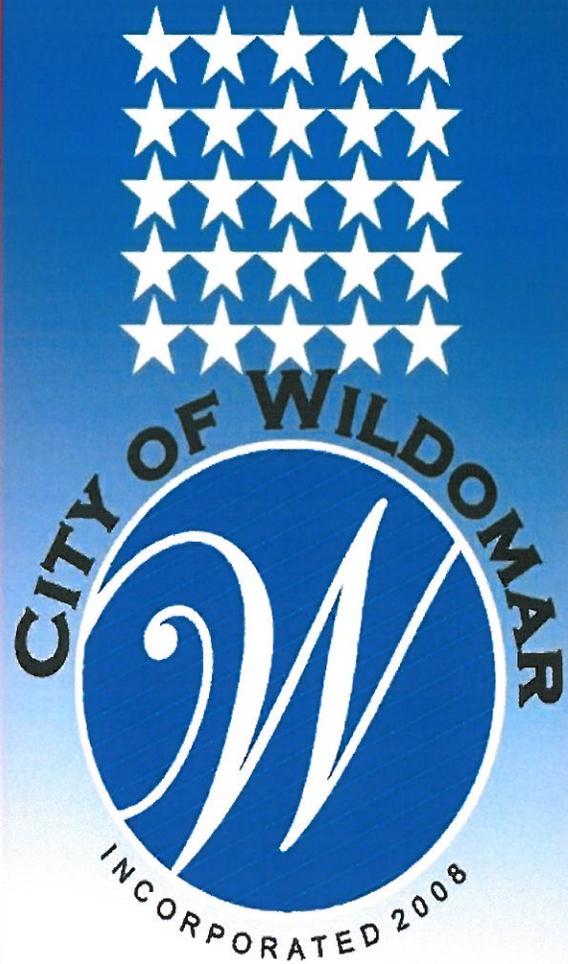


City of Wildomar

COMPREHENSIVE ANNUAL FINANCIAL REPORT



**FISCAL YEAR ENDED
JUNE 30, 2013**

CITY OF WILDOMAR, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Prepared By:
The City of Wildomar, California
Finance Department

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CITY OF WILDOMAR
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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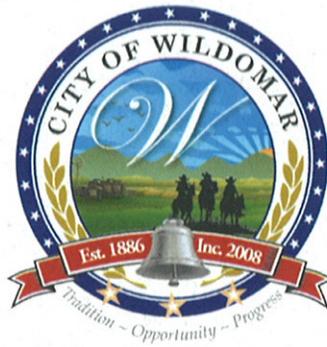
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Timothy Walker, Mayor
Marsha Swanson, Mayor Pro Tem
Ben Benoit, Council Member
Bob Cashman, Council Member
Bridgette Moore, Council Member



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

December 12, 2013

**Letter of Transmittal
Fiscal Year 2012-13 Comprehensive Annual Financial Report
(CAFR)**

Dear Honorable Mayor, Council Members and Wildomar Citizens,

I am pleased to present the 2012-13 Comprehensive Annual Financial Report for the City of Wildomar, California for the fiscal year ended June 30, 2013.

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

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

The City of Wildomar's financial statements have been audited by Lance, Soll and Lunghard, LLP, a firm of certified public accountants and consultants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Wildomar for the fiscal year ended June 30, 2013, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor's report is presented as the first component of the financial section of this report. GAAP requires that management provide a narrative of introductions, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A).

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

Profile of the Government

The area of Wildomar located in southwest Riverside County, incorporated as a City, July 1, 2008. This newly incorporated city is approximately 70 miles north of San Diego and 60 miles southeast of Los Angeles. The City boundaries encompass 24 square miles providing a "Rural Ranch" lifestyle for its 33,174 residents.

The City Council consists of 5 Council Members, elected at large on a non-partisan basis and annually selected amongst them, a Mayor and Mayor Pro Tem. Bi-annual elections are held in November. The terms of office are 4 years but are overlapping so that the City is provided with a continuity of knowledge in the City business and legislative matters.

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

infrastructure, recreational activities, economic development and the operations and maintenance of the cemetery.

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

The Budget Process

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

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

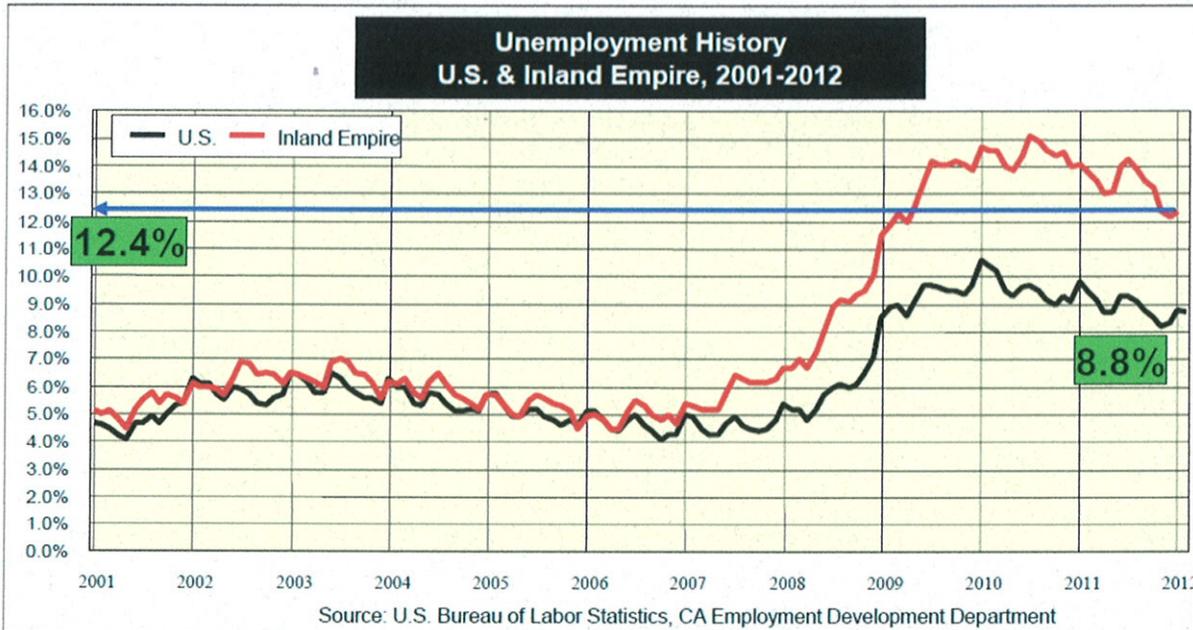
The Ad-Hoc Finance Committee meets with the City Manager at a workshop in mid-April. The City Manager presents the proposed budget for all governmental activities to the City Council at the first Council meeting in June for review. The City Council is required to hold a public hearing on the proposed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

Factors Affecting Financial Condition

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

Local Economy

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

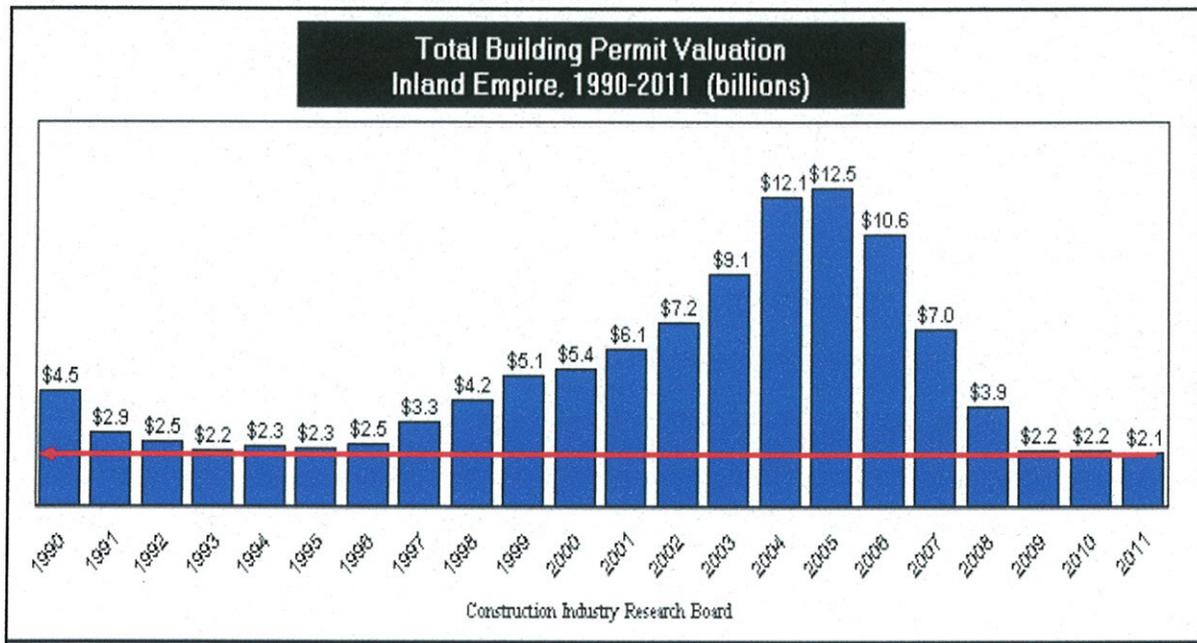


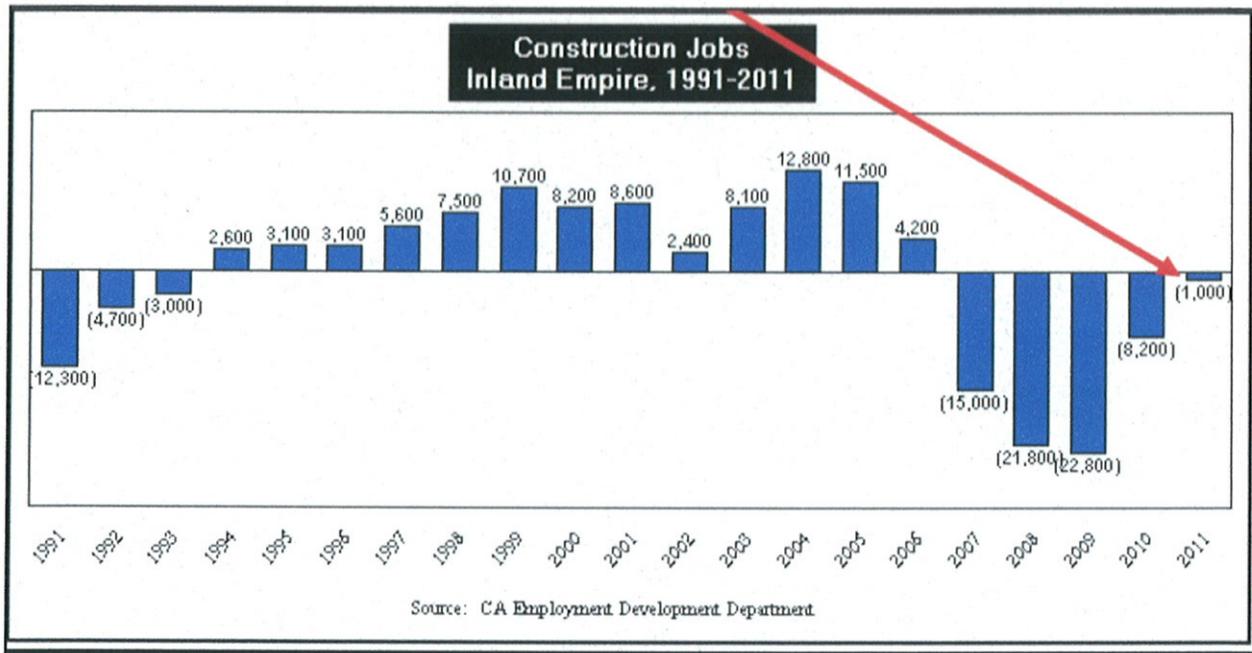
The origin and financial projections for this city were based on the Comprehensive Financial Analysis report (CFA). This report projected the proposed city's fiscal stability based on the economic trends of 2005. All fiscal projections used this as the base year and annually increased revenues on these historic "boom" trends. The city was truly conceived during the economic boom and born into the worst recession this generation has seen. Compounding this is Wildomar's proximity to the Inland Empire (Riverside and San Bernardino counties) which is one of the leaders in the decline in housing values (up 56% in four years) and high unemployment (12.45%).

The decline in housing values has a direct impact on the City's property tax revenues. The CFA report, prepared using 2005-06 data, projected property tax revenue for the City during FY 2012-13 to exceed \$5.9 million. However, the CFA did not project the economic downturn with has left the city with less than \$2.6 million in property tax revenues for the FY 2012-13.



The 44% reduction in property tax revenues is compounded by the effects of the high unemployment in the southwest Riverside County region during the past several years. This is primarily due to the drop in construction activity in Wildomar and the surrounding Riverside County areas, as many of the jobs were in the construction industry. This high unemployment rate contributes to the lower than expected sales tax revenues as the consumer has less confidence in the economy and less money to spend on taxable items.





State of California.....Fiscal Impacts on Wildomar

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

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

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

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

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

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

Following the austere spending example set in FY 2011-12, the City Council adopted the FY 2012-13 at the May 9, 2012 meeting recognizing the challenges of operating again without 22% of the General Fund revenue due to the State's taking of Motor Vehicle License Fee revenue. This year was to be more challenging as the adopted expenditure budget of \$7,056,500 was amended several times throughout the year to reflect the changes of the organization and increasing levels of proposed development within the City. At year end the actual expenditures were \$459,538 higher than planned primarily due to the development activity, which was offset by like revenue increases. The General Fund revenues were more challenged during the year as property related tax revenues did not increase as planned and were actually \$79,211 less than FY 2011-12 and \$249,761 less than budgeted. The City sales tax revenue increase by \$21,217 as compared to the prior fiscal year FY 2011-12, yet was \$57,136 less than budget due to a miscoding of ERAF monies as distributed to the City by the County. At fiscal year end the City still completed the year with a 10% general fund reserve. The City will continue to work closely with the ad-hoc finance subcommittee to recognize fiscal changes and recommend actions at the quarterly budget reviews and public hearing meetings.

Current Year Initiatives

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

- Continue to work with other newly incorporated cities to seek fiscal relief from the State of California's taking of the Motor Vehicle License Fee revenues.
- Implementation of a required fiscal impact analysis of new development on the cost of recurring services and mitigation of the annual impact. As the City is 62% developed, all future development will fund the required levels of recurring services and not add to the current fiscal deficiency.
- Initiated the update of the Development Impact Fee (DIF) program to provide a funding source for needed infrastructure as planned by the City replacing the County designed DIF program.
- Negotiated an eight year extension of current debt repayment to County for transition year (2008-09) services provided by the County to the City.

- Implemented a new Park Fund, assessment and over-site committee following 68.5% voter approval of parcel tax for park needs.
- Implemented a two year budget program.
- Continued transition of County of Riverside Transportation Uniform Mitigation Fee (TUMF) capital projects to the City including Bundy Canyon Road, Grand Avenue, and Clinton Keith Widening Project.

Long-term financial planning and initiatives

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

Relevant financial policies

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

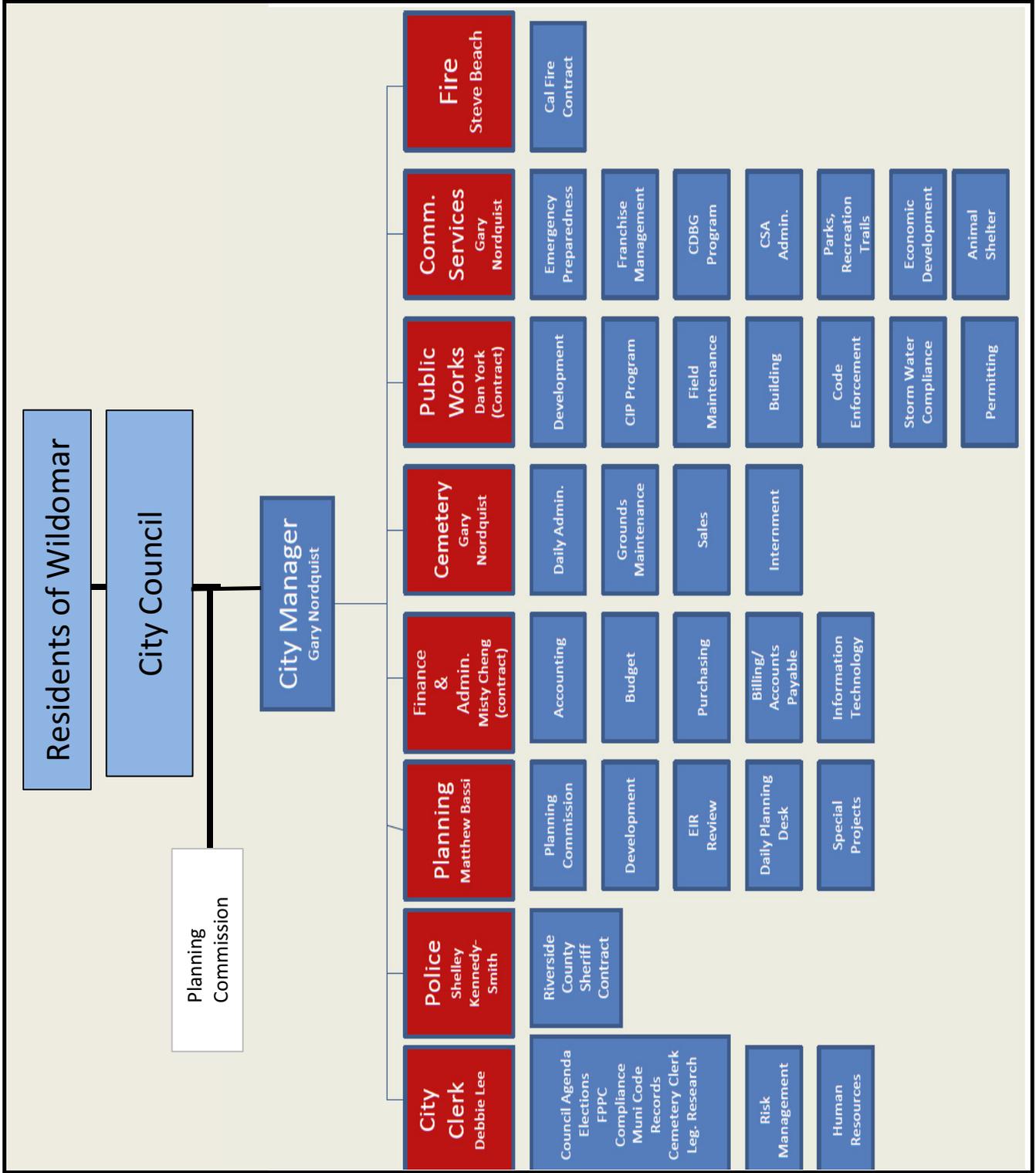
Concluding remarks

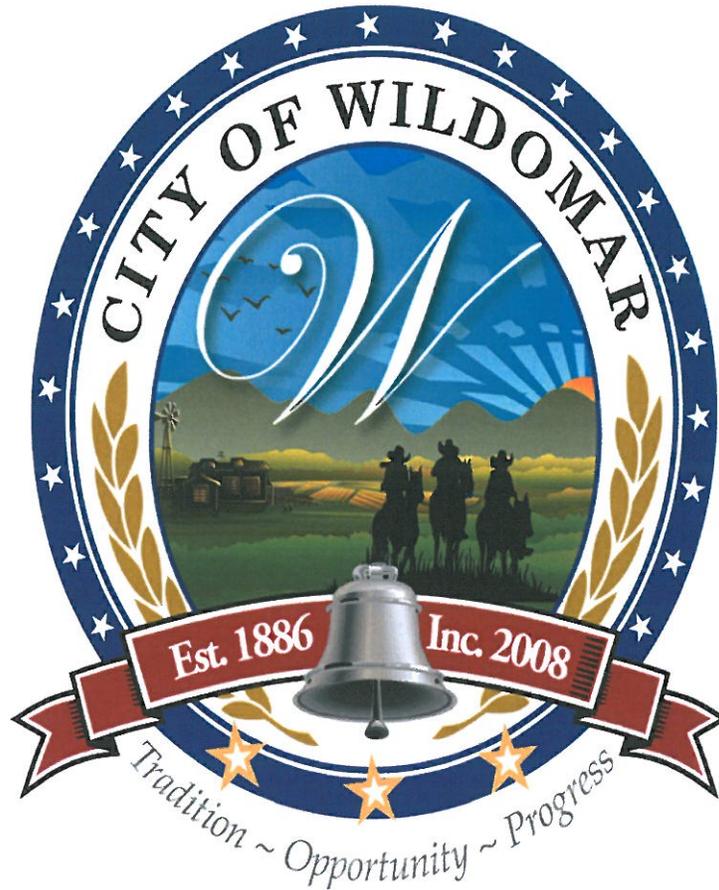
The City, in its fifth year of operation, has achieved a great deal in transitioning from the County support services and establishing its own culture and approach to local governance.

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

Sincerely,


Gary Nordquist
City Manager





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

City Manager
Gary Norquist

City Attorney
Thomas Jex



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Wildomar
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

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INDEPENDENT AUDITORS' REPORT

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

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of City of Wildomar, California, (the City) as of and for the year ended June 30, 2013, 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.

Auditors' Responsibility

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

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

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



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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Wildomar, California, as of June 30, 2013, and, the respective changes in financial position and the respective budgetary comparison for the General Fund and the Measure A, Development Impact Fees, Grants, and Wildomar Cemetery District for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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



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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2013, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

Lance, Soll & Lughard, LLP

Brea, California
December 12, 2013

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

For the Year Ended June 30, 2013

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 fifth fiscal year of operation which ended June 30, 2013. This the fifth year of incorporation for the City and thus comparative data is limited to five years. We encourage the reader to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i through viii of this report.

THE FINANCIAL HIGHLIGHTS

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

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

- The assets of the City of Wildomar exceeded its liabilities as of June 30, 2013, by \$27,800,916. The total net position include all infrastructures of the governmental funds.
- The City of Wildomar's total net position increased by \$12,660,256 or 84%. This includes a restatement of \$12,279,205 due to the inclusion of the recently updated Pavement Management Study which provided updated valuation on the City streets, replacing the County's previous estimate.
- As of June 30, 2013, the City of Wildomar's governmental funds reported combined ending fund balances of \$5,437,428 a decrease of (\$76,283) in comparison to the prior year. Of the total fund balance, (15%) of this total or \$(806,252) is available for spending at the government's discretion (*unassigned*).

- The City of Wildomar's total general obligation debt is 1,964,795 a reduction of 203,397 which is primarily due to restructuring the repayment of a County debt by adding 8 years and replacing the 4% annual interest to CPI's annual rate. The loan was for services provided by the County during the City's FY 2008-09 transition year. This loan, including both general fund and special revenue funds, is now valued at \$1,777,620. The liability for compensated absences is 82,488 and other post retirement benefits of \$104,687 which includes the Cemetery District.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

Government-wide financial statements

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

The City's statements provide a manageable yet comprehensive view of the City's economic position, appropriately accounting for all revenue and expenses during the specified fiscal year. To accomplish this, government-wide financial statements are reported utilizing the flow of economic resources (cost of services) measurement focus and the modified 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 modified accrual basis of accounting allows the City a 'real-time' advantage as revenues are recognized when earned and expenses are recognized when incurred.

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

The *Statement of Activities* demonstrates how the City's net position 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 forum, 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 and/or sick leave) will result in recorded cash flows in future fiscal periods.

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

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

Governmental activities are chiefly supported by a) taxes elicited from such sources as utility user's tax, transient occupancy tax, sales tax, property tax, and franchise tax, and by b) intergovernmental revenues such as motor vehicle in-lieu fees.

Governmental activities of the City are inclusive of general government, police, public works, traffic and transportation, community development, and community services such as 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 Government-wide Financial Statements can be found in the Table of Contents under Basic Financial Statements.

Fund Financial Statements

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

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

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

Governmental funds

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

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

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

The City of Wildomar maintains 26 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 26 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* later in this report.

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

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

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

The basic governmental fund financial statements can be found on pages 23 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.

Other Supplementary Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Wildomar, assets exceeded liabilities by \$27,800,916 at June 30, 2013. 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 is the largest portion of the City's net position (72%).

Table 1 Net Position-Primary Government

City of Wildomar Summary of Net Position For the Year Ended June 30, 2013					
	Governmental Activities				
	2013	2012	2011	2010	2009
Assets:					
Current and other assets	\$ 9,119,464	\$ 7,557,176	\$ 6,445,594	\$ 5,100,756	\$ 3,921,764
Capital assets	23,349,508	11,725,170	12,329,670	13,341,779	14,841,391
Total Assets	<u>32,468,972</u>	<u>19,282,346</u>	<u>18,775,264</u>	<u>18,442,535</u>	<u>18,763,155</u>
Liabilities:					
Current and other Liabilities	3,241,403	2,019,196	2,285,577	1,731,981	1,276,432
Long-term Liabilities	1,426,653	2,122,490	1,974,607	1,862,830	1,779,278
Total Liabilities	<u>4,668,056</u>	<u>4,141,686</u>	<u>4,260,184</u>	<u>3,594,811</u>	<u>3,055,710</u>
Net Position:					
Investment in capital assets	23,349,508	11,725,170	12,329,670	13,341,779	14,841,391
Restricted	5,871,955	4,044,485	2,704,186	2,381,603	1,360,470
Unrestricted	(1,420,547)	(628,995)	(518,776)	(875,658)	(494,416)
Total Net Position	<u>\$ 27,800,916</u>	<u>\$ 15,140,660</u>	<u>\$ 14,515,080</u>	<u>\$ 14,847,724</u>	<u>\$ 15,707,445</u>

During the fiscal year ended June 30, 2013, net position was \$27,800,916 of which \$23,349,508 is invested in capital assets such as equipment, buildings and infrastructure. Of the remaining total, \$5,871,955 is restricted to specifically stipulated spending agreements originated by law, contract or other agreements. Of note is the fact that the City has no outstanding debt related to capital assets held.

Table 2 Changes in Net Position-Primary Government

City of Wildomar					
Changes in Net Position - Primary Government					
For the Year Ended June 30, 2013					
	Governmental Activities				
	2013	2012	2011	2010	2009
Revenues					
Program Revenues					
Charges for Service	\$ 1,704,933	\$ 354,539	\$ 771,174	\$ 865,329	\$ 336,359
Operating Grants and Contributions	4,395,853	4,330,946	2,918,349	3,472,911	2,694,666
Capital Grants and Contributions	-	-	226,422	-	43,653,393
General Revenues					
Sales Taxes	1,383,864	1,362,647	1,226,227	1,096,907	1,295,785
Property Taxes	3,243,285	3,307,425	3,092,037	2,743,768	3,589,773
Other Taxes	988,686	1,439,678	2,791,601	2,930,609	3,212,516
Other Revenues	48,344	30,943	32,882	84,030	15,395
Use of Money and Property	3,183	12,011	7,737	9,682	20,403
Total Revenues	11,768,148	10,838,189	11,066,429	11,203,236	54,818,290
Expenses					
General Government	2,496,792	1,923,733	2,231,313	1,798,566	2,156,911
Public Safety	4,394,931	3,996,420	5,413,023	5,378,962	5,547,480
Community Development	1,818,348	1,253,984	1,069,198	1,786,894	1,501,865
Parks and Recreation	219,707	303,190	297,168	341,458	463,746
Public Works	2,457,319	2,551,241	2,371,664	2,741,040	29,440,843
Interest on Long-term debt	-	76,907	73,949	71,105	-
Total Expenses	11,387,097	10,105,475	11,456,315	12,118,025	39,110,845
Increase (Decrease) in Net Position	381,051	732,714	(389,886)	(914,789)	15,707,445
Beginning Net Position	15,140,660	14,515,080	14,904,966	15,707,445	-
Restatement of Net Position	12,279,205	(107,134)	-	112,310	-
Ending Net Assets	\$ 27,800,916	\$ 15,140,660	\$ 14,515,080	\$ 14,904,966	\$ 15,707,445

As of the date of this report, property taxes were the single greatest source of City revenues for governmental activities. Total revenues collected for governmental activities increased by \$929,959 (8.5%) as compared to the fiscal year 2011-12. The taking of the recurring Motor Vehicle License Fee Revenues (MVLFF estimated at \$1.7m of "Other Taxes") is noticed in the Other Taxes line under General Revenues.

Financial Analysis of Governmental Funds

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

Governmental Funds

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

The financial position of the City's governmental funds has decreased when compared to the previous fiscal year. The total ending fund balance for the City's governmental funds was \$5,437,428 which represented a (\$76,283) or (1.4%) decrease from the prior fiscal year.

Restricted fund balance is \$5,779,085, the non-spendable fund balance is \$464,595 and unassigned fund balance is (\$806,252) primarily due to the grant funds.

Other Major Funds Budgetary Highlights:

Gas Tax and Measure A Funds

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

Development Impact Fees

These funds are used to record the capital expenditures of funds various improvements needed to meet the increased demands associated with new development, primarily residential. Capital facility expansions are pre-determined and are constructed when the collected fees fully fund the improvement. No improvements were authorized for construction during fiscal year 2012-13.

Other Governmental Funds-Community Service Area (CSAs) Funds

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

General Fund Financial Highlights

The General Fund is the primary funding source for the City. At fiscal year end, the unassigned fund balance of the general fund was \$(46,320) or (1%) of the City's expenditures of \$8,150,238.

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

- The Property Tax related revenues decreased by \$64,140 (2.0%) during the year. The Sales Tax Revenue increase of \$21,217 (1.5%) is reflective of increases in fuel and other transportation related sales. Aside from these events, in both major revenue categories, the past year's activity demonstrates a stabilization and possible bottom the local economic trends.
- The effects of the State take away of the City's Motor Vehicle License Fee (MVLFF) revenues continues to impact the General Fund by \$1.7 million or 23% of total revenues. The City continues to operate with reduced service levels and other budget reduction measures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets (Table 3) for its governmental activities as of June 30, 2013, is \$23,349,508 (net of accumulated depreciation). This investment in capital assets includes land, structures and improvements, furniture and equipment, infrastructure and construction in progress. For more information, please refer to Note 4 in the Notes to Financial Statements. The Capital Assets of the City are those assets which are used in the performance of the City's functions including infrastructure assets. Depreciation on capital assets is recognized in the Government-wide financial statements.

Table 3 Summary of Changes in Capital Assets

City of Wildomar Summary of Changes in Capital Assets For the Year Ended June 30, 2013							
	Beginning Balance	Adjustments	Adjusted Beginning Balance	Transfers	Additions	Deletions	Ending Balance
Governmental Activities:							
Capital Assets, not being depreciated:							
Land	\$ 1,290,006	\$ -	\$ 1,290,006	\$ -	\$ -	\$ -	\$ 1,290,006
Construction in Progress	-	472,036	472,036	-	371,932	-	843,968
Right-of-way	362,645	(62,400)	300,245	(65,600)	393,290	5,000	622,935
Total Capital Assets, Not Being Depreciated	<u>1,652,651</u>	<u>409,636</u>	<u>2,062,287</u>	<u>(65,600)</u>	<u>765,222</u>	<u>5,000</u>	<u>2,756,909</u>
Capital Assets, being depreciated:							
Buildings and Improvements	6,875,854	-	6,875,854	-	-	-	6,875,854
Furniture, fixtures and Equipment	145,723	-	145,723	-	16,911	115,904	46,730
Traffic Signals	-	128,838	128,838	-	-	-	128,838
Infrastructure	36,285,648	3,894,107	40,179,755	65,600	-	-	40,245,355
Total Capital Assets, Being Depreciated	<u>43,307,225</u>	<u>4,022,945</u>	<u>47,330,170</u>	<u>65,600</u>	<u>16,911</u>	<u>115,904</u>	<u>47,296,777</u>
Less Accumulated Depreciation							
Buildings and Improvements	1,415,310	-	1,415,310	-	218,517	-	1,633,827
Furniture, fixtures and Equipment	134,734	-	134,734	-	6,457	115,904	25,287
Traffic Signals	-	6,442	6,442	-	6,442	-	12,884
Infrastructure	31,684,662	(7,989,249)	23,695,413	-	1,336,767	-	25,032,180
Total Accumulated Depreciation	<u>33,234,706</u>	<u>(7,982,807)</u>	<u>25,251,899</u>	<u>-</u>	<u>1,568,183</u>	<u>115,904</u>	<u>26,704,178</u>
Total Capital Assets, Being Depreciated, Net	<u>10,072,519</u>	<u>12,005,752</u>	<u>22,078,271</u>	<u>65,600</u>	<u>(1,551,272)</u>	<u>-</u>	<u>20,592,599</u>
Government Activities Capital Assets, Net	<u>\$ 11,725,170</u>	<u>\$ 12,415,388</u>	<u>\$ 24,140,558</u>	<u>\$ -</u>	<u>\$ (786,050)</u>	<u>\$ 5,000</u>	<u>\$ 23,349,508</u>

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.

Long-term Debt

At year end, the City had \$1,964,795 in outstanding long-term debt for Governmental Activities. This debt is primarily due to a loan from the County of Riverside for the cost of services (\$1,777,620) the County provided to the City during the City's first year of incorporation, Compensated Absences (\$82,488) and Other Post-Retirement Benefits (\$104,687). Long-term debt decreased \$203,397 during the year due to a modification of the County loan changing from fixed interest charge to actual CPI rate charge.

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, 2013					
	Beginning Balance	Additions	Deductions	Ending Balance	Within One Year
Loan from Riverside County	\$ 1,777,620	\$ -	\$ -	\$ 1,777,620	\$ 483,243
Matured Unpaid Interest	221,961	-	221,961	-	-
Total County Loan	1,999,581	-	221,961	1,777,620	483,243
Other Post-Retirement Benefits	77,749	26,938	-	104,687	-
Compensated Absences	90,862	52,098	60,472	82,488	54,899
Total Long-Term Liabilities	\$ 2,168,192	\$ 79,036	\$ 282,433	\$ 1,964,795	\$ 538,142

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, 2013, in preparing the budget for fiscal year 2013-14, management gave careful consideration to the continued impact the State of California will have on the City’s budget. Substantial changes have occurred in the economy in which the City operates, and at this time the effect of these factors on the City’s operations and its costs are difficult to predict. Unfortunately, there is no consensus, at any level, as to the depth and length of this current downturn, which continues to present a challenge to the preparation of the City’s adopted budget. The overall approach in the development of the fiscal year 2013-14 budget was to achieve and maintain an appropriate balance of expenditure reductions to address the negative economic and State of California impacts on City revenues, while minimizing impacts on the delivery of services, programs and capital projects.

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

- The City developed its adopted budget predicated upon the State’s current adopted budget. Currently, the City is united with other newly incorporated cities in seeking a replacement of the Motor Vehicle License Fee revenues which the State took from local governments in FY 2011-12.

- The degradation of the national and state economies; job/income loss and unemployment; reduction in median home prices and lowering of property values; loss of consumer confidence; and collapse of the housing, financial, retail, automotive, and commercial real estate sectors are all having adverse impacts on most of the City's revenue streams.
- Sales tax revenues are same as last year.
- Residential property values are known to be decreasing (1% reduction in Property Tax Revenues).
- Commercial/Industrial property values are also expected to start decreasing, though initially at a slower rate.
- Development related revenues are projected to continue downward due to the weakened housing and construction sectors as well as reduced personal income.

The Adopted Operating Budget for Fiscal Year 2013-14 is structurally balanced, addresses some of the City Council's priorities, and attempts to balance achievement of community needs and accomplishment of the Council's goals and objectives while maintaining financial stability in light of the State's taking of the City's MVLFF revenues.

REQUESTS FOR INFORMATION

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

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

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

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BASIC FINANCIAL STATEMENTS

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**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**

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CITY OF WILDOMAR

STATEMENT OF NET POSITION
 JUNE 30, 2013

	<u>Primary Governmental Activities</u>
Assets:	
Cash and investments	\$ 6,935,072
Receivables:	
Accounts	1,808,861
Accrued interest	936
Prepaid costs	1,916
Deposits	370,039
Inventories	2,640
Capital assets not being depreciated	2,756,909
Capital assets, net of depreciation	<u>20,592,599</u>
Total Assets	<u>32,468,972</u>
Liabilities:	
Accounts payable	1,445,609
Accrued liabilities	27,707
Deposits payable	1,183,988
Due to other governments	45,957
Noncurrent liabilities:	
Due within one year	538,142
Due in more than one year	<u>1,426,653</u>
Total Liabilities	<u>4,668,056</u>
Net Position:	
Investment in capital assets	23,349,508
Restricted for:	
Community development projects	2,108,884
Public works	1,689,442
Debt service	483,243
Cemetery	1,590,386
Unrestricted	<u>(1,420,547)</u>
Total Net Position	<u>\$ 27,800,916</u>

CITY OF WILDOMAR

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2013

	Expenses	Program Revenues		Capital Contributions and Grants	Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Contributions and Grants		Governmental Activities
Functions/Programs					
Primary Government:					
Governmental Activities:					
General government	\$ 2,496,792	\$ 1,440,592	\$ 617,155	\$ -	\$ (439,045)
Public safety	4,394,931	36	100,000	-	(4,294,895)
Community development	1,818,348	243,188	1,257,696	-	(317,464)
Parks and recreation	219,707	1,056	37,834	-	(180,817)
Public works	2,457,319	20,061	2,383,168	-	(54,090)
Total Governmental Activities	11,387,097	1,704,933	4,395,853	-	(5,286,311)
Total Primary Government	\$ 11,387,097	\$ 1,704,933	\$ 4,395,853	\$ -	(5,286,311)
General Revenues:					
Taxes:					
Property taxes, levied for general purpose					3,243,285
Sales taxes					1,383,864
Franchise taxes					850,808
Business licenses taxes					14,280
Other taxes					109,524
Motor vehicle in lieu - unrestricted					14,074
Use of money and property					3,183
Other					48,344
Total General Revenues					5,667,362
Change in Net Position					381,051
Net Position at Beginning of Year					15,140,660
Restatement of Net Position					12,279,205
Net Position at End of Year					\$ 27,800,916

FUND FINANCIAL STATEMENTS

CITY OF WILDOMAR

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013**

	<u>Special Revenue Funds</u>			
	<u>General</u>	<u>Measure A</u>	<u>Development Impact Fees</u>	<u>Grants</u>
Assets:				
Pooled cash and investments	\$ 1,679,292	\$ 923,981	\$ 1,992,064	\$ -
Receivables:				
Accounts, grants and taxes	557,585	157,113	-	744,215
Accrued interest	936	-	-	-
Prepaid costs	1,686	-	-	-
Deposits	370,039	-	-	-
Due from other funds	746,790	-	-	-
Inventories	-	-	-	-
Total Assets	<u>\$ 3,356,328</u>	<u>\$ 1,081,094</u>	<u>\$ 1,992,064</u>	<u>\$ 744,215</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ 1,275,023	\$ 7,241	\$ 124	\$ 38,142
Accrued liabilities	24,518	-	-	-
Deposits payable	1,183,988	-	-	-
Due to other governments	45,957	-	-	-
Due to other funds	-	-	-	651,781
Total Liabilities	<u>2,529,486</u>	<u>7,241</u>	<u>124</u>	<u>689,923</u>
Deferred Inflows of Resources:				
Unavailable revenues	18,194	11,596	-	744,215
Total Deferred Inflows of Resources	<u>18,194</u>	<u>11,596</u>	<u>-</u>	<u>744,215</u>
Fund Balances:				
Nonspendable:				
Inventory	-	-	-	-
Prepaid costs	1,686	-	-	-
Deposits	370,039	-	-	-
Cemetery endowment	-	-	-	-
Restricted for:				
Community development projects	-	-	1,991,940	-
Public works	-	1,062,257	-	-
Debt service	483,243	-	-	-
Cemetery	-	-	-	-
Unassigned	(46,320)	-	-	(689,923)
Total Fund Balances	<u>808,648</u>	<u>1,062,257</u>	<u>1,991,940</u>	<u>(689,923)</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 3,356,328</u>	<u>\$ 1,081,094</u>	<u>\$ 1,992,064</u>	<u>\$ 744,215</u>

CITY OF WILDOMAR

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013**

	<u>Special Revenue Funds</u>		<u>Total Governmental Funds</u>
	<u>Wildomar Cemetery District</u>	<u>Other Governmental Funds</u>	
Assets:			
Pooled cash and investments	\$ 1,575,297	\$ 764,438	\$ 6,935,072
Receivables:			
Accounts, grants and taxes	19,060	330,888	1,808,861
Accrued interest	-	-	936
Prepaid costs	230	-	1,916
Deposits	-	-	370,039
Due from other funds	-	-	746,790
Inventories	2,640	-	2,640
Total Assets	<u>\$ 1,597,227</u>	<u>\$ 1,095,326</u>	<u>\$ 9,866,254</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable	\$ 3,652	\$ 121,427	\$ 1,445,609
Accrued liabilities	3,189	-	27,707
Deposits payable	-	-	1,183,988
Due to other governments	-	-	45,957
Due to other funds	-	95,009	746,790
Total Liabilities	<u>6,841</u>	<u>216,436</u>	<u>3,450,051</u>
Deferred Inflows of Resources:			
Unavailable revenues	-	204,770	978,775
Total Deferred Inflows of Resources	<u>-</u>	<u>204,770</u>	<u>978,775</u>
Fund Balances:			
Nonspendable:			
Inventory	2,640	-	2,640
Prepaid costs	230	-	1,916
Deposits	-	-	370,039
Cemetery endowment	90,000	-	90,000
Restricted for:			
Community development projects	-	116,944	2,108,884
Public works	-	627,185	1,689,442
Debt service	-	-	483,243
Cemetery	1,497,516	-	1,497,516
Unassigned	<u>-</u>	<u>(70,009)</u>	<u>(806,252)</u>
Total Fund Balances	<u>1,590,386</u>	<u>674,120</u>	<u>5,437,428</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,597,227</u>	<u>\$ 1,095,326</u>	<u>\$ 9,866,254</u>

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CITY OF WILDOMAR

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2013

Fund balances of governmental funds		\$	5,437,428
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets net of depreciation have not been included as financial resources in governmental fund activity.			23,349,508
Long-term debt and compensated absences that have not been included in the governmental fund activity:			
Loan from County	\$	(1,777,620)	
Compensated Absences		<u>(82,488)</u>	(1,860,108)
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.			(104,687)
Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity.			<u>978,775</u>
Net Position of governmental activities		\$	<u>27,800,916</u>

CITY OF WILDOMAR

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2013

	<u>Special Revenue Funds</u>			
	<u>General</u>	<u>Measure A</u>	<u>Development Impact Fees</u>	<u>Grants</u>
Revenues:				
Taxes	\$ 5,267,715	\$ -	\$ -	\$ -
Licenses and permits	16,636	-	-	-
Intergovernmental	34,135	509,759	-	109,012
Charges for services	165,922	-	-	-
Use of money and property	3,183	-	-	-
Fines and forfeitures	78,322	-	-	-
Contributions	-	-	-	-
Developer participation	1,257,696	-	1,414,192	-
Miscellaneous	5,871	-	-	-
Total Revenues	6,829,480	509,759	1,414,192	109,012
Expenditures:				
Current:				
General government	1,744,846	-	-	48,099
Public safety	4,616,892	-	-	-
Community development	1,786,312	-	24,341	-
Parks and recreation	-	-	-	-
Public works	2,188	317,977	-	-
Capital outlay	-	-	-	689,974
Total Expenditures	8,150,238	317,977	24,341	738,073
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,320,758)	191,782	1,389,851	(629,061)
Other Financing Sources (Uses):				
Transfers in	649,336	-	-	-
Transfers out	-	(21,301)	(113,385)	-
Total Other Financing Sources (Uses)	649,336	(21,301)	(113,385)	-
Net Change in Fund Balances	(671,422)	170,481	1,276,466	(629,061)
Fund Balances, Beginning of Year, as previously reported	1,476,164	891,776	715,474	(60,862)
Restatements	3,906	-	-	-
Fund Balances, Beginning of Year, as restated	1,480,070	891,776	715,474	(60,862)
Fund Balances, End of Year	\$ 808,648	\$ 1,062,257	\$ 1,991,940	\$ (689,923)

CITY OF WILDOMAR

**STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2013**

	<u>Special Revenue Funds</u> Wildomar Cemetery District	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
Taxes	\$ 334,046	\$ -	\$ 5,601,761
Licenses and permits	-	-	16,636
Intergovernmental	-	1,609,311	2,262,217
Charges for services	9,800	-	175,722
Use of money and property	-	-	3,183
Fines and forfeitures	-	-	78,322
Contributions	1,271	-	1,271
Developer participation	-	-	2,671,888
Miscellaneous	42,473	-	48,344
Total Revenues	387,590	1,609,311	10,859,344
Expenditures:			
Current:			
General government	168,536	507,416	2,468,897
Public safety	-	-	4,616,892
Community development	-	7,695	1,818,348
Parks and recreation	-	64	64
Public works	-	838,248	1,158,413
Capital outlay	-	46,856	736,830
Total Expenditures	168,536	1,400,279	10,799,444
Excess (Deficiency) of Revenues Over (Under) Expenditures	219,054	209,032	59,900
Other Financing Sources (Uses):			
Transfers in	-	-	649,336
Transfers out	(55,646)	(459,004)	(649,336)
Total Other Financing Sources (Uses)	(55,646)	(459,004)	-
Net Change in Fund Balances	163,408	(249,972)	59,900
Fund Balances, Beginning of Year, as previously reported	1,426,978	1,064,181	5,513,711
Restatements	-	(140,089)	(136,183)
Fund Balances, Beginning of Year, as restated	1,426,978	924,092	5,377,528
Fund Balances, End of Year	\$ 1,590,386	\$ 674,120	\$ 5,437,428

CITY OF WILDOMAR

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2013**

Net change in fund balances - total governmental funds \$ 59,900

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	\$ 782,133	
Depreciation	(1,568,183)	
Gain/(loss) on sale of capital assets	<u>(5,000)</u>	(791,050)

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

Matured unpaid interest on County Loan which was forgiven	221,961
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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.

8,374

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

(26,938)

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

908,804

Change in net position of governmental activities \$ 381,051

CITY OF WILDOMAR

**BUDGETARY COMPARISON STATEMENT BY DEPARTMENT
GENERAL FUND
YEAR ENDED JUNE 30, 2013**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 1,480,070	\$ 1,480,070	\$ 1,480,070	\$ -
Resources (Inflows):				
Taxes	5,311,000	5,779,000	5,267,715	(511,285)
Licenses and permits	41,000	21,000	16,636	(4,364)
Intergovernmental	62,000	70,000	34,135	(35,865)
Charges for services	118,000	122,000	165,922	43,922
Use of money and property	5,000	5,000	3,183	(1,817)
Fines and forfeitures	109,500	99,500	78,322	(21,178)
Developer participation	627,000	810,000	1,257,696	447,696
Miscellaneous	14,500	15,200	5,871	(9,329)
Transfers in	528,600	505,500	649,336	143,836
Amounts Available for Appropriation	8,296,670	8,907,270	8,958,886	51,616
Charges to Appropriation (Outflow):				
General government				
City Council	98,800	121,500	110,278	11,222
City Manager	268,600	317,100	336,675	(19,575)
City Clerk	155,500	174,600	185,336	(10,736)
City Attorney	140,400	258,400	266,041	(7,641)
Finance	433,000	442,600	486,931	(44,331)
Non-departmental	289,800	289,800	294,491	(4,691)
Community Services	75,500	51,100	61,695	(10,595)
Marna O'Brien Park	-	6,000	2,340	3,660
Heritage Park	-	1,000	-	1,000
Windsong Park	-	1,000	1,059	(59)
Public safety				
Police	2,453,100	2,503,100	2,249,930	253,170
Fire	1,865,700	1,865,700	1,896,427	(30,727)
Animal Control	331,000	331,000	455,870	(124,870)
OEM	35,100	21,700	14,665	7,035
Community development				
Community development	15,500	38,300	118,617	(80,317)
Building and safety	244,800	353,700	403,418	(49,718)
Planning	176,700	177,100	175,019	2,081
Code enforcement	43,900	48,100	169,358	(121,258)
Development engineering	1,700	7,700	5,355	2,345
Deposit based projects	377,300	675,300	914,545	(239,245)
Public works	50,100	5,900	2,188	3,712
Total Charges to Appropriations	7,056,500	7,690,700	8,150,238	(459,538)
Budgetary Fund Balance, June 30	\$ 1,240,170	\$ 1,216,570	\$ 808,648	\$ (407,922)

CITY OF WILDOMAR

**BUDGETARY COMPARISON STATEMENT
MEASURE A
YEAR ENDED JUNE 30, 2013**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 891,776	\$ 891,776	\$ 891,776	\$ -
Resources (Inflows):				
Intergovernmental	420,000	420,000	509,759	89,759
Amounts Available for Appropriation	1,311,776	1,311,776	1,401,535	89,759
Charges to Appropriation (Outflow):				
Public works	757,000	757,000	317,977	439,023
Transfers out	21,300	21,300	21,301	(1)
Total Charges to Appropriations	778,300	778,300	339,278	439,022
Budgetary Fund Balance, June 30	\$ 533,476	\$ 533,476	\$ 1,062,257	\$ 528,781

CITY OF WILDOMAR

**BUDGETARY COMPARISON STATEMENT
DEVELOPMENT IMPACT FEES
YEAR ENDED JUNE 30, 2013**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 715,474	\$ 715,474	\$ 715,474	\$ -
Resources (Inflows):				
Developer participation	195,500	195,500	1,414,192	1,218,692
Amounts Available for Appropriation	910,974	910,974	2,129,666	1,218,692
Charges to Appropriation (Outflow):				
Community development	11,500	20,000	24,341	(4,341)
Transfers out	78,400	78,400	113,385	(34,985)
Total Charges to Appropriations	89,900	98,400	137,726	(39,326)
Budgetary Fund Balance, June 30	\$ 821,074	\$ 812,574	\$ 1,991,940	\$ 1,179,366

CITY OF WILDOMAR

BUDGETARY COMPARISON STATEMENT
 GRANTS
 YEAR ENDED JUNE 30, 2013

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (60,862)	\$ (60,862)	\$ (60,862)	\$ -
Resources (Inflows):				
Intergovernmental	1,957,600	1,957,600	109,012	(1,848,588)
Amounts Available for Appropriation	1,896,738	1,896,738	48,150	(1,848,588)
Charges to Appropriation (Outflow):				
General government	41,300	41,300	48,099	(6,799)
Capital outlay	1,798,000	1,798,000	689,974	1,108,026
Total Charges to Appropriations	1,839,300	1,839,300	738,073	1,101,227
Budgetary Fund Balance, June 30	\$ 57,438	\$ 57,438	\$ (689,923)	\$ (747,361)

CITY OF WILDOMAR

**BUDGETARY COMPARISON STATEMENT
WILDOMAR CEMETERY DISTRICT
YEAR ENDED JUNE 30, 2013**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 1,426,978	\$ 1,426,978	\$ 1,426,978	\$ -
Resources (Inflows):				
Taxes	209,200	209,200	334,046	124,846
Charges for services	-	-	9,800	9,800
Use of money and property	1,600	1,600	-	(1,600)
Contributions	-	-	1,271	1,271
Miscellaneous	50,000	50,000	42,473	(7,527)
Amounts Available for Appropriation	1,687,778	1,687,778	1,814,568	126,790
Charges to Appropriation (Outflow):				
General government	238,100	239,100	168,536	70,564
Transfers out	-	-	55,646	(55,646)
Total Charges to Appropriations	238,100	239,100	224,182	14,918
Budgetary Fund Balance, June 30	\$ 1,449,678	\$ 1,448,678	\$ 1,590,386	\$ 141,708

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NOTES TO FINANCIAL STATEMENTS

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I. SIGNIFICANT ACCOUNTING POLICIES

Note 1: Summary of Significant Accounting Policies

a. Description of the Reporting Entity

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

b. Government-Wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose the government considers revenues to be available if they are collected within 90 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Note 1: Summary of Significant Accounting Policies (Continued)

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

The City reports the following major governmental funds:

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

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

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

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

Additionally, the City reports the following fund types:

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

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

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

d. Assets, Liabilities and Net Position or Equity

Cash and Investments

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

Note 1: Summary of Significant Accounting Policies (Continued)

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

Receivables and Payables

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

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

Prepaid Costs and Deposits

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

Capital Assets

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The City does not have an item that qualifies for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: sales tax and grant revenues. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Compensated Absences

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

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

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

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

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

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

Net position flow assumption

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

Fund balance flow assumption

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

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 1 to June 30. All secured personal property taxes and one-half of the taxes on real property are due November 1; the second installment is due

Note 1: Summary of Significant Accounting Policies (Continued)

February 1. All taxes are delinquent, if unpaid, on December 10 and April 10, respectively. Unsecured personal property taxes become due on the first of March each year and are delinquent on August 31.

Functional Classifications

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

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

Change in Accounting Principle

The City implemented GASB Statement 65, *Items Previously Reported as Assets and Liabilities*. GASB 65, among other things, amends prior guidance with respect to the treatment of debt issuance costs. Debt issuance costs should be recognized in the period incurred rather than reported on the statement of net position as deferred charges and recognized systematically over the life of the debt.

II. STEWARDSHIP

Note 2: Stewardship, Compliance and Accountability

a. Budgetary Data

General Budget Policies

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013

Note 2: Stewardship, Compliance and Accountability (Continued)

Encumbrances

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

Budget Basis of Accounting

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

A budget was not adopted for the TDA Fund and Traffic Congestion Relief Fund for the current year.

b. Excess of Expenditures over Appropriations

Expenditures exceeded appropriations in the following funds:

<u>Department</u>	<u>Expenditures</u>	<u>Appropriations</u>	<u>Excess</u>
General Fund:			
General Government			
City Manager	\$ 336,675	\$ 317,100	\$ (19,575)
City Clerk	185,336	174,600	(10,736)
City Attorney	266,041	258,400	(7,641)
Finance	486,931	442,600	(44,331)
Non-Departmental	294,491	289,800	(4,691)
Community Services	61,695	51,100	(10,595)
Windsong Park	1,059	1,000	(59)
Public Safety			
Fire	1,896,427	1,865,700	(30,727)
Animal Control	455,870	331,000	(124,870)
Community Development			
Community Development	118,617	38,300	(80,317)
Building and Safety	403,418	353,700	(49,718)
Code Enforcement	169,358	48,100	(121,258)
Deposit Based Projects	914,545	675,300	(239,245)
Development Impact Fees Fund:			
Community Development	113,385	78,400	(34,985)
Grants Fund:			
General Government	48,099	41,300	(6,799)
County Service Area Fund:			
General Government	505,706	444,600	(61,106)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2013

Note 2: Stewardship, Compliance and Accountability (Continued)

c. The following funds contained deficit fund balances or net position:

<u>Fund</u>	<u>Amount</u>
Special Revenue Fund:	
Grants	\$ (689,923)
TDA	(62,305)
Community Development Block Grant	(7,704)

III. DETAILED NOTES ON ALL FUNDS

Note 3: Cash and Investments

As of June 30, 2013, cash and investments were reported in the accompanying financial statements as follows:

Governmental Activities	<u><u>\$ 6,935,072</u></u>
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The City maintains a cash and investment pool that is available for use for all funds. Each fund type's position in the pool is reported on the combined balance sheet as cash and investments. The City has adopted an investment policy which authorizes it to invest in various investments.

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

Deposits

At June 30, 2013, the carrying amount of the City's deposits was \$5,268,485 and the bank balance was \$5,614,248. The \$345,763 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 deposits by pledging first trust deed mortgage notes having a value of 150% of a City's total deposits. The City Treasurer may waive the collateral requirement for deposits which are fully insured up to \$250,000 by the FDIC. The collateral for deposits in federal and state chartered banks is held in safekeeping by an authorized Agent of Depository recognized by the State of California Department of Banking. The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California as an Agent of Depository. These securities are physically held in an undivided pool for all California public agency depositors. Under Government Code Section 53655, the placement of securities by a bank or savings and loan association with an "Agent of Depository" has the effect of perfecting the security interest in the name of the local governmental agency. Accordingly, all collateral held by California Agents of Depository are considered to be held for, and in the name of, the local governmental agency.

Note 3: Cash and Investments (Continued)

Investments

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

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

Investments Authorized by Debt Agreements

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

Investments in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. LAIF is overseen by the Local Agency Investment Advisory Board, which consists of five members, in accordance with State statute. The State Treasurer's Office audits the fund annually. The fair value of the position in the investment pool is the same as the value of the pool shares.

GASB Statement No. 31

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

Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2013

Note 3: Cash and Investments (Continued)

investment or collateral securities that are in the possession of an outside party. Investments in U.S. government securities are not considered to have credit risk and, therefore, their credit quality is not disclosed.

As of June 30, 2013, none of the City's deposits or investments were exposed to custodial credit risk.

Concentration of Credit Risk

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

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City's investment policy limits investments in commercial paper to those rated "A" or higher from Standard and Poor's (S&P) and Moody's, respectively. At June 30, 2013, the City's investment in LAIF and money market is unrated.

Interest Rate Risk

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

As of June 30, 2013, the City had the following investments and remaining maturities:

	Investment Maturities (in Years)	Fair Value
	<u>Less than 1 year</u>	<u>Fair Value</u>
California Local Agency Investment Fund	\$ 1,541,650	\$ 1,541,650
Money Market	124,552	124,552
Total	<u>\$ 1,666,202</u>	<u>\$ 1,666,202</u>

CITY OF WILDOMAR

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013

Note 4: Capital Assets

Capital asset activity for the year ended June 30, 2013, was as follows:

	Beginning Balance	Adjustments*	Adjusted Beginning Balance	Transfers	Additions	Deletions	Ending Balance
Capital assets, not being depreciated:							
Land	\$ 1,290,006	\$ -	\$ 1,290,006	\$ -	\$ -	\$ -	\$ 1,290,006
Construction in progress	-	472,036	472,036	-	371,932	-	843,968
Right-of-way	362,645	(62,400)	300,245	(65,600)	393,290	5,000	622,935
Total Capital Assets, Not Being Depreciated	1,652,651	409,636	2,062,287	(65,600)	765,222	5,000	2,756,909
Capital assets, being depreciated:							
Buildings and improvements	6,875,854	-	6,875,854	-	-	-	6,875,854
Furniture, fixtures and equipment	145,723	-	145,723	-	16,911	115,904	46,730
Traffic Signals	-	128,838	128,838	-	-	-	128,838
Infrastructure	36,285,648	3,894,107	40,179,755	65,600	-	-	40,245,355
Total Capital Assets, Being Depreciated	43,307,225	4,022,945	47,330,170	65,600	16,911	115,904	47,296,777
Less accumulated depreciation:							
Buildings and improvements	1,415,310	-	1,415,310	-	218,517	-	1,633,827
Furniture, fixtures and equipment	134,734	-	134,734	-	6,457	115,904	25,287
Traffic Signals	-	6,442	6,442	-	6,442	-	12,884
Infrastructure	31,684,662	(7,989,249)	23,695,413	-	1,336,767	-	25,032,180
Total Accumulated Depreciation	33,234,706	(7,982,807)	25,251,899	-	1,568,183	115,904	26,704,178
Total Capital Assets, Being Depreciated, Net	10,072,519	12,005,752	22,078,271	65,600	(1,551,272)	-	20,592,599
Governmental Activities Capital Assets, Net	<u>\$ 11,725,170</u>	<u>\$12,415,388</u>	<u>\$ 24,140,558</u>	<u>\$ -</u>	<u>\$ (786,050)</u>	<u>\$ 5,000</u>	<u>\$ 23,349,508</u>

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

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

Governmental Activities:	
General government	\$ 4,331
Cemetery	2,102
Parks and recreation	217,542
Public works	<u>1,344,208</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 1,568,183</u></u>

CITY OF WILDOMAR

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2013

Note 5: Deposits Receivable

Deposits receivable are shown net of applicable allowances for doubtful accounts. The accounts receivable and respective allowances are as follows:

	<u>Gross Receivable</u>	<u>Allowance For Doubtful Accounts</u>	<u>Net Receivable</u>
Deposits Receivable	\$ 447,287	\$ (77,248)	\$ 370,039

Note 6: Long-Term Liabilities

The following is a schedule of changes in long-term debt for the fiscal year ended June 30, 2013:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>	<u>Within One Year</u>
Loan from County	\$ 1,777,620	\$ -	\$ -	\$ 1,777,620	\$ 483,243
Matured unpaid interest	221,961	-	221,961	-	-
Total County loan	1,999,581	-	221,961	1,777,620	483,243
Other Post-Retirement Benefits	77,749	26,938	-	104,687	-
Compensated absences	90,862	52,098	60,472	82,488	54,899
Total Long-Term Liabilities	<u>\$ 2,168,192</u>	<u>\$ 79,036</u>	<u>\$ 282,433</u>	<u>\$ 1,964,795</u>	<u>\$ 538,142</u>

Loan from County

As part of the Comprehensive Fiscal Analysis prepared as part of the formation documents for the City, the County of Riverside (County) and other servicing agencies were to provide municipal level services during the transition year (July 1, 2010 through June 30, 2011). The County was to receive certain revenues on behalf of the City and apply them to the payment that would otherwise be necessary for providing those services. However, the County is allowed under law to require the City to pay back the overall net cost of providing these services. The amount is to be repaid by June 30, 2013, with interest of 4%; however there is no set repayment schedule. On February 8, 2012, the City formally requested a deferral by resolution. The County Executive Office submitted a resolution for approval by the Board on March 27, 2012 for the City to be allowed to defer repayment of the general fund services cost repayments for an additional eight years to June 30, 2021 with a minimum annual payment of no less than \$100,000 plus CPI starting July 1, 2013, which supersedes the original agreement thus the accrued interest is no longer due. The outstanding balance at June 30, 2013, is \$1,777,620 with \$483,243 due on July 1, 2013.

Compensated Absences

The City accrues accumulated unpaid vacation, sick leave and associated employee-related costs when earned (or estimated to be earned) by the employee as described in Note 1. The City at June 30, 2013, had an outstanding accrued balance of unpaid vacation, sick and associated employee of \$82,488 that will be liquidated from various funding sources in future years.

CITY OF WILDOMAR

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2013

Note 7: Interfund Receivable, Payable and Transfers

a. Due To / From Other Funds

Funds	Due To Other Funds		Total
	Grants Fund	Other Governmental Funds	
Due From Other Funds: General Fund	\$ 651,781	\$ 95,009	\$ 746,790

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

b. Interfund Transfers

Measure A Fund	Transfer Out:			Total
	Development Impact Fees	Wildomar Cemetery District	Other Governmental Funds	
Transfers In: General Fund	\$ 21,301	\$ 113,385	\$ 459,004	\$ 649,336
Total	\$ 21,301	\$ 113,385	\$ 459,004	\$ 649,336

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

Note 8: Pension Plan

Plan Description

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

Funding Policy

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013

Note 8: Pension Plan (Continued)

Required Contribution

For fiscal year 2012-2013, the City's required contribution of \$88,987 for PERS was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2011, actuarial valuation using the entry age normal actuarial cost method.

Three-Year Trend Information		
<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>
6/30/11	\$ 81,931	100%
6/30/12	88,362	100%
6/30/13	88,987	100%

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

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

Note 9: Other Post-Employment Benefits

Other Post-employment benefits of the City of Wildomar

Plan Description

The City provides other post-employment benefits (OPEB) through a single-employer defined benefit healthcare plan. These benefits are provided per contract between the City and the employee associations. Separate financial statements are not available for the plan.

Funding Policy

The contribution requirements of plan members and the City are established and may be amended by the City, City Council and/or the employee association. Currently, contributions are not required from plan members due to there being no retired members at June 30, 2013. There was no contribution made during the 2012-2013 fiscal year to cover current plan premiums.

CITY OF WILDOMAR

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2013

Note 9: Other Post-Employment Benefits (Continued)

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

Annual required contribution (ARC)	\$ 13,154
Interest on net OPEB obligation (asset)	520
Adjustment to ARC	<u>(1,190)</u>
Annual OPEB Cost	12,484
Contributions made	<u>-</u>
(Decrease) increase in Net OPEB obligation	12,484
Net OPEB obligation (asset) June 30, 2012	<u>25,984</u>
Net OPEB obligation (asset) June 30, 2013	<u><u>\$ 38,468</u></u>

For the fiscal year 2012-2013, the City's annual OPEB cost (expense) was \$12,484. The Net OPEB obligation for the current fiscal years is presented below:

Fiscal Year End	Annual OPEB Cost	Actual Contribution (Net of Adjustments)	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
6/30/2011	\$ 13,154	\$ -	0%	\$ 13,154
6/30/2012	12,830	-	0%	25,984
6/30/2013	12,484	-	0%	38,468

Funded Status and Funding Progress

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

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

Schedule of Funding Progress for OPEB

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2013

Note 9: Other Post-Employment Benefits (Continued)

Actuarial Methods and Assumptions

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

In the June 30, 2011, actuarial valuation, the entry age normal cost method was used. The actuarial assumptions include a 5.0% investment rate of return, which is a blended rate of the expected long-term investment return on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and annual healthcare cost trend rate of 2.5% to 8.2% after eight years. Both rates include a 3% inflation assumption. The actuarial value of assets is set equal to the reported fair value of assets. The UAAL is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period at June 30, 2013, was twenty seven years. The number of active participants is 12 and there are no retirees receiving benefits.

Other Post-employment benefits of the Wildomar Cemetery District

Plan Description

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

Funding Policy

The contribution requirements of plan members and the City are established and may be amended by the City, Board Members and/or the plan members. During the 2012-2013 fiscal year, the City contributed \$2,812 to cover current plan premiums.

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

Annual required contribution (ARC)	\$ 23,528
Interest on net OPEB obligation	1,035
Adjustment to ARC	<u>(7,297)</u>
Annual OPEB cost	17,266
Contributions made	<u>2,812</u>
(Decrease) increase in Net OPEB obligation	14,454
Net OPEB obligation (asset) - beginning of year	<u>51,765</u>
Net OPEB obligation (asset) - end of year	<u><u>\$ 66,219</u></u>

CITY OF WILDOMAR

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2013

Note 9: Other Post-Employment Benefits (Continued)

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2012-2013 and the two preceding years were as follows:

Fiscal Year End	Annual OPEB Cost	Actual Contribution (Net of Adjustments)	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
6/30/2011	\$ 22,177	\$ 5,036	22.71%	\$ 36,637
6/30/2012	19,229	4,101	21.33%	51,765
6/30/2013	17,266	2,812	16.29%	66,219

Funded Status and Funding Progress

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

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

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

Actuarial Methods and Assumptions

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

In the June 30, 2010, actuarial valuation, the level percentage of payroll was used. The actuarial assumptions include a 5.0% investment rate of return, which is a blended rate of the expected long-term investment return on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and annual healthcare cost trend rate of 4.1%. Both rates include a 3% inflation assumption. The actuarial value of assets is set equal to the reported market value of assets. The UAAL is being amortized as a level dollar on a closed basis. The remaining amortization period at June 30, 2013, was twenty-eight years. The number of active participants is 0 with 1 retiree receiving benefits.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013

Note 10: Risk Management

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

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

The PARSAC will publish its own financial report for the year ended June 30, 2013, which can be obtained from Public Agency Risk Sharing Authority of California, Sacramento, California.

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

As of June 30, 2013, the City did not have any significant claims liability; therefore, no accrual was required.

Note 11: Restatement of Fund Balance and Net Position

Net position has been restated by \$12,415,388 to correct Capital Assets due to the City incorporating a more comprehensive asset tracking system. Net Position has also been restated by \$(136,183) due to the City incorrectly posting street lights charges to the general fund when they should have been charged to the gas tax fund as well as correcting revenue that was never received. The total Net Position restatement totals \$12,279,205.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

CITY OF WILDOMAR

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013

	Special Revenue Funds			
	Gas Tax	Air Quality Management District	SLESF	TDA
Assets:				
Pooled cash and investments	\$ 432,963	\$ 172,298	\$ -	\$ -
Receivables:				
Accounts, grants and taxes	214,078	10,335	25,000	62,305
Total Assets	\$ 647,041	\$ 182,633	\$ 25,000	\$ 62,305
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ 75,414	\$ -	\$ -	\$ -
Due to other funds	-	-	25,000	62,305
Total Liabilities	75,414	-	25,000	62,305
Deferred Inflows of Resources:				
Unavailable revenues	127,075	-	-	62,305
Total Deferred Inflows of Resources	127,075	-	-	62,305
Fund Balances:				
Restricted for:				
Community development projects	-	-	-	-
Public works	444,552	182,633	-	-
Unassigned	-	-	-	(62,305)
Total Fund Balances	444,552	182,633	-	(62,305)
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 647,041	\$ 182,633	\$ 25,000	\$ 62,305

CITY OF WILDOMAR

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2013

	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	
	<u>Community Development Block Grant</u>	<u>County Service Area</u>	<u>Total Governmental Funds</u>
Assets:			
Pooled cash and investments	\$ -	\$ 159,177	\$ 764,438
Receivables:			
Accounts, grants and taxes	15,390	3,780	330,888
Total Assets	\$ 15,390	\$ 162,957	\$ 1,095,326
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable	\$ -	\$ 46,013	\$ 121,427
Due to other funds	7,704	-	95,009
Total Liabilities	7,704	46,013	216,436
Deferred Inflows of Resources:			
Unavailable revenues	15,390	-	204,770
Total Deferred Inflows of Resources	15,390	-	204,770
Fund Balances:			
Restricted for:			
Community development projects	-	116,944	116,944
Public works	-	-	627,185
Unassigned	(7,704)	-	(70,009)
Total Fund Balances	(7,704)	116,944	674,120
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 15,390	\$ 162,957	\$ 1,095,326

CITY OF WILDOMAR

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2013

	Special Revenue Funds			
	Gas Tax	Air Quality Management District	SLESF	TDA
Revenues:				
Intergovernmental	\$ 826,652	\$ 39,469	\$ 100,000	\$ -
Total Revenues	826,652	39,469	100,000	-
Expenditures:				
Current:				
General government	1,710	-	-	-
Community development	-	-	-	-
Parks and recreation	-	-	-	64
Public works	834,362	-	-	-
Capital outlay	9,086	-	-	37,770
Total Expenditures	845,158	-	-	37,834
Excess (Deficiency) of Revenues Over (Under) Expenditures	(18,506)	39,469	100,000	(37,834)
Other Financing Sources (Uses):				
Transfers out	(357,204)	(1,800)	(100,000)	-
Total Other Financing Sources (Uses)	(357,204)	(1,800)	(100,000)	-
Net Change in Fund Balances	(375,710)	37,669	-	(37,834)
Fund Balances, Beginning of Year	960,351	144,964	-	(24,471)
Restatements	(140,089)	-	-	-
Fund Balances, Beginning of Year, as Restated	820,262	144,964	-	(24,471)
Fund Balances, End of Year	\$ 444,552	\$ 182,633	\$ -	\$ (62,305)

CITY OF WILDOMAR

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2013

	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Total Governmental Funds</u>
	<u>Community Development Block Grant</u>	<u>County Service Area</u>	
Revenues:			
Intergovernmental	\$ -	\$ 643,190	\$ 1,609,311
Total Revenues	-	643,190	1,609,311
Expenditures:			
Current:			
General government	-	505,706	507,416
Community development	7,695	-	7,695
Parks and recreation	-	-	64
Public works	-	3,886	838,248
Capital outlay	-	-	46,856
Total Expenditures	7,695	509,592	1,400,279
Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,695)	133,598	209,032
Other Financing Sources (Uses):			
Transfers out	-	-	(459,004)
Total Other Financing Sources (Uses)	-	-	(459,004)
Net Change in Fund Balances	(7,695)	133,598	(249,972)
Fund Balances, Beginning of Year	(9)	(16,654)	1,064,181
Restatements	-	-	(140,089)
Fund Balances, Beginning of Year, as Restated	(9)	(16,654)	924,092
Fund Balances, End of Year	\$ (7,704)	\$ 116,944	\$ 674,120

CITY OF WILDOMAR

BUDGETARY COMPARISON SCHEDULE
 GAS TAX
 YEAR ENDED JUNE 30, 2013

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 820,262	\$ 820,262	\$ 820,262	\$ -
Resources (Inflows):				
Intergovernmental	1,741,000	1,741,000	826,652	(914,348)
Amounts Available for Appropriation	2,561,262	2,561,262	1,646,914	(914,348)
Charges to Appropriation (Outflow):				
General government	-	-	1,710	(1,710)
Public works	1,126,900	1,123,000	834,362	288,638
Capital outlay	800,000	800,000	9,086	790,914
Debt service:				
Interest and fiscal charges	427,300	427,300	-	427,300
Transfers out	327,100	327,100	357,204	(30,104)
Total Charges to Appropriations	2,681,300	2,677,400	1,202,362	1,475,038
Budgetary Fund Balance, June 30	\$ (120,038)	\$ (116,138)	\$ 444,552	\$ 560,690

CITY OF WILDOMAR

**BUDGETARY COMPARISON SCHEDULE
AIR QUALITY MANAGEMENT DISTRICT
YEAR ENDED JUNE 30, 2013**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 144,964	\$ 144,964	\$ 144,964	\$ -
Resources (Inflows):				
Intergovernmental	35,000	35,000	39,469	4,469
Amounts Available for Appropriation	179,964	179,964	184,433	4,469
Charges to Appropriation (Outflow):				
Public works	167,000	167,000	-	167,000
Transfers out	1,800	1,800	1,800	-
Total Charges to Appropriations	168,800	168,800	1,800	167,000
Budgetary Fund Balance, June 30	\$ 11,164	\$ 11,164	\$ 182,633	\$ 171,469

CITY OF WILDOMAR

BUDGETARY COMPARISON SCHEDULE
 SLESF
 YEAR ENDED JUNE 30, 2013

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

CITY OF WILDOMAR

BUDGETARY COMPARISON SCHEDULE
 TDA
 YEAR ENDED JUNE 30, 2013

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (24,471)	\$ (24,471)	\$ (24,471)	\$ -
Resources (Inflows):				
Intergovernmental	186,800	186,800	-	(186,800)
Amounts Available for Appropriation	162,329	162,329	(24,471)	(186,800)
Charges to Appropriation (Outflow):				
Parks and recreation	-	-	64	(64)
Capital outlay	-	-	37,770	(37,770)
Total Charges to Appropriations	-	-	37,834	(37,834)
Budgetary Fund Balance, June 30	\$ 162,329	\$ 162,329	\$ (62,305)	\$ (224,634)

CITY OF WILDOMAR

**BUDGETARY COMPARISON SCHEDULE
COMMUNITY DEVELOPMENT BLOCK GRANT
YEAR ENDED JUNE 30, 2013**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (9)	\$ (9)	\$ (9)	\$ -
Resources (Inflows):				
Intergovernmental	85,000	115,000	-	(115,000)
Amounts Available for Appropriation	84,991	114,991	(9)	(115,000)
Charges to Appropriation (Outflow):				
Community development	85,000	125,000	7,695	117,305
Total Charges to Appropriations	85,000	125,000	7,695	117,305
Budgetary Fund Balance, June 30	\$ (9)	\$ (10,009)	\$ (7,704)	\$ 2,305

CITY OF WILDOMAR

BUDGETARY COMPARISON SCHEDULE
 COUNTY SERVICE AREA
 YEAR ENDED JUNE 30, 2013

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (16,654)	\$ (16,654)	\$ (16,654)	\$ -
Resources (Inflows):				
Intergovernmental	209,900	459,300	643,190	183,890
Amounts Available for Appropriation	193,246	442,646	626,536	183,890
Charges to Appropriation (Outflow):				
General government	243,400	444,600	505,706	(61,106)
Public works	-	-	3,886	(3,886)
Total Charges to Appropriations	243,400	444,600	509,592	(64,992)
Budgetary Fund Balance, June 30	\$ (50,154)	\$ (1,954)	\$ 116,944	\$ 118,898

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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 future.

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

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

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

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

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

The City was incorporated in fiscal year 2008-2009.

No Information prior to fiscal Year 2008-2009 is available.

Source: City Finance Department

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

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

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

Source: City Finance Department

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

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

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

Source: City Finance Department

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

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

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

Source: City Finance Department

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

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

Source: City Finance Department

CITY OF WILDOMAR

Assessed Value and Estimated Actual Value of Taxable Property

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

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

Source: The HdL Companies

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

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

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

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

The City was incorporated in fiscal year 2008-2009. No Information prior to fiscal Year 2009-2010 is available.

Source: The HdL Companies

CITY OF WILDOMAR
Principal Property Tax Payers

Taxpayer	Fiscal Year						
	2013			2012			
	Total Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxpayer	Total Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Universal Health Realty Income Trust	\$ 41,335,870	1	1.92%	Universal Health Realty Income Trust	\$ 52,839,578	1	2.33%
WNRA Wildomar	35,470,000	2	1.65%	WNRA Wildomar	35,470,000	2	1.56%
Universal Health SVS of Rancho Springs	24,792,417	3	40.63%	LG Oak Creek	31,455,944	3	1.39%
Wildomar Industrial Park	20,086,388	4	0.93%	Wildomar Industrial Park	19,692,540	4	0.87%
LG Oak Creek	15,817,000	5	0.74%	Dusk LLC	18,752,298	5	0.83%
MCW RC California Bear Creek Village	14,058,373	6	0.65%	MCW RC California Bear Creek Village	13,782,723	6	0.61%
Inland Valley Medical Partners	13,926,369	7	0.65%	Inland Valley Medical Partners	13,653,304	7	0.60%
Stonebridge Medical Center	12,727,246	8	0.59%	Stonebridge Medical Center	12,477,693	8	0.55%
Beazer Homes Holdings Corporation	11,432,870	9	0.53%	Beazer Homes Holdings Corporation	11,291,592	9	0.50%
CK HS Partners	9,426,434	10	0.44%	A and S Properties at Clinton Keith	10,610,159	10	0.47%
Totals	\$ 199,072,967		48.73%	Totals	\$ 220,025,831		9.71%

The City was incorporated in fiscal year 2008-2009. No Information prior to fiscal Year 2009-2010 is available.

Source: The HdL Companies

CITY OF WILDOMAR
Property Tax Levies and Collections

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

The City was incorporated in fiscal year 2008-2009. No Information prior to fiscal Year 2009-2010 is available.

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

Source: County of Riverside

CITY OF WILDOMAR

Ratios of Outstanding Debt by Type

Fiscal Year	General Obligation Bonds	Lease Revenue Bonds	Certificates of Participation	County Repayment ⁽¹⁾	Total Governmental Activities	% of Actual Assessed Value of Property ⁽²⁾	Per Capita
2009	\$ -	\$ -	\$ -	\$ 1,777,620	\$ 1,777,620	0.00%	\$ -
2010	-	-	-	1,848,725	1,848,725	0.08%	59
2011	-	-	-	1,922,674	1,922,674	0.08%	60
2012	-	-	-	1,999,581	1,999,581	0.09%	61
2013	-	-	-	1,777,620	1,777,620	0.08%	54

⁽¹⁾ County Repayment is not a bonded debt

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

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

Source: City Finance Department

CITY OF WILDOMAR
Direct and Overlapping Governmental Activities Debt
As of June 30, 2013

2012-2013 Assessed Valuation	\$ 2,208,120,488
Incremental Valuation	-
Adjusted Assessed Valuation	\$ 2,208,120,488

	Total Debt	Percent Applicable to City (1)	City's Share of Debt
Overlapping Tax and Assessment Debt			
Metropolitan Water District	\$ 165,085,000	0.105%	\$ 173,339
Perris Union High School District	51,087,260	0.250%	127,718
Menifee Union School District	45,253,922	0.441%	199,570
Lake Elsinore Unified School District Community Facilities District No. 89-1 & 90-1	6,799,000	100.000%	6,799,000
Lake Elsinore Unified School District Community Facilities District No. 2002-1	4,063,000	44.392%	1,803,647
Lake Elsinore Unified School District Community Facilities District No. 2003-1 A	4,069,113	100.000%	4,069,113
Lake Elsinore Unified School District Community Facilities District No. 2004-2 & 3	12,365,000	67.453-100.0%	11,370,689
Lake Elsinore Unified School District Community Facilities District No. 2005-3 & 7	10,110,000	100.000%	10,110,000
Lake Elsinore Unified School District Community Facilities District No. 2006-3A & 4	8,875,000	100.000%	8,875,000
Perris Union High School District Community Facilities District No. 92-1	32,990,400	0.365%	120,415
Elsinore Valley Municipal Water District Community Facilities Districts	8,455,000	100.000%	8,455,000
Total Overlapping Tax and Assessment Debt			\$ 52,103,491

Ratios to 2012-13 Assessed Valuation
 Overlapping Tax and Assessment Debt..... 2.36%

Overlapping General Fund Debt			
Riverside County General Funds Obligation	\$ 640,243,149	1.095%	\$ 7,010,662
Riverside County Pension Obligations	346,790,000	1.095%	3,797,351
Riverside County Board of Education Certificates of Participation	3,900,000	1.095%	42,705
Mount San Jacinto Community College District General Funds Obligations	11,675,000	3.494%	407,925
Lake Elsinore Unified School District Certificates of Participation	37,340,000	25.117%	9,378,688
Perris Union High School District General Fund Obligation	9,612,432	0.250%	24,031
Menifee Union School District Certificates of Participation	5,605,000	0.441%	24,718
Total Gross Overlapping General Fund Debt			\$ 20,686,080
Less: Riverside County Supported Obligations			119,297
Total Net Overlapping General Fund Debt			\$ 20,566,783

Direct Debt
 City Of Wildomar \$0 100% \$0

OVERLAPPING TAX INCREMENT DEBT (Successor Agency): \$ 238,903,659 1.854-16.096% \$ 14,012,093

Total Direct Debt **\$0**

Total Gross Overlapping Debt **\$ 86,801,664**

Total Net Overlapping Debt **\$ 86,682,367**

Gross Combined Total Debt **\$ 86,801,664** (2)

Net Combined Total Debt **\$ 86,682,367**

(1) Percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by 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.determining

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

Ratios to 2012-13 Assessed Valuation:	
Overlapping Tax and Assessment Debt.....	2.36%
Direct Debt (\$0).....	0.00%
Gross Combined Total Debt	3.93%
Net Combined Total Debt	3.93%

Ratios to Redevelopment Successor Agency Incremental Valuation (\$75,499,546):
Total Overlapping Tax Increment Debt 18.56%
 AB: (\$475)

Source: California Municipal Statistics

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

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

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.

The City was incorporated in fiscal year 2008-2009. No Information prior to fiscal Year 2009-2010 is available.

Source: City Finance Department, The HdL Companies

CITY OF WILDOMAR
Demographic and Economic Statistics

Calendar Year	Population	Personal Income (thousands)	Per Capita Personal Income	Unemployment Rate	Median Age	% of Pop 25+ with High School Degree	% of Pop 25+ with Bachelor's Degree
2009	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2010	31,374	\$ 673,738	\$ 21,474	12%	37.9	79.7%	13.3%
2011	31,907	700,199	21,945	13%	32.2	83.8%	16.9%
2012	32,719	744,226	22,746	N/A	33	82.9%	17.7%
2013	33,174	762,836	22,995	N/A	32.2	84.8%	16.8%

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

Source: The HdL Companies, California Employment Development Department

CITY OF WILDOMAR
Principal Employers

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

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

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

Source: The HdL Companies

CITY OF WILDOMAR
Full-Time Equivalent City Government Employees by Function/Program
As of June 30, 2013

<u>Function</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
City Manager					
Full- Time Equiv	1	1	1	1	0
City Clerk					
Full- Time Equiv	1	1	1	1	0
Administrative Services					
Full- Time Equiv	2	2	1	1	0
Community Development					
Full- Time Equiv	1	0	0	0	0
Engineering/ Pub. Works					
Full- Time Equiv	0	0	0	0	0
Building/Safety					
Full- Time Equiv	1	1	0	0	0
Community Services					
Full- Time Equiv	1	0	0	0	0
Cemetery					
Full- Time Equiv	2	2	0	0	0
TOTAL	<u>9</u>	<u>7</u>	<u>3</u>	<u>3</u>	<u>0</u>

During FY 2012-13 the Budget included the addition of a Planning Director and a Community Service Manager as City employees. During fiscal year 2009-2010 and 2010-2011. There were no city employees in fiscal Year 2008-2009 All City employees with the exception of City Manager, City Clerk and Administrative Services were contract. 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
Operating Indicators by Function/ Program

<u>Function</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Police Services					
Calls for Service	3,954	12,451	14,797	8,740	8,684
DUI Arrests	2	40	80	53	78
Traffic Citations	Not Avail.	474	1052	233	1267
Public Works					
Street Resurfacing	14,000	43,200	0	0	N/A
Right of Way Clearing (Square Feet)	64,500	64,500	30,119	21,600	N/A
Traffic Signs Installed	40	69	41	78	N/A
Drain Inlets Cleaned	280	278	278	300	N/A
Building & Safety					
Building Permits Issued	120	130	132	151	232
Building Inspections Completed	4,080	2,904	2,626	4,032	N/A
Community Development					
Planning Applications Completed	20	29	24	50	39
Community Services					
Community Events Attendance	800	1,700	3,000	13,000	6,630
Cemetery					
Burial Services	30	30	0	0	0

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

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

CITY OF WILDOMAR
Capital Asset Statistics by Function/Program

Function	2013	2012	2011	2010	2009
Public Works					
Streets (miles)					
Paved - Public	119	121.1	121.1	121.1	N/A
Paved - Private	9.1	9.1	9.1	9.1	
Unpaved - Public	3.4	6.4	6.4	6	N/A
Unpaved - Private	47.1	47.1	47.1	47.1	
Traffic Signals	23.3	23.3	23.3	19	N/A
Community Services					
Parks	3	3	3	3	3
Park Acreage	14.4	14.4	14.4	14.4	14.4
Cemetery	1	1	0	0	0

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

Source: City Public Works Department, Community Services Department

CITY OF WILDOMAR
Miscellaneous Statistics
As of June 30, 2013

Geographic Location	Wildomar is located along Interstate 15 in Riverside County.
Population	33,174
Area in Square Miles	24
Form of Government	Council-Manager
Date of Incorporation	July, 1 2008
Number of Full Time Employees	9
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

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