportionate share of the CalPERS Miscellaneous Risk Pool.

*Fiscal year 2015 was the 1st year of implementation, therefore only three years are shown.

City of Wildomar
Schedule of Contributions
CalPERS Pension Plan
Last Ten Years*
As of June 30, 2017

Fiscal Year	Contractually Required Contribution (Actuarially Determined)	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 196,524	\$ (196,524)	\$ -	\$ 890,684	22.06%
2016	\$ 85,106	\$ (85,106)	\$ -	\$ 868,158	9.80%
2017	\$ 111,100	\$ (111,100)	\$ -	\$ 1,028,756	10.80%

*Fiscal year 2015 was the 1st year of implementation, therefore only three years are shown.

City of Wildomar
Notes to Required Supplementary Information
June 30, 2017

Budgets and Budgetary Data

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

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, were 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.

Excess of Expenditures over Appropriations

Expenditures exceeded appropriations in the categories in the following funds:

<u>Department</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess</u>
General Fund:			
General Government			
City Council	\$ 150,400	\$ 154,681	\$ (4,281)
City Manager	428,900	494,374	(65,474)
Non-departmental	569,800	574,587	(4,787)
Community Services	29,700	29,976	(276)
Community Development			
Building and Safety	397,400	447,016	(49,616)
Code Enforcement	86,700	135,005	(48,305)
Deposit Based Projects	1,315,800	1,473,356	(157,556)
Planning Commission	18,100	19,429	(1,329)
Public Works	212,800	222,033	(9,233)

SUPPLEMENTARY INFORMATION

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City of Wildomar
Combining Balance Sheet
Non-major Governmental Funds
June 30, 2017

	Special Revenue Funds		
	Gas Tax	Air Quality Management District	Measure A
ASSETS			
Pooled Cash and Investments	\$ -	\$ 80,666	\$ 129,263
Receivables:			
Grants	- -	- -	- -
Due from Other Governments	<u>61,466</u>	<u>11,416</u>	<u>176,026</u>
Total Assets	<u><u>\$ 61,466</u></u>	<u><u>\$ 92,082</u></u>	<u><u>\$ 305,289</u></u>
LIABILITIES			
Accounts Payable	\$ 37,693	\$ -	\$ 28,743
Accrued Liabilities	1,519	- -	760
Due to Other Funds	<u>568,469</u>	<u>- -</u>	<u>- -</u>
Total Liabilities	<u><u>607,681</u></u>	<u><u>- -</u></u>	<u><u>29,503</u></u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenues - Intergovernmental	- -	- -	- -
Total Deferred Inflows of Resources	- -	- -	- -
FUND BALANCES			
Restricted for:			
Community Development Projects	- -	- -	- -
Public Works	- -	92,082	275,786
Capital Projects	- -	- -	- -
Unassigned	<u>(546,215)</u>	<u>- -</u>	<u>- -</u>
Total Fund Balances	<u><u>(546,215)</u></u>	<u><u>92,082</u></u>	<u><u>275,786</u></u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u><u>\$ 61,466</u></u>	<u><u>\$ 92,082</u></u>	<u><u>\$ 305,289</u></u>

Special Revenue Funds				Capital Projects Fund		Total Non-Major Governmental Funds
SLESF	TDA	Community Development Block Grant	Measure Z Park	County Service Area		
\$ -	\$ -	\$ -	\$ 219,382	\$ 1,011,831	\$ 1,441,142	
-	66,223	-	-	-	-	66,223
47,749	66,223	23,275	12,819	9,836		342,587
<u>\$ 47,749</u>	<u>\$ 66,223</u>	<u>\$ 23,275</u>	<u>\$ 232,201</u>	<u>\$ 1,021,667</u>		<u>\$ 1,849,952</u>
\$ -	\$ -	\$ 23,217	\$ 42,480	\$ 50,945	\$ 183,078	
-	-	-	890	-	3,169	
47,749	83,197	15,013	-	561,339		1,275,767
<u>47,749</u>	<u>83,197</u>	<u>38,230</u>	<u>43,370</u>	<u>612,284</u>		<u>1,462,014</u>
-	66,223	-	-	-	-	66,223
-	66,223	-	-	-	-	66,223
-	-	-	188,831	-	-	188,831
-	-	-	-	-	-	367,868
-	-	-	-	409,383	-	409,383
-	(83,197)	(14,955)	-	-	-	(644,367)
<u>-</u>	<u>(83,197)</u>	<u>(14,955)</u>	<u>188,831</u>	<u>409,383</u>		<u>321,715</u>
<u>\$ 47,749</u>	<u>\$ 66,223</u>	<u>\$ 23,275</u>	<u>\$ 232,201</u>	<u>\$ 1,021,667</u>		<u>\$ 1,849,952</u>

City of Wildomar
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2017

	Special Revenue Funds		
	Gas Tax	Air Quality Management District	Measure A
REVENUES			
Intergovernmental	\$ 672,758	\$ 54,561	\$ 618,545
Charges for Services	-	-	-
Use of Money and Property	-	152	122
Miscellaneous	6,138	-	16,027
Total Revenues	678,896	54,713	634,694
EXPENDITURES			
Current:			
General Government	-	-	-
Community Development	-	-	-
Public Works	953,432	4,889	442,307
Capital Outlay	247	-	80,006
Total Expenditures	953,679	4,889	522,313
Excess (Deficiency) of Revenues Over (Under) Expenditures	(274,783)	49,824	112,381
OTHER FINANCING SOURCES (USES)			
Transfers Out	-	(2,913)	(41,000)
Total Other Financing Sources (Uses)	-	(2,913)	(41,000)
Net Change in Fund Balances	(274,783)	46,911	71,381
Fund Balances - Beginning of Year	(271,432)	45,171	204,405
Fund Balances - End of Year	\$ (546,215)	\$ 92,082	\$ 275,786

Special Revenue Funds				Capital Projects Fund		Total Non-Major Governmental Funds
SLESF	TDA	Community Development Block Grant	Measure Z Park	County Service Area		
\$ 139,416	\$ -	\$ 45,457	\$ 342,131	\$ 653,833	\$ 2,526,701	
-	-	-	7,832	-	7,832	
-	-	-	360	767	1,401	
-	-	-	13,380	-	35,545	
<u>139,416</u>	<u>-</u>	<u>45,457</u>	<u>363,703</u>	<u>654,600</u>	<u>2,571,479</u>	
-	-	-	279,547	148,075	427,622	
-	-	30,716	-	-	30,716	
-	215	4	-	271,562	1,672,409	
-	<u>29,714</u>	<u>29,692</u>		<u>3,263</u>	<u>142,922</u>	
-	<u>29,929</u>	<u>60,412</u>	<u>279,547</u>	<u>422,900</u>	<u>2,273,669</u>	
<u>139,416</u>	<u>(29,929)</u>	<u>(14,955)</u>	<u>84,156</u>	<u>231,700</u>	<u>297,810</u>	
<u>(139,416)</u>	<u>(495)</u>	<u>-</u>	<u>-</u>	<u>(54,728)</u>	<u>(238,552)</u>	
<u>(139,416)</u>	<u>(495)</u>	<u>-</u>	<u>-</u>	<u>(54,728)</u>	<u>(238,552)</u>	
-	(30,424)	(14,955)	84,156	176,972	59,258	
-	<u>(52,773)</u>	<u>-</u>	<u>104,675</u>	<u>232,411</u>	<u>262,457</u>	
<u>\$ -</u>	<u>\$ (83,197)</u>	<u>\$ (14,955)</u>	<u>\$ 188,831</u>	<u>\$ 409,383</u>	<u>\$ 321,715</u>	

City of Wildomar
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Gas Tax
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Budgetary Fund Balance, July 1	\$ (271,432)	\$ (271,432)	\$ (271,432)	\$ -
Resources (Inflows):				
Intergovernmental	1,239,300	675,500	672,758	(2,742)
Miscellaneous	-	-	6,138	6,138
Amounts Available for Appropriations	<u>967,868</u>	<u>404,068</u>	<u>407,464</u>	<u>3,396</u>
Charges to Appropriations (Outflows):				
Public Works	1,139,800	1,139,800	953,432	186,368
Capital Outlay	-	300	247	53
Transfers Out	171,500	-	-	-
Total Charges to Appropriations	<u>1,311,300</u>	<u>1,140,100</u>	<u>953,679</u>	<u>186,421</u>
Budgetary Fund Balance, June 30	<u>\$ (343,432)</u>	<u>\$ (736,032)</u>	<u>\$ (546,215)</u>	<u>\$ 189,817</u>

City of Wildomar
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Air Quality Management District
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Budgetary Fund Balance, July 1	\$ 45,171	\$ 45,171	\$ 45,171	\$ -
Resources (Inflows):				
Intergovernmental	42,600	39,800	54,561	14,761
Use of Money and Property	-	-	152	152
Amounts Available for Appropriations	<u>87,771</u>	<u>84,971</u>	<u>99,884</u>	<u>14,913</u>
Charges to Appropriations (Outflows):				
Public Works	-	-	4,889	(4,889)
Capital Outlay	30,100	30,100	-	30,100
Transfers Out	4,900	4,900	2,913	1,987
Total Charges to Appropriations	<u>35,000</u>	<u>35,000</u>	<u>7,802</u>	<u>27,198</u>
Budgetary Fund Balance, June 30	<u>\$ 52,771</u>	<u>\$ 49,971</u>	<u>\$ 92,082</u>	<u>\$ 42,111</u>

City of Wildomar
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Measure A
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Budgetary Fund Balance, July 1	\$ 204,405	\$ 204,405	\$ 204,405	\$ -
Resources (Inflows):				
Intergovernmental	576,000	576,000	618,545	42,545
Use of Money and Property	-	-	122	122
Miscellaneous Revenues	-	16,100	16,027	(73)
Amounts Available for Appropriations	<u>780,405</u>	<u>796,505</u>	<u>839,099</u>	<u>42,594</u>
Charges to Appropriations (Outflows):				
Public Works	590,800	560,600	442,307	118,293
Capital Outlay	-	30,500	80,006	(49,506)
Transfers Out	46,080	46,000	41,000	5,000
Total Charges to Appropriations	<u>636,880</u>	<u>637,100</u>	<u>563,313</u>	<u>73,787</u>
Budgetary Fund Balance, June 30	<u>\$ 143,525</u>	<u>\$ 159,405</u>	<u>\$ 275,786</u>	<u>\$ 116,381</u>

City of Wildomar
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - SLESF
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Intergovernmental	<u>100,000</u>	<u>100,000</u>	<u>139,416</u>	<u>39,416</u>
Amounts Available for Appropriations	<u>100,000</u>	<u>100,000</u>	<u>139,416</u>	<u>39,416</u>
Charges to Appropriations (Outflows):				
Transfers Out	<u>100,000</u>	<u>100,000</u>	<u>139,416</u>	<u>(39,416)</u>
Total Charges to Appropriations	<u>100,000</u>	<u>100,000</u>	<u>139,416</u>	<u>(39,416)</u>
Budgetary Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Wildomar
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - TDA
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Budgetary Fund Balance, July 1	\$ (52,773)	\$ (52,773)	\$ (52,773)	\$ -
Resources (Inflows):				
Intergovernmental	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amounts Available for Appropriations	<u>(52,773)</u>	<u>(52,773)</u>	<u>(52,773)</u>	<u>-</u>
Charges to Appropriations (Outflows):				
Public Works	<u>-</u>	<u>-</u>	215	(215)
Capital Outlay	<u>-</u>	3,200	29,714	(26,514)
Transfers Out	<u>-</u>	<u>-</u>	495	(495)
Total Charges to Appropriations	<u>-</u>	3,200	30,424	(27,224)
Budgetary Fund Balance, June 30	<u>\$ (52,773)</u>	<u>\$ (55,973)</u>	<u>\$ (83,197)</u>	<u>\$ (27,224)</u>

City of Wildomar
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Community Development Block Grant
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Intergovernmental	<u>110,000</u>	<u>110,000</u>	<u>45,457</u>	<u>(64,543)</u>
Amounts Available for Appropriations	<u>110,000</u>	<u>110,000</u>	<u>45,457</u>	<u>(64,543)</u>
Charges to Appropriations (Outflows):				
General Government	20,000	20,000	-	20,000
Community Development	46,800	46,800	30,716	16,084
Public Works	-	-	4	(4)
Capital Outlay	40,000	80,000	29,692	50,308
Transfers Out	<u>17,600</u>	<u>17,600</u>	<u>-</u>	<u>17,600</u>
Total Charges to Appropriations	<u>124,400</u>	<u>164,400</u>	<u>60,412</u>	<u>103,988</u>
Budgetary Fund Balance, June 30	<u><u>\$ (14,400)</u></u>	<u><u>\$ (54,400)</u></u>	<u><u>\$ (14,955)</u></u>	<u><u>\$ 39,445</u></u>

City of Wildomar
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Measure Z Park
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Budgetary Fund Balance, July 1	\$ 104,675	\$ 104,675	\$ 104,675	\$ -
Resources (Inflows):				
Intergovernmental	331,900	331,900	342,131	10,231
Charges for Services	1,100	8,100	7,832	(268)
Use of Money and Property	-	-	360	360
Miscellaneous	4,500	15,500	13,380	(2,120)
Amounts Available for Appropriations	<u>442,175</u>	<u>460,175</u>	<u>468,378</u>	<u>8,203</u>
Charges to Appropriations (Outflows):				
General Government	<u>337,600</u>	<u>336,100</u>	<u>279,547</u>	<u>56,553</u>
Total Charges to Appropriations	<u>337,600</u>	<u>336,100</u>	<u>279,547</u>	<u>56,553</u>
Budgetary Fund Balance, June 30	<u>\$ 104,575</u>	<u>\$ 124,075</u>	<u>\$ 188,831</u>	<u>\$ 64,756</u>

City of Wildomar
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - County Service Area
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Budgetary Fund Balance, July 1	\$ 232,411	\$ 232,411	\$ 232,411	\$ -
Resources (Inflows):				
Intergovernmental	532,200	647,600	653,833	6,233
Use of Money and Property	-	-	767	767
Amounts Available for Appropriations	<u>764,611</u>	<u>880,011</u>	<u>887,011</u>	<u>7,000</u>
Charges to Appropriations (Outflows):				
General Government	318,900	332,900	148,075	184,825
Public Safety	-	12,000	-	12,000
Public Works	245,700	286,000	271,562	14,438
Capital Outlay	-	-	3,263	(3,263)
Transfers Out	<u>95,800</u>	<u>95,800</u>	<u>54,728</u>	<u>41,072</u>
Total Charges to Appropriations	<u>660,400</u>	<u>726,700</u>	<u>477,628</u>	<u>249,072</u>
Budgetary Fund Balance, June 30	<u>\$ 104,211</u>	<u>\$ 153,311</u>	<u>\$ 409,383</u>	<u>\$ 256,072</u>

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STATISTICAL SECTION

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 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

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

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
- Taxable Sales by Business Type
- 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 ascertained.

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

	Fiscal Year				
	2017	2016	2015	2014	2013
Governmental Activities					
Net Investment in Capital Assets	\$ 24,487,895	\$ 23,919,815	\$ 23,067,562	\$ 24,394,130	\$ 23,349,508
Restricted for:					
Community Development Projects	4,807,087	3,541,211	2,579,164	2,640,489	2,108,884
Public Safety	-	18,180	5,198	226	1,689,442
Public Works	367,868	249,576	714,148	1,352,511	483,243
Capital Projects	409,383	232,411	136,195	-	-
Cemetery	-	-	1,690,565	1,649,080	1,590,386
Nonexpendable	-	-	90,000	90,000	-
Unrestricted	134,019	457,120	(1,016,700)	(921,235)	(1,420,547)
Total Governmental Activities Net Position	<u>\$ 30,206,252</u>	<u>\$ 28,418,313</u>	<u>\$ 27,266,132</u>	<u>\$ 29,205,201</u>	<u>\$ 27,800,916</u>

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

*Note: Wildomar Cemetery District (District) is included in fiscal years 2012 to 2015.

The District became a subsidiary of the City in fiscal year 2012. However, for fiscal year 2016 the District is not included in the governmental activities and its operations are discretely presented in the financial statements.

Source: City Finance Department

Fiscal Year			
2012	2011	2010	2009
\$ 11,725,170	\$ 12,329,670	\$ 13,341,779	\$ 14,841,391
715,474	780,098	617,689	76,322
1,997,091	1,943,203	1,763,914	1,284,148
-	-	-	-
1,331,920	-	-	-
-	-	-	-
(628,995)	(537,891)	(818,416)	(494,416)
<u>\$ 15,140,660</u>	<u>\$ 14,515,080</u>	<u>\$ 14,904,966</u>	<u>\$ 15,707,445</u>

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

	Fiscal Year				
	2017	2016	2015	2014	2013
EXPENSES					
Governmental Activities:					
General Government	\$ 2,494,133	\$ 2,465,875	\$ 2,320,203	\$ 2,110,310	\$ 2,496,792
Public Safety	5,517,602	5,109,023	4,834,799	4,087,138	4,394,931
Community Development	2,389,801	2,569,072	3,058,008	2,881,440	1,818,348
Parks and Recreation	219,647	219,647	425,006	405,589	219,707
Public Works	3,272,317	3,649,428	4,435,300	2,570,554	2,457,319
Interest on long-term debt	-	-	-	522,724	-
Total Governmental Activities Expenses	\$ 13,893,500	\$ 14,013,045	\$ 15,073,316	\$ 12,577,755	\$ 11,387,097
PROGRAM REVENUES					
Governmental Activities:					
Charges for Services:					
General Government	\$ 1,539,067	\$ 636,577	\$ 233,193	\$ 706,214	\$ 1,440,592
Public Safety	10,466	11,630	10,266	1,480	-
Community Development	2,397,374	2,773,440	2,491,406	285,075	243,188
Parks and Recreation	7,832	4,673	9,005	40	1,056
Public Works	230,197	299,806	332,187	8,866	20,061
Total Charges for Services	\$ 4,184,936	\$ 3,726,126	\$ 3,076,057	\$ 1,001,675	\$ 1,704,897
Operating Contributions and Grants:					
General Government	\$ 502,469	\$ 340,463	\$ 575,922	\$ 518,426	\$ 617,155
Public Safety	139,416	143,942	97,546	100,000	100,000
Community Development	387,589	339,399	343,060	1,921,554	1,257,696
Parks and Recreation	-	-	-	10,136	-
Public Works	3,398,998	2,497,709	1,351,679	2,229,719	2,383,168
Total Operating Contributions and Grants	\$ 4,428,472	\$ 3,321,513	\$ 2,368,207	\$ 4,779,835	\$ 4,358,019
Capital Contributions and Grants:					
Community Development	\$ -	\$ -	\$ -	\$ 1,900,000	\$ -
Public Works	-	884,658	1,049,064	-	-
Interest on long-term debt	-	-	-	-	-
Total Capital Contributions and Grants	\$ -	\$ 884,658	\$ 1,049,064	\$ 1,900,000	\$ -
Total Governmental Activities Program Revenues	\$ 8,613,408	\$ 7,932,297	\$ 6,493,328	\$ 7,681,510	\$ 6,062,916
TOTAL NET REVENUES (EXPENSES)	\$ (5,280,092)	\$ (6,080,748)	\$ (8,579,988)	\$ (4,896,245)	\$ (5,324,181)

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

*Note: Wildomar Cemetery District (District) is included in fiscal years 2012 to 2015. The District became a subsidiary of the City in fiscal year 2012. However, for fiscal year 2016 the District is not included in the governmental activities and its operations are discretely presented in the financial statements.

Source: City Finance Department

Fiscal Year

2012	2011	2010	2009
\$ 1,923,733	\$ 2,231,313	\$ 1,798,566	\$ 2,156,911
3,996,420	5,413,023	5,378,962	5,547,480
1,253,984	1,069,198	1,786,894	1,501,865
303,190	297,168	341,458	463,746
2,551,241	2,371,664	2,741,040	29,440,843
<hr/> <u>\$ 10,028,568</u>	<hr/> <u>\$ 11,382,366</u>	<hr/> <u>\$ 12,046,920</u>	<hr/> <u>\$ 39,110,845</u>

\$ 152,978	\$ 359,266	\$ 71,195	\$ 1,633
			26,893
117,509	205,518	786,747	307,833
4,034	19,040	7,387	-
80,018	186,760	-	-
<hr/> <u>\$ 354,539</u>	<hr/> <u>\$ 770,584</u>	<hr/> <u>\$ 865,329</u>	<hr/> <u>\$ 336,359</u>

\$ 1,563,689	\$ 376,574	\$ 269,235	\$ 237,579
100,000	100,228	100,773	-
574,834	721,696	871,513	884,216
-	-	-	-
2,067,952	1,719,851	2,231,390	1,572,871
<hr/> <u>\$ 4,306,475</u>	<hr/> <u>\$ 2,918,349</u>	<hr/> <u>\$ 3,472,911</u>	<hr/> <u>\$ 2,694,666</u>

\$ -	\$ -	\$ -	\$ -
-	-	-	43,653,393
-	-	-	-
<hr/> <u>\$ -</u>	<hr/> <u>\$ -</u>	<hr/> <u>\$ -</u>	<hr/> <u>\$ 43,653,393</u>
<hr/> <u>\$ 4,661,014</u>	<hr/> <u>\$ 3,688,933</u>	<hr/> <u>\$ 4,338,240</u>	<hr/> <u>\$ 46,684,418</u>
<hr/> <u>\$ (5,367,554)</u>	<hr/> <u>\$ (7,693,433)</u>	<hr/> <u>\$ (7,708,680)</u>	<hr/> <u>\$ 7,573,573</u>

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

	Fiscal Year				
	2017	2016	2015	2014	2013
TOTAL NET REVENUES (EXPENSES) - Carry Forward	\$ (5,280,092)	\$ (6,080,748)	\$ (8,579,988)	\$ (4,896,245)	\$ (5,286,347)
GENERAL REVENUES AND OTHER CHARGES IN NET POSITION					
Governmental Activities:					
Taxes:					
Property Taxes, levied for general purpose	\$ 4,002,949	\$ 3,774,015	\$ 4,042,882	\$ 3,465,511	\$ 3,243,285
Sales Taxes	1,666,324	1,772,493	1,492,041	1,561,683	1,383,864
Franchise Taxes	1,015,225	1,056,712	1,061,333	972,108	850,808
Business Licenses Taxes	-	-	-	14,041	14,280
Motor Vehicle in Lieu Tax	15,755	13,778	-	-	14,074
Other Taxes	255,866	140,501	-	106,039	109,524
Investments Earnings	10,659	6,590	5,015	3,605	3,183
Other	101,253	71,073	114,382	54,338	48,344
Contributions from Other Entities	-	-	-	-	-
Special Item	-	1,185,337	-	-	-
Total Governmental Activities	\$ 7,068,031	\$ 8,020,499	\$ 6,715,653	\$ 6,177,325	\$ 5,667,362
CHANGES IN NET POSITION	\$ 1,787,939	\$ 1,939,751	\$ (1,864,335)	\$ 1,281,080	\$ 381,015

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

*Note: Wildomar Cemetery District (District) is included in fiscal years 2012 to 2015.

The District became a subsidiary of the City in fiscal year 2012. However, for fiscal year 2016 the District is not included in the governmental activities and its operations are discretely presented in the financial statements.

Source: City Finance Department

Fiscal Year

2012	2011	2010	2009
<u>\$ (5,419,990)</u>	<u>\$ (7,540,960)</u>	<u>\$ (7,779,785)</u>	<u>\$ 7,573,573</u>

\$ 3,307,425	\$ 3,092,037	\$ 2,743,768	\$ 3,589,773
1,362,647	1,226,227	1,096,907	1,295,785
749,046	725,775	591,706	520,290
12,705	11,506	12,525	6,390
18,450	1,978,210	2,226,922	2,555,318
83,021	76,110	99,456	130,518
12,011	7,737	9,682	20,403
30,943	32,882	84,030	15,395
576,456	-	-	-
-	-	-	-
<u>\$ 6,152,704</u>	<u>\$ 7,150,484</u>	<u>\$ 6,864,996</u>	<u>\$ 8,133,872</u>
<u>\$ 732,714</u>	<u>\$ (390,476)</u>	<u>\$ (914,789)</u>	<u>\$ 15,707,445</u>

CITY OF WILDOMAR

Fund Balances of Governmental Funds*
(Modified Accrual Basis of Accounting)

	Fiscal Year				
	2017	2016	2015	2014	2013
GENERAL FUND					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	- -	- -	- -	- -	- -
Nonspendable:					
Inventory	- -	- -	- -	- -	- -
Prepaid Items	- -	11,184	- -	- -	1,686
Deposits	- -	- -	- -	- -	370,039
Restricted for: Debt Service	- -	- -	- -	- -	483,243
Unassigned	869,757	946,503	773,060	770,686	(46,320)
Total General Fund	\$ 869,757	\$ 957,687	\$ 773,060	\$ 770,686	\$ 808,648
ALL OTHER GOVERNMENTAL FUNDS					
Reserved:					
Encumbrances	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Service	- -	- -	- -	- -	- -
Self Insurance	- -	- -	- -	- -	- -
Unreserved:					
Unreserved, Reported in Nonmajor					
Special Revenue Funds	- -	- -	- -	- -	- -
Capital Projects Funds	- -	- -	- -	- -	- -
Undesignated	- -	- -	- -	- -	- -
Nonspendable:					
Inventory	- -	- -	2,167	3,509	2,640
Prepaid Items	- -	1,107	- -	62	230
Cemetery Endowment	- -	- -	90,000	90,000	90,000
Restricted for:					
Community development projects	4,807,087	3,541,211	2,579,164	2,640,489	2,108,884
Public safety	- -	18,180	5,198	226	- -
Public works	367,868	249,576	714,148	1,352,511	1,689,442
Capital projects	409,383	232,411	136,195	- -	- -
Cemetery	- -	- -	1,688,398	1,645,509	1,497,516
Unassigned	(1,663,955)	(1,486,366)	(1,616,354)	(1,183,295)	(759,932)
Total All Other Governmental Funds	\$ 3,920,383	\$ 2,556,119	\$ 3,598,916	\$ 4,549,011	\$ 4,628,780

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

*Note: Wildomar Cemetery District (District) is included in fiscal years 2012 to 2015.

The District became a subsidiary of the City in fiscal year 2012. However, for fiscal year 2016 the District is not included in the governmental activities and its operations are discretely presented in the financial statements.

Source: City Finance Department

Fiscal Year				
2012	2011	2010	2009	
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	1,044,414	1,276,268	
-	-	-	-	-
2,133	-	-	-	-
211,752	275,866	-	-	-
-	-	-	-	-
1,262,279	1,138,893	-	-	-
\$ 1,476,164	\$ 1,414,759	\$ 1,044,414	\$ 1,276,268	

\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	741,577	375,878	
-	-	342,663	(7,128)	
-	-	1,272,834	984,592	
4,838	-	-	-	-
220	-	-	-	-
90,000	-	-	-	-
715,474	780,098	-	-	
-	-	-	-	-
1,997,091	1,943,203	-	-	
-	-	-	-	-
1,331,920	-	-	-	
(101,996)	(101,652)	-	-	
\$ 4,037,547	\$ 2,621,649	\$ 2,357,074	\$ 1,353,342	

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

	Fiscal Year				
	2017	2016	2015	2014	2013
REVENUES					
Taxes	\$ 6,940,365	\$ 6,743,720	\$ 6,596,256	\$ 6,119,382	\$ 5,601,761
Licenses and Permits	2,345,877	2,754,563	2,460,535	9,880	16,636
Intergovernmental	4,650,707	3,612,975	3,660,760	3,148,003	2,262,217
Charges for Services	18,614	14,895	27,077	213,328	175,722
Investment Earnings	10,659	6,590	5,015	3,605	3,183
Fines and Forfeitures	41,039	52,654	51,882	81,387	78,322
Contributions	-	-	-	-	1,271
Developer Participation	1,510,618	598,955	181,553	2,280,715	2,671,888
Miscellaneous	114,933	87,850	123,387	54,338	48,344
Total Revenues	\$ 15,632,812	\$ 13,872,202	\$ 13,106,465	\$ 11,910,638	\$ 10,859,344
EXPENDITURES					
Current:					
General Government	\$ 2,382,977	\$ 2,426,059	\$ 2,410,577	\$ 2,049,831	\$ 2,468,897
Public Safety	5,488,113	5,079,535	4,834,799	4,447,176	4,616,892
Community Development	2,389,801	2,569,072	3,100,691	2,881,440	1,818,348
Parks and Recreation	-	-	27,866	188,047	64
Public Works	1,953,548	1,982,458	2,460,664	1,383,266	1,158,413
Capital Outlay	2,142,039	1,399,541	1,008,509	555,885	736,830
Debt Service:					
Principal Retirement	-	-	109,040	-	-
Interest and Fiscal Charges	-	-	-	522,724	-
Total Expenditures	\$ 14,356,478	\$ 13,456,665	\$ 13,952,146	\$ 12,028,369	\$ 10,799,444
Excess (Deficiency) of Revenues Over (Under) Expenditures					
	1,276,334	415,537	(845,681)	(117,731)	59,900
OTHER FINANCING SOURCES (USES)					
Transfers In	\$ 343,787	\$ 517,123	\$ 544,116	\$ 522,000	\$ 649,336
Transfers Out	(343,787)	(517,123)	(544,116)	(522,000)	(649,336)
Other Debts Issued	-	-	-	-	-
Contributions from Other Entities	-	-	-	-	-
Total Other Financing Sources (Uses)	\$ -				
Net Change in Fund Balances	1,276,334	415,537	(845,681)	(117,731)	59,900
Fund Balances, Beginning of Year	3,513,806	2,591,411	5,319,697	5,437,428	5,513,711
Restatements	-	506,858	(102,040)	-	(136,183)
Fund Balances, Beginning of Year, as restated	3,513,806	3,098,269	5,217,657	5,437,428	5,377,528
Fund Balances, End of Year	4,790,140	3,513,806	4,371,976	5,319,697	\$ 5,437,428
DEBT SERVICE AS A PERCENTAGE OF NON CAPITAL EXPENDITURES					
	0.00%	0.00%	0.00%	0.00%	0.00%

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

*Note: Wildomar Cemetery District (District) is included in fiscal years 2012 to 2015. The District became a subsidiary of the City in fiscal year 2012. However, for fiscal year 2016 the District is not included in the governmental activities and its operations are discretely presented in the financial statements.

Source: City Finance Department

Fiscal Year				
2012		2011		2010
2009				
\$ 5,514,844	\$ 5,131,655	\$ 4,544,362	\$ 5,542,756	
25,100	29,171	71,195	28,526	
2,598,557	4,361,487	4,559,085	4,128,189	
119,850	116,552	132,672	82,583	
12,011	7,737	9,682	20,403	
88,216	132,535	111,619	149,272	
-	-	244,706	237,579	
693,022	970,258	-	-	
31,233	38,018	84,030	15,395	
\$ 9,082,833	\$ 10,787,413	\$ 9,757,351	\$ 10,204,703	
\$ 1,856,595	\$ 2,176,985	\$ 1,783,766	\$ 2,154,076	
3,996,420	5,413,023	5,378,962	5,547,480	
1,253,984	1,069,198	1,786,894	1,501,865	
85,648	79,626	123,916	28,662	
1,551,441	1,354,021	1,461,323	1,053,337	
-	-	-	11,765	
-	-	-	-	
\$ 8,744,088	\$ 10,092,853	\$ 10,534,861	\$ 10,297,185	
338,745	694,560	(777,510)	(92,482)	
\$ 391,053	\$ 641,766	\$ 249,573	\$ -	
(391,053)	(641,766)	(249,573)	-	
-	-	-	-	
-	-	-	-	
\$ -	\$ -	\$ -	\$ -	
338,745	694,560	(777,510)	(92,482)	
4,096,048	3,401,488	2,629,610	-	
(107,134)	-	-	-	
3,988,914	-	-	-	
\$ 4,327,659	\$ 694,560	\$ (777,510)	\$ (92,482)	

0.00% 0.00% 0.00% 0.00%

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
2017	\$ 2,457,768,510	\$ 206,868,526	\$ 333,066,581	\$ (6,827,758)	\$ 2,990,875,859	0.06642
2016	\$ 2,315,546,269	\$ 195,912,842	\$ 315,827,261	\$ (6,723,956)	\$ 2,820,562,416	0.06665
2015	\$ 2,128,221,360	\$ 186,564,353	\$ 301,703,479	\$ (6,592,208)	\$ 2,609,896,984	0.06742
2014	\$ 1,797,147,241	\$ 184,326,275	\$ 318,120,654	\$ (6,240,538)	\$ 2,293,353,632	0.0686
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.

The City of Wildomar was incorporated in July 2008, therefore data availability is limited. Changes in assessed value distribution is due to a change in source. Other property includes state unitary in the amount of \$129,600.

Source: HDL

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

Agency	Fiscal Year				
	2017	2016	2015	2014	2013
Basic Levy*	1.00000	1.00000	1.00000	1.00000	1.00000
Menifee School Debt Svc	0.03269	0.03010	0.03275	0.03421	0.03543
Metropolitan Water Dist Original Area	0.00350	0.00350	0.00350	0.00350	0.00350
Perris Union High School Debt Svc	0.06092	0.06236	0.06303	0.06970	0.03429
Mt. San Jacinto Jr College	0.01320	0.01394	-	-	-
Total Direct & Overlapping Tax Rates	1.11031	1.10990	1.09928	1.10741	1.07322
City's Share of 1% Levy Per Prop 13	0.05800	0.05800	0.05800	0.05800	0.05800
Total Direct Rate	0.06642	0.06665	0.06742	0.06860	0.06624

* 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: HDL

2012	2011	2010	2009
1.00000	1.00000	1.00000	-
0.03486	0.03436	0.03254	-
0.00370	0.00370	0.00430	-
0.03429	0.03126	0.02686	-
-	-	-	-
1.07285	1.06932	1.06370	-
0.05800	0.05800	0.05800	-
0.65720	0.06522	0.06575	-

CITY OF WILDOMAR
Principal Property Tax Payers
Current and Seven Years Ago

Taxpayer	Fiscal Year			
	2017		2010	
	Total Assessed Value	Percentage of Total City Taxable Assessed Value	Total Assessed Value	Percentage of Total City Taxable Assessed Value
Oak Springs Ranch	\$ 76,897,813	2.57%	\$ 15,549,900	0.64%
MG Santa Rosa Apartments LP	58,480,247	1.95%		
Universal Health Realty Income Trust	43,859,027	1.46%	34,228,288	1.40%
LG Oak Creek	34,043,551	1.14%	31,295,023	1.28%
Universal Health Sv's of Rancho Springs	26,041,843	0.87%		
Wildomar Industrial Park	19,616,369	0.65%	19,591,813	0.80%
MCW RC California Bear Creek Village	14,916,465	0.50%	13,712,235	0.56%
Inland Valley Medical Partners	14,776,439	0.49%	13,583,460	0.56%
Elsinore Valley Municipal Water	13,164,059	0.44%		
Rainbow Mountain LLC	12,995,200	0.43%		
WNRA Wildomar			46,638,000	1.91%
First Citizens Bank and Trust			16,957,999	0.70%
Naples Plaza Limited			16,433,894	0.67%
Stonebridge Medical Center			12,413,863	0.51%
Totals	\$ 314,791,013	10.50%	\$ 220,404,475	9.04%

Source: Riverside County Assessor Data, HDL

CITY OF WILDOMAR

Property Tax Levies and Collections

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collection in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2017	\$ 3,825,844	\$ 3,732,682	97.56%	\$ -	\$ 3,732,682	97.56%
2016	3,625,979	3,515,561	96.95%	107,546	3,623,107	99.92%
2015	3,394,851	3,241,573	95.48%	125,930	3,367,503	99.19%
2014	3,045,734	2,830,033	92.92%	148,755	2,978,788	97.80%
2013	2,949,607	2,761,748	93.63%	166,385	2,928,133	99.27%
2012	2,925,079	2,718,131	92.93%	119,967	2,838,098	97.03%
2011	3,053,563	2,758,449	90.34%	232,114	2,990,563	97.94%
2010	3,062,836	2,743,768	89.58%	283,126	3,026,894	98.83%

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 Finance Department

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
2017	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	\$ -
2016	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	\$ -
2015	\$ -	\$ -	\$ -	\$ 1,185,337	\$ 1,185,337	0.00%	\$ 35
2014	\$ -	\$ -	\$ -	\$ 1,294,377	\$ 1,294,377	0.00%	\$ 39
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

⁽¹⁾ County Repayment is not a bonded debt. On September 22, 2015, SB 107 was signed into law providing for the forgiveness of debts owed to the County of Riverside.

⁽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, 2017

2016-2017 Assessed Valuation	\$ 3,010,322,529		
Incremental Valuation	-		
Adjusted Assessed Valuation	<u>\$ 3,010,322,529</u>		
<hr/>			
<u>Overlapping Tax and Assessment Debt</u>			
Metropolitan Water District	\$ 74,905,000	0.116%	\$ 86,890
Mount San Jacinto Community College District General Funds Obligations	63,950,000	3.738%	2,390,451
Perris Union High School District	110,014,224	0.216%	237,631
Menifee Union School District	67,554,720	0.363%	245,224
Lake Elsinore Unified School District	32,415,000	26.611%	8,625,956
Lake Elsinore Unified School District Community Facilities District No. 89-1,90-1 & 99-1	4,840,000	100.000%	4,840,000
Lake Elsinore Unified School District Community Facilities District No. 2002-1	3,692,000	44.393%	1,638,990
Lake Elsinore Unified School District Community Facilities District No. 2003-1 A	3,706,113	100.000%	3,706,113
Lake Elsinore Unified School District Community Facilities District No. 2004-2 ,3 & 4	17,469,900	42.689-100.0%	15,899,579
Lake Elsinore Unified School District Community Facilities District No. 2005-3 & 7	9,368,700	100.000%	9,368,700
Lake Elsinore Unified School District Community Facilities District No. 2006-3A & 4	8,420,000	100.000%	8,420,000
Lake Elsinore Unified School District Community Facilities District No. 2013-2	4,360,000	100.000%	4,360,000
Perris Union High School District Community Facilities District No. 92-1	35,150,000	0.271%	95,257
Riverside County Flood Control, Zone 3-B Benefit Assessment District	475,000	6.721%	31,925
Riverside County Flood Control, Zone 4	18,730,000	0.395%	73,984
Elsinore Valley Municipal Water District Community Facilities Districts	7,448,000	100.000%	7,448,000
Total Overlapping Tax and Assessment Debt			<u>\$ 67,468,700</u>

Overlapping General Fund Debt

Riverside County General Funds Obligation	\$ 849,105,407	1.202%	\$ 10,206,247
Riverside County Pension Obligations	286,535,000	1.202%	3,444,151
Lake Elsinore Unified School District Certificates of Participation	33,186,647	26.611%	8,831,299
Perris Union High School District General Fund Obligation	7,877,084	0.216%	17,015
Menifee Union School District Certificates of Participation	28,664,958	0.363%	104,054
Total Gross Overlapping General Fund Debt			<u>\$ 22,602,766</u>
Less: Riverside County Supported Obligations			58,264
Total Net Overlapping General Fund Debt			<u>\$ 22,544,502</u>

Direct Debt

City Of Wildomar	\$0	100%	\$0
OVERLAPPING TAX INCREMENT DEBT (Successor Agency)	\$ 214,858,028	2.192-18.743%	\$ 14,350,646
Total Direct Debt			\$0
Total Gross Overlapping Debt			\$ 104,422,112
Total Net Overlapping Debt			\$ 104,363,848
Gross Combined Total Debt			\$ 104,422,112 (2)
Net Combined Total Debt			\$ 104,363,848

⁽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.

Ratios to 2016-17 Assessed Valuation:

Overlapping Tax and Assessment Debt.....	2.24%
Direct Debt (\$0).....	0.00%
Gross Combined Total Debt	3.47%
Net Combined Total Debt	3.47%

Ratios to Redevelopment Successor Agency Incremental Valuation (\$153,334,035):

Total Overlapping Tax Increment Debt	9.36%
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Source: California Municipal Statistics

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

	Fiscal Year				
	2017	2016	2015	2014	2013
Assessed Valuation	\$ 2,990,875,859	\$ 2,820,562,416	\$ 2,609,896,984	\$ 2,293,353,635	\$ 2,204,512,095
Debt Limit Percentage	15%	15%	15%	15%	15%
Debt Limit	\$ 448,631,379	\$ 423,084,362	\$ 391,484,548	\$ 344,003,045	\$ 330,676,814
Total Net Debt Applicable to Limit General Obligation Bonds:	-	-	-	-	-
Legal Debt Margin	<u>\$ 448,631,379</u>	<u>\$ 423,084,362</u>	<u>\$ 391,484,548</u>	<u>\$ 344,003,045</u>	<u>\$ 330,676,814</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	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

Fiscal Year			
2012	2011	2010	2009
\$ 2,263,770,999	\$ 2,312,322,078	\$ 2,434,076,894	\$ -
15%	15%	15%	15%
\$ 339,565,650	\$ 346,848,312	\$ 365,111,534	\$ -
-	-	-	-
<u>\$ 339,565,650</u>	<u>\$ 346,848,312</u>	<u>\$ 365,111,534</u>	<u>\$ -</u>
0.00%	0.00%	0.00%	0.00%

CITY OF WILDOMAR
Demographic and Economic Statistics

Calendar Year	(1) Population	(2) Personal Income (thousands)	Per Capita Personal Income (2)	(3) Unemployment Rate	% of Residents over 25 years of age with		
					(4) Median Age	High School Degree	Bachelor's Degree
2017	35,782	\$ 776,563	21,702	6.1%	33.8	84.1%	16.0%
2016	35,168	751,981	21,382	6.8%	33.6	83.6%	15.6%
2015	33,696	764,899	22,700	8.3%	34.1	84.3%	16.3%
2014	33,718	761,555	22,586	7.3%	33.7	83.3%	17.2%
2013	33,174	762,836	22,995	8.4%	32.3	84.8%	16.8%
2012	32,719	744,226	22,746	12.0%	33.0	82.9%	17.7%
2011	31,907	700,199	21,945	13.0%	32.2	83.8%	16.9%
2010	31,374	673,738	21,474	12.0%	37.9	79.7%	13.3%

Source: MuniServices, LLC, U.S. Census Bureau, 2010 American Community Survey

City of Wildomar was incorporated in July 2008, therefore data availability is limited.

The California Department of Finance demographics estimates now incorporate 2010 Census counts as the benchmark.

- 1.) Population projections are provided by the California Department of Finance.
- 2.) Income data is provided by the U.S. Census Bureau, 2011-2015 American Community Survey.
- 3.) Unemployment data is provided by the EDD's Bureau of Labor Statistics.
- 4.) Median age reflects the U.S. Census data estimation table.

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CITY OF WILDOMAR
Taxable Sales by Business Type
Last Eight Years

Business Type	Fiscal Year				
	2017	2016	2015	2014	2013
General Retail	\$ 126,872	\$ 122,081	\$ 145,584	\$ 132,688	\$ 115,544
Food Products	630,662	620,891	530,469	474,144	466,312
Transportation	568,575	560,013	615,595	616,885	547,077
Construction	67,775	39,281	36,859	33,449	37,324
Business to Business	78,777	69,724	58,050	53,342	35,574
Miscellaneous	21,083	22,839	18,412	23,060	25,016
Total	<u>\$ 1,493,744</u>	<u>\$ 1,434,829</u>	<u>\$ 1,404,969</u>	<u>\$ 1,333,568</u>	<u>\$ 1,226,847</u>

Source: MuniServices, LLC

2012	2011	2010	2009
\$ 88,433	\$ 78,766	\$ 89,668	\$ -
464,107	438,115	411,672	-
574,668	545,869	465,917	-
35,857	32,612	30,580	-
45,920	52,062	49,038	-
<u>26,304</u>	<u>17,517</u>	<u>17,911</u>	<u>-</u>
<u>\$ 1,235,289</u>	<u>\$ 1,164,941</u>	<u>\$ 1,064,786</u>	<u>\$ -</u>

CITY OF WILDOMAR**Full-Time Equivalent City Government Employees by Function/Program****As of June 30, 2017**

Function	2017	2016	2015	2014	2013	2012	2011	2010	2009
City Manager									
Full- Time Equiv	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	-
City Clerk									
Full- Time Equiv	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
City Manager Administration									
Full- Time Equiv	2.0	2.0	1.0	2.0	2.0	2.0	1.0	1.0	-
Asst. City Manager/ Public Works									
Full- Time Equiv	1.0	1.0	1.0	1.0	-	-	-	-	-
Planning Director									
Full- Time Equiv	1.0	1.0	1.0	1.0	1.0	-	-	-	-
Building/Safety									
Full- Time Equiv	-	1.0	1.0	1.0	1.0	1.0	1.0	-	-
Cemetery									
Full- Time Equiv	3.0	2.0	2.0	2.0	2.0	2.0	2.0	-	-
Community Services									
Full- Time Equiv	-	-	-	-	1.0	-	-	-	-
Finance									
Full- Time Equiv	2.0	1.0	1.0	-	-	-	-	-	-
Public Works									
Full- Time Equiv	-	-	1.0	1.0	-	-	-	-	-
Asst. Planner									
Full- Time Equiv	1.0	1.0	1.0	-	-	-	-	-	-
TOTAL	12.0	11.0	11.0	10.0	9.0	7.0	6.0	3.0	1.0

Source: City Finance Department

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CITY OF WILDOMAR
Operating Indicators by Function/ Program

Function	2017	2016	2015	2014	2013	2012
Police Services						
Calls for Service	17,374	15,916	8,782	4,353	3,954	12,451
DUI Arrests	32	38	2	8	2	40
Traffic Citations	334	246	287	375	N/A	474
Fire Services						
Responses to Calls for Service	3,173	3,075	2,962	2,696	2,854	2,664
Average Response Time-Minutes	4.7	4.7	4.9	4.7	4.6	4.5
% of Calls - Medical	75.26%	77.66%	75.19%	76.71%	78.87%	75.86%
% of Calls - All Other	24.74%	22.34%	24.81%	23.29%	21.13%	24.14%
Building & Safety						
Building Permits Issued	1,235	1,685	1,321	789	120	130
Community Development/ Planning						
Zoning Inquiries/ Counter Assistance	4,400	4,300	3,800	3,600	3,500	3,400
Developer Applications/ Projects	43	40	48	40	40	38
Building Plan Check Permits	1,650	1,650	1,000	1,000	N/A	N/A
Planning Director Hearings	3	2	5	5	5	3
Planning Commission Meetings	7	10	11	10	6	8
Cemetery						
Burial Services	12	25	31	34	30	30

Source: City Finance Department, City Community Development Department, City Building Department, Riverside County Sheriff's Department, Riverside County Fire/CAL-Fire, Cemetery

<u>2011</u>	<u>2010</u>	<u>2009</u>
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14,797	8,740	8,684
80	53	78
1052	233	1267

2619	2582	N/A
4.5	4.5	N/A
76.40%	75.14%	N/A
23.60%	24.86%	N/A

132	151	232
-----	-----	-----

3,200	N/A	N/A
45	60	83
N/A	N/A	N/A
8	3	N/A
8	18	9

N/A	N/A	N/A
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CITY OF WILDOMAR
Capital Asset Statistics by Function/Program

Function	2017	2016	2015	2014	2013	2012	2011	2010	2009
Public Works									
Streets (miles)									
Paved - Public	119	119	119	119	119	119	119	119	N/A
Paved - Private	9.1	9.1	9.1	9.1	9.1	9.1	9.1	9.1	N/A
Unpaved - Public	3.4	3.4	3.4	3.4	3.4	6.4	6.4	6	N/A
Unpaved - Private	47.1	47.1	47.1	47.1	47.1	47.1	47.1	47.1	N/A
Traffic Signals	23.3	23.3	23.3	23.3	23.3	23.3	23.3	19	N/A
Community Services									
Parks	3	3	3	3	3	3	3	3	3
Park Acreage	14.4	14.4	14.4	14.4	14.4	14.4	14.4	14.4	14.4
Cemetery	1	1	1	1	1	1	0	0	0

Source: City Public Works Department, Community Services Department

CITY OF WILDOMAR
Miscellaneous Statistics
As of June 30, 2017

Geographic Location	Wildomar is located along Interstate 15 in Riverside County.
Population	35,782
Area in Square Miles	24
Form of Government	Council-Manager
Date of Incorporation	July 1, 2008
Number of Full Time Employees	12
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